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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)

PROFIT WARNING FOR THE SIX MONTHS ENDED JUNE 30, 2021

This announcement is made by iDreamSky Technology Holdings Limited (the “**Company**”, together with its subsidiaries and PRC consolidated affiliated entities, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment and analysis of the Group’s unaudited consolidated management accounts for the six months ended June 30, 2021 and the information currently available to the Board, the Group is expected to record a net loss for the six months ended June 30, 2021 (the “**Expected Net Loss**”) of approximately RMB65 million to RMB85 million, as compared to a net profit of RMB148 million for the six months ended June 30, 2020.

The Expected Net Loss is mainly attributable to the following reasons:

- (1) the decrease of the Group’s gross profit for the six months ended June 30, 2021 by approximately RMB150 million to RMB190 million as compared to the six months ended June 30, 2020. To keep in line with the Group’s core strategy of focusing on development and operation of exquisite match-3 puzzle game and competitive game, the Group has stepwise terminated games that are no longer aligned with the Group’s strategy in the gaming business, and the Group’s total revenue for the six months ended June 30, 2021 is expected to be decreased by approximately 15% to 20% as compared to that for the six months ended June 30, 2020.
- (2) the significant increase in the Group’s investment in research and development for the six months ended June 30, 2021 by approximately RMB50 million to RMB60 million as compared to the first half year of 2020. On one hand, the Group has continually invested to enhance the game development capabilities and the Group has committed to improving and perfecting the traffic pool management. On the other hand, the Group has increased its investment in research and development of offline entertainment business.

- (3) the increase of interest expenses for the six months ended June 30, 2021 by approximately RMB15 million to RMB25 million as compared to the same period of 2020, which was primarily due to the Group's issuance of the HKD775 million secured convertible bonds in October 2020. The proceeds from the bonds were mainly used to invest in the development of the Group's own games and products, and to fund future strategic opportunities.

The information contained in this announcement (i) is not based on any figures or information which have been audited or reviewed by the auditor of the Company; and (ii) has not been reviewed by the audit committee of the Company, and therefore may be subject to change. The information may also be subject to adjustments following further review and finalisation of the consolidated financial statements of the Group for the six months ended June 30, 2021 by the Board. Accordingly, the final consolidated financial statements of the Group for the six months ended June 30, 2021 and related information may be different from that contained in this announcement. Shareholders and potential investors are advised to refer to the details of the Group's financial performance for the six months ended June 30, 2021 to be disclosed in the interim results announcement which is expected to be published by the Company in the end of August 2021.

The Company will keep the Shareholders and potential investors informed of any material development in connection with the above matters by way of periodic announcement(s) and/or further announcement(s) as and when appropriate. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Shenzhen, the PRC, August 12, 2021

As at the date of this announcement, the Board of the Company comprises Mr. Chen Xiangyu as Chairman and Executive Director, Mr. Guan Song and Mr. Jeffrey Lyndon Ko as Executive Directors, Mr. Ma Xiaoyi, Mr. Zhang Han, Mr. Yao Xiaoguang and Mr. Chen Yu as Non-executive Directors, and Ms. Yu Bin, Mr. Li Xintian, Mr. Zhang Weining and Mr. Mao Rui as Independent Non-executive Directors.