iDREAMSKY

Company presentation

September, 2014

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Leading mobile game publishing platform

Large + Fast growing user base

549mn
registered users (2)

95.5mn
MAU in 2Q2014

No.1 Independent mobile game publishing platform in China in 2013 (1)

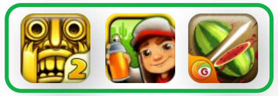
~2.3 billion sessions in 2Q2014

Partnership with leading game developers

HALFBRICK, KILOO, GAMEVIL, Wemade Entertainment, Disney, MINICLIP PLAY GAMES, SMILEGATE, IMANGI STUDIOS, GAMELOFT

High quality and diversified game portfolio

22 casual games (2)



3 out of top 10
casual games in China

20 mid- and hardcore games (2)

Higher user engagement

Note:
(1) By number of active users in 2013
(2) As of June 30, 2014

Well positioned in China's mobile game industry structure

Key challenges in a fragmented market

1. Wide variety of mobile device configurations

2. >300 distribution channels

3. >50 payment solutions

✓ Ability to adapt to various mobile device configurations

✓ Broad channel coverage and strong operation capability

✓ Optimal payment solutions and strong partnership with payment channels

In-depth understanding of users in China

✓ Game content optimization

✓ Marketing and promotion

Successful launch and monetization

Source: Analysys International

Unique value proposition as a publishing platform

The unique value we offer to the China mobile game ecosystem

Mobile game developers

- ✓ In-depth understanding of user behavior
- ✓ Seamless publishing and monetization
- ✓ Marketing and operational capabilities

Third party distribution channels

- ✓ Quality content
- ✓ Special editions and marketing activities

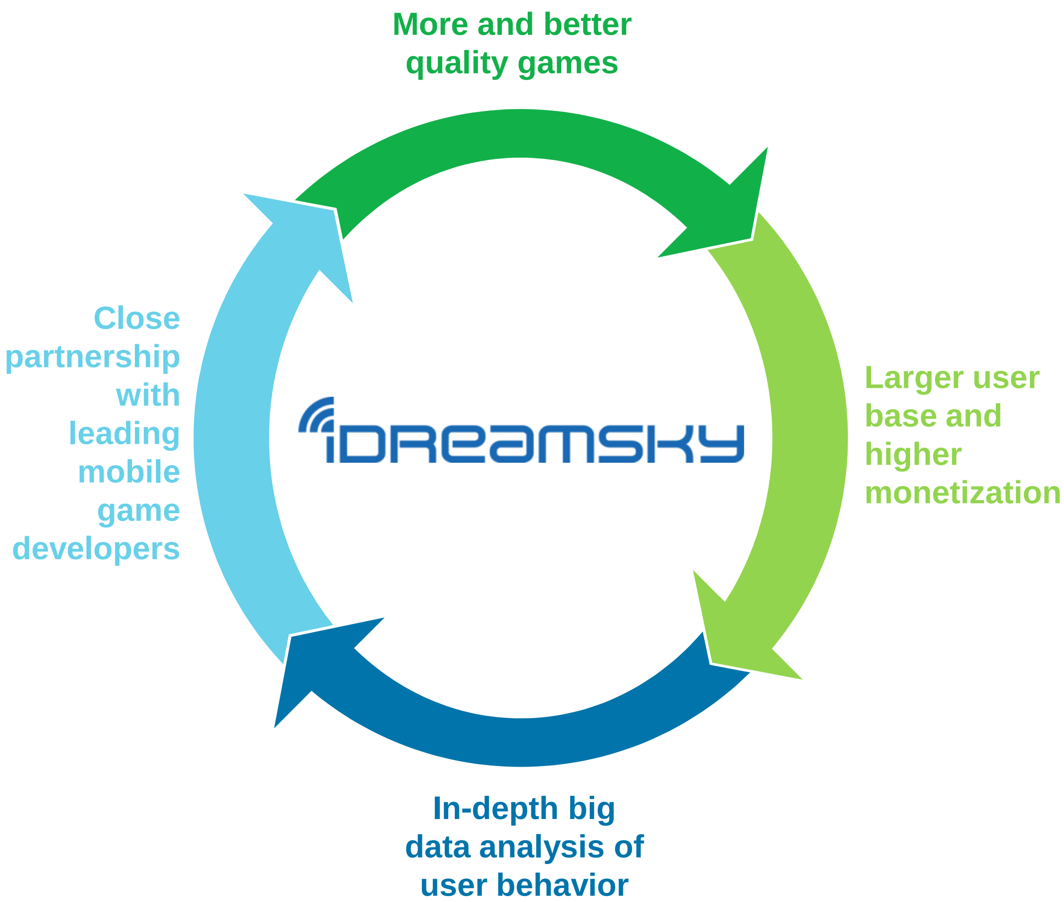
Payment solutions

- ✓ Large user base
- ✓ Large number of transactions
- ✓ Strong cash flow

Users

- ✓ High quality entertainment experience
- ✓ Continuous updates
- ✓ Live game services and social connectivity

Strong network and platform effect



Fast-growing mobile game industry in China

Increasing mobile internet penetration + **Popularity of smartphones** + **Popularity of mobile games**

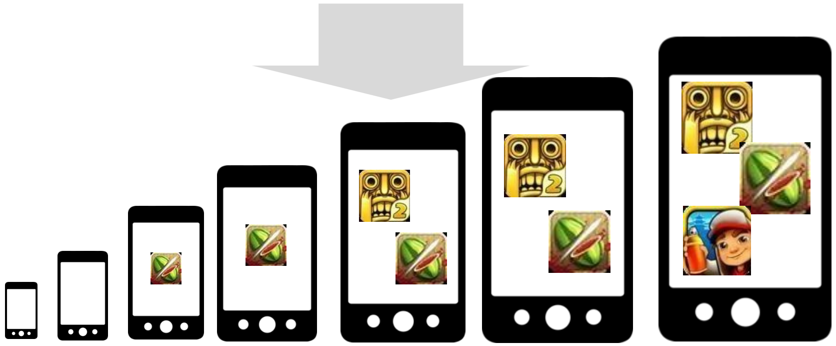
37.0%
Mobile internet penetration [1]

90.6%
# of smartphone sold / # of mobile phone sold [2]

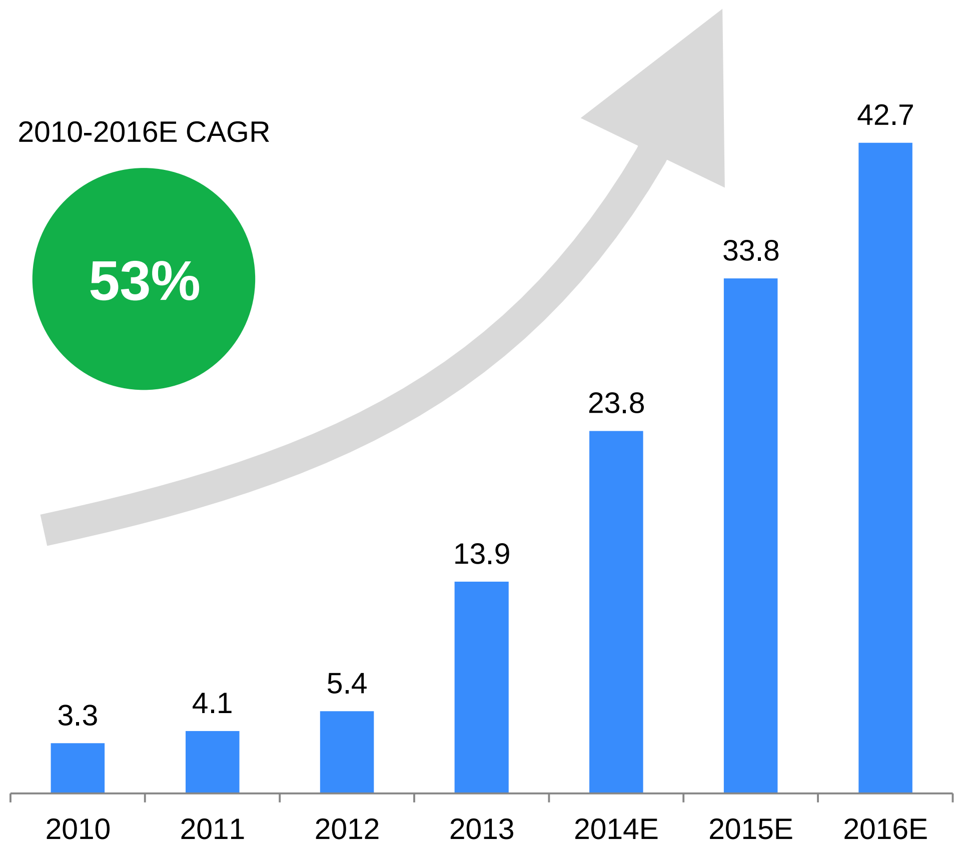
64.6%
Mobile game penetration [3]

+

Continuous network infrastructure development



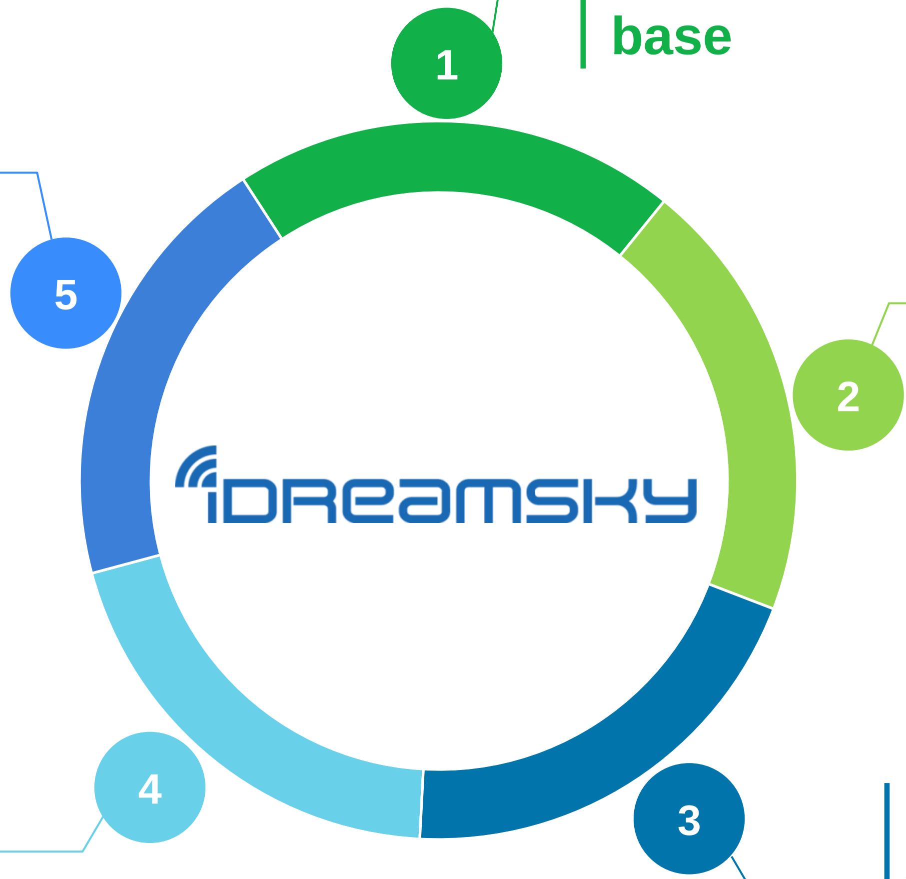
China mobile game market size (in RMB bn)



Source: Analysys International

Note:
(1) Analysys International, 2013
(2) Analysys International, 2014 Q1
(3) Analysys International, as of June 2013; mobile game penetration = number of mobile game users / number of mobile internet users

Investment Highlights

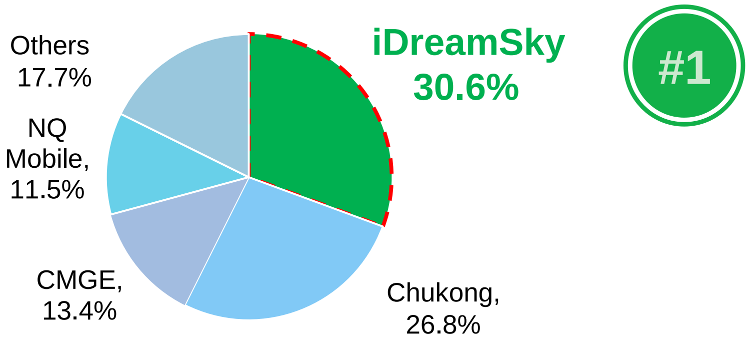


1. Large, fast-growing, active and loyal user base
2. High-quality and diversified game portfolio
3. Extensive and proprietary distribution channel
4. Strong ability to monetize
5. Experienced and visionary management

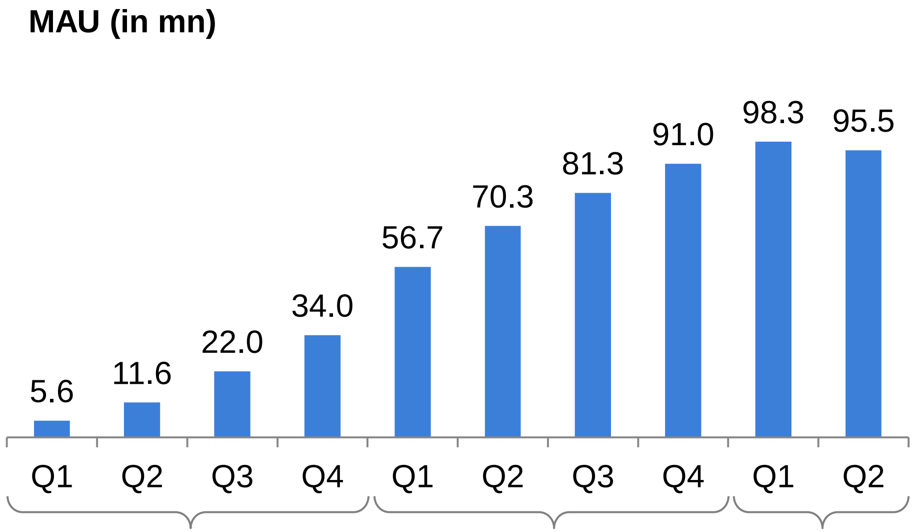
iDreamSky: A publishing platform with strong data-driven publishing and operational capabilities

1 Large, fast-growing, active and loyal user base

Independent mobile game publishing platforms in China



Large and fast-growing user base



Active and loyal

96mn MAU (2) **22mn** DAU (2) **2.3bn** Sessions (2)

Temple Run 2:

29mn MAU (3)

10mn DAU (3)

12 Sessions per active user per month (3)

1.1bn Sessions (2)

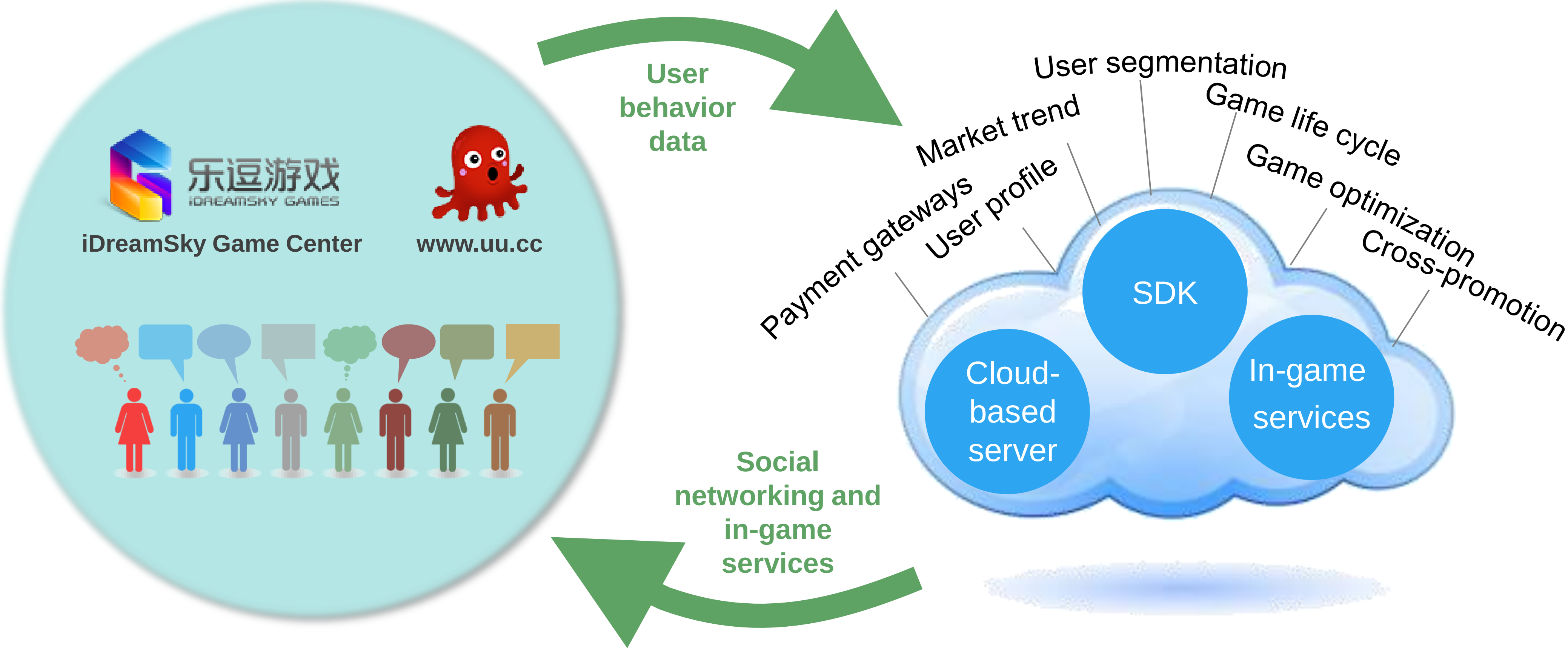
Source: Analysys International
Note:
(1) In 2013
(2) In 2014 Q2
(3) In June 2014

Large, fast-growing, active and loyal user base

Technology supported user community enhances user experience and user retention

User Community

Games as A Service



Provide high quality user experience to achieve high platform user retention

2 High-quality and diversified game portfolio

A large and diversified portfolio

3 out of the top 10 casual games (1)

Strong and trusted relationship with CPs

US
IMANGI STUDIOS
Disney
Lima Sky

Europe
KILOO
MINICLIP
GAMELOFT

Asia Pacific
SMILEGATE
HALFBRICK
enfeel
DEVSISTERS
GAMEVIL

Exclusive partnership in China
- ✓ HALFBRICK
- ✓ IMANGI STUDIOS
- ✓ KILOO

Trusted by game developers
- ✓ Access to source code
- ✓ Flexibility in game redesigning and optimization

Proven track record of sourcing and publishing popular games

(1) As of June 2014 by active users

3 Extensive and proprietary distribution channel

Unique and effective proprietary distribution channels reduce user acquisition costs

iDreamSky

Game center

www.uu.cc

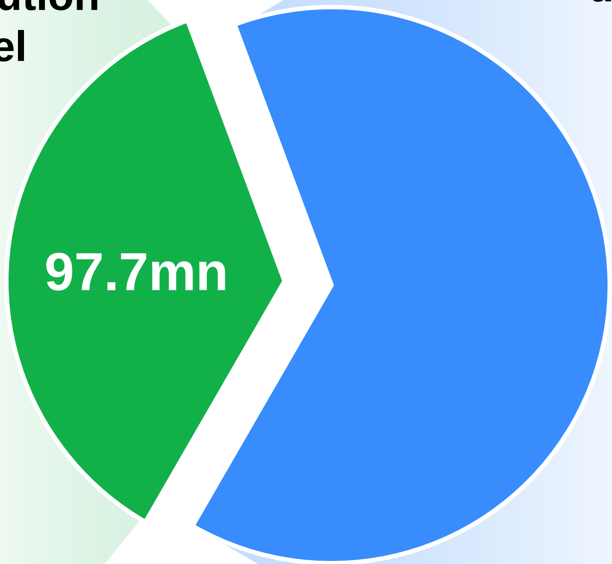
In-game cross promotion

Traffic exchange

APP
ads
Game
ads

Proprietary distribution channel

36%



Third-party distribution channels

64%

Game downloads and activations in 2013

Distribution channels

All major distribution channels

App stores
应用宝
360手机助手
91助手

Mobile carriers
中国移动通信 CHINA MOBILE
中国电信 CHINA TELECOM
China unicom 中国联通

Device app stores
lenovo
HUAWEI
ZTE中兴

Social networking
WeChat

Payment solutions

>50 payment solutions (1)

Mobile carriers
中国移动通信 CHINA MOBILE
中国电信 CHINA TELECOM
China unicom 中国联通

Mobile payment platforms
财付通
支付宝 Alipay.com

Other third-party payment platforms
UnionPay 银联
易宝支付 YEEPAY.COM

Note:
(1) As of June 30, 2014

4 Strong ability to monetize

Sophisticated game operation capabilities to maximize monetization

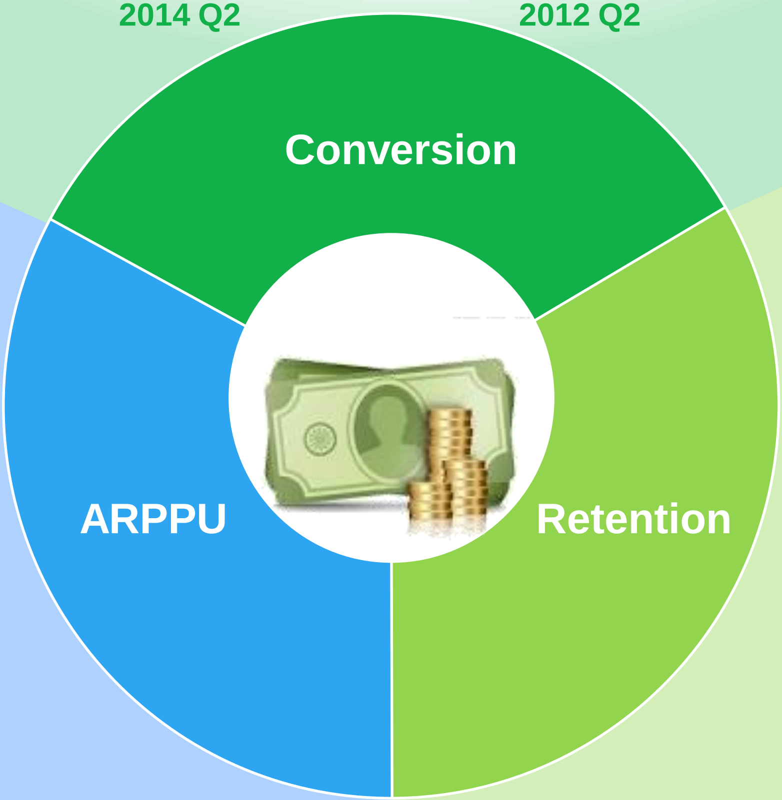
Increasing paying user conversion

Paying ratio

2012 Q2	2014 Q2
0.8%	5.5%

Average MPU

2012 Q2	2014 Q2
0.1mn	5.2mn



Increasing revenue per user

2012	2013	2014 Q2
10.5	6.7	11.8

Retaining users

Retention rate [(2)]

Consistently maintain at 45.5% in 2Q2014

Note:
(1) "ARPPU" or "average revenue per paying user" refers to the average amount of the revenue that we generate from each of our paying users
(2) the number of active users of the current month who were also active users of the previous month divided by the number of active users of the previous month

4

Strong ability to monetize

Continuous optimization and cross-promotion achieve higher monetization

iDREAMSKY

Casual games

- ✓ Free-to-play, easy and fun
- ✓ Attract a large user base
- ✓ Cultivate paying habit with low paying barriers

Cross promotion

Higher ARPPU

Mid- and hardcore games

- ✓ Immersive game experience with longer time commitment
- ✓ Users more willing to pay for virtual items
- ✓ Higher monetization potential

Continuous optimization of game content and monetization points based on big data analysis have led to higher retention

Strong ability to monetize

Case study: Fruit Ninja

iDreamSky

- Redesigned the game and launched new versions

Fruit Ninja China

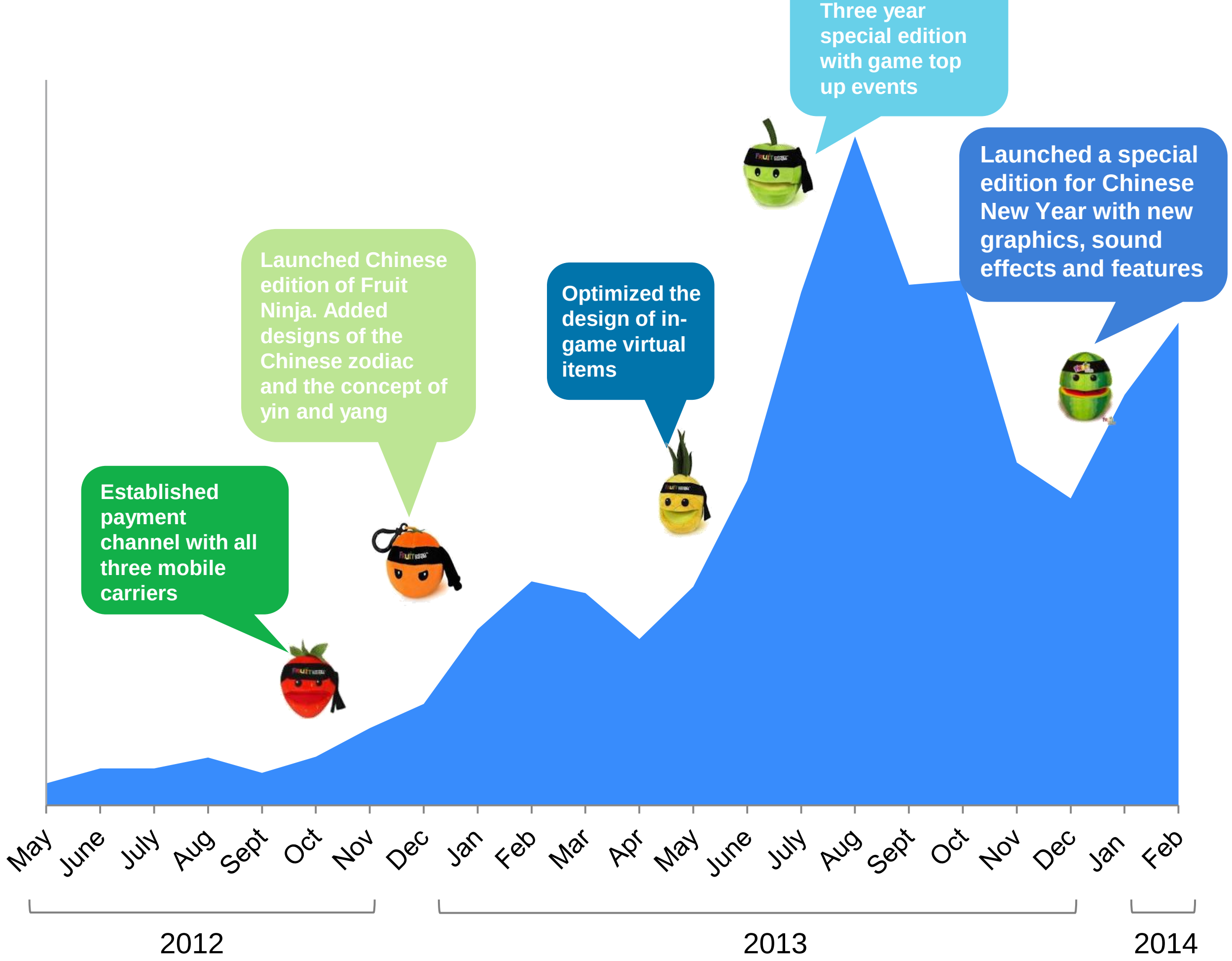
Chinese New Year version

Three year special version

Two knives version

- Frequent updates based on understanding of user behavior

Monthly revenue



We help developers to extend game life cycle

5 Visionary and experienced management

		Industry / management experience	Previous experiences
	**Michael Chen** *CEO, Co-founder*	10+	▪ Previously led the development of mobile applications at Achievo and served as a software engineer in Huawei ▪ Served as director of Shenzhen Guoxin, a provider of mobile family-to-school communication service
	**Jeff Lyndon Ko** *President, Co-founder*	10+	▪ Previously served as director at Rullingnet, co-founder of Humble Gaming and VP at Interzone etc. ▪ Currently a co-president of the Global Mobile Game Confederation
	**Anfernee Guan** *CTO, Co-founder*	10+	▪ Previously served as a technology director at Guangzhou Startcom, a project manager at Achievo and a department manager of ChinaGPS
	**Jun Zou** *CFO*	20+	▪ Previously served as CFO of Dangdang (NYSE: DANG), Xunlei (NASDAQ: XNET) and Huawei Technology's global technical services unit ▪ Served in progressive managerial roles and eventually as global controller for the managed services business unit at Ericsson in the U.S. and Sweden

Strong and well-known shareholders

Tencent 腾讯 | LEGEND CAPITAL 君联资本 | Redpoint | lenovo

Strategy to establish a global mobile entertainment platform

Growth initiatives

1 **Increase games and other offerings**

- Offer more engaging and tailored content, optimize virtual goods merchandising, continue cross-promotions
- Expand game offerings and launch a social networking community to further attract and retain users

2 **Expand internationally**

- Hire local talent and work with local business partners to create localized game content in overseas market

3 **Continue to invest in our technology platform**

- Upgrade our technology infrastructure and systems
- Hire and retain local talent
- Invest to refine our data analysis capabilities

4 **Broaden our content portfolio through strategic alliances and acquisitions**

- Continue to work with international game developers
- License intellectual property rights from international providers of popular content

Key financial highlights

Superior growth

- User base expansion: MAU increased from **11.6mn** in 2012 Q2 to **95.5mn** in 2014 Q2
- Revenue growth: **1,172%** in 2013
- Multiple growth drivers

Expanding profitability

- High operating and adjusted net income margin: **13.7%** and **11.7%** respectively in 2013, **21.9%**[1] and **17.3%** respectively in 2014 Q2
- ARPPU increased from **RMB6.7** in 2013 to **RMB11.8** in 2014 Q2 due to change in game mix and optimization in game monetization

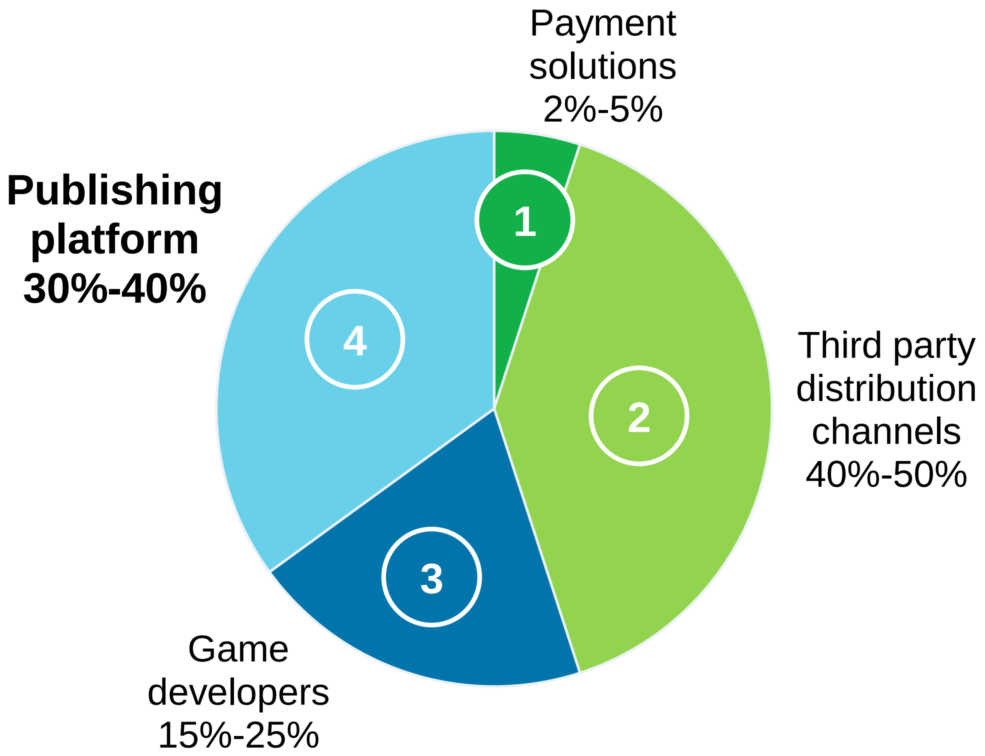
Huge potential

- Attract new users and retain existing users
- Enhance mobile game offering and monetization capabilities
- Increase distribution through proprietary channels
- Strengthen the collaboration with third-party payment channel partners e.g. Weixin Payments

Note:
(1) 2014 Q2 operating profit is after adjusting RMB 148.8mm of share-based compensation expenses

Revenue and cost structure of a publishing platform

Typical revenue breakdown in China mobile game industry (1)



Cash "collected" by the publisher:

2 + 3 + 4

Recognized as game revenue (2)

1 + 2 + 4

Recognized as cost of revenues (2)

1 + 2

Source: Analysys International

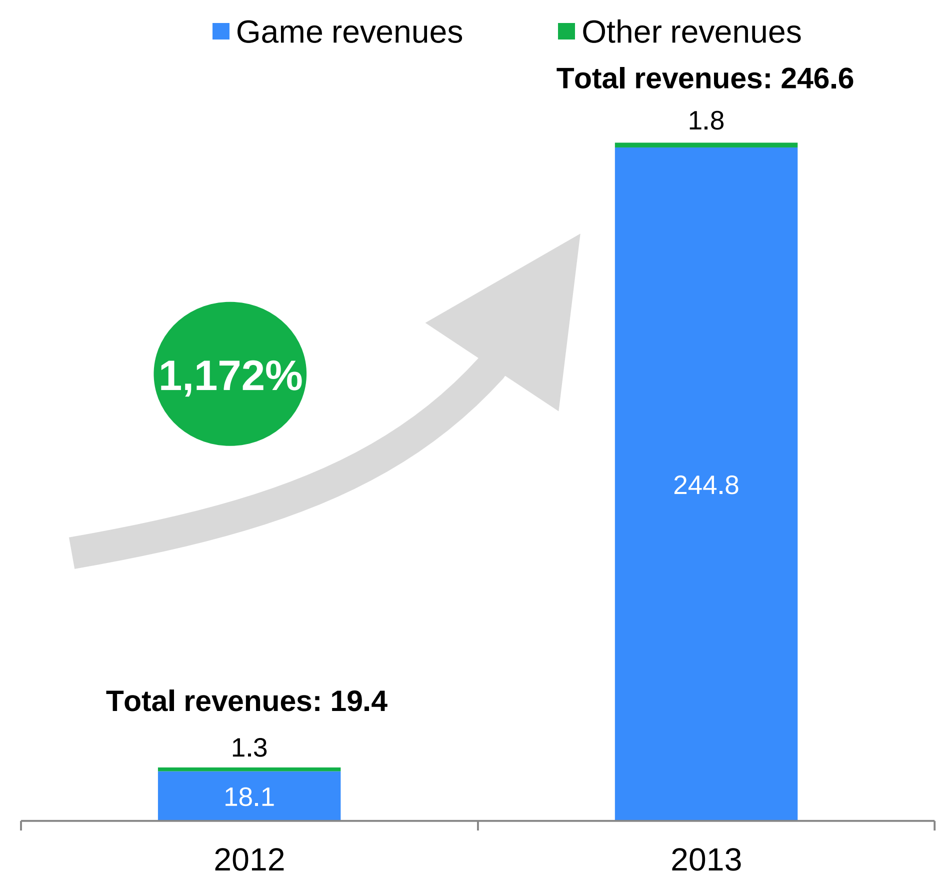
Note:

(1) Based on gross billings

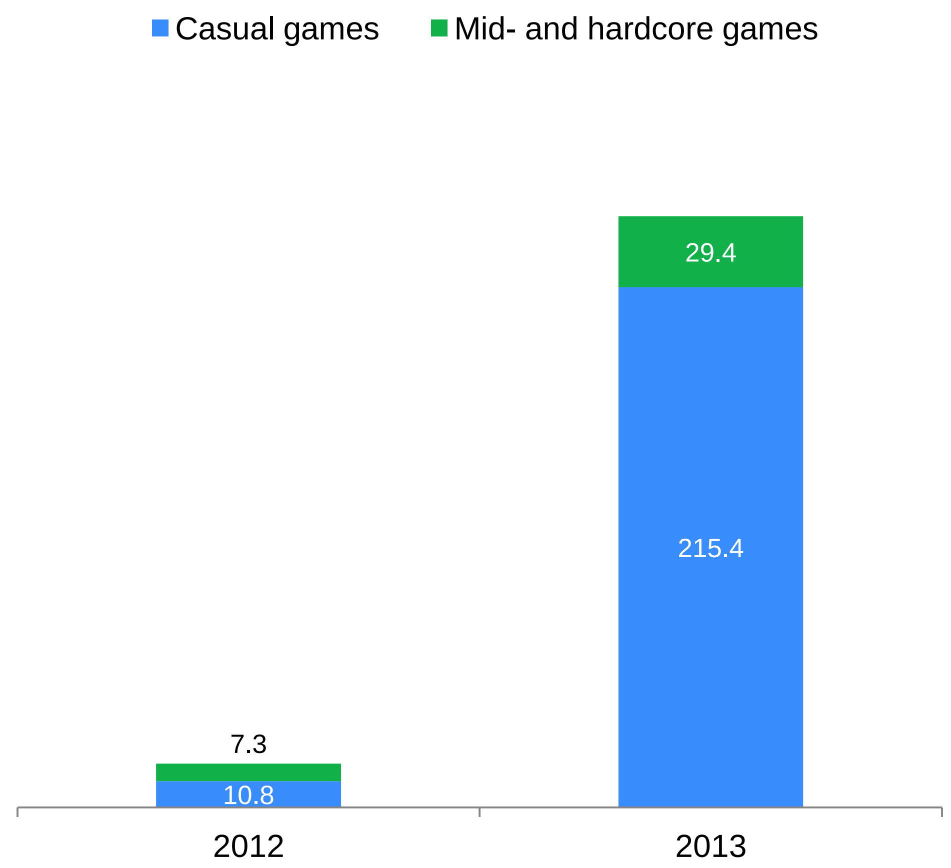
(2) For games licensed from third-party developers

Strong revenue growth

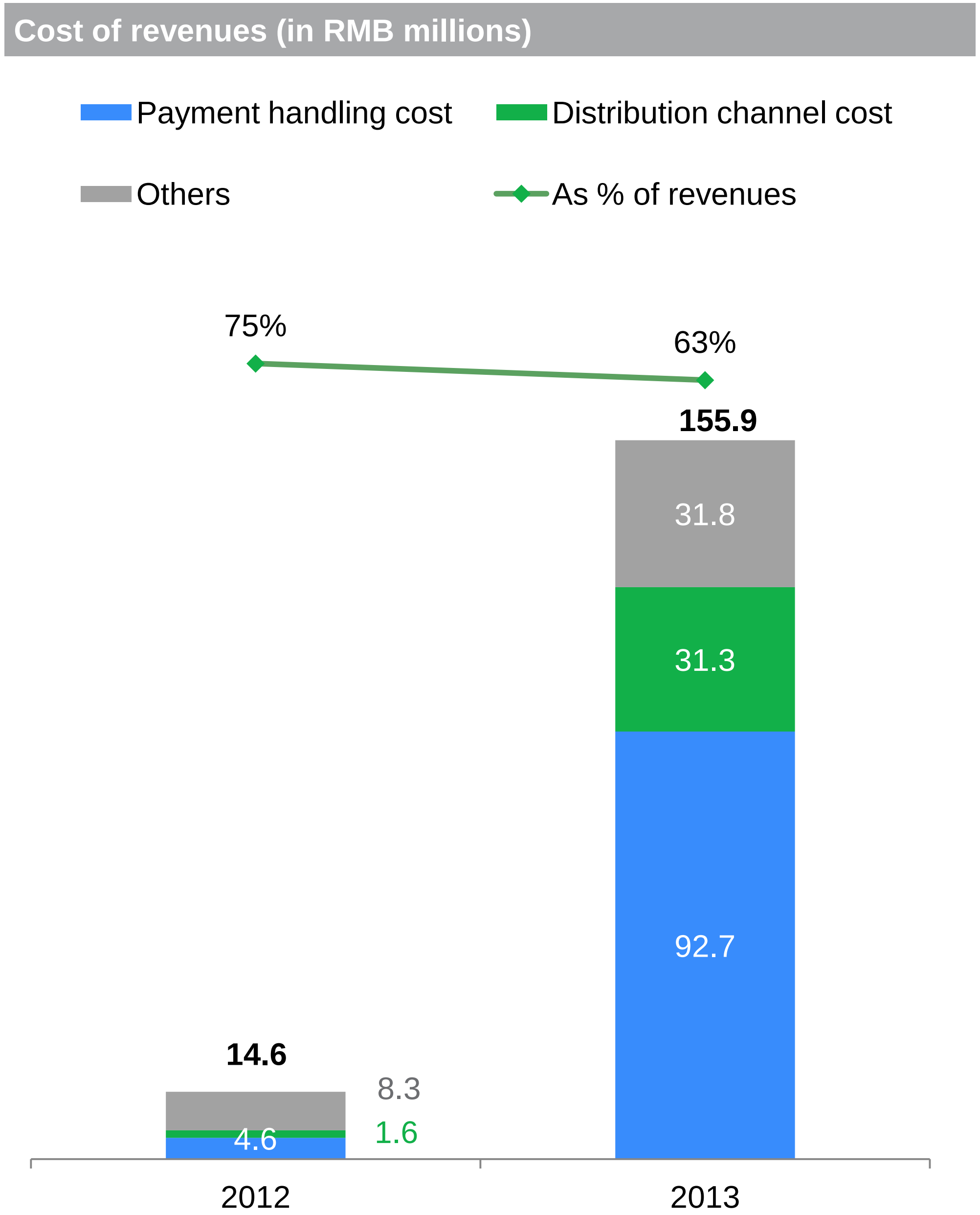
Revenues (in RMB millions)

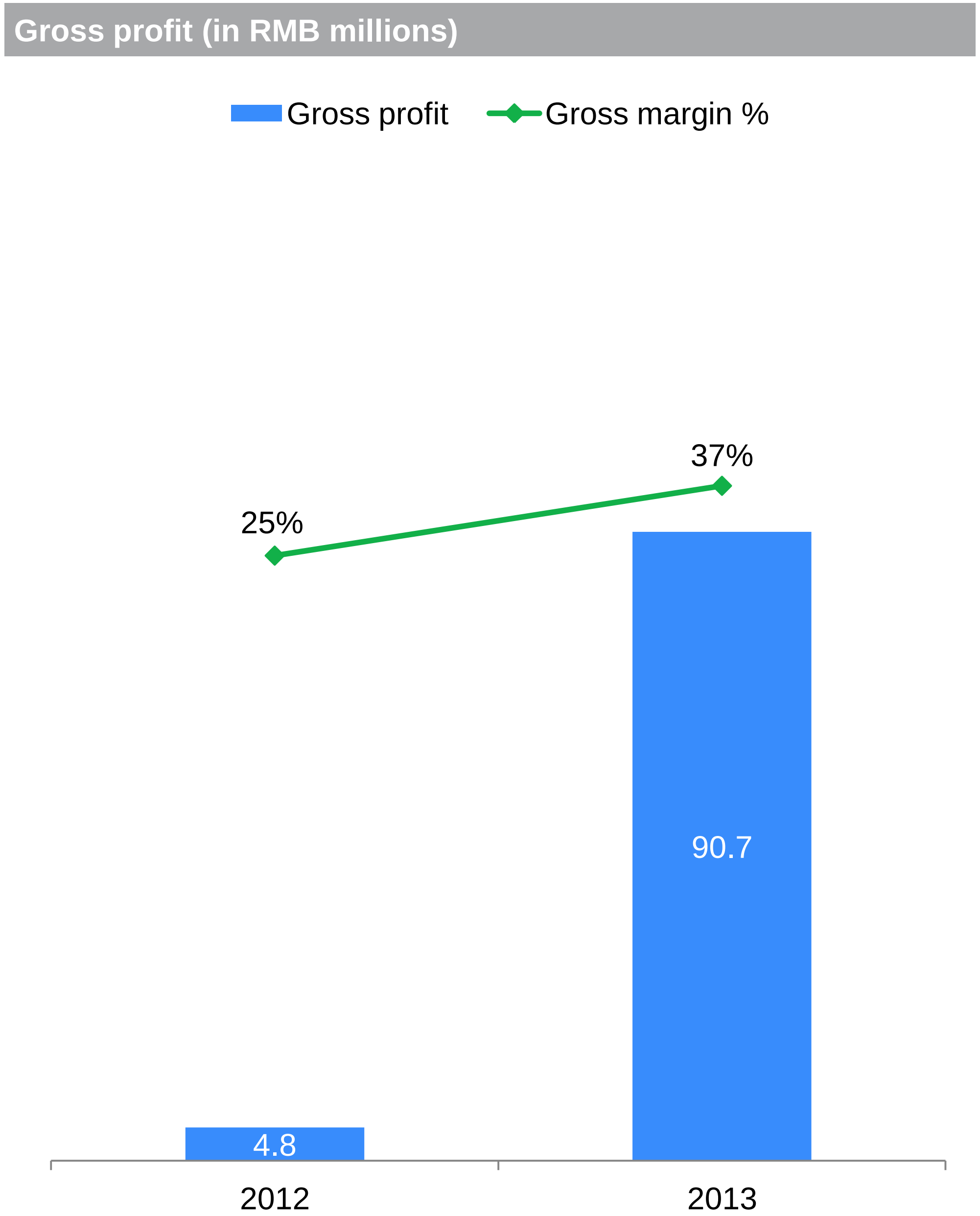


Game revenues breakdown (in RMB millions)



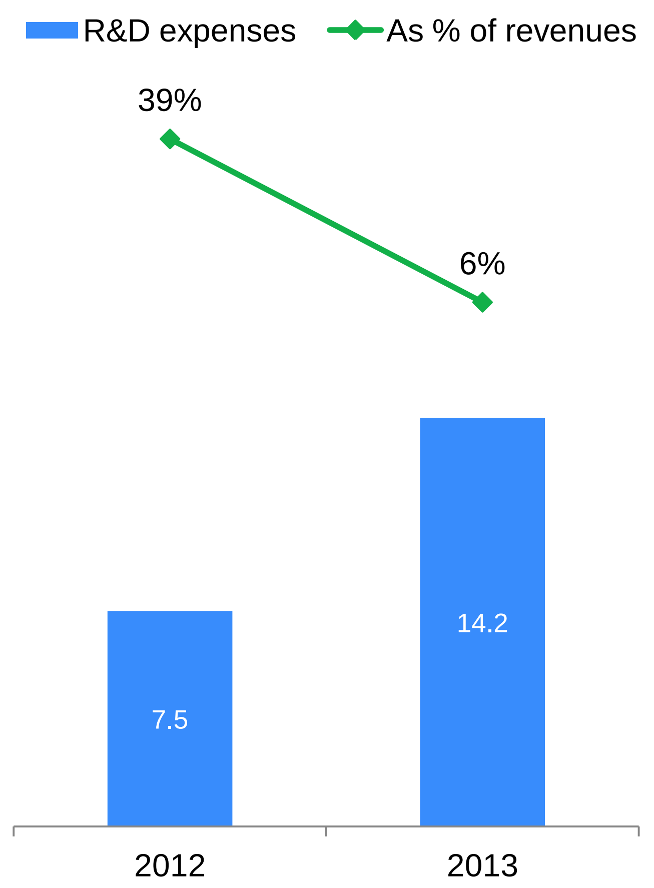
Expanding gross margin



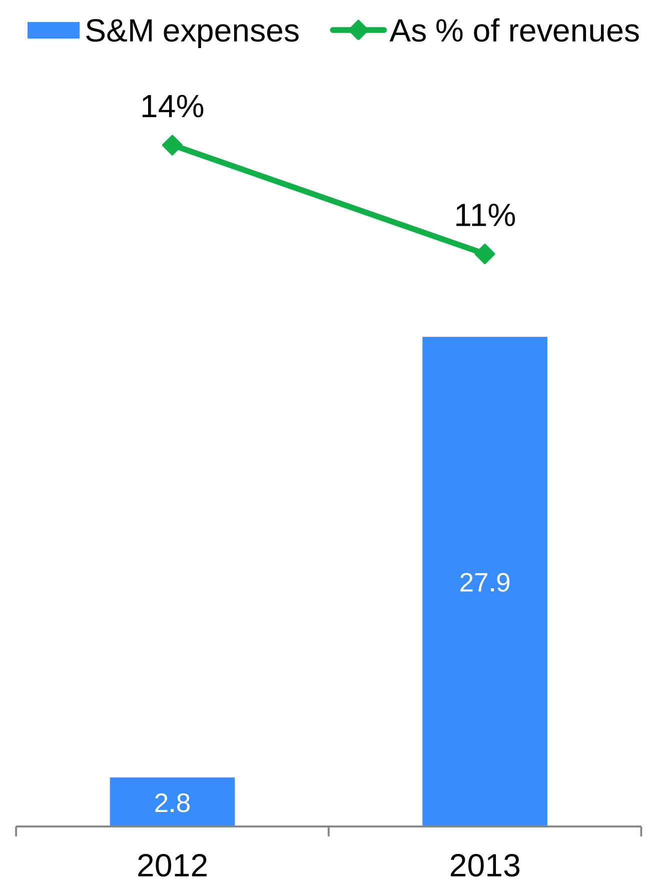


Low operating expenses leading to strong operating profitability

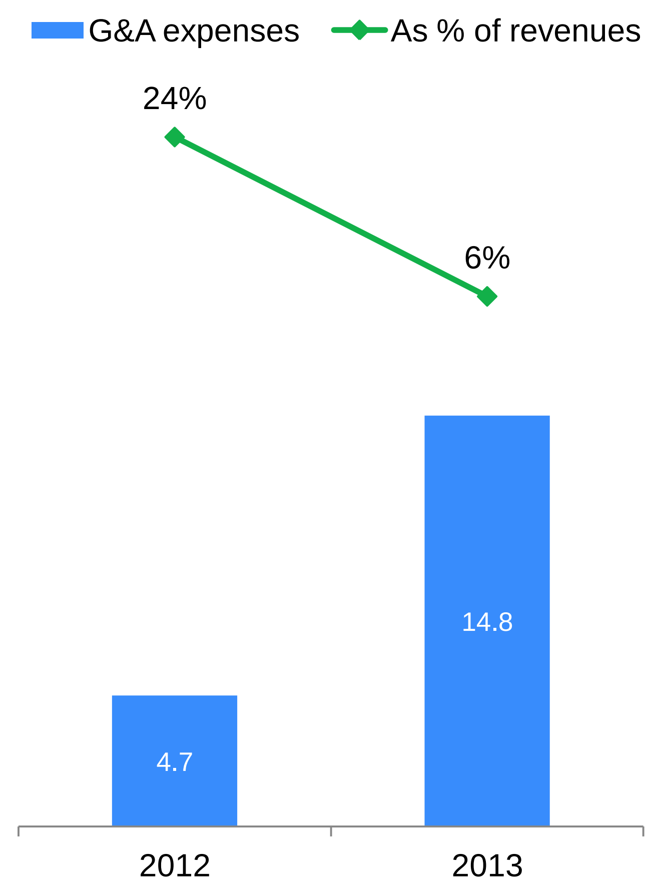
R&D expenses (in RMB millions)



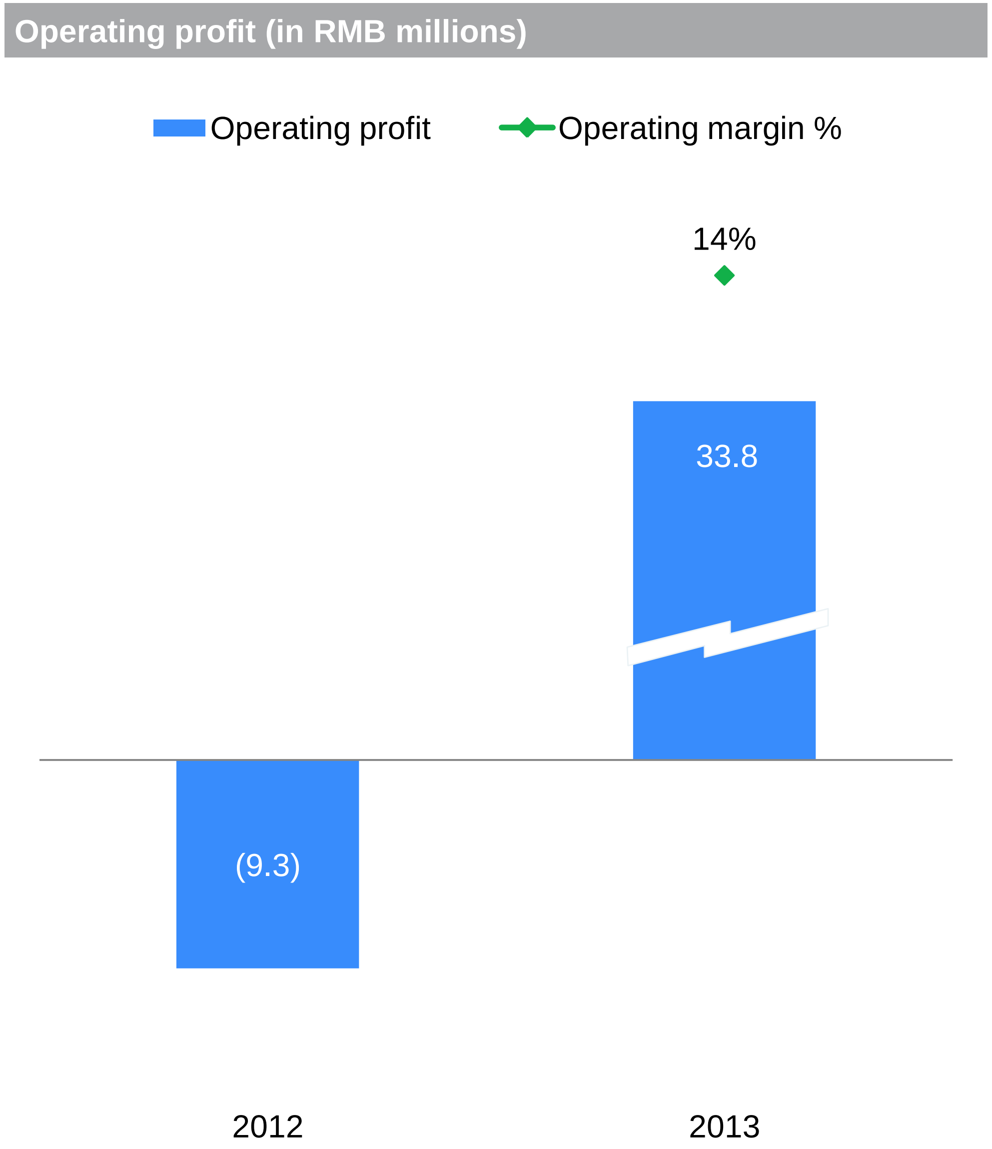
S&M expenses (in RMB millions)

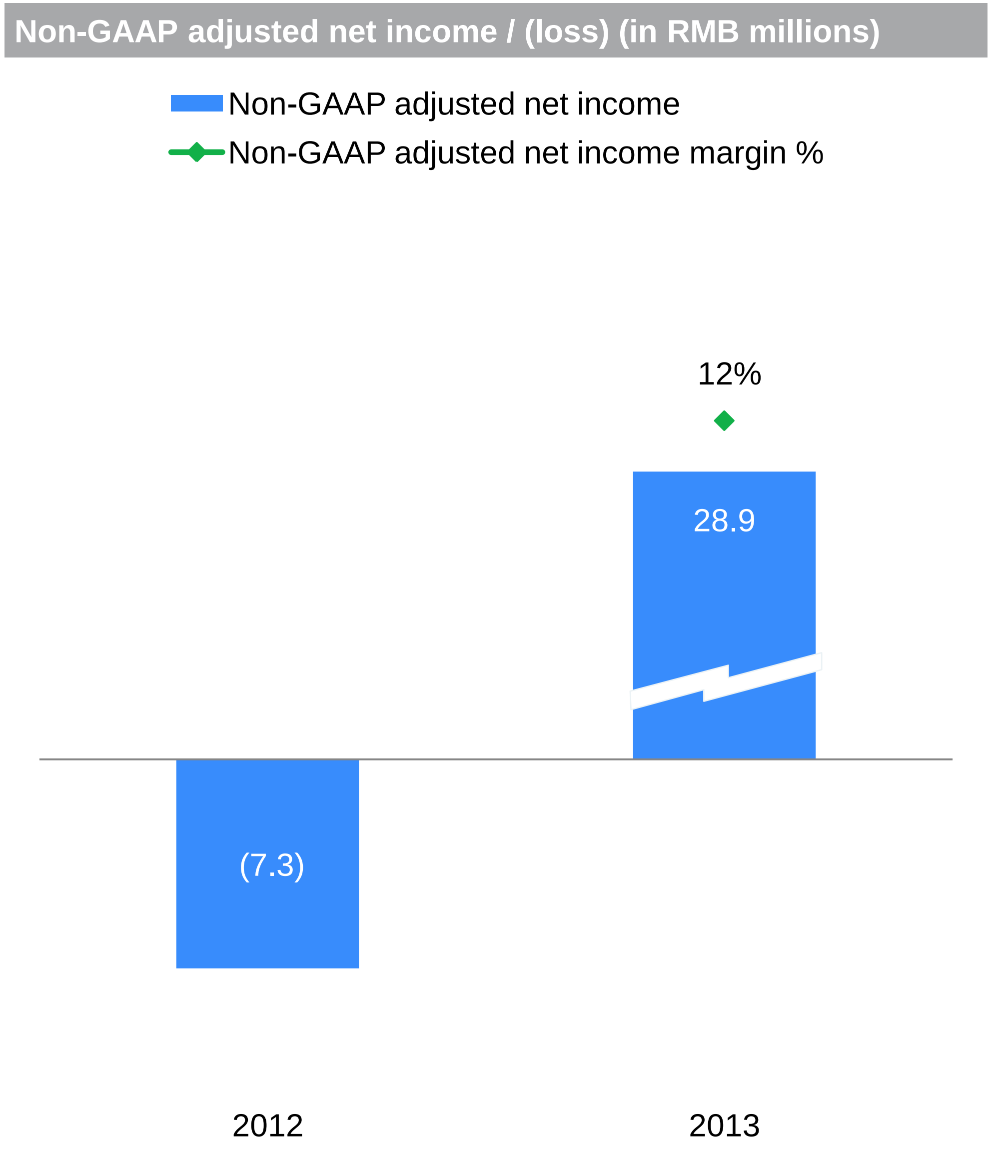


G&A expenses (in RMB millions)



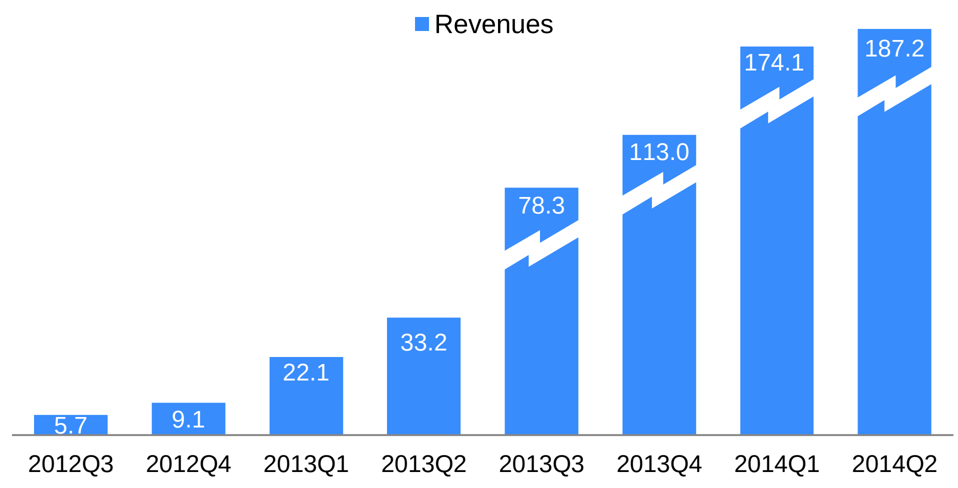
Improving profitability



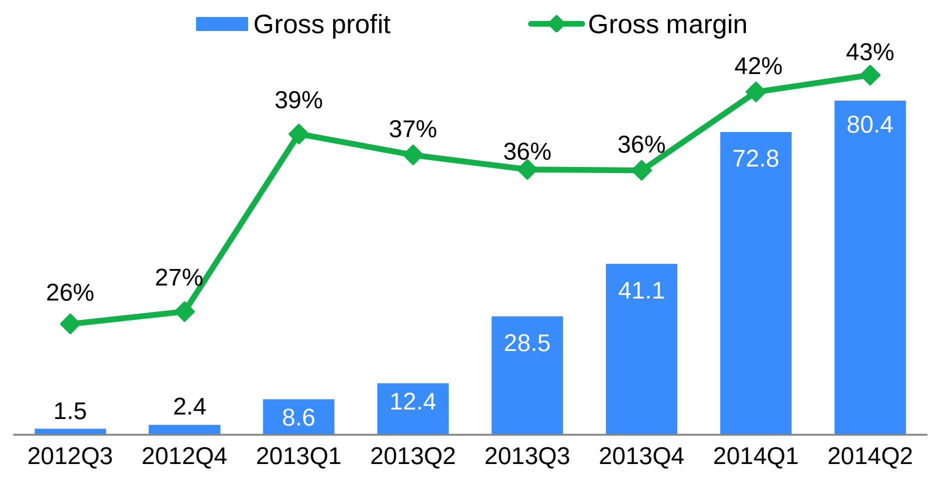


Continuous increase in quarterly revenue and profitability

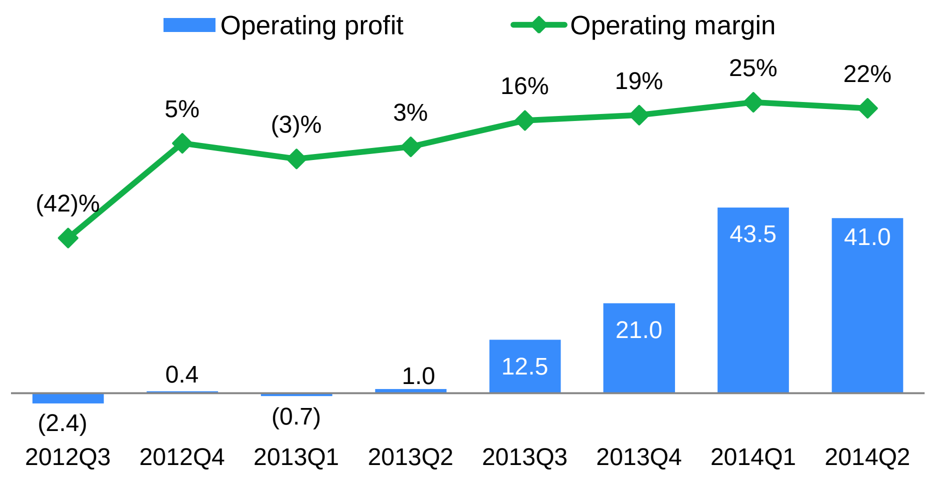
Revenues (in RMB millions)



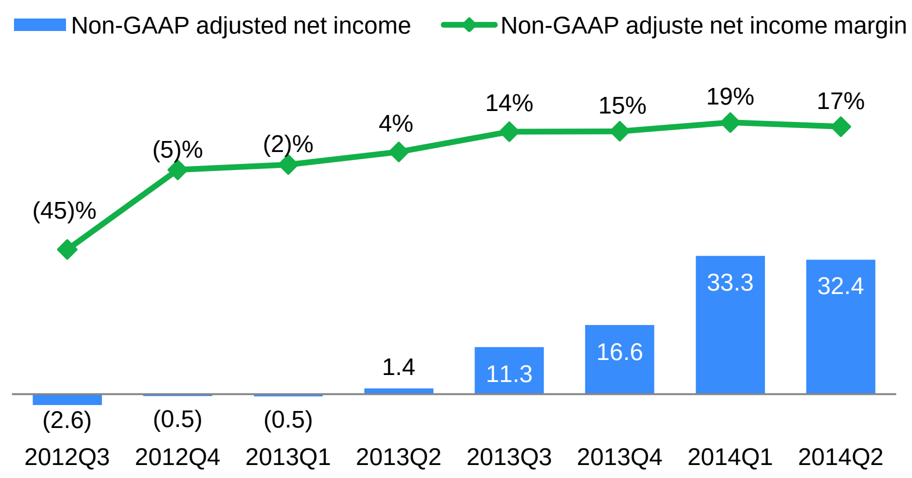
Gross profit (in RMB millions)



Operating profit (in RMB millions)



Non-GAAP adjusted net income / (loss) (in RMB millions)



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Investment Highlights

1. Large, fast-growing, active and loyal user base
2. High-quality and diversified game portfolio
3. Extensive and proprietary distribution channel
4. Strong ability to monetize
5. Experienced and visionary management

iDreamSky: A publishing platform with strong data-driven publishing and operational capabilities

iDREAMSKY
WE CREATE YOUR DREAMS

THANKS!