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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) PROPOSED REPURCHASE OF HK\$775 MILLION 3.125%
GUARANTEED CONVERTIBLE BONDS DUE 2025;**
**(2) PROPOSED PLACING OF NEW SHARES UNDER
GENERAL MANDATE;**
AND
**(3) PROPOSED ISSUE OF
HK\$386 MILLION 5.00% CONVERTIBLE BONDS
DUE 2028 UNDER GENERAL MANDATE**

**Dealer Manager, Sole Global Coordinator, Sole Bookrunner and Lead Manager and
Placing Agent**

BofA SECURITIES 

PROPOSED REPURCHASE OF HK\$775 MILLION 3.125% GUARANTEED CONVERTIBLE BONDS DUE 2025

Reference is made to the announcements of the Company dated 16 October 2020 in relation to the issue of the Existing Convertible Bonds and dated 10 July 2023 in relation to the Concurrent Repurchase. Pursuant to Condition 8(F) (*Purchase*) of the terms and conditions of the Existing Convertible Bonds, DHL, the Company or any of their respective subsidiaries may at any time and from time to time purchase the Existing Convertible Bonds at any price in the open market or otherwise. DHL and the Company now propose to repurchase the Existing Convertible Bonds pursuant to such terms and conditions.

On 10 July 2023, DHL and the Company entered into the Dealer Manager Agreement with the Dealer Manager pursuant to which the Dealer Manager has been appointed in connection with the proposed repurchase of the Existing Convertible Bonds to, amongst others, assist DHL and the Company in collecting indications of interest from holders of the Existing Convertible Bonds who are willing to sell their Existing Convertible Bonds to DHL and the Company.

Eligible Bondholders accepting the invitation to tender their Existing Convertible Bonds would be eligible for receiving the Repurchase Price and the Accrued Interest which in total represent HK\$988,476.03 per HK\$1,000,000 in principal amount of the Existing Convertible Bonds on the Closing Date.

As at the date of this announcement, the Company has, through the Dealer Manager, received commitments from Eligible Bondholders to sell approximately HK\$758 million in aggregate principal amount of the Existing Convertible Bonds to the Company. The remaining outstanding Existing Convertible Bonds amount to approximately HK\$17 million. The Company may continue to purchase the Existing Convertible Bonds from time to time in the open market or otherwise pursuant to the terms and conditions of the Existing Convertible Bonds.

PROPOSED PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board announces that on 10 July 2023 (after trading hours), the Company and the Placing Agents entered into the Placing Agreement, pursuant to which the Company has agreed to appoint the Placing Agents, and the Placing Agents have agreed to act as agents for the Company, to procure, on a best effort basis, Places to subscribe for the Placing Shares at the Placing Price of HK\$3.10 for each Placing Share.

Assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Placing Closing Date save for the issue of the Placing Shares, the Placing Shares represent:

- (1) approximately 11.6% of the existing issued share capital of the Company as at the date of this announcement; and
- (2) approximately 10.4% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares under the Placing.

The Placing Shares will be placed by the Placing Agents to certain independent professional, institutional and other 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 no less than six.

The Placing Shares will be issued under the General Mandate as approved at the 2022 AGM, therefore no further shareholder approval is required. Application will be made to the Listing Committee of the Hong Kong Stock Exchange for the granting of the approval for the listing of, and permission to deal in, the Placing Shares.

PROPOSED ISSUE OF HK\$386 MILLION 5.00% CONVERTIBLE BONDS DUE 2028 UNDER GENERAL MANDATE

The Board announces that on 10 July 2023 (after trading hours), the Company and the Managers have entered into the Subscription Agreement, pursuant to which the Managers have conditionally agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Company in an aggregate principal amount of HK\$386 million. The issue price of the Bonds shall be 100% of the aggregate principal amount of the Bonds and the denomination of each of the Bonds shall be HK\$2,000,000 and integral multiples of HK\$1,000,000 in excess thereof.

It is expected, as at the date of this announcement, that the number of subscribers (who will be independent individual, corporate and/or institutional investors) will be no less than six.

Based on the initial Conversion Price of HK\$3.64 per Share and assuming full conversion of the Bonds, the Bonds will be convertible into a maximum of 106,043,956 New CB Shares, representing:

- (1) approximately 7.5% of the existing issued share capital of the Company as at the date of this announcement; and
- (2) approximately 7.0% of the issued share capital of the Company as enlarged by the allotment and issue of the New CB Shares.

It is intended the Bonds will be listed and quoted on the Official List of the SGX-ST. An application will be made to the SGX-ST for the listing and quotation of the Bonds. The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New CB Shares.

Approval in-principle from, admission to the Official List of the SGX-ST and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Company, any other subsidiary or associated company of the Company or the Bonds. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this announcement.

GENERAL MANDATE

The Placing Shares to be issued and the New CB Shares to be issued upon the conversion of the Bonds will be allotted and issued pursuant to the General Mandate and will rank *pari passu* in all respects with the Shares then in issue on the relevant registration date.

USE OF PROCEEDS

The gross proceeds from the Placing and the Bonds Issue will be approximately HK\$895 million, of which the estimated net proceeds, after deduction of commission and other estimated expenses payable, amount to approximately HK\$873 million. The Company intends to use the net proceeds from the Placing and the Bonds Issue to fund the Concurrent Repurchase and for general working capital, of which HK\$749 million would be used to fund the Concurrent Repurchase and HK\$124 million would be used for general working capital.

The Bonds have not been offered or sold and may not be offered or sold in Hong Kong to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32). The Bonds were offered by way of debt issue to professional investors only.

The Placing Shares, the Bonds and the New CB Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and no public offering will be made in the United States. Neither the Placing Shares, the Bonds nor the New CB Shares may be offered or sold within the United States absent registration under, or an applicable exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and applicable state or local securities laws of the United States.

Completion of the transactions contemplated under the Dealer Manager Agreement, the Placing Agreement and the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Dealer Manager Agreement, the Placing Agreement and the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraphs headed “The Dealer Manager Agreement”, “The Placing Agreement” and “The Subscription Agreement” below for further information.

As the Placing and the Bonds Issue may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

PROPOSED REPURCHASE OF HK\$775 MILLION 3.125% GUARANTEED CONVERTIBLE BONDS DUE 2025

The Dealer Manager Agreement

The principal terms of the Dealer Manager Agreement are summarized as follows:

| | |
|----------------|--|
| Date | 10 July 2023 |
| Parties | (i) The Company; (ii) DHL; and (iii) Merrill Lynch (Asia Pacific) Limited as the Dealer Manager. |

Conditions to the obligations of the Dealer Manager

The obligations of the Dealer Manager under the Dealer Manager Agreement are at all times conditional upon, amongst others, the following conditions:

1. all relevant consents, approvals or authorisations of, or registrations, filings or declarations with, any court, regulatory authority, governmental agency or stock exchange or any other person required in connection with the execution, delivery or performance by DHL and the Company of their respective obligations under the Dealer Manager Agreement or in connection with the conduct and consummation of the Concurrent Repurchase (including, without limitation, the distribution of the Offer Materials (as defined in the Dealer Manager Agreement)) shall have been obtained by DHL and the Company on or prior to the Closing Date and remain in full force and effect on the Closing Date;
2. prior to the Closing Date, DHL or, failing which, the Company, shall have delivered to the Dealer Manager such further information, certificates and documents as the Dealer Manager may reasonably request relating to the Concurrent Repurchase;
3. by the date of the Dealer Manager Agreement, the Dealer Manager shall have received certain legal opinions dated the date of the Dealer Manager Agreement;
4. the issue of the Bonds on the Closing Date; and
5. copies of constitutive documents of DHL and the Company and internal authorisations of DHL and the Company authorising the Concurrent Repurchase, the distribution of the Offer Materials and the execution of the Dealer Manager Agreement.

Termination

The Dealer Manager Agreement shall terminate:

1. upon completion of settlement on the Closing Date;
2. upon written notice by DHL or the Company to the Dealer Manager to terminate the Dealer Manager Agreement at any time in the event that they decide not to proceed with the Concurrent Repurchase;
3. upon DHL or the Company publicly announcing the termination of the Concurrent Repurchase;
4. upon withdrawal by the Dealer Manager as a result of the failure of any of the conditions to the obligations of the Dealer Manager set out in the Dealer Manager Agreement;
or
5. if, since the date of the Dealer Manager Agreement, there has been, in the opinion of the Dealer Manager, a change in national, international, financial, political or economic conditions as would in its view be likely to prejudice materially the success of the Concurrent Repurchase.

PROPOSED PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Placing Agreement

The principal terms of the Placing Agreement are summarized as follows:

Date 10 July 2023

Parties

- (i) The Company; and
- (ii) Merrill Lynch (Asia Pacific) Limited (as sole overall coordinator, capital market intermediary and Placing Agent) and Guotai Junan Securities (Hong Kong) Limited (as capital market intermediary and Placing Agent)

The Placing Agents have conditionally agreed to place up to 164,177,200 Placing Shares in total. In consideration thereof, the Placing Agents are entitled to a commission of HK\$8,975,863.

The placing commissions were determined after arm's length negotiation between the Company and the Placing Agents. The Directors are of the view that the placing commissions are on normal commercial terms and are 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 Agents are third parties independent of the Company and its connected persons.

Placee(s)

The Placing Agents will act as agents 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 professional, institutional or other investor selected and/or procured by or on behalf of the Placing Agents 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 Agents to subscribe for the Placing Shares pursuant to the Placing Agents' 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 of Placing. It is expected, as at the date of this announcement, that the number of Placees will be no less than six.

Number of Placing Shares

Up to 164,177,200 new Shares, representing (i) approximately 11.6% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.4% 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 Placing Closing Date save for the issue of the Placing Shares).

The aggregate nominal value of the maximum number of Shares placed under the Placing is US\$16,417.72.

Placing Price

The Placing Price is HK\$3.10 per Share, which represents:

- (1) a discount of approximately 8.3% to the closing price of HK\$3.38 per Share as quoted on the Hong Kong Stock Exchange on the date of the Placing Agreement;
- (2) a discount of approximately 12.9% to the average closing price of approximately HK\$3.56 per Share as quoted on the Hong Kong 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 12.1% to the average closing price of approximately HK\$3.53 per Share as quoted on the Hong Kong 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 levies and trading fees.

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 Agents. The Directors (including the independent non-executive Directors) consider that the Placing Price, and the terms and conditions of the Placing Agreement, are fair and reasonable, and are in the interests 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 other encumbrances or security interest of any kind, or any other type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect, and together with all rights attaching thereto as at the Placing Closing Date, including the right to receive all dividends or other distributions declared, made or paid on or after the date of the Placing Closing Date. The Placing Shares will rank *pari passu* in all respects with the Shares in issue on the Closing Placing Date.

**General Mandate
to issue the
Placing Shares**

The Placing Shares will be issued under the General Mandate as approved at the 2022 AGM, therefore no further shareholder approval is required. Under the General Mandate, the Company is authorized to issue up to 282,079,669 Shares, representing 20% of the issued share capital of the Company as at the date of the 2022 AGM.

As at the date of this announcement, no Shares have been issued under the General Mandate. Upon completion of the Placing, 117,902,469 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.

Lock-up

The Company shall not, without the prior written consent of the Placing Agents, (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Placing Agreement and ending on the date which is 60 days after the Placing Closing Date. The foregoing shall not apply to (a) the issue of the Placing Shares under the Placing Agreement, (b) the issue of the the Bonds in accordance with their terms and conditions, (c) the issue of new Shares pursuant to the conversion of the Bonds, (d) the issue of new Shares pursuant to the conversion of the Existing Convertible Bonds, (e) the grant of Shares pursuant to the terms of the restricted stock unit plan approved by the Company on 18 May 2018, (f) the grant of Shares and share options pursuant to the terms of the share incentive scheme approved by the Company on 18 May 2023, and (g) the grant of share options pursuant to the terms of the share option scheme approved by the shareholders of the Company on 30 June 2023.

Conditions of the Placing

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

- (i) the Bookrunner (for itself and on behalf of the Placing Agents) having received on the Placing Closing Date the final draft or substantially complete draft of (a) the filings require by CSRC, (b) the opinion of the counsel for the Company as to the PRC laws in relation to the filings require by CSRC, and (c) the opinion of the counsel for the Bookrunner as to the PRC laws in relation to the CSRC Filings (as defined in the Subscription Agreement), such drafts to be in form and substance reasonably satisfactory to the Bookrunner;
- (ii) the Bookrunner (for itself and on behalf of the Placing Agents) having received on the Placing Closing Date an opinion of the counsel for the Company as to the laws of the Cayman Islands, in form and substance reasonably satisfactory to the Bookrunner;
- (iii) the Bookrunner (for itself and on behalf of the Placing Agents) having received on the Placing Closing Date an opinion of the U.S. counsel to the Placing Agents, to the effect that the offer and sale of the Placing Shares by the Placing Agents as set forth in the Placing Agreement are not required to be registered under the Securities Act, and such other matters as the Bookrunner shall reasonably request, such opinion to be in form and substance reasonably satisfactory to the Bookrunner;
- (iv) the Placing Agents having received on or prior to the Placing Closing Date a lock-up undertaking from Brilliant Seed Limited in the form as set out in the Subscription Agreement; and
- (v) the Listing Committee having granted approval for the listing of, and permission to deal in, the Placing Shares, and such approval and permission not having been revoked, suspended, withdrawn or cancelled, or threatened with any revocation, suspension, withdrawal or cancellation at any time prior to the Placing Closing Date.

The Bookrunner (for itself and on behalf of the Placing Agents) in its sole discretion may waive any of the conditions (other than the condition set out in paragraph (v) above), in whole or in part and with or without conditions, by notice to the Company. If any one or more of the conditions shall not have been satisfied or fulfilled or waived (as the case may be) by the Placing Closing Date, the Placing Agreement shall terminate with immediate effect.

**Completion of the
Placing**

Completion of the Placing will take place on the second business day after the date on which the conditions have been satisfied or at such other time and/or date as the Company and the Bookrunner agree in writing.

Termination

If at any time between the execution of the Placing Agreement and before the Placing Closing Date:

- (i) there develops, occurs or comes into force:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Company and its subsidiaries taken as a whole; or
 - (b) any suspension or limitation of trading (a) in any of the Company's securities by the Hong Kong Stock Exchange or the SGX-ST or the listing status of the Company's securities in the Hong Kong Stock Exchange or the SGX-ST not being subject to or threatened with any revocation, suspension, withdrawal or cancellation, or (b) generally on the Hong Kong Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange, the Nasdaq National Market or the SGX-ST; or

- (c) 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) 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, act of terrorism or armed conflict, or affecting local securities market, or the declaration by Hong Kong, the Cayman Islands, the PRC, Singapore, the United States, the United Kingdom or any member of the European Economic Area of a national emergency or war or other calamity or crisis, or the occurrence of any combination of circumstances; or
- (d) any material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the Cayman Islands, the PRC, Singapore, the United States, the United Kingdom or any member of the European Economic Area and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong, the Cayman Islands, the PRC, Singapore, the United States, the United Kingdom or any member of the European Economic Area; or
- (e) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong, the Cayman Islands, the PRC, Singapore, the United States, the United Kingdom or any member of the European Economic Area or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of the Bookrunner, would make the placement of the Placing Shares or the enforcement of arrangements to subscribe for the Placing Shares impracticable or inadvisable or would materially prejudice trading of the Placing Shares in the secondary market; or

- (ii) any breach of or omits or fails to observe any of its agreements, obligations or undertakings under the Placing Agreement by the Company or non-satisfaction by the Company of any of the conditions on its part to be complied with or satisfied under the Placing Agreement on or before the Placing Closing Date; or
- (iii) any of the representations or warranties contained in the Placing Agreement was, when given or deemed to be repeated under the Placing Agreement, untrue, inaccurate or misleading or would be untrue, inaccurate or misleading,

then the Bookrunner may upon giving prior written notice to the Company terminate the Placing Agreement with immediate effect.

PROPOSED ISSUE OF HK\$386 MILLION 5.00% CONVERTIBLE BONDS DUE 2028 UNDER GENERAL MANDATE

The Subscription Agreement

The principal terms of the Subscription Agreement are summarized as follows:

Date 10 July 2023

Parties

- (i) the Company;
- (ii) Merrill Lynch (Asia Pacific) Limited; and
- (iii) Guotai Junan Securities (Hong Kong) Limited.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each Manager is an Independent Third Party.

Subscription

The Managers agree to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds in an aggregate principal amount of HK\$386 million at the Issue Price subject to the fulfilment of the conditions precedent set forth in the Subscription Agreement.

The Managers have informed the Company that they intend to offer and sell the Bonds to no less than six (6) independent placees (who will be independent individual, corporate and/or institutional investors). The Bonds will be offered and sold to persons whose ordinary business involves buying, selling or investing in securities outside the United States in reliance upon Regulation S of the Securities Act. None of the Bonds will be offered to the retail public in Hong Kong.

To the best of the Directors' knowledge, information and belief as at the date of this announcement, each of the placees of the Bonds (and their respective ultimate beneficial owners) is an Independent Third Party.

Conditions Precedent

The obligations of the Managers to subscribe and pay for the Bonds are conditional upon, among other things:

- (i) *Due diligence*: the Managers being satisfied with the results of their due diligence investigations with respect to the Company and its subsidiaries and the Offering Circular shall have been prepared in form and content satisfactory to the Managers;
- (ii) *Other Transaction Documents*: the execution and delivery of the other Transaction Documents (as defined in the Subscription Agreement), each in a form reasonably satisfactory to the Managers, by the respective parties;

- (iii) *Other Consents*: except for the Post-Issue Filing (as defined in the Subscription Agreement) with the NDRC and the CSRC Filings with the CSRC, on or prior to the Closing Date, there shall have been delivered to the Managers copies of all consents and approvals required in relation to the issue of the Bonds and the performance of the Company's obligations under the Transaction Documents and the Bonds (including the NDRC Certificate (as defined in the Subscription Agreement) and any consents and approvals required from any lenders to any other member of the Group);
- (iv) *Major Shareholder Undertaking*: a side letter substantially in the form as set out in the Subscription Agreement dated as of the date of the Subscription Agreement, executed by Brilliant Seed Limited;
- (v) *Auditors' Letters*: on the date of the Offering Circular and on the Closing Date, there having been delivered to the Managers letters, in form and substance satisfactory to the Managers, dated the date of the Offering Circular and the Closing Date, respectively, and addressed to the Managers from PricewaterhouseCoopers, the current auditor of the Company;
- (vi) *Compliance*: On the Closing Date:
 - (a) the representations and warranties of the Company in the Subscription Agreement being true, accurate and correct at, and as if made on, the Closing Date;
 - (b) the Company having performed all of its obligations under the Subscription Agreement to be performed on or before the Closing Date; and
 - (c) there having been delivered to the Managers a certificate, dated the Closing Date, signed by a duly authorised officer of the Company substantially in the form as set out in the Subscription Agreement to such effect.

(vii) *Listing:*

- (a) the SGX-ST having agreed, subject to any conditions reasonably satisfactory to the Managers, to list the Bonds; and
- (b) the Hong Kong Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Managers, to list the New CB Shares upon conversion of the Bonds.

(viii) *Material Adverse Change:* After the date of the Subscription Agreement or, if earlier, the dates as of which information is given in the Offering Circular up to and at the Closing Date, there shall not have occurred any change (nor any development or event involving a prospective change) in the condition (financial or other), prospects, results of operations or general affairs or profitability of the Company or the Group which, in the opinion of the Managers, is material and adverse on the ability of the Company to perform its obligations under the Transaction Documents or the Bonds, or otherwise in the context of the issue and Offering (as defined in the Subscription Agreement) of the Bonds.

(ix) *Legal Opinions:* On or before the Closing Date, there having been delivered to the BofA opinions, in form and substance satisfactory to the BofA, dated the Closing Date of certain legal opinions on the laws of various jurisdictions.

(x) *Officer's Certificates:* On the date of the Offering Circular and the Closing Date, there having been delivered to the Managers a certificate substantially in the form as set out in the Subscription Agreement dated such dates and signed by an authorised officer of the Company.

- (xi) *CSRC Filing*: On or prior to the Closing Date, the agreed and final or substantially complete drafts of the following documents in relation to the CSRC Filings, in form and substance satisfactory to the BofA, having been delivered to the BofA (for itself and on behalf of the Managers):
 - (a) the CSRC Filing Report (as defined in the Subscription Agreement) (including the letter of undertaking from the Company);
 - (b) legal opinions to be submitted to the CSRC; and
 - (c) any other CSRC Filings required by the CSRC.

The Managers may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the above conditions, except with respect to the one in relation to due diligence and the execution and delivery of the other Transaction Documents.

Closing

Completion of the subscription and issue of the Bonds will take place on the Closing Date.

The Company's Lock-up Undertaking

Neither the Company nor any person acting on its behalf will:

- (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any debt securities with covenants outside the PRC, or any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them;
- (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares;

- (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise; or
- (d) announce or otherwise make public an intention to do any of the foregoing,

in any such case without the prior written consent of the Managers, between the date of the Subscription Agreement and the date which is 60 days after the Closing Date (both dates inclusive); in each case except for (i) the Bonds and the New CB Shares issued on conversion of the Bonds, (ii) the awards granted under the restricted share unit plan of the Company adopted by the Company on 18 May 2018 which has been disclosed in the Company's latest published consolidated financial statements, (iii) the exercise of options or vesting of restricted share units granted under the share incentive scheme adopted by the Company on 18 May 2023 which has been publicly disclosed by the Company; (iv) the exercise of options granted under the share incentive scheme adopted by the Company on 30 June 2023 which has been publicly disclosed by the Company; and (v) the Shares to be issued under the Placing Agreement.

**Major Shareholder
Undertaking**

Brilliant Seed Limited, a substantial shareholder of the Company, has entered into a lock-up undertaking in favour of the Managers that, between the date of the Subscription Agreement and the date which is 60 days after the Closing Date, it will not, and will procure that none of its nominees, companies or associates controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly), will, unless with the prior written consent of the Managers (whose consent shall not be unreasonably withheld or delayed):

- (i) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Shares (as defined in the Subscription Agreement) or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as Lock-up Shares or other instruments representing interests in Lock-up Shares or other securities of the same class as them;
- (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares;
- (iii) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (i), (ii) or (iii) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise; or
- (iv) announce or otherwise make public an intention to do any of the foregoing.

Termination

Notwithstanding anything contained in the Subscription Agreement, the Managers may, by notice to the Company given at any time prior to payment of the net subscription monies for the Bonds to the Company, terminate the Subscription Agreement in any of the following circumstances:

- (a) if there shall have come to the notice of the Managers any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;
- (b) if any of the conditions precedent has not been satisfied or waived by the Managers on or prior to the Closing Date;
- (c) if in the opinion of the Managers, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in its view be likely to prejudice materially the success of the Offering and distribution of the Bonds or dealings in the Bonds in the secondary market; or
- (d) if, in the opinion of the Managers, there shall have occurred any of the following events:
 - (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the SGX-ST and/or the Hong Kong Stock Exchange;
 - (ii) a suspension or a material limitation in trading in the Company's securities on the Hong Kong Stock Exchange;

- (iii) a general moratorium on commercial banking activities in the United States, the PRC, Singapore, Hong Kong, the European Union and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Singapore, the PRC, Hong Kong, or the United Kingdom;
- (iv) a change or development involving a prospective change in taxation affecting the Company, the Bonds and the Shares to be issued upon conversion of the Bonds or the transfer thereof, which would be likely to prejudice materially the success of the Offering and distribution of the Bonds or dealings in the Bonds in the secondary market; or
- (e) if, in the opinion of the Managers, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God, pandemic or epidemic) as would in its view be likely to prejudice materially the success of the Offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

Principal terms of the Bonds

The principal terms of the Bonds are summarized as follows:

| | |
|------------------------------|---|
| Issuer | The Company |
| Issue Price | 100% of the principal amount of the Bonds. |
| Issue | Hong Kong dollar-denominated 5.00% convertible bonds due 2028 in an aggregate principal amount of HK\$386 million, convertible into the Company's fully-paid ordinary shares of par value US\$0.0001. |
| Form and Denomination | The Bonds will be issued in registered form in the specified denomination of HK\$2,000,000 each and integral multiples of HK\$1,000,000 thereof (each, an " Authorised Denomination "). |

| | |
|--------------------------------|--|
| Interest | Interest on the Bonds is payable at the rate of 5.00% per annum payable semi-annually in arrear on 24 January and 24 July in each year, commencing on 24 January 2024. |
| Closing Date/Issue Date | On or around 24 July 2023 |
| Maturity Date | On or around 24 July 2028 |
| Negative Pledge | So long as any Bond remains outstanding (as defined in the Trust Deed), the Company will not, and the Company will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (collectively, “ Security Interests ”) upon the whole or any part of its or their present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, in each case except for any Permitted Security Interest, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders. |
| Conversion Period | Subject to the terms and conditions of the Bonds, each Bond shall entitle the holder to convert such Bond into Shares credited as fully paid at any time during the Conversion Period referred to below. The right of a Bondholder to convert any Bond into Shares is called the “ Conversion Right ”. |

Subject to and upon compliance with the terms and conditions of the Bonds, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (a) on or after the date which is 41 days after the Closing Date (both dates inclusive) up to the close of business (at the place where the Certificate (as defined in the terms and conditions of the Bonds) evidencing such Bond is deposited for conversion) on the date falling seven days prior to the Maturity Date (both days inclusive) (but, except as provided in the terms and conditions of the Bonds, in no event thereafter), (b) if such Bond shall have been called for redemption by the Company before the Maturity Date, up to the close of business (at the place aforesaid) on a date no later than 15 days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof, or (c) if notice requiring redemption has been given by the holder of such Bond pursuant to the terms and conditions of the Bonds, up to the close of business (at the place aforesaid) on the business day (in the place aforesaid) prior to the giving of such notice (the “**Conversion Period**”).

Conversion Price

The price at which Shares will be issued upon exercise of a Conversion Right (the “**Conversion Price**”) will initially be HK\$3.64 per Share.

The Conversion Price will be subject to adjustment for, among others, the consolidation, subdivision, redesignation or reclassification of the Shares, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares, rights issues of other securities, issues at less than Current Market Price, other issues at less than Current Market Price, modification of rights of conversion etc., other offers to Shareholders, other events and/or Change of Control as further described in the terms and conditions of the Bonds.

Mandatory Conversion Unless an Event of Default (as defined in the terms and conditions of the Bonds) or a Delisting Event (as defined in the term and conditions of the Bonds) has occurred and is continuing, at any time after the Closing Date and prior to the Maturity Date, upon the Company giving not less than 60 days' notice (such period of not less than 60 days' of notice shall herein be referred to as the "**Notice Period**") to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with the terms and conditions of the Bonds (the "**Mandatory Conversion Notice**"), all outstanding Bonds shall be converted into Shares credited as fully paid on the Conversion Date (as defined in the terms and conditions of the Bonds), provided that the Closing Price of the Shares for at least 20 Trading Days (whether or not consecutive) out of 30 consecutive Trading Days, the last of which occurs not more than five Trading Days prior to the date upon which the relevant Mandatory Conversion Notice is given was at least 130 per cent. of the Conversion Price then in effect immediately prior to the date upon which the Mandatory Conversion Notice is given.

Upon a Mandatory Conversion or an exercise of Conversion Rights following the giving of a Mandatory Conversion Notice, the Company shall pay in cash in Hong Kong dollars to the Bondholders an amount equal to the sum of the scheduled payments of interest that would have been made on the relevant Bonds being converted had such Bonds remained outstanding during the period from (but excluding) the Interest Payment Date immediately preceding the Conversion Date to but not including 24 July 2026 (the "**Interest Make-Whole Amount**"). The relevant Interest Make-Whole Amount shall be determined by the Company and paid to each Bondholder not later than 15 Stock Exchange Business Days (as defined in the terms and conditions of the Bonds) after the end of the Notice Period, by transfer to a Hong Kong dollar account maintained by the payee with a bank in Hong Kong in accordance with instructions given by the relevant Bondholder in the Conversion Notice delivered by such Bondholder as provided in terms and conditions of the Bonds. For the avoidance of doubt, no Interest Make-Whole Amount will be payable to Bondholders if the Conversion Date falls after 24 July 2026.

Final Redemption

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Company will redeem each Bond at its principal amount together with accrued and unpaid interest thereon on 24 July 2028 (the “**Maturity Date**”). The Company may not redeem the Bonds at its option prior to that date except as provided in the terms and conditions of the Bonds.

Redemption for Taxation Reasons

The Bonds may be redeemed, at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with terms and conditions of the Bonds (which notice shall be irrevocable), on the date specified in the Tax Redemption Notice for redemption at their principal amount as at such date together with interest accrued but unpaid up to but excluding such date (if any), if the Company satisfies the Trustee immediately prior to the giving of such notice that (i) the Company has or will become obliged to pay additional tax amounts as provided or referred to in the terms and conditions of the Bonds as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands, Hong Kong, the PRC or, in any such case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 10 July 2023, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

**Redemption at the
Option of the
Company**

On giving not less than 30 nor more than 60 days' notice (an **"Optional Redemption Notice"**) to the Trustee and the Principal Agents in writing (which notice shall be irrevocable) and to the Bondholders in accordance with terms and conditions of the Bonds, the Company may at any time redeem in whole, but not in part, the Bonds at their principal amount together with interest accrued but unpaid up to but excluding the Optional Redemption Date (as defined in the terms and conditions of the Bonds) if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancelations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued in accordance with terms and conditions of the Bonds and consolidated and forming a single series therewith).

**Redemption at the
Option of the
Bondholders**

The holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some only of such holder's Bonds on 24 July 2026 (the **"Optional Put Date"**) at their principal amount, together with interest accrued but unpaid up to but excluding such Optional Put Date.

**Redemption for
Relevant Event**

Following the occurrence of a Relevant Event, the holder of each Bond will have the right, at such holder's option, to require the Company to redeem all or some only of such holder's Bonds on the Relevant Event Put Date (as defined in the terms and conditions of the Bonds) at their principal amount together with interest accrued but unpaid up to but excluding such date (if any).

**Purchase and
Cancellation**

Each of the Company and its Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise.

All Certificates evidencing Bonds which are redeemed, converted or purchased by the Company or any of its Subsidiaries will be surrendered to the Registrar for cancellation and upon surrender thereof, all such Bonds and Certificates shall forthwith be cancelled. Certificates so surrendered for cancellation and the relevant Bonds may not be reissued or resold.

Clearing System

Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”).

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds evidenced by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

Transferability

A Bond may, subject to the terms and conditions of the Bonds and the terms of the Agency Agreement, be transferred (in whole or in part but in any case in an Authorised Denomination).

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.

Listing

An application will be made to the SGX-ST for the listing and quotation of the Bonds. The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New CB Shares.

Approval in-principle from, admission to the Official List of the SGX-ST and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Company, any other subsidiary or associated company of the Company or the Bonds. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this announcement.

Status

The Bonds constitute direct, unconditional, unsubordinated and (subject to the terms and conditions of the Bonds) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable legislation and subject to the terms and conditions of the Bonds, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

APPROVAL FOR THE ISSUE OF PLACING SHARES AND BONDS

As the issue of the Placing Shares and the Bonds will occur simultaneously with the Concurrent Repurchase, approval from the Hong Kong Stock Exchange would be required under Rule 10.06(3) of the Listing Rules. The Company has made an application to the Hong Kong Stock Exchange and the Hong Kong Stock Exchange has granted the approval under Rule 10.06(3) of the Listing Rules for the issue of the Placing Shares and the Bonds.

CONVERSION PRICE AND NEW CB SHARES

The initial Conversion Price of HK\$3.64 per Share represents:

- (i) a premium of approximately 7.7% over the last closing price of HK\$3.38 per Share as quoted on the Hong Kong Stock Exchange on 10 July 2023 (being the trading day on which the Subscription Agreement was signed);
- (ii) a premium of approximately 2.2% over the average closing price of approximately HK\$3.56 per Share as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including 10 July 2023; and
- (iii) a premium of approximately 3.2% over the average closing price of approximately HK\$3.53 per Share as quoted on the Hong Kong Stock Exchange for the ten consecutive trading days up to and including 10 July 2023.

The initial Conversion Price was determined with reference to the prevailing market price of the Shares and the terms and conditions of the Subscription Agreement and was negotiated on an arm's length basis between the Company and the Managers after a book-building exercise.

The number of New Shares issuable upon conversion of any Bonds shall be determined by dividing the principal amount of the Bonds converted by the Conversion Price in effect on the relevant conversion date. Based on the initial Conversion Price of HK\$3.64 per Share and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into a maximum of 106,043,956 New CB Shares, representing:

- (i) approximately 7.5% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 7.0% of the issued share capital of the Company, as enlarged by the issue of the New CB Shares upon full conversion of the Bonds.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE PLACING AND CONVERSION

The following table illustrates, to the best knowledge of the Company (i) the existing shareholding structure immediately before the completion of the Placing and the issue and allotment of the New CB Shares; (ii) the shareholding structure immediately after the completion of the Placing but before the issue and allotment of the New CB Shares; and (iii) the shareholding structure immediately after the completion of the Placing and the issue and allotment of the New CB Shares, assuming the Bonds are fully converted into New CB Shares at the initial Conversion Price of HK\$3.64, on the assumptions that (a) there will be no other change to the share capital of the Company from the date of this announcement until the completion of the Placing and the conversion of the Bonds in full, save for the issue and allotment of the Placing Shares and the New CB Shares as a result of the conversion of the Bonds in full; and (b) the Bondholders do not and will not hold any Shares other than the New CB Shares as a result of the conversion of the Bonds in full.

| Shareholders | Immediately before the completion of the Placing and the issue and allotment of the New CB Shares | | Immediately after the completion of the Placing | | Immediately after the completion of the issue and allotment of the New CB Shares at a Conversion Price of HK\$3.64 per Share | | Immediately after the completion of the Placing and the issue and allotment of the New CB Shares at a Conversion Price of HK\$3.64 per Share | |
|---|---|------------------------|---|------------------------|--|------------------------|--|------------------------|
| | No. of Shares | Approximate percentage | No. of Shares | Approximate percentage | No. of Shares | Approximate percentage | No. of Shares | Approximate percentage |
| | | | | | | | | |
| Non-public Shareholders | | | | | | | | |
| Mr. Chen Xiangyu ⁽¹⁾ | 26,720,800 | 1.90% | 26,720,800 | 1.70% | 26,720,800 | 1.76% | 26,720,800 | 1.59% |
| Brilliant Seed Limited ⁽¹⁾ | 232,643,922 | 16.49% | 232,643,922 | 14.78% | 232,643,922 | 15.34% | 232,643,922 | 13.84% |
| Tencent Mobility Limited | 249,141,192 | 17.66% | 249,141,192 | 15.82% | 249,141,192 | 16.43% | 249,141,192 | 14.82% |
| Mr. Guan Song | 14,978,000 | 1.06% | 14,978,000 | 0.95% | 14,978,000 | 0.99% | 14,978,000 | 0.89% |
| Bubble Sky Limited ⁽²⁾ | 18,861,220 | 1.34% | 18,861,220 | 1.20% | 18,861,220 | 1.24% | 18,861,220 | 1.12% |
| Shipshape Holdings Limited ⁽³⁾ | 13,965,000 | 0.99% | 13,965,000 | 0.89% | 13,965,000 | 0.92% | 13,965,000 | 0.83% |
| Sub-total | 556,310,134 | 39.44% | 556,310,134 | 35.33% | 556,310,134 | 36.69% | 556,310,134 | 33.10% |
| Other Public Shareholders | | | | | | | | |
| Placees | 854,088,211 | 60.56% | 854,088,211 | 54.24% | 854,088,211 | 56.32% | 854,088,211 | 50.82% |
| Bondholders | - | - | 164,177,200 | 10.43% | - | - | 164,177,200 | 9.77% |
| | - | - | - | - | 106,043,956 | 6.99% | 106,043,956 | 6.31% |
| Sub-total | 854,088,211 | 60.56% | 1,018,265,411 | 64.67% | 960,132,167 | 63.31% | 1,124,309,367 | 66.90% |
| Total | 1,410,398,345 | 100% | 1,574,575,545 | 100% | 1,516,442,301 | 100% | 1,680,619,501 | 100% |

Notes:

- (1) Mr. Chen Xiangyu, an executive Director, directly holds 26,720,800 Shares and indirectly holds 232,643,922 Shares through Brilliant Seed Limited, which is wholly owned by Mr. Chen Xiangyu, as at the date of this announcement.
- (2) Mr. Guan Song, an executive Director, directly holds 14,978,000 Shares and indirectly holds 18,861,220 Shares through Bubble Sky Limited, which is wholly owned by Mr. Guan Song, as at the date of this announcement.
- (3) Shipshape Holdings Limited is wholly owned by Mr. Jeffrey Lyndon Ko, an executive Director, as at the date of this announcement.
- (4) Certain figures and percentage figures included in the above table have been subject to rounding adjustments.

USE OF PROCEEDS

The gross proceeds from the Placing and the Bonds Issue will be approximately HK\$895 million, of which the estimated net proceeds, after deduction of commission and other estimated expenses payable, amount to approximately HK\$873 million. The Company intends to use the net proceeds from the Placing and the Bonds Issue to fund the Concurrent Repurchase and/or for general working capital, of which HK\$749 million would be used to fund the Concurrent Repurchase and HK\$124 million would be used for general working capital.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

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

REASONS FOR AND BENEFITS OF THE PLACING AND THE BONDS ISSUE

The Directors are of the view that the Placing and the Bonds Issue can provide the Company with additional funds at lower funding cost for the purposes of funding the Concurrent Repurchase and/or for general working capital. 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 Placing Price, the Issue Price and the Conversion Price were arrived at after arm's length negotiations between the relevant parties to the Placing Agreement and the Subscription Agreement, with reference to the prevailing trading prices of the Shares and the financial conditions of the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement and the Subscription Agreement and the terms and conditions of the Placing and the Bonds are made on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned, and the Placing and the Bonds Issue are in the interests of the Company and the Shareholders as a whole.

GENERAL MANDATE

Based on the initial Conversion Price of HK\$3.64 and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into a maximum of 106,043,956 New CB Shares.

By resolutions of the Shareholders passed at the 2022 AGM, the Company granted the General Mandate to the Directors to allot and issue up to 20% of the issued ordinary share capital of the Company outstanding as at 30 June 2023.

As at the date of this announcement, no Shares have been issued or committed to be issued pursuant to the General Mandate, the number of Shares that the Company may issue under the General Mandate is 282,079,669, representing 20% of the issued share capital of the Company of 1,410,398,345 Shares as at 30 June 2023. The Placing Shares to be issued and the New CB Shares to be issued upon the conversion of the Bonds will be allotted and issued pursuant to the General Mandate. The Placing and the Bonds Issue are not subject to the approval of the Shareholders.

INFORMATION REGARDING THE GROUP

As a leading digital entertainment platform in China, the Group's main businesses include the online boutique game business and Fanbook, a community operation tool. The Group has always been committed to bringing joy to users through technology and creativity.

Completion of the transactions contemplated under the Dealer Manager Agreement, the Placing Agreement and the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Dealer Manager Agreement, the Placing Agreement and the Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraphs headed “The Dealer Manager Agreement”, “The Placing Agreement” and “The Subscription Agreement” above for further information.

As the Placing and the Bonds Issue may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

| | |
|--------------------|--|
| “2022 AGM” | the annual general meeting of the Company held on 30 June 2023 at which, among other things, resolutions for the grant of the General Mandate to the Directors was duly passed by the Shareholders |
| “Accrued Interest” | a cash amount representing accrued and unpaid interest, on the Existing Convertible Bonds accepted for repurchase by DHL and received by the Dealer Manager from holders of such Existing Convertible Bonds, from (and including) 17 April 2023, being the immediately preceding interest payment date prior to the Concurrent Repurchase in relation to the Existing Convertible Bonds to (but excluding) the Closing Date, being HK\$8,476.03 per HK\$1,000,000 in principal amount of Existing Convertible Bonds calculated based on the Closing Date |
| “Agency Agreement” | the agency agreement in relation to the Bonds to be dated on or around 24 July 2023 between the Company, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent and principal conversion agent, The Bank of New York Mellon SA/NV, Dublin Branch as registrar and transfer agent and the other paying agents and conversion agents appointed under the Agency Agreement relating to the Bonds |

| | |
|------------------------------|--|
| “Alternative Stock Exchange” | at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in |
| “Board” | the board of Directors of the Company |
| “BofA” | Merrill Lynch (Asia Pacific) Limited |
| “Bondholders” | the person in whose name a Bond is registered |
| “Bonds” | the HK\$386 million 5.00% convertible bonds due 2028 |
| “Bonds Issue” | the issue of the Bonds by the Company |
| “Bookrunner” | Merrill Lynch (Asia Pacific) Limited |
| “Change of Control” | <p>A “Change of Control” occurs when any one of the following events occur:</p> <ul style="list-style-type: none"> (i) any Person or Persons, other than the Permitted Holders, acting together by contract or otherwise, acquires Control of the Company; or (ii) any Person or Persons, other than the Permitted Holders, hold more Shares of the Company than the aggregated holdings of the Permitted Holders; or (iii) the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any Person other than the Permitted Holders, unless the consolidation, merger, sale or transfer will not result in such other Person, individually or together with other Persons, acquiring Control of the Company or its successor |
| “Closing Date” | 24 July 2023, or such later date, not being later than 14 days after the proposed issue date, as the Company and the Dealer Manager/the Manager may agree |

| | |
|-------------------------|--|
| “Closing Price” | in respect of a Share for any Trading Day, shall be the price published in the daily quotation sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such Trading Day |
| “Company” | iDreamSky Technology Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Hong Kong Stock Exchange under stock code 1119 |
| “Concurrent Repurchase” | DHL’s invitation to invite Eligible Bondholders to offer to sell, on the terms and conditions set out in the Dealer Manager Agreement and the launch term sheet dated 10 July 2023 and the pricing term sheet dated on or about 10 July 2023, the Existing Convertible Bonds |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Control” | over a Person means (i) the ownership, acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of such Person, whether obtained directly or indirectly, or (ii) the right to appoint and/or remove all or the majority of the members of such Person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise |
| “CSRC” | the China Securities Regulatory Commission of the PRC |

“Current Market Price”

in respect of a Share on a particular date, the average of the daily Closing Prices of one Share for the 20 consecutive Trading Days ending on and including (i) the Trading Day immediately preceding such date or (ii) if the relevant announcement was made after the close of trading on such date (being a Trading Day), such date of announcement; provided that if at any time during such 20 Trading Day period the Shares shall have been quoted ex-dividend (or ex-any other entitlement) and during some other part of that period the Shares shall have been quoted cum-dividend (or cum-any other entitlement) then:

- (a) if the Shares to be issued or transferred and delivered do not rank for the dividend (or entitlement) in question, the Closing Price on the dates on which the Shares shall have been based on a price cum-dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value (as defined in the terms and conditions of the Bonds) of any such dividend or entitlement per Share; or
- (b) if the Shares to be issued or transferred and delivered rank for the dividend or entitlement in question, the Closing Price on the dates on which the Shares shall have been based on a price ex-dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value (as defined in the terms and conditions of the Bonds) of any such dividend or entitlement per Share;

and provided further that:

- (i) if on each of the said 20 Trading Days the Shares have been quoted cum-dividend (or cum-any other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Shares to be issued do not rank for that dividend (or other entitlement), the Closing Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share in any such case determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax and disregarding any associated tax credit; and
- (ii) if the Closing Price of a Share is not available on one or more of the said 20 Trading Days (disregarding for this purpose the proviso to the definition of Closing Price), then the average of such Closing Prices which are available in that 20 Trading Day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Closing Price is available in the relevant period, the Current Market Price shall be determined by an Independent Financial Adviser (as defined in the terms and conditions of the Bonds);

In making any calculation or determination of Current Market Price, such adjustments (if any) shall be made as an Independent Financial Adviser considers appropriate to reflect any consolidation or subdivision of the Shares or any issue of Shares by way of capitalisation of profits or reserves, or any like or similar event

“Dealer Manager”

Merrill Lynch (Asia Pacific) Limited

“Dealer Manager Agreement”

the dealer manager agreement dated 10 July 2023 entered into among DHL, the Company and the Dealer Manager in respect of the Concurrent Repurchase

“DHL”

Dreambeyond Holdings Limited, a company incorporated in Cayman Islands with limited liabilities and a wholly-owned subsidiary of the Company

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| “Director(s)” | director(s) of the Company |
| “Eligible Bondholders” | means a holder of the Existing Convertible Bonds that is (i) not located or resident in the United States, and (ii) not a person acting on behalf of a beneficial owner of the Existing Convertible Bonds located or resident in the United States, or acting for the account or benefit of any person located or resident in the United States |
| “Existing Convertible Bonds” | HK\$775 million 3.125% Guaranteed Convertible Bonds Due 2025 issued by DHL and unconditionally and irrevocably guaranteed by the Company |
| “General Mandate” | the general mandate granted pursuant to a resolution of the Shareholders passed at the 2022 AGM authorising the Directors to allot and issue up to 20% of Shares of the Company outstanding as at the date of passing the resolution |
| “Group” | the Company together with its Subsidiaries |
| “HK\$” or “Hong Kong Dollars” | the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Independent Third Party” | any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Managers” and each a “Manager” | Merrill Lynch (Asia Pacific) Limited and Guotai Junan Securities (Hong Kong) Limited |
| “New CB Shares” | Shares to be allotted and issued by the Company upon conversion of the Bonds |
| “NDRC” | the National Development and Reform Commission of the PRC |

“Offering Circular”

the offering circular to be issued by the Company in respect of the Bonds Issue and the listing of the Bonds on the SGX-ST

“Permitted Security Interest”

means:

- (a) any Security Interest either over any asset acquired after the Closing Date which is in existence at the time of such acquisition or in respect of the obligations of any person which becomes a Subsidiary of the Company after the Closing Date which is in existence at the date on which it becomes such a Subsidiary;
- (b) any Security Interest created in connection with the refinancing of any obligations referred to in paragraph (a) above;
- (c) any Security Interest on any property or asset securing Relevant Indebtedness if (i) by the terms of such indebtedness it is expressly provided that recourse by the holders of such indebtedness is limited to the properties or assets of the issuer or the borrower and the revenues to be generated by the operation of, or loss of or damage to, such properties or assets, for repayment of the moneys advanced and payment of interest thereon and (ii) such indebtedness is not guaranteed by the Company or any Subsidiary;
- (d) any Security Interest on any property or asset of the Company or any Subsidiary which is created pursuant to any securitisation, repackaging or like arrangement in accordance with normal market practice; or
- (e) any lien arising by operation of law,

except that in the case of (b), (c), (d) above, the Relevant Indebtedness that such Security Interest is created in connection with shall be offered pursuant to a private Placing only and not a public offering

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| “Permitted Holders” | any Person and those other Persons directly or indirectly Controlled by such Person who owns or controls 15 per cent. or more of the voting rights of the issued share capital of the Company on 10 July 2023 |
| “Person” | includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) |
| “Placee(s)” | any professional, institutional and other investor selected and/or procured by or on behalf of the Placing Agents on a best effort basis as contemplated by the Placing Agreement to subscribe for the Placing Shares |
| “Placing” | the Placing of up to 164,177,200 Placing Shares by the Placing Agents to investors at the Placing Price |
| “Placing Agents” | Merrill Lynch (Asia Pacific) Limited and Guotai Junan Securities (Hong Kong) Limited |
| “Placing Agreement” | the placing agreement entered into between the Company and the Placing Agents dated 10 July 2023 in respect of the Placing |
| “Placing Closing Date” | the date of the closing of the Placing, which shall be the second business day after the date on which the conditions of the Placing have been satisfied or at such other time and/or date as the Company and the Bookrunner agree in writing |
| “Placing Price” | HK\$3.10 per Placing Share |
| “Placing Share(s)” | up to 164,177,200 new Shares to be placed under the Placing |
| “Principal Agent” | The Bank of New York Mellon, London Branch, as principal paying agent and principal conversion agent |
| “PRC” | the People’s Republic of China (for the purpose of this announcement excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) |

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| “Regulation S” | Regulation S under the U.S. Securities Act of 1933, as amended |
| “Relevant Event” | occurs: <ul style="list-style-type: none"> (i) when the Shares cease to be listed or admitted to trading or are suspended from trading for a period equal to or exceeding 20 consecutive Trading Days on Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange; (ii) when less than 25 per cent. of the Company’s total number of issued shares are held by public; or (iii) when there is a Change of Control |
| “Relevant Indebtedness” | any future or present indebtedness that is issued or incurred outside the PRC and which is in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities which are, or are issued with the intention on the part of the issuer thereof that they should be, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or any other securities market, which for the avoidance of doubt does not include indebtedness under any bilateral, syndicated or club loan or loan facility |
| “SGX-ST” | Singapore Exchange Securities Trading Limited |
| “Share(s)” | the ordinary share(s) with par value of US\$0.0001 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of the Shares |
| “Subscription Agreement” | the subscription agreement dated 10 July 2023 entered into among the Company and the Managers in respect of the issue of the Bonds |

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| “Subsidiary” | means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person |
| “Trading Day” | a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange, is open for dealing business, provided that for the purposes of any calculation where a Closing Price is required, if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days |
| “Trust Deed” | the trust deed in relation to the Bonds to be dated on or around 24 July 2023 between the Company and the Trustee |
| “Trustee” | The Bank of New York Mellon, London Branch |
| “US” or “United States” | the United States of America |
| “US\$” or “US Dollars” | the lawful currency of the United States |
| “%” | per cent |

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

Shenzhen, the PRC, 11 July 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.