

This announcement is for information purposes only and does not constitute an offer or an invitation to induce an offer by any person to acquire, purchase or subscribe for securities. Potential investors should read the prospectus dated 11 October 2013 (the “Prospectus”) issued by IGG Inc (the “Company”) for detailed information about the Company and the Placing described below before deciding whether or not to invest in the shares thereby being offered.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Securities Clearing Company Limited (“HKSCC”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Unless defined herein, terms in this announcement shall have the same meanings as those defined in the Prospectus.



IGG Inc

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING

Number of Placing Shares	: 327,434,000 Shares, comprising 262,651,459 new Shares and 64,782,541 Sale Shares (subject to the Over-allotment Option)
Placing Price	: HK\$2.80 per Placing Share, plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%
Nominal value	: US\$0.0000025 per Share
Board lot	: 1,000 Shares each
Stock code	: 8002

Sole Sponsor



China Everbright Capital Limited

Sole Bookrunner and Sole Lead Manager



China Everbright Securities (HK) Limited

ANNOUNCEMENT OF PLACING PRICE AND ALLOTMENT RESULTS

SUMMARY

- The Placing Price has been determined at HK\$2.80 per Placing Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%).
- Based on the Placing Price of HK\$2.80 per Placing Share and 327,434,000 Shares comprising 262,651,459 new Shares and 64,782,541 Sale Shares offered by the Company and the Selling Shareholders, respectively (assuming no exercise of the Over-allotment Option), the amount of net proceeds from the Placing to be received by the Company (after deducting underwriting commissions and estimated total placing expenses paid or payable by the Company) is estimated to be approximately HK\$686.3 million. The Company intends to apply such net proceeds in accordance with the purposes set out in the section headed “Statement of Business Objective and Use of Proceeds” in the Prospectus.
- The initial 327,434,000 Placing Shares (comprising 262,651,459 New Shares and 64,782,541 Sale Shares) offered under the Placing have been significantly over-subscribed.
- The Sole Lead Manager confirms that there is an over-allocation in the Placing by way of borrowing 49,115,000 Shares from Duke Online, one of the Controlling Shareholders, under the Stock Borrowing Agreement.
- A total of 376,549,000 Shares (representing (i) the initial 327,434,000 Placing Shares available and (ii) 49,115,000 Shares borrowed from Duke Online) have been conditionally allocated to a total of 351 selected individual, professional and institutional investors.
- The Sole Lead Manager, its affiliates or any person acting for them may cover such stock lending by (among other methods) using Shares purchased by the Sole Lead Manager, its affiliates or any person acting for them in the secondary market or by exercising the Over-allotment Option in full or in part, or a combination of both actions. As disclosed in the sub-section headed “Structure and Conditions of the Placing - Stabilisation” in the Prospectus, China Everbright Securities (HK) Limited has been appointed as the Stabilising Manager. As at the date of this announcement, the Over-allotment Option has not been exercised. In the event the Over-allotment Option is exercised, an announcement will be made at Company’s website at www.igg.com and the Stock Exchange’s website at www.hkexnews.hk.

- The Directors confirm that all places under the Placing are independent of and not connected with the Company and any of the Directors, chief executive, Controlling Shareholders, substantial shareholders or significant shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries, and their respective associates or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. No placee will, individually, be placed with more than 10% of the enlarged issued share capital of the Company immediately after completion of the Placing.
- The Directors confirm that, immediately after the completion of the Placing, the public float of the Company will be at least 25% of the enlarged issued share capital of the Company, and not more than 50% of the Shares in public hands at the time of Listing will be owned by the three largest public Shareholders.
- Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Friday, 18 October 2013. The Shares will be traded in board lots of 1,000 Shares each. The stock code of the Shares is 8002.
- **Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

PLACING PRICE AND USE OF NET PROCEEDS FROM THE PLACING

On 11 October 2013, the Placing Price has been determined at HK\$2.80 per Placing Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%).

Based on the Placing Price of HK\$2.80 per Placing Share and 327,434,000 Shares comprising 262,651,459 new Shares and 64,782,541 Sale Shares offered by the Company and the Selling Shareholders, respectively (assuming no exercise of the Over-allotment Option), the amount of net proceeds from the Placing to be received by the Company (after deducting underwriting commissions and estimated total placing expenses paid or payable by the Company) is estimated to be approximately HK\$686.3 million. The Company intends to apply such net proceeds in accordance with the purposes set out in the section headed “Statement of Business Objective and Use of Proceeds” in the Prospectus. The Company intends to apply the net proceeds of the Placing for the purposes and in the amounts as set out below:

- approximately HK\$240.2 million, or 35%, to be used to promote of our existing or new online games on various Internet application platforms, social network platforms and other online game promotional platforms;

- approximately HK\$240.2 million, or 35%, to be used to expand our business. We intend to expand our business by acquiring or investing in online game developers.
- approximately HK\$137.3 million, or 20%, to be used to expand our game development team in the PRC and Singapore, through recruitment of new staff and provision of performance-based bonus to our employees; and
- approximately HK\$68.6 million, or 10%, for working capital and other general corporate purposes.

LEVEL OF INDICATIONS OF INTERESTS UNDER THE PLACING

The initial 327,434,000 Placing Shares offered under the Placing have been significantly oversubscribed.

The Sole Lead Manager confirms that there is an over-allocation in the Placing by way of borrowing 49,115,000 Shares from Duke Online, one of the Controlling Shareholders, under the Stock Borrowing Agreement.

A total of 376,549,000 Shares (representing (i) the initial 327,434,000 Placing Shares available and (ii) 49,115,000 Shares borrowed from Duke Online) have been conditionally allocated to a total of 351 selected individual, professional and institutional investors.

RESULTS OF ALLOCATION UNDER THE PLACING

Pursuant to the Placing, 376,549,000 Shares (representing (i) the initial 327,434,000 Placing Shares available and (ii) 49,115,000 Shares borrowed from Duke Online) have been conditionally allocated to a total of 351 individual, professional and institutional investors. The distribution of the Placing Shares is set forth as below:

	Aggregate number of Placing Shares allocated	Aggregate percentage of the total number of Placing Shares allocated (i.e. 376,549,000 Placing Shares) (approximate)	Approximate percentage of shareholding to the enlarged issued share capital of the Company immediately after completion of the Placing (i.e. 1,309,737,099 Shares, assuming the Over-allotment Option and options that have been granted under the Pre-IPO Share Option Scheme or which under the Share Option Scheme are not exercised) (approximate)
Top placee	41,538,000	11.03%	3.17%
Top 5 placees	126,471,000	33.59%	9.66%
Top 10 placees	183,205,000	48.65%	13.99%
Top 25 placees	289,773,000	76.95%	22.12%

Number of Placing Shares allocated

Number of Placees

1,000 to 100,000	222
100,001 to 1,000,000	77
1,000,001 to 3,000,000	25
3,000,001 to 5,000,000	7
5,000,001 to 50,000,000	<u>20</u>
Total:	<u><u>351</u></u>

The Directors confirm that all placees under the Placing are independent of and not connected with the Company and any of the Directors, chief executive, Controlling Shareholders, substantial shareholders or significant shareholders (as defined under the GEM Listing Rules) of the Company or any of its subsidiaries, and their respective associates or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. No placee will, individually, be placed with more than 10% of the enlarged issued share capital of the Company immediately after completion of the Placing.

Immediately after the completion of the Placing (taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or Shares which may be issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme or which may be granted under the Share Option Scheme), the shareholding structure of the Company will be as follows:

	Number of Shares	Approximate percentage of shareholding in the Company
Duke Online ⁽¹⁾⁽⁶⁾⁽⁷⁾	129,584,027	9.89%
Edmond Online ⁽²⁾⁽⁶⁾	158,080,000	12.07%
IDG Group ⁽³⁾	287,577,880	21.96%
Vertex	119,225,000	9.10%
Other Financial Institution Investors ⁽⁴⁾	61,241,600	4.68%
Management Team ⁽⁵⁾⁽⁶⁾	109,820,152	8.39%
Individual Investors	32,695,440	2.50%
Other Individuals	34,964,000	2.66%
Other public Shareholders	<u>376,549,000</u>	<u>28.75%</u>
Total	<u>1,309,737,099</u>	<u>100.0%</u>

⁽¹⁾ Duke Online is 100% owned by Mr. Zongjian Cai

⁽²⁾ Edmond Online is 100% owned by Mr. Yuan Chi

⁽³⁾ IDG Group comprises the following investment entities:

Name of Shareholders	Approximate Shareholding in our Company
IDG-Accel China Growth Fund II L.P.	20.30% of issued share capital of the Company in the form of ordinary Shares
IDG-Accel China Investors II L.P.	1.66% of issued share capital of the Company in the form of ordinary Shares

(4) Other Financial Institution Investors comprise the following investment entities:

Name of Shareholders	Approximate Shareholding in our Company
Winston	1.64% of issued share capital of the Company in the form of ordinary Shares
Hearst	2.28% of issued share capital of the Company in the form of ordinary Shares
Tian Xiang	0.38% of issued share capital of the Company in the form of ordinary Shares
Martin Living Trust	0.23% of issued share capital of the Company in the form of ordinary Shares
Mr. Yi Zhang	0.15% of issued share capital of the Company in the form of ordinary Shares

(5) Management Team comprises the following investment entities:

Name of Shareholders	Approximate Shareholding in our Company
Ms. Kai Chen	1.36% of issued share capital of our Company in the form of ordinary Shares
Mr. Zhixiang Chen	2.31% of issued share capital of our Company in the form of ordinary Shares
Mr. Yuan Xu	3.57% of issued share capital of our Company in the form of ordinary Shares
Mr. Hong Zhang	1.15% of issued share capital of our Company in the form of ordinary Shares

(6) Mr. Zongjian Cai, Mr. Yuan Chi, Duke Online, Edmond Online and members of Management Team (except for Mr. Guo Wu), entered into an act in concert agreement on 16 September 2013, pursuant to which each of them agreed that they would act in concert with each other with respect to material matters relating to the Company's operation. Therefore, each of Mr. Zongjian Cai, Mr. Yuan Chi, Duke Online, Edmond Online and members of Management Team (except for Mr. Guo Wu) is deemed to be interested in 34.10% of issued share capital of the Company for the purpose of the SFO.

(7) This does not include the 49,115,000 Shares lent to the Sole Lead Manager for the purpose of over-allocation.

OVER-ALLOTMENT OPTION

In connection with the Placing, the Company has granted to the Underwriters the Over-allotment Option, which may be exercisable by Sole Lead Manager (for itself and on behalf of the Underwriters) up to the 30th day after the Listing Date, to require the Company to issue at the Placing Price up to an aggregate of 49,115,000 additional Shares, representing 15% of the total number of Placing Shares initially available under the Placing, to cover over-allocations in the Placing. If the Over-allotment Option is exercised in full, the Company's issued share capital will increase to 1,358,852,099 Shares and the total Placing Shares will represent approximately 27.71% of the Company's enlarged issued share capital immediately following the completion of the Placing and the exercise of the Over-allotment Option. As at the date of this announcement, the Over-allotment Option has not been exercised. In the event that the Over-allotment Option is exercised, an announcement will be made at Company's website at *www.igg.com* and the Stock Exchange's website at *www.hkexnews.hk*.

Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

MINIMUM PUBLIC FLOAT REQUIREMENT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of not less than 25% of its total issued share capital at the time when the Shares commence dealings on GEM and at all times thereafter. Pursuant to Rule 11.23(8) of the GEM Listing Rules, the three largest public Shareholders shall not beneficially own more than 50% of the Shares in public hands at the time of Listing. The Directors confirm that, immediately after the completion of the Placing, the public float of the Company will be at least 25% of the enlarged issued share capital of the Company, and not more than 50% of the Shares in public hands at the time of Listing will be owned by the three largest public Shareholders. The three largest public Shareholders will own approximately 24.77% of the Shares in public hands at the time of Listing.

DEPOSIT OF SHARE CERTIFICATES INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on GEM and the compliance by the Company with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

No receipt will be issued for application monies paid. The Company will not issue temporary documents of title.

The share certificates issued in respect of the Placing Shares will be deposited into CCASS on 17 October 2013 for credit to the respective CCASS participants' stock accounts or investor participants' stock accounts of the Underwriter, the placees or their agents (as the case may be). Prospective investors should note that the Lead Manager (for itself and on behalf of the Underwriter) is entitled to terminate the Underwriting Agreement by notice in writing to the Company upon occurrence of any of the events set forth under the paragraph headed "Grounds for Termination" in the section headed "Underwriting" of the Prospectus at any time prior to 8:00 a.m. on the Listing Date. In the event that the Underwriting Agreement is terminated, the Placing will lapse and an announcement will be published by the Company on the Stock Exchange website at www.hkexnews.hk and the Company's website at www.igg.com accordingly.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 18 October 2013. Shares will be traded in board lots of 1,000 Shares each. The stock code of the Shares is 8002. The Company will not issue any temporary documents of title. No receipts will be issued for application monies paid.

By order of the Board
IGG Inc
Zongjian Cai
*Executive Director and
Chief Executive Officer*

Hong Kong, 17 October 2013

As at the date of this announcement, the executive Directors are Mr. Zongjian Cai and Mr. Yuan Chi; the non-executive Director are Mr. Xiaojun Li and Mr. Kee Lock Chua; and the independent non-executive Directors are Dr. Horn Kee Leong, Mr. Dajian Yu and Ms. Zhao Lu.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Stock Exchange website at www.hkexnews.hk and will also be published on the Company's website at www.igg.com.