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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: 01119)

DISCLOSEABLE TRANSACTION

ACQUISITION OF TARGET ASSET IN SHENZHEN

The Board is pleased to announce that, on March 11, 2019, Shenzhen iDreamSky and the Other Purchasers entered into the Transfer Agreement with the Vendor, pursuant to which, among other things, Shenzhen iDreamSky (together with the Other Purchasers) agreed to purchase the land use right of the Target Land from the Vendor, and the total consideration for the Target Land payable by the Group will be approximately RMB83.6 million (equivalent to approximately HK\$97.6 million). In connection with the acquisition of the Target Land, Shenzhen iDreamSky and the Other Purchasers expect to jointly construct the Target Property on the Target Land, and the expected construction cost for the Target Property payable by the Group will be approximately RMB170.4 million (equivalent to approximately HK\$198.9 million).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Transaction Agreements is more than 5% but all percentage ratios are less than 25%, the Transaction Agreements and the transactions contemplated thereunder are therefore subject to reporting and announcement requirements but are exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated February 21, 2019 in relation to, among other things, the Group's successful bid of the Target Land and the proposed construction of the Target Property with the Other Purchasers on the Target Land.

The Board is pleased to announce that, on March 11, 2019, Shenzhen iDreamSky and the Other Purchasers entered into the Transfer Agreement with the Vendor, pursuant to which, among other things, Shenzhen iDreamSky (together with the Other Purchasers) agreed to purchase the land use right of the Target Land from the Vendor, and the total consideration for the Target Land payable by the Group will be approximately RMB83.6 million (equivalent to approximately HK\$97.6 million). In connection with the acquisition of the Target Land, Shenzhen iDreamSky and the Other Purchasers expect to jointly construct the Target Property on the Target Land, and the expected construction cost for the Target Property payable by the Group will be approximately RMB170.4 million (equivalent to approximately HK\$198.9 million).

PRINCIPAL TERMS OF TRANSFER AGREEMENT

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

Parties

Purchasers:	Shenzhen iDreamSky, a PRC Consolidated Affiliated Entity of the Company; and Other Purchasers (as a purchaser);
Vendor:	Nanshan Management Bureau of the Planning and Land Resources Commission of Shenzhen Municipality (深圳市規劃和國土資源委員會南山管理局)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Vendor and the Other Purchasers and their respective ultimate beneficial owners is third parties independent of the Company and its connected persons of the Company.

Subject matter

Pursuant to the Transfer Agreement, Shenzhen iDreamSky (together with the Other Purchasers) agreed to purchase the land use right of the Target Land from the Vendor. Further information regarding the Target Land is set out as follows:

Location: Liuxiandong headquarter base T501–0096, Nanshan District, Shenzhen

Land area of the Target Land: Approximately 11,188.3 square meters

Land use: Land for new industries

Term of the land use rights: 30 years, from 21 February 2019 to 20 February 2049

In connection with the acquisition of the Target Land, Shenzhen iDreamSky and the Other Purchasers expect to jointly construct the Target Property with a gross floor area of approximately 184,855 square meters on the Target Land, of which Shenzhen iDreamSky will own and occupy an area of approximately 14,200 square meters. The terms of the Construction Agreement(s) in relation to the construction of the Target Property remain subject to negotiation by the parties as at the date of this announcement, and the Construction Agreement(s) will be finalized and entered into by the relevant parties as and when appropriate.

Consideration and basis of consideration

Pursuant to the Transfer Agreement, the total consideration payable by the Group for the acquisition of the Target Land of approximately RMB83.6 million (equivalent to approximately HK\$97.6 million) was determined by way of a public auction, taking into account the value of land in the proximity and the discount to the purchase price of the Target Land received by Shenzhen iDreamSky and the Other Purchasers. The Group will be required to pay the relevant taxes for its use of the Target Land pursuant to the applicable taxation laws and regulations in the PRC.

The construction cost for the Target Property payable by the Group is currently expected to be approximately RMB170.4 million (equivalent to approximately HK\$198.9 million, after taking into account the gross floor area to be owned and occupied by the Group and the prevailing cost for constructing an office building in Shenzhen.

The acquisition and construction of the Target Asset will be financed by the general working capital of the Company. For the avoidance of doubt, none of the net proceeds from the global offering of the Company will be applied towards the acquisition and construction of the Target Asset.

Payment terms

Pursuant to the Transfer Agreement, the consideration payable by the Group for the Target Land of approximately RMB83.6 million (equivalent to approximately HK\$97.6 million) shall be paid in cash by two instalments: (i) RMB41.8 million (equivalent to approximately HK\$48.8 million) shall be paid within 15 business days after execution of the Transfer Agreement; and (ii) the remaining RMB41.8 million (equivalent to approximately HK\$48.8 million) (where no interest will be accrued thereon) shall be paid within one year after execution of the Transfer Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION AGREEMENTS

The Board is of the view that the acquisition of the Target Asset has strategic values to the Company. The Target Land is strategically located in Liuxiandong strategic headquarter base for new industries, which is one of the six headquarter bases principally developed in Shenzhen. In addition, Shenzhen iDreamSky and the Other Purchasers have been offered with discount to the purchase price of the Target Land. The Target Property will provide the Group with additional office space in such strategic location for new industries in Shenzhen.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Transfer Agreement were determined after arm's length negotiation and are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. The terms of the Construction Agreement(s) in relation to the construction of the Target Property remain subject to negotiation by the parties as at the date of this announcement, and the Construction Agreement(s) will be finalized and entered into by the relevant parties as and when appropriate.

INFORMATION ON THE PARTIES

The Group is a digital entertainment platform with a leading position in game publishing market in China, and adopts a free-to-play model for all of its games and has also expanded service offerings to other digital entertainment areas, such as e-sports, comics and video. Shenzhen iDreamSky is a PRC Consolidated Affiliated Entity of the Company and is principally engaged in publication and operation of games through mobile apps and websites.

The Vendor is Nanshan Management Bureau of the Planning and Land Resources Commission of Shenzhen Municipality (深圳市規劃和國土資源委員會南山管理局), which is responsible for the management of the urban planning and the state-owned land resources in Shenzhen.

The Other Purchasers, together with Shenzhen iDreamSky, submitted a joint application for and succeeded in the bid of the Target Land. The Other Purchasers entered into the Transfer Agreement as purchasers in relation to the acquisition of the Target Land and will participate in and contribute to the construction of the Target Property with Shenzhen iDreamSky.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Transaction Agreements is more than 5% but all percentage ratios are less than 25%, the Transaction Agreements and the transactions contemplated thereunder are therefore subject to reporting and announcement requirements but are exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following expressions in this announcement have the meanings set out below:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors of the Company;
“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;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Construction Agreement(s)”	a series of construction agreement(s) to be entered into among Shenzhen iDreamSky, Nanshan Management Bureau of the Urban Planning, Land and Resources Commission of Shenzhen Municipality and the Other Purchasers in relation to, among other things, the construction of the Target Property;
“Directors”	the directors of the Company;
“Group”	the Company, its subsidiaries and its PRC consolidated affiliated entities from time to time;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Other Purchasers”	14 other purchasers under the Transfer Agreement, namely Shenzhen Kaili Biological and Pharmaceutical Technology Co., Ltd. (深圳開立生物醫療科技股份有限公司), Shenzhen He'ertai Intelligent Control Co., Ltd. (深圳和而泰智能控制股份有限公司), Shenzhen Guanghetong Wireless Co., Ltd. (深圳市廣和通無線股份有限公司), Shenzhen Wote New Materials Co., Ltd. (深圳市沃特新材料股份有限公司), Shenzhen Maige Mite Electric Co., Ltd. (深圳麥格米特電氣股份有限公司), Dongpeng Beverage (Group) Co., Ltd. (東鵬飲料(集團)股份有限公司), Shenzhen Keshida Technology Co., Ltd. (深圳科士達科技股份有限公司), Yibo Jingping (Shenzhen) Co., Ltd. (依波精品(深圳)有限公司), Shenzhen Shenghong Electric Co., Ltd. (深圳市盛弘電氣股份有限公司), Shenzhen Zhaochi Co., Ltd. (深圳市兆馳股份有限公司), Shenzhen Jiansheng Technology Co., Ltd. (深圳市建升科技股份有限公司), Renzixing Network Technology Co. Ltd. (任子行網絡技術股份有限公司), Shenzhen Yingkerui Technology Co., Ltd. (深圳市英可瑞科技股份有限公司), and Shenzhen Songbao Wangguo Jiaju Co., Ltd. (深圳市松堡王國家居有限公司);
“PRC”	the People's Republic of China, but for the purposes of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“PRC Consolidated Affiliated Entity(ies)”	the entities that the Company controls through the contractual arrangement of the Company, including Shenzhen iDreamSky and its subsidiaries;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	the ordinary share(s) of a par value of US\$0.0001 each in the share capital of the Company;

“Shareholder(s)”	the shareholder(s) of the Company;
“Shenzhen iDreamSky”	Shenzhen iDreamSky Technology Co., Ltd. (深圳市創夢天地科技有限公司), a company established under the laws of the PRC and a PRC Consolidated Affiliated Entity of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules;
“Target Asset”	collectively, the Target Land and the Target Property;
“Target Land”	Liuxiandong land parcel T501-0096, Nanshan District, Shenzhen (深圳市南山區留仙洞二街坊T501-0096地塊);
“Target Property”	the building with gross floor area of approximately 184,855 square meters to be constructed on the Target Land;
“Transaction Agreements”	collectively, the Transfer Agreement and the Construction Agreement(s);
“Transfer Agreement”	the Shenzhen municipality land use right transfer agreement entered into by Shenzhen iDreamSky, the Other Purchasers and the Vendor in relation to, among other things, the transfer of the land use rights of the Target Land;
“Vendor”	Nanshan Management Bureau of the Urban Planning, Land and Resources Commission of Shenzhen Municipality (深圳市規劃和國土資源委員會南山管理局); and
“%”	percentage.

For the purposes of this announcement and illustration only, conversions of RMB into HK\$ are based on an exchange rate of RMB1.00 = HK\$1.1675. No representation is made that any amount in RMB or HK\$ could have been or could be converted at the above rate or at any other rates.

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

Shenzhen, the PRC, March 11, 2019

The English names of the PRC nationals, enterprises and entities are translation and/or transliterations of their Chinese names and are included for identification purposes only. In the event of inconsistency between the Chinese names and translations and/or transliterations, the Chinese names shall prevail.

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.