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(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 799)

DISCLOSEABLE TRANSACTION DISPOSALS OF SHARES OF XD INC.

THE DISPOSALS

During the period from 10 July 2020 to 15 March 2021 (both dates inclusive), the Group had disposed of an aggregate of 13,143,600 XD Shares in a series of transactions for a total consideration of HK\$656.8 million (equivalent to approximately US\$84.7 million), exclusive of transaction costs, in the open market through the Stock Exchange at an average selling price of approximately HK\$50.0 per Disposed Share.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios in respect of the Disposals (which are aggregated pursuant to Rule 14.22 of the Listing Rules) exceeds 5% but is less than 25%, the Disposals collectively constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSALS

During the period from 10 July 2020 to 15 March 2021 (both dates inclusive), the Group had disposed of an aggregate of 13,143,600 XD Shares (representing approximately 2.89% of the issued share capital of XD Inc. as of 15 March 2021) in a series of transactions for a total consideration of HK\$656.8 million (equivalent to approximately US\$84.7 million), exclusive of transaction costs, in the open market through the Stock Exchange at an average selling price of approximately HK\$50.0 per Disposed Share.

The total consideration of the Disposals received represents the then market price of the Disposed Shares, and have been and will be received by payment in cash and settled in accordance with the relevant standard market practice. The Group continued to hold 11,504,400 XD Shares immediately after the Disposals.

As the Disposed Shares were disposed of in the open market through the Stock Exchange, the Company is not aware of the identities of the purchasers of the Disposed Shares and accordingly, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the purchasers and their respective ultimate beneficial shareholders (where applicable) of the Disposed Shares are third parties independent of and not connected with the Company and its connected persons.

INFORMATION OF XD INC.

XD Inc. is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. It is principally engaged in the development, operation, publishing and distribution of mobile and web games and provision of information services.

According to the published financial statements of XD Inc., the consolidated financial information of XD Inc. and its subsidiaries for the two years ended 31 December 2019 and six months ended 30 June 2020 are as follows:

	For the year ended		For the
	31 December		six months
	2018	2019	ended 30 June
	RMB'000	RMB'000	2020
	(Audited)	(Audited)	RMB'000
			(Unaudited)
Profit before tax	389,396	545,425	285,226
Profit after tax	352,721	513,429	259,912
	As at 31 December		As at
	2018	2019	30 June 2020
	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Unaudited)
Net assets	1,342,560	2,286,530	2,548,414

FINANCIAL EFFECTS OF THE DISPOSALS

All the XD Shares held by the Group (including the Disposed Shares) have been classified as financial assets at fair value through profit and loss of the Company in the Company's financial statements. For the year ended 31 December 2019 and 2020, the Company had received nil and nil dividend in respect of the Disposed Shares, respectively.

As a result of the Disposals, the Group realised an aggregate gain of approximately US\$67.3 million, which is calculated with reference to the investment cost of US\$17.4 million of the Disposed Shares and the disposal price (exclusive of transaction costs). Among the total realised gain, approximately US\$29.8 million had been recognised as fair value gain in prior years.

REASONS FOR AND BENEFITS OF THE DISPOSALS AND USE OF PROCEEDS

Having reviewed the business plan of the Group, the Board decided to rationalise the overall investment portfolio of the Group. The Directors believe that the Disposals represent a good opportunity for the Group to realise its investment in XD Inc. and generate returns to enhance the Group's liquidity and provide additional funds to expand its investment portfolio.

Since the Disposals were made in the open market through the Stock Exchange, the Directors (including the independent non-executive Directors, excluding Mr. Feng Chen who abstained from voting at the Board meetings approving the Disposals between 10 July 2020 to 17 December 2020, during when he was a non-executive director of XD Inc.) consider that the Disposed Shares were sold at the then prevailing market prices and the Disposals are on normal commercial terms, fair and reasonable. The Directors also consider that the Disposals are in the interests of the Company and the Shareholders as a whole.

The net proceeds for the Disposals has been and is planned to be used to fund new strategic investments of the Group, including investments in the mobile internet and gaming related companies and funds, should suitable opportunities arise.

INFORMATION OF THE GROUP

The Group is a renowned developer and publisher of mobile games with a strong global presence and an international customer base of over one billion users in total.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios in respect of the Disposals (which are aggregated pursuant to Rule 14.22 of the Listing Rules) exceeds 5% but is less than 25%, the Disposals collectively constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“Board”	the board of directors of the Company
“Company”	IGG Inc, an exempted company incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposals”	the on-market disposal of the Disposed Shares by the Group in a series of transactions during the period from 10 July 2020 to 15 March 2021 (both dates inclusive)
“Disposed Shares”	13,143,600 XD Shares that the Group disposed of under the Disposals
“Group”	the Company, its subsidiaries and its consolidated affiliated entities from time to time
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America

“XD Inc.”	XD Inc. (心动有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2400)
“XD Share(s)”	share(s) at US\$0.0001 each in the share capital of XD Inc.
“%”	per cent

For illustration purposes, amounts in HK\$ in this announcement have been translated into US\$ at an exchange rate of HK\$1=US\$0.129.

By order of the Board
IGG INC
ZONGJIAN CAI
Chairman

Hong Kong, 15 March 2021

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.