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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)

**(1) PLACING OF NEW SHARES UNDER GENERAL MANDATE;
(2) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(3) CONNECTED TRANSACTION IN RELATION
TO THE SUBSCRIPTION**

Placing Agent



THE PLACING

On November 26, 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as agent for the Company, to procure, on a best effort basis, Placees to subscribe for the Placing Shares at the Placing Price of HK\$5.92 for each Placing Share.

The Placing Shares represent (i) approximately 5.50% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.21% of the issued share capital of the Company as enlarged by the Placing (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Placing save for the issue of the Placing Shares).

The Placing Shares will be placed by the Placing Agent to certain independent professional, institutional and/or individual investors, who, together with their respective ultimate beneficial owners, to the best of the knowledge, information and belief of the Directors, are third parties independent of the Company and are not connected persons of the Company. It is expected, as at the date of this announcement, that the number of Placees will be less than six and further details of such Placees will be included in the completion announcement of the Placing.

The Placing Shares will be issued under the General Mandate as approved at the 2020 AGM, therefore no further shareholder approval is required. The application will be made to the Listing Committee of the Stock Exchange for the granting of the approval for the listing of, and permission to deal in, the Placing Shares.

THE SUBSCRIPTION

On November 28, 2021, the Company entered into the Brilliant Seed Subscription Agreement, the Tencent Subscription Agreement and the Instant Sparkle Subscription Agreement, pursuant to which each of Brilliant Seed, Tencent Mobility and Instant Sparkle has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 13,141,892 Subscription Shares, 13,141,892 Subscription Shares and 6,570,946 Subscription Shares, respectively at the Subscription Price of HK\$5.92 for each Subscription Share.

The Subscription Shares represent (i) approximately 2.50% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 2.44% of the issued share capital of the Company as enlarged by the Subscription; and (iii) approximately 2.31% of the issued share capital of the Company as enlarged by the Placing and the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Placing Shares and the Subscription Shares).

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the independent Shareholders at the EGM. The application will be made to the Listing Committee of the Stock Exchange for the granting of the approval for the listing of, and permission to deal in, the Subscription Shares.

GENERAL

As at the date of this announcement, (i) Brilliant Seed is wholly owned by Mr. Chen Xiangyu, our executive Director, chairman of the Board and chief executive officer, and Mr. Chen Xiangyu, as beneficial owner and through Brilliant Seed, holds 3,682,400 Shares and 243,560,830 Shares, respectively, representing 0.28% and 18.52% of the issued share capital of the Company as at the date of this announcement; and (ii) Tencent Mobility holds 235,999,300 Shares, representing approximately 17.94% of the issued share capital of the Company as at the date of this announcement. Therefore, each of Mr. Chen Xiangyu, Brilliant Seed, Tencent Mobility is a substantial shareholder and a connected person of the Company. As at the date of this announcement, Mr. Lei Junwen is a director of Horgos iDreamSky (not an insignificant subsidiary of the Company) and is therefore a connected person of the Company. Accordingly, Instant Sparkle, as a company wholly owned by Mr. Lei Junwen, is also a connected person of the Company. As such, the Subscription constitutes a connected transaction for the Company and is subject to the announcement, reporting and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been formed to advise the independent Shareholders in respect of the Brilliant Seed Subscription Agreement, the Tencent Subscription Agreement, the Instant Sparkle Subscription Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Subscription; (ii) a letter from the Independent Board Committee in relation to the Brilliant Seed Subscription Agreement, the Tencent Subscription Agreement, the Instant Sparkle Subscription Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser in relation to the Subscription Agreements and the transactions contemplated thereunder; and (iv) a notice convening the EGM, may be despatched to the Shareholders after 15 business days from the date of the publication of this announcement, as additional time is required to prepare and finalize certain information for inclusion in the circular.

Completion of the Placing and the Subscription are subject to the satisfaction of the conditions precedent in the Placing Agreement and the Subscription Agreements, respectively. As the Placing and the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING

The Placing Agreement

Date:

November 26, 2021

Parties:

- (1) The Company; and
- (2) The Placing Agent.

The Placing Agent has conditionally agreed to place a maximum of up to 72,280,000 Placing Shares on a best effort basis and in consideration thereof, it will receive a placing commission of 0.2% on the gross proceeds of the Placing upon completion of the Placing. The placing commission was determined after arm's length negotiation between the Company and the Placing Agent. The Directors are of the view that the placing commission is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners, are third parties independent of the Company and its connected persons.

Placee(s)

The Placing Agent will act as agent of the Company to procure certain Placees to subscribe for the Placing Shares on a best effort basis. The Placee(s) shall be any investor who is an individual, institutional or professional investor selected and/or procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement and is (i) independent of the Company (and the Group), its connected person(s) and their respective associate(s), and (ii) independent of and not parties acting in concert with any persons, other Placee(s) or Shareholders to the effect that any Placing to such investor shall not trigger any mandatory offer obligation under Rule 26.1 of the Codes on Takeovers and Mergers and Share Buy-backs, procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agent's obligations under the Placing Agreement. No Placee(s) shall become a substantial shareholder (as defined in the Listing Rules) of the Company forthwith upon the Completion.

It is expected, as at the date of this announcement, that the number of Placees will be less than six and further details of such Placees will be included in the completion announcement of the Placing.

Number of Placing Shares

Up to 72,280,000 new Shares, representing (i) approximately 5.50% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.21% of the issued share capital of the Company as enlarged by the Placing (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Placing save for the issue of the Placing Shares).

Placing Price

The Placing Price is HK\$5.92 per Share, which represents:

- (1) a discount of approximately 9.34% to the closing price of HK\$6.53 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (2) a discount of approximately 8.07% to the average closing price of approximately HK\$6.44 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Placing Agreement; and
- (3) a discount of approximately 7.79% to the average closing price of approximately HK\$6.42 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price is exclusive of transaction fees and levies.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the Placing Price, and the terms and conditions of the Placing Agreement, is fair and reasonable, and is in the interest of the Company and the Shareholders as a whole.

Rights of the Placing Shares

The Placing Shares will, on allotment and issue, be free of all liens, charge and encumbrances, and together with all rights attaching thereto as at the date of the completion of the Placing, including the right to receive all dividends or other distributions declared, made or paid on or after the date of completion of the Placing. The Placing Shares will rank *pari passu* in all respects with the Shares in issue on the completion date of the Placing.

General Mandate to issue the Placing Shares

The Placing Shares will be issued under the General Mandate as approved at the 2020 AGM, therefore no further shareholder approval is required. Under the General Mandate, the Company is authorized to issue up to 253,943,798 Shares, representing 20% of the issued share capital of the Company as at the date of the 2020 AGM.

As at the date of this announcement, no Shares have been issued under the General Mandate. Upon completion of the Placing, 181,663,798 Shares of the General Mandate will remain unutilised by the Company.

The application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Placing Shares.

Conditions of the Placing

Completion of the Placing shall be conditional upon the satisfaction or fulfilment of such conditions as set out hereunder:

- (a) the Board having approved the Placing and the transactions contemplated under the Placing Agreement;
- (b) the Placing Agent having successfully procured Placees ready, willing and able to subscribe for, and to accept the allotment of, the Placing Shares or any portfolio thereof during the Placing period;
- (c) the Placing Agent having compiled and delivered to the Stock Exchange a comprehensive list of the Placees and the number of Placing Shares to be subscribed by each Placee;
- (d) the Listing Committee having granted approval for the listing of, and permission to deal in, the Placing Shares, and such approval not having been revoked, suspended, withdrawn or cancelled, or threatened with any revocation, suspension, withdrawal or cancellation;
- (e) the Shares remaining listed on the Main Board of the Stock Exchange, and that the listing status of the Shares not being subject to or threatened with any revocation, suspension, withdrawal or cancellation; and
- (f) (if required) the Company having obtained the necessary consent, approval, authorisation, permission, or confirmation from any third party to which the Company have entered into any agreement or arrangement.

The conditions above cannot be waived. As soon as practicable after the execution of the Placing Agreement and in any event, by December 20, 2021 or such later date as may be agreed between the Company and the Placing Agent, the Company shall use its best endeavours to procure the satisfaction of such conditions as set out in (a) and (d) to (f) above while the Placing Agent shall use all its best endeavours to procure the satisfaction of such conditions as set out in (b) and (c) above.

If any one or more of the conditions shall not have been satisfied or fulfilled by December 20, 2021 or any of the force majeure event set out below shall have occurred, subject to the terms in relation to failure to complete or lapse or termination of the Placing as set out in the Placing Agreement, all obligations and responsibilities of the Placing Agent and those of the Company hereunder shall cease and determine forthwith and no party under the Placing Agreement shall have any claim whatsoever against the other party under the Placing Agreement in relation thereto save for any antecedent breach of the Placing Agreement and without prejudice to the accrued rights and liabilities of each party under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place on a Business Day falling within ten (10) Business Days after the date upon which the condition has been satisfied (which in any event no later than December 20, 2021), or as soon as practicable thereafter, or at such other time and/or date as may be agreed between the Company and the Placing Agent in writing.

Termination

The Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company at any time at or prior to 5:00 p.m. (Hong Kong time) on the Business Day immediately prior to the completion date of the Placing in accordance with the terms of the Placing Agreement upon the occurrence of the following events:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company;

- (b) the occurrence of any local, national or international event or change occurring after the date of the Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing;
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the completion of the Placing potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing;
- (d) any material breach of or omits or fails to observe any of its obligations or undertakings under the Placing Agreement by the Company comes to the knowledge of the Placing Agent which in the reasonable opinion of the Placing Agent would or would likely have a material adverse effect or would or would likely be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
- (e) any of the representations or warranties contained in the Placing Agreement was, when given or deemed to be repeated under the Placing Agreement, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in their reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing.

THE SUBSCRIPTIONS

The Subscription Agreements

Date:

November 28, 2021

Parties:

(A) *The Brilliant Seed Subscription Agreement*

- (1) The Company (as issuer);
- (2) Mr. Chen Xiangyu (as warrantor); and
- (3) Brilliant Seed (as subscriber).

As at the date of this announcement, Brilliant Seed is wholly owned by Mr. Chen Xiangyu, our executive Director, chairman of the Board and chief executive officer, and Mr. Chen Xiangyu, as beneficial owner and through Brilliant Seed, holds 3,682,400 Shares and 243,560,830 Shares, respectively, representing 0.28% and 18.52% of the issued share capital of the Company as at the date of this announcement. Hence, both Mr. Chen Xiangyu and Brilliant Seed are substantial shareholders of the Company as at the date of this announcement.

(B) *The Tencent Subscription Agreement*

- (1) The Company (as issuer); and
- (2) Tencent Mobility (as subscriber).

As at the date of this announcement Tencent Mobility is a substantial shareholder of the Company which holds 235,999,300 Shares, representing approximately 17.94% of the issued share capital of the Company as at the date of this announcement.

(C) *The Instant Sparkle Subscription Agreement*

- (1) The Company (as issuer); and
- (2) Mr. Lei Junwen (as warrantor); and
- (3) Instant Sparkle (as subscriber).

Instant Sparkle is wholly owned by Mr. Lei Junwen, a director of Horgos iDreamSky (not an insignificant subsidiary of the Company). As at the date of this announcement, Mr. Lei Junwen, as beneficial owner and through Instant Sparkle, holds 686,000 Shares and 27,423,760 Shares, respectively, representing 0.05% and 2.09% of the issued share capital of the Company as at the date of this announcement.

Subscription Shares

32,854,730 new Shares, representing (i) approximately 2.50% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 2.44% of the issued share capital of the Company as enlarged by the Subscriptions; and (iii) approximately 2.31% of the issued share capital of the Company as enlarged by the Placing and the Subscriptions (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscriptions save for the issue of the Placing Shares and the Subscription Shares).

Subscription Price

The Subscription Price is same as the Placing Price.

The Subscription Price is exclusive of transaction fees and levies.

The Subscription Price was determined with reference to the prevailing market price of the Shares and the Placing Price and was negotiated on an arm's length basis between the Company and the Subscribers. The Directors (excluding the independent non-executive Directors whose opinions will be set out in the letter from the Independent Board Committee to be included in the circular) consider that the Subscription Price, and the terms and conditions of the Subscription Agreements, is fair and reasonable, and is in the interest of the Company and the Shareholders as a whole.

Rights of the Subscription Shares

The Subscription Shares will, on allotment and issue, be free of all liens, pledge, charge and encumbrances, and together with all rights attaching thereto as at the date of the completion of the Subscriptions, including the right to receive all dividends or other distributions declared, made or paid on or after the date of completion of the Subscriptions. The Subscription Shares will rank *pari passu* in all respects with the Shares in issue on the completion date of the Subscriptions.

Specific Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the independent Shareholders at the EGM. The application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Subscription Shares.

Conditions of the Subscriptions

The completion of the Subscriptions is conditional upon the satisfaction of the following conditions:

- (1) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in, the Subscription Shares subject to the allotment and issue of the Subscription Shares (and such listing and permission not being subsequently revoked prior to the completion);
- (2) the approval by the relevant shareholders of the Company at a general meeting approving (among other things) the issue and allotment of the Subscription Shares having been obtained in accordance with the articles of association of the Company and applicable Laws and remaining in full force and effect on the completion date;
- (3) with respect to the Tencent Subscription Agreement, there not having occurred at any time before completion,
 - (i) any adverse change or development in the financial or trading position of the Group which is material to the Group as a whole in the context of the Subscription; or
 - (ii) the occurrence of any event or the existence of any circumstance which renders any of the warranties untrue in any material respect; and
- (4) with respect to the Tencent Subscription Agreement, all the authorisations, approvals, consents, waivers and permits of the relevant authorities and filings with the relevant jurisdictions (including without limitation the Stock Exchange) which are necessary for entering into this Agreement and/or the performance of the obligations herein or otherwise to give effect to the Subscription as required by law having been granted, received, obtained and completed.

The conditions contained in (1), (2) and (4) cannot be waived. Tencent Mobility may in its absolute discretion at any time before completion waive the conditions contained in (3) by giving a written notice to the Company and such waiver may be subject to such terms and conditions as may be agreed between the relevant Subscriber and the Company in writing.

The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above as soon as practicable and in any event on or prior to February 28, 2022. If any of the conditions has not been satisfied before February 28, 2022, the Company and each of the Subscribers shall consult each other and discuss a later date for the satisfaction of conditions and completion as they may agree in writing. In the event that a later date within five (5) Business Days after February 28, 2022 cannot be agreed, the Company or any of the Subscribers shall be entitled to terminate their respective Subscription Agreement by written notice to the other party and the relevant Subscription Agreement and all rights and obligations of the parties hereunder shall cease and terminate save for any accrued rights and obligations of the parties under the relevant Subscription Agreement.

Completion of the Subscription

Completion of the Subscription will take place within two (2) Business Days after the date upon which the last of the conditions has been satisfied, provided that it shall take place on a date no later than February 28, 2022 or at such other date as may be agreed between the Company and the subscribers in writing.

EFFECT OF THE PLACING AND THE SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company before and after completion of the Placing and the Subscription will be as follows:

Name of shareholders	Immediately before the Placing and the Subscription		Immediately after completion of the Placing but before the completion of the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Non-public Shareholders						
Mr. Chen Xiangyu ⁽¹⁾	3,682,400	0.28	3,682,400	0.27	3,682,400	0.26
Brilliant Seed ⁽¹⁾	243,560,830	18.52	243,560,830	17.55	256,702,722	18.07
Tencent Mobility	235,999,300	17.94	235,999,300	17.01	249,141,192	17.54
Mr. Lei Junwen ⁽²⁾	686,000	0.05	686,000	0.05	686,000	0.05
Instant Sparkle ⁽²⁾	27,423,760	2.09	27,423,760	1.98	33,994,706	2.39
Bubble Sky Limited ⁽³⁾	47,337,220	3.60	47,337,220	3.41	47,337,220	3.33
Shipshape Holdings Limited ⁽⁴⁾	13,965,000	1.06	13,965,000	1.01	13,965,000	0.98
Public Shareholders						
Placees	—	—	72,280,000	5.21	72,280,000	5.09
Other Public Shareholders	742,541,105	56.46	742,541,105	53.52	742,541,105	52.28
Total	1,315,195,615	100.00	1,387,475,615	100.00	1,420,330,345	100.00

Notes:

1. Mr. Chen Xiangyu directly holds 3,682,400 Shares and indirectly holds 243,560,830 Shares through Brilliant Seed as at the date of this announcement.
2. Mr. Lei Junwen directly holds 686,000 Shares and indirectly holds 27,423,760 Shares through Instant Sparkle as at the date of this announcement.
3. Bubble Sky Limited is wholly owned by Mr. Guan Song, an executive Director, as at the date of this announcement.
4. Shipshape Holdings Limited is wholly owned by Mr. Jeffrey Lyndon Ko, an executive Director, as at the date of this announcement.
5. The table assumes (i) no Shares will be purchased by the Company, and no Shares will be purchased by the Subscribers and their respective associates, in each case between the date of this announcement and the completion of the Subscription; and (ii) there will be no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Placing Shares and the Subscription Shares.
6. Certain figures and percentage figures included in the above table have been subject to rounding adjustments.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Directors consider that the purpose of the Placing and the Subscription is to strengthen the financial position of the Group and to provide long-term funding for the Group's expansion and growth plans. The intended use of proceeds is in line with the strategic focus of our Group to enhance our game development capabilities, further enrich our game portfolio and increase our active user base; meanwhile, accelerate the expansion of the Group's offline stores to further promote the development of designer toy business. In addition, the Directors consider that it is in line with the interest of the Company to broaden the shareholder base and the capital base of the Company.

The Directors (including the independent non-executive Directors) consider that the Placing Agreements were entered into upon normal commercial terms following arm's length negotiations between the parties and that the terms of the Placing Agreements (including the Placing Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (excluding the independent non-executive Directors whose opinions will be set out in the letter from the Independent Board Committee to be included in the circular) consider that the terms of the Brilliant Seed Subscription Agreement, the Tencent Subscription Agreement and the Instant Sparkle Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As Mr. Chen Xiangyu is the sole shareholder of Brilliant Seed and Mr. Ma Xiaoyi, Mr. Yao Xiaoguang and Mr. Chen Yu hold positions as senior management of Tencent Holdings Limited, the holding company of Tencent Mobility, they are regarded as having material interests in the transactions contemplated under the Brilliant Seed Subscription Agreement and Tencent Subscription Agreement, respectively and have abstained from voting on the Board resolution to approve the respective transactions.

USE OF PROCEEDS OF THE PLACING AND THE SUBSCRIPTION

The estimated net proceeds from the Placing (after deducting all fees, costs and expenses properly incurred by the Company (including the Placing Agent's commission, the Stock Exchange trading fee and the SFC transaction levy) to be borne by the Company, and other expenses incurred by the Company, in connection with the Placing) are expected to be approximately HK\$427.04 million. The estimated net Placing Price, after deducting such fees, costs and expenses, is therefore approximately HK\$5.91 per Placing Share.

The net proceeds from the Subscription are expected to be approximately HK\$194.50 million. The estimated net Subscription Price is therefore approximately HK\$5.92 per Subscription Share.

The Company intends to use the estimated net proceeds of the Placing and the Subscription for its general working capital, research and development of self-developed games of the Company, expansion of the Group's offline stores and other possible investment in the future.

EQUITY FUND RAISING ACTIVITY IN PAST 12 MONTHS BEFORE THE DATE OF THIS ANNOUNCEMENT

There is no equity fund raising activity conducted by the Company in the past 12 months immediately preceding the date of this announcement.

GENERAL

Information about the parties

The Group is a leading digital entertainment platform in China. With online gaming business, SaaS business and regular chain stores of "WePlay" offering offline entertainment experience and designer toy retail as its main business, it has created an "24/7 online & offline entertainment life circle".

Brilliant Seed is an investment holding company incorporated in the British Virgin Islands, which is wholly owned and controlled by Mr. Chen Xiangyu.

Tencent Mobility is a wholly owned subsidiary of Tencent Holdings Limited. Tencent Holdings Limited is a leading provider of Internet value-added services in China, including communications and social, games, digital content, advertising, fintech and cloud services and its shares are listed on the Main Board of the Stock Exchange.

Instant Sparkle is an investment holding company incorporated in the British Virgin Islands, which is wholly owned and controlled by Mr. Lei Junwen.

Listing Rules implications

As at the date of this announcement, each of Mr. Chen Xiangyu, Brilliant Seed and Tencent Mobility is a substantial shareholder of the Company, which holds 247,243,230 Shares, 243,560,830 Shares and 235,999,300 Shares, respectively, representing approximately 18.80%, 18.52% and 17.94% of the issued share capital of the Company as at the date of this announcement, and Instant Sparkle is wholly owned by Mr. Lei Junwen, a director of Horgos iDreamSky (not an insignificant subsidiary of the Company).

Hence, each of Mr. Chen Xiangyu, Brilliant Seed, Tencent Mobility, Instant Sparkle and Mr. Lei Junwen is a connected person of the Company, and the Subscription constitutes connected transaction for the Company and is subject to the announcement, reporting and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been formed to advise the independent Shareholders in respect of the Brilliant Seed Subscription Agreement, the Tencent Subscription Agreement, the Instant Sparkle Subscription Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Subscription; (ii) a letter from the Independent Board Committee in relation to the Brilliant Seed Subscription Agreement, the Tencent Subscription Agreement, the Instant Sparkle Subscription Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser in relation to the Brilliant Seed Subscription Agreement, the Tencent Subscription Agreement, the Instant Sparkle Subscription Agreement and the transactions contemplated thereunder; and (iv) a notice convening the EGM, may be despatched to the Shareholders after 15 business days from the date of the publication of this announcement, as additional time is required to prepare and finalize certain information for inclusion in the circular.

Completion of the Placing and Subscription are subject to the satisfaction of the conditions precedent in the Placing Agreements and the Subscription Agreements, respectively. As the Placing and Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“2020 AGM”	the annual general meeting of the Company held on June 25, 2021 at which, among other things, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Brilliant Seed”	Brilliant Seed Limited, a company incorporated in the British Virgin Islands on January 2, 2018, and wholly owned by Mr. Chen Xiangyu and a substantial shareholder
“Brilliant Seed Subscription Agreement”	the subscription agreement entered into among the Company, Mr. Chen Xiangyu (as warrantor) and Brilliant Seed dated November 28, 2021 in respect of the subscription of the Subscription Shares by Brilliant Seed at the Subscription Price
“Business Day”	any day on which banks are generally open for business in Hong Kong
“Company”	iDreamSky Technology Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange under stock code 01119
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Subscription Agreements and the transactions contemplated thereunder

“General Mandate”	the general mandate granted by the Shareholders to the Directors at the 2020 AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the total number of Shares in issue as at the date of the 2020 AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Horgos iDreamSky”	Horgos iDreamSky Information Technology Co., Ltd. (霍爾果斯创梦天地信息科技有限公司), a company established in the PRC on June 27, 2016 and a subsidiary of the Company
“Independent Board committee”	the independent board committee of the Company formed to advise the independent Shareholders in respect of the Subscription Agreements and the transactions contemplated thereunder, comprising all independent non-executive Directors
“Instant Sparkle”	Instant Sparkle Limited, a company incorporated in the British Virgin Islands on January 2, 2018, and wholly owned by Mr. Lei Junwen
“Instant Sparkle Subscription Agreement”	the subscription agreement entered into among the Company, Mr. Lei Junwen (as warrantor) and Instant Sparkle dated November 28, 2021 in respect of the subscription of the Subscription Shares by Instant Sparkle at the Subscription Price
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placement of up to 72,280,000 Placing Shares to independent investors at the Placing Price

“Placing Agent”	First Shanghai Securities Limited, a company incorporated in Hong Kong with limited liability, being a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated November 26, 2021 in respect of the Placing
“Placing Price”	HK\$5.92 per Placing Share
“Placing Share(s)”	up to 72,280,000 new Shares to be placed under the Placing
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Specific Mandate”	the specific mandate for the allotment and issue of the Subscription Shares, which is subject to approval by the independent Shareholders voting by way of poll at the EGM
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscribers”	Brilliant Seed, Tencent Mobility and Instant Sparkle
“Subscription”	the subscription of Subscription Shares by Brilliant Seed, Tencent Mobility and Instant Sparkle at the Subscription Price pursuant to the Subscription Agreements
“Subscription Agreements”	the Brilliant Seed Subscription Agreement, the Tencent Subscription Agreement and the Instant Sparkle Subscription Agreement
“Subscription Price”	HK\$5.92 per Subscription Share

“Subscription Share(s)”	32,854,730 new Shares to be allotted and issued by the Company to the Subscribers under the Subscription
“substantial shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“Tencent Mobility”	Tencent Mobility Limited, a wholly owned subsidiary of Tencent Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange under stock code 700, and a substantial shareholder
“Tencent Subscription Agreement”	the subscription agreement entered into between the Company and Tencent Mobility dated November 28, 2021 in respect of the subscription of the Subscription Shares by Tencent Mobility at the Subscription Price
“%”	per cent

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

Shenzhen, the PRC, November 28, 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.