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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)

ADOPTION OF THE 2023 SHARE INCENTIVE SCHEME AND PROPOSED ADOPTION OF THE 2023 NEW SHARE OPTION SCHEME

The Board is pleased to announce that the Company has adopted the Share Incentive Scheme on May 18, 2023. The purpose of the Share Incentive Scheme are to recognise the contributions by the Participants with an opportunity to acquire a proprietary interest in the Company; encourage and retain such individuals for the continual operation and development of the Group; provide additional incentives for them to achieve performance goals; attract suitable personnel for further development of the Group; and motivate the Participants to maximise the value of the Group for the benefits of both the Participants and the Group.

No Shareholder's approval is required for the adoption of the Share Incentive Scheme. The Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

No RSU or Option has been granted under the Share Incentive Scheme as of the date of this announcement.

The Board is also pleased to announce that it has resolved on May 18, 2023 to propose the adoption of the New Share Option Scheme for the approval by the Shareholders. The New Share Option Scheme will constitute a share scheme involving issue of new shares by the Company under Chapter 17 of the Listing Rules, and the adoption of the New Share Option Scheme is subject to the approval from the Shareholders. The Company will convene a general meeting for the purposes of, among other things, seeking the approval from the Shareholders for the adoption of the New Share Option Scheme.

A circular containing, among other things, the notice of the general meeting and details of the proposed adoption of the New Share Option Scheme will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

INTRODUCTION

The Board is pleased to announce that it has adopted the Share Incentive Scheme on May 18, 2023. The Share Incentive Scheme was contemplated and adopted to be funded solely by existing Shares and shall be subject to applicable requirements under Rule 17.12 of the Listing Rules.

The Board is also pleased to announce that it has resolved on May 18, 2023 to propose the adoption of the New Share Option Scheme for the approval by the Shareholders. The New Share Option Scheme will constitute a share scheme involving issue of new shares by the Company under Chapter 17 of the Listing Rules, and the adoption of the New Share Option Scheme is subject to the approval from the Shareholders. The Company will convene a general meeting for the purposes of, among other things, seeking the approval from the Shareholders for the adoption of the New Share Option Scheme.

The key terms of the Share Incentive Scheme and the New Share Option Scheme are summarized below.

SUMMARY OF KEY TERMS OF THE SHARE INCENTIVE SCHEME

Purpose

The purposes of the Share Incentive Scheme are to (i) recognise the contributions by the Participants with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals for the continual operation and development of the Group; (iii) provide additional incentives for them to achieve performance goals; (iv) attract suitable personnel for further development of the Group; and (v) motivate the Participants to maximise the value of the Group for the benefits of both the Participants and the Group, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Participants directly to the Shareholders through ownership of Shares.

Effectiveness and Duration

The Share Incentive Scheme shall take effect on the Adoption Date. Subject to any early termination as may be determined by the Board pursuant to the terms of the Share Incentive Scheme, the Share Incentive Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date, after which no Awards will be granted, but the provisions of the Share Incentive Scheme shall in all other respects remain in full force and effect and the Awards granted during³ the term of the Share Incentive Scheme may continue to be valid, vested and exercisable in accordance with their respective terms of Grant.

Administration

The Board shall have the sole and absolute right to (i) interpret and construe the provisions of the Share Incentive Scheme; (ii) determine the Grantees who will be offered Options under the Share Incentive Scheme, the Subscription Price in relation to such Options in accordance with the provisions of the Share Incentive Scheme, and when the Options granted to Grantees pursuant to the Share Incentive Scheme may vest; (iii) determine who will be granted RSUs under the Share Incentive Scheme, the terms and conditions on which RSUs are granted to Grantees and when the RSUs granted to Grantees pursuant to the Share Incentive Scheme may vest; and (iv) make such other decisions or determinations as it shall deem appropriate or desirable in respect of the foregoing (i), (ii) and (iii). The Board may delegate the authority to administer the Share Incentive Scheme to the Administrative Committee.

Eligibility

The Participants for the Share Incentive Scheme include any employee (whether full time or part time), executive or officer, director and consultant of any member of the Group, subject to provisions of the Share Incentive Scheme.

Scheme Limit

The total number of Shares underlying the Share Incentive Scheme shall not in aggregate exceed 28,207,966 (excluding Shares underlying Awards that have lapsed or been cancelled in accordance with the Share Incentive Scheme), representing two (2)% of the issued share capital of the Company as of the Adoption Date (the “**Scheme Limit of the Share Incentive Scheme**”).

The maximum number of Shares which may be awarded to any one Participant under the Share Incentive Scheme in any 12-month period may not exceed one (1)% of the issued Shares as at the Adoption Date.

Any Share covered by an Award (or any portion of an Award) which is forfeited, cancelled or expires shall not be counted for purposes of determining the Scheme Limit of the Share Incentive Scheme. If any unvested Award (or any portion thereof) are repurchased by the Company, any Shares underlying such unvested Award (or any portion thereof) shall become available for future Grant under the Share Incentive Scheme.

Options

(A) *Grant of Options*

On and subject to the terms of the Share Incentive Scheme, the Board shall be entitled at any time during the operation of the Share Incentive Scheme, at its sole and absolute discretion, to make an offer of Options to an eligible Participant by Grant Letter. The Board may, from time to time, authorize the chief executive officer of the Company to sign and execute the Grant Letters. In determining the basis of offering Options to an eligible Participant, the Board shall take into account, without limitations, the employee grade, years of service, overall performance, values and importance of the position of such eligible Participant, and/or such factors as the Board may at its discretion consider appropriate, for the purpose of management.

An offer of Options shall be open for acceptance in writing given by either prepaid post, facsimile transmission, personal delivery or by electronic communication received by the Board, or any person designated by the Board, for such period as the Board may determine and notify to the Grantee concerned, provided that no such offer shall be open for acceptance after the expiry of the duration of the Share Incentive Scheme or after the Share Incentive Scheme has been terminated in accordance with the provisions hereof. An offer of Options not accepted within this period shall lapse. An offer may not be accepted unless the Grantee remains an eligible Participant on acceptance.

An amount of RMB1.00 is payable by the Grantee to the Company upon acceptance of the offer of Options, and such remittance shall not be refundable and shall not be deemed to be a part payment of the Subscription Price.

Any offer of Options may be accepted or deemed to have been accepted for a number of Shares less than those offered under the relevant Options. If the offer of Options is not accepted within the period, such offer shall lapse automatically. The Options shall not be listed on any stock exchange.

(B) Option Terms and Exercise of Options

The Grant Letter issued by the Company to the relevant eligible Participant shall specify, among others, the number of Shares under the Options, the Subscription Price, the Exercise Period, the vesting schedule of the Options and any conditions (including, without limitation, if applicable, any performance targets which shall be achieved before the Options can be exercised) in respect of which an offer of the Options are made, and requiring the eligible Participant to undertake to hold the Options on the terms on which it is to be granted and to be bound by the provisions of the Share Incentive Scheme, in particular:

- (i) **Subscription Price:** The Subscription Price and the payment arrangement shall be determined by the Board at its sole and absolute discretion, which shall be notified to the Grantee in writing and in any case shall be no less than the price of the on-market purchase on or before the Grant Date which is to satisfy such Awards upon exercise.
- (ii) **Exercise Period:** The Board may specify the Exercise Period and the vesting schedule of the Options in the Grant Letter, and in all circumstances all Options shall automatically lapse and expire not later than the last day of the 10-year period after the Grant Date. Unless otherwise determined by the Board, the vesting period shall commence on the date of the grant of the Option. Unless the Options have been withdrawn and cancelled or been forfeited in whole or in part and subject to the provisions of the Share Incentive Scheme, the Grantee may exercise his/her rights under the Share Incentive Scheme according to the vesting schedule set out in the relevant Grant Letter. The vesting period for Options shall not be less than 12 months.

Restricted Share Units

(A) Grant of RSUs

On and subject to the terms of the Share Incentive Scheme, the Board shall be entitled at any time during the term of the Share Incentive Scheme to grant RSUs to any Participant, as the Board may in its absolute discretion determine.

The amount of an RSU may be determined at the sole and absolute discretion of the Board and may differ among selected Participants.

An RSU may be granted on such terms and conditions (such as by linking the vesting of the RSU to the attainment or performance of milestones or targets by any member of the Group, the Grantee or any group of Grantees) as the Board may determine, and shall take into account, without limitations, the employee grade, years of service and overall performance, values and importance of the position, provided such terms and conditions shall be consistent with any other terms and conditions of the Share Incentive Scheme.

The consideration (if any) payable by a selected Participant to the Company for acceptance of the RSU under the Share Incentive Scheme shall be determined at the sole and absolute discretion of the Board.

(B) Vesting of Awards

Subject to the terms of the Share Incentive Scheme, the specific terms and conditions applicable to each Award, the vesting period shall be determined by the Board. If the performance milestones or targets and/or other conditions determined by the Board (if any) are not satisfied, the RSU shall automatically lapse on the date on which any such condition is not satisfied, as determined by the Board in its sole and absolute discretion. The vesting period for Awards shall not be less than 12 months.

The RSUs which have vested shall be satisfied at the sole and absolute discretion of the Board within a reasonable period from the vesting date of such RSUs, either by:

- (i) subject to the terms of the Share Incentive Scheme, the Administrative Committee directing and procuring the relevant Trustee to transfer the Shares underlying the RSUs (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the Grantee or his/her wholly-owned entity (as represented by the Grantee) from the Trust Funds; and/or
- (ii) the Administrative Committee directing and procuring the Trustee to pay to the Grantee in cash an amount which is equivalent to the market value of the Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) set out in the paragraph above by making on-market sales of such Shares at any time and price as determined by the Administrative Committee in its absolute discretion and after deduction or withholding of any tax, fines, levies, stamp duty and other charges applicable to the entitlement of the Grantee and the sales of any Shares to fund such payment and in relation thereto.

Grant Restriction

Any grant of Awards to a connected person (as defined in the Listing Rules) of the Company shall also comply and be approved in accordance with the applicable requirements of the Listing Rules.

No Awards may be granted to any Participant:

- (a) where the Company has information that must be disclosed under Rule 13.09 of the Listing Rules or where the Company reasonably believes there is inside information (within the meaning given under Part XIVA of the SFO, the “**Inside Information**”) which must be disclosed under Part XIVA of the SFO, until such Inside Information has been published on the websites of the Stock Exchange and the Company;
- (b) after any Inside Information in relation to the securities of the Company has occurred or has become the subject of a decision, until such Inside Information has been announced;
- (c) within the period commencing 60 days (in the case of yearly results), or 30 days (in the case of results for half-year, quarterly or other interim period) immediately preceding the earlier of (i) the date of a meeting of the Board (as such date is first notified to the Stock Exchange) for the approval of the Company’s results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish its quarterly, interim or annual results announcement for any such period, and ending on the date of such announcement;
- (d) in any other circumstances where dealings by selected Participant (including Directors) are prohibited under the Listing Rules, the SFO or any other applicable law or regulation or where the requisite approval from any applicable regulatory authorities has not been granted;
- (e) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the Grant or in respect of the Share Incentive Scheme, unless the Board determines otherwise;
- (f) where the Grant would result in a breach of any applicable securities laws, rules or regulations by any member of the Group or any of its directors; or
- (g) the Grant would result in breach of the Scheme Limit of the Share Incentive Scheme or other rules of the Share Incentive Scheme.

For as long as the Shares are listed on the Stock Exchange, if required by the Stock Exchange or the Listing Rules, the grant of an Option or Award under the Share Incentive Scheme shall be subject to the compliance with the requisite requirements under the Listing Rules or otherwise required by the Stock Exchange.

Lapse

Any Options or RSUs under the Share Incentive Scheme shall automatically lapse, subject to the provisions of the Share Incentive Scheme, upon the earliest of:

- (a) the date on which the Participant ceases to be an eligible Participant;
- (b) the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company;
- (c) the date on which the Board exercises the Company's right to cancel or forfeit the Options or RSUs if the Grantee commits a breach of the restrictions on the transferability and the confidentiality of the Share Incentive Scheme;
- (d) the date on which the Participants are found to be an Excluded Person;
- (e) the date on which it is no longer possible to satisfy any outstanding conditions to the vesting;
- (f) in the case of Options, (i) the expiry of the Exercise Period; (ii) subject to the compromise or arrangement (for the purpose of or in connection with reconstruction or amalgamation) becoming effective, the expiry of the period commencing with such date and ending with the earlier of the date two (2) months thereafter and the date on which such compromise or arrangement is sanctioned by the court, provided that the relevant Options are not subject to a term or condition precedent to them being exercisable which has not been fulfilled, exercise any of his/her Options whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective; or
- (g) the Board has decided that the unvested Options or RSUs shall not be vested for the Grantee in accordance with the rules of the Share Incentive Scheme and the terms and conditions as set out in the Grant Letter.

Subject to the Board's determination otherwise, a Participant ceases to be an eligible Participant: if (i) the Participant's service or employment with the Group has been terminated by any member of the Group for Cause; (ii) the Participant has been convicted for any criminal offence involving his/her integrity or honesty; (iii) the Participant has been charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws or regulations in force from time to time; or (iv) the Participant retires by agreement with a member of the Group. The Board shall have the right to determine what constitutes Cause, whether the Grantee's employment has been terminated for Cause and the effective date of such termination, and such determination by the Board shall be final and conclusive.

Where any unvested RSUs of a Grantee lapse in accordance with the rules of the Share Incentive Scheme, the Company shall refund to the Grantee the consideration (if any) in correspondence to such unvested RSUs paid by the Grantee pursuant to the terms and conditions as set out in the Share Incentive Scheme and the Grant Letter.

Notwithstanding the aforesaid, in each case, the Board may in its sole and absolute discretion decide that any Option or RSU shall not lapse or shall be subject to such conditions or limitations as the Board may decide.

Transferability

Any Option or RSU granted pursuant to the Share Incentive Scheme shall be personal to the Grantee and shall not be assignable or transferable, except that the Administrative Committee may, at its sole and absolute discretion, approve the assignment or transfer from a Grantee to a company wholly owned by him/her or between two companies both of which are wholly owned by him/her, subject to the condition that no further transfer shall be made unless otherwise approved by the Administrative Committee and any such other terms and conditions the Administrative Committee may consider appropriate. The terms of the Share Incentive Scheme and the Grant Letter shall be binding upon the assigns and transferees of the Grantee.

Notwithstanding the above, no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favour of any other person over or in relation to any Option, any RSU or any property held by the Trustee on trust for the Grantees, Awards, Shares underlying any Options or RSUs or any interest or benefits therein.

Changes In Capital Structure

If there is any alteration in the capital structure of the Company by way of capitalisation of rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), in the case that while any Option under the Share Incentive Scheme remains exercisable, such corresponding alterations (if any) shall be made, at the Board's sole and absolute discretion, to:

- (a) the number of Shares (without fractional entitlements) subject to the Options so far as unexercised; and/or
- (b) the Subscription Price; and/or
- (c) the maximum number of Shares for which further Options may be granted under the Share Incentive Scheme.

In the case that while any RSU remains unvested, the Board may make equitable adjustments that it considers appropriate, at its sole and absolute discretion, including:

- (a) make arrangements for the grant of substitute RSUs of equivalent fair value to an Award in the purchasing or surviving company;
- (b) reach such accommodation with the Grantee as it considers appropriate, including the payment of cash compensation to the Grantee equivalent to the fair value to any RSU to the extent not vested;
- (c) waive any conditions to vesting of any RSU to the extent not already vested; or
- (d) permit the continuation of an Award in accordance with its original terms.

Share Capital

The Options or RSUs under the Share Incentive Scheme do not carry any right to vote at general meetings of the Company. Unless otherwise determined by the Board, no Grantee shall enjoy any of the rights of a Shareholder by virtue of the Grant pursuant to the Share Incentive Scheme, unless and until such Shares underlying the exercised Options or vested RSUs are actually transferred to the Grantee upon the exercise of Options or vesting of RSUs.

Unless otherwise specified by the Board in its sole and absolute discretion in the Grant Letter, the Grantees do not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying an Option or Award under the Share Incentive Scheme.

Any Shares to be transferred to a Grantee or, subject to the approval of the Administrative Committee, his/her wholly-owned entity upon the exercise of Options granted or vesting of RSUs granted pursuant to the Share Incentive Scheme shall be subject to all the provisions of the memorandum and articles of association of the Company and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date of transfer, or if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members, and accordingly shall entitle the holder of such Shares to participate in all dividends or other distributions paid or made on or after the date of transfer, or if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members.

Alteration Of The Share Incentive Scheme

The terms of the Share Incentive Scheme may be altered, amended or waived in any respect by the Board provided that such alteration, amendment or waiver shall not affect any subsisting rights of any Grantee thereunder.

Termination

The Share Incentive Scheme may be terminated at any time prior to the expiry of its term by the Board provided that such termination shall not affect any subsisting rights of any Grantee hereunder. No further Awards shall be granted after the Share Incentive Scheme is terminated but in all other respects the provisions of the Share Incentive Scheme shall remain in full force and effect. All Awards granted prior to such termination and not vested or exercised (as applicable) on the date of termination shall remain valid.

No Shareholder's approval is required for the adoption of the Share Incentive Scheme. With respect to the operation of the Share Incentive Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

No RSU or Option has been granted under the Share Incentive Scheme as of the date of this announcement.

SUMMARY OF KEY TERMS OF THE NEW SHARE OPTION SCHEME

Purpose

The purposes of the New Share Option Scheme are to (i) recognize the contributions by the Participants with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals for the continual operation and development of the Group; (iii) provide additional incentives for them to achieve performance goals; (iv) attract suitable personnel for further development of the Group; and (v) motivate the Participants to maximize the value of the Group for the benefits of both the Participants and the Group, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the Participants directly to the Shareholders through ownership of Shares. The Board plans to propose the adoption of the New Share Option Scheme to grant Options that in aggregate shall not exceed 56,415,933, representing four (4)% of the issued share capital of the Company as of the Adoption Date, to eligible Participants, assuming there is no change in the number of issued Shares during the period from the date of this announcement to the Adoption Date. The Grantee may subscribe for Shares on the exercise of Options at the Exercise Price under the New Share Option Scheme.

Conditions And Duration

The New Share Option Scheme shall take effect on the date of the passing of the resolution to adopt the New Share Option Scheme by the Board and the Shareholders.

Subject to any early termination as may be determined by the Board pursuant to the New Share Option Scheme, the New Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which period no further Options will be granted under the New Share Option Scheme, but the provisions of the New Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme.

Administration

The New Share Option Scheme shall be subject to the administration of the Board in accordance with the terms and conditions of the New Share Option Scheme. The Board shall have the sole and absolute right to (i) interpret and construe the provisions of the New Share Option Scheme; (ii) determine the Grantees who will be offered Options under the New Share Option Scheme, the Exercise Price in relation to such Options in accordance with the provisions of the New Share Option Scheme, and when the Options granted to Grantees pursuant to the New Share Option Scheme may vest; and (iii) make such other decisions or determinations as it shall deem appropriate or desirable in respect of the foregoing (i), and (ii). All the above decisions, determinations and interpretations shall be made by a simple majority of the votes of members of the Board with each member having one vote. All the decisions, determinations and interpretations made by the Board in accordance with the New Share Option Scheme shall be final, conclusive and binding on all parties.

The Administrative Committee shall be responsible for: (i) applying to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under the New Share Option Scheme on the Stock Exchange; (ii) approving the draft announcement to be published by the Company in connection with the grant of Options; and (iii) other work of the New Share Option Scheme as delegated by the Board and the Chairman from time to time.

Eligibility And Grant Of Options

(A) Eligibility and making and acceptance of an offer

The eligible Participants include any employee (whether full time or part time), executive or officer and director of any member of the Group subject to the terms of the New Share Option Scheme.

On and subject to the Listing Rules and the terms of the New Share Option Scheme, the Board shall be entitled at any time during the operation of the New Share Option Scheme, at its sole and absolute discretion, to make an offer of Options to an eligible Participant by letter in such form as the Board may from time to time determine. In determining the basis of offering Options to an eligible Participant, the Board shall take into account, without limitations, the employee grade, years of service, overall performance, values and importance of the position of such eligible Participant, and/or such factors as the Board may at its discretion consider appropriate, for the purpose of management.

An offer of Options shall be open for acceptance in writing given by either prepaid post, facsimile transmission, personal delivery or by electronic communication received by the Board, or any person designated by the Board, for such period as the Board may determine and notify to the Grantee concerned, provided that no such offer shall be open for acceptance after the expiry of the duration of the New Share Option Scheme or after the New Share Option Scheme has been terminated in accordance with the provisions hereof. An amount of RMB1.00 is payable by the Grantee to the Company upon acceptance of the offer of Options, and such remittance shall not be refundable and shall not be deemed to be a part payment of the Exercise Price.

(B) Restrictions On The Time Of Grant Of Options

For as long as the Shares are listed on the Stock Exchange, an Option must not be granted after Inside Information has come to the knowledge of the Company until (and including) the trading day after such inside information has been announced in accordance with the requirements of the Listing Rules. In particular, an Option must not be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement,

In the event that the Company publishes any results announcement subsequent to the deadline for such results announcement under the Listing Rules (where applicable), such period shall end on the delayed publication date of the results announcement.

For as long as the Shares are listed on the Stock Exchange, where any Option is proposed to be granted to a Director, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

- (i) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

Maximum Number Of Shares Available For Subscription

(A) Scheme Limit

The total number of Shares which may be issued upon exercise of all Options that may be granted under the New Share Option Scheme shall not in aggregate exceed 56,415,933, representing four (4)% of the issued share capital of the Company as of the Adoption Date, assuming there is no change in the number of issued Shares during the period from the date of this announcement to the Adoption Date.

(B) Refreshment of Scheme Limit

The Company may seek approval of its Shareholders at general meeting to refresh the scheme limit of the New Share Option Scheme after three years from the date of Shareholders' approval for the last refreshment (or the Adoption Date).

Any refreshment within any three-year period under the New Share Option Scheme must be approved by Shareholders subject to the following provisions:

- (i) any controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
- (ii) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules (the "**Requirements**").

The Requirements do not apply if the refreshment is made immediately after an issue of Shares by the Company to its shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the scheme limit of the New Share Option Scheme (as a percentage of the relevant class of Shares in issue) upon refreshment is the same as the unused part of the scheme limit of the New Share Option Scheme immediately before the issue of Shares, rounded to the nearest whole Share.

(C) Maximum number of Shares issued pursuant to Options

The total number of Shares which may be issued in respect of all Options to be granted under the New Share Option Scheme, and all options and awards to be granted under any other schemes of the Group as refreshed must not exceed ten (10)% of the total issued Shares as at the Adoption Date.

(D) Maximum entitlement of each eligible Participant

No Option may be granted to any eligible Participant which, if exercised in full, would result in the total number of Shares issued and to be issued in respect of all Options, options over new Shares and awards over new Shares already granted or to be granted to such eligible Participant under the New Share Option Scheme (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the Grant Date of such new Grant representing in aggregate over one (1)% of the issued share capital of the Company in issue.

Option Terms And Exercise Of Options

(A) Exercise Price

The Exercise Price shall be a price determined by the Board and notified to any Grantee (subject to any adjustments made under the New Share Option Scheme), and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Grant Date, which must be a Business Day; (ii) an amount equivalent to the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding the Grant Date; and (iii) the nominal value per Share on Grant Date, provided that in the event of fractional prices, the Exercise Price per Share shall be rounded upwards to the nearest whole cent.

(B) Vesting Schedule and Exercise Period

The vesting period shall be determined by the Board or the Chairman (as the case may be) and in no case the vesting period of shall be less than twelve (12) months or such period as the Listing Rules may prescribe or permit.

The Board may specify the exercise period of the Options in the Grant Letter, and in all circumstances all Options shall automatically lapse and expire not later than the last day of the 10-year period after the Grant Date. Unless the Options have been withdrawn and cancelled or been forfeited in whole or in part, and subject to the terms of the New Share Option Scheme, the Grantee may exercise his/her rights under the New Share Option Scheme according to the vesting schedule set out in the relevant Grant Letter.

(C) Performance Target

Proposed performance targets include financials, business (non-financial), operations and creation of capital value for the Group's business segments (such as increase in revenue and net profit) as well as that for the Participants based on individual performance indicators relevant to the achievement of their roles and responsibilities. The Board (or, as the case may be, the Administrative Committee as authorized by the Board) will conduct assessment at the end of a performance period by comparing the performance of the business segments and the individual performance of the Participants with the pre-agreed targets to determine whether the targets and the extents to which have been met.

Transferability

Any Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Options.

Lapse

Any Option shall automatically lapse forthwith and not exercisable (to the extent not already exercised), with immediate effect or after such period the Board may determine, the earliest of:

- (a) the expiry of the exercise period;
- (b) the expiry of any of the exercise periods under the New Share Option Scheme;
- (c) subject to the compromise or arrangement (for the purpose of or in connection with reconstruction or amalgamation) becoming effective, the expiry of the period under the New Share Option Scheme;
- (d) the date on which the Grantee ceases to be an eligible Participant under the New Share Option Scheme;
- (e) the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company;
- (f) the date on which the Board exercises the Company's right to cancel or forfeit the Options if the Grantee commits a breach of the terms of the New Share Option Scheme in relation to transferability and confidentiality;
- (g) the date on which the Participants are found to be an Excluded Person; or
- (h) the date on which the Options are cancelled in accordance with the New Share Option Scheme.

Ranking Of The Shares

No dividends (including distributions made upon the liquidation of the Company) will be payable and no voting rights will be exercisable in relation to any Options that have not been exercised. Shares allotted and issued on the exercise of any Options will be subject to all provisions of the articles of association of the Company and will rank equally in all respects with the Shares in issue on the date of allotment and issuance. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment and issuance.

Adjustment

If there is any alteration in the capital structure of the Company while any Options remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding alterations (if any) shall be made to:

- (a) the number of Shares (without fractional entitlements) subject to the Options so far as unexercised; and/or
- (b) the Exercise Price; and/or
- (c) the maximum number of Shares for which further Options may be granted under the New Share Option Scheme.

Except alterations made on a capitalisation issue, any alteration to the number of Shares which is the subject of the Options and/or the Exercise Price shall be conditional on the auditors or the independent financial adviser appointed by the Company confirming by the issue of certificate to the Board that the alteration is in their opinion fair and reasonable, is made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such alteration shall remain the same as that to which he was entitled before such alteration. No such alteration shall be made to the effect which would be to enable any Share to be issued at less than its nominal value (where applicable) or which would result in the aggregate amount payable on the exercise of any Options in full being increased. The capacity of the auditors or an independent financial adviser appointed by the Company under the New Share Option Scheme is that of experts and not of arbitrators and their certification shall be final and binding on the Company and the Grantees in the absence of manifest error. The costs of the auditors or an independent financial adviser appointed by the Company in so certifying shall be borne by the Company.

Alteration

The terms of the New Share Option Scheme may be altered, amended or waived in any respect by the Board provided that any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any alterations to the provisions of the New Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the eligible Participants must be approved by Shareholders in general meeting.

Any change to the terms of Options granted to a Participant must be approved by the Board, the remuneration committee, the independent non-executive Directors and/or the shareholders of the Company (as the case may be) if the initial grant of the Options was approved by the Board, the remuneration committee, the independent non-executive Directors and/or the shareholders of the Company (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

The amended terms of the New Share Option Scheme or the Options shall comply with the relevant requirements of the Listing Rules (including, without limitation, Chapter 17 of the Listing Rules).

Notwithstanding the foregoing, the New Share Option Scheme may be amended or altered in any aspect by resolution of the Board without the approval of the Shareholders or the Grantees to the extent such amendment or alteration is required by the Listing Rules and/or any applicable legal or regulatory requirements from time to time.

The Company must provide to all eligible Participants details relating to amendments in the terms of the New Share Option Scheme during the life of the New Share Option Scheme immediately upon such amendments taking effect.

Termination

The New Share Option Scheme may be terminated at any time prior to the expiry of its term by the Board provided that such termination shall not affect any subsisting rights of any Grantee hereunder. For the avoidance of doubt, no further Options shall be granted after the New Share Option Scheme is terminated but the provisions of the New Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of Grant. Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to the Shareholders seeking approval for the first new scheme to be established after such termination.

Cancellation

Unless otherwise provided for in the New Share Option Scheme, any cancellation of Options granted in accordance with the New Share Option Scheme but not exercised must be approved by the Grantee concerned in writing. In the event that the Board elects to cancel any Options and issue new ones to the same Grantee, the issue of such new Options may only be made with the available unissued Options (excluding the cancelled Options) within the scheme limit under the New Share Option Scheme. The Options cancelled will be regarded as utilized for the purpose of calculating the limits under the New Share Option Scheme.

Malus And Clawback

Without prejudice to the forgoing terms of the New Share Option Scheme, in the case that a Participant commits a misconduct or is involved in a material misstatement in the Company's financial statements, all Options of such Participant shall automatically lapse. The Board may, at its absolute discretion, determine whether a Participant commits a misconduct or is involved in a material misstatement in the Company's financial statements. If the Board exercises its discretion under this provision, it will give the relevant Grantee written notice of such determination and the Board's interpretation of and determination pursuant to this provision shall be final, conclusive and binding.

A circular containing, among other things, the notice of the general meeting and details of the proposed adoption of the New Share Option Scheme will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

The adoption of the New Share Option Scheme is subject to the approval of the Shareholders. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Administrative Committee”	the committee comprising of any two executive Directors from time to time, or any person(s) designated by the Board to exercise its power and authority under the Share Incentive Scheme or the New Share Option Scheme (as the case may be) from time to time
“Adoption Date”	in the case of Share Incentive Scheme, means the day when the Share Incentive Scheme is approved and adopted by the Board, being May 18, 2023; and in the case of New Share Option Scheme, means the day when the New Share Option Scheme is adopted by the Shareholders
“Award(s)”	the Option(s) or RSU(s) granted or to be granted under the Share Incentive Scheme. Specifically, an award may include, if so specified by the Board in its absolute discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares underlying the Option or RSU (as applicable) from the date that the Award is granted to the date that it vests

“Board”	the board of Directors from time to time or a duly authorized committee thereof
“Business Day”	any day (excluding Saturday and Sunday) on which banks in Hong Kong are generally open for business and the Stock Exchange is open for business of dealing securities
“Cause”	with respect to a Grantee, the summary termination of employment or office on any one or more of the following grounds: the Grantee has been guilty of misconduct, or has been convicted of any criminal offence involving his/her integrity or honesty or (if so determined by the Board in its sole and absolute discretion) on any other ground on which the relevant employing company would be entitled to terminate his/her employment or office summarily at common law or pursuant to any applicable laws or under the Grantee’s service contract with the employing company. Notwithstanding the foregoing, the Board shall have the sole and absolute discretion to determine whether the employment or office of a Grantee has or has not been terminated on one or more of the grounds specified herein
“Chairman”	chairman of the Board
“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 1119
“Director(s)”	director(s) of the Company from time to time

“Excluded Person”	(i) at the time of the proposed grant of an Award or an Option under the New Share Option Scheme (as the case may be), any connected person of the Company other than any directors or substantial shareholders of the Company or any member of the Group; or (ii) any Participant who is resident in a place where the grant of the Awards or an Option under the New Share Option Scheme (as the case may be) and/or the vesting and transfer of the Shares underlying the vested Awards pursuant to the terms of the Share Incentive Scheme or the vested Options pursuant to the terms of the New Share Option Scheme (as the case may be) is not permitted under the laws and regulations of such place such that in the view of the Board, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Participant
“Exercise Period”	the exercise period of the Options under the Share Incentive Scheme, as determined by the Board, and in all circumstances all Options shall automatically lapse and expire not later than the last day of the 10-year period after the Grant Date
“Exercise Price”	the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option under the New Share Option Scheme
“Grant”	the offer of the grant of an Award made in accordance with the Share Incentive Scheme, or the offer of the grant of an Option made in accordance with the New Share Option Scheme
“Grant Date”	the date of the Grant Letter
“Grant Letter”	the document in writing for each grant of an Award or an Option (as the case may be) to an eligible Participant in such form as the Board may from time to time determine
“Grantee(s)”	any eligible Participant who accepts a Grant in accordance with the terms of the Share Incentive Scheme or who accepts a grant in accordance with the terms of the New Share Option Scheme (as the case may be), or (where the context so permits) any person who is entitled to any Award or any Option under the New Share Option Scheme (as the case may be) in consequence of the death of the original Grantee

“Group”	the Company and its subsidiaries and a “member of the Group” shall be construed accordingly
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme” or “2023 New Share Option Scheme”	the new share option scheme for eligible Participants which was resolved to be adopted by the Board and proposed to be adopted at the general meeting of the Company
“Option(s)”	in the case of the Share Incentive Scheme, means the right to subscribe for a specified number of Shares in issue at the Subscription Price; and in the case of the New Share Option Scheme, means the right to subscribe for a specified number of Shares in issue at the Exercise Price
“Participant(s)”	in the case of the Share Incentive Scheme, means an individual who may be eligible to participate in the Share Incentive Scheme in accordance with the provisions of the Share Incentive Scheme; and in the case of the New Share Option Scheme, means any employee (whether full time or part time), executive or officer and director of any member of the Group
“Restricted Share Unit(s)” or “RSU(s)”	a restricted share unit conferring the Grantee a conditional right upon vesting of the Award to obtain, as determined by the Board, either a Share or an equivalent value in cash with reference to the market value of a Share on the date on which such Share is sold as determined by the Trustee in its absolute discretion, less any tax, fees, levies, stamp duty and other charges applicable
“RMB”	the lawful currency of the People’s Republic of China
“Share Incentive Scheme” or “2023 Share Incentive Scheme”	the share incentive scheme of the Company approved and adopted by the Board on May 18, 2023
“SFO”	means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time

“Shareholder(s)”	shareholders of the Company from time to time
“Shares”	the ordinary share(s) of a par or nominal value of US\$0.0001 each in the capital of the Company, or if there has been a capitalization issue, sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company of such nominal amount as shall result from any such capitalization issue, sub-division, reduction, consolidation, reclassification or reconstruction
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of Options under the Share Incentive Scheme
“subsidiary”	has the meaning given to it in the Listing Rules from time to time
“Trust”	the trust declared by the Trust Deed
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time)
“Trust Fund”	has the meaning as defined in the Trust Deed
“Trustee(s)”	any person(s) who is/are officially appointed by the Board as the trustee or trustees pursuant to the Trust Deed from time to time to administer the Share Incentive Scheme
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

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

Shenzhen, the PRC, May 18, 2023

As at the date of this announcement, the Board 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.