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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)

ANNOUNCEMENT PURSUANT TO RULE 13.09 OF THE LISTING RULES AND THE INSIDE INFORMATION PROVISION

This announcement is made by iDreamSky Technology Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 9 December 2019, 20 December 2019, 3 January 2020, 13 January 2020, 22 January 2020, 30 January 2020 and 17 February 2020 (the “**Announcements**”) in relation to, among others, the Possible Acquisition. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

THE EXCLUSIVITY AGREEMENT

The Board announces that on 12 March 2020 (after trading hours), Mr. Yuk and Leyou entered into an exclusivity agreement (the “**Exclusivity Agreement**”) with the Company regarding a possible pre-conditional voluntary conditional offer to be made by the Company to acquire all the issued shares of Leyou (the “**Possible Offer**”).

Principal terms of the Exclusivity Agreement

Pursuant to the Exclusivity Agreement, the Company has been granted an exclusivity period beginning on the date of the Exclusivity Agreement and ending on the earlier of (i) 15 April 2020 (or such later date as extended in accordance with the Exclusivity Agreement or such other date as the parties may agree in writing); or (ii) the date that the Company notifies Mr. Yuk and Leyou in writing that the Company no longer intends to participate in the Possible Offer (the “**New Exclusivity Period**”).

During the New Exclusivity Period:

- (i) Mr. Yuk will not, and will procure his affiliates not to, directly or indirectly through any person, solicit or encourage any proposals, engage in any discussions or negotiation, or enter into any agreement, arrangement or understanding, with any person other than the Company (or any person designated by the Company) regarding the acquisition of any interest in, investment into or cooperation with any member of the Leyou group;
- (ii) Mr. Yuk will not, and will procure his affiliates not to, directly or indirectly through any person, sell, transfer, encumber or dispose of (or agree to sell, transfer, encumber or dispose of) any interest in the issued shares of Leyou (other than encumbrances which are existing as at the date of the Exclusivity Agreement and which Mr. Yuk and Leyou have notified the Company prior to the date of the Exclusivity Agreement), except to the Company (or any person designated by the Company);
- (iii) Mr. Yuk will not, and will procure his affiliates not to, directly or indirectly, take any action (including voting at any shareholders or board meeting of Leyou) that conflicts with the restrictions set out in (i) and (ii) above (together with (i) and (ii) above, “**Mr. Yuk’s Lock-up**”);
- (iv) Leyou will not, and will procure all the relevant subsidiaries, directors, employees, consultants, agents or representatives of Leyou not to, participate in any discussions or negotiations with any person, or inform any person in any other way (other than the Company and any person designated by the Company and its respective directors, employees, consultant, agents or representatives) to, directly or indirectly, sell, transfer or dispose of Leyou’s assets and businesses (unless such sale is in the ordinary course of business of Leyou and such sale will not constitute a frustrating action under Rule 4 of the Hong Kong Code on Takeovers and Mergers (“**Takeovers Code**”)); and
- (v) Leyou will not, and will procure all the relevant subsidiaries, directors, employees, consultants, agents or representatives of Leyou not to, directly or indirectly, take any action (including voting at any shareholders or board meeting of Leyou) that conflicts with the restrictions set out in (iv) above.

Extension of the New Exclusivity Period

Subject to the Company having, at the relevant time, provided Mr. Yuk with reasonable evidence that the Company (or any person designated by the Company) has sufficient financial resources to implement the Possible Offer as set out in the draft announcement submitted by the Company in respect of the Possible Offer pursuant to Rule 3.5 of the Takeovers Code (the “**Rule 3.5 Announcement**”):

- (i) If the Rule 3.5 Announcement has not been issued by 15 April 2020, the New Exclusivity Period shall be automatically extended in respect of Mr. Yuk’s Lock-Up to the earlier of: (i) the date of the publication of the Rule 3.5 Announcement, (ii) the date on which Mr. Yuk and the Company (or any person designated by the Company) have executed a legally binding agreement in respect of the Possible Offer, or (iii) only in the event that there occurs any circumstance which is not within the control of any party, nor caused by any party without the consent of the other parties and as a result of which the Rule 3.5 Announcement could not be issued without the parties making changes to the terms of the Possible Offer which change would have a material and adverse impact in an amount exceeding US\$15 million (or its equivalent in any other currencies) on the economic interest of Mr. Yuk in connection with his equity interest in Leyou as set out in the Rule 3.5 Announcement (such circumstance, a “**Material Circumstance**”) and the parties, after having used all reasonable endeavors to do so, shall fail to eliminate such Material Circumstance within 30 days after occurrence thereof (the “**Response Period**”), the day immediately after the end of the Response Period.
- (ii) Provided that no Material Circumstance occurs or each Material Circumstance that occurred shall have been eliminated in the Response Period, in consideration of the substantial time, resources and funds that have been invested by the Company in the due diligence, evaluation and negotiation of this Possible Offer, if, within 12 months after the signing of the Exclusivity Agreement, Mr. Yuk (whether directly, or indirectly through his affiliates or any other person) enters into any legally binding agreement relating to any transfer of his direct or indirect equity interest in Leyou to any person other than the Company or its designated person, Mr. Yuk shall, within 5 days after entering such agreement, pay the Company an amount equal to US\$50 million in liquidated damages to compensate the Company for all the costs, expenses and other losses incurred or suffered by the Company.

Legal effect of the Exclusivity Agreement

The Exclusivity Agreement is legally binding on the parties.

As at the date of this announcement, negotiations are still in progress and there is no certainty (i) as to the terms of the Possible Offer and (ii) that the Possible Offer will proceed or that it will result in a binding agreement. There is no assurance that any negotiations mentioned in this announcement will either materialize or eventually be consummated and the negotiations may or may not lead to the making of a general offer for the shares of Leyou.

Shareholders and potential investors of the Company should be aware that the Possible Offer may or may not proceed. Shareholders and/or potential investors of the Company are advised to exercise caution in dealing in the securities of the Company.

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

Shenzhen, the PRC, 12 March 2020

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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.