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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)

INTERIM RESULTS ANNOUNCEMENT **FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2024, together with the comparative unaudited figures for the corresponding period in 2023 as below. These interim results for the six months ended 30 June 2024 have been reviewed by the Audit Committee.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenues	845,223	1,109,811
Gross profit	291,786	502,066
(Loss)/profit before income tax	(107,393)	53,061
(Loss)/profit for the period from continuing operations	(109,279)	52,576
Adjusted profit for the period*	3,297	199,150

* To supplement our unaudited consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit for the period as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. Our adjusted profit/loss for the period was derived from our profit/loss for the period excluding share-based compensation expenses, fair value gains or losses on financial assets, interest expenses on convertible bonds, impairment losses on intangible assets, net impairment losses on financial assets, impairment losses on prepayments and exchange gains/losses. The data in 2023 interim period was restated and adjusted to remain comparable to the disclosures in 2024 interim period.

MANAGEMENT DISCUSSION AND ANALYSIS

The game industry grew steadily in the first half of 2024, reaching new peaks in user base. We currently focus on our core gaming business and promote stable performance growth. Long-operating games and continuously introducing high-quality overseas games lay a solid foundation for our performance. On top of that, we continue to launch high-quality self-developed games, showing a solid growth momentum, especially as Strinova (卡拉彼丘) has reached an essential phase of global launch on PC and domestic launch on mobile. By fully utilizing AI technology, we have enhanced development and operational efficiencies, as well as the quality of user services. Furthermore, the commercial value of our Fanbook community has also continued to increase, achieving steady growth in performance.

Leveraging source code development and operation, we persistently update product content, ensuring the enduring success of high-quality games and fostering robust expansion of our core business

For classic games featuring large user bases and long lifecycles such as Subway Surfers (地鐵跑酷), Gardenscapes (夢幻花園) and Homescapes (夢幻家園), we adhere to continuous content updating, IP crossovers and community operations, which lays the foundation for our solid performance with a stable cash flow.

Subway Surfers has been a hit game for 11 years since its launch and ranked in the top 10 of the Hot Lists on multiple channels. In 2024, we successfully launched 8 brand new versions of Subway Surfers, and collaborated with IPs such as GG Bond (豬豬俠) and Snake Off (貪吃蛇大作戰). By setting up an event center in the Fanbook community, we have successfully organized many exciting competitive events, with 100,000 registrations and over 200 million exposures on all platforms. For the moment, we are working on a brand new global version that will present diversified gameplay experiences and delights to our global users.

Gardenscapes and Homescapes (collectively the “**Scapes series**”) have seen steady growth in user base and continuous increases in per-user value contribution. Gardenscapes achieved a 14% year-on-year increase in revenue. Despite being online for 7 years, the Scapes series remains popular among players, with cumulative registered users in China exceeding 200 million. In 2024, we have launched 10 brand new versions of Gardenscapes and crossovers with IPs such as Snake Off and Dunhuang (敦煌). Thanks to event promotion and refined operations, the user scale of the Scapes series in the Fanbook community has increased by over 30% as compared with the end of 2023, the scale of high-quality creators has increased by 6 folds, and the market exposure has increased by over 200%, effectively nurturing the games.

By leveraging deep customized cooperation based on source code, we have won wide recognition from overseas developers. Continuous introduction of high-quality games such as War Robots (機甲戰隊) enhances performances and improves operating cash flow.

War Robots was released in China in January 2024, filling the gap in the realistic mech real-time combat game in the Chinese market. Half a year after its launch, it has ranked in the top 6 in the shooting genre on the main channels of Android and has been featured as a high-quality game more than 20 times on iOS. It was even featured on the homepage of the App Store in February.

We successfully launched 10 brand new versions of War Robots, initiated 5 content solicitations and 3 competition recruitments. Its top players have organized a number of unofficial competitions on their own initiative, and the content exposure brought by the creators has reached nearly 200 million times. Recently, it has been co-branded with “MacArthur (麥克阿瑟)” and “Liu Peiqie (劉培茄)” played by influencers, which has made waves of battle on social platforms. We take creators and competitive events as a means to improve the quality and scale of users at different levels, and combine them with event versions to achieve the closed loop of “output → exposure → consumption” of content. The rich content of the version and the operation method that cater to the preferences of Chinese players have enabled War Robots to achieve excellent results and show a continuous growth trend, bringing the Company a substantial profit return.

We launch high-quality self-developed games, create products with global influence, and steadily introduce games represented by Strinova to the global market

As the world’s first multi-platform anime competitive shooting game, Strinova continues to release high-quality content through “season+competitive events” operations, and will soon be launched on multiple platforms worldwide, entering a broader market.

Since its launch on PC in China, Strinova has been recognized and loved by users, especially young users with great potential, thanks to its unique “Paper Mode” mechanic and anime-style themes. Strinova adopts season operation mode, and as of the season 6, it has successfully delivered 17 characters, 16 maps, and 7 modes. With the constant updating of new characters, maps and gameplay, the game performance shows a strong growth trend. During this summer vacation, the number of average DAUs increased by nearly 40%, with the daily average online time per person around 120 minutes. In July 2024, the number of paying user and the average revenue per paying user (ARPPU) increased by more than 30% and nearly 40% month-on-month respectively.

At the same time, we put competitive event operations high on the list of priorities of our product development. Since 2024, we have held branded competitions such as campus competitions, and the Starlight Cup (星輝杯), which have attracted the attention and participation of new users and deepened the brand's influence among young generations, injecting vitality into acquiring new users. Notably, thanks to its unique innovation and product strength, Strinova has officially joined the 2024 Saudi Arabian Esports World Cup, which has greatly enhanced the product's global popularity and empowered its overseas market expansion.

The PC version of Strinova is scheduled to be launched globally in the fourth quarter of 2024, covering countries and regions such as North America, Japan, South Korea, Europe, Southeast Asia, and South America. The first round of closed beta testing (CBT-1) overseas received positive feedback, and during the test period, it topped Steam's Upcoming Releases list. On the first day of broadcasting on Twitch, it ranked in the top 9 on the whole platform and in the top 4 in the shooting genre, and was hotly pursued by multiple top streamers in the overseas eSports communities and Vtuber communities.

We have also made progress in mobile and console versions. At present, the mobile version in China has entered a stage of small-scale testing, and is expected to be launched in the first quarter of 2025. The console version has been adapted with Sony and received wide attention from players at Sony's booth of 2024 ChinaJoy, and is expected to be launched in 2025. We're confident that Strinova will reach new heights with its launch in the global market and on multiple platforms.

Glory All Stars (榮耀全明星) has been online for 3 years, continuously generating great revenue. It is firmly at the forefront of side-scrolling action fighting RPG mobile games and has long been the best-selling recommendation in the action game genre on iOS. In the first half of 2024, we continued to introduce new gameplays to Glory All Stars by launching 10 content versions such as the "Level 80 Version" (80級版本), bringing users a richer and more diversified gaming experience.

Delta Force (三角洲行動), the cross-platform tactical shooting game co-developed by us and Tencent, is scheduled for launch in September 2024, with wishlists exceeding 30 million. This game embeds the most cutting-edge development technology to give users a tense, exciting, and realistic shooting experience.

Fanbook users' service quality and commercial value continue to improve, and applications of AI+ community are gradually being implemented

Fanbook serves as our main base for connecting and serving users, making efficient interaction and synergy between the supply and demand, and solidly underpinning the long-term lifecycle operation of the game. Furthermore, as the Company's core self-owned channel, Fanbook not only effectively reduces the marketing costs of the gaming business, but also opens up a new source of income for the gaming business by building an online store and launching game peripheral products, and contributing to the Company's strong profitability and cash flows.

At the same time, Fanbook is dedicated to the user service community ecosystem, continuously deepening its cooperation with domestic and international Large Language Model (LLM) developer companies. The AI upgrades and transformations carried out in user scenarios have begun to bear fruit. For example, we have joined hands with the Scapes series community to implement "Humanize (真人化)" AI capabilities in group chats and circles to shape multiple Agents, achieving high information density, and increase the duration of consumption. In the first half of 2024, the Scapes series community grew further in user base, with revenue within Fanbook rising more than 60% as compared to the second half of 2023. The fast-growing token consumption also reflects the high-level user recognition. We firmly believe in the power of advancing AI technology, as well as the ability of AI services to reduce the cost of user access and services, and to provide valuable information and services to community users, increasing user stickiness and lifetime value (LTV). We are committed to the widespread application of AI in community services, empowering users to develop personalized AI characters and involving everyone in the innovation and practice of AI services.

AI enhances development and operational efficiency, driving cost-effectiveness and experience upgrades

We apply AI technology to games like Strinova to enhance character interaction and provide a more challenging and engaging experience. For example, we offer assistance to new players to help them quickly grasp the essentials of the game and accustom them to the gaming ecosystem.

We have also integrated AI into all aspects of game development to make the game production process more efficient and smarter. These include the use of AI code assistants to optimize the coding process for better development efficiency; the application of smart skinning and other design AI tools to quickly achieve desired results through the application of intelligent algorithms and reduce manpower; and the Company's internal AI translation platform, which is designed to conduct conversational translation or batch translation through the LLM, significantly improving the translation efficiency of the multilingual version of the game and reducing the translation cost of the localization of the game language. Currently, English, Japanese, Korean and other translations have been applied to the game's announcements, dialogues, and other scenarios, and we are planning to release another 8 languages such as Vietnamese and Turkish soon.

Thanks to AI technology, we have not only improved the quality of the games and the players' experience, and brought them a richer and more diversified game world, but also improved the efficiency and lowered the costs.

Revenues

Revenue for the six months ended 30 June 2024 decreased by 23.8% to approximately RMB845.2 million (for the six months ended 30 June 2023: approximately RMB1,109.8 million). Revenue from games, information services and others accounted for 97.3%, 2.1% and 0.6% (for the six months ended 30 June 2023: 96.0%, 3.7% and 0.3%) of the Group's total revenue, respectively.

	Six months ended 30 June			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Game revenue	822,238	97.3	1,065,088	96.0
Information service revenue	17,618	2.1	40,516	3.7
Other revenue	5,367	0.6	4,207	0.3
	<u>845,223</u>	<u>100.0</u>	<u>1,109,811</u>	<u>100.0</u>

Game revenue

We derive a substantial portion of our revenue from our games. The gaming business contributed 97.3% and 96.0% of our revenue for the six months ended 30 June 2024 and 2023, respectively. Game revenue decreased from RMB1,065.1 million for the six months ended 30 June 2023 to RMB822.2 million for the six months ended 30 June 2024. The game revenue in the first half of 2024 decreased by 22.8% year on year, and increased by 5% compared with that in the second half of 2023. The year-on-year decline in game revenue is primarily attributed to a significant shift in our revenue structure. In our game portfolio, we have experienced a decrease in the proportion of self-operated games and a corresponding increase in the proportion of licensed games operated by third parties and jointly operated games. The domestic PC version of our self-developed game Strinova is licensed to be published by our major shareholder Tencent, and revenue from this game is recognized on a net basis, meaning only our share of the revenue is recognized. Secondly, we focused on core high-quality games, further reducing the operation of non-core games in the first half of 2023, which still contributed to 2023 interim revenue. Furthermore, our game Subway Surfers, which has been online for over 11 years, saw over 10 folds growth in various operational metrics in the first half of 2023, leading to a natural decline in revenue in 2024.

Although the overall revenue has declined, our core online games still achieved commendable results. The self-developed game Glory All Stars has been online for 3 years, continuously introducing new gameplay and maintaining stable revenue; as the world's first multi-platform anime competitive shooting game, Strinova continuously delivers premium content through "season+competitive events" operations. Since the launch of the domestic PC version, it has gained user recognition and affection with its unique "Paper Mode" mechanic and anime-style themes, resulting in a steady growth in various operational metrics. The Scapes series, which has been online for more than 7 years, remains popular among players, with a steady growth in user base. The revenue of Gardenscapes increased by 14% year on year. The Subway Surfers, which has been online for more than 11 years, remains popular and consistently ranks in the top 10 of the Hot Lists on multiple channels. We are currently developing a new version for global release, which will bring diverse gameplay and surprises to users worldwide. The domestic version of War Robots, which was launched in January 2024, is the only realistic mech real-time combat game in the Chinese market, showing impressive operational metrics.

Information service revenue

Our information service revenue is mainly derived from our advertising business. Revenue from information services decreased from RMB40.5 million for the six months ended 30 June 2023 to RMB17.6 million for the six months ended 30 June 2024. The decrease was mainly due to the Company's proactive adjustment of strategies to reduce in-app advertising to improve user experience.

Cost of Revenues

Our cost of revenues decreased by 8.9% from RMB607.7 million for the six months ended 30 June 2023 to RMB553.4 million for the six months ended 30 June 2024.

As a percentage of revenues, our cost of revenues increased to 65.5% for the six months ended 30 June 2024 from 54.8% for the six months ended 30 June 2023. The increase was primarily due to the substantial growth in revenue from our products such as War Robots and Gardenscapes, leading to changes in the cost-to-revenue ratio of the product portfolio.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 23.4% from RMB101.5 million for the six months ended 30 June 2023 to RMB77.8 million for the six months ended 30 June 2024. For the six months ended 30 June 2024, our selling and marketing expenses as a percentage of revenues were 9.2%, remaining stable compared with 9.1% for the six months ended 30 June 2023, primarily due to our continuous improvement in customer acquisition efficiency and refined operation since 2023, which kept the marketing expenses at a relatively low level.

General and Administrative Expenses

Our general and administrative expenses increased by 20.0% from RMB42.0 million for the six months ended 30 June 2023 to RMB50.4 million for the six months ended 30 June 2024. As a percentage of revenues, our general and administrative expenses increased from 3.8% for the six months ended 30 June 2023 to 6.0% for the six months ended 30 June 2024. The increase was mainly due to the decrease in the Group's total revenue for the period ended 30 June 2024, resulting in a decrease in the scale effect of the management level.

Research and Development Expenses

Our research and development expenses increased by 8.7% from RMB141.1 million for the six months ended 30 June 2023 to RMB153.3 million for the six months ended 30 June 2024. As a percentage of revenues, our research and development expenses increased from 12.7% for the six months ended 30 June 2023 to 18.1% for the six months ended 30 June 2024. The increase in research and development expenses was mainly due to the increase in investment in multi-terminal research and development of our self-developed game Strinova.

Net Impairment Losses on Financial Assets

We recorded net impairment losses on financial assets of RMB82.2 million and RMB68.5 million for the six months ended 30 June 2024 and 2023, respectively.

Finance Costs, Net

Our net finance costs decreased by 54.8% from RMB110.0 million for the six months ended 30 June 2023 to RMB49.7 million for the six months ended 30 June 2024. The decrease in net finance costs was mainly due to our further reduction in the scale of liabilities, particularly the decrease in the scale of convertible bonds, which led to a reduction in interest expenses and the impact of exchange gains or losses. We incurred a foreign exchange income of RMB3.2 million for the six months ended 30 June 2024, as compared to a foreign exchange loss of RMB33.9 million for the six months ended 30 June 2023.

Income Tax Expenses

We recorded an income tax expense of RMB1.9 million for the six months ended 30 June 2024, compared to an income tax expense of RMB0.5 million for the six months ended 30 June 2023.

Profit/Loss for the Period

We recorded the loss for the period of RMB109.3 million and the profit for the period of RMB40.6 million for the six months ended 30 June 2024 and 2023, respectively.

Other Financial Information

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Adjusted profit for the period ⁽¹⁾	3,297	199,150
EBITDA ⁽²⁾	11,719	150,553
Adjusted EBITDA ⁽³⁾	100,087	268,439

Notes:

- (1) To supplement our unaudited consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit for the period as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. Our adjusted profit/loss for the period was derived from our profit/loss for the period excluding share-based compensation expenses, fair value gains or losses on financial assets, interest expenses on convertible bonds, impairment losses on intangible assets, net impairment losses on financial assets, impairment losses on prepayments and exchange gains/losses. The data in the 2023 interim period was restated and adjusted to remain comparable to the disclosures in the 2024 interim period.
- (2) EBITDA is profit or loss before interest expense, income tax expense/credit, depreciation and amortization.
- (3) Adjusted EBITDA is calculated using profit/loss for the period, adding back depreciation of property, plant and equipment, investment properties and right-of-use assets, amortization of intangible assets, income tax expense and interest expense.

Non-International Financial Reporting Standards Financial Measures

To supplement the consolidated financial statements of the Group prepared in accordance with IFRS, three non-IFRS measures, namely adjusted profit for the period, EBITDA and adjusted EBITDA, have been presented in this announcement as additional financial measures. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

We present non-IFRS financial measures because they are used by our management to evaluate our operating performance and formulate business plans. By excluding certain expenses, gains/(losses) and other items that are not expected to result in future cash payments or that are non-recurring in nature or may not be indicative of our core operating results and business outlook, we believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information regarding the Group's financial performance to investors and Shareholders of the Company. The Company's management also believes that the non-IFRS measures are appropriate for evaluating the Group's operating results and the relevant trends relating to its financial position. From time to time in the future, there may be other items that the Company may exclude in reviewing its financial results.

The following tables set forth the reconciliations of the Group's non-IFRS financial measures for the six months ended 30 June 2024 and 2023 to the nearest measures prepared in accordance with IFRS:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reconciliation of (loss)/profit for the period to adjusted (loss)/profit for the period:		
(Loss)/profit for the period	(109,279)	40,590
Add: Interest expenses on convertible bonds	24,208	40,674
Add: Fair value (gains) on financial assets at fair value through profit or loss	(1,974)	(1,067)
Add: Share-based compensation expenses	4,005	2,395
Add: Exchange (gains)/losses	(3,246)	33,919
Less: Impairment loss on intangible assets	—	920
Less: Net impairment losses on financial assets	82,162	68,518
Less: Loss from discontinued operations	—	11,986
Less: Impairment loss on prepayments	7,421	1,215
	<u>3,297</u>	<u>199,150</u>
Adjusted profit for the period		
Reconciliation of (loss)/profit for the period to EBITDA and adjusted EBITDA:		
(Loss)/profit for the period	(109,279)	40,590
Add: Depreciation of property, plant and equipment, investment properties and right-of-use assets	6,848	6,305
Add: Amortization of intangible assets	56,340	21,986
Add: Income tax expense	1,886	485
Add: Interest expense	55,924	81,187

	Six months ended 30 June	
	2024	2023
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
EBITDA	11,719	150,553
Add: Fair value gains on financial assets at fair value through profit or loss	(1,974)	(1,067)
Add: Share-based compensation expenses	4,005	2,395
Add: Exchange (gains)/losses	(3,246)	33,919
Less: Impairment loss on intangible assets	—	920
Less: Net impairment losses on financial assets	82,162	68,518
Less: Loss from discontinued operation	—	11,986
Less: Impairment loss on prepayments	7,421	1,215
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Adjusted EBITDA	100,087	268,439
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Liquidity and Financial Resources

We adopt a prudent treasury management policy to ensure that our Group maintains a healthy financial position.

As of 30 June 2024, the Group's total cash and cash equivalents increased by 42.9% to approximately RMB272.2 million from approximately RMB190.4 million as of 31 December 2023. Our cash and cash equivalents were primarily denominated in RMB, HKD, EUR and USD.

As of 30 June 2024, the Group's total borrowings amounted to approximately RMB1,240.7 million (31 December 2023: RMB966.4 million). The nature of the Group's borrowings is summarized as follows:

	As of	As of
	30 June	31 December
	2024	2023
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Audited)
Secured bank borrowings	1,220,710	876,424
Secured other borrowings	20,000	90,000
	<hr/>	<hr/>
	1,240,710	966,424
	<hr/> <hr/>	<hr/> <hr/>

The carrying amount of the Group's borrowings are denominated in the following currencies:

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
RMB	980,519	699,526
EUR	260,191	266,898
	<u>1,240,710</u>	<u>966,424</u>

As of 30 June 2024, the current assets of the Group amounted to approximately RMB1,757.7 million, and the current liabilities of the Group amounted to approximately RMB1,776.4 million. As of 30 June 2024, the current ratio (calculated by dividing the current assets by the current liabilities) of the Group was 0.99 as compared with 1.07 as of 31 December 2023.

Debt ratio is calculated based on our total liabilities as at the respective date divided by our total assets as at the same date. As of 30 June 2024, the debt ratio of the Group was 56.8% as compared with 53.0% as of 31 December 2023.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, convertible bonds, interest payable and lease liabilities less cash and cash equivalents and restricted cash. Total capital is calculated as "equity" as shown in the consolidated statement of financial position. As of 30 June 2024 and 31 December 2023, the Group's gearing ratio was 67.6% and 57.3%, respectively.

Pledge of Assets

Among the total borrowings of the Group as of 30 June 2024 approximately RMB922.4 million (31 December 2023: RMB601.4 million) was secured by the Group's part of right-of-use assets (land use rights), construction in progress, certain trade receivables, certain game intellectual properties and certain deposits, which accounted for approximately 74.3% (31 December 2023: 62.2%) of the Group's total borrowings.

Contingent Liabilities

As of 30 June 2024, the Group did not have any unrecorded significant contingent liabilities or guarantees made by us (31 December 2023: nil).

Capital Expenditure

For the six months ended 30 June 2024, our total capital expenditure was approximately RMB58.7 million, as compared to RMB80.6 million for the six months ended 30 June 2023. Our capital expenditure primarily included expenditures for license fees paid to game developers, construction in progress and purchase of property, plant and equipment, etc. We plan to fund our capital expenditure through our operating cash flow, debt financing and equity financing. We may adjust our capital expenditures according to our future development plans or in light of market conditions and other factors that we consider appropriate.

Material Acquisitions and Disposals and Significant Investments

For the six months ended 30 June 2024, the Group did not have any material acquisitions, disposals and significant investments.

Foreign Exchange Risk Management

The Group operates internationally and is exposed to the foreign exchange risk arising from various currency exposures, primarily RMB, HKD, EUR and USD. Therefore, the foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our Group's entities. Our Group manages the foreign exchange risk by performing regular reviews of its net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary.

We did not hedge against any fluctuations in foreign currency during the six months ended 30 June 2024 and 2023.

Employees and Their Remuneration Policies, Retirement Plans and Training Programs

As of 30 June 2024 and 31 December 2023, we had 760 and 797 full-time employees, respectively. Substantially all of our employees are from mainland China, and a small number of employees are from France, Canada, Thailand, Hong Kong, the PRC and Macau, the PRC.

Our success depends on our ability to attract, retain and motivate qualified personnel. We provide employees with competitive remuneration packages to achieve the Group's talent strategic objectives. In addition to basic salary, we also provide employees with diversified remuneration policies such as performance bonuses and share awards. We also purchase commercial health and accident insurance for our employees. We have granted, and plan to continue to grant in the future, share award schemes to our employees to incentivize their contributions to our development.

The Group and its employees in the PRC participate in various social security plans and housing funds in accordance with the laws and regulations of the PRC and the requirements of the relevant authorities where the PRC employees are located. Among them, post-employment benefit plans are basic pension insurance organized and implemented by the Ministry of Human Resources and Social Security of the PRC (the “**Social Security Department**”), which belong to the category of defined contribution plans. These insurance plans shall be calculated as a percentage of the employees’ basic salaries and make monthly contributions, which are charged to profit or loss on an accrual basis. The Social Security Department is responsible for the payment of the basic social pension to the retired employees upon their retirement in the PRC. We also make contributions for our Hong Kong employees at the statutory mandatory contribution rates jointly borne by the Company and the employees within the statutory limits prescribed by the Mandatory Provident Fund Schemes Ordinance.

During the six months ended 30 June 2024 and the year ended 31 December 2023, no forfeited contributions were used to offset employers’ contributions and forfeited contributions were available to reduce the contributions payable in the future years.

We provide talent management training programs for our senior management to help them enhance their strategic vision and leadership skills. We also provide employees with job-specific trainings, such as customer service training and compliance management training, as well as various theme-specific trainings such as Techtalk activities, induction training for fresh graduates and employee sharing activities. Through these trainings, we help employees improve their professional skills and comprehensive qualities.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Continuing operations			
Revenues	5	845,223	1,109,811
Cost of revenues	6	(553,437)	(607,745)
Gross profit		291,786	502,066
Selling and marketing expenses	6	(77,766)	(101,545)
General and administrative expenses	6	(50,381)	(41,998)
Research and development expenses	6	(153,286)	(141,071)
Impairment losses on intangible assets	6	—	(920)
Net impairment losses on financial assets		(82,162)	(68,518)
Other income	7	7,659	20,180
Other gains/(losses), net	7	7,552	(3,991)
Fair value gains on financial assets at fair value through profit or loss		1,974	1,067
Operating (loss)/profit		(54,624)	165,270
Finance income		1,664	2,884
Finance costs		(51,405)	(112,908)
Finance costs, net		(49,741)	(110,024)
Share of results of investments accounted for using the equity method		(3,028)	(2,185)
(Loss)/profit before income tax		(107,393)	53,061
Income tax expense	8	(1,886)	(485)
(Loss)/profit for the period from continuing operations		(109,279)	52,576

	Six months ended 30 June	
	2024	2023
<i>Note</i>	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Discontinued operations		
Loss for the period from discontinued operations after income tax	—	(11,986)
(Loss)/profit for the period	(109,279)	40,590
Other comprehensive(loss)/income		
Items that will not be reclassified to profit or loss		
— <i>Currency translation differences</i>	12,840	129,242
Items that may be reclassified to profit or loss		
— <i>Currency translation differences</i>	(7,799)	(110,170)
Total comprehensive (loss)/income for the period	<u>(104,238)</u>	<u>59,662</u>
(Loss)/profit for the period attributable to owners of the Company		
— from continuing operations	(109,817)	52,698
— from discontinued operations	—	(11,986)
(Loss)/profit for the period attributable to owners of the Company	<u>(109,817)</u>	<u>40,712</u>
Profit/(loss) for the period attributable to non-controlling interests		
— from continuing operations	538	(122)
— from discontinued operations	—	—
Profit/(loss) for the period attributable to non-controlling interests	<u>538</u>	<u>(122)</u>
	<u>(109,279)</u>	<u>40,590</u>

		Six months ended 30 June	
		2024	2023
<i>Note</i>		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Total comprehensive (loss)/income attributable to:			
	— Equity holders of the Company	(104,776)	59,784
	— Non-controlling interests	538	(122)
		<u>(104,238)</u>	<u>59,662</u>
(Losses)/earnings per share			
From continuing operations			
	— Basic (losses)/earnings per share (<i>in RMB</i>)	9 (0.07)	0.04
	— Diluted (losses)/earnings per share (<i>in RMB</i>)	9 (0.07)	0.03
From discontinuing operations			
	— Basic (losses)/earnings per share (<i>in RMB</i>)	9 —	(0.01)
	— Diluted (losses)/earnings per share (<i>in RMB</i>)	9 —	(0.01)
From continuing and discontinued operations			
	— Basic (losses)/earnings per share (<i>in RMB</i>)	9 (0.07)	0.03
	— Diluted (losses)/earnings per share (<i>in RMB</i>)	9 (0.07)	0.03

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2024

		As of 30 June 2024 <i>RMB'000</i> (Unaudited)	As of 31 December 2023 <i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		109,361	98,354
Intangible assets		957,225	965,535
Investment properties		6,295	6,515
Right-of-use assets		85,512	96,236
Investments accounted for using the equity method		322,032	330,033
Financial assets at fair value through profit or loss		331,273	325,743
Prepayments and other receivables	<i>11</i>	113,434	72,620
Deferred tax assets		108,699	110,539
		<hr/> 2,033,831 <hr/>	<hr/> 2,005,575 <hr/>
Current assets			
Trade receivables	<i>10</i>	257,775	369,260
Prepayments and other receivables	<i>11</i>	987,132	983,871
Contract costs		34,980	47,288
Financial assets at fair value through profit or loss		75,580	73,145
Restricted cash		130,050	38,105
Cash and cash equivalents		272,178	190,429
		<hr/> 1,757,695 <hr/>	<hr/> 1,702,098 <hr/>
Total assets		<hr/> 3,791,526 <hr/>	<hr/> 3,707,673 <hr/>

		As of 30 June 2024 <i>RMB'000</i> (Unaudited)	As of 31 December 2023 <i>RMB'000</i> (Audited)
EQUITY			
Equity attributable to equity holders of the Company			
Share capital, share premium and treasury shares		3,740,159	3,745,616
Reserves		946,459	936,373
Accumulated losses		(3,147,109)	(3,036,252)
		<u>1,539,509</u>	<u>1,645,737</u>
Non-controlling interests		<u>98,028</u>	<u>97,490</u>
Total equity		<u>1,637,537</u>	<u>1,743,227</u>
LIABILITIES			
Non-current liabilities			
Borrowings	13	121,329	123,526
Lease liabilities		1,911	9,539
Convertible bonds	12	254,310	237,297
		<u>377,550</u>	<u>370,362</u>
Current liabilities			
Borrowings	13	1,119,381	842,898
Lease liabilities		11,812	13,269
Trade payables	14	295,132	273,415
Other payables and accruals		120,058	152,117
Financial liabilities at fair value through profit or loss		99,633	99,633
Contract liabilities		88,394	170,751
Current income tax liabilities		42,029	42,001
		<u>1,776,439</u>	<u>1,594,084</u>
Total liabilities		<u>2,153,989</u>	<u>1,964,446</u>
Total equity and liabilities		<u>3,791,526</u>	<u>3,707,673</u>

Notes:

1 General information

iDreamSky Technology Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 3 January 2018 as an exempted company with limited liability. The address of the Company’s registered office is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104 Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “**Group**”) are principally engaged in game development and operating in the People’s Republic of China (the “**PRC**” or “**China**”).

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**HKEX**”) since 6 December 2018.

This interim condensed consolidated financial information for the six months ended 30 June 2024 (“**Interim Financial Information**”) is presented in Renminbi (“**RMB**”), unless otherwise stated. This Interim Financial Information was approved for issue by the Board of Directors on 29 August 2024.

2 Basis of preparation

The Interim Financial Information has been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”), “Interim financial reporting”. The Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2023 (the “**2023 Financial Statements**”), which have been prepared in accordance with IFRS Accounting Standards, as set out in the 2023 annual report of the Company dated 28 March 2024.

3 Significant accounting policies

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those applied in the preparation of the 2023 Financial Statements and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2024. The adoption of these new and revised standards does not have any significant impact on the interim condensed consolidated financial information.

(b) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued and are effective for annual periods beginning on or after 1 January 2025 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. Management has performed preliminary assessment and does not anticipate any significant impact on the Group's financial position and results of operations upon adopting these standards, amendments to standards and interpretations to the existing IFRSs.

4 Segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. The Group's CODM has been identified as the CEO, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group. As a result of this evaluation, the CEO of the Group consider that the Group's operations are operated and managed as a single segment; accordingly no segment information is presented.

The Company is domiciled in Cayman Island while the Group's non-current assets and revenues are substantially located in and derived from the PRC; therefore, no geographical segments are presented.

5 Revenues

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Continuing operations		
Game revenue	822,238	1,065,088
Information service revenue	17,618	40,516
Others	5,367	4,207
	<u>845,223</u>	<u>1,109,811</u>

The timing of revenues recognition by category is as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Continuing operations		
At a point in time	438,444	674,421
Over time	406,779	435,390
	<u>845,223</u>	<u>1,109,811</u>

There are two kinds of unsatisfied performance obligations as of 30 June 2024 and 2023.

One is the sales of game tokens and virtual items where there is still an implied obligation to be provided by the Group. The Group has determined that it is obligated to provide on-going services to the game players over an average playing period of the paying players. The amount of such unsatisfied performance obligations had been reflected in contract liabilities as of the end of the reporting period.

The other one is mainly the game development service and game cooperation services including on-going updates of new contents and maintenance service under variable price contracts, such as based on the pre-agreed percentage of the net billing of the game. The amount can not be estimated under such variable price contracts.

Contract liabilities will be recognized as revenues rateably over the Player Relationship Period of these paying players, starting from the point in time when virtual items are delivered to the players' accounts, and all other revenues recognition criteria are met.

6 Expenses by nature

Expenses included in cost of revenues, selling and marketing expenses, general and administrative expenses, research and development expenses and impairment losses on intangible assets are analyzed below:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Channel costs	277,059	388,063
Revenue share to content providers	217,079	164,077
Employee benefits expenses	147,361	107,169
Promotion and advertising expenses	70,191	98,388
Technical and development services fee in relation to game development and others	37,416	54,790
Amortization of intangible assets	30,129	21,986
Cloud computing, bandwidth and server custody fees	18,948	23,690
Impairment provisions for prepayments (<i>Note 11</i>)	7,421	1,215
Travelling and entertainment expenses	6,375	4,543
Professional service fees	6,148	9,519
Depreciation of right-of-use assets	6,021	5,468
Short-term rental and utilities expenses	2,539	1,713
Depreciation of property, plant and equipment	607	617
Other tax expenses	445	905
Depreciation of investment properties	220	220
Impairment provisions for intangible assets	—	920
Others	6,911	9,996
	<hr/>	<hr/>
Total cost of revenues, selling and marketing expenses, general and administrative expenses, research and development expenses and impairment losses on intangible assets	834,870	893,279
	<hr/> <hr/>	<hr/> <hr/>

During the six months ended 30 June 2024, the impairment loss of prepayments that revenue sharing to content providers have been disclosed in cost of revenues under IFRS 15.

7 Other income and other gains/(losses), net

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income		
Government grants	6,543	13,110
Additional deduction of value-added tax	—	3,767
Others	1,116	3,303
	<u>7,659</u>	<u>20,180</u>
Other gains/(losses), net		
Gains/(losses) on disposal of investments in associates and joint ventures	5,073	640
Gains/(losses) on disposal of financial assets	1,850	(2,297)
Others	629	(2,334)
	<u>7,552</u>	<u>(3,991)</u>

8 Income tax expense

The income tax expense of the Group for the six months ended 30 June 2024 and 2023 is analyzed as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	46	235
Deferred income tax	1,840	250
	<hr/>	<hr/>
Income tax expense	<u>1,886</u>	<u>485</u>

9 (Losses)/earnings per share and dividends

(a) (Losses)/earnings per share

(i) Basic

	Six months ended 30 June					
	2024			2023		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(109,817)	—	(109,817)	52,698	(11,986)	40,712
Weighted average number of shares in issue (thousands)	<u>1,570,305</u>	<u>—</u>	<u>1,570,305</u>	<u>1,392,595</u>	<u>1,392,595</u>	<u>1,392,595</u>
Basic (losses)/earnings per share (in RMB)	<u>(0.07)</u>	<u>—</u>	<u>(0.07)</u>	<u>0.04</u>	<u>(0.01)</u>	<u>0.03</u>

Basic (losses)/earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the respective period, excluding ordinary shares purchased by the Group and held as treasury shares.

(ii) *Diluted*

	Six months ended 30 June					
	2024			2023		
	Continuing Operations (Unaudited)	Discontinued Operations (Unaudited)	Total (Unaudited)	Continuing Operations (Unaudited)	Discontinued Operations (Unaudited)	Total (Unaudited)
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(109,817)	—	(109,817)	52,698	(11,986)	40,712
Weighted average number of shares in issue (thousands)	1,570,305	1,570,305	1,570,305	1,392,595	1,392,595	1,392,595
Adjustments for employee incentive plan and convertible bonds (thousands)	—	—	—	170,715	170,715	170,715
Weighted average number of shares for calculating diluted earnings/(losses) per share (thousands)	<u>1,570,305</u>	<u>1,570,305</u>	<u>1,570,305</u>	<u>1,563,310</u>	<u>1,563,310</u>	<u>1,563,310</u>
Diluted (losses)/earnings per share (in RMB)*	<u>(0.07)</u>	<u>—</u>	<u>(0.07)</u>	<u>0.03</u>	<u>(0.01)</u>	<u>0.03</u>

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume all dilutive potential ordinary shares.

* The share incentive plan and convertible bonds were found to have an anti-dilutive effect during the six months ended 30 June 2024, therefore, the actual diluted earnings per share should equal to the basic earnings per share, which amounts to -0.09 per share in RMB.

(b) Dividends

The Board resolved that no interim dividend shall be declared for the six months ended 30 June 2024 (during the six months ended 30 June 2023: nil).

10 Trade receivables

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
Third parties	395,582	534,759
Related parties	6,806	11,642
	402,388	546,401
Less: provision for impairment	(144,613)	(177,141)
	257,775	369,260

- (a) The credit terms of trade receivables granted by the Group are generally 3 months. Aging analysis based on recognition date of the gross trade receivables at the respective reporting dates are as follows:

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
Within 3 months	113,412	139,876
3 months to 1 year	33,331	55,411
1 to 2 years	123,199	196,511
2 to 3 years	107,462	132,152
Over 3 years	24,984	22,451
	402,388	546,401

(b) Movements in the provision for impairment of trade receivables as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
At the beginning of the period	177,141	149,993
Provision for impairment	81,972	68,102
Receivables written off during the period as uncollectible	(114,500)	(44,494)
At the end of the period	<u>144,613</u>	<u>173,601</u>

- (i) Including impairment provided individually of RMB40,309,000 and impairment on collective basis of RMB41,663,000. The provisions for impaired receivables have been included in “net impairment losses on financial assets” in the consolidated statement of comprehensive income.
- (ii) The Group wrote off trade receivables of RMB114,500,000 as there was no reasonable expectation of recovery due to the insufficient solvency among some customers and business partners impacted by macroeconomic deterioration and adverse changes in the industry ecosystem. The Group continues to engage in enforcement activity to recover the due receivable.

The majority of the Group’s trade receivables was denominated in RMB.

As of 30 June 2024, the carrying amounts of the accounts receivable were approximate to their fair values.

- (c) As of 30 June 2024, and 31 December 2023, trade receivables of RMB80,694,000 and RMB111,893,000 respectively were pledged to secure certain bank facilities granted to the Group (Note 13).

11 Prepayments and other receivables

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
Prepayments		
Prepaid revenue sharing to content providers (a)	561,876	663,824
Prepaid advertising expenses (b)	343,641	342,923
Recoverable value-added tax	12,119	11,569
Prepayment to related parties	6,637	6,604
Others	13,492	14,403
	<u>937,765</u>	<u>1,039,323</u>
Less: provision for impairment (e)	(98,443)	(199,656)
	<u>839,322</u>	<u>839,667</u>
Less: non-current Prepayment	—	—
	<u>839,322</u>	<u>839,667</u>
Other receivables		
Loans to third parties (c)	212,165	202,107
Loans to shareholders	104,623	74,126
Amounts due from related parties	11,192	10,820
Rental and other deposits	3,681	3,644
Loans to employees (d)	952	969
Others	22,346	24,052
	<u>354,959</u>	<u>315,718</u>
Less: provision for impairment	(93,715)	(98,894)
	<u>261,244</u>	<u>216,824</u>
Less: non-current other receivables	(113,434)	(72,620)
	<u>147,810</u>	<u>144,204</u>

As of 30 June 2024, there were no significant balances that are past due.

- (a) The Group licenses online games from game developers and pays sharing of proceeds earned from selling in-game virtual items to game developers. Those prepaid revenue sharing are expensed and recorded into “cost of revenues” on incurred basis.
- (b) The Group engaged various online advertising suppliers and made prepayments in exchange for better advertising opportunities and resources in some arrangements. Such amounts are recognized as “selling and marketing expenses” when the advertising services are rendered.
- (c) Loans to third parties represented the loans provided to a number of third parties, which were mainly unsecured and interest free.
- (d) Loans to employees mainly represent advances to employees for various expenses to be incurred in the ordinary course of business and housing loans to certain employees. These loans are unsecured, interest-free and to be repaid in 1 to 5 years from the grant dates.
- (e) The movements in the provision for impairment of prepayments as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
At the beginning of the period	199,656	380,628
Provision for impairment	7,421	1,215
Written off during the period	(108,634)	(33,480)
At the end of the period	<u>98,443</u>	<u>348,363</u>

The impairment provision mainly represents impairment of prepaid revenue sharing to game developers, which is primarily related to certain games licensed by the Group which did not operate well or align with the Group's future strategy. The provision is the excess amount of the carrying amount of the unearned prepaid revenue sharing to game developers over the cash flow projections to be generated in the remaining contractual period.

During the six months ended 30 June 2024, certain game intellectual properties and licenses which belong to the segment of game and information services were fully or partly impaired and impairment losses of RMB7,421,000 was charged to cost of revenues in the consolidated statement of comprehensive income (during the six months ended 30 June 2023: RMB1,215,000), as the Group has terminated its contract with content providers or further developing and launching these games would not generate sufficient profit to cover related operation cost.

The Group's core strategy focuses on the publishing and self-development of exquisite games. Therefore, the Group has continuously adjusted and optimized its product layout in the future and gradually terminated products that are no longer in line with the Group's gaming business strategy in the future.

- (f) As of 30 June 2024 and 2023, the carrying amount of other receivables were primarily denominated in RMB and USD and approximated their fair value at each of the reporting date.

12 Convertible bonds

On 24 July 2023, the Group entered into a subscription agreement for HKD-settled convertible bonds ("**2028 Convertible Bonds**") in an aggregate principal amount of HKD386,000,000 (equivalent to approximately RMB352,804,000) due 24 July 2028, with an initial conversion price of HKD3.64 per share. The 2028 Convertible Bonds bear interest rate of 5% per annum, payable semi-annually, with maturity of 5 years from the issuance date and can be converted into shares of the Company at the holder's option at any time on or after the date which is 41 days after the issuance date up to the close of business on the date falling seven days prior to the maturity date at an initial conversion price of HKD3.64 per share. On 24 July 2023, the 2028 Convertible Bonds were issued. The holder of each 2028 Convertible Bonds will have the right at holder's option, to require the Group to redeem all or some only of such holder's bonds on 24 July 2026.

The 2028 Convertible Bonds was recognized as liability component and equity component as follows:

- The initial value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond of the Group. Embedded financial derivatives, comprised the fair value of the option of the holders of the 2028 Convertible Bonds to require the Company to redeem the 2028 Convertible Bonds; and the fair value of the option of the Company to redeem the 2028 Convertible Bonds. These embedded redemption options are closely related to the host debt as the redemption amount is principal amount together with accrued but unpaid interest, therefore they are not able to be accounted for separately. The initial value of the liability component and the fair value of the embedded redemption options were recognized as a single liability component, and it subsequently carried at amortized cost.
- Equity component, being the conversion option of the 2028 Convertible Bonds, initially recognized at the residual amount after deducting the value of the aforesaid single liability component from the net proceeds at the initial recognition.

Movement of the 2028 Convertible Bonds is set out as follows:

	Liability <i>RMB'000</i> (Unaudited)	Other reserves <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
As of 1 January 2024	237,297	126,702	363,999
Interest expenses	24,208	—	24,208
Coupon interests paid	(8,887)	—	(8,887)
Currency translation differences	1,692	—	1,692
As of 30 June 2024	<u>254,310</u>	<u>126,702</u>	<u>381,012</u>

Interest expense is calculated by applying the effective interest rate of 20.2% per annum to the liability component.

As of 30 June 2023, there has been no conversion of the 2028 Convertible Bonds.

13 Borrowings

	As of 30 June 2024 <i>RMB'000</i> (Unaudited)	As of 31 December 2023 <i>RMB'000</i> (Audited)
Included in non-current liabilities		
Secured bank borrowings (a)	<u>121,329</u>	<u>123,526</u>
	121,329	123,526
Included in current liabilities		
Secured bank borrowings (a)	1,059,381	712,898
Current portion of long-term bank borrowings, secured (a)	40,000	40,000
Secured other borrowings	<u>20,000</u>	<u>90,000</u>
	<u>1,119,381</u>	<u>842,898</u>
	<u>1,240,710</u>	<u>966,424</u>

The Group's long-term bank borrowings bear weighted average interest rate of 4.2% (2023: 4.8%) per annum, and the short-term bank borrowings bear weighted average interest rate of 6.0% (2023: 6.2%) per annum.

(a) The pledge and guarantee related to bank borrowings is as follows:

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
Secured by deposits and the shares of subsidiaries of the Company	260,191	266,898
Guaranteed by the Company, and/or certain subsidiaries of the Company	298,300	275,000
Secured by the pledge of assets of the Group (including trade receivables, intellectual properties and licenses, term deposits, right-of-use assets (land use rights) or construction in progress), and/or guaranteed by the Company and/or its subsidiaries	662,219	334,526
	<u>1,220,710</u>	<u>876,424</u>

Restricted cash of RMB130,012,000 is pledged deposit for this aforesaid loan.

(b) The maturity of the Group's borrowings is as follows:

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
Within 1 year	1,119,381	842,898
Between 1 and 2 years	40,000	60,000
Between 2 and 5 years	69,000	57,500
Above 5 years	12,329	6,026
	<u>1,240,710</u>	<u>966,424</u>

14 Trade payables

Trade payables are primarily related to the purchase of services for server custody, game licenses, and the revenues collected by the Group which is to be shared to cooperated game developers according to respective cooperation agreements. The credit terms of trade payables granted to the Group are usually 3 months. The aging analysis of trade payable based on recognition date is as follows:

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
Within 3 months	68,627	82,235
3 months to 1 year	203,046	134,639
1 to 2 years	19,295	44,167
2 to 5 years	4,164	12,374
	<u>295,132</u>	<u>273,415</u>

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

COMPLIANCE WITH THE CG CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance for the six months ended 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with the Directors, all of the Directors confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2024, the total number of shares repurchased by the Company on the Stock Exchange were 3,444,800, at a total consideration (before deduction of expenses) of HKD5,963,668.

During the six months ended 30 June 2024, the Company's monthly report on share repurchase is set out as below:

Month	Number of Shares repurchased	Highest purchase price per Share HKD	Lowest purchase price per Share HKD	Total consideration (before deduction of expenses) HKD
January 2024	<u>3,444,800</u>	1.85	1.60	<u>5,963,668.00</u>
	<u><u>3,444,800</u></u>			<u><u>5,963,668.00</u></u>

Save as disclosed above, the Group had not purchased, sold or redeemed any of the Company's listed securities (including the treasury shares (if any)) during the six months ended 30 June 2024. As at the end of the Reporting Period, the Group did not hold treasury shares.

AUDIT COMMITTEE

The Audit Committee, has reviewed the Group’s unaudited consolidated financial statements and this interim results announcement for the six months ended 30 June 2024. The Audit Committee has also reviewed the accounting principles and practises adopted by the Group and discussed and reviewed risk management, internal control and financial reporting matters.

SUBSEQUENT EVENTS

On 23 July 2024, the Company entered into a placing agreement (the “**Placing Agreement**”) with the placing agent, pursuant to which the Company has agreed to appoint the placing agent, and the placing agent has agreed to act as the agent of the Company to procure, on a best effort basis, placees for the placing shares at the placing price of HKD2.15 per placing share (the “**Placing**”). On 31 July 2024, all the conditions to the placing as set out in the Placing Agreement were satisfied, and the Company completed the allotment and issue of an aggregate of 119,850,400 ordinary Shares with a par value of USD0.0001 each under general mandate with an aggregate nominal value of USD11,985.04 to not less than six independent placees. The gross proceeds from the Placing will be approximately HKD257.68 million, of which the estimated net proceeds (after deduction of commissions and other estimated expenses payable) amount to approximately HKD254.13 million. The net price per ordinary Share was HKD2.12. The Company intends to use the proceeds from the Placing for the research and development and overseas launches of key products, as well as for general working capital. For details, please refer to the announcements of the Company dated 23 July 2024 and 31 July 2024.

PUBLICATION OF INTERIM RESULTS AND 2024 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.idreamsky.com), and the interim report of the Group containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS

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

“Agent(s)”	artificial intelligence agent, which is an intelligent entity that can perceive the environment, make decisions and perform actions. Different from traditional artificial intelligence, AI Agent has the ability to gradually complete a given goal through independent thinking and calling tools
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Company” or “our Company” or “iDreamSky”	iDreamSky Technology Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange under stock code 1119
“Director(s)”	the director(s) of the Company
“EUR”	Euro, the legal currency of the member states of the European Union
“Group” or “our Group” or “we” or “us”	the Company, its subsidiaries and its PRC consolidated affiliated entities from time to time
“HKD”	Hong Kong dollars, the legal currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IAS”	International Accounting Standards

“IFRS(s)”	International Financial Reporting Standards
“IP(s)”	intellectual property(ies)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this report only, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“PRC Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely Shenzhen iDreamSky and its subsidiaries
“Reporting Period”	the six months ended 30 June 2024
“RMB”	Renminbi, the legal currency of the PRC
“RPG(s)”	games in which users assume the roles of characters in a fictional setting
“Share(s)”	ordinary share(s) of the Company with a nominal value of USD0.0001 each in the share capital of the Company
“Shenzhen iDreamSky”	Shenzhen iDreamSky Technology Co., Ltd. (深圳市创梦天地科技有限公司), a company established in the PRC and a PRC Consolidated Affiliated Entity of our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

“Tencent”	Tencent Holdings Limited, one of the Company’s substantial shareholders, a limited liability company incorporated under the laws of the Cayman Islands and the shares of which are listed on the Stock Exchange under stock code 700
“treasury shares”	has the meaning ascribed thereto under the Listing Rules
“USD”	U.S. dollars, the legal currency of the United States of America
“%”	per cent

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

Shenzhen, the PRC, 29 August 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.