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IGG INC

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 799)

PROFIT WARNING

This announcement is made by IGG Inc (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021 (the “**Year of 2021**”) and the information currently available, it is expected that the Group’s revenue for the Year of 2021 will increase by around 10%, while net profit for the Year of 2021 will record a decrease of approximately 80% to 90% as compared to that for the year ended 31 December 2020 (the “**Year of 2020**”).

Despite the encouraging increase in revenue, net profit of the Group still decreases primarily attributable to the following factors:

- 1) a significant decrease of approximately 90% to 100% in gain on other financial assets (including fair value change and gain on disposal of other financial assets, and dividend income) during the Year of 2021, mainly affected by fluctuations on securities and investment markets during the Year of 2021, which resulted in a decrease in gain on investments in mobile internet and gaming related companies and funds as compared to that of the Year of 2020;
- 2) a significant increase of approximately 75% to 85% in research and development expenses during the Year of 2021, mainly because the Group further expanded its game product lineup, continued to strengthen its research and development capabilities, and devoted more resources to related area; and
- 3) an increase of approximately 30% to 40% in selling and distribution expenses during the Year of 2021, mainly due to intensified promotions of core title “Lords Mobile” and new games with potential, to further enhance the Group’s market competitiveness.

While the Group’s net profit for the Year of 2021 is expected to decrease due to the abovementioned reasons as compared to that for the Year of 2020, the Board believes that the strategy of continuous investment in research and development to enhance the Group’s game development capability and user experience will be beneficial to the long-term performance of the Group, and the Board is confident of the Group’s long-term development and prospects.

The Board wishes to emphasize that the information contained in this announcement is only a preliminary assessment made by the management of the Company based on the unaudited consolidated management accounts of the Group for the Year of 2021 and the information currently available to the Board. Such information has not been audited or reviewed by the auditors and the audit committee of the Company. The above information may be subject to possible adjustments, if any. Details of the financial results and performance of the Group for the Year of 2021 will be disclosed in the annual results announcement of the Group, which is expected to be announced by the end of March 2022.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
IGG INC
Zongjian Cai
Chairman

Hong Kong, 7 January 2022

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Zongjian Cai, Mr. Yuan Xu, Mr. Hong Zhang, Ms. Jessie Shen and Mr. Feng Chen; one non-executive Director, namely, Mr. Yuan Chi; and three independent non-executive Directors, namely, Dr. Horn Kee Leong, Mr. Dajian Yu and Ms. Zhao Lu.