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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)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

### **Placing Agents**

*(in no particular order)*



**國泰君安國際**  
GUOTAI JUNAN INTERNATIONAL



**浦銀國際**  
SPDB INTERNATIONAL



**華盛證券**

The Board announces that on 23 July 2024 (after trading hours), the Company and each of the Placing Agents entered into the Placing Agreement, respectively, 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 up to 119,850,400 Placing Shares at the Placing Price of HK\$2.15 for each Share.

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

- (1) approximately 7.63% of the existing issued share capital of the Company as at the date of this announcement; and
- (2) approximately 7.09% 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 Placées will be no less than six. Among them, the Company's strategic shareholders and Management will also participate in this Placing.

The Placing Shares will be issued under the General Mandate as approved at the 2023 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.

The total proceeds from the Placing will be approximately HK\$257.68 million, of which the estimated net proceeds, after deduction of commission and other estimated expenses payable, amount to approximately HK\$254.13 million. The Company intends to use the net proceeds from the Placing for the research and development of key products and overseas distribution, as well as for general working capital.

**The Placing Agreement and the transactions contemplated thereunder are subject to the satisfaction of the conditions precedent contained therein before completion. Please refer to the paragraph headed "The Placing Agreement" below for further information. As the Placing may or may not proceed to completion, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

### **The Placing Agreement**

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

<b>Date</b>	23 July 2024
<b>Parties</b>	(i) The Company; and (ii) The Placing Agents.

The Placing Agents have conditionally agreed to place up to 119,850,400 Placing Shares in total on a best effort basis. Accordingly, the Placing Agents will receive a placing commission of 1.17% on the gross proceeds of the Placing upon completion of the Placing. The placing commission was determined after arm's length negotiation between the Company and the Placing Agents. The Directors are of the view that the placing commission is on normal commercial terms and is fair and reasonable as 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 and their ultimate beneficial owners 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(s) who is an professional, institutional or other investor(s) selected and/or procured by the Placing Agents according to 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. 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 119,850,400 new Share(s), representing (i) approximately 7.63% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.09% of the issued share capital of the Company as enlarged by the Placing (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion date of the Placing save for the issue of the Placing Shares).

The aggregate nominal value of the maximum number of Shares placed under the Placing is US\$11,985.04.

## **Placing Price**

The Placing Price is HK\$2.15 per Share, which represents:

- (1) a discount of approximately 14.00% to the Closing Price of HK\$2.500 per Share as quoted on the Hong Kong Stock Exchange on the date of the Placing Agreement;
- (2) a discount of approximately 15.75% to the average Closing Price of approximately HK\$2.552 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 17.24% to the average Closing Price of approximately HK\$2.598 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 net Placing Price (after deducting the costs and expenses of the placing) is approximately HK\$2.12 per Placing Share.

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

**General Mandate to issue the Placing Shares**

The Placing Shares will be issued under the General Mandate as approved at the 2023 AGM, therefore no further Shareholder's approval is required. Under the General Mandate, the Company is authorized to issue up to 313,999,989 Shares, representing 20% of the issued share capital of the Company as at the date of the 2023 AGM.

As at the date of this announcement, no Shares have been issued under the General Mandate. Upon completion of the Placing, 194,149,589 Shares of the General Mandate will remain unutilised by the Company.

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

**Conditions of the Placing**

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

- (i) the Board having approved the Placing and the transactions contemplated under the Placing Agreement;
- (ii) the Placing Agents having successfully procured Placees ready, willing and able to subscribe for, and to accept the allotment of, the Placing Shares or any portfolio thereof during the Placing period;
- (iii) the Placing Agents having compiled and delivered to the Hong Kong Stock Exchange a comprehensive list of the Placees and the number of Placing Shares to be subscribed by each Placee;
- (iv) the Listing Committee of the Hong Kong Stock Exchange having granted approval for the listing of, and permission to deal in, the Placing Shares, and such approval not having been revoked, suspended, withdrawn or cancelled, or threatened with any revocation, suspension, withdrawal or cancellation;
- (v) the Shares remaining listed on the Main Board of the Hong Kong Stock Exchange, and that the listing status of the Shares not being subject to or threatened with any revocation, suspension, withdrawal or cancellation; and

- (vi) (if required) the Company having obtained the necessary consent, approval, authorisation, permission, or confirmation from any third party to which the Company have entered into any agreement or arrangement.

The conditions above cannot be waived. After the execution of the Placing Agreement, the Company shall use its best endeavours to procure the satisfaction of such conditions as set out in (i) and (iv) to (vi) above as soon as possible while the Placing Agents shall use all their best endeavours to procure the satisfaction of such conditions as set out in (ii) and (iii) above as soon as possible.

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

**Completion of the Placing**

Completion of the Placing will take place on a Business Day falling within ten (10) Business Days after the date upon which the condition has been satisfied, or as soon as practicable thereafter, or at such other time and/or date as may be agreed between the Company and the Placing Agents in writing.

**Termination**

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

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agents, materially and adversely affect the business or the financial or trading position or prospects of the Company;
- (ii) 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 or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agents, materially and adversely affect the business or the financial or trading position or prospects of the Company or prejudice the success of the Placing (such success being the completion of the Placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agents to proceed with the Placing;
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the completion of the Placing to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agents make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agents to proceed with the Placing;



- (iv) any material breach of or omission or failure to observe any of its obligations or undertakings under the Placing Agreement by the Company comes to the knowledge of the Placing Agents which in the reasonable opinion of the Placing Agents would or would likely have a material adverse effect or would or would likely be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
- (v) any of the representations or warranties contained in the Placing Agreement was, when given or deemed to be repeated under the Placing Agreement, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agents shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing.

## **EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE PLACING**

The shareholding structure of the Company before and after completion of the Placing will be as follows. The table below assumes that there is no other change in the share capital of the Company from the date of this announcement to the completion of the Placing.



Shareholders	Immediately before the completion of the Placing		Immediately after the completion of the Placing	
	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage
<b>Non-public Shareholders</b>				
Mr. Chen Xiangyu <sup>(1)</sup>	26,720,800	1.70%	26,720,800	1.58%
Brilliant Seed Limited <sup>(1)</sup>	238,743,922	15.21%	238,743,922	14.13%
Tencent Mobility Limited	249,141,192	15.87%	249,141,192	14.74%
Mr. Guan Song <sup>(2)</sup>	14,978,000	0.95%	14,978,000	0.89%
Bubble Sky Limited <sup>(2)</sup>	19,016,020	1.21%	19,016,020	1.13%
Shipsshape Holdings Limited <sup>(3)</sup>	13,965,000	0.89%	13,965,000	0.83%
Mr. Yang Jialiang <sup>(4)</sup>	210,000	0.01%	210,000	0.01%
<b>Sub-total</b>	<b>562,774,934</b>	<b>35.85%</b>	<b>562,774,934</b>	<b>33.31%</b>
<b>Public Shareholders</b>				
Places	—	—	119,850,400	7.09%
Other Public Shareholders	1,007,225,011	64.15%	1,007,225,011	59.60%
<b>Sub-total</b>	<b>1,007,225,011</b>	<b>64.15%</b>	<b>1,127,075,411</b>	<b>66.69%</b>
<b>Total</b>	<b>1,569,999,945</b>	<b>100%</b>	<b>1,689,850,345</b>	<b>100%</b>

Notes:

- (1) Mr. Chen Xiangyu, an executive Director, directly holds 26,720,800 Shares and indirectly holds 238,743,922 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 19,016,020 Shares through Bubble Sky Limited, which is wholly owned by Mr. Guan Song, as at the date of this announcement.
- (3) Mr. Jeffrey Lyndon Ko, an executive Director, indirectly holds 13,965,000 Shares through Shipsshape Holdings Limited, which is wholly owned by Mr. Jeffrey Lyndon Ko, as at the date of this announcement.
- (4) Mr. Yang Jialiang, an executive Director, directly holds 210,000 Shares, as at the date of this announcement.
- (5) 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 will be approximately HK\$257.68 million, of which the estimated net proceeds, after deduction of commission and other estimated expenses payable, amount to approximately HK\$254.13 million. The Company intends to use the net proceeds from the Placing for the research and development of key products and overseas distribution, as well as for general working capital, details of which are as follows:

Use of Proceeds	Planned Allocation of Net Proceeds (million HK\$)	Approximate Percentage of the Net Proceeds
Research and Development of Key Products and Overseas Distribution	177.89	70.0%
General Working Capital	76.24	30.0%
Total	<u>254.13</u>	<u>100%</u>

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 10 July 2023, the Company entered into the placing agreement with Merrill Lynch (Asia Pacific) Limited and Guotai Junan Securities (Hong Kong) Limited, pursuant to which the Company has agreed to appoint Merrill Lynch (Asia Pacific) Limited and Guotai Junan Securities (Hong Kong) Limited, and they have agreed to act as agents for the Company, to procure, on a best effort basis, placees to subscribe for the placing shares at the placing price of HK\$3.10 for each placing share (the “**2023 Placing**”). On the same day, the Company also entered into a subscription agreement with Merrill Lynch (Asia Pacific) Limited, pursuant to which Merrill Lynch (Asia Pacific) Limited 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 “**2023 Convertible Bonds Issued**”).

The 2023 Placing was completed on 18 July 2023 in accordance with the terms and conditions of the placing agreement, where an aggregate of 164,177,200 Shares were offered and sold to not less than six independent placees. To the best of the Directors’ knowledge, information and belief, each of the placees (and their respective ultimate beneficial owners) is an Independent Third Party of the Company. None of the placees has become a substantial Shareholder of the Company immediately following the completion of the 2023 Placing. The 2023 Convertible Bonds Issued was completed on 24 July 2023, and they were officially listed and traded on the Singapore Exchange Limited on 25 July 2023. The convertible bonds are in an aggregate principal amount of HK\$386 million (based on the initial conversion price of HK\$3.64 per Share and assuming full conversion of the

convertible bonds at the initial conversion price, the convertible bonds will be convertible into a maximum of 106,043,956 new shares upon conversion of the bonds) and have been offered and sold to no less than six independent placees. To the best of the Directors' knowledge, information and belief, each of the placees (and their respective ultimate beneficial owners) is an Independent Third Party of the Company.

The 2023 Placing and the 2023 Convertible Bonds Issued were issued under the General Mandate as approved at the 2022 annual general meeting. For further details of the 2023 Placing and the 2023 Convertible Bonds Issued, please refer to the Company's announcements dated 11 July 2023, 18 July 2023 and 24 July 2023.

The total proceeds from the 2023 Placing and the 2023 Convertible Bonds Issued are approximately HK\$895 million, of which the net proceeds (after deduction of commissions and other estimated expenses payable) are approximately HK\$873 million. The net proceeds from the 2023 Placing and the 2023 Convertible Bonds Issued are used to repurchase the HK\$775 million 3.125% guaranteed convertible bonds due 2025 and/or for general working capital.

The following table sets out the planned and actual use of the net proceeds from the 2023 Placing and the 2023 Convertible Bonds Issued:

<b>Use of Proceeds</b>	<b>Planned Allocation of Proceeds from the 2023 Placing and the 2023 Convertible Bonds Issued</b>	<b>Proceeds from the 2023 Placing and the 2023 Convertible Bonds Issued</b>	<b>Utilised amount</b>
	<i>(million HK\$)</i>	<i>(Approximate percentage)</i>	<i>(million HK\$)</i>
Repurchase of HK\$775 million 3.125% Guaranteed Convertible Bonds Due 2025	749	85.8%	749
General Working Capital <sup>(Note)</sup>	124	14.2%	124
<b>Total</b>	<b>873</b>	<b>100%</b>	<b>873</b>

*Note:* As of the date of this announcement, the net proceeds from the 2023 Placing and the 2023 Convertible Bonds Issued used as general working capital, amounting to HK\$124 million, have been fully utilised. Among others, HK\$80 million was used to pay the revenue share to game development partners, HK\$30 million was used for the R&D investment in "Strinova" and "Ni No Kuni: Cross Worlds", and HK\$14 million was used for other daily operating expenses.

Save as disclosed above, the Company has not carried out any equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

## **REASONS FOR AND BENEFITS OF THE PLACING**

The Directors are of the view that the Placing can provide the Company with additional funds at lower funding cost to strengthen the financial position of the Group and provide long-term funding for the expansion and growth plans of the Group. 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 was arrived at after arm's length negotiations between the relevant parties to the Placing 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 terms and conditions of the Placing are made on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned, and the Placing is in the interests of the Company and the Shareholders as a whole.

## **GENERAL MANDATE**

By resolutions of the Shareholders passed at the 2023 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 28 June 2024.

As at the date of this announcement, no Shares have been issued or committed to be issued pursuant to the General Mandate, and the number of Shares that the Company may issue under the General Mandate is 313,999,989, representing 20% of the issued share capital of the Company of 1,569,999,945 Shares as at 28 June 2024. The Placing Shares to be issued will be allotted and issued pursuant to the General Mandate. The Placing are not subject to the approval of the Shareholders.

## **INFORMATION REGARDING THE GROUP**

As a leading digital entertainment platform in China, the Group is principally engaged in self-developed and operating boutique games, as well as Fanbook, a user community management platform self-developed by the Company, and has always been committed to bringing joy to users through technology and creativity.

**Completion of the Placing Agreement and the transactions contemplated thereunder are subject to the fulfillment of the condition precedent set out therein. For further information, please refer to the paragraph "Placing Agreement" above. As the Placing 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:

“2023 AGM”	the annual general meeting of the Company held on 28 June 2024 at which, among other things, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“Board”	the board of Directors of the Company
“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
“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
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted pursuant to a resolution of the Shareholders passed at the 2023 AGM authorizing the Directors to allot and issue up to 20% of Shares (excluding treasury shares (if any)) of the Company outstanding as at the date of passing the resolution
“Group”	the Company together with its Subsidiaries
“HK\$”	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
“Placee(s)”	any professional, institutional and other investor(s) selected and/or procured by the Placing Agents according to the Placing Agreement
“Placing”	the Placing of up to 119,850,400 Placing Shares by the Placing Agents to investors at the Placing Price
“Placing Agents”	Valuable Capital Limited, SPDB International Capital Limited and Guotai Junan Securities (Hong Kong) Limited
“Placing Agreement”	the placing agreement entered into between the Company and each of the Placing Agents dated 23 July 2024 in respect of the Placing, respectively
“Placing Price”	HK\$2.15 per Placing Share
“Placing Shares”	up to 119,850,400 new Shares to be placed under the Placing
“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)
“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
“Trading Day(s)”	a day when the Hong Kong 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
“US\$”	the lawful currency of the United States

“US” or “United States” the United States of America

“%” percent

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

Shenzhen, the PRC, 23 July 2024

*As at the date of this announcement, the Board comprises Mr. Chen Xiangyu as chairman and executive Director, Mr. Guan Song, Mr. Jeffrey Lyndon Ko and Mr. Yang Jialiang as executive Directors, Mr. Zhang Han and Mr. Yang Ming as non-executive Directors, and Ms. Yu Bin, Mr. Li Xintian, Mr. Zhang Weining and Mr. Mao Rui as independent non-executive Directors.*