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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 for the six months ended 30 June 2022 (“**1H2022**” or the “**Period**”) and the information currently available to the Company and its subsidiaries (collectively the “**Group**”), it is expected that the Group will record a net loss of around HK\$175 million for 1H2022, of which the net loss for core game business<sup>1</sup> is expected to be around HK\$60 million, and the gain or loss on investments<sup>2</sup> is expected to record a net loss of around HK\$115 million. The net profit of the Group for the six months ended 30 June 2021 (“**1H2021**”) was HK\$577 million, of which the net profit for core game business<sup>1</sup> was HK\$489 million, and the gain or loss on investments was a net profit of HK\$88 million.

The decline in the Group’s results is primarily attributable to the following factors:

- 1) Revenue decreased by around 23% in 1H2022 as compared to 1H2021, primarily attributable to the natural decrease in game revenue as current core games entered into maturity phases;
- 2) Research and development expenses increased by around 49% in 1H2022 as compared to 1H2021, primarily attributable to the increase in research and development expenditures in the Group’s new game projects; and
- 3) Affected by the fluctuations in the securities and investment market in 1H2022, the Group’s profit from investments in securities and private equity funds decreased by around 93%, which was lower than that in 1H2021.

<sup>1</sup> Net profit/loss for core game business: net profit/loss of the Group excluding gain or loss on investments.

<sup>2</sup> Gain or loss on investments: including (1) fair value change and gain/loss on disposal of other financial assets, and dividend income; and (2) share of results of associates and joint ventures, impairment loss on interest in associates and joint ventures and gain/loss on disposal and deemed disposal of associates and joint ventures.

The Board is of the view that the natural decrease in game revenue has caused the Group to incur phasic loss in core game business, but through continuous resource integration and optimization to reduce costs and increase efficiency, the Group has narrowed its loss in core game business for the Period month by month and the Group had reached a break-even point in the second quarter of 2022. Meanwhile, the Group will launch various new games in the second half of 2022 with promising potential.

The Board wishes to emphasize that the information contained in this announcement is only a preliminary assessment made by the Board based on the unaudited consolidated management accounts for 1H2022 and the information currently available to the Group. 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. The financial results of the Group for 1H2022 is expected to be published by the end of August 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, 15 July 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.*