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**iDreamSky Technology Holdings Limited**  
**创梦天地科技控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1119)**

**MEMORANDUM OF UNDERSTANDING  
IN RESPECT OF POSSIBLE ACQUISITION  
AND  
RESUMPTION OF TRADING**

This announcement is made by iDreamSky Technology Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**THE MEMORANDUM OF UNDERSTANDING**

Reference is made to the announcement of Leyou Technologies Holdings Limited (“**Leyou**”, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 1089)) on 29 November 2019 (the “**Leyou Announcement**”), in relation to, among other, the entering into of a memorandum of understanding regarding the possible disposal of approximately 69.21% of the issued share capital of Leyou by its shareholders.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to announce that on 29 November 2019 (after trading hours), the Company entered into a memorandum of understanding (the “**MOU**”) with Mr. Yuk Kwok Cheung Charles (“**Mr. Yuk**”, one of the controlling shareholders of Leyou) and his wholly-owned companies Port New Limited (“**Port New**”) and Novel New Limited (“**Novel New**”, together with Port New, the “**Selling Shareholders**”) regarding the possible sale by the Selling Shareholders to the Company of a total of 2,132,694,522 shares in the issued share capital of Leyou (the “**Sale Shares**”), representing approximately 69.21% of the issued share capital of Leyou as at the date of this announcement (the “**Possible Acquisition**”). The MOU sets forth the understanding between the parties and certain preliminary terms in relation to the Possible Acquisition.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Yuk and the Selling Shareholders are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

### **Principal terms of the MOU**

The principal terms of the MOU are set out in the Leyou Announcement, which is summarised below:

**Sale Shares:** The Sale Shares comprise (i) 1,539,894,522 ordinary shares of Leyou held by Port New; (ii) 74,100,000 ordinary shares of Leyou held by Novel New; and (iii) the Call Option Shares (as defined below).

Pursuant to a call option agreement dated 8 November 2018, Port New was granted an option to purchase 518,700,000 ordinary shares of Leyou held by Alpha Frontier Limited (the "**Call Option Shares**"), representing approximately 16.83% of the issued share capital of Leyou as at the date of this announcement.

The Sale Shares will be acquired free from any encumbrances or third-party rights and together with all rights which are on the date of the Formal Agreement (as defined below) or may at any time thereafter become attached to them, including the rights to all dividends and other distributions declared or paid by Leyou subsequent to the date of the Formal Agreement.

**Formal Agreement:** It is the intention of the Selling Shareholders and the Company to enter into a formal sale and purchase agreement (the "**Formal Agreement**") in relation to the Possible Acquisition on or before the expiry of the Exclusivity Period (as defined below) (or such later date as the Selling Shareholders and the Company may agree).

The Formal Agreement shall provide that completion of the Possible Acquisition is subject to the satisfaction or waiver of certain customary conditions precedent.

- Due diligence review: During the Exclusivity Period, the Company shall conduct and complete all due diligence review on Leyou and its subsidiaries.
- Exclusivity Period: The Company has been granted an exclusivity period of 21 days from the date of the MOU (which period may be extended to such later date as the Selling Shareholders and the Company may agree) (the “**Exclusivity Period**”).
- During the Exclusivity Period, unless with the prior written consent of the Company, the Selling Shareholders will not, directly or indirectly, (i) sell, transfer, pledge or otherwise dispose of their shares in Leyou or interest therein; or (ii) engage in any negotiations or discussions with, furnish any information to, or enter into any agreement, arrangement, memorandum of understanding with, or solicit proposal or offer from, any party other than the Company (or its designated nominee), in respect of the disposal of their shares in Leyou or the businesses or assets of Leyou to the extent that such disposal of the businesses or assets of Leyou would constitute a frustrating action under the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”).
- Connected Disposal: Simultaneously with the entering into of the Formal Agreement, (i) the Selling Shareholders shall enter into an agreement with Leyou (the “**Disposal Agreement**”), pursuant to which the Selling Shareholders shall acquire from Leyou its interests in suites 3201, 3206 and 3207, Tower Two, Lippo Centre, 89 Queensway, Admiralty, Hong Kong, completion of which shall take place simultaneously with completion of the Possible Acquisition; and (ii) the Selling Shareholders or their designated nominee shall enter into a cooperation agreement with Leyou (the “**Cooperation Agreement**”), pursuant to which they shall provide financing to Leyou for the development of certain games and receive a prescribed percentage of the profit generated by such games.

## **Legal effect of the MOU**

The provisions in relation to the Exclusivity Period, legal costs and expenses, legal effect and governing law are legally binding. Other provisions of the MOU (including those relating to the entering into of the Formal Agreement, the subject matter of the Possible Acquisition, the Disposal Agreement and the Cooperation Agreement) do not have any legally binding effect.

The Possible Acquisition is subject to further negotiation and the execution of the Formal Agreement between the Selling Shareholders and the Company.

Subject to the Formal Agreement being entered into and the satisfaction or waiver (as the case may be) of such conditions precedent to completion as may be specified therein, and if the Possible Acquisition materialises and is completed, the Company will acquire more than 30% of the voting rights of Leyou, giving rise to an obligation on the part of the Company and any parties acting in concert with it to make a mandatory unconditional general offer for all the issued share capital of Leyou (other than those already owned or agreed to be acquired by them) under Rule 26.1 of the Takeovers Code and to make an appropriate offer to the holders of any convertible securities under Rule 13.1 of the Takeovers Code.

If the Formal Agreement is entered into, the Possible Acquisition will constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or shareholders' approval requirements under the Listing Rules.

## **GENERAL**

**The Board wishes to emphasize that no binding agreement has been entered into in respect of the Possible Acquisition as at the date of this announcement and negotiations are still in progress, thus there is no certainty (i) as to the terms of the Possible Acquisition; or (ii) that the Possible Acquisition will proceed or that it would lead to a mandatory general offer for all the issued share capital of Leyou under Rule 26.1 of the Takeovers Code and a notifiable transaction on the part of the Company.**

Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and/or the Takeovers Code (as the case may be).

**There is no assurance that the Possible Acquisition will materialise or eventually be consummated and the relevant discussions may or may not lead to a mandatory general offer for all the issued share capital of Leyou under Rule 26.1 of the Takeovers Code and/or a notifiable transaction on the part of the Company. Shareholders and potential investors of the Company should be aware that the Possible Acquisition may or may not proceed. Shareholders and/or potential investors of the Company are advised to exercise caution in dealing in the securities of the Company.**

## RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted from 9:00 a.m. on 9 December 2019 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 10 December 2019.

By order of the Board  
**iDreamSky Technology Holdings Limited**  
**Chen Xiangyu**  
*Chairman of the Board*

Shenzhen, the PRC, 9 December 2019

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Chen Xiangyu as Chairman and Executive Director, Mr. Guan Song, Mr. Jeffrey Lyndon Ko and Mr. Lei Junwen as Executive Directors, Mr. Ma Xiaoyi and Mr. Du Feng as Non-executive Directors, and Ms. Yu Bin, Mr. Li Xintian and Mr. Zhang Weining as Independent Non-executive Directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*