


The main title of the presentation, 'iDreamSky Technology', displayed in a large, white, sans-serif font against a blue background with a grid of game-related images.

iDreamSky Technology

The subtitle of the presentation, '2019 Interim Results', displayed in a smaller white font below the main title.

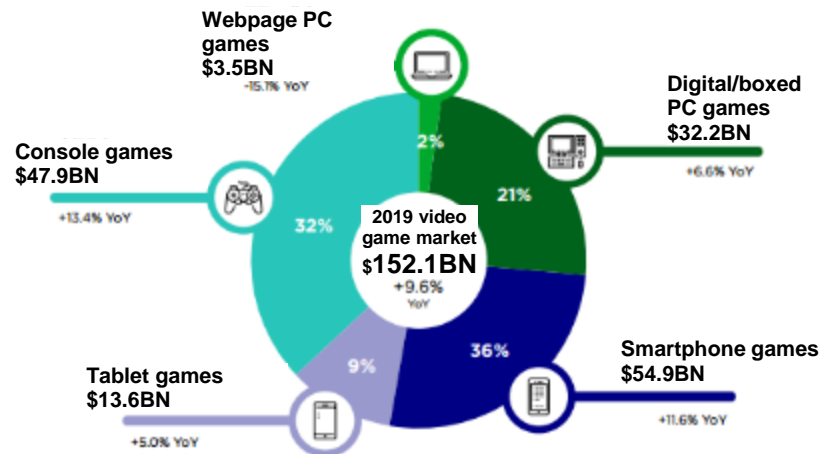
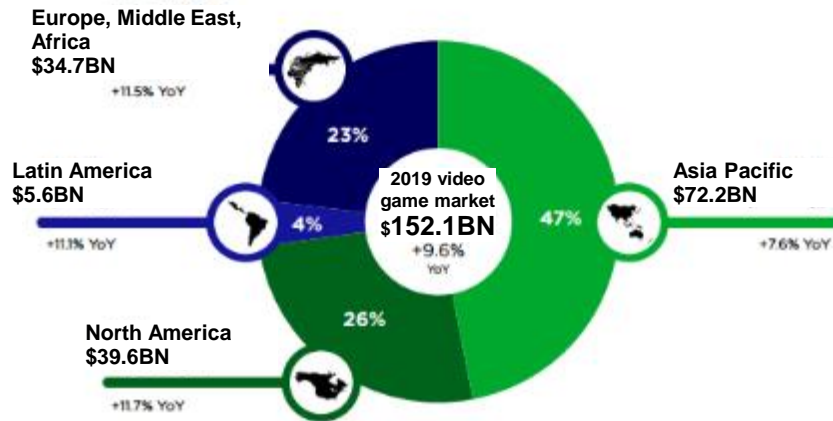
2019 Interim Results

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- 1** Market Overview
 - 2** Business Highlights
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 - 4** Outlook
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1 Market Overview

Global Game Industry in 2019

The global gaming industry is expected to yield US\$152.1BN in sales revenue in 2019, up 9.6% yoy.



- In 2019, video game sales in Asia Pacific will grow by 7.6% yoy to US\$72.2BN, accounting for 47% of the global total.
- China is expected to chip in 25.5% of global game sales in 2019, outranking all other markets. However, a slowdown in market growth has prompted game company to look for new “profit earners” in certain market segments and abroad.
- Mobile (smartphone and tablet) games will remain the largest market segment in 2019, and will generate a total revenue of US\$ 68.5BN, accounting for 45% of total global sales.
- 80% of global mobile game sales (US\$54.9BN) will come from smartphone games, with tablet games contributing the remaining US\$ 13.6BN.

China's gaming industry is recovering despite short-term setbacks



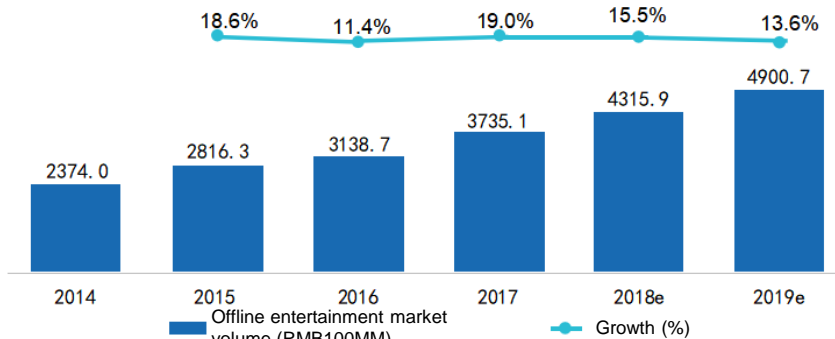
Chinese game revenue as a percentage of global sales (2019)



- Actual game sales in China came in at RMB 116.31BN in 1H2019, **up 10.8%**, indicating a highly visible market recovery judging by the growth rate recorded for 1H2018.
- 1H2019 mobile game sales were RMB 77.07 BN, **up 21.5% yoy**. Following the resumption of game license approval, sales growth in 1H2019 outstripped **that in 1H2018**. The industry maintained healthy development momentum.
- Chinese mobile game players totaled 620 MM in 1H2019, **up 6.0% yoy**.

The rise of young generation catalyzed the development of an RMB100 BN offline entertainment market, prompting a shift among traditional entertainment businesses toward new business forms

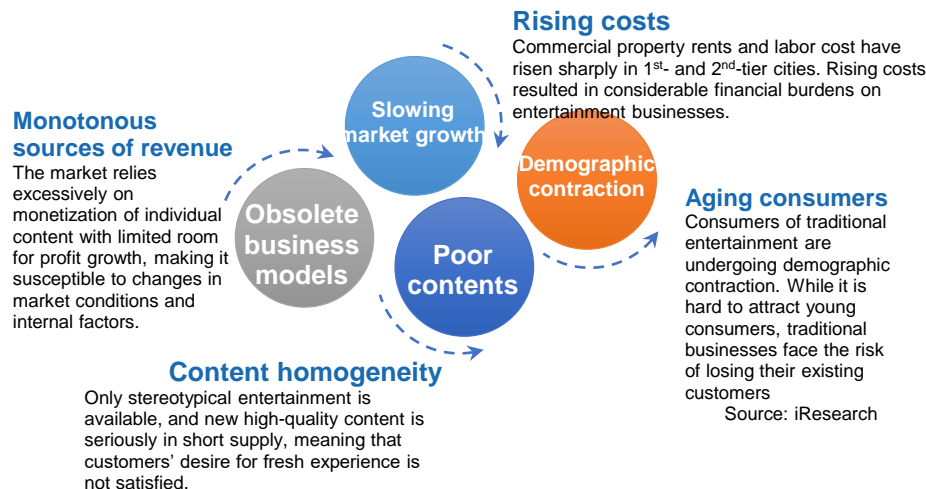
2014-2019 Chinese Offline Entertainment Market Volume and Forecasts



Note: The volume of China's offline entertainment market comprises of revenues from five segments – video games, online entertainment, singing and dancing performances, film and television broadcasts, etc.
 Source: Comprehensive corporate financial statements, expert interviews; data were calculated based on iResearch's statistical models, and were provided for reference only.

- Entertainment consumption has increased along with rises in consumer spending
- Young consumers spend more on entertainment
- Young consumers need offline entertainment as a means of socialization
- Young consumers are keen and high-frequency participants in offline entertainment activities, who tend to spend more

Status Quo of the Traditional Offline Cultural & Entertainment Market

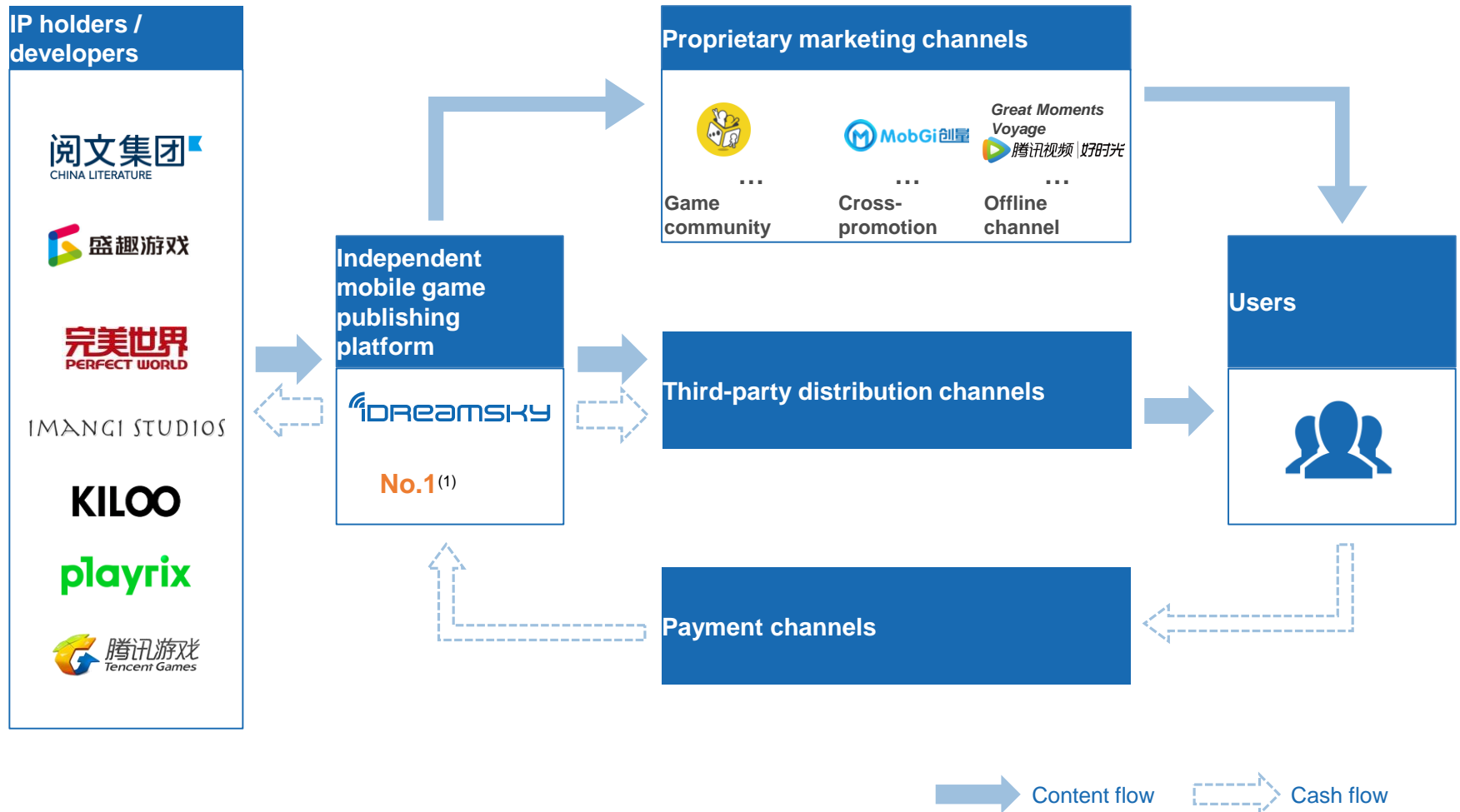


- Traditional offline entertainment has become increasingly obsolete and lacks innovation. Market growth has decelerated
- Highly immersive and interactive entertainment businesses will continue to gain traction, facilitating an upgrade of the offline entertainment market

2 Business Highlights

Value chain of the mobile game market

Our unique positioning in the value chain of the PRC mobile game market



Notes:

(1) According to Frost & Sullivan, in 2017, as measured by average MAUs

According to Frost & Sullivan, in 2017, in terms of introducing and publishing overseas games as measured by revenue

Our corporate milestones

Evolving from an independent mobile game publisher to a digital entertainment platform

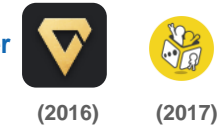
129mn MAUs⁽¹⁾
No.1 independent mobile game publisher in China⁽²⁾



Operation of overseas high quality casual games



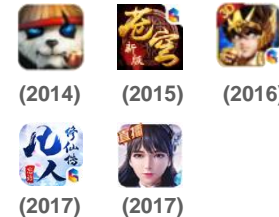
Online user service



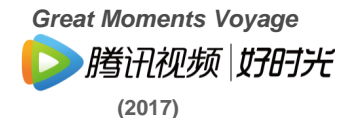
No.1 in terms of publishing overseas games by revenue among independent mobile game publishers in China⁽³⁾



Operation of mid- and hardcore mobile games



Offline user service



Top 5 by revenue in the overall mobile game market in China⁽⁴⁾



Tencent publishing platform for premium games



Comics and animation (in-house and partnership)



Advertising business / precision marketing



(1) Average MAUs in 2018
 (2) According to Frost & Sullivan, in 2017, as measured by average MAUs
 (3) According to Frost & Sullivan, in 2017, in terms of introducing and publishing overseas games as measured by revenue
 (4) According to Frost & Sullivan, in 2017, as measured by revenue

2019 Core Games

- As at 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 self-developed and agent-based products 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 for young and female users.
- 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.



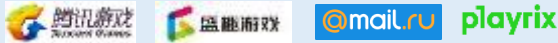
New Game Licenses Obtained in 2019

We have obtained **14** new game licenses since license approval was resumed in 2019

Game	Date of approval	Game type
FIFPro World Players' Union (全民冠军足球)	January 13, 2019	Sports
Mob Psycho 100 (路人超能100)	January 22, 2019	Card game
Shui Guo Bian Bian Xiao (水果变变消)	February 11, 2019	Matching puzzle + management simulation
Summation (求和谜阵)	February 28, 2019	Puzzle solving
All-Rounder Meguru (全能斗士)	February 28, 2019	Idle game
Endless Winter (无尽寒冬)	March 12, 2019	Sports
HAWK (绝地战机)	March 29, 2019	Fly & shoot
Long Tu Ba Ye (龙图霸业)	March 29, 2019	SLG
Agent A (for PC) (伪装游戏)	March 29, 2019	Puzzle solving
Wu Dong Xi You (武动西游)	April 9, 2019	RPG
Homescapes (梦幻家园)	May 13, 2019	Matching puzzle + management simulation
Agent A (for mobile devices) (伪装游戏)	June 6, 2019	Puzzle solving
Dreamworks Most Wanted (梦工场大冒险)	July 19, 2019	Racing
Di Xia Cheng Wang Zhe (地下城王者)	August 8, 2019	Card game

Continuous Implementation of “iDreamSky Flywheel” Strategy

Partnerships with leading international game developers



We build on our independent R&D capacity by acquiring external teams and creating inhouse R&D teams



Potential IP and content will continue to be created following the launch of the interactive story platform

57 games



IP: Comics, animation, TV series, interactive reading

Content sourcing / development

Quality content

Enlarged user base

130.1 million MAUs

No. 1 Chinese independent mobile game distributor

iDREAMSKY Flywheel

Monetization

User stickiness/engagement

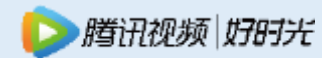
ARPPU: RMB 31.7, up 33.2% yoy

Ad revenue: up 34.1% yoy

Online user service



Great Moments Voyage



Our growth is achieved through self-developed core businesses and external collaboration

IDREAMSKY

Self-developed core businesses

External collaboration accelerating Flywheel

Content operation and self-development

- Game publishing and operation
- Games development
- Advertising service
- IP incubation and operation



Online user service

- WePlay App
- WeChat Official Account
- In-game communities



Offline user service

- Offline experiential stores for digital entertainment
- eSports contest hosting
- Themed private rooms
- Game related merchandise



Sources of content

- Licensing
- Custom development
- Buy-out
- In-house development

Unique CP partnership



Game genres

- RPGs:
 - Matching puzzle:
 - Casual competition:
 - Innovative genre:
 - Endless running:
- New genres** Sports, female-targeted, nijigen, to come: AR/VR

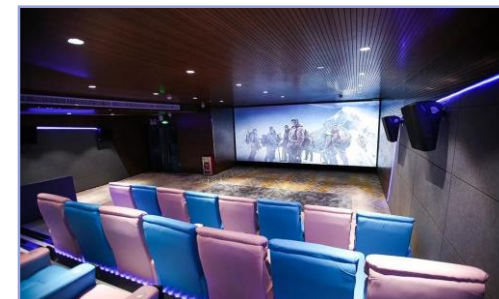
Achievement and Honors

- 2019 China Games Capital Summit white horse prize
- Samsung Galaxy Store 2019 best partnership
- 2019 China Internet Company top 100
- Samsung Galaxy Store 2019 most popular game prize 【Gardenscapes】

Ultimately upgraded offline experience



- 2 stores through self-operation and 14 stores through cooperation with local partners, more expansion in 2H2019



- Cooperate with local partners in multiple lower-tier cities



- Strong element of mobile eSports and multi-functional entertainment



3 Results Highlights

For the six months ended June 30, 2019

Revenue

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

Profit

Operating profit grew by **92.4%** period-on-period

Operating margin 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 increased by **106.7%**

Users

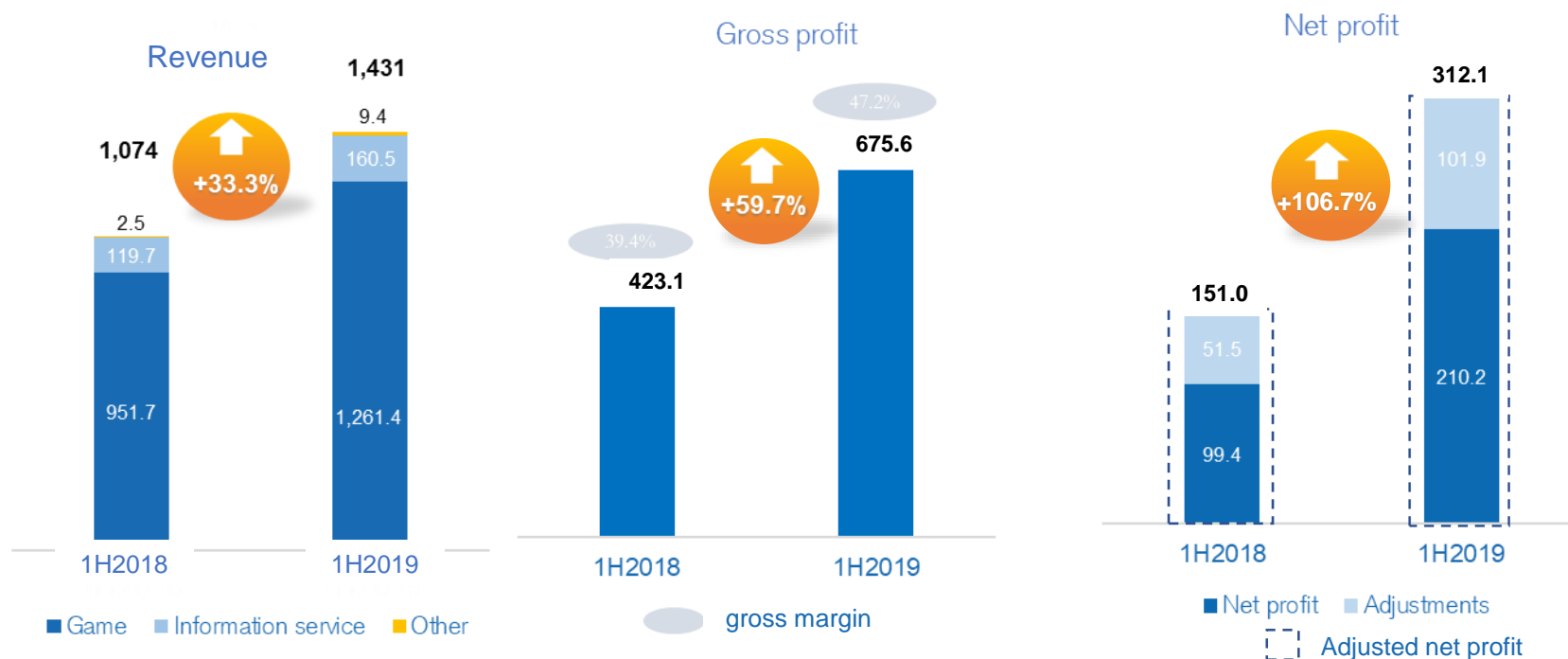
Our average MAUs increased to **130.1** million

Our monthly ARPPU increased from RMB23.8 to RMB **31.7**

1H2019 Key financials

(RMB million)

For the six months ended June 30, 2019



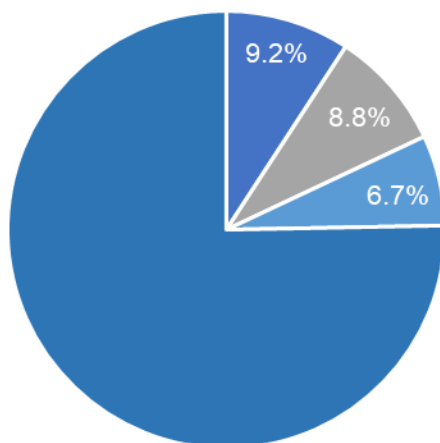
For the six months ended June 30, 2019

- 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
- Gross profit increased by 59.7% period-on-period
- Net profit increased by 111.5% and adjusted net profit increased by 106.7% period-on-period

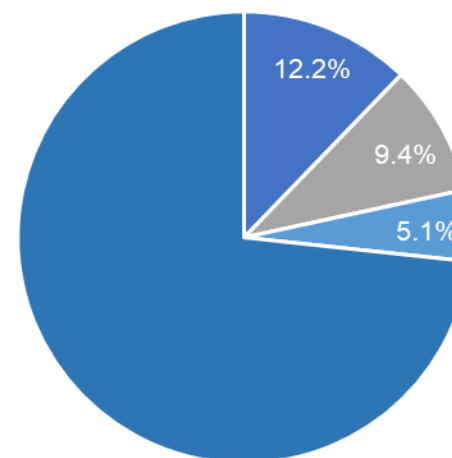
1H2019 Key financials

Analysis on three expenses as a percentage of revenue

1H 2019



1H 2018



- % selling and marketing expenses
- % research and development expenses

- % general and administrative expenses
- % other

- % selling and marketing expenses

- % research and development expenses

- % general and administrative expenses

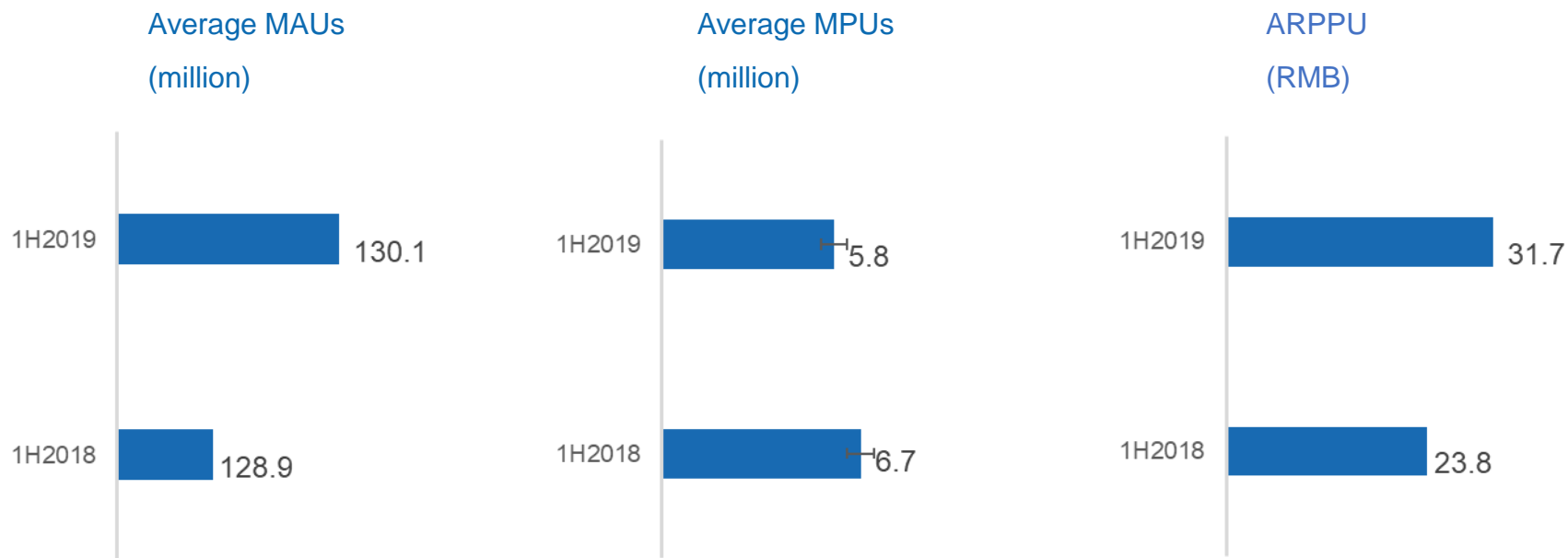
- % other

For the six months ended June 30, 2019

As a percentage of revenue:

- Selling and marketing expenses decreased to **9.2%** primarily due to a decrease in promotion and advertising expenses as we made our advertisement more accurately and intelligently
- General and administrative expenses decreased to **8.8%**, primarily resulting from our increasing management efficiency
- Research and development expenses increased to **6.7%** primarily due to our increased in-house game development expenses as we launched several game development projects

1H2019 Other financial data



For the six months ended June 30, 2019

- MAUs increased to **130.1** million, which was primarily contributed by the popularity of mobile games we offered
- MPUs decreased to **5.8** million primarily because some of the in-app-purchase (IAP) paying was replaced with incentive advertisements in some casual games, resulting in a decline in the number of IAP paying users. Meanwhile, advertising revenue increased substantially compared to the corresponding period of last year
- ARPPU increased sharply to RMB**31.7**, primarily due to the launch of more mid-and hardcore games which could generate higher ARPPU

Income statement

RMB'000	Six months ended June 30		
	2019	2018	Change %
Revenues	1,431,303	1,073,838	33.3%
Cost of revenues	-755,700	-650,665	16.1%
Gross profit	675,603	423,173	59.7%
Selling and marketing expenses	-131,154	-131,178	0.0%
General and administrative expenses	-126,410	-101,083	25.1%
Research and development expenses	-95,641	-54,389	75.8%
Net impairment losses on financial assets and contract assets	-28,555	-10,507	171.8%
Other income	16,936	6,319	168.0%
Other (losses)/gains, net	-50,955	2,934	-1836.7%
Fair value losses on financial assets at fair value through profit or loss	-5,141	-2,915	76.4%
Operating profit	254,683	132,354	92.4%
Finance cost, net	-21,555	-12,689	69.9%
Share of net (losses)/profits of investments accounted for using the equity method	-253	528	-147.9%
Profit before income tax	232,875	120,193	93.8%
Income tax expense	-22,638	-20,777	9.0%
Profit for the period	210,237	99,416	111.5%
Adjusted profit for the period	312,104	150,963	106.7%

A large graphic on the left side of the slide, consisting of a stack of comic book panels. The top panel shows a character with long, dark hair. The middle panels show a character in a hoodie and a character in a cap. The bottom panel shows a character in a cap and a character in a hoodie. The panels are arranged in a way that they appear to be part of a larger story. The entire graphic is overlaid with a blue gradient and a large, light blue arrow pointing to the right.

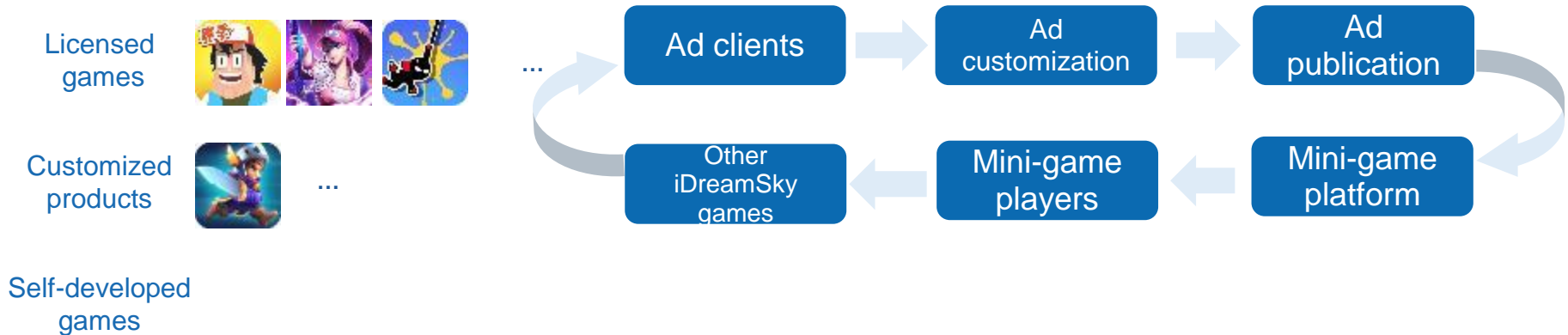
4 Outlook

Online – Equal Priority Is Given to Self-Developed and Licensed Games

- Build on R&D capacity, and further increase proportion of revenues from self-developed games in total sales;
 - Focus on top quality games, develop customized products in partnership with leading R&D companies;
 - An orientation toward young female users and young generation users;
 - Many self-developed games will be released, covering multiple game genres
- ✓ *Crossgate (based on rounds) (魔力宝贝)*
 - ✓ *Dreamworks Most Wanted (racing) (梦工厂大冒险)*
 - ✓ *(Art of War III – The Real RTS (RTS) (全球行动)*
 - ✓ *Rakshasa Street (card game) (镇魂街)*
 - ✓
- More than **20** games in the pipeline, **14** games have obtained license.



Monetization of Casual Games via Advertising



Unique deep-level partnerships



- The hyper-casual game market is still a “blue ocean” with tremendous growth potential. By tapping into this business, we can establish a user pool at deeper level for casual games.
- By building a vast user pool and through advertising-based cash out, we can improve the company’s profitability, and refer users to our other game products.

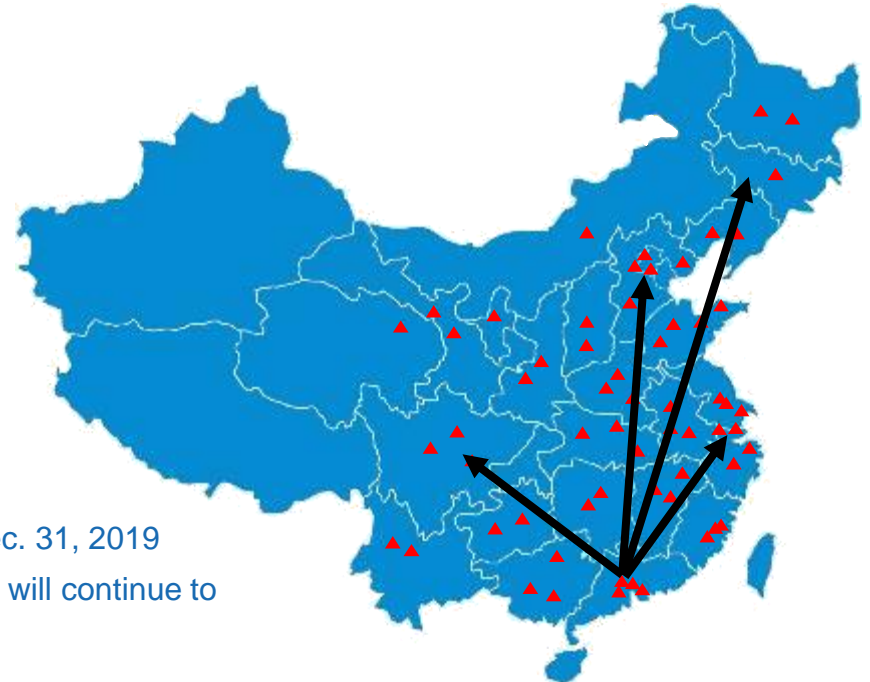
Offline – A Unique Pan-Entertainment Ecosystem



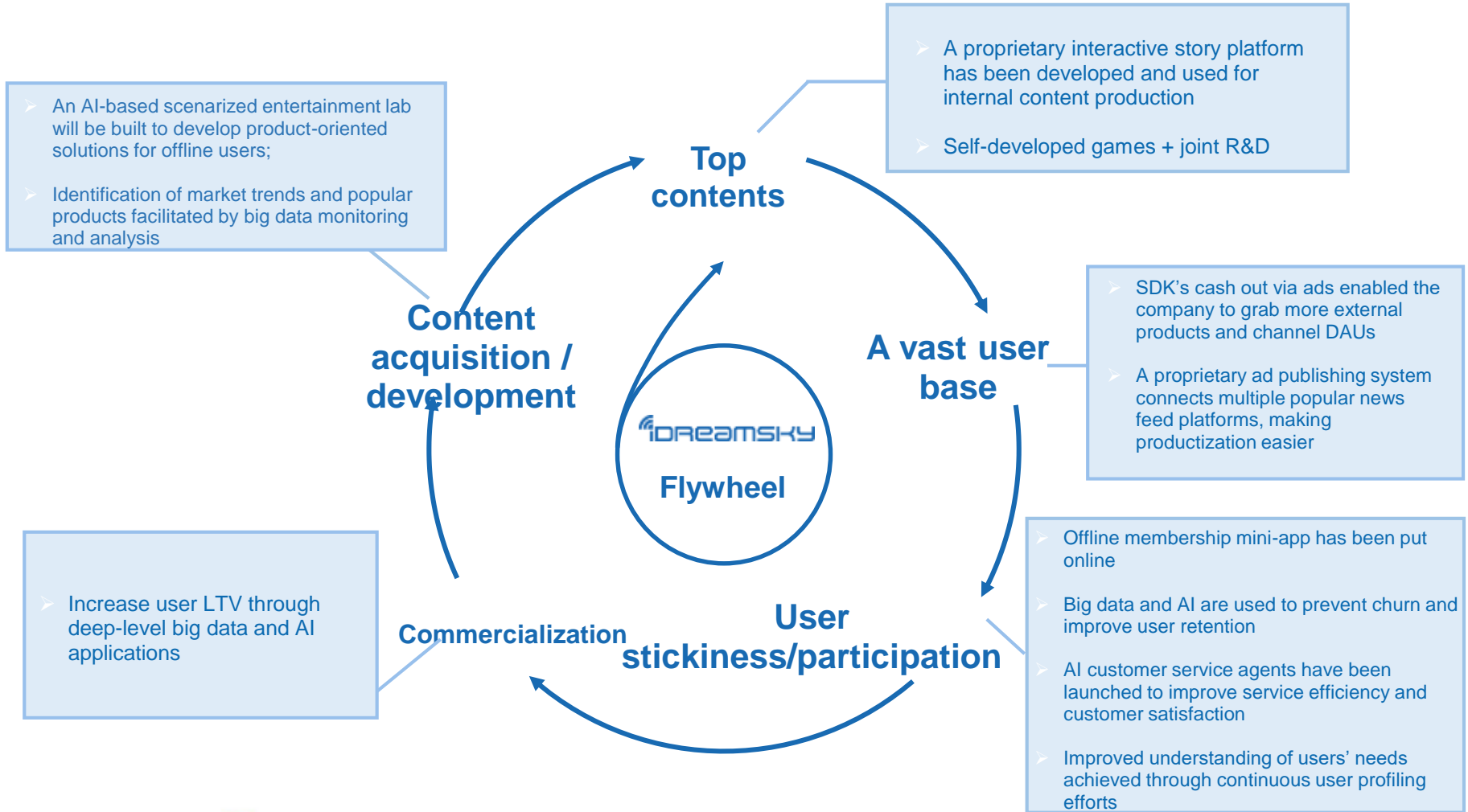
Focusing on “social” and “experience” – the pain points in the offline entertainment business, we will bring together online and offline user resources through creative game management and operation, integrating businesses ranging from private cinemas, e-sports and hosting to PC and catering services.

Expansion plan

- 14 existing franchise stores
- 2 self-operated stores
- ~50 franchise stores will be contracted by Dec. 31, 2019
- As well as developing the business forms, we will continue to expand business operations nationwide ...



Improve User Experience by Employing Cutting-Edge Technology

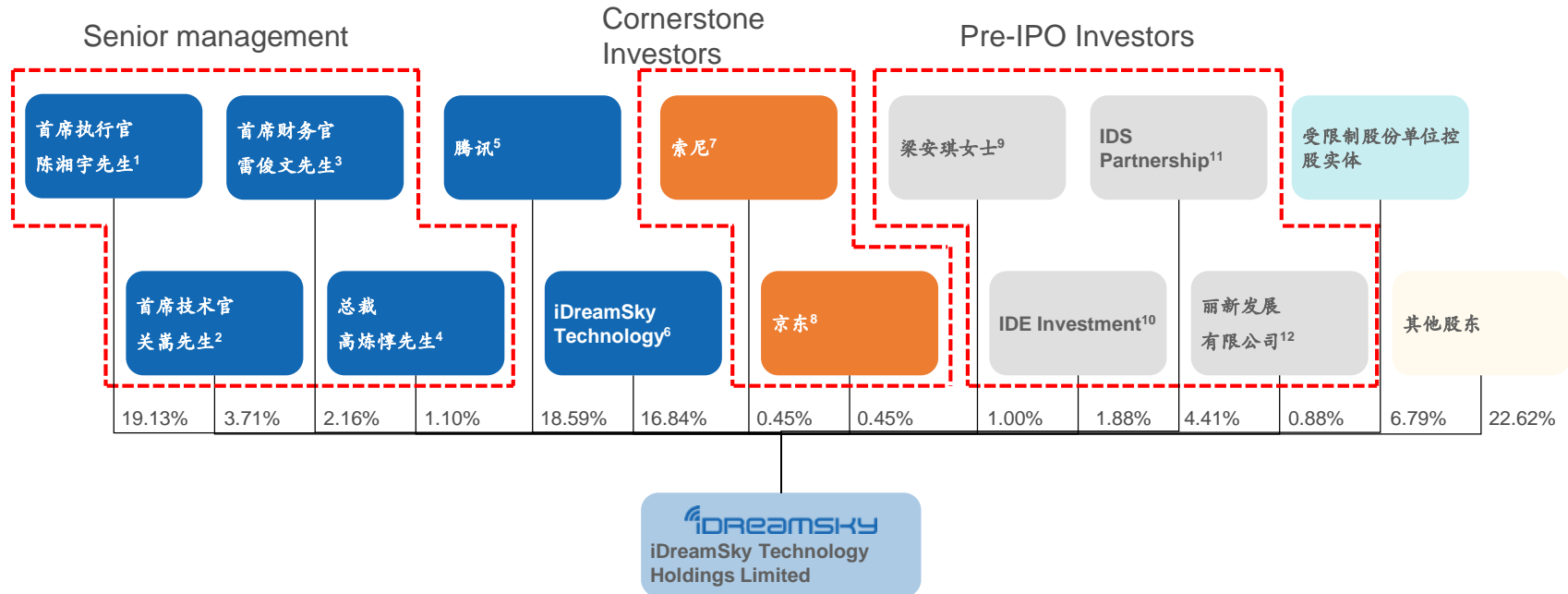


Build "microservice + AI big data" infrastructure leveraging Tencent Cloud services

A large graphic on the left side of the slide, consisting of a stack of comic book panels. The top panel shows a character with long, dark hair. The middle panels show a character in a hoodie and a character in a cap. The bottom panel shows a character in a cap and a character in a hoodie. The panels are arranged in a way that they appear to be part of a larger comic book spread, with a large blue arrow pointing to the right. The entire graphic is rendered in a blue color scheme.

5 Appendix

Ownership structure



Notes:

- Held by Brilliant Seed Limited, an entity wholly owned by Mr. Chen, our executive Director and chief executive officer.
- Held by Bubble Sky Limited, an entity wholly owned by Mr. Guan Song, our executive Director.
- Held by Instant Sparkle Limited, an entity wholly owned by Mr. Lei Junwen, our executive Director and chief financial officer.
- Held by Shipshape Holdings, an entity wholly owned by Mr. Jeffrey Lyndon Ko, our executive Director.
- Held by Sugar Castle Limited, an entity wholly owned by Mr. Su Meng, one of our Onshore Shareholders and an employee of our Company.
- Magic Paradise Limited was wholly owned by Mr. Guo Yuanxiang, one of the Onshore Shareholders and an Independent Third Party.
- Held by Tencent Mobility Limited, an entity wholly owned subsidiary of Tencent.
- Relewa Holdings Limited was wholly owned by Ms. Yang Mun Tak Marjorie, an Independent Third Party.
- Bridgewater Management Hong Kong Limited was wholly owned by Mr. Lu Yilin, an Independent Third Party.
- Prometheus Capital (International) Co., Ltd was wholly owned by Mr. Wang Sicong, an Independent Third Party.
- Universe Sourcecode Technology Ltd. was wholly owned by Mr. Xu Peng, an Independent Third Party.
- Star Conquer Holdings Limited was wholly owned by Mr. Xu Jiangang, an Independent Third Party.
- Guoyuan Fund was an open-ended investment company incorporated. Guoyuan Sub-Fund was one of the segregated portfolio of the Guoyuan Fund and the investment manager of Guoyuan Sub-Fund was Guoyuan AM. Guoyuan AM was wholly owned by Guoyuan International Holdings Limited, which in turn was wholly owned by Guoyuan Securities Co., Ltd, an Independent Third Party.
- iDreamSky Technology was wholly owned by Dream Investment Holdings Limited. Dream Investment Holdings Limited was in turn wholly owned by Dream Technology
- Held by Vigo Global Limited, an entity wholly owned by Ms. Leong On Kei, Angela, an executive director of SJM Holdings Limited, a company incorporated in Hong Kong and is listed on the HKEX (Ticker: 880).
- IDE Investment was engaged in investment in technology, media and telecommunications industries. Its general partner is VC Management Corporation; VC Management Corporation was wholly owned by W2 Capital Group Limited.
- W2 Capital Group Limited is a company incorporated in Hong Kong and is wholly owned by Jumbo Lead Holdings Limited, which in turn is wholly owned by Mr. Chen Xiaohui, an Independent Third Party.
- IDS Partnership was engaged in investment in technology, media and telecommunications industries. Its general partner was wholly owned by Mr. Zhang Shutao, an Independent Third Party.
- Held by Clover Garden, a special purpose vehicle wholly owned by Lai Sun Development Company Limited, a company incorporated in Hong Kong and is listed on the HKEX (Ticker: 488).

Thank You!