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IGG INC

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 799)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

HIGHLIGHTS

	Year ended 31 December			
	2016		2015	
	<i>US\$'000</i>	<i>HK\$'000²</i>	<i>US\$'000</i>	<i>HK\$'000²</i>
Revenue	322,087	2,500,039	202,546	1,570,177
Profit for the year	71,623	555,938	41,248	319,763
Profit for the year attributable to owners of the parent	72,616	563,645	41,492	321,654
Adjusted net income ¹	74,941	581,692	44,187	342,546

- The Group's revenue for the year ended 31 December 2016 was approximately US\$322.1 million, representing an increase of approximately 59.1% as compared to the revenue of approximately US\$202.5 million for the year ended 31 December 2015.
- The Group's profit for the year ended 31 December 2016 was approximately US\$71.6 million, representing an increase of approximately 73.8% as compared to the profit of approximately US\$41.2 million for the year ended 31 December 2015.
- The Group's profit attributable to owners of the parent for the year ended 31 December 2016 was approximately US\$72.6 million, representing an increase of approximately 74.9% as compared to the profit attributable to owners of the parent of approximately US\$41.5 million for the year ended 31 December 2015.

- The Group's adjusted net income for the year ended 31 December 2016 was approximately US\$74.9 million, representing an increase of approximately 69.5% as compared to the adjusted net income of approximately US\$44.2 million for the year ended 31 December 2015.
 - The Board has resolved to declare a second interim dividend of HK8.0 cents per ordinary Share (equivalent to US1.0 cent per ordinary Share) and a special dividend of HK5.4 cents per ordinary Share (equivalent to US0.7 cents per ordinary Share), which are expected to be paid on or about 25 April 2017. Together with the first interim dividend of HK4.3 cents per ordinary Share (equivalent to US0.6 cents per ordinary Share) paid in September 2016, the total dividends per ordinary Share for the year ended 31 December 2016 would be HK17.7 cents per ordinary Share (equivalent to US2.3 cents per ordinary Share) (31 December 2015: a total of HK21.0 cents per ordinary Share, equivalent to US2.7 cents per ordinary Share).
- 1 Adjusted net income represented profit excluding share-based compensation. It is considered a useful supplement to the consolidated statement of profit or loss indicating the Group's profitability and operational performance for the financial periods presented.*
- 2 Amounts denominated in U.S. dollars have been converted into Hong Kong dollars at an exchange rate of HK\$7.7620=US\$1.00 for the year ended 31 December 2016 (the year ended 31 December 2015: HK\$7.7522=US\$1.00), for illustration purpose only. Such conversions shall not be construed as representations that amount in U.S. dollars were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date.*

ANNUAL RESULTS

The Board is pleased to announce the consolidated financial results of the Group for the year ended 31 December 2016, together with the comparative figures for the corresponding year of 2015. These results have been reviewed by the Company's audit committee, comprising three independent non-executive Directors, one of whom chairs the audit committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016

	<i>Notes</i>	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
REVENUE	4	322,087	202,546
Cost of sales		<u>(103,184)</u>	<u>(62,007)</u>
Gross profit		218,903	140,539
Other income and gains	4	1,668	1,378
Selling and distribution expenses		(80,102)	(41,652)
Administrative expenses		(23,583)	(21,840)
Research and development costs		(35,961)	(26,944)
Other expenses		(2,575)	(6,546)
Share of results of an associate and a joint venture		<u>(1,057)</u>	<u>—</u>
PROFIT BEFORE TAX	5	77,293	44,935
Income tax expense	6	<u>(5,670)</u>	<u>(3,687)</u>
PROFIT FOR THE YEAR		<u>71,623</u>	<u>41,248</u>
Attributable to:			
Owners of the parent		72,616	41,492
Non-controlling interests		<u>(993)</u>	<u>(244)</u>
		<u>71,623</u>	<u>41,248</u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE			
PARENT	8		
(expressed in US\$ per share)			
Basic			
- For profit for the year		<u>US\$0.0537</u>	<u>US\$0.0300</u>
Diluted			
- For profit for the year		<u>US\$0.0522</u>	<u>US\$0.0290</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
PROFIT FOR THE YEAR	<u>71,623</u>	<u>41,248</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences related to foreign operations	(675)	(922)
Available-for-sale investments:		
Changes in fair value	(420)	47
Reclassification adjustments for gain or loss included in the consolidated statement of profit or loss		
— gain on disposal	—	67
— impairment loss	<u>—</u>	<u>508</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(1,095)</u>	<u>(300)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>70,528</u></u>	<u><u>40,948</u></u>
Attributable to:		
Owners of the parent	71,521	41,192
Non-controlling interests	<u>(993)</u>	<u>(244)</u>
	<u><u>70,528</u></u>	<u><u>40,948</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	<i>Notes</i>	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		7,732	5,379
Other intangible assets		393	903
Other non-current assets		2,226	2,531
Interests in an associate and a joint venture		661	—
Available-for-sale investments		8,118	8,215
Deferred tax assets		<u>14</u>	<u>6</u>
Total non-current assets		<u>19,144</u>	<u>17,034</u>
CURRENT ASSETS			
Accounts receivable	9	1,004	1,083
Prepayments, deposits and other receivables		6,708	3,028
Funds receivable		32,514	13,478
Cash and cash equivalents		<u>184,061</u>	<u>185,503</u>
Total current assets		<u>224,287</u>	<u>203,092</u>
CURRENT LIABILITIES			
Accounts payable	10	13,944	4,586
Other payables and accruals		9,307	3,511
Tax payable		4,964	3,339
Deferred revenue	11	<u>19,081</u>	<u>16,982</u>
Total current liabilities		<u>47,296</u>	<u>28,418</u>
NET CURRENT ASSETS		<u>176,991</u>	<u>174,674</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>196,135</u>	<u>191,708</u>

	<i>Notes</i>	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		<u>480</u>	<u>454</u>
Total non-current liabilities		<u>480</u>	<u>454</u>
NET ASSETS		<u>195,655</u>	<u>191,254</u>
EQUITY			
Equity attributable to owners of the parent			
Issued capital	12	3	3
Reserves		<u>195,933</u>	<u>190,521</u>
		195,936	190,524
Non-controlling interests		<u>(281)</u>	<u>730</u>
Total equity		<u>195,655</u>	<u>191,254</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Attributable to owners of the parent												
	Share capital	Share premium	Shares held for the Share Award Scheme	Share-based compensation reserve	Shares repurchased for cancellation	Available-for-sale equity investment revaluation reserve	Reserve funds	Other reserve	Exchange fluctuation reserve	Retained profits	Total equity	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 2016	3	186,870*	(5,829)*	5,316*	(1,669)*	(168)*	88*	153*	(1,295)*	7,055*	190,524	730	191,254
Profit for the year	—	—	—	—	—	—	—	—	—	72,616	72,616	(993)	71,623
Other comprehensive income for the year:													
Changes in fair value of available-for-sale equity investments, net of tax	—	—	—	—	—	(420)	—	—	—	—	(420)	—	(420)
Exchange differences related to foreign operations	—	—	—	—	—	—	—	—	(675)	—	(675)	—	(675)
Total comprehensive income for the year	—	—	—	—	—	(420)	—	—	(675)	72,616	71,521	(993)	70,528
Equity-settled share-based compensation arrangements	—	—	—	2,259	—	—	—	—	—	—	2,259	—	2,259
Acquisition of non-controlling interests	—	(19)	—	—	—	—	—	—	—	—	(19)	(18)	(37)
Equity-settled share-based compensation arrangement of a subsidiary	—	—	—	66	—	—	—	—	—	—	66	—	66
Shares purchased for the Share Award Scheme (note 12)	—	—	(5,994)	—	—	—	—	—	—	—	(5,994)	—	(5,994)
Repurchase of ordinary shares (note 12)	—	—	—	—	(25,574)	—	—	—	—	—	(25,574)	—	(25,574)
Exercise of share options (note 12)	—	863	—	(294)	—	—	—	—	—	—	569	—	569
Vesting of awarded shares (note 12)	—	83	882	(965)	—	—	—	—	—	—	—	—	—
Dividend for the Share Award Scheme	—	—	—	—	—	—	—	270	—	—	270	—	270
Cancellation of ordinary shares (note 12)	—	(27,243)	—	—	27,243	—	—	—	—	—	—	—	—
2015 second interim and special dividends paid	—	—	—	—	—	—	—	—	—	(30,158)	(30,158)	—	(30,158)
2016 interim dividends paid	—	—	—	—	—	—	—	—	—	(7,528)	(7,528)	—	(7,528)
At 31 December 2016	3	160,554*	(10,941)*	6,382*	—*	(588)*	88*	423*	(1,970)*	41,985*	195,936	(281)	195,655

* These components of equity comprise the consolidated reserves of US\$195,933,000 (2015: US\$190,521,000) in the consolidated statement of financial position as at 31 December 2016.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Attributable to owners of the parent													
	Share capital	Share premium	Shares held for the Share Award Scheme	Share-based compensation reserve	Shares repurchased for cancellation	Available-for-sale equity investment revaluation reserve	Reserve funds	Other reserve	Exchange fluctuation reserve	Retained profits	Total equity	Non-controlling interests	Total equity	
			US\$'000			US\$'000			US\$'000					US\$'000
At 1 January 2015	3	185,236	(4,300)	3,685	—	(790)	88	8	(373)	3,223	186,780	499	187,279	
Profit for the year	—	—	—	—	—	—	—	—	—	41,492	41,492	(244)	41,248	
Other comprehensive income for the year:														
Changes in fair value of available-for-sale equity investments, net of tax	—	—	—	—	—	47	—	—	—	—	47	—	47	
Reclassification adjustments for gain and loss included in the consolidated statement of profit or loss	—	—	—	—	—	575	—	—	—	—	575	—	575	
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	(922)	—	(922)	—	(922)	
Total comprehensive income for the year	—	—	—	—	—	622	—	—	(922)	41,492	41,192	(244)	40,948	
Control obtained over an associate	—	—	—	—	—	—	—	—	—	—	—	236	236	
Contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	239	239	
Equity-settled share-based compensation arrangements	—	—	—	2,695	—	—	—	—	—	—	2,695	—	2,695	
Shares purchased for the Share Award Scheme (note 12)	—	—	(1,999)	—	—	—	—	—	—	—	(1,999)	—	(1,999)	
Repurchase of ordinary shares (note 12)	—	—	—	—	(1,669)	—	—	—	—	—	(1,669)	—	(1,669)	
Exercise of share options (note 12)	—	1,563	—	(523)	—	—	—	—	—	—	1,040	—	1,040	
Vesting of awarded shares (note 12)	—	71	470	(541)	—	—	—	—	—	—	—	—	—	
Dividend for the Share Award Scheme	—	—	—	—	—	—	—	145	—	—	145	—	145	
2014 second interim dividends paid	—	—	—	—	—	—	—	—	—	(10,213)	(10,213)	—	(10,213)	
2014 special dividends paid	—	—	—	—	—	—	—	—	—	(20,247)	(20,247)	—	(20,247)	
2015 interim dividends paid	—	—	—	—	—	—	—	—	—	(7,200)	(7,200)	—	(7,200)	
At 31 December 2015	3	186,870	(5,829)	5,316	(1,669)	(168)	88	153	(1,295)	7,055	190,524	730	191,254	

1. CORPORATE AND GROUP INFORMATION

IGG Inc (the “Company”) was incorporated in the Cayman Islands on 16 August 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered address of the Company is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 18 October 2013 (the “Listing Date”). The shares of the Company were transferred to the Main Board of the Stock Exchange on 7 July 2015.

The principal activity of the Company is investment holding. The Group was principally engaged in the development and operation of mobile, browser and client-based online games in the international market. There has been no significant change in the Group’s principal activities during the year.

In the opinion of the directors of the Company, as of the date of this announcement, there were no controlling shareholders for the Company.

Under the prevailing laws and regulations in the People’s Republic of China (the “PRC”, or Mainland China which excludes, for the purpose of this announcement, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan), companies with foreign ownership are restricted from operating the online game business in Mainland China. The Group currently is operating its online games business in Mainland China through Fuzhou Tianmeng, a structured entity.

Certain structured contracts (“Structured Contracts”) were effective among Fuzhou Tianmeng, Fuzhou Tianji, Mr. Zongjian Cai and Mr. Yuan Chi (the “Registered Shareholders”) who are the legal shareholders of Fuzhou Tianmeng and also the core founders of the Company. The Structured Contracts for Fuzhou Tianmeng became effective in November 2007.

The Structured Contracts provide the Group through Fuzhou Tianji with effective control over Fuzhou Tianmeng. In particular, Fuzhou Tianji undertakes to provide Fuzhou Tianmeng with certain technical services as required to support their operations. In return, the Group is entitled to substantially all of the operating profits and residual benefits generated by Fuzhou Tianmeng through intercompany charges levied on these services rendered. The Registered Shareholders are also required to transfer their interests in Fuzhou Tianmeng to the Group or the Group’s designee upon a request made by the Group when permitted by the PRC laws for a consideration, as permitted under the PRC laws. The ownership interests in Fuzhou Tianmeng have also been pledged by the Registered Shareholders to the Group in respect of the continuing obligations of Fuzhou Tianmeng. Fuzhou Tianji has not provided any financial support that it was not previously contractually required to do so to Fuzhou Tianmeng during the year. Fuzhou Tianji intends continuously to provide to or assist Fuzhou Tianmeng in obtaining financial support when deemed necessary. Accordingly, the Group has rights to variable returns from its involvement with Fuzhou Tianmeng and has the ability to affect those returns through its power over Fuzhou Tianmeng.

As a result, Fuzhou Tianmeng was accounted for as a subsidiary of the Company.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of	Issued and paid-up/ registered capital	Percentage of equity		Principal activities
	incorporation/ registration and place of		attributable to the		
	operation		Company		
			Direct %	Indirect %	
Skyunion Hong Kong Holdings Limited	Hong Kong 20 February 2006	HK\$1,500,000	100	—	Operation and licensing of online games globally
IGG Singapore Pte. Ltd. (“IGG Singapore”)	Singapore 30 June 2009	SGD1,500,000	100	—	Research and development of games, operation and licensing of online games globally
Sky Union, LLC (“IGG US”)	USA 21 October 2005	US\$266,236.86	100	—	Provision of sales and marketing support, server hosting services and cash collection services for the Group
Fuzhou TJ Digital Entertainment Co., Ltd. (“Fuzhou Tianji”)*	PRC 15 November 2007	US\$8,800,000	—	100	Research and development of games and provision of global customer support services
Fuzhou Skyunion Digital Co., Ltd. (“Fuzhou Tianmeng”)**	PRC 12 December 2006	RMB10,000,000	—	100 [#]	Research and development of games and provision of global customer support services

* Registered as a wholly-foreign-owned enterprise under the law of the PRC.

** Registered as a limited liability company under the law of the PRC.

Fuzhou Tianmeng was legally owned by the Registered Shareholders. Fuzhou Tianji entered into the Structured Contracts with Fuzhou Tianmeng and its Registered Shareholders. As a result of the contractual arrangements, Fuzhou Tianmeng was ultimately controlled by Fuzhou Tianji, which is a wholly-owned subsidiary of the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”, which include all International Financial Reporting Standards, International Accounting Standards (“IAS”) and Interpretations) issued by the International Accounting Standards Board (the “IASB”) and disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain available-for-sale investments which have been measured at fair value. These financial statements are presented in United States dollars (“US\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2016. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The acquisition of subsidiaries under common control has been accounted for using the pooling of interests method. The pooling of interests method involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book value.

No amount is recognised in respect of goodwill or the excess of the acquirers’ interest in the net fair value of acquirees’ identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. OPERATING SEGMENT INFORMATION

The Group was principally engaged in the development and operation of online games in the international market.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain separate profit or loss information for the development and operation of online games and the directors reviewed the financial results of the Group as a whole reported under IFRSs. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers based on the IP locations of the game players

	2016 US\$'000	2015 US\$'000
Asia	105,092	51,564
Europe	102,061	63,464
North America	99,224	75,330
Others	<u>15,710</u>	<u>12,188</u>
	<u>322,087</u>	<u>202,546</u>

(b) Non-current assets

	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>
PRC	6,043	3,873
North America	1,957	1,206
Singapore	186	143
Others	<u>207</u>	<u>157</u>
	<u>8,393</u>	<u>5,379</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments, intangible assets, other non-current assets and deferred tax assets.

Information about major customers

No revenue from a single external customer amounted to 10% or more of the Group's revenue during the financial periods presented.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the services rendered after allowances for chargebacks and deduction of value-added tax.

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

	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue		
Online game revenue	317,914	197,072
Joint operation revenue	3,692	3,594
Others	<u>481</u>	<u>1,880</u>
	<u>322,087</u>	<u>202,546</u>
Other income and gains		
Dividend income from available-for-sale investments	9	460
Government grants*	918	258
Bank interest income	598	578
Others	<u>143</u>	<u>82</u>
	<u>1,668</u>	<u>1,378</u>

* Government grants were received from the government of the PRC mainly for subsidising the staff training costs incurred by the Group for its service outsourcing and technology export businesses. There are no unfulfilled conditions or contingencies relating to the grants.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<i>Note</i>	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
Channel cost		90,668	53,711
Royalty fee		4,975	1,421
Depreciation		2,245	1,498
Amortisation of other intangible assets		597	420
Minimum lease payments under operating leases		4,524	6,009
Auditor's remuneration			
- audit service		497	500
- non-audit service		<u>204</u>	<u>738</u>
		<u>701</u>	<u>1,238</u>
Employee benefit expense (including directors' and chief executive's remuneration):			
Salaries and wages		30,268	25,121
Staff welfare expenses		2,334	1,023
Equity-settled share-based compensation costs		2,325	2,695
Pension scheme contributions		1,046	1,024
Foreign exchange loss		2,427	1,504
Fair value loss/(gain), net			
- Available-for-sale investments (transfer from equity on disposal)		—	(67)
Impairment loss on available-for-sale investments		—	508
Share of results of an associate and a joint venture		1,057	—
Impairment loss on interest in an associate		—	4,294
Loss on disposal of items of property, plant and equipment		34	88
Bank interest income	4	(598)	(578)
Dividend income from available-for-sale investments	4	(9)	(460)
Government grants	4	(918)	(258)

6. 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.

IGG Singapore 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 year ended 31 December 2016 (2015: 5%) .

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. 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 year (2015: Nil).

Under the relevant income tax law, the PRC subsidiaries are subject to income tax at a statutory rate of 25% for the year ended 31 December 2016 (2015: 25%) on their respective taxable income. Fuzhou Tianmeng was certified as a Software Enterprise and is entitled to a 50% reduction in taxation for the year ended 31 December 2016. Also, Fuzhou Tianji is entitled to a 50% reduction in taxation effective for the years ended 31 December 2016, 2017, 2018.

IGG US, a subsidiary of the Company in the United States, is subject to federal income tax at gradual rates ranging from 15% to 39%. In addition, IGG US is subject to California state income tax at a rate of 8.84%.

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

	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>
Current year provision:		
Singapore	5,312	3,288
US	112	93
PRC	151	—
Others	<u>77</u>	<u>200</u>
Subtotal of current tax	<u>5,652</u>	<u>3,581</u>
Deferred tax:		
PRC	—	53
US	30	50
Singapore	<u>(12)</u>	<u>3</u>
Subtotal of deferred tax	<u>18</u>	<u>106</u>
Total tax charge for the year	<u><u>5,670</u></u>	<u><u>3,687</u></u>

During the years ended 31 December 2016 and 2015, IGG Singapore was the headquarters of the Group where it recorded majority of the Group's revenue. A reconciliation of the tax expense applicable to profit before tax at IGG Singapore's statutory tax rate to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., IGG Singapore's statutory tax rate) to the effective tax rate, are as follows:

	2016		2015	
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
Profit before tax	<u>77,293</u>		<u>44,935</u>	
Tax at the applicable tax rate	13,140	17.0	7,639	17.0
Effect in tax rates for different tax jurisdictions or enacted by local authority	1,747	2.3	2,920	6.5
Effect of tax holidays applicable to the subsidiaries	(9,841)	(12.7)	(6,550)	(14.5)
Tax losses not recognized	1,520	1.9	653	1.5
Tax losses utilised	(639)	(0.8)	—	—
Income not subject to tax	(43)	(0.1)	(7)	(0.1)
Expenses not deductible for tax	304	0.4	63	0.1
Super deduction for qualified spending under productivity and innovation credit and qualified research and development costs	<u>(518)</u>	<u>(0.7)</u>	<u>(1,031)</u>	<u>(2.3)</u>
Tax charge at the Group's effective rate	<u>5,670</u>	<u>7.3</u>	<u>3,687</u>	<u>8.2</u>

7. DIVIDENDS

The dividends amounted to HK\$292.9 million (2015: HK\$292.0 million) was paid during the year ended 31 December 2016.

- (a) At the board meeting held on 25 March 2016, the directors declared the second interim dividend of HK2.8 cents per ordinary share for the six months from 1 July to 31 December 2015 and a special dividend of HK14.2 cents per ordinary share, totaling HK\$234.5 million which was subsequently paid on 29 April 2016.
- (b) At the board meeting held on 26 August 2016, the directors declared the interim dividend of HK4.3 cents per ordinary share for the six months from 1 January to 30 June 2016, totaling HK\$58.4 million which was subsequently paid on 27 September 2016.
- (c) At the board meeting held on 22 March 2017, the directors declared the second interim dividend of HK8.0 cents per ordinary share for the six months from 1 July to 31 December 2016 and a special dividend of HK5.4 cents per ordinary share, totaling approximately HK\$180.3 million.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the respective earnings attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares in issue.

The calculation of diluted earnings per share is based on the profit for the years ended 31 December 2016 and 2015 attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the years ended 31 December 2016 and 2015, 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 dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
<u>Earnings</u>		
Earnings attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculations	<u>72,616</u>	<u>41,492</u>
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,353,476,645	1,382,435,492
Effect of dilution — weighted average number of ordinary shares:		
Share options	34,732,939	45,807,846
Awarded shares	<u>2,219,764</u>	<u>3,020,601</u>
Weighted average number of ordinary shares used in the diluted earnings per share calculation	<u>1,390,429,348</u>	<u>1,431,263,939</u>

9. ACCOUNTS RECEIVABLE

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
Accounts receivable	<u>1,004</u>	<u>1,083</u>

The Group's trading terms with its customers are mainly cash settlement, except for well-established corporate customers in the mobile advertising business and the online game joint operation business, for which the credit term is generally one to six months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over those accounts receivable balances. Accounts receivable are non-interest-bearing.

An aged analysis of the accounts receivable as at the end of the reporting period, based on the invoice date, is as follows:

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
Within 3 months	613	1,083
3 to 6 months	48	—
6 months to 1 year	78	—
Over 1 year	<u>265</u>	<u>—</u>
	<u><u>1,004</u></u>	<u><u>1,083</u></u>

No provision has been made for impairment of accounts receivable in the year ended 31 December 2016 (2015: Nil).

The aged analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
Neither past due nor impaired	613	1,083
3 to 6 months past due	48	—
6 months to 1 year past due	78	—
Over 1 year past due	<u>265</u>	<u>—</u>
	<u><u>1,004</u></u>	<u><u>1,083</u></u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

10. ACCOUNTS PAYABLE

An aged analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
Within 3 months	12,442	3,282
3 to 6 months	785	965
6 months to 1 year	480	242
Over 1 year	<u>237</u>	<u>97</u>
	<u>13,944</u>	<u>4,586</u>

The accounts payable are non-interest-bearing and are mainly settled within three months. Included in accounts payable are outstanding balances due to 199 Digital Co., Ltd. for business service of US\$71,000 (2015: US\$11,000) and Hongbin You for consulting service of US\$4,150 (2015: Nil).

11. DEFERRED REVENUE

Deferred revenue mainly represents service fees prepaid by game players or licensees for online game services to which related services have not been rendered as at the end of the reporting period.

12. SHARE CAPITAL

Shares

	2016 <i>US\$'000</i>	2015 <i>US\$'000</i>
Issued and fully paid or credited as fully paid: 1,349,900,187 (2015: 1,396,711,599) ordinary shares (par value: US\$0.0000025)	<u>3</u>	<u>3</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital <i>US\$'000</i>	Share premium account <i>US\$'000</i>	Shares held for Share Award Scheme <i>US\$'000</i>	Shares repurchased for cancellation <i>US\$'000</i>
At 1 January 2015	1,370,485,599	3	185,236	(4,300)	—
Share options exercised (note 13)	26,226,000	—	1,563	—	—
Rewarded shares vested (note 13)	—	—	71	470	—
Shares purchased for the Share Award Scheme (note 13)	—	—	—	(1,999)	—
Repurchase of ordinary shares	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,669)</u>
At 31 December 2015	<u>1,396,711,599</u>	<u>3</u>	<u>186,870</u>	<u>(5,829)</u>	<u>(1,669)</u>
At 1 January 2016	1,396,711,599	3	186,870	(5,829)	(1,669)
Acquisition of non-controlling interests	—	—	(19)	—	—
Share options exercised (note 13)*	9,754,588	—	863	—	—
Rewarded shares vested (note 13)	—	—	83	882	—
Shares purchased for the Share Award Scheme (note 13)	—	—	—	(5,994)	—
Repurchase of ordinary shares	—	—	—	—	(25,574)
Cancellation of ordinary shares	<u>(56,566,000)</u>	<u>—</u>	<u>(27,243)</u>	<u>—</u>	<u>27,243</u>
At 31 December 2016	<u>1,349,900,187</u>	<u>3</u>	<u>160,554</u>	<u>(10,941)</u>	<u>—</u>

* The 9,754,588 (2015: 26,226,000) ordinary shares of the company was resulted from the exercise of 9,617,088 (2015: 26,226,000) share options under Pre-IPO Share Option Scheme and 137,500 (2015: Nil) share options under Post-IPO Share Option Scheme. For more detailed information, please refer to note 13.

13. SHARE OPTION SCHEMES AND SHARE AWARD SCHEME

The Company adopted a pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) and a share option scheme (the “Post-IPO Share Option Scheme”), approved by the written resolution of shareholders passed on 16 September 2013 (the “Resolution”).

Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was adopted by the Company on 12 November 2008 and amended on 16 September 2013 by the Resolution. The purpose of the Pre-IPO Share Option Scheme is to offer eligible persons an opportunity to acquire a proprietary interest in the success of the Group's operations, or to increase such interest by purchasing ordinary shares of the Company. Eligible participants of the Pre-IPO Share Option Scheme include employees, the

Company's outside directors and consultants. Only employees, the Company's outside directors and consultants are eligible for the grant of non-statutory options or the direct award or sale of shares. Only employees are eligible for the grant of incentive share options. The Pre-IPO Share Option Scheme became effective on 31 October 2008 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares that are subject to options or other rights outstanding at any time under the Pre-IPO Share Option Scheme shall not exceed the number of shares that then remain available for issuance under the Pre-IPO Share Option Scheme. The Company, during the term of the Pre-IPO Share Option Scheme, shall at all times reserve and keep available sufficient authorized but unissued shares to satisfy the requirements of the Pre-IPO Share Option Scheme.

Generally the option is exercisable to the extent of the option that has been vested. Certain options are exercisable to the extent of the options that have been vested following the IPO and subject to the conditions and terms of the Pre-IPO Share Option Scheme.

The exercise price of share options is determinable by the board of directors at its sole discretion, but may not be less than the fair value of a share at the date of grant, or, if higher, the par value of such share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Pre-IPO Share Option Scheme during the year:

	2016		2015	
	Weighted average exercise price per share US\$	Number of options	Weighted average exercise price per share US\$	Number of options
At 1 January	0.0599	46,681,500	0.0527	73,674,500
Forfeited during the year	0.0865	(190,000)	0.0752	(767,000)
Exercised during the year	<u>0.0516</u>	<u>(9,617,088)</u>	<u>0.0394</u>	<u>(26,226,000)</u>
At 31 December	<u>0.0619</u>	<u>36,874,412</u>	<u>0.0599</u>	<u>46,681,500</u>

No consideration was payable by each grantee to the Company for grant of the options under the Pre-IPO Share Option Scheme. Save for the options which have been granted, no further option will be granted under the Pre-IPO Share Option Scheme.

The exercise prices and exercise periods of the share options outstanding, as at the end of the reporting period are as follows:

2016		
Number of options	Exercise price* per share	Exercise period
	<i>US\$</i>	
1,460,000	0.0040	01-07-2008 to 30-06-2017
1,341,000	0.0081	Since IPO to 30-06-2018
4,000,000	0.0378	05-12-2009 to 04-12-2018
4,046,000	0.0500	Since IPO to 31-07-2019
9,749,000	0.0525	Since IPO to 20-04-2021
120,000	0.0525	Since IPO to 02-05-2021
100,000	0.0525	Since IPO to 15-05-2021
1,898,000	0.0865	Since IPO to 13-08-2021
1,812,000	0.0865	Since IPO to 14-01-2022
5,233,000	0.0865	Since IPO to 21-05-2022
<u>7,115,412</u>	0.0865	Since IPO to 31-03-2023
 <u><u>36,874,412</u></u>		
 2015		
Number of options	Exercise price* per share	Exercise period
	<i>US\$</i>	
3,235,000	0.0040	01-07-2008 to 30-06-2017
2,241,000	0.0081	Since IPO to 30-06-2018
4,000,000	0.0378	05-12-2009 to 04-12-2018
5,126,000	0.0500	Since IPO to 31-07-2019
20,000	0.0525	Since IPO to 17-04-2021
11,677,000	0.0525	Since IPO to 20-04-2021
30,000	0.0525	Since IPO to 24-04-2021
120,000	0.0525	Since IPO to 02-05-2021
148,000	0.0525	Since IPO to 15-05-2021
280,000	0.0525	Since IPO to 12-06-2021
2,188,000	0.0865	Since IPO to 13-08-2021
2,177,000	0.0865	Since IPO to 14-01-2022
5,970,000	0.0865	Since IPO to 21-05-2022
<u>9,469,500</u>	0.0865	Since IPO to 31-03-2023
 <u><u>46,681,500</u></u>		

* The exercise price of the share options is subject to adjustment in the case of stock split or a reverse of stock split, or other similar changes in the Company's share capital.

No equity-settled share options under the Pre-IPO Share Option Scheme have been granted during the year ended 31 December 2016.

At the end of the reporting period, the Company had 36,874,412 share options outstanding under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issuance of 36,874,412 additional ordinary shares of the Company and additional share capital of US\$92 (before issuance expenses).

Post-IPO Share Option Scheme

The Company operates a share option scheme (the “Post-IPO Share Option Scheme”) for the purpose of giving eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimise their future performance and efficiency and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (defined as below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Eligible persons of the Post-IPO Share Option Scheme include a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group (“Executives”), any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group; b) a director or proposed director (including a non-executive director and/or an independent non-executive director) of any member of the Group; c) a direct or indirect shareholder of any member of the Group; d) a supplier of goods or services to any member of the Group; e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; g) an associate of any of the persons referred to in paragraphs (a) to (c) above; and h) who, in the sole opinion of the board of directors, will contribute to or have contributed to the Group.

The Post-IPO Share Option Scheme became effective on 18 October 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares to be issued upon exercise of all share options to be granted under the Post-IPO Share Option Scheme and any other scheme of the Company shall not in aggregate exceed 10% of the total number of shares in issue on the Listing Date (assuming that the Over-allotment Option is not exercised) and 30% of the shares of the Company in issue from time to time. The maximum number of shares issuable under share options to each eligible participant in the Post-IPO Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or a substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors, excluding the independent non-executive directors who or whose

associates are the grantee. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1.0 in total by the grantee. The exercise period of the share options granted is determinable by the board of directors in its absolute discretion, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of grant of the share options.

The exercise price in respect of any particular option shall be such price as the board of directors may in its absolute discretion determines at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the exercise price shall be at least the highest of: (a) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the offer date, which must be a business day; (b) the average of the closing prices of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and (c) the nominal value of a share on the offer date.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following table lists the inputs to the model used for equity-settled share options granted under the Post-IPO Share Option Scheme during the year ended 31 December 2015. In 2016, there is no new share option that has been granted under the Post-IPO Share Option Scheme.

2015

Dividend yield (%)	2.72-6.53
Expected volatility (%)	47.28-48.91
Risk-free interest rate (%)	1.85-2.28
Forfeiture rate (%)	5-6
Weighted average share price (HK\$ per share)	3.44-8.30

The expected forfeiture rate is based on the historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

On 23 March 2015, the Company's board of directors and remuneration committee approved to amend the terms of certain share options under Post-IPO Share Option Scheme. The amendment comprised two parts. Firstly, 6,769,000 options with exercise prices from HK\$5.47 to HK\$8.96 were replaced by 5,899,000 options with exercise prices of HK\$3.9. Secondly, every three options were converted into one rewarded shares ("RS") with its vesting schedule unchanged,

which lead to the conversion of 2,973,500 options into 991,165 rewarded shares vesting from 23 March 2015. This was accounted for as a share option modification and required the remeasurement of these share options. This remeasurement resulted in a total incremental share-based compensation of US\$480,650, of which, US\$90,122 was recognised in the year ended 31 December 2015 and the remaining will be recognised ratably over the remaining vesting period of the awards.

The following share options were outstanding under the Post-IPO Share Option Scheme during the year ended 31 December 2016.

	2016		2015	
	Weighted average exercise price per share HK\$	Number of options	Weighted average exercise price per share HK\$	Number of options
At 1 January	3.90	7,966,000	6.40	11,674,500
Granted during the year	—	—	3.72	540,000
Replacement options Granted during the year	—	—	3.90	5,899,000
Cancelled during the year	—	—	6.78	(9,742,500)
Exercised during the year	3.55	(137,500)	—	—
Forfeited during the year	<u>3.55</u>	<u>(230,000)</u>	<u>6.33</u>	<u>(405,000)</u>
At 31 December	<u>5.46</u>	<u>7,598,500</u>	<u>3.90</u>	<u>7,966,000</u>

HK\$1.0 consideration was payable by each grantee to the Company for the grant of the options under the Post-IPO Share Option Scheme.

31 December 2016

Number of options	Exercise price per share HK\$	Exercise period
355,000	5.47	11-08-2015 to 11-08-2024
817,000	3.51	21-11-2015 to 21-11-2024
4,876,500	3.90	23-03-2016 to 23-03-2025
1,450,000	3.90	03-06-2016 to 03-06-2025
<u>100,000</u>	2.94	10-09-2016 to 10-09-2025
<u>7,598,500</u>		

31 December 2015		
Number of options	Exercise price per share	Exercise period
	<i>HK\$</i>	
360,000	5.47	11-08-2015 to 11-08-2024
1,167,000	3.51	21-11-2015 to 21-11-2024
4,889,000	3.90	23-03-2016 to 23-03-2025
1,450,000	3.90	03-06-2016 to 03-06-2025
<u>100,000</u>	2.94	10-09-2016 to 10-09-2025
<u><u>7,966,000</u></u>		

The 9,617,088 (2015: 26,226,000) share options under Pre-IPO Share Option Scheme and 137,500 (2015: Nil) share options under Post-IPO Share Option Scheme exercised during the year resulted in the issuance of 9,754,588 (2015: 26,226,000) ordinary shares of the Company and new share premium of US\$863,000 (2015: US\$1,563,000) (before share issuance expenses), as further detailed in note 12 to the financial statements.

Share Award Scheme

The Share Award Scheme of the Company was adopted by the Board on 24 December 2013 (the “Adoption Date”). The purpose of the Share Award Scheme is to recognise the contributions by certain selected grantees and to give incentives thereto in order to retain them for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group. The awarded shares shall be either (i) allotted and issued by the Company or (ii) acquired by the Computershare Hong Kong Trustees Limited, as the trustee (“Trustee”) from the open market by utilising the Company’s resources provided to the Trustee, subject to the absolute discretion of the Board. The vesting period of the awarded shares is determined by the Board. The awarded shares granted shall vest in the grantees in accordance with the schedule as determined by the Board.

Movements in the number of shares held for the Share Award Scheme and awarded shares for the years ended 31 December 2016 and 2015 are as follows:

	Number of shares held for the Share Award Scheme	Number of awarded shares	Total
At 1 January 2016	4,360,115	5,592,931	9,953,046
Purchased and withheld	9,433,000	—	9,433,000
Granted	(5,831,499)	5,831,499	—
Forfeited	510,236	(510,236)	—
Vested	<u>—</u>	<u>(1,502,556)</u>	<u>(1,502,556)</u>
At 31 December 2016	<u><u>8,471,852</u></u>	<u><u>9,411,638</u></u>	<u><u>17,883,490</u></u>
Vested but not transferred as at 31 December 2016			<u><u>—</u></u>

	Number of shares held for the Share Award Scheme	Number of awarded shares	Total
At 1 January 2015	3,098,848	2,630,152	5,729,000
Purchased and withheld	4,865,000	—	4,865,000
Granted	(2,944,079)	2,944,079	—
Forfeited	331,511	(331,511)	—
Replacement awarded shares granted	(991,165)	991,165	—
Vested	—	(640,954)	(640,954)
At 31 December 2015	<u>4,360,115</u>	<u>5,592,931</u>	<u>9,953,046</u>
Vested but not transferred as at 31 December 2015			<u>—</u>

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. The expected dividends during the vesting period have been taken into account when assessing the fair value of these awarded shares.

The weighted average fair value of the awarded shares granted during the year ended 31 December 2016 was HK\$4.63 per share.

The awarded shares granted during the year ended 31 December 2016 and outstanding as at the year end will vest upon the anniversary of the grant date with each of 25% being vested annually.

14. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Company's subsidiary, IGG Singapore is in the process of applying for extension of Development and Expansion Incentive ("Incentive") from the Economic Development Board ("EDB") of Singapore. IGG Singapore expects to obtain such Incentive within 2017, however, the details of preferential treatment offered and prerequisite criteria set under the Incentive are yet to be determined by EDB.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a renowned developer and publisher of mobile games with a strong global presence and international customer base. The Group is headquartered in Singapore with regional offices in the United States, Hong Kong, Mainland China, Canada, Japan, Korea, Thailand, Belarus and the Philippines, and customers from over 200 countries and regions around the world.

Leveraging its success in browser and client-based online games, starting in 2013, the Group redirected its strategy to target mobile games market. The Group currently

offers free-to-play mobile games in 18 different languages, the majority of which are produced by internal development teams. From the start, the Group has aggressively pursued global market. Its strategic direction and plans have always focused on achieving its goal of becoming a global leader in the games industry that produces games loved by players around the world, particularly in our key markets of North America and Europe. In the second half of 2016, our games gained more popularity in the Asian markets and the region emerged as a new driver of growth for the Group. Under the leadership and direction of its Singapore headquarters, the Group's strategies and plans - from market research to product development to sales, marketing and operations - are executed locally by its regional offices. Over the years, our continuous innovation to produce enduring products and the effective execution of our strategies and plans, have enabled us to overcome the challenges of a fast changing industry and volatile market conditions.

During the year 2016, the global games industry remained highly competitive. To pursue its overall corporate strategy for 2016, the Group has maintained its focus on (i) developing high-quality mobile games, and (ii) strengthening the Group's capabilities on global marketing and operations of mobile games including setting up local teams in key markets around the world to tap into local knowledge for more effective game operations.

Mobile Games

During the year 2016, the Group continued to develop new games founded on a bedrock of strong game research, developmental capabilities and the spirit of continuous innovation. Revenue from mobile games accounted for approximately 98.3% of the total revenue for the year ended 31 December 2016.

Lords Mobile

In March 2016, the Group released Lords Mobile, a real-time war strategy game. Being the Group's first cross-platform, multi-language, global mega-server game, Lords Mobile achieved many breakthroughs and won multiple accolades. It was selected as the "Most Competitive Game" for Google Play's "Best of 2016" games category in 73 countries. The game's intense and intriguing features attracted high ARPU players, propelling its revenue to unprecedented heights, with particularly impressive results on the iOS platform as well as in Asia. The game achieved monthly gross revenue of US\$10 million within 5 months of launch, nearly US\$20 million within 8 months of launch, and nearly US\$30 million within 10 months of launch, breaking all records for revenue growth in the Group's history. The monthly gross revenue surpassed US\$31 million in both January and February 2017. As of 31 December 2016, the game had approximately 4 million MAU.

Castle Clash

Castle Clash, a fast-paced tower defense game, continued its growth momentum, with an increase of approximately 12.1% in revenue compared to 2015, and remained as the Group's most profitable title. The Group has excelled in extending the lifespan of the game by regularly introducing new game features, expeditiously resolving technical issues, consistently providing industry-leading customer services, and building a large community of loyal gamers around the world. Castle Clash ranked top five in 7 countries and regions and top ten in 28 countries and regions in terms of daily revenue rankings generated at Google Play as at 31 December 2016, according to App Annie, an independent mobile App analytics platform. The game is now available in 15 languages on Android, iOS, Amazon and Windows Phone platforms, making it easily accessible to players around the world. As of 31 December 2016, the MAU of the game was approximately 9 million.

Global Presence

During the year, the Group's customers consisted of players from more than 200 countries and regions around the world, underlying our international reach. The Group continued to design, develop and launch games in multiple languages, distribute and promote the games in different countries. As at 31 December 2016, the user community of the Group consisted of over 380 million registered players around the world, with a total MAU of approximately 17 million. During the year, approximately 32.6%, 31.7% and 30.8% of the total revenue of the Group was generated from players with IP addresses in Asia, Europe, and North America, respectively.

To strengthen its presence in Eastern European and Middle Eastern markets, in 2016, the Group set up a regional office in Belarus to recruit local talent for game development and operations, and established a new business unit specializing on games for the Middle East. As at 31 December 2016, the Group has regional offices in 10 countries and regions. Besides, the Group strives to bolster its long-term partnership with Apple, Google, Amazon, Microsoft, as well as more than 100 other global platforms and partners to implement its global marketing strategy. The Group's global presence and partnerships have enhanced its competitive advantage within the industry by providing higher value analysis of its players' expectations from different cultures, and allowing the Group to cater to their needs more efficiently.

Over the past years, the Group demonstrated strong capability and a proven track record for global digital marketing. During 2016, the Group further stepped up

localization effort to promote its games offline. Tailor-made promotional strategies for regional markets including tactics such as live game streaming, print media advertising and TV commercials have yielded promising results and attracted numerous loyal gamers.

Fueled by the huge success of new title “Lords Mobile”, there was a phenomenal increase in the Group’s results for the year 2016. According to the independent mobile analytics platform App Annie, in terms of revenue for 2016, IGG moved up 7 spots to rank 27th among the top-performing app publishers globally as compared to 2015.

Prospect

The Group has several strategy games and tile-matching games in the pipeline for 2017. In addition, the sequel to Castle Clash and Clash of Lords, as well as a sandbox game named TUG, are all under development. Emphasizing quality over quantity, the Group will devote more resources to polish the games to achieve top-notch quality, in order to create games with longer lifespan and deliver state-of-the-art gaming experience to our players. The Group will also pay close attention to the application of LBS (location based services) and AR (augmented reality) in mobile games, with a view to further improve the online and offline interaction among players.

In view of the increasingly competitive market environment, the Group strives to build on its strength in global operation for more effective user acquisition. In 2017, the Group will scale up its localised marketing efforts, targeting regions with untapped potential.

The Group will continue to seek potential merger and acquisition opportunities that could create synergies, to accelerate growth and provide breakthroughs in business.

KEY FINANCIAL INFORMATION

	Year ended 31 December	
	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	322,087	202,546
Profit for the year	71,623	41,248
Profit for the year attributable to owners of the parent	72,616	41,492
Adjusted net income*	74,941	44,187

* Adjusted net income represented profit excluding share-based compensation. It is considered a useful supplement to the consolidated statement of profit or loss indicating the Group’s profitability and operational performance for the financial periods presented.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2016 was approximately US\$322.1 million, representing an increase of approximately 59.1% over approximately US\$202.5 million for the year ended 31 December 2015. This is primarily due to (i) the outstanding performance of the new title "Lords Mobile", which was launched in March 2016, and (ii) the increase in the revenue generated from the existing signature game "Castle Clash".

Revenue by game types

The following table sets out the breakdown of the Group's revenue by game types for the years ended 31 December 2016 and 2015, respectively:

	Year ended 31 December		2015	
	2016			
	US\$'000	%	US\$'000	%
Mobile games	316,707	98.3	190,479	94.0
Others	<u>5,380</u>	<u>1.7</u>	<u>12,067</u>	<u>6.0</u>
Total	<u><u>322,087</u></u>	<u><u>100.0</u></u>	<u><u>202,546</u></u>	<u><u>100.0</u></u>

Revenue by geographical markets

The following table sets forth a breakdown of the Group's revenue by geographical markets based on IP locations of the players for the years ended 31 December 2016 and 2015, respectively:

	Year ended 31 December		2015	
	2016			
	US\$'000	%	US\$'000	%
Asia	105,092	32.6	51,564	25.5
Europe	102,061	31.7	63,464	31.3
North America	99,224	30.8	75,330	37.2
Others	<u>15,710</u>	<u>4.9</u>	<u>12,188</u>	<u>6.0</u>
Total	<u><u>322,087</u></u>	<u><u>100.0</u></u>	<u><u>202,546</u></u>	<u><u>100.0</u></u>

Revenue by games

The following table sets forth a breakdown of the Group's revenue by games for the years ended 31 December 2016 and 2015, respectively:

	Year ended 31 December			
	2016		2015	
	US\$'000	%	US\$'000	%
Castle Clash	135,656	42.1	120,997	59.7
Lords Mobile	124,419	38.6	—	—
Clash of Lords series	33,471	10.4	34,644	17.1
Deck Heroes	13,772	4.3	14,593	7.2
Others	<u>14,769</u>	<u>4.6</u>	<u>32,312</u>	<u>16.0</u>
Total	<u>322,087</u>	<u>100.0</u>	<u>202,546</u>	<u>100.0</u>

Cost of sales

The Group's cost of sales for the year ended 31 December 2016 was approximately US\$103.2 million, representing an increase of approximately 66.5% as compared to that of approximately US\$62.0 million for the year ended 31 December 2015, primarily due to the increase in channel costs as a result of the expansion of mobile game business.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 December 2016 was approximately US\$218.9 million, representing an increase of approximately 55.8% as compared to that of approximately US\$140.5 million for the year ended 31 December 2015, primarily due to the increase in the revenue.

The Group's gross profit margin for the year ended 31 December 2016 was approximately 68.0%, representing a decrease by approximately 1.4% as compared to that of approximately 69.4% for the year ended 31 December 2015, primarily due to higher channel costs in relation to mobile games compared to browser games and client-based games.

Selling and distribution expenses

The Group's selling and distribution expenses for the year ended 31 December 2016 were approximately US\$80.1 million, representing an increase of approximately 92.1% as compared to that of approximately US\$41.7 million for the year ended 31 December 2015, primarily due to additional advertising and promotional activities for the new title "Lords Mobile".

Administrative expenses

The Group's administrative expenses for the year ended 31 December 2016 were approximately US\$23.6 million, representing an increase of approximately 8.3% as compared to that of approximately US\$21.8 million for the year ended 31 December 2015, primarily due to (i) the increase in salaries, performance-based bonus and staff welfare as a result of business expansion, and (ii) higher expenses related to setting up offices in various countries.

Research and development costs

The Group's research and development costs for the year ended 31 December 2016 were approximately US\$36.0 million, representing an increase of approximately 33.8% as compared to that of approximately US\$26.9 million for the year ended 31 December 2015, primarily due to (i) the increase in salaries, performance-based bonus and share-based payment expenses in connection with the game development team, and (ii) the increase in research and development outsourcing expenses attributable to the enrichment of our game portfolio.

Other expenses

The Group's other expenses for the year ended 31 December 2016 were approximately US\$2.6 million, representing a decrease of approximately 60.0% over approximately US\$6.5 million for the year ended 31 December 2015, primarily due to the reduction of impairment loss with respect to the Group's investments in several online gaming companies.

Income tax expenses

The Group's income tax expenses for the year ended 31 December 2016 were approximately US\$5.7 million, representing an increase of approximately 54.1% as compared to that of approximately US\$3.7 million for the year ended 31 December 2015, primarily due to the increase in profit before tax.

Capital expenditure

As a game development and operation company, the Group's capital expenditures were mainly related to purchases of property, plant and equipment such as servers and computer equipment, as well as intangible assets such as software and trademark. Capital expenditures for the years ended 31 December 2016 and 2015 are set forth as below:

	Year ended 31 December	
	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>
Purchase of property, plant and equipment	4,904	4,137
Purchase of intangible assets	91	312

Capital commitments

As at 31 December 2016, the Group had a capital commitment of approximately US\$0.2 million (31 December 2015: US\$0.8 million).

Liquidity and capital resources and gearing ratios

As at 31 December 2016, the Group had net current assets of approximately US\$177.0 million (31 December 2015: US\$174.7 million), and the gearing ratio of the Group, calculated as total liabilities divided by total assets, was 19.6% (31 December 2015: 13.1%).

As at 31 December 2016, the Group had cash and cash equivalents of approximately US\$184.1 million (31 December 2015: US\$185.5 million).

The Group did not have any bank borrowings or other financing facilities as at 31 December 2016 (31 December 2015: Nil).

The table below sets forth selected cash flow data from our consolidated statement of cash flows:

	Year ended 31 December	
	2016	2015
	<i>US\$'000</i>	<i>US\$'000</i>
Net cash flows from operating activities	74,426	53,562
Net cash flows (used in)/from investing activities	(7,051)	45,604
Net cash flows used in financing activities	<u>(68,415)</u>	<u>(39,904)</u>
Net change in cash and cash equivalents	(1,040)	59,262
Cash and cash equivalents at beginning of year as stated in the consolidated statement of cash flows	185,503	127,088
Effect of foreign exchange rate changes, net	<u>(402)</u>	<u>(847)</u>
Cash and cash equivalents at end of year as stated in the consolidated statement of cash flows	<u>184,061</u>	<u>185,503</u>

Operating activities

Net cash flows from operating activities increased from approximately US\$53.6 million for the year ended 31 December 2015 to approximately US\$74.4 million for the year ended 31 December 2016. This is primarily due to better operating performance in 2016, especially higher cash inflow from new title “Lords Mobile”.

Investing activities

Net cash flows used in investing activities was approximately US\$7.1 million for the year ended 31 December 2016, compared to net cash flows from investing activities of approximately US\$45.6 million for the year ended 31 December 2015, which was primarily attributable to certain addition of unlisted equity investments in 2016, as well as the decrease of investments in time deposits with original maturity of over three months in 2015.

Financing activities

Net cash flows used in financing activities was approximately US\$68.4 million for the year ended 31 December 2016, representing an increase of approximately US\$28.5 million as compared to that of approximately US\$39.9 million for the year ended 31 December 2015, which was primarily attributable to the payment of the second interim and special dividends for the year ended 31 December 2015 and the interim dividend for the year ended 31 December 2016, as well as the share buy-backs made by the Company during the year ended 31 December 2016.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currency. 55.6% of the sales are denominated in currencies other than the functional currency of the operating units making the sales for the year ended 31 December 2016 (31 December 2015: 64.4%).

The Group currently does not have hedging policy in respect of the foreign currency risk. However, the management team closely monitors foreign exchange exposure to ensure appropriate measures are implemented in a timely and effective manner. In this respect, the Group is not exposed to any significant foreign currency exchange risk in its operation.

Capital structure

The capital structure of the Company is comprised of ordinary Shares.

Dividend

The Board resolved to declare a second interim dividend of HK8.0 cents per ordinary Share (equivalent to US1.0 cent per ordinary Share) and a special dividend of HK5.4 cents per ordinary Share (equivalent to US0.7 cents per ordinary Share). Together with the first interim dividend of HK4.3 cents per ordinary Share (equivalent to US0.6 cents per ordinary Share) paid in September 2016, the total dividends per ordinary Share for the year ended 31 December 2016 would be HK17.7 cents per ordinary Share (equivalent to US2.3 cents per ordinary Share) (31 December 2015: the total dividends of HK21.0 cents per ordinary Share, equivalent to US2.7 cents per ordinary Share).

Human Resources

As at 31 December 2016, the Group had 969 employees (31 December 2015: 860). The table below sets forth the number of employees in each functional area as at 31 December 2016 and 2015 respectively:

Function	2016		2015	
	<i>Number of Employees</i>	<i>% of total</i>	<i>Number of Employees</i>	<i>% of total</i>
Development	528	54.5	436	50.7
Operation	236	24.4	241	28.0
Supporting Departments	<u>205</u>	<u>21.1</u>	<u>183</u>	<u>21.3</u>
TOTAL	<u>969</u>	<u>100.0</u>	<u>860</u>	<u>100.0</u>

The Group's total staff-related costs of the Group amounted to approximately US\$38.4 million for the year ended 31 December 2016 (31 December 2015: US\$32.0 million).

Significant investment

During the year ended 31 December 2016, the Group did not hold any significant investment in equity interest in any other company (31 December 2015: Nil).

Interest capitalised

No interest was capitalised by the Group for the year ended 31 December 2016 (31 December 2015: Nil).

Material acquisition and disposal of subsidiaries and associates and joint ventures

During the year ended 31 December 2016, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures (31 December 2015: Nil).

Charges on assets

As at 31 December 2016, no asset of the Group was pledged as a security for bank borrowing or any other financing activities (31 December 2015: Nil).

Contingent liabilities

The Group had no significant contingent liabilities as at 31 December 2016 (31 December 2015: Nil).

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance in the interests of Shareholders. During the year ended 31 December 2016, 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.

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 strategic planning and overall business development 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 authority is ensured by the operation of the Board and the senior management, which comprise experienced and high caliber individuals. The Board currently comprises five executive Directors, one non-executive Director and three independent non-executive Directors and has a strong independence element in its composition.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules 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 year ended 31 December 2016.

AUDIT COMMITTEE

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

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2016 and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure in accordance with the Listing Rules has been made in respect thereof.

COMPETING INTEREST

To the best knowledge of the company, none of the Directors 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 for the year ended 31 December 2016.

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

The Company had bought back the Shares on the Stock Exchange during the year ended 31 December 2016 with details as follows:

Month of Purchase	Number of Shares Purchased	Price per Share		Total Paid <i>HKD</i>
		Highest Price Paid <i>HKD</i>	Lowest Price Paid <i>HKD</i>	
January 2016	17,633,000	3.61	3.26	61,321,740
May 2016	13,284,000	3.69	3.33	45,265,630
June 2016	8,806,000	3.81	3.26	30,118,700
July 2016	3,000,000	3.27	3.23	9,772,790
August 2016	2,431,000	3.92	3.82	9,406,420
October 2016	3,830,000	5.67	5.41	21,239,590
November 2016	374,000	5.79	5.74	2,158,970
December 2016	<u>3,264,000</u>	6.00	5.30	19,112,830
Total	<u><u>52,622,000</u></u>			

All of the shares bought back were subsequently cancelled. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

IMPORTANT EVENT SINCE THE END OF THE FINANCIAL YEAR

There was no important event of the Company since the end of the year ended 31 December 2016 up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (<http://www.igg.com>). The annual report for the year ended 31 December 2016 containing all the information required by the Listing Rules will be despatched to Shareholders of the Company and available on the same websites in due course.

SCOPE OF WORK ON THE ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The figures in respect of the annual announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the annual results announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Tuesday, 27 June 2017. A notice convening the annual general meeting will be despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 21 June 2017 to Tuesday, 27 June 2017, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the annual general meeting, all transfers of Shares, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 20 June 2017.

The record date for entitlement to the second interim and special dividend is Tuesday, 11 April 2017. For determining the entitlement to the second interim and special dividend, the register of members of the Company will be closed from Friday, 7 April 2017 to Tuesday, 11 April 2017, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the second interim and special dividend, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 6 April 2017. The payment of the second interim and special dividend will be made on or about Tuesday, 25 April 2017.

DEFINITIONS

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

“ARPU”	average revenue per user
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors of the Company
“Company” or “IGG”	IGG Inc, an exempted company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange
“controlling shareholders”	has the meaning ascribed thereto in the Listing Rules
“Corporate Governance Code”	Code on corporate governance practices contained in Appendix 14 of the Listing Rules
“Director(s)”	the director(s) of the Company
“Fuzhou Tianji”	Fuzhou TJ Digital Entertainment Co., Ltd* (福州天極數碼有限公司), a limited liability company established under the laws of the PRC on 15 November 2007, a wholly-owned subsidiary of the Group
“Fuzhou Tianmeng”	Fuzhou Skyunion Digital Co., Ltd* (福州天盟數碼有限公司), a limited liability company established under the laws of the PRC on 12 December 2006, which is owned as to 50% by Mr. Zongjian Cai and 50% by Mr. Yuan Chi, respectively
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”, “we”, “us” or “our”	the Company and its subsidiaries
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, 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
“IGG US”	Sky Union, LLC, a limited liability company formed in the State of Nevada, the United States, on 21 October 2005, a wholly-owned subsidiary of the Company
“Listing Date”	18 October 2013, on which dealings in the Shares first commence on the GEM
“Listing Rules”	the Rules Governing the Listing of Securities 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 Appendix 10 to the Listing Rules
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	means ordinary 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“US\$” or “USD” and “US cents”	United States dollars, and cents, respectively, 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, 22 March 2017

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.