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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 JUNE 30, 2019

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2019, together with the comparative audited figures for the corresponding period in 2018 as below. These interim results for the six months ended June 30, 2019 have been reviewed by the Auditor in accordance with International Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the International Auditing and Assurance Standards Board, and by the Audit Committee.

FINANCIAL PERFORMANCE HIGHLIGHTS

	Six months ended June 30,		
	2019	2018	Period-
	RMB'000	RMB'000	on-period
	(Unaudited)	(Audited)	%
Revenue	1,431,303	1,073,838	33.3
Gross profit	675,603	423,173	59.7
Profit before income tax	232,875	120,193	93.8
Profit for the period	210,237	99,416	111.5
Adjusted profit for the period (unaudited)*	312,104	150,963	106.7

* 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 for the period was derived from our profit for the period excluding share-based compensation expenses, listing expenses, fair value gains or losses on financial assets, impairment provision of goodwill resulting from a business combination and gain from the reversal of the unpaid consideration payables from a business combination, if any.

BUSINESS REVIEW AND OUTLOOK

Results Highlights

For the six months ended June 30, 2019, we achieved 33.3% period-on-period growth in our revenue. Game revenue and information service revenue were the key drivers for the overall revenue growth.

Operating profit grew by 92.4% period-on-period. Operating margin for the first half of 2019 was 17.8%, representing an increase of 5.5 percentage points from the six months ended June 30, 2018.

Profit for the period of six months ended June 30, 2019 increased by 111.5% period-on-period. Adjusted net profit for the period of six months ended June 30, 2019 increased by 106.7%.

Our average MAUs increased from 128.9 million for the six months ended June 30, 2018 to 130.1 million for the six months ended June 30, 2019. For the first half of 2019, our average MPUs decreased from 6.7 million to 5.8 million as compared to the first half of 2018, and our monthly ARPPU increased from RMB23.8 to RMB31.7 for the six months ended June 30, 2019.

Business Review

In the first half of 2019, the Company made progress against the challenging business environment. Based on our observation of the gaming market, we noted the number of online games approved for publication has been further regulated, the market has been further refined, and the industry has entered into a healthier growth stage.

For the six months ended June 30, 2019, our growth has been driven by our philosophy of *iDreamSky Flywheel* (創夢飛輪), which represents a self-spinning and reinforcing growth cycle empowered by each of the accelerating components.

— Continuously offer high quality digital contents to users

High quality contents are the core of our growth philosophy. We strived to offer a wide variety of high quality contents, such as games, comics, animation and TV play to our users.

- **High quality games.** We actively cooperate with domestic and overseas well-known content providers, with game products in a variety of selected genres. As of June 30, 2019 we had 57 games, including 16 role-playing games, six matching puzzle games, 12 casual competition games, six endless running games and 17 other games. In the first half of this year, high-quality titles still dominate the new product layout, such as the sports game *FIFPro World Players' Union* (全民冠軍足球), MMORPG game *Decisive Battle against Marfa* (決戰瑪法) and other products popular among different player groups. In terms of self-development, the overseas version of the self-developed game *Cross Gate (Mobile version)* (魔力寶貝(手機版)) has been published in Southeast Asia, Hong Kong, Macau and Taiwan in 2019. In the second half of 2019, we will unveil more self-developed games including *Rakshasa Street* (鎮魂街), *DreamWorks Adventure* (夢工廠大冒險) and *Art of War 3* (全球行動) etc.
- **Other digital contents.** With the diversified forms of digital contents, we simultaneously develop other core businesses, namely, comics, animation, TV play and interactive story in the digital contents segment.
- **Hyper casual games.** In 2019, we cooperate with several platforms, such as WeChat, mobile QQ, and Douyin, to publish and operate hyper casual games.
- **Enhance user stickiness and engagement through user services both online and offline**

We established *Great Moments Voyage* (好時光影遊社), a brand of offline experiential store, in cooperation with Tencent to build an online and offline destination for entertainment around the clock. As of June 30, 2019, we have 16 *Great Moments Voyage* experiential stores in China with two self-operated stores and 14 other stores through cooperation with local partners. It integrates movies, games, e-sports and game related merchandise, and diversifies immersive experience to users. This not only capitalizes on the enormous online resources and fan base to the offline but also realizes consumption through interactive and immersive entertainment facilities. We managed to convert users to our online members by way of offline operational activities, and to accumulate the numbers of our members through WeChat Mini Programs and WeChat Official Account.

— **Strengthening the strategic investment and collaboration deployment, connecting industrial resources, and developing the digital entertainment platform comprehensively**

In 2019, we further reinforces our strategic investment into or collaboration layout with various companies within the digital entertainment ecosystem. By extensively connecting industrial resources, such as via cooperation with Tencent and Sony, we are able to consistently deliver rich and diversified digital entertainment content and service offerings to improve users' experience.

Outlook

Our mission is to deliver joy to our users. We see great upward potential for the digital entertainment market, both online and offline. We will continue to provide users with high quality contents, continuously enhance our self-development capabilities, further develop in-depth user service system, and improve commercialization capabilities, through our philosophy of *iDreamSky Flywheel* (創夢飛輪).

Mobile gaming is a fast-growing area in interactive online entertainment industry, with major growth drivers being paying ratio and ARPPU. The paying ratio and ARPPU for mobile games in China are expected to increase, as users' willingness to pay tends to keep rising in the future, supported by the ever-improving quality and attractiveness of mobile games, improving convenience of payment, increasing disposable income, as well as more generation Z users getting involved, and etc.

Meanwhile as we continue to publish games licensed from top tier content providers, our focus will especially be placed on strengthen our self-development capabilities. Game revenue derived from self-developed games accounted for 44.1% of the Group's total game revenue for the six months ended June 30, 2019.

Our Company is also actively seeking potential targets for merger and acquisition to expand our business in the online gaming sector, more particularly to find game developers who can provide strong development capabilities and game pipeline to us, to continuously provide our users with high quality contents, and lower the content costs.

Global expansion has always been one of the Company's important growth strategies. In the first half of 2019, the overseas version of the self-developed game *Cross Gate (Mobile version)* (魔力寶貝(手機版)) has been published in Southeast Asia, Hong Kong, Macau and Taiwan. In early second half of 2019, we have also entered into a strategic cooperation with MGL MAIL.RU EQUITY LIMITED, a subsidiary of one of Russia's largest internet company MAIL. RU GROUP LIMITED, to jointly explore the global market. We see great potential in overseas markets, especially those in developing countries and areas, such as Southeast Asia, and we plan to accelerate the layout of these markets.

We will also strive to expand ways of monetization through initiatives in hyper casual games and mini games, in-game advertising, more offline experiential stores, etc.

We will continue to improve and diversify offline immersive experience, enrich types of offline entertainment with high quality contents and premium IPs, and increase the number of our stores, particularly through cooperation.

Looking further down the road, we are quite sanguine about the prospects of digital entertainment industry. We believe that 5G wireless networks will provide a new possibility where users are able to have access to games wherever and whenever, with any device and network. Moreover, with the thriving development of the digital entertainment industry in China, there will be growing opportunities for us. We will strive to deliver healthy mid-term and long-term financial performance to the shareholders of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2019 — (unaudited)

		Six months ended June 30,	
	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Revenues	3	1,431,303	1,073,838
Cost of revenues	4	(755,700)	(650,665)
Gross profit		675,603	423,173
Selling and marketing expenses	4	(131,154)	(131,178)
General and administrative expenses	4	(126,410)	(101,083)
Research and development expenses	4	(95,641)	(54,389)
Net impairment losses on financial assets and contract assets	4	(28,555)	(10,507)
Other income		16,936	6,319
Other (losses)/gains, net	5	(50,955)	2,934
Fair value losses on financial assets at fair value through profit or loss		(5,141)	(2,915)
Operating profit		254,683	132,354
Finance income		1,140	15,128
Finance costs		(22,695)	(27,817)
Finance cost, net		(21,555)	(12,689)
Share of net (losses)/profits of investments accounted for using the equity method		(253)	528
Profit before income tax		232,875	120,193
Income tax expense	6	(22,638)	(20,777)
Profit for the period		210,237	99,416
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
— Currency translation differences		(818)	40,834
Total comprehensive income for the period		209,419	140,250

		Six months ended	
		June 30,	
		2019	2018
Notes		RMB'000	RMB'000
		(Unaudited)	(Audited)
Profit for the period attributable to:			
— Equity holders of the Company		178,227	99,271
— Non-controlling interests		32,010	145
		<u>210,237</u>	<u>99,416</u>
Total comprehensive income attributable to:			
— Equity holders of the Company		177,409	140,105
— Non-controlling interests		32,010	145
		<u>209,419</u>	<u>140,250</u>
			(Restated)
Earning per share			
— Basic earnings per share (<i>in RMB</i>)	7	<u>0.15</u>	<u>0.10</u>
— Diluted earnings per share (<i>in RMB</i>)	7	<u>0.14</u>	<u>0.09</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2019 — (unaudited)

		As at June 30, 2019	As at December 31, 2018
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		30,214	26,893
Intangible assets		953,534	682,702
Investment properties		26,371	—
Right-of-use assets		57,823	—
Investments accounted for using the equity method		326,227	284,896
Financial assets at fair value through profit or loss		295,532	267,506
Prepayments and other receivables		45,233	41,480
Goodwill		639,099	989,233
Contract asset		16,238	21,653
Deferred tax assets		42,776	36,496
		<u>2,433,047</u>	<u>2,350,859</u>
Current assets			
Trade receivables	8	1,206,293	820,894
Amounts due from related parties		8,380	39,032
Prepayments and other receivables		1,115,980	1,031,745
Contract asset		30,515	26,440
Contingent consideration assets		—	20,089
Contract costs		105,816	119,824
Financial assets at fair value through profit or loss		82,475	87,547
Cash and cash equivalents		473,127	1,121,641
		<u>3,022,586</u>	<u>3,267,212</u>
Total assets		<u><u>5,455,633</u></u>	<u><u>5,618,071</u></u>

	As at June 30, 2019 <i>RMB'000</i> (Unaudited)	As at December 31, 2018 <i>RMB'000</i> (Audited)
<i>Notes</i>		
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	75	75
Share premium	2,542,476	2,542,476
Reserves	462,005	254,552
Retained earnings	493,423	329,898
	<u>3,497,979</u>	<u>3,127,001</u>
Non-controlling interests	<u>200,548</u>	<u>51,105</u>
Total equity	<u>3,698,527</u>	<u>3,178,106</u>
LIABILITIES		
Non-current liabilities		
Borrowings	101,128	129,805
Lease liabilities	38,032	—
Deferred government grants	3,815	5,429
	<u>142,975</u>	<u>135,234</u>
Current liabilities		
Borrowings	895,708	984,357
Lease liabilities	21,333	—
Trade payables	160,558	153,001
Amounts due to related parties	21,159	21,159
Other payables and accruals	283,188	885,046
Income tax liabilities	38,529	40,766
Deferred government grants	10,157	11,626
Contract liabilities	183,499	208,776
	<u>1,614,131</u>	<u>2,304,731</u>
Total liabilities	<u>1,757,106</u>	<u>2,439,965</u>
Total equity and liabilities	<u>5,455,633</u>	<u>5,618,071</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2019 — (unaudited)

	Attributable to equity holders of the Company									
	Share Capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Merger reserves RMB'000	Statutory reserves RMB'000	Translation differences RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Non- controlling interests RMB'000	Total RMB'000
(Unaudited)										
Balance at January 1, 2019	75	2,542,476	16,100	—	32,749	33,236	172,467	329,898	51,105	3,178,106
Profit for the period	—	—	—	—	—	—	—	178,227	32,010	210,237
Other comprehensive income										
— Currency translation differences	—	—	—	—	—	(818)	—	—	—	(818)
Total comprehensive income for the period	—	—	—	—	—	(818)	—	178,227	32,010	209,419
Transactions with owners										
Capital injection from equity holders of the Company's subsidiary	—	—	—	—	—	—	—	—	70,000	70,000
Profit appropriation to statutory reserves	—	—	—	—	14,702	—	—	(14,702)	—	—
Share-based compensation expenses	—	—	—	—	—	—	41,503	—	—	41,503
Total transactions with owners recognized directly in equity for the period	—	—	—	—	14,702	—	41,503	(14,702)	70,000	111,503
Transaction with non-controlling shareholder	—	—	—	—	—	—	152,066	—	47,433	199,499
Balance at June 30, 2019	75	2,542,476	16,100	—	47,451	32,418	366,036	493,423	200,548	3,698,527

Attributable to equity holders of the Company

	Share Capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Merger reserves RMB'000	Statutory reserves RMB'000	Translation differences RMB'000	Other reserves RMB'000	(Accumulated losses)/ Retained earnings RMB'000	Non- controlling interests RMB'000	Total RMB'000
(Audited)										
Balance at January 1, 2018	—	—	360,900	228,130	9,482	(6,296)	632,375	106,781	5,322	1,336,694
Profit for the period	—	—	—	—	—	—	—	99,271	145	99,416
Other comprehensive income										
— Currency translation differences	—	—	—	—	—	40,834	—	—	—	40,834
Total comprehensive income for the period	—	—	—	—	—	40,834	—	99,271	145	140,250
Transactions with owners										
Capital reduction from equity holders of the Company's subsidiary	—	—	(2,250)	(47,750)	—	—	—	—	—	(50,000)
Effect of Reorganization of the Group	61	1,084,848	(358,650)	(180,380)	—	—	(545,818)	—	—	61
Capital injection from equity holders of the Company	5	753,766	—	—	—	—	—	—	—	753,771
Share-based compensation expenses	—	—	—	—	—	—	27,959	—	—	27,959
Total transactions with owners recognized directly in equity for the period	66	1,838,614	(360,900)	(228,130)	—	—	(517,859)	—	—	731,791
Balance at June 30, 2018	66	1,838,614	—	—	9,482	34,538	114,516	206,052	5,467	2,208,735

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2019 — (unaudited)

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cash flows from operating activities		
Cash generated from operations	42,926	203,970
Income taxes paid	(25,361)	(12,053)
Net cash inflow from operating activities	17,565	191,917
Cash flows from investing activities		
Interest received from wealth management products	388	658
Placement of wealth management products	(159,120)	(404,000)
Receipt from maturity of wealth management products	159,120	404,000
Proceeds from disposals of property, plant and equipment	62	104
Purchase of property, plant and equipment	(7,541)	(302)
Purchase of intangible assets	(364,819)	(185,365)
Loans to related parties	(251)	(25,542)
Repayment of loans due from related parties	32,516	—
Loans to third parties	(85,927)	(19,409)
Repayment of loans due from third parties	21,436	—
Investments in financial assets at fair value through profit or loss	(61,750)	(30,000)
Proceeds from disposal of financial assets at fair value through profit or loss	—	16,846
Investments in associates and joint ventures	(41,800)	(49,660)
Prepayment of land use rights	(41,824)	—
Repayment of deposit for investment	10,000	—
Prepayment for investments	—	(155,595)
Net cash outflow from investing activities	(539,510)	(448,265)

	Six months ended	
	June 30,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Cash flows from financing activities		
Proceeds from capital injection from shareholders of a subsidiary	70,000	—
Proceeds from capital injection to the Company	—	753,832
Distribution and payments to the equity holders of the Group	—	(50,000)
Proceeds from borrowings	—	200,000
Repayment of borrowings	(117,326)	(73,708)
Payment for listing expenses	(45,238)	—
Payment for rental	(13,531)	—
Interest expenses paid	(20,739)	(27,817)
Net cash (outflow)/inflow from financing activities	(126,834)	802,307
Net (decrease)/increase in cash and cash equivalents	(648,779)	545,959
Cash and cash equivalents at the beginning of the financial period	1,121,641	605,075
Effects of exchange rate changes on cash and cash equivalents	265	2,815
Cash and cash equivalents at the end of the period	473,127	1,153,849

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

1 General information

The Company was incorporated in the Cayman Islands on January 3, 2018 as an exempted company with limited liability. The address of the Company's registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The shares of the Company have been listed on the Main Board of the Stock Exchange since December 6, 2018.

The Company is an investment holding company. The Group is principally engaged in the licensing and operating of mobile games (the "Listing Business") in the PRC.

In preparation for the listing of the shares of the Company on the Main Board of the Stock Exchange, the Group underwent a reorganization (the "Reorganization") to establish the Company as the ultimate holding company of the companies now comprising the Group which conduct the Listing Business.

This interim condensed consolidated financial information for the six months ended June 30, 2019 (the "Interim Financial Information") is presented in RMB, unless otherwise stated.

2 Basis of preparation

The Interim Financial Information for the six months ended June 30, 2019 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 December 31, 2018, which have been prepared in accordance with IFRS, as set out in the 2018 annual report of the Company dated March 28, 2019 (the "2018 Financial Statements").

Except as described below, the accounting policies applied are consistent with those as described in the 2018 Financial Statements.

(a) *New and amendments standards adopted by the Group*

The new International Financial Reporting Standards 16 Leases (“IFRS 16 Leases”) became applicable for the current reporting period. The Group has adopted IFRS 16 Leases retrospectively from January 1, 2019, which results in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provision under IFRS 16, the Group has applied the simplified transition approach, and all right-of-use assets were measured at the amount of the lease liabilities on adoption (adjusted for any prepaid or accrued lease expenses). Comparative figures for the 2018 financial year have not been restated.

On adoption of IFRS 16 Leases, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as at January 1, 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 6%.

The change in accounting policy affected the following items in the balance sheet on January 1, 2019:

	RMB’000 (Unaudited)
Operating lease commitments disclosed as at December 31, 2018	52,437
Discounted using the lessee’s incremental borrowing rate of at the date of initial application	47,410
(Less): short-term leases recognised on a straight-line basis as expense	(34)
(Less): contracts reassessed as service agreements	(1,639)
Lease liability recognised as at January 1, 2019	45,737
Of which are:	
Current lease liabilities	15,453
Non-current lease liabilities	30,284
	45,737

All right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at December 31, 2018. The impact on transition is summarised as below.

	As at January 1, 2019 RMB'000 (Unaudited)
Rights-of-use assets	45,737
Lease liabilities	(45,737)

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term within 12 months as at January 1, 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Upon adoption of IFRS 16, principal elements of lease payments and related interest portion have been classified within financing activities.

(b) *Newly adopted accounting policy for investment properties*

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, all investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis, after taking into account the estimated residual value (10% of original cost), over the estimated useful lives. The estimated useful lives of the Group's investment properties are 31 years.

(c) *New standards and amendments to standards issued but not effective*

A number of new standards and amendments to standards have not come into effect for the financial year beginning January 1, 2019, and have not been early adopted by the Group in preparing the consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group based on the preliminary assessment made by management.

3 Revenues

	Six months ended	
	June 30,	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Game revenue	1,261,360	951,652
Information service revenue	160,496	119,654
Other revenue	9,447	2,532
	<u>1,431,303</u>	<u>1,073,838</u>

4 Expenses by Nature

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

	Six months ended	
	June 30,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Channel costs	506,267	489,284
Employee benefits expenses	149,878	100,507
Promotion and advertising expenses	126,047	127,335
Revenue share to content providers	141,129	100,122
Amortization of intangible assets	65,006	43,659
Impairment provisions for intangible assets	21,500	2,307
Outsourcing expenses for technical services	26,328	7,124
Travelling and entertainment expenses	9,807	7,806
Professional service fees	6,689	27,025
Cloud computing, bandwidth and server custody fees	10,928	13,938
Rental expenses	2,084	6,665
Impairment provisions for receivables	29,676	10,507
Impairment provisions for prepayments	21,444	1,170
Depreciation of property and equipment	4,383	4,286
Depreciation of right-of-use assets	11,666	—
Other tax expenses	1,341	1,183
Others	3,287	4,904
Total cost of revenue, selling and marketing expenses, administrative expenses, research and development expenses and net impairment losses on financial assets and contract assets	<u>1,137,460</u>	<u>947,822</u>

5 Other (losses)/gains, net

	Six months ended June 30,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Net gains on disposal of property, plant and equipment	43	19
Gains on disposal of subsidiaries	6,119	2,078
Losses on disposal of financial assets	(1,429)	—
Goodwill impairment	(350,134)	—
Gain from the reversal of the unpaid consideration payables from the acquisition of Shanghai Huohun Internet Technology Co., Ltd. (“Shanghai Huohun”) (Note a)	294,911	—
Others	(465)	837
	<u>(50,955)</u>	<u>2,934</u>

- (a) According to the agreement for the acquisition of Shanghai Huohun, if the pre-determined profit target are not achieved by Shanghai Huohun for the 12 months from June 1, 2018 to May 31, 2019 (“Profit Target”), the sellers should repay certain consideration to the Group according to the pre-determined formula. During the six months ended June 30, 2019, Shanghai Huohun did not meet the Profit Target, and therefore, the Group no longer needs to pay the consideration of around RMB315,000,000 to the sellers. These unpaid considerations were reversed, after the offsetting the contingent consideration assets of RMB20,089,000 as at December 31, 2018, the net gain amount of RMB294,911,000 was recorded in “Other losses/(gains), net”.

6 Income tax expense

The income tax expense of the Group for the six months ended June 30, 2018 and 2019 is analyzed as follows:

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Current income tax:		
— PRC corporate income tax	28,918	20,213
Deferred income tax:		
— Origination and reversal of temporary differences	(6,280)	564
Income tax expense	22,638	20,777

7 Earnings per share and dividends

(a) Earnings per share

(i) Basic

	Six months ended June 30,	
	2019	2018
	(Unaudited)	(Audited)
		(Restated)
Profit attributable to equity holders of the Company (RMB'000)	178,227	99,271
Weighted average number of shares in issue (thousands)	1,200,866	1,033,785
Basic earnings per share (in RMB)	0.15	0.10

Basic 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. The weighted average number of shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganization.

(ii) *Diluted*

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

	Six months ended	
	June 30,	
	2019	2018
	(Unaudited)	(Audited)
		(Restated)
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	178,227	99,271
Weighted average number of shares in issue (<i>thousands</i>)	1,200,866	1,033,785
Adjustments for employee incentive plan (<i>thousands</i>)	36,672	16,411
	<hr/>	<hr/>
Weighted average number of shares for calculating diluted earnings per share (<i>thousands</i>)	1,237,538	1,050,196
	<hr/>	<hr/>
Diluted earnings per share (<i>in RMB</i>)	0.14	0.09
	<hr/>	<hr/>

(iii) *Earnings per share (restated)*

On December 6, 2018, each issued and unissued share of a par value of USD0.0001 each in the capital was subdivided into 10 shares of par value of USD0.00001 each. According to IAS 33, the weighted average number of ordinary shares outstanding during the period and all periods should be adjusted, and the EPS figure disclosed for previous period should be recalculated. Therefore, the basic earnings per share for the period ended June 30, 2018 has been restated from RMB0.96 to RMB0.10, and the diluted earnings per share for the period ended June 30, 2018 has been restated from RMB0.95 to RMB0.09.

(b) *Dividends*

The Board of Directors resolved that no interim dividend shall be declared for the six months ended June 30, 2019 (six months ended June 30, 2018: nil).

8 Trade receivables

	As at June 30, 2019 <i>RMB'000</i> (Unaudited)	As at December 31, 2018 <i>RMB'000</i> (Audited)
Third party payment channels and mobile carriers	68,144	76,687
Third party distribution channels	889,180	592,963
Advertising customers	262,159	132,848
Related parties	48,740	57,151
	1,268,223	859,649
Less: provision for impairment	(61,930)	(38,755)
	<u>1,206,293</u>	<u>820,894</u>

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

	As at June 30, 2019 <i>RMB'000</i> (Unaudited)	As at December 31, 2018 <i>RMB'000</i> (Audited)
Within 3 months	504,507	390,562
3 months to 1 year	652,524	389,012
1 to 2 years	74,030	48,438
2 to 3 years	26,988	26,719
Over 3 years	10,174	4,918
	<u>1,268,223</u>	<u>859,649</u>

9 Trade payables

Trade payables are primarily related to the purchase of services for server custody, game licenses, and the revenue 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 three months. The aging analysis of trade payable based on recognition date is as follows:

	As at June 30, 2019 <i>RMB'000</i> (Unaudited)	As at December 31, 2018 <i>RMB'000</i> (Audited)
Within 3 months	48,339	56,726
3 months to 1 year	79,398	29,845
1 to 2 years	15,711	43,004
2 to 5 years	17,110	23,426
	<u>160,558</u>	<u>153,001</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Revenue increased by 33.3% from RMB1,073.8 million for the six months ended June 30, 2018 to RMB1,431.3 million for the six months ended June 30, 2019 on a period-on-period basis. The following table sets forth our revenues by line of business for the six months ended June 30, 2019 and 2018, respectively.

	Six months ended June 30,			
	2019		2018	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(Unaudited)		(Audited)	
Game revenue	1,261,360	88.1	951,652	88.6
Information service revenue	160,496	11.2	119,654	11.2
Other revenue	9,447	0.7	2,532	0.2
	<u>1,431,303</u>	<u>100.0</u>	<u>1,073,838</u>	<u>100.0</u>

- Game revenue.** The largest portion of revenues is derived from our games, which contributed 88.1% and 88.6% of our total revenue for the six months ended June 30, 2019 and 2018, respectively. The increase in game revenue from RMB951.7 million for the six months ended June 30, 2018 to RMB1,261.4 million for the six months ended June 30, 2019 was primarily due to the solid performance of our high-grossing games, including *Cross Gate (Mobile version)* (魔力寶貝 (手機版)), *FIFPro World Players' Union* (全民冠軍足球), *Gardenscapes* (夢幻花園) and *Homescapes* (夢幻家園).

The following table summarizes our key operating data of game publishing and operating for the six months ended June 30, 2019 and 2018, respectively:

	Six months ended June 30,	
	2019	2018
Average MAUs (<i>million</i>)	130.1	128.9
Average MPUs (<i>million</i>)	5.8	6.7
Average ARPPU (<i>RMB</i>)	31.7	23.8

- * Our key operating metrics included data from all games published and operated by us. During the six months ended June 30, 2019, *Cross Gate (Mobile version)* (魔力寶貝 (手機版)) and *FIFPro World Players' Union* (全民冠軍足球) were the only two games not published or operated by us, which were published and operated by Tencent.

- **MAUs.** Our average MAUs slightly increased from 128.9 million for the six months ended June 30, 2018 to 130.1 million for the six months ended June 30, 2019, which was primarily contributed by the popularity of mobile games we offered.
- **MPUs.** Our average MPUs decreased from 6.7 million for the six months ended June 30, 2018 to 5.8 million for the six months ended June 30, 2019. The reason for the decrease in our average MPUs is that some of the in-app-purchase (IAP) paying was replaced with incentive advertisements in some casual games (such as *Subway Surfers* and *Temple Run 2*, etc.), resulting in a decline in the number of IAP paying users for these games compared to the corresponding period of last year.
- **Monthly ARPPU.** Our monthly ARPPU increased from RMB23.8 for the six months ended June 30, 2018 to RMB31.7 for the six months ended June 30, 2019, primarily due to the launch of more mid-and hardcore games which could generate higher ARPPU.
- **Information service revenue.** Our information service revenue is primarily derived from our in-game advertising services. The increase in information service revenue from RMB119.7 million for the six months ended June 30, 2018 to RMB160.5 million for the six months ended June 30, 2019 was primarily the result of (i) our increased in-game advertisement slots; and (ii) the higher rates charged to advertisers or advertising agents.
- **Other revenue.** Other revenue increased from RMB2.5 million for the six months ended June 30, 2018 to RMB9.4 million for the six months ended June 30, 2019. Our other revenue is primarily derived from (i) our fund management fees; (ii) revenue generated from Great Moments Voyage.

Cost of revenue

Our cost of revenue increased by 16.1% from RMB650.7 million for the six months ended June 30, 2018 to RMB755.7 million for the six months ended June 30, 2019. The increase primarily reflected greater channel costs and revenue share to content providers in line with the growth of our revenue.

As a percentage of revenue, cost of revenue decreased to 52.8% for the six months ended June 30, 2019 from 60.6% for the six months ended June 30, 2018. The decrease was primarily due to (i) the decrease in our payment channel costs, resulting from an increased proportion of payment processed through third-party payment channels, which typically charge lower payment processing fees as compared to mobile carriers, and (ii) more game revenue being recognized on a net basis and with higher gross margin.

Selling and marketing expenses

Our selling and marketing expenses remained stable at RMB131.2 million for the six months ended June 30, 2018 and 2019. As a percentage of revenue, our selling and marketing expenses decreased from 12.2% for the six months ended June 30, 2018 to 9.2% for six months ended June 30, 2019. The decrease was primarily due to a decrease in promotion and advertising expenses as we made our advertisement more accurately and intelligently and thereby lowering user acquisition cost in 2019.

General and administrative expenses

Our general and administrative expenses increased by 25.1% from RMB101.1 million for the six months ended June 30, 2018 to RMB126.4 million for the six months ended June 30, 2019. The increase was primarily due to an increase in our employee benefits expenses, resulting from an increase in share-based compensation expenses. As a percentage of revenue, our general and administrative expenses decreased from 9.4% for the six months ended June 30, 2018 to 8.8% for the six months ended June 30, 2019, resulting from our increasing management efficiency.

Research and development expenses

Our research and development expenses increased by 75.8% from RMB54.4 million for the six months ended June 30, 2018 to RMB95.6 million for the six months ended June 30, 2019. As a percentage of revenue, our research and development expenses increased from 5.1% for the six months ended June 30, 2018 to 6.7% for the six months ended June 30, 2019. The increase was primarily due to our increased in-house game development expenses as we launched several game development projects in the first half of this year.

Other losses, net

We incurred net other losses of RMB51.0 million for the six months ended June 30, 2019, compared with net other gain of RMB2.9 million for the six months ended June 30, 2018. Net other losses for the six months ended June 30, 2019 primarily derived from impairment provision of goodwill of RMB350.1 million arising from our acquisition of 70% equity interests in Shanghai Huohun (上海火魂網絡科技有限公司) in August 2018, offsetting the gain of RMB294.9 million from the reversal of the unpaid consideration payables for the acquisition of Shanghai Huohun.

Income tax expense

Income tax expense increased by 9.0% from RMB20.8 million for the six months ended June 30, 2018 to RMB22.6 million for the six months ended June 30, 2019 on a period-on-period basis. The increase was mainly due to the increase in profit before income tax.

Profit for the period

For the six months ended June 30, 2019, our profit for the period amounted to RMB210.2 million, representing an increase of approximately RMB110.8 million or 111.5% compared to RMB99.4 million for the six months ended June 30, 2018.

Other Financial Information

	Six months ended June 30,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Adjusted profit for the period ⁽¹⁾	312,104	150,963
EBITDA ⁽²⁾	336,625	195,955
Adjusted EBITDA ⁽³⁾	438,492	247,502

Notes:

- (1) Adjusted profit for the period was derived from our profit for the period excluding share-based compensation expenses, listing expenses, fair value gains or losses on financial assets, impairment provision of goodwill resulting from a business combination and gain from the reversal of the unpaid consideration payables from a business combination, if any.
- (2) EBITDA is net income or loss before interest, taxes, depreciation and amortization.
- (3) Adjusted EBITDA is calculated using adjusted profit for the period, adding back depreciation of property and equipment, amortization of intangible assets, income tax expense and interest expenses.

Non-IFRS Financial Measure

To supplement the consolidated financial statements of the Group prepared in accordance with IFRS, the three non-IFRS measures, namely adjusted profit for the period, EBITDA and adjusted EBITDA, as additional financial measures, have been presented in this interim results announcement. These unaudited non-IFRS financial measures are used by management of the Company to evaluate the Company's financial performance by eliminating the impact of items that they consider not indicative of the Company operating performance and should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The Company's management believes 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 June 30, 2019 and 2018 to the nearest measures prepared in accordance with IFRS:

	Six months ended June 30,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Reconciliation of profit for the period to adjusted profit for the period:		
Profit for the period	210,237	99,416
Add: Fair value losses on financial assets at fair value through profit or loss	5,141	2,930
Add: Share-based compensation expenses	41,503	27,959
Add: Listing expenses	—	20,658
Add: Impairment provision of goodwill resulting from a business combination	350,134	—
Less: Gain from the reversal of the unpaid consideration payables from a business combination	(294,911)	—
Adjusted profit for the period	<u>312,104</u>	<u>150,963</u>

	Six months ended June 30,	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reconciliation of profit for the period to EBITDA and adjusted EBITDA:		
Profit for the period	210,237	99,416
Add: Depreciation of property and equipment and right-of-use assets	16,049	4,286
Add: Amortization of intangible assets	65,006	43,659
Add: Income tax expense	22,638	20,777
Add: Interest expense	22,695	27,817
EBITDA	336,625	195,955
Add: Fair value losses on financial assets at fair value through profit or loss	5,141	2,930
Add: Share-based compensation expenses	41,503	27,959
Add: Listing expenses	—	20,658
Add: Impairment provision of goodwill resulting from a business combination	350,134	—
Less: Gain from the reversal of the unpaid consideration payables from a business combination	(294,911)	—
Adjusted EBITDA	438,492	247,502

Liquidity and Financial Resources

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

As at June 30, 2019, the Group's total cash and cash equivalents decreased by 57.8% to approximately RMB473.1 million from approximately RMB1,121.6 million as at December 31, 2018. The decrease in total cash and cash equivalents during the period under review was primarily resulted from the repayment of borrowings and payment for investments and purchase of intangible assets. Our cash and cash equivalents were primarily denominated in RMB, HKD and USD.

As at June 30, 2019, the Group's total bank borrowings amounted to approximately RMB996.8 million (December 31, 2018: RMB1,114.2 million). As at June 30, 2019, the RMB-denominated bank borrowings accounted for approximately 47.0% (December 31, 2018: 52.2%) of the Group's total bank borrowings. Among the Group's total bank borrowings as at June 30, 2019, a substantial portion of approximately 89.9% (December 31, 2018: 88.3%) would be due within one year.

As at June 30, 2019, the current assets of the Group amounted to approximately RMB3,022.6 million, and the current liabilities of the Group amounted to approximately RMB1,614.1 million. As at June 30, 2019, the current ratio (being the current assets to current liabilities ratio) of the Group was 1.87 as compared with 1.42 as at December 31, 2018.

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 at June 30, 2019, the debt ratio of the Group was 32.2% as compared with 43.4% as at December 31, 2018.

Pledge of Assets

Among the total bank borrowings of the Group as at June 30, 2019, approximately RMB776.8 million (December 31, 2018: RMB918.2 million) were secured, which accounted for approximately 77.9% (December 31, 2018: 82.4%) of the Group's total borrowings.

Contingent Liabilities

As at June 30, 2019, the Group did not have any unrecorded significant contingent liabilities or guarantees against us (December 31, 2018: nil).

Capital Expenditure

For the six months ended June 30, 2019, our total capital expenditure was approximately RMB377.3 million, compared to RMB183.1 million for the six months ended June 30, 2018. Our capital expenditure primarily included expenditures for royalty fees paid to game developers, land use right and purchase of property, plant and equipment. We plan to fund our capital expenditures through a combination of operating cash flows and the IPO Proceeds. We may adjust our capital expenditure according to our future development plans or in light of market conditions and other factors that we consider appropriate.

Material Acquisitions and Significant Investments

The Group did not have any material acquisitions or significant investment during the six months ended June 30, 2019.

Foreign Exchange Risk Management

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB, HKD and USD. Therefore, 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 foreign exchange risk by performing regular reviews of our Group's 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 June 30, 2019 and 2018, respectively.

Employee and Remuneration Policy

We had 838 and 703 full-time employees as at June 30, 2019 and December 31, 2018, respectively. Substantially all of our employees are based in the PRC.

Our success depends on our ability to attract, retain and motivate qualified personnel. We offer our employees competitive compensation packages and a collegial and creative working environment, and as a result, we have generally been able to attract and retain qualified personnel and maintain a stable core management team. We compensate our employees with basic salaries, performance-based bonuses and share-based incentives.

USE OF IPO PROCEEDS

The IPO Proceeds from the listing of the shares of the Company on the Main Board of the Stock Exchange were approximately HKD776.4 million. During the six months ended June 30, 2019, the IPO Proceeds from the listing were utilized in accordance with the intended purposes as set out in the Prospectus, with the balance amounted to approximately HKD390.4 million. The balance of IPO Proceeds will continue to be utilized according to the manner and proportions as disclosed in the Prospectus. Details are set out in the following table:

	Net amount available as at December 31, 2018 <i>HKD million</i>	Actual net amount utilized during the six months ended June 30, 2019 <i>HKD million</i>	Unutilized amount as at June 30, 2019 <i>HKD million</i>
Expansion of our game portfolio and enrich our contents offerings ⁽¹⁾	295.0	186.7	108.3
Strategic acquisition ⁽²⁾	186.3	54.7	131.6
Strengthen our in-house development and research capabilities ⁽²⁾	178.6	74.7	103.9
Working capital and other general corporate purposes	69.9	69.9	—
Expansion of our offline entertainment services ⁽²⁾	46.6	—	46.6
Total	776.4	386.0	390.4

Notes:

- (1) Unutilized amount will be used by the Company in accordance with the expected timeline as disclosed in the Prospectus.
- (2) The completion time of using the relevant unutilized amounts will be determined based on the future business development of the Company.

INTERIM DIVIDEND

The Board did not propose any interim dividend for the six months ended June 30, 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. Save as disclosed in this announcement, the Company has complied with all applicable code provisions under the CG Code during the six months ended June 30, 2019. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate, and should not be performed by the same individual.

Mr. Chen Xiangyu is concurrently the Chairman of the Board and the Chief Executive Officer of the Company. However, due to Mr. Chen Xiangyu's background, qualifications and experience in the Company, he is considered to be the most suitable person to take both roles under the current circumstances. The Board is of the view that it is appropriate and in the best interests of the Company that Mr. Chen Xiangyu holds both positions at the current stage, as it helps to maintain the continuity of the policies and the efficiency and stability of the operations of the Company.

Besides, all major decisions of the Board have been made in consultation with members of the Board and appropriate committees, as well as the senior management team. In addition, Directors are encouraged to participate actively in all meetings of the Board and of such committees of which they are members, and the Chairman ensures that all issues raised are properly briefed at the Board meetings, and he works with the senior management team to provide adequate, accurate, clear, complete and reliable information to members of the Board in a timely manner. Further, the Board meets with Mr. Chen Xiangyu regularly to discuss issues relating to the operation of the Company.

The Board is therefore of the view that there is an adequate balance of power and that appropriate safeguards are in place. Mr. Chen Xiangyu holding both positions of Chairman of the Board and Chief Executive Officer of the Company will not have any impact on the balance between power and authority.

Saved as disclosed above, the Company has complied with all applicable code provisions of the CG Code for the six months ended June 30, 2019. The Board will continue to regularly monitor and review the Company's current structure and to make necessary changes when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the period for the six months ended June 30, 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period for the six months ended June 30, 2019, none of the Company or any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Board has established an Audit Committee, which currently consists of all three independent non-executive Directors, namely Mr. Zhang Weining (Chairman of the Audit Committee), Ms. Yu Bin and Mr. Li Xintian, and one non-executive Director, Mr. Du Feng. The primary duties of the Audit Committee are, among other things, to review and supervise the Company's financial reporting process and internal controls.

The Audit Committee has reviewed and discussed the Group's unaudited consolidated financial statements for the six months ended June 30, 2019 and has met with the Auditor who have reviewed the interim financial statements in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the International Auditing and Assurance Standards Board. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

SUBSEQUENT EVENT

There is no material subsequent event undertaken by the Group after June 30, 2019.

PUBLICATION OF INTERIM RESULTS AND 2019 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.idreamsky.com>). The interim report of the Company for the six months ended June 30, 2019 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

DEFINITIONS

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

“ARPPU” or “average revenue per paying user”	the average amount of game revenue that the Group generates from each paying user for a particular period refers to the average game revenue for the period divided by the average of the paying users during that period
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
“Company” or “our Company”	iDreamSky Technology Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange under stock code 01119
“Director(s)”	the director(s) of the Company
“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 lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“IPO Proceeds”	the net proceeds of approximately HKD776.4 million from the global offering of the shares of the Company, after deducting professional fees, underwriting commissions and other related listing expenses
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“matching puzzle game(s)”	games in which users have to put three identical elements in a row or line to eliminate them
“MAU(s)” or “monthly active user(s)”	the number of unique accounts that interacted with the Group’s mobile games in a particular month, which include multiple accounts held by one single user
“MMORPG(s)” or “multi-player online role-playing game(s)”	games in which a large number of players, typically from hundreds to thousands, assume the roles of characters in a fictional setting
“MPU(s)” or “monthly paying user(s)”	the number of unique accounts through which a payment is made for the Group’s mobile games in a particular month, which includes multiple accounts held by one single user
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this announcement only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated November 26, 2018
“RMB”	Renminbi, the lawful currency of the PRC
“RPG(s)” or “role-playing game(s)”	games in which users assume the roles of characters in a fictional setting
“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
“U.S. dollars” or “US\$” or “USD”	U.S. dollars, the lawful currency of the United States of America

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

Shenzhen, the PRC, August 29, 2019

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Chen Xiangyu as Chairman and executive Director, Mr. Guan Song, Mr. Jeffrey Lyndon Ko and Mr. Lei Junwen as executive Directors, Mr. Ma Xiaoyi and Mr. Du Feng as non-executive Directors, and Ms. Yu Bin, Mr. Li Xintian and Mr. Zhang Weining as independent non-executive Directors.