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**IGG INC**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8002)**

## **CONNECTED TRANSACTION SHAREHOLDERS' AGREEMENT**

### **Shareholders' Agreement**

The Board is pleased to announce that, on 5 March 2014, IGG Singapore, a wholly-owned subsidiary of the Company, and the Individual Shareholders, entered into the Shareholders' Agreement, pursuant to which IGG Singapore agreed to jointly establish the Joint Venture with the Individual Shareholders to engage in advertising, marketing and distribution services of mobile applications. The Joint Venture will be owned as to 60% by IGG Singapore and 40% by the Individual Shareholders, respectively. The capital contribution of IGG Singapore and the Individual Shareholders are US\$ 720,000 and US\$ 480,000, respectively. The Joint Venture will not solely provide services for the Group in terms of advertising and distribution of mobile applications but will also provide these services to other third-party online game companies to strengthen the Group's global reputation and presence.

Among all the Individual Shareholders, (1) Mr. Yuan Xu (許元) and Mr. Hong Zhang (張竑) are controlling shareholders of the Company and are therefore connected persons of the Company under the GEM Listing Rules, (2) Ms. Kai Chen (陳凱) is one of the controlling shareholders of the Company and the spouse of Mr. Zongjian Cai (蔡宗建), one of the executive Directors and one of the controlling shareholders, and is therefore a connected person of the Company under the GEM Listing Rules, (3) Mr. Dian Chi (池典) is the son of Mr. Yuan Chi (池元). As Mr. Yuan Chi (池元) is one of the executive Directors and one of controlling shareholders of the Company and is therefore a connected person of the Company under the GEM Listing Rules, Mr. Dian Chi (池典) is an associate of Mr. Yuan Chi (池元) and therefore a connected person of the Company under the GEM Listing Rules, (4) Mr. Neng Xu (許能) is the brother of Mr. Yuan Xu (許元), one of the

controlling shareholders of the Company, and therefore a connected person of the Company under the GEM Listing Rules, (5) Ms. Meijia Chen (陳美伽) is a director of IGG HK, and she is also the cousin of Mr. Yuan Xu (許元), one of the controlling shareholders of the Company, and therefore a connected person of the Company under the GEM Listing Rules, and (6) Mr. Hanling Fang (方翰鈴) is a director of IGG Philippines, and therefore a connected person of the Company under the GEM Listing Rules. Therefore, the entering into the Shareholders' Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As one or more of the applicable percentage ratios in respect of the transaction is more than 0.1% but less than 5%, therefore the Shareholders' Agreement is only subject to the reporting and announcement requirements, but is exempt from independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

## **SHAREHOLDERS' AGREEMENT**

On 5 March 2014, IGG Singapore and the Individual Shareholders entered into the Shareholders' Agreement, pursuant to which IGG Singapore agreed to jointly establish the Joint Venture with the Individual Shareholders to engage in advertising, marketing and distribution services of mobile applications. The Joint Venture will be owned as to 60% by IGG Singapore and 40% by the Individual Shareholders, respectively. The Joint Venture will not solely provide services for the Group in terms of advertising and distribution of mobile applications but will also provide these services to other third-party online game companies to strengthen the Group's global reputation and presence.

### **Date**

5 March 2014

### **Parties**

- (i) IGG Singapore; and
- (ii) the Individual Shareholders.

## Total Investment and Shareholdings

The investment to be contributed by each of IGG Singapore and the Individual Shareholders and the shareholding structure of the Joint Venture are set forth as followings:

| Shareholders of the Joint Venture | Amount of contribution in cash (US\$) | Number of shares in the Joint Venture | Percentage of interest in the Joint Venture |
|-----------------------------------|---------------------------------------|---------------------------------------|---|
| <b>IGG Singapore</b>              | 720,000                               | 600,000                               | 60%   |
| <b>Individual Shareholders</b>    |                                       |                                       |   |
| Yuan Xu (許元)                      | 24,000                                | 20,000                                | 2%  |
| Kai Chen (陳凱)                     | 24,000                                | 20,000                                | 2%  |
| Hong Zhang (張竝)                   | 24,000                                | 20,000                                | 2%  |
| Dian Chi (池典)                     | 24,000                                | 20,000                                | 2%  |
| Neng Xu (許能)                      | 6,000                                 | 5,000                                 | 0.5%  |
| Meijia Chen (陳美伽)                 | 6,000                                 | 5,000                                 | 0.5%  |
| Jessie Shen (沈潔蕾)                 | 24,000                                | 20,000                                | 2%  |
| Guo Wu (吳果)                       | 144,000                               | 120,000                               | 12%   |
| Hanling Fang (方翰鈴)                | 12,000                                | 10,000                                | 1%  |
| Eight other individuals           | 192,000                               | 160,000                               | 16%   |
| <b>Subtotal</b>                   | <u>480,000</u>                        | <u>400,000</u>                        | <u>40%</u>                                  |
| <b>Total</b>                      | <u>1,200,000</u>                      | <u>1,000,000</u>                      | <u>100%</u>                                 |

The amount of the shares in the Joint Venture held by each of IGG Singapore and the Individual Shareholders is determined in proportion to their respective investment amount to the total capital contribution.

## Basis of the Total Investment

Pursuant to the Shareholders' Agreement and in light of the potential capital need of the Joint Venture, the parties to the Shareholders' Agreement agreed that the Joint Venture will have a total investment of US\$1.2 million.

The consideration was arrived after arm's length negotiations between the parties on normal commercial terms after taking into account of the potential capital need of the Joint Venture, including but not limited to the expected costs involved in the establishment and operation of an advertising company for mobile games in Canada, the management's understanding of the market practice and future prospects of such Joint Venture.

### **Payment Schedule**

The capital contributions shall be paid prior to or on 31 March 2014 by each of IGG Singapore and the Individual Shareholders in cash.

### **Board Composition**

The board of directors of the Joint Venture shall consist of three directors, namely, Mr. Neng Xu (許能), Mr. Guo Wu (吳果) and Mr. Dian Chi (池典).

Mr. Guo Wu (吳果) is a former employee of the Group. He has worked in the similar industry as a senior Internet technology consultant in Canada since 2005 and thus has accumulated in-depth experience and connections in Internet technology industry in Canada.

Mr. Neng Xu (許能) has suitable education background for computer science and technology and Mr. Neng Xu had over three years of experience in using Unity 3D technology on various projects and the Company therefore considers he has in-depth 3D technology programming related experience which is crucial to mobile game applications.

Mr. Dian Chi (池典) has worked in the Group since 2006.

In addition, all of them are currently or will be based in Canada and engaging them as the directors of the Joint Venture will also facilitate the management of the Joint Venture.

## **REASONS FOR AND BENEFIT OF THE ENTERING INTO THE SHAREHOLDERS' AGREEMENT**

The business of the Group depends on effective advertising, distribution and promotional strategies to attract customers. The current marketing and promotional strategy of the Group focuses primarily on the use of third-party platforms. With the view to further promote the products of the Group as well as to enhance its global presence and reputation by providing distribution services for other third-party game companies, the Group decided to establish its own advertising and marketing center.

The Directors consider that given (1) it is expected that the Joint Venture will not solely serve the Group but also provide advertising and distribution services to other third-party online game companies, (2) this is the first time that the Group incorporates a subsidiary to specifically engage in the advertising of online games, the introduction of the various shareholders with due experience and social connections into the Joint Venture is favourable to the long-term development of the Joint Venture. The enlargement of the shareholder base by the introduction of these shareholders can ensure that important business decisions of the Joint Venture are made after thorough discussions from different perspectives. Upon the establishment of the Joint Venture, the Joint Venture will become a non-wholly-owned subsidiary of the Company. The financial results of the Joint Venture will be consolidated to those of the Group.

Considering the above, the Board considers that it is in the interests of the Group to enter into the Shareholders' Agreement. The Directors, including the independent non-executive Directors, consider that the Shareholders' Agreement has been entered into on normal commercial terms and the terms of the Shareholders' Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

Among all the Individual Shareholders, (1) Mr. Yuan Xu (許元) and Mr. Hong Zhang (張竑) are controlling shareholders of the Company and are therefore connected persons of the Company under the GEM Listing Rules, (2) Ms. Kai Chen (陳凱) is one of the controlling shareholders of the Company and the spouse of Mr. Zongjian Cai (蔡宗建), one of the executive Directors and one of the controlling shareholders, and is therefore a connected person of the Company under the GEM Listing Rules, (3) Mr. Dian Chi (池典) is the son of Mr. Yuan Chi (池元). As Mr. Yuan Chi (池元) is one of the executive Directors and one of the controlling shareholders of the Company and is therefore a connected person of the Company under the GEM Listing Rules, Mr. Dian Chi (池典) is an associate of Mr. Yuan Chi (池元) and therefore a connected person of the Company under the GEM Listing Rules, (4) Mr. Neng Xu

(許能) is the brother of Mr. Yuan Xu (許元), one of the controlling shareholders of the Company, and therefore a connected person of the Company under the GEM Listing Rules, (5) Ms. Meijia Chen (陳美伽) is a director of IGG HK, and she is also the cousin of Mr. Yuan Xu (許元), one of the controlling shareholders of the Company, and therefore a connected person of the Company under the GEM Listing Rules, and (6) Mr. Hanling Fang (方翰鈴) is a director of IGG Philippines, and therefore a connected person of the Company under the GEM Listing Rules. As such, the transaction under the Shareholders' Agreement constitutes a connected transaction under Chapter 20 of the GEM Listing Rules.

As one or more of the applicable percentage ratios in respect of the transaction is more than 0.1% but less than 5%, therefore the Shareholders' Agreement is only subject to the reporting and announcement requirements, but is exempt from independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

Since Mr. Zongjian Cai (蔡宗建) is the spouse of Ms. Kai Chen (陳凱) and Mr. Yuan Chi (池元) is the father of Mr. Dian Chi (池典), both Mr. Zongjian Cai (蔡宗建) and Mr. Yuan Chi (池元) have abstained from voting on the Board resolution approving the entering into of the Shareholders' Agreement and the transaction contemplated thereunder. Other than those Directors mentioned above, none of the other Directors has a material interest in the entering into of the Shareholders' Agreement and the transaction contemplated thereunder.

## **GENERAL INFORMATION ON THE PARTIES TO THE SHAREHOLDERS' AGREEMENT**

### **The Group and IGG Singapore**

The Group is a fast-growing global online games developer and operator (especially mobile games) with headquarters in Singapore and regional offices in the United States, China and the Philippines. The Group offers multi-language mobile games, browser games, and client-based games to players around the world.

IGG Singapore is the business headquarters of the Group. It is responsible for coordinating with other entities within the Group to execute the overall corporate strategy, budget and business plans adopted by the Board of Directors. IGG Singapore is also responsible for the development of the overall marketing strategies and activities for the Group.

## **The Individual Shareholders**

Mr. Yuan Xu (許元): Mr. Xu is one of the controlling shareholders and the chief operating officer of the Group.

Ms. Kai Chen (陳凱): Ms. Chen is one of the controlling shareholders and the spouse of Mr. Zongjian Cai (蔡宗建), who is one of the executive Directors and one of the controlling shareholders of the Company.

Mr. Hong Zhang (張竑): Mr. Zhang is one of the controlling shareholders and the chief technology officer and the senior vice president of global operations of the Group.

Mr. Dian Chi (池典): Mr. Chi is the son of Mr. Yuan Chi (池元), who is one of the controlling shareholders and one of the executive Directors of the Company. He does not hold Shares in the Company as at the date of this announcement.

Ms. Mejia Chen (陳美伽): Ms. Chen is a director of IGG HK. She is also the cousin of Mr. Yuan Xu (許元), one of the controlling shareholders of the Company. She does not hold Shares in the Company as at the date of this announcement.

Mr. Neng Xu (許能): Mr. Xu is the brother of Mr. Yuan Xu (許元), one of the controlling shareholders of the Company. He does not hold Shares in the Company as at the date of this announcement.

Mr. Hanling Fang (方翰鈴): Mr. Fang is a director of IGG Philliphines. He does not hold Shares in the Company as at the date of this announcement.

Ms. Jessie Shen (沈潔蕾): Ms. Shen is the senior vice president of finance and one of the joint company secretaries of the Company. She does not hold Shares in the Company as at the date of this announcement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of this announcement, Ms. Shen is a third party independent of the Company and connected persons of the Company.

Mr. Guo Wu (吳果): To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, apart from holding approximately 1.49% of Shares in the Company as at the date of this announcement and acting as the director of the Joint Venture, Mr. Wu is a third party independent of the Company and connected persons of the Company.

Eight other individuals: The eight other individuals include (1) five employees of the Group, (2) the spouse of an employee of the Group, (3) a current minority shareholder of the Group and (4) a personal friend of Mr. Hong Zhang (張竑). To the best of the Directors' knowledge, information and belief having made all reasonable

enquiries, apart from holding approximately 1.47% of Shares in the Company in aggregate as at the date of this announcement, these individuals are third parties independent of the Company and connected persons of the Company. These individuals are also independent from each other.

## DEFINITIONS

|                              |  |
|------------------------------|--|
| “associate”                  | has the same meanings ascribed to it under the GEM Listing Rules   |
| “Board”                      | the board of Directors   |
| “Company”                    | IGG Inc, a public company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Growth Enterprise Market of the Stock Exchange        |
| “connected person(s)”        | has the meaning given to it under the GEM Listing Rules  |
| “controlling shareholder(s)” | has the meaning ascribed thereto in the GEM Listing Rules  |
| “Director(s)”                | director(s) of the Company   |
| “GEM Listing Rules”          | the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange as amended, modified or supplemented from time to time                   |
| “Group”                      | the Company and its subsidiaries   |
| “IGG HK”                     | Skyunion Hong Kong Holdings Limited (天盟香港控股有限公司), a company incorporated under the laws of Hong Kong on 20 February 2006 and a wholly-owned subsidiary of the Company        |
| “IGG Singapore”              | IGG Singapore Pte. Ltd. (formerly known as Skyunion Pte. Ltd.), a company incorporated under the laws of Singapore on 30 June 2009, a wholly-owned subsidiary of the Company |
| “IGG Philippines”            | IGG Philippines Corp., a company incorporated under the laws of the Philippines on 11 January 2013 and a wholly-owned subsidiary of the Company                              |



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|---------------------------|--|
| “Individual Shareholders” | means Mr. Guo Wu (吳果), Mr. Dian Chi (池典), Ms. Kai Chen (陳凱), Mr. Yuan Xu (許元), Mr. Hong Zhang (張竑), Ms. Meijia Chen (陳美伽), Mr. Neng Xu (許能), Mr. Hanling Fang (方翰鈴), Ms. Jessie Shen (沈潔蕾) and eight other individuals who are third parties independent from the Company and connected persons of the Company |
| “Joint Venture”           | Tapcash Inc., being the joint venture company established in Canada with limited liability pursuant to the Shareholders’ Agreement   |
| “Shares”                  | means share(s) of US\$0.0000025 each in the share capital of the Company   |
| “Shareholders’ Agreement” | the Shareholders’ Agreement dated 5 March 2014 entered into between IGG Singapore and the Individual Shareholders in relation to the establishment of the Joint Venture  |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited  |
| “US\$”                    | United States dollars, the lawful currency of the United States of America   |

By Order of the Board  
**IGG INC**  
**Zongjian Cai**  
*Chairman*

Hong Kong, 5 March 2014

*As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Zongjian Cai and Mr. Yuan Chi; two non-executive Directors, namely, Mr. Xiaojun Li and Mr. Kee Lock Chua; and three independent non-executive Directors, namely, 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 enquiries, 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 “Latest Company Announcements” page of the Growth Enterprise Market website at <http://www.hkgem.com> for at least 7 days from the date of its posting and be posted on the website of the Company at <http://www.igg.com>.*