IGG INC

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8002)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2014

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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.

HIGHLIGHTS

	For the three months ended 31 March	
	2014	**2013**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Revenue	44,055	14,421
Profit/(loss) for the period attributable to owners of the parent	13,647	(3,896)
Adjusted net income*	13,821	4,677

* Adjusted net income represented profit excluding share-based compensation, and the fair value loss of the redeemable convertible Preferred Shares, which were converted to ordinary Shares on 31 May 2013 in accordance with the then applicable articles of association of the Company and have been transferred to equity. It is considered a useful supplement to the condensed consolidated statement of profit or loss indicating the Group's profitability and operational performance for the financial periods presented.

- The Group's revenue for the Period was approximately US$44.1 million, representing an increase of approximately 206.3% over the revenue of approximately US$14.4 million for the corresponding period in 2013 and an increase of approximately 20.2% over US$36.7 million for the three months ended 31 December 2013.

- The Group's profit attributable to owners of the parent for the Period was approximately US$13.6 million, comparing with the loss attributable to the owners of the parent of US$3.9 million for the corresponding period in 2013 and an increase of approximately 41.7% over US$9.6 million for the three months ended 31 December 2013.

- The Group's adjusted net income for the Period was approximately US$13.8 million, representing an increase of 193.6% over the US$4.7 million for the corresponding period in 2013, and an increase of approximately 42.3% over US$9.7 million for the three months ended 31 December 2013.

- The Directors do not recommend the payment of any dividend for the three months ended 31 March 2014 (three months ended 31 March 2013: Nil).

FIRST QUARTERLY RESULTS (UNAUDITED)

The Board is pleased to announce the unaudited consolidated quarterly results and the unaudited condensed consolidated financial statements of the Group for the Period, together with the comparative figures for the three months ended 31 March 2013. These results have been reviewed by the Company's audit committee, comprising all of the independent non-executive Directors and non-executive Directors, with one of the independent non-executive Directors chairing the audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 31 March 2014 US$'000 (Unaudited)	2013 US$'000 (Unaudited)
REVENUE	3	44,055	14,421
Cost of sales		(11,876)	(3,341)
Gross profit		32,179	11,080
Other income and gains	3	174	76
Selling and distribution expenses		(11,064)	(3,120)
Administrative expenses		(2,985)	(1,310)
Research and development costs		(3,261)	(1,794)
Fair value loss of redeemable convertible preferred shares	7	—	(8,444)
Other expenses		(361)	(141)
PROFIT /(LOSS) BEFORE TAX		14,682	(3,653)
Income tax expense	4	(1,035)	(243)
PROFIT / (LOSS) FOR THE PERIOD		13,647	(3,896)
Attributable to:			
Owners of the parent		13,647	(3,896)
Non-controlling interests		—	—
		13,647	(3,896)
EARNINGS/LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	6		
(expressed in US$ per share)			
Basic			
- For earnings/ (loss) for the period		0.0100	(0.0072)
Diluted			
- For earnings/ (loss) for the period		0.0095	(0.0072)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 March	
	2014	**2013**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
PROFIT / (LOSS) FOR THE PERIOD	13,647	(3,896)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(23)	(51)
Available-for-sale equity investments:		
Changes in fair value	158	—
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD, NET OF TAX	135	(51)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	13,782	(3,947)
Attributable to:		
Owners of the parent	13,782	(3,947)
Non-controlling interests	—	—
	13,782	(3,947)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent												
	Issued capital	**Share premium account**	**Share option reserve**	**Shares held for share award schemes**	**Available-for-sale equity investment revaluation reserve**	**Reserve funds**	**Other reserve**	**Exchange fluctuation reserve**	**Accumulated losses**	**Proposed final dividend**	**Total**	**Non-controlling interests**	**Total equity**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2014	3	184,675	1,553	—	—	88	8	(93)	(53,265)	2,804	135,773	—	135,773
Profit for the period	—	—	—	—	—	—	—	—	13,647	—	13,647	—	13,647
Other comprehensive income for the period:													
Changes in fair value of available-for-sale equity investments, net of tax	—	—	—	—	158	—	—	—	—	—	158	—	158
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	(23)	—	—	(23)	—	(23)
Total comprehensive income for the period	—	—	—	—	158	—	—	(23)	13,647	—	13,782	—	13,782
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	480	480
Equity-settled share option arrangement	—	—	174	—	—	—	—	—	—	—	174	—	174
Shares purchased for share award schemes	—	—	—	(242)	—	—	—	—	—	—	(242)	—	(242)
Exercise of share option	—	24	(7)	—	—	—	—	—	—	—	17	—	17
At 31 March 2014 (unaudited)	3	184,699	1,720	(242)	158	88	8	(116)	(39,618)	2,804	149,504	480	149,984

	Attributable to owners of the parent									
	Issued capital	**Share premium account**	**Share option reserve**	**Reserve funds**	**Other reserve**	**Exchange fluctuation reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total deficit**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2013	1	3,580	805	88	8	(110)	(60,213)	(55,841)	—	(55,841)
Loss for the period	—	—	—	—	—	—	(3,896)	(3,896)	—	(3,896)
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations	—	—	—	—	—	(51)	—	(51)	—	(51)
Total comprehensive loss for the period	—	—	—	—	—	(51)	(3,896)	(3,947)	—	(3,947)
Equity-settled share option arrangement	—	—	129	—	—	—	—	129	—	129
At 31 March 2013 (unaudited)	1	3,580	934	88	8	(161)	(64,109)	(59,659)	—	(59,659)

NOTES

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman, KY1-1112, Cayman Islands.

The Company is an investment holding company. The Group was principally engaged in development and operation of online games in the international market. The Company's issued ordinary shares have been listed and traded on the GEM of the Stock Exchange since 18 October 2013.

2 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial information are consistent with those used in the audited consolidated financial statements of the Group for the year ended 31 December 2013. The unaudited condensed consolidated financial information have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

The financial information prepared under the historical cost convention, except for redeemable convertible preferred shares and available-for-sale equity investment which have been measured at fair value. The financial information is presented in United States Dollar ("US$") and all values are rounded to the nearest thousand except when otherwise indicated.

3. **REVENUE, OTHER INCOME AND GAINS**

Revenue, which is also the Group's turnover, represents the services rendered after allowances for chargebacks, and the licensing revenue derived from licensing agreements.

An analysis of revenue, other income and gains from continuing operations is as follows:

	For the three months ended 31 March	
	2014	**2013**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Revenue		
Online game revenue	43,607	13,677
Licensing revenue	16	105
Joint operation revenue	432	639
	44,055	14,421
Other income and gains		
Government Grant	17	—
Bank interest income	88	7
Exchange gain	34	67
Others	35	2
	174	76

4. **INCOME TAX**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

IGG Singapore Pte. Ltd. is subject to the prevailing corporate tax rate of 17% in Singapore and is entitled to a preferential tax rate of 5% on qualifying income derived during the three months ended 31 March 2014 (2013: 5%).

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the three months ended 31 March 2014 (2013: Nil).

Under the relevant income tax law, the PRC subsidiaries are subject to income tax at a statutory rate of 25% for the three months ended 31 March 2014 (2013: 25%) on their respective taxable income, except for Fuzhou Tianmeng which was certified as Software Enterprises and is entitled to a preferential tax rate of 12.5% for the three months ended 31 March 2014 (2013: Nil).

For the three months ended 31 March 2014 and 2013, Sky Union, LLC, a subsidiary of the Company in the United States, was subject to federal income tax at graduated rates ranging from 15% to 39%. In addition, Sky Union, LLC is also subject to a California state income tax rate of 8.84%.

	For the three months ended 31 March	
	2014	**2013**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Current period provision:		
US	51	22
Singapore	1,070	99
Subtotal of current tax	1,121	121
Deferred tax		
US	(46)	(10)
Singapore	4	65
PRC	(44)	67
Subtotal of deferred tax	(86)	122
Total tax charge for the period	1,035	243

5. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the three months ended 31 March 2014 (2013: Nil).

6. EARNINGS / (LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

On 16 September 2013, the Company's shareholders resolved to approve the subdivision ("Shares Subdivision") of each issued and unissued ordinary share of US$0.0001 each in the capital of the Company to 40 shares of US$0.0000025 each. For the purpose of calculating earnings/(loss) per share, the number of ordinary shares outstanding during the three months ended 31 March 2013 has been adjusted retroactively as a result of the Shares Subdivision.

The calculation of basic earnings/(loss) per share amounts is based on the respective earnings/(loss) attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares in issue during the three months ended 31 March 2014 and 2013.

The calculation of diluted earnings per share amount is based on the profit for the Period attributable to ordinary equity holders of the parent. The share options and awarded shares granted by the Company have potential dilutive effect on the basic earnings per share. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all potential dilutive ordinary shares arising from share options and awarded shares granted by the Company.

No adjustment has been made to the basic loss per share amounts presented for the three months ended 31 March 2013 in respect of a dilution as the impact of the share options and redeemable convertible preferred shares outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted earnings/(loss) per share are based on:

	For the three months ended 31 March	
	2014	**2013**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Earnings/(loss) attributable to ordinary equity holders of the parent used in the basic and diluted earnings/(loss) per share calculation	13,647	(3,896)
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,359,049,560	538,520,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	81,390,683	—
Awarded shares	1,001	—
	1,440,441,244	538,520,000

7. REDEEMABLE CONVERTIBLE PREFERRED SHARES

On 30 November 2007 the Company issued an aggregate of 5,375,000 Series A convertible contingently redeemable preferred shares ("Series A shares") at an aggregate purchase price of US$3,000,001. On 30 November 2007, the Company issued the warrants which shall be exercisable at an aggregate price of US$1,500,000 for 1,343,750 Series A1 convertible contingently redeemable preferred shares ("Series A1 shares") with an exercise period expired upon (i) the expiry of eighteen (18) months from the closing date, (ii) a qualified initial public offering (the "IPO"), or (iii) in the event of any liquidation, dissolution or winding up of the Company, whichever is the earlier. On 1 June 2009, the expiry date of the warrant exercise period, the warrant holders exercised the warrants for 1,209,375 Series A1 shares at the consideration of US$1,350,000. The warrants exercisable for 134,375 Series A1 shares were lapsed on that day. On 12 November 2008, the Company issued an aggregate of 49,675 Series B convertible contingently redeemable preferred shares ("Series B shares") to the shareholders and investors of Sky Union, LLC which has become a wholly-owned subsidiary of the Company ever since. On 12 November 2008, the Company issued an aggregate of 5,216,091 Series B shares at an aggregate purchase price of US$10,499,991.

In 2007 and 2008, the Company issued certain Series A, B and A1 shares (collectively "Series Shares") shall automatically be converted into ordinary shares ("Automatic Conversion"), at the applicable Series Shares conversion price (i) upon the closing of an underwritten public offering of the ordinary shares of the Company in the United States, with an implied market capitalisation of at least two hundred and fifty million US dollars (US$250,000,000) and the aggregate net proceeds of the Company in excess of fifty million US dollars (US$50,000,000), or in a similar public offering of the ordinary shares of the Company in Hong Kong or another jurisdiction which results in the ordinary shares trading publicly on a recognised international securities exchange; provided that (a) the implied market capitalization of the Company after such offering shall be at least one hundred million US dollars (US$100,000,000) and the aggregate net proceeds of the Company in excess of twenty million US dollars (US$20,000,000); and (b) the board of directors have decided to have the Company listed on Hong Kong securities exchange or other recognised international securities exchange (a "Qualified Public Offering"), or (ii) upon the prior written approval of the holders of at least a majority of the Series Shares, which holders in each case shall include certain investors. In addition to the Automatic Conversion, each holder of Series Shares shall have the right, at such holder's sole discretion, to convert all or any portion of the Series Shares into ordinary shares at any time. The initial conversion price will be the Series Share issue price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect stock dividends, stock splits and other events.

The preferred shares have no expiry date. However, at any time commencing on 1 December 2011 (inclusive), then subject to the applicable laws of the Cayman Islands and, if so requested by the holders of more than seventy-five percent (75%) of the Series Shares, the Company shall redeem all of the outstanding Series Shares out of funds legally available therefore.

The Series Shares contain the financial liability and embedded derivatives and the entire instrument was designated as financial liability at fair value through profit or loss on initial recognition. The initial carrying values of the Series A and B Shares are their issuance price at their respective issuance dates. The initial carrying value of the Series A1 Shares is the fair value of the warrants on the exercise date plus the cash proceeds from the exercise. They are measured subsequently at fair value at each period end with changes in fair value recognised in the income statement. The Company determined the fair value of Series Shares based on valuations performed by Jones Lang LaSalle.

The movements in the carrying value of the Series Shares are as follows:

	For the three months ended 31 March	
	2014	**2013**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
At 1 January	—	66,595
Fair value changes in the Series Shares recognized in the condensed consolidated statement of profit or loss	—	8,444
At 31 March	—	75,039

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a fast-growing global online games developer and operator with headquarters in Singapore and regional offices in the United States, China, Canada and the Philippines. We offer multi-language mobile games, browser games and client-based games on the free-to-play (F2P) model. Players around the world can download and play our games for free, and our revenue is generated by selling virtual items that enhance players' in-game experience.

Financial Review

Revenue

The Group's revenue for the Period was approximately US$44.1 million, representing an increase of approximately 206.3% over US$14.4 million for the corresponding period in 2013 and an increase of approximately 20.2% over US$36.7 million for the three months ended 31 December 2013. The increase was primarily due to a significant increase in the revenue generated from mobile games, mainly attributable to the hit title "Castle Clash", which was launched in July 2013.

Gross profit and gross profit margin

The Group's gross profit for the Period was approximately US$32.2 million, representing an increase of approximately 190.1% over the US$11.1 million for the corresponding period in 2013, primarily due to the increase in revenue, especially revenue generated from mobile games.

The Group's gross profit margin for the Period was approximately 73.0%, representing a decrease of approximately 4.1% compared to the 77.1% for the corresponding period in 2013, primarily due to an increase in costs related to operating mobile games.

Selling and distribution expenses

The Group's selling and distribution expenses for the Period were approximately US$11.1 million, representing an increase of approximately 258.1% over the US$3.1 million for the corresponding period in 2013. This was primarily due to a significant increase in advertising expenses incurred for our mobile games, especially "Castle Clash", which was partially offset by a decrease in promotional activities for our browser games.

Administrative expenses

The Group's administrative expenses for the Period were approximately US$3.0 million, representing an increase of approximately 130.8% over the US$1.3 million for the corresponding period in 2013, primarily due to an increase in salaries and welfare expenses payable to administrative staff.

Research and development costs

The Group's research and development costs for the Period were approximately US$3.3 million, representing an increase of approximately 83.3% over the US$1.8 million for the corresponding period in 2013, primarily due to (i) an increase in salaries and welfare expenses for game development staff; and (ii) an increase in research and development outsourcing expenses.

Income tax expense

The Group's income tax expense for the Period was approximately US$1.0 million, representing an increase of approximately 400.0% over the US$0.2 million for the corresponding period in 2013, primarily attributable to the increase in profit before tax.

Adjusted net income

The Group's adjusted net income for the Period was approximately US$13.8 million, representing an increase of approximately 193.6% over US$4.7 million for the corresponding period in 2013 and an increase of approximately 42.3% over US$9.7 million for the three months ended 31 December 2013. The increase was in line with the increase in revenue. We have presented adjusted net income for the Period in this announcement as we believe that the adjusted net income for the Period is a meaningful supplement to the income statement data because it enables us to measure our profitability without taking into consideration of share-based compensation and fair value loss of the Preferred Shares (as defined in the Prospectus), which were converted to ordinary Shares on 31 May 2013. However, adjusted net income for the Period should not be considered in isolation or construed as an alternative to net income or operating income, or as an alternative to cash flow as a measurement of liquidity. Potential investors should be aware that the adjusted net income for the Period presented in this announcement may not be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

Dividend

The Board has not declared or paid any dividend for the Period.

Contingent liabilities

As at 31 March 2014, the Group did not have any significant contingent liabilities (31 March 2013: Nil).

Business Review and Prospects

The Group is a fast-growing global online games developer and operator with strong expertise in the mobile games sector. We are headquartered in Singapore with regional offices in the United States, China, Canada and the Philippines. The Group offers multi-language mobile games, browser games and client-based games to players around the world. The Group elected to base most of our development personnel in China to tap the large talent pool there and leverage cost advantages in order to develop games in a cost-effective manner.

During the Period, the global game industry remained highly competitive. In pursuance of the overall corporate strategy of the Group for the year of 2014, the Group has continued to focus on (i) developing its own mobile games, and (ii) promoting, marketing and operating its games globally.

Mobile games

During the Period, the Group increased its efforts to develop new and innovative mobile games by taking advantage of its strong game research and development capabilities and the creative energy of its game development teams. As more than 80% of our research and development force have been shifted to mobile game development since 2013, during the Period, 8 mobile games were launched, among which 4 mobile games were developed in-house and 4 mobile games were licensed from independent third parties.

Revenue from mobile games accounted for approximately 79.3% of our total revenue during the Period, comparing to 12.3% for the three months ended 31 March 2013. Especially, our hit title "Castle Clash", which is a fast-paced tower defense game and quickly rose in popularity to become a top ten game in 34 countries and regions and a top five game in 18 countries and regions in terms of daily revenue rankings generated at Google Play as at 31 March 2014, according to Appannie.com, an independent third party provider of mobile application analytics. During the Period, the revenue of "Castle Clash" derived from Google Play, iOS and other systems were US$21.7 million, US$6.5 million and US$1.0 million, respectively, totalled US$29.2 million and accounted for approximately 84.0% of our total revenue from mobile games. The MAU (monthly active users: the number of individual who login to a particular game during the 30-day period ending with the measurement date) for this game was approximately 9.4 million as at 31 March 2014.

During the Period, on 7 January 2014, the Group entered into a mobile platform game developer and mobile game cooperation agreement with Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊電腦系統有限公司) ("Tencent"), a subsidiary of Tencent Holdings Limited (stock code: 700) with its shares listed on the Stock Exchange. Tencent agreed to provide Tencent mobile game platforms to the Group to release and operate such mobile game products as "Castle Clash" (simplified Chinese version) on the Tencent mobile game platforms on an exclusive basis. By entering into this cooperation agreement, we can further promote our mobile games as well as strengthen and diversify our end-customers in the PRC and broaden our revenue base.

Global presence

During the Period, the Group's customers consisted of players with IP addresses from more than 180 countries around the world, emphasizing the Group's international reach. The Group continued to design, develop and launch games in multiple languages, distribute and market the games in different countries in accordance with its global marketing strategy. As at 31 March 2014, the player community of the Group consisted of over 147 million player accounts around the world, including a total MAU of approximately 14.5 million. During the Period, 39.6%, 29.6% and 24.6% of the total revenue of the Group was generated from players with IP addresses in North America, Asia and Europe, respectively.

As of the first quarter ended 31 March 2014, according to Distimo.com, an independent third party provider of mobile application analytics, the Group ranked among the top 10 in over 43 countries in terms of quarterly gross sales generated via Google Play.

In addition, during the Period, the Group has incorporated two subsidiaries in Canada, one of which will primarily engage in the research and development of mobile games while the other will primarily provide advertising and distribution of mobile application services to the Group and other third-party online game companies. The one engaged in advertising and distribution of mobile application services is an entity incorporated by IGG Singapore and some connected persons of the Company and some independent third parties, details of which are set out in the announcement of the Company dated 5 March 2014. The incorporation of the two subsidiaries will diversify the business scope of the Group, reinforce its competitiveness in the mobile game market and strengthen the global reputation of the Group.

Prospects

To cater to the varied and diverse preferences of game players in different countries, the Group will continue to enhance its in-house game development capabilities, while at the same time seek to license high quality and innovative mobile games from independent third-party developers. Our management team will further integrate and optimize our resources to reduce operating costs, improve efficiency and encourage innovation. We will also speed up the expansion of our business into high-growth regions.

The Group will make greater efforts to strengthen long-term partnerships with Apple Store, Google Play, as well as more than 40 other game promotion platforms, to execute its global marketing strategy in an effective manner.

Furthermore, the Group will continue to seek potential mergers and acquisitions opportunities that could create synergies, accelerate our growth and provide breakthroughs opportunities in our business.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except for the Pre-IPO Share Option Scheme, the Share Option Scheme and the Share Award Scheme, during the Period, none of the Company or any of its subsidiaries was a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

As at the date of this announcement, except that Mr. Zongjian Cai and Mr. Yuan Chi, both of whom are executive Directors, were granted with 291,000 and 135,000 share options under the Share Option Scheme on 25 March 2014, respectively, none of the Directors or chief executives of the Company held any share options under the Pre-IPO Share Option Scheme or the Share Option Scheme or any awarded shares under the Share Award Scheme.

PRE-IPO SHARE OPTION SCHEME

The Company adopted Pre-IPO Share Option Scheme on 12 November 2008 and amended it on 16 September 2013, the principal terms of which are summarised in the Appendix IV to the Prospectus. The Company should not grant any share options under the Pre-IPO Share Option Scheme after the Listing.

During the Period, except that 310,000 share options were exercised and 80,000 share options were lapsed due to the employment termination of an employee of the Group pursuant to the Pre-IPO Share Option Scheme, no share options granted under the Pre-IPO Share Option Scheme have been exercised, lapsed or cancelled.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 16 September 2013, the principal terms of which are summarised in the Appendix IV to the Prospectus.

During the Period, the Company has granted a total of 3,700,000 share options to certain eligible persons pursuant to the Share Option Scheme on 25 March 2014. Among the total 3,700,000 share options, 1,394,000 share options were granted to the connected persons of the Company, including executive Directors, the chief executive, directors of the subsidiaries, substantial shareholders and associates of any of them. Each share option shall entitle the holder of the share option to subscribe for one Share upon exercise of such share option at an exercise price of HK$8.96 per Share. The share options granted under the Share Option Scheme shall vest in the grantees in accordance with the timetable below, each with an exercise period commencing from the relevant Share Option Vesting Date and ending 10 years after the date of grant (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a ''Share Option Vesting Date''):

Share Option Vesting Period	Percentage of share options to vest
On or after 25 March 2015	25% of the total number of share options granted
On or after 25 March 2016	25% of the total number of share options granted
On or after 25 March 2017	25% of the total number of share options granted
On or after 25 March 2018	25% of the total number of share options granted

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 24 December 2013, the principal terms of which are summarised in the announcement of the Company dated 24 December 2013.

During the Period, the Company has granted a total of 1,560,000 awarded shares to certain selected grantees at nil consideration pursuant to the Share Award Scheme, all of whom are third parties independent from the Company and its connected persons. The awarded shares granted shall vest in the share award grantees in accordance with the schedule below (for this purpose, the date or each such date on which the awarded shares are to vest being hereinafter referred to as a ''**Share Award Vesting Date**''):

Share Award Vesting Period	Percentage of Awarded Shares to Vest
On 25 March 2015	25% of the total number of Awarded Shares granted
On 25 March 2016	25% of the total number of Awarded Shares granted
On 25 March 2017	25% of the total number of Awarded Shares granted
On 25 March 2018	25% of the total number of Awarded Shares granted

Once vested, at the request of the relevant share award grantees, the awarded shares can be transferred to the relevant share award grantees from the Trustee, or, the Trustee can sell the vested awarded shares for them and subsequently transfer the income arising from such sales to the relevant share award grantees.

MODEL CODE

The Company has also adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code regarding directors' securities transactions during the Period and up to the date hereof.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and to supervise the financial reporting process and internal control systems of the Group. The audit committee comprises all non-executive Directors and all independent non-executive Directors, namely, Dr. Horn Kee Leong (chairman of the audit committee), Mr. Xiaojun Li, Mr. Kee Lock Chua, Mr. Dajian Yu and Ms. Zhao Lu.

The audit committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Period and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure in accordance with the GEM Listing Rules has been made in respect thereof.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance in the interests of Shareholders. During the Period, except for the deviation from code provision A.2.1 as disclosed below, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

Under provision A.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The Group does not at present separate the roles of the chairman and chief executive officer. Mr. Zongjian Cai is the chairman and chief executive officer of the Group. He has extensive experience in online game industry and is responsible for the overall corporate strategies, planning and business management of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same individual is beneficial to the business prospects and management of the Group. The balance of power and authorities is ensured by the operation of the Board and the senior management, which comprise experienced and high caliberindividuals. The Board currently comprises two executive Directors, two non-executive Directors and three independent non-executive Directors and has a strong independence element in its composition.

PURCHASE, SALE OF REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTEREST

None of the Directors, the Controlling Shareholders or the substantial shareholders of the Company or their respective associates has any interest in any business which competed or may compete with the business of the Group during the Period.

USE OF PROCEEDS

The Company's Shares were listed on the GEM of the Stock Exchange on 18 October 2013. The net proceeds received by the Company by way of Placing amounted to approximately US$105.0 million, which have been applied and will be applied in accordance with the disclosures set out in the section headed "Statement of Business Objective and Use of Proceeds" in the Prospectus.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by China Everbright Capital Limited ("China Everbright"), the Company's compliance adviser, neither China Everbright nor any of its directors or employees or associates had any significant interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 March 2014.

PUBLICATION

The 2014 first quarterly report for the Period will be dispatched to the Shareholders of the Company and published on the respective websites of the Stock Exchange (www.hkgem.com) and the Company (www.igg.com) in due course.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

"associate(s)"	has the meaning ascribed thereto in the GEM Listing Rules
"Board"	the board of directors of the Company
"Company"	IGG Inc, a company incorporated in the Cayman Islands whose shares are listed on the GEM
"connected person(s)"	has the meaning ascribed thereto in the GEM Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto in the GEM Listing Rules and unless the context requires otherwise, refers to Mr. Zongjian Cai, Mr. Yuan Chi, Duke Online Holdings Limited, Edmond Online Holdings Limited, Ms. Kai Chen (spouse of Mr. Zongjian Cai), Mr. Zhixiang Chen, Mr. Yuan Xu and Mr. Hong Zhang
"Corporate Governance Code"	code on corporate governance practices contained in Appendix 15 to the GEM Listing Rules
"Director(s)"	the director(s) of the Company

"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group", "we", "our" or "us"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"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
"Listing" or "Placing"	the listing of the Shares on the GEM
"Listing Date"	18 October 2013, on which dealings in Shares first commence on the Stock Exchange
"MAU"	monthly active users
"Model Code"	the required standard of dealings for securities transactions by directors of listed issuers as set out in Rules 5.48 to 5.67 of the GEM Listing Rules adopted by the Company on 16 September 2013
"Period"	the three months ended 31 March 2014
"PRC" or "China"	the People's Republic of China
"Pre-IPO Share Option Scheme"	the share option scheme adopted by the Company on 12 November 2008 and amended by written resolutions of all Shareholders passed on 16 September 2013, the principal terms of which are summarised under the paragraph headed "Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus
"Prospectus"	the prospectus of the Company dated 11 October 2013
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	means share(s) of US$0.0000025 each in the share capital of the Company

"Share Award Scheme"	the share award scheme adopted by the Company on 24 December 2013, the principal terms of which are summarised in the announcement of the Company dated 24 December 2013
"Shareholder(s)"	the shareholder(s) of the Company
"Share Option Scheme"	the share option scheme adopted by the Company on 16 September 2013, the principal terms of which are summarised under the paragraph headed "Share Option Scheme" in Appendix IV to the Prospectus
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed thereto in the GEM Listing Rules
"Trustee"	Computershare Hong Kong Trustees Limited
"U.S. dollar(s)" or "US$" or "USD"	United States dollars, the lawful currency of the United States
"%"	per cent.

* *If there is any inconsistency between the English and Chinese texts of this announcement, the English text of this announcement shall prevail over the Chinese text.*

By Order of the Board of
IGG Inc
Zongjian Cai
Chairman

Hong Kong, 10 May 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 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