I GOT GAMES

IGG INC

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 799)

(1) CONTINUING CONNECTED TRANSACTIONS RELATING TO THE ENTERING INTO OF THE NEW VIE AGREEMENTS AND (2) CONNECTED TRANSACTIONS RELATING TO THE NEW LOAN AGREEMENT

Reference is made to the sections headed "History and Corporate Structure — Structured Contracts" and "Continuing Connected Transactions" in the Prospectus in relation to, among other things, the contractual arrangements. The Board hereby announces that, in order to enhance the internal control of the Group and for administration efficiency purpose, on 28 December 2018, the relevant parties as detailed below entered into the following agreements as detailed below to change the registered shareholders of Fuzhou Tianmeng from the Existing Registered Holders to members of the Group's core management, Mr. Deyang Zheng and Mr. Chengfeng Luo:

(1) the Termination Agreement, pursuant to which the Existing Registered Holders, Fuzhou Tianmeng and Fuzhou Tianji agreed that the Existing VIE Structure in relation to Fuzhou Tianmeng shall be terminated;

(2) the Equity Transfer Agreement, pursuant to which, among others, each of the Existing Registered Holders agreed to transfer 50% and 50% of the equity interests in Fuzhou Tianmeng to Mr. Deyang Zheng and Mr. Chengfeng Luo, respectively, at a total consideration of RMB10.51 million;

(3) the New Loan Agreement, pursuant to which, among others, Fuzhou Tianji agreed to offer each of Mr. Deyang Zheng and Mr. Chengfeng Luo an interest-free loan in the sum of RMB5.255 million for the purpose of providing to the New Registered Holders the consideration under the Equity Transfer Agreement; and

(4) the Tripartite Agreement, pursuant to which, among others, Fuzhou Tianji, the Existing Registered Holders and the New Registered Holders agreed to set-off the consideration under the Equity Transfer Agreement payable by the New Registered Holders against the loans owed by the Existing Registered Holders to Fuzhou Tianji.

IMPLICATIONS UNDER THE LISTING RULES

The Company has discussed with its auditor and its auditor agrees that after the signing of the New VIE Agreements, the financial results of Fuzhou Tianmeng will continue to be accounted for and consolidated in the accounts of the Group as if it is a wholly-owned subsidiary of the Company. Mr. Deyang Zheng and Mr. Chengfeng Luo, being the substantial shareholders of Fuzhou Tianmeng, will be Connected Persons of the Company. Accordingly, the transactions contemplated under the New VIE Agreements constitute continuing connected transactions and the transactions contemplated under the New Loan Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the New VIE Structure is reproduced from the Existing VIE Structure as provided under one of the conditions of the IPO Waiver, the New VIE Agreements are on substantially the same terms as those currently in place under the Existing VIE Structure, the Stock Exchange has confirmed that the transactions contemplated under the New VIE Structure are exempt from strict compliance with, (i) the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules; (ii) the requirement of setting an annual cap for the fees payable to Fuzhou Tianji under the New VIE Structure; and (iii) the requirement of limiting the term of the New VIE Structure to three years or less, subject to the same conditions of the IPO Waiver.

As the highest of all of the applicable percentage ratios in respect of the New Loan Agreement is more than 0.1% but less than 5%, the New Loan Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

INTRODUCTION

Reference is made to the sections headed "History and Corporate Structure — Structured Contracts" and "Continuing Connected Transactions" in the Prospectus in relation to, among other things, the contractual arrangements. The Board hereby announces that, in order to enhance the internal control of the Group and for administration efficiency purpose, on 28 December 2018, the relevant parties entered into the following agreements as detailed below to change the registered shareholders of Fuzhou Tianmeng from the Existing Registered Holders to members of the Group's core management, Mr. Deyang Zheng and Mr. Chengfeng Luo:

(1) the Termination Agreement, pursuant to which the Existing Registered Holders, Fuzhou Tianmeng and Fuzhou Tianji agreed that the Existing VIE Structure in relation to Fuzhou Tianmeng shall be terminated;

(2) the Equity Transfer Agreement, pursuant to which, among others, each of the Existing Registered Holders agreed to transfer 50% and 50% of the equity interests in Fuzhou Tianmeng to Mr. Deyang Zheng and Mr. Chengfeng Luo, respectively, at a total consideration of RMB10.51 million;

(3) the New Loan Agreement, pursuant to which, among others, Fuzhou Tianji agreed to offer each of Mr. Deyang Zheng and Mr. Chengfeng Luo an interest-free loan in the sum of RMB5.255 million for the purpose of providing to the New Registered Holders the consideration under the Equity Transfer Agreement; and

(4) the Tripartite Agreement, pursuant to which, among others, Fuzhou Tianji, the Existing Registered Holders and the New Registered Holders agreed to set-off the consideration under the Equity Transfer Agreement payable by the New Registered Holders against the loans owed by the Existing Registered Holders to Fuzhou Tianji.

Fuzhou Tianmeng will remain a consolidated affiliated entity of the Company and its financial results will continue to be accounted for and consolidated in the accounts of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Fuzhou Tianmeng was owned by Mr. Zongjian Cai as to 50% and Mr. Yuan Chi as to 50% before completion of the Equity Transfer Agreement.

As disclosed in the Prospectus, the existing PRC laws and regulations restrict foreign investment in value-added telecommunication, Internet content and information services, and online games in the PRC. Fuzhou Tianji, being a foreign owned enterprise, does not have the requisite licenses to provide services regarding value-added telecommunication, Internet content and information services, and online games in the PRC. In order to comply with PRC laws restricting foreign ownership in the value-added telecommunication or foreign ownership prohibitions on Internet content and information services, the Group historically operated the licensing and publishing of self-developed browser games and client-based games in the PRC through Fuzhou Tianmeng, under the Existing VIE Agreements, which holds an ICP license, Internet Culture Operating License and Internet Publishing License.

Please refer to the section headed "History and Corporate Structure — Structured Contracts" in the Prospectus for the detailed reasons why our businesses are required to be carried out by way of contractual arrangements from a perspective of compliance of PRC laws and the details of the Existing VIE Structure.

The New Registered Holders are the core management team members of the Company and have extensive experience and in-depth knowledge of Fuzhou Tianmeng's operation. Accordingly, changing the shareholders of Fuzhou Tianmeng will enable Fuzhou Tianmeng to optimize and enhance its gaming business in the long run and facilitate its internal control. The Directors also believe that Mr. Deyang Zheng and Mr. Chengfeng Luo are more suitable than any other parties as the Directors (other than the Existing Registered Holders), being either non-PRC citizens, non-ordinary residents in the PRC or independent non-executive Directors, are not suitable to act as shareholders of Fuzhou Tianmeng.

Further, as part of the Group's strategy to deepen and widen its scope of international presence and partnerships, Mr. Zongjian Cai, an executive Director and one of the Existing Registered Holders, will focus on the management and development of the Group's business worldwide. Mr. Yuan Chi, a non-executive Director and the other Existing Registered Holder, is about to reach the retirement age and it is part of his plan to step down from the day-to-day operation of the Group gradually. Since Mr. Zongjian Cai will spend most of his time outside the PRC and Mr. Yuan Chi will step down gradually, the change of the registered shareholders of Fuzhou Tianmeng from the Existing Registered Holders to Mr. Deyang Zheng and Mr. Chengfeng Luo, who are PRC citizens and ordinary residents in the PRC, will offer administration efficiency as various administrative matters or filings could be more efficiently and effectively handled.

Fuzhou Tianmeng is mainly engaged in the operation of online games and as at 30 June 2018, all the revenue of Fuzhou Tianmeng was generated from online games operation. According to the PRC Legal Advisor, foreign ownership in online games operation business is prohibited under the PRC laws and regulations. Based on the above view of the PRC Legal Advisor, the New VIE Agreements are narrowly tailored to minimise potential conflict with relevant PRC laws and regulation, and the PRC Legal Advisor is of the opinion that:

(i) Fuzhou Tianmeng has been duly incorporated and is validly existing, and its establishment is valid, effective and complies with the relevant PRC laws, and Fuzhou Tianmeng has also obtained all necessary approvals and finished all registrations as required by the PRC laws and regulations and has the capacity to carry out business operations in accordance with its licenses;

(ii) each of the New VIE Agreements is valid and binding on the parties thereto;

(iii) each of the New VIE Agreements complies with provisions of the articles of association of Fuzhou Tianmeng and Fuzhou Tianji;

(iv) each of the New VIE Agreements does not violate any compulsory requirements of any PRC laws, administrative regulations or the articles of association of Fuzhou Tianmeng and Fuzhou Tianji; and

(v) each of the New VIE Agreements does not fall within any of the circumstances under Article 52 of the Contract Law of the PRC (《中華人民共和國合同法》) and would not be deemed as "concealment of illegal intentions with a lawful form" pursuant to which the contracts would be determined to be invalid.

As disclosed in the Prospectus, according to the PRC Legal Advisor's telephone interview on 29 April 2013 with the GAPP, since the Existing VIE Agreements were entered into before the effective date of the GAPP Notice, the GAPP had not and would not request the Existing VIE Agreements to be declared void; and according to the Company's PRC Legal Advisor's interview in Fujian Department of Culture on 18 September 2013, Fujian Department of Culture provided verbal confirmation that they have no objection to the Existing VIE Agreements, and the Existing VIE Agreements do not violate any PRC laws, regulations, rules or notice concerning online game operations and the Existing VIE Agreements will not result in any administrative proceedings or penalties on Fuzhou Tianmeng.

The PRC Legal Advisor is of the view that as the Existing VIE Structure does not constitute a breach of the GAPP Notice in the view of the competent governmental authorities, the entering into of the New VIE Agreements, which do not change Fuzhou Tianji's and Fuzhou Tianmeng's rights and obligations as compared to the Existing VIE Agreements, would not constitute a breach of the GAPP Notice.

Based on the above analysis and advice from the PRC Legal Advisor, the Directors are of the view that the adoption of the New VIE Structure is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations and that each of the arrangements under the New VIE Structure conferring significant control and economic benefits from Fuzhou Tianmeng is enforceable under relevant laws and regulations.

The Directors also believe that the New VIE Agreements are fair and reasonable because the New VIE Agreements were reproduced from the Existing VIE Structure.

As of the date of this announcement, the Company has not encountered any interference or encumbrance from any PRC governing bodies in operating its business through Fuzhou Tianmeng under the Existing VIE Structure or the New VIE Structure.

TERMINATION AGREEMENT

The summary of the principal terms in the Termination Agreement is set forth below:

Date:	28 December 2018
Parties	(a) Fuzhou Tianmeng (b) Fuzhou Tianji (c) the Existing Registered Holders (d) the New Registered Holders
Subject:	Pursuant to the Termination Agreement, Fuzhou Tianmeng, Fuzhou Tianji and the Existing Registered Holders agreed that subject to the entering into of the New VIE Agreements by Fuzhou Tianmeng, Fuzhou Tianji and the New Registered Holders, the Existing VIE Structure will be terminated.

EQUITY TRANSFER AGREEMENT

The summary of the principal terms in the Equity Transfer Agreement is set forth below:

Date: 28 December 2018

Parties
(a) the Existing Registered Holders
(b) the New Registered Holders

Subject: Pursuant to the Equity Transfer Agreement, each of the Existing Registered Holders agreed to transfer 50% and 50% of the equity interests in Fuzhou Tianmeng to Mr. Deyang Zheng and Mr. Chengfeng Luo, respectively, at a total consideration of RMB10.51 million, determined with reference to the fair value of Fuzhou Tianmeng as at 31 August 2018 as appraised by an independent appraiser.

The Existing Registered Holders and the New Registered Holders agreed that the consideration payable by the New Registered Holders will be set-off against the loans owed by the Existing Registered Holders to Fuzhou Tianji and there will be no transfer of funds between the Existing Registered Holders and the New Registered Holders.

NEW LOAN AGREEMENT

The summary of the principal terms in the New Loan Agreement is set forth below:

Date: 28 December 2018

Parties
(a) the New Registered Holders (each as a borrower)
(b) Fuzhou Tianji (as a lender)

Subject: Pursuant to the New Loan Agreement, Fuzhou Tianji agreed to offer each of Mr. Deyang Zheng and Mr. Chengfeng Luo an interest-free loan in the sum of RMB5.255 million (the "**New Loans**") for the exclusive purpose of settling the consideration for the proposed equity interest transfer under the Equity Transfer Agreement. The New Loans are repayable upon termination of the New VIE Agreements. Further, when the call option under the New Call Option Agreement is exercised, the New Loans will be repaid by each of Mr. Deyang Zheng and Mr. Chengfeng Luo forthwith and will not be set-off by any other new loans from Fuzhou Tianji or any consideration to be paid by Fuzhou Tianji on exercising the call option under the New Call Option Agreement. The interest-free loan extended to the New Registered Holders will not form a part of, or any arrangement under, the New VIE Agreements.

Term: The term of each loan commences from the date of transfer of the loan to the respective New Registered Holders and ends on the date the New VIE Agreements are terminated.

TRIPARTITE AGREEMENT

The summary of the principal terms in the Tripartite Agreement is set forth below:

Date: 28 December 2018

Parties

(a) Fuzhou Tianji
(b) the Existing Registered Holders
(c) the New Registered Holders

Subject: The initial share capital of Fuzhou Tianmeng contributed by the Existing Registered Holders in the sum of RMB10 million was funded by an interest-free loan by Fuzhou Tianji to the Existing Registered Holders (the "**Existing Loans**"). Pursuant to the Tripartite Agreement, Fuzhou Tianji, the Existing Registered Holders and the New Registered Holders agreed that the consideration under the Equity Transfer Agreement payable by the New Registered Holders will be set-off against the Existing Loans and the Existing Loans will be fully settled. There will be no transfer of funds between the Existing Registered Holders and the New Registered Holders.

The difference between the Existing Loans and the consideration under the Equity Transfer Agreement payable by Mr. Deyang Zheng and Mr. Chengfeng Luo in the total sum of RMB0.51 million will be returned to Fuzhou Tianji on or before 31 January 2019.

NEW VIE AGREEMENTS

The contractual arrangements under the New VIE Structure will be on substantially the same terms as those currently in place under the Existing VIE Structure, save as to the identity of the registered shareholders of Fuzhou Tianmeng. Hence, the New VIE Agreements constitute a reproduction of the Existing VIE Structure.

In relation to the contractual arrangements under the New VIE Structure, the Company will fulfill and comply with the same conditions as those imposed on the contractual arrangements under the Existing VIE Structure as disclosed on pages 206 to 208 of the Prospectus, *mutatis mutandis*.

The summary of the principal terms of the New VIE Agreements is set forth below:

(1) **New Call Option Agreement**

Date: 28 December 2018

Parties:
(a) Fuzhou Tianmeng
(b) Fuzhou Tianji
(c) the New Registered Holders

Subject: The New Call Option Agreement provided that each of the New Registered Holders irrevocably granted the exclusive right to Fuzhou Tianji or its designee(s) to acquire equity interest in or assets of Fuzhou Tianmeng as and when permitted by the PRC laws. The amount of consideration payable by Fuzhou Tianji to the equity holders of Fuzhou Tianmeng shall be RMB1.0 or the lowest possible amount permissible under the applicable PRC laws. The New Registered Holders shall return any consideration they receive in the event that Fuzhou Tianji exercises the call option under the New Call Option Agreement to acquire equity interest in or assets of Fuzhou Tianji.

In accordance with the terms under the New Call Option Agreement, without the prior written consent of Fuzhou Tianji or its parent company, the New Registered Holders are not allowed to sell, transfer, pledge and/or dispose of their equity interest; further, Fuzhou Tianmeng is not allowed to sell, transfer, pledge and/or dispose of its assets or incomes or other interest.

Fuzhou Tianmeng undertakes that it will, among other matters:

- without the written approval of Fuzhou Tianji or the Company, not amend its article of association nor increase or decrease its registered capital;
- without the written approval of Fuzhou Tianji or the Company, not sell, transfer, pledge, dispose or deal with its assets in any way;
- without the written approval of Fuzhou Tianji or the Company, not enter into loan transaction (except as required in the ordinary course of business);

- without the written approval of Fuzhou Tianji or the Company, not enter into material contracts (except as required in the ordinary course of business);
- without the written approval of Fuzhou Tianji or the Company, not merge with other enterprises or invest in other enterprises;
- operate the business of Fuzhou Tianmeng on a normal basis to maintain the assets value of Fuzhou Tianmeng, and not do anything to materially affect Fuzhou Tianmeng's operation or assets value;
- without the written approval of Fuzhou Tianji or the Company, not declare or pay the dividends to its shareholders;
- take all necessary actions or sign all necessary documents to protect the ownership rights of Fuzhou Tianji in all assets of Fuzhou Tianmeng; and
- appoint directors of Fuzhou Tianmeng according to the instruction of Fuzhou Tianji.

Prior to exercising the call option to acquire all equity interest in or assets of Fuzhou Tianmeng by Fuzhou Tianji or its designee(s) and in the event of death, bankruptcy or divorce of the shareholders of Fuzhou Tianmeng resulting in a change in ownership of its shares, all registered shareholders of Fuzhou Tianmeng agreed that (i) the rights and obligations under the New Call Option Agreement shall continue to bind on their successors; and (ii) the New Call Option Agreement shall prevail over their wills, divorce agreements, debts arrangement and other legal instruments in any forms entered into by them after the signing of the New Call Option Agreement, unless prior written approval of Fuzhou Tianji has been obtained.

In addition, the New Registered Holders undertake that they will, among other matters:

- without the written approval of Fuzhou Tianji or the Company, not sell, transfer, pledge or deal with their equity interests in Fuzhou Tianmeng in any way;

- without the written approval of Fuzhou Tianji or the Company, not cause or agree Fuzhou Tianmeng to merge with other enterprises or invest in other enterprises;

- take all necessary actions or sign all necessary documents to protect the rights of Fuzhou Tianji in Fuzhou Tianmeng;

- upon request by Fuzhou Tianji, unconditionally transfer their equity interest in Fuzhou Tianmeng to Fuzhou Tianji or the entities or persons designated by Fuzhou Tianji, and give up the pre-emptive rights they have over Fuzhou Tianmeng in accordance with the PRC laws and regulations, and the articles of association of Fuzhou Tianmeng;

- in the event of liquidation of Fuzhou Tianmeng, any assets of Fuzhou Tianmeng (after deduction of the liquidation cost, staff salary, tax, social insurance, and other statutory compensations) shall be transferred to Fuzhou Tianji or another entity of the Group at the lower of (i) RMB1.0; and (ii) the lowest consideration permitted under the relevant laws and regulations with any amount and any amount in excess of RMB1.0 will be reimbursed by the shareholders of Fuzhou Tianmeng;

- they will not exercise any right of initiating litigation or applying of arbitration under any of the New VIE Agreements; and

- they will not seek any legal release relating to any of the New VIE Agreements.

In addition, an undated equity interest transfer agreement ("**Transfer Agreement**") for the transfer of all the registered capital of Fuzhou Tianmeng including all rights and obligations attached to the registered capital, unilaterally executed by the New Registered Holders was appended to the New Call Option Agreement. Pursuant to the New Call Option Agreement, it is agreed that if any of the New Registered Holders breaches any of the terms and conditions under any of the New VIE Agreements, Fuzhou Tianji or its nominee will be entitled to execute the Transfer Agreement and date the same.

The formation of the New Call Option Agreement, its validity, execution, revision, interpretation and termination shall be governed by the laws of the PRC. All disputes arising from the execution of, or in connection with the New Call Option Agreement shall be settled through good faith negotiations between the parties thereto. In case no settlement to disputes can be reached within 30 days upon receipt of negotiation notice, the disputes shall then be submitted to CIETAC in Beijing for arbitration in accordance with the applicable arbitration rules and the procedures for the said commission. The arbitration decision shall be final and binding upon all parties. Provided that applicable PRC laws and regulations and arbitration rules are being complied with, the CIETAC may grant relief over the shares or assets of Fuzhou Tianmeng, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets), and order the winding up of Fuzhou Tianmeng. In addition, the courts of Hong Kong, Cayman Islands, the PRC or the places where the Group's or Fuzhou Tianmeng's principal assets are located will have the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases.

Term: The term for the New Call Option Agreement shall continue indefinitely until all assets or equity interests of Fuzhou Tianmeng are transferred to Fuzhou Tianji or its designee and registration process required thereafter has been completed with the relevant local authorities.

(2) **New Exclusive Technical Consulting Service Agreement**

Date: 28 December 2018

Parties:
(a) Fuzhou Tianmeng
(b) Fuzhou Tianji
(c) the New Registered Holders

Subject: Pursuant to the New Exclusive Technical Consulting Service Agreement, Fuzhou Tianmeng agreed to pay a fee to Fuzhou Tianji in return for Fuzhou Tianji providing exclusive technical consulting services as required by Fuzhou Tianmeng to support its operations. According to the New Exclusive Technical Consulting Service Agreement, unless otherwise agreed by both parties, Fuzhou Tianji would provide technical support and consultation services to Fuzhou Tianmeng, as the consideration, and the technical services fees will be paid on a quarterly basis and equal to Fuzhou Tianmeng's total revenue deducting all related expenses, costs and taxes payable by Fuzhou Tianmeng.

In the event that Fuzhou Tianmeng incurred any loss or encountered any operational crisis, Fuzhou Tianji may, but is not obliged to, provide financial support to Fuzhou Tianmeng, and Fuzhou Tianmeng shall unconditionally accept the decision of Fuzhou Tianji as to whether Fuzhou Tianmeng should continue its business.

In accordance with the terms under the New Exclusive Technical Consulting Service Agreement, without the prior written consent of Fuzhou Tianji, Fuzhou Tianmeng may not engage any other third party to provide similar technical services.

In the event of death, bankruptcy or divorce of the shareholders of Fuzhou Tianmeng resulting in a change in ownership of its shares, all registered shareholders of Fuzhou Tianmeng agreed that (i) the rights and obligations under the New Exclusive Technical Consulting Service Agreement shall continue to bind on their successors; and (ii) the New Exclusive Technical Consulting Service Agreement shall prevail over their wills, divorce agreements, debts arrangements and other legal instruments in any forms entered into by them after the signing of the New Exclusive Technical Consulting Service Agreement, unless prior written approval of Fuzhou Tianji has been obtained.

The New Exclusive Technical Consulting Service Agreement shall be governed by the laws of the PRC. All disputes arising from the execution of, or in connection with the New Exclusive Technical Consulting Service Agreement shall be settled through good faith negotiations between the parties thereto. In case no settlement to disputes can be reached within 30 days upon receipt of negotiation notice, the disputes shall then be submitted to CIETAC in Beijing for arbitration in accordance with the applicable arbitration rules and the procedures for the said commission. The arbitration decision shall be final and binding upon all parties. Provided that applicable PRC laws and regulations and arbitration rules are being complied with, the CIETAC may grant relief over the shares or assets of Fuzhou Tianmeng, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets), and order the winding up of Fuzhou Tianmeng. In addition, the courts of Hong Kong, Cayman Islands, the PRC or the places where the Group's or Fuzhou Tianmeng's principal assets are located will have the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases.

Term: The term for the New Exclusive Technical Consulting Service Agreement shall continue indefinitely until all assets or equity interests of Fuzhou Tianmeng are transferred to Fuzhou Tianji or its designee and registration process required thereafter has been completed with the relevant local authorities.

(3) **New Equity Pledge Agreement**

Date: 28 December 2018

Parties:
(a) Fuzhou Tianji
(b) the New Registered Holders

Subject: Pursuant to the New Equity Pledge Agreement, the New Registered Holders granted Fuzhou Tianji a continuing first priority security interest over their respective equity interest in Fuzhou Tianmeng (the "**Pledged Securities**"), representing all of the equity interest in Fuzhou Tianmeng's registered capital, for the purpose of securing the performance of contractual obligations by Fuzhou Tianmeng under the New VIE Agreements.

In addition, the New Registered Holders agreed to allocate, use or deal with the dividends and other non-cash distributions paid for the equity interest in Fuzhou Tianmeng in any way according to the instruction of Fuzhou Tianji.

In the event of death, bankruptcy or divorce of the registered shareholders of Fuzhou Tianmeng resulting in a change in ownership of its shares, all registered shareholders of Fuzhou Tianmeng agreed that (i) the rights and obligations under the New Equity Pledge Agreement shall continue to bind on their successors; and (ii) the New Equity Pledge Agreement shall prevail over their wills, divorce agreements, debts arrangement and other legal instruments in any forms entered into by them after the signing of the New Equity Pledge Agreement, unless prior written approval of Fuzhou Tianji has been obtained.

The New Equity Pledge Agreement shall be governed by the laws of the PRC. All disputes arising from the execution of, or in connection with the New Equity Pledge Agreement shall be settled through good faith negotiations between both parties thereto. In case no settlement to disputes can be reached within 30 days upon receipt of negotiation notice, the disputes shall then be submitted to CIETAC in Beijing for arbitration in accordance with the applicable arbitration rules and the procedures for the said commission. The arbitration decision shall be final and binding upon both parties. Provided that applicable PRC laws and regulations and arbitration rules are being complied with, the CIETAC may grant relief over the shares or assets of Fuzhou Tianmeng, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets), and order the winding up of Fuzhou Tianmeng. In addition, the courts of Hong Kong, Cayman Islands, the PRC or the places where the Group's or Fuzhou Tianmeng's principal assets are located will have the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases.

Term: The term for the New Equity Pledge Agreement shall continue indefinitely until all assets or equity interest of Fuzhou Tianmeng are transferred to Fuzhou Tianji or its designee and registration process required thereafter has been completed with the relevant local authorities. The pledge under the New Equity Pledge Agreement will be registered as soon as practicable in accordance with the relevant PRC laws and regulations.

(4) **New Powers of Attorney**

Date: 28 December 2018

Parties: Each of the New Registered Holders

Subject: Each of the New Powers of Attorney provided that Mr. Deyang Zheng and Mr. Chengfeng Luo irrevocably authorised the Directors and their successors or the Company's liquidator to exercise all the shareholders' rights of Mr. Deyang Zheng and Mr. Chengfeng Luo in Fuzhou Tianmeng, including but not limited to the following:

- attending shareholders' meetings of Fuzhou Tianmeng and signing shareholders' meeting resolutions, minutes or other documents which shareholders of Fuzhou Tianmeng are entitled to sign;
- exercising all the rights as shareholders of Fuzhou Tianmeng under the applicable laws and articles of association of Fuzhou Tianmeng, including but not limited to voting rights and right to sell, transfer, pledge shares in Fuzhou Tianmeng or any other right with respect to a portion or all of the equity interests in Fuzhou Tianmeng;
- the designation or selection of legal representative, executive director, supervisors, directors, general manager, or other management staff of Fuzhou Tianmeng; and
- according to Shareholders' resolution, filing with relevant government authorities for registration with administrations of industry and commerce for Fuzhou Tianmeng.

The exercise of the aforesaid rights as shareholders of Fuzhou Tianmeng is in the discretion of Fuzhou Tianji, and does not require the consent or approval of the shareholders of Fuzhou Tianmeng.

Further, pursuant to the New Powers of Attorney and to ensure the New Powers of Attorney do not give rise to a conflict of interest, each of the New Registered Holders irrevocably undertakes that:

- unless prior written consent is given by Fuzhou Tianji, each of the New Registered Holders will not use the information obtained from Fuzhou Tianmeng to engage in any business which competes or is likely to compete with the business of Fuzhou Tianji or its affiliated companies;

- each of the New Registered Holders will not take any action deviating from the intention and purposes of the New VIE Agreements, which may lead to any conflicts of interest between Fuzhou Tianji and Fuzhou Tianmeng or its subsidiaries; and

- if any conflicts of interest occurs during the performance of the New VIE Agreements by such New Registered Holder, he will support the lawful interests of Fuzhou Tianji and perform actions reasonably required by Fuzhou Tianji.

In the event of death, bankruptcy or divorce of the shareholders of Fuzhou Tianmeng resulting in a change in ownership of its shares, all shareholders of Fuzhou Tianmeng agreed that (i) they shall ensure that their successors issue the same New Powers of Attorney designating their shareholders' rights to Directors and their successors; and (ii) the New Powers of Attorney shall prevail over their wills, divorce agreements, debts arrangements and other legal instruments in any forms entered into by them after the signing of the New Powers of Attorney, unless prior written approval of Fuzhou Tianji has been obtained.

The New Powers of Attorney shall be governed by the laws of the PRC. All disputes arising from the execution of, or in connection with the New Powers of Attorney shall be settled through good faith negotiations between the parties thereto. In case no settlement to disputes can be reached within 30 days upon receipt of negotiation notice, the disputes shall then be submitted to CIETAC in Beijing for arbitration in accordance with the applicable arbitration rules and the procedures for the said commission. The arbitration decision shall be final and binding upon the New Registered Holders. Provided that applicable PRC laws and regulations and arbitration rules are being complied with, the CIETAC may grant relief over the shares or assets of Fuzhou Tianmeng, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets), and order the winding up of Fuzhou Tianmeng.

In addition, the courts of Hong Kong, Cayman Islands, the PRC or the places where the Group's or Fuzhou Tianmeng's principal assets are located will have the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases.

Term: The term for the New Powers of Attorney shall continue indefinitely until all assets or equity interests of Fuzhou Tianmeng are transferred to Fuzhou Tianji or its designee and registration process required thereafter has been completed with the relevant local authorities.

(5) **New Online Game Licensing Agreement**

Date: 28 December 2018

Parties:
(a) Fuzhou Tianji
(b) Fuzhou Tianmeng

Subject: Pursuant to the New Online Game Licensing Agreement, Fuzhou Tianji agreed to grant to Fuzhou Tianmeng usage rights on various online game software for operation in the PRC. As the consideration, Fuzhou Tianmeng is required to pay to Fuzhou Tianji (i) an initial licensing fee, payable after the signing date; and (ii) commissions payable on a quarterly basis according to a percentage generally accepted in the market and such commission shall be a fair value.

In the event of death, bankruptcy or divorce of the registered shareholders of Fuzhou Tianmeng resulting in a change in ownership of its shares, all registered shareholders of Fuzhou Tianmeng agreed that (i) the rights and obligations under the New Online Game Licensing Agreement shall continue to bind on their successors; and (ii) the New Online Game Licensing Agreement shall prevail over their wills, divorce agreements, debts arrangement and other legal instruments in any forms entered into by them after the signing of the New Online Game Licensing Agreement, unless prior written approval of Fuzhou Tianji has been obtained.

The New Online Game Licensing Agreement is governed by the laws of the PRC. All disputes arising from the execution of, or in connection with the New Online Game Licensing Agreement shall be settled through good faith negotiations between both parties. In case no settlement to disputes can be reached within 30 days upon receipt of negotiation notice, the disputes shall then be submitted to CIETAC in Beijing for arbitration in accordance with the applicable arbitration rules and the procedures for the said commission. The arbitration decision shall be final and binding upon both parties. Provided that applicable PRC laws and regulations and arbitration rules are being complied with, the CIETAC may grant relief over the shares or assets of Fuzhou Tianmeng, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets), and order the winding up of Fuzhou Tianmeng. In addition, the courts of Hong Kong, Cayman Islands, the PRC or the places where the Group's or Fuzhou Tianmeng's principal assets are located will have the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases.

Term: The term for the New Online Game Licensing Agreement shall continue indefinitely until all assets or equity interests of Fuzhou Tianmeng are transferred to Fuzhou Tianji or its designee and registration process required thereafter has been completed with the relevant local authorities.

(6) **Spouse Undertakings**

The spouse of each of the New Registered Holders has signed the Spouse Undertaking on 28 December 2018 to the effect that:

- the respective New Registered Holder's interests in Fuzhou Tianmeng (together with any other interests therein) do not fall within the scope of communal properties;

- she has no right to or control over such interests of the respective New Registered Holder and will not have any claim on such interest. No authorisation or consent will be needed from her for the performance, amendment or termination of the New VIE Agreements by the respective New Registered Holder;

- she will execute all necessary documents and take all necessary actions to ensure the performance of the New VIE Agreements; and
- in the event that she obtains any interests in Fuzhou Tianmeng, she will be subject to and abide by the terms of the New VIE Agreements, and at the request of Fuzhou Tianji, she will sign any documents in the form and substance consistent with the New VIE Agreements.

(7) **Settlement of Dispute**

All the agreements comprising the New VIE Agreements provide for dispute resolution by way of arbitration in Beijing by the arbitral body of CIETAC in accordance with its then prevailing arbitration rules. Each of the New VIE Agreements is governed by the PRC laws.

Under the PRC laws, the non-defaulting party can request the court or the arbitral tribunal to grant remedies by requiring the defaulting parties to perform specific obligations under the contract, including non-monetary obligations, or adopt interim measures such as freezing the defaulting party's properties temporality to avoid non-performance of arbitral award. However, an arbitral body does not have the power to grant any liquidation or winding-up order for the purpose of protecting assets of or equity interests in case of disputes. In the event of non-compliance with such award, enforcement measures may be sought from the court by the arbitral body. However, at the time of enforcement, the court has the power to review the arbitral award and may not support the award of an arbitral body when deciding whether to take enforcement measures under certain circumstances.

In addition, the courts of Hong Kong, Cayman Islands, the PRC or the places where the Group's or Fuzhou Tianmeng's principal assets are located will have the power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. However, under the PRC laws, the court or judicial authorities in the PRC generally do not award remedies over the shares and/or assets of Fuzhou Tianmeng, injunctive relives or winding-up of Fuzhou Tianmeng as interim remedies before there is any final outcome of arbitration.

Furthermore, in respect of the breaches of Fuzhou Tianmeng and its shareholders, to the extent permitted by the relevant laws, Fuzhou Tianji is entitled to apply to the court or arbitrary tribunal with competent jurisdiction for statutory or other remedies over the shares, land or other assets held by the defaulting parties (including but not limited to remedies over the business operations of Fuzhou Tianmeng, the mandatory transfer of assets of Fuzhou

Tianmeng or its shareholders, or the liquidation of Fuzhou Tianmeng). Each of the New Registered Holders has also irrevocably undertaken that, in the event of liquidation of Fuzhou Tianmeng, any assets of Fuzhou Tianmeng (after deduction of the liquidation cost, staff salary, tax, social insurance, and other statutory compensations) shall be transferred to Fuzhou Tianji or another entity of the Group at the lower of (i) RMB1.0; and (ii) the lowest consideration permitted under the relevant laws and regulations and any amount in excess of RMB1.0 will be reimbursed by the shareholders of Fuzhou Tianmeng.

(8) **Potential Conflicts of Interests**

Each of the New Registered Holders has given their irrevocable undertakings in the New Powers of Attorney which address the potential conflicts of interests that may arise in connection with the New VIE Agreements. For further details, please refer to the paragraph headed "(4) New Powers of Attorney" above.

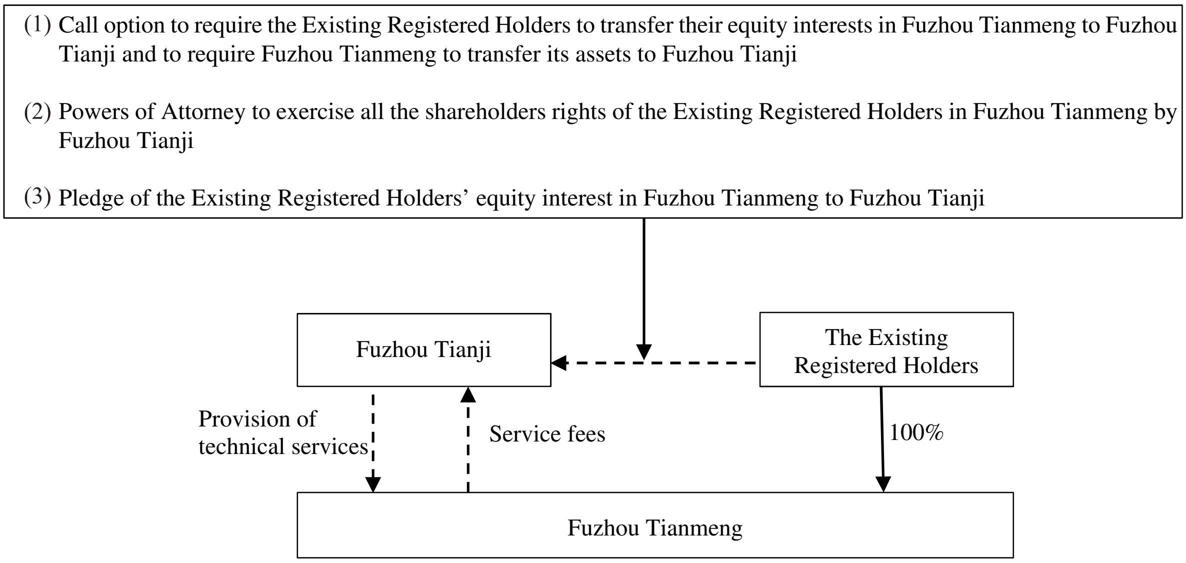
(9) **Liquidation of Fuzhou Tianmeng**

According to the New Call Option Agreement, in the event of liquidation, any assets of Fuzhou Tianmeng (after deduction of the liquidation cost, staff salary, tax, social insurance, and other statutory compensations) shall be transferred to Fuzhou Tianji or another entity of the Group at the lower of (i) RMB1.0; and (ii) the lowest consideration permitted under the relevant laws and regulations and any amount in excess of RMB1.0 will be reimbursed by the shareholders of Fuzhou Tianmeng.

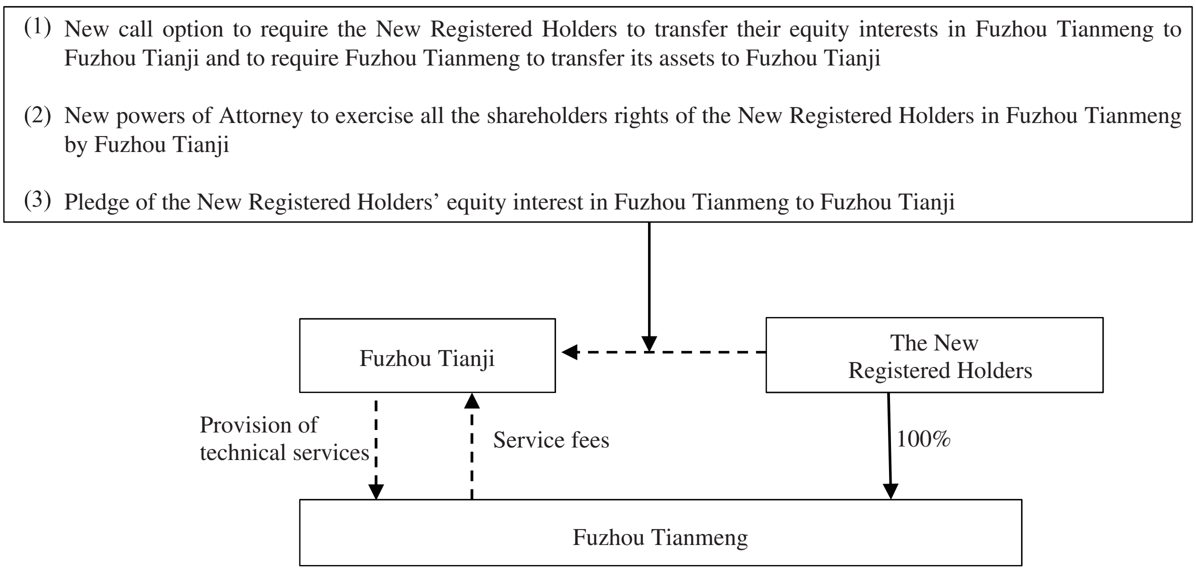
Fuzhou Tianji shall terminate the New VIE Structure and the relevant New VIE Agreements as soon as the PRC laws and regulations allow the business of Fuzhou Tianmeng to be operated without them.

DIAGRAMS OF THE GROUP'S EXISTING VIE STRUCTURE AND THE NEW VIE STRUCTURE

The following simplified diagram illustrates the Group's Existing VIE Structure prior to the entering of the New VIE Agreements:



The following simplified diagram illustrates the New VIE Structure after entering into the New VIE Agreements:



RISKS AND LIMITATIONS RELATING TO THE NEW VIE STRUCTURE

(1) **There is no assurance that the contractual arrangements between Fuzhou Tianji and Fuzhou Tianmeng will be deemed to be in compliance with existing or future PRC laws and regulations**

According to the PRC Legal Advisor, each of the New VIE Agreements between Fuzhou Tianji and Fuzhou Tianmeng is valid and binding to all parties thereto and does not violate any compulsory requirements of any PRC laws as promulgated by the National People's Congress, administrative regulations or their respective articles of association. On the basis that (i) the Existing VIE Agreements, as at the date of this announcement, have not been terminated, rendered void, or in any way challenged by any relevant PRC regulatory authorities; and (ii) the New VIE Agreements are on substantially the same terms as those currently in place under the Existing VIE Structure, the Directors are of the view that the adoption of the New VIE Structure is unlikely to be deemed not to be in compliance of the applicable PRC laws and regulations. However, there can be no assurance that these contractual arrangements will be deemed by the relevant governmental or judicial authorities to be in compliance with existing PRC laws and regulations or that the relevant governmental or judicial authorities will not in the future interpret the existing laws or regulations in such a way that the contractual arrangements would be deemed not to be in compliance of the PRC laws and regulations.

On 19 January 2015, the Ministry of Commerce of the PRC (the "**MOC**") published the draft Foreign Investment Law to solicit public comment, which, when finally adopted, will have significant impact on the foreign investment regime of the PRC.

The draft Foreign Investment Law was published accompanied by the MOC's notes (the "**Notes**") on, among others, the background, guidelines and principle, and main content of the draft Foreign Investment Law and elaboration on several issues including the treatment of the existing structured contracts arrangement (in other words, VIE arrangements, structured contracts, or contractual arrangements) which were established before the effectiveness of the Foreign Investment Law.

The draft Foreign Investment Law proposes to standardize the market entry requirements and procedures for foreign and domestic investors and to replace the existing requirements for approval of all foreign investments by the competent foreign investment authority, and aims to consolidate and streamline the various regulatory requirements on foreign investment. Meanwhile, the draft Foreign Investment Law redefines the standard of foreign investors and foreign investment in terms of actual control. In particular, where the foreign investors incorporated under the laws of countries or regions other than the PRC, who are under the actual control of PRC investors, engage in any investment as set out in the catalogue of restrictions in the PRC, their investment may be viewed as an investment by PRC investors after the access permission review of the competent foreign investment authorities.

The Notes elaborated three suggested approaches from the academic and practical sectors for public consultation purpose:

(i) reporting: the structured contracts will be permitted to continue following reporting to MOC that the foreign-invested enterprises are actually controlled by PRC investor(s);

(ii) verification: the structured contracts will be permitted to continue following confirmation with MOC that the foreign-invested enterprises are actually controlled by PRC investor(s); or

(iii) approval: the structure contracts being permitted to continue following approval by MOC.

However, the Notes also stated that MOC will broadly seek advice from the public, conduct further research on this issue and then bring out suggestion on its treatment. As advised by the PRC Legal Advisor, the above three approaches are set out to solicit public opinions on the treatment of existing structured contracts arrangements and have not been formally adopted and may be subject to revisions and amendments taking into account of the results of public consultation and/or further research and recommendation. The PRC Legal Advisor also advised that there is no definite timeline when the new Foreign Investment Law will come into effect.

As advised by the PRC Legal Advisor, considering that Mr. Zongjian Cai, Ms. Kai Chen, Mr. Zhixiang Chen and Mr. Yuan Xu, all of whom are PRC citizens, are parties to an act in concert agreement pursuant to which each of them agreed that they would act in concert with each other in relation to matters concerning the operation of the Company in all material respects, they would exert major influence on the Group and Fuzhou Tianmeng can be regarded as being controlled by PRC investors as defined under the draft Foreign Investment Law. However, as at the date of this announcement, the draft Foreign Investment Law and the Notes are just drafts released for the purpose of public consultation, and both of them have no legal effect. The Company will implement the following measures to ensure the effective operation of the New VIE Agreements and mitigate against potential risks in relation to the draft Foreign Investment Law:

(i) major issues arising from the implementation and compliance with the New VIE Agreements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

(ii) the Board will review the overall performance of and compliance with the New VIE Agreements at least once a year;

(iii) the Company will disclose the overall performance and compliance with the New VIE Agreements in its annual/interim report to update the Shareholders and potential investors;

(iv) the Directors will provide periodic updates in the annual/interim reports regarding the qualification requirements as stipulated under the Regulations on Administration of Foreign Invested Telecommunications Enterprises and the development of the Foreign Investment Law, including the latest relevant regulatory development as well as the plan and progress in acquiring the relevant experience to meet these qualification requirements; and

(v) the Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the New VIE Agreements, review the legal compliance of Fuzhou Tianji and Fuzhou Tianmeng to deal with specific issues or matters arising from the New VIE Agreements.

Notwithstanding the above, there may be uncertainties that the above measures to maintain control over and receive the economic benefits from Fuzhou Tianmeng alone may not be effective since the Foreign Investment Law has not been finalized and requirements under the final Foreign Investment Law may be different from those set out in the draft Foreign Investment Law.

If, when the Foreign Investment Law becomes effective, (i) Fuzhou Tianmeng does not qualify as being controlled by PRC investors; and (ii) foreign-invested enterprises are required to apply for access permission, a government permit that allows foreign investors to invest in "restricted" and/or "prohibited" businesses on the negative list, the New VIE Agreements may be regarded as invalid and illegal if we have not obtained such access permission. As a result, the Company might be requested to dispose of its interests in Fuzhou Tianmeng. If we no longer have a sustainable business after such disposal, the Stock Exchange may delist the Company. For details of the draft Foreign Investment Law and its potential impact on us, and our potential measures to maintain control over and receive economic benefits from the Group's VIE, please refer to the section headed "Developments on Structured Contracts" of the announcement of the Company in relation to the transfer of listing from GEM to the Main Board of the Stock Exchange dated 25 June 2015.

The Company will disclose, as soon as possible: (i) updates on material changes to the draft Foreign Investment Law as and when they occur; and (ii) a clear description and analysis of the final Foreign Investment Law as implemented, specific measures taken by the Company to fully comply with the final Foreign Investment Law supported by a PRC legal opinion and any material impact of the final Foreign Investment Law on the Group's operations and financial position.

(2) **We may not be able to meet the Qualification Requirements and if and when the relevant regulations evolve, we may not be allowed to hold 100% equity interests in our PRC operation company**

On 11 December 2001, the State Council promulgated Regulations for the Administration of Foreign-invested Telecommunications Enterprises (the "**Telecom Regulations**"), which were subsequently amended on 10 September 2008 and 6 February 2016. Under the Telecom Regulations, foreign ownership of companies that provide value-added telecommunication services, which include the operation of website games and mobile games, is limited to 50%. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas ("**Qualification Requirement**"). Currently, none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation of what constitutes "a good track record" and "operational experience" under the Qualification Requirement. The Group has been relying on our extensive experience in the overseas online game business operations in an attempt to comply with the Qualification Requirement, so as to be qualified to acquire the entire equity interests in Fuzhou Tianmeng when the restrictions on the percentage of foreign ownership in value-added telecommunications services and on foreign ownership in value-added telecommunication enterprises are lifted. The PRC Legal Advisor is of the view that the Company has reasonably assessed the requirements under all applicable rules and committed financial and other resources in light of the Qualification Requirement and that none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirement, the abovementioned measures are currently sufficient to comply with the Qualification Requirement.

In addition, each of the New VIE Agreements provides that Fuzhou Tianji and Fuzhou Tianmeng shall terminate the New VIE Agreements once Fuzhou Tianji is allowed to hold equity interests in Fuzhou Tianmeng under the PRC laws. As a result, if and when the restriction on foreign ownership in companies providing value-added communications services under the current PRC laws is revoked and we are allowed to hold 100% equity interests in Fuzhou Tianmeng, we may not be able to meet the Qualification Requirement. If requirement to restructure contractual arrangements causes us to lose the rights to direct the activities of Fuzhou Tianmeng or our right to receive its economic benefits, we would no longer be able to consolidate the financial results of Fuzhou Tianmeng in our financial statements. If Fuzhou Tianmeng fails to remain all applicable permits and approvals, our business and operation in the PRC would be materially and adversely affected.

(3) **The New VIE Agreements may not be as effective in providing operational control as direct ownership**

The New VIE Agreements between Fuzhou Tianji and Fuzhou Tianmeng are governed by the PRC laws and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with the PRC laws and any disputes would be resolved in accordance with PRC legal procedures. If Fuzhou Tianmeng fails to perform its obligations under these contractual arrangements, we may have to rely on legal remedies under the PRC laws, including seeking specific performance or injunctive relief, and claiming damages, which we cannot guarantee would be effective. The legal environment in the PRC is not as developed as in certain other jurisdictions. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements.

(4) **We may lose our ability to use and enjoy assets held by Fuzhou Tianmeng that are important to our operations if Fuzhou Tianmeng declares bankruptcy or becomes subject to a dissolution or liquidation proceedings**

As at 30 June 2018, Fuzhou Tianmeng employed 190 employees, representing approximately 16.23% of the Group's total number of employees. In addition, as at 30 June 2018, Fuzhou Tianmeng held assets in the amount of US$18.662 million, representing 5.0% of the Group's total assets. In the event Fuzhou Tianmeng declares bankruptcy or becomes subject to liquidation proceedings in the PRC, we will be unable to utilize the staff employed by Fuzhou Tianmeng and the assets held by Fuzhou Tianmeng in connection with our global operations, which may adversely affect our business, financial condition and results of operations.

(5) **The pricing arrangement under the contractual arrangements among our members may be challenged by tax authorities**

We could face adverse tax consequences if the PRC tax authorities determine that the New VIE Agreements and/or such other contractual arrangements between Fuzhou Tianji and Fuzhou Tianmeng were not entered into based on arm's length negotiations. If the PRC tax authorities determine that the New VIE Agreements between Fuzhou Tianji and Fuzhou Tianmeng were not entered into on an arm's length basis, they may adjust our income and expenses for PRC tax purposes which could result in higher tax liability.

(6) **We depend on dividends and other distributions on equity paid by our members and there may be restrictions on our dividend distributions**

Through the Existing VIE Agreements between Fuzhou Tianji and Fuzhou Tianmeng, we generated 0.7% and 4.7%, respectively, of our revenue for the year ended 31 December 2017 and the six months ended 30 June 2018 from Fuzhou Tianmeng. These transactions must be conducted on an arm's length basis under applicable PRC tax rules and regulations and are subject to review by the relevant PRC authorities. As a result, the determination of service fees and other payments, if any, to Fuzhou Tianji may be challenged and deemed not in compliance with these rules and regulations. The relevant PRC tax authorities may also adjust our taxable income of our subsidiaries and thus lower our distributable profits. In any such event, our business, financial condition and results of operations may be adversely affected. In addition, PRC legal restrictions permit payments of dividends by PRC entities only out of their retained earnings, if any, determined in accordance with the PRC accounting standards and regulations. Under the PRC laws, our PRC subsidiary is also required to set aside at least 10% of their net profit each year to fund the designated statutory reserve fund until such reserve fund reaches 50% of its registered capital. These reserves are not distributable as cash dividends. As a result of these and other restrictions under the PRC laws and regulations, our PRC subsidiaries are restricted in their ability to transfer a portion of its net assets to the Company in the form of dividends, loans or advances.

(7) **We do not have any insurance coverage for the risks relating to the New VIE Agreements**

The Company's operation depends on the validity, legality and enforceability of the New VIE Agreements. We believe that the insurance industry in the PRC is still at an early stage of development and there are limited business insurance products available in the market, and to the best knowledge of the Directors, no insurance products specifically designed for protecting the risks relating to the New VIE Agreements are available in the PRC market. Further, it is not compulsory for an online game developer and operator to maintain an insurance policy to cover risks relating to the New VIE Agreements under the applicable PRC laws and regulations. Therefore, we have not yet taken out any insurance to cover risks relating to the New VIE Agreements. If the New VIE Agreements and/or contractual arrangements between Fuzhou Tianji and Fuzhou Tianmeng and its equity holders are adjudicated to be in violation of any existing or future PRC laws or regulations, or in the event that the relevant PRC regulatory authorities require that we unwind the contractual arrangements under the New VIE Agreements, our business will be adversely affected.

(8) **A substantial amount of costs and time may be involved in transferring the ownership of Fuzhou Tianmeng from Mr. Deyang Zheng and Mr. Chengfeng Luo to us under the New Call Option Agreement**

The New Call Option Agreement provides Fuzhou Tianji or its designee (a) a right to acquire part or all of the equity interests in the registered capital of Fuzhou Tianmeng; and (b) a right to acquire all or part of the assets of Fuzhou Tianmeng from Mr. Deyang Zheng and Mr. Chengfeng Luo. Nevertheless, such rights can only be exercised by Fuzhou Tianji as and when permitted by the relevant PRC laws and regulations, in particular, when there are no limitation on (i) foreign ownership in PRC companies that provide value-added telecommunications, Internet content and Information services, and online games and (ii) the eligibility of foreign invested enterprises to apply for the required license for engaging in online game business in the PRC. In addition, a substantial amount of costs and time may be involved in transferring the ownership of Fuzhou Tianmeng from Mr. Deyang Zheng and Mr. Chengfeng Luo to us if we choose to exercise the exclusive right to acquire all or part of the equity interests and assets in Fuzhou Tianmeng under the New Call Option Agreement, which may have a material adverse impact on the Group's business, prospects and results of operation.

(9) **The shareholders of Fuzhou Tianmeng may have potential conflicts of interest with the Company**

Mr. Deyang Zheng and Mr. Chengfeng Luo are shareholders of Fuzhou Tianmeng. Mr. Chengfeng Luo is a director of Fuzhou Tianmeng. The PRC laws provide that directors owe a fiduciary duty to the company they serve. As director of Fuzhou Tianmeng, Mr. Chengfeng Luo must therefore act in good faith and in the best interests of Fuzhou Tianmeng. On the other hand, as core management team members of the Company, Mr. Deyang Zheng and Mr. Chengfeng Luo have duties and obligations to act in the best interests of the Company. As a result, conflict of interests may arise due to their dual roles as the Group's core management team members, and the director of Fuzhou Tianmeng. For example, Mr. Deyang Zheng and Mr. Chengfeng Luo may breach or cause Fuzhou Tianmeng to breach or refuse to renew the New VIE Agreements which allow the Group to effectively control Fuzhou Tianmeng and receive economic benefits from them. To address the potential conflicts of interest, each of the New Registered Holders has made certain consents, confirmations and undertakings under the New Powers of Attorney. However, conflicts of interest may still arise. If we cannot resolve any conflicts of interest or disputes between us and Mr. Deyang Zheng and Mr. Chengfeng Luo, we would have to rely on legal proceedings to resolve these disputes and/or enforce our agreements under the New VIE Agreements, which may be costly, time-consuming and disruptive to our operations.

(10) **Other risks relating to the New VIE Structure**

Please refer to the section headed "Risk Factors — Risks Relating to Our Contractual Arrangement" in the Prospectus for the details of other risk factors.

INFORMATION OF THE GROUP

The Group is a renowned developer and publisher of mobile games with a strong global presence and an international user base of 550 million registered users.

INFORMATION ABOUT THE PARTIES TO THE NEW VIE AGREEMENTS

The New Registered Holders are Mr. Deyang Zheng and Mr. Chengfeng Luo.

Mr. Deyang Zheng (鄭德陽), aged 35, has approximately 10 years of experience in corporate internal auditing and internal control. He joined the Group in 2013 as the head of the Internal Audit Department of the Group, responsible for conducting regular internal control reviews of the Group's operations. Prior to joining the Group, from December 2009 to April 2013, he served as a risk manager of ZTE Corporation, a PRC company which provides telecommunications equipment and network solutions and is listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. He also worked as an auditor of Deloitte Touche Tohmatsu CPA Ltd., Shenzhen Branch, from July 2008 to December 2009. Mr. Deyang Zheng received a Master's Degree in Applied Economics in International Economics and Business from Xiamen University and passed the exam of certified public accountant in the PRC.

Mr. Chengfeng Luo (羅承鋒), aged 35, is a senior director of Project Management Department of the Group. Mr. Luo joined the Group in June 2009, and held various positions, including assistant to senior vice president, assistant to president, assistant director of Management Department of the Group, and a senior director of Project Management Department of the Group. Mr. Luo has broad experience in the gaming industry and is extensively involved in the game project proposal, game development and operation of the Group. Mr. Luo received a Master's Degree in education science from The State University of New York at Potsdam in 2008.

Fuzhou Tianmeng is a limited liability company established in the PRC and a consolidated affiliated entity of the Company. Fuzhou Tianmeng is mainly engaged in the operation of online games in the PRC.

Fuzhou Tianji is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. Fuzhou Tianji is mainly engaged in research and development of games and provision of global customer support services.

IMPLICATIONS UNDER THE LISTING RULES

The Company has discussed with its auditor and its auditor agrees that after the signing of the New VIE Agreements, the financial results of Fuzhou Tianmeng will continue to be accounted for and consolidated in the accounts of the Group as if it is a wholly-owned subsidiary of the Company. Mr. Deyang Zheng and Mr. Chengfeng Luo, being the substantial shareholders of Fuzhou Tianmeng, will be Connected Persons of the Company. Accordingly, the transactions contemplated under the New VIE Agreements constitute continuing connected transactions and the transactions contemplated under the New Loan Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the New VIE Structure is reproduced from the Existing VIE Structure as provided under one of the conditions of the IPO Waiver, the New VIE Agreements are on substantially the same terms as those currently in place under the Existing VIE Structure, the Stock Exchange has confirmed that the transactions contemplated under the New VIE Structure are exempt from strict compliance with (i) the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules; (ii) the requirement of setting an annual cap for the fees payable to Fuzhou Tianji under the New VIE Structure; and (iii) the requirement of limiting the term of the New VIE Structure to three years or less, subject to the same conditions of the IPO Waiver.

As the highest of all of the applicable percentage ratios in respect of the New Loan Agreement is more than 0.1% but less than 5%, the New Loan Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Rule 14A.76(2)(a) 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
"CIETAC"	China International Economic and Trade Arbitration Commission
"Company"	IGG Inc, an exempted company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange
"Connected Person(s)"	has the meaning ascribed thereto under Listing Rules
"Director(s)"	director(s) of the Company
"Equity Transfer Agreement"	the equity transfer agreement dated 28 December 2018 between the Existing Registered Holders and the New Registered Holders as further detailed in the section headed "**Equity Transfer Agreement**"
"Existing Registered Holders"	Mr. Zongjian Cai (蔡宗建) and Mr. Yuan Chi (池元), who owned 50% and 50% respectively in Fuzhou Tianmeng before completion of the Equity Transfer Agreement

"Existing VIE Agreements"	a series of contracts between Fuzhou Tianmeng, the Existing Registered Holders and Fuzhou Tianji that are designed to allow the Company to exercise control over the operations of Fuzhou Tianmeng and enjoy the economic benefits generated by Fuzhou Tianmeng, as disclosed in the Prospectus
"Existing VIE Structure"	the structure established under the Existing VIE Agreements
"Foreign Investment Law"	foreign investment law which will be promulgate by the Ministry of Commerce of the PRC to regulate the foreign investment in the PRC, which is a draft for public consultation as at the date of this announcement
"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. Deyang Zheng and 50% by Mr. Chengfeng Luo, respectively, upon completion of the Equity Transfer Agreement
"GAPP"	the General Administration of Press, Publication, Radio, Film and Television of the State (formerly the General Administration of Press and Publication of the PRC and the State Administration of Radio, Film and Television) (國家新聞出版廣電總局)
"GAPP Notice"	a Notice on Further Strengthening of the Administration of Pre-examination and Approval of Online Game and the Examination and Approval of Imported Online Game (關於貫徹落實國務院《"三定"規定》和中央編辦有關解釋，進一步加強網絡遊戲前置審批和進口網絡遊戲審批管理的通知), jointly issued by GAPP and the National Copyright Administration and National Office of Combating Pornography and Illegal Publications on 28 September 2009
"Group"	the Company, its subsidiaries and its consolidated affiliated entities from time to time

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IPO Waiver"	the waivers granted by the Stock Exchange to the Company in respect of the contractual arrangements, including (i) a waiver from strict compliance with the applicable announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules; (ii) a waiver from strict compliance with the requirement to set a term of not exceeding three years under Rule 14A.52 of the Listing Rules; and (iii) a waiver from strict compliance with the requirements to set monetary caps under Rule 14A.53(1) of the Listing Rules, as further detailed on pages 206 to 208 of the Prospectus
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"MIIT"	Ministry of Industry and Information Technology
"New Call Option Agreement"	the New Call Option Agreement dated 28 December 2018 among the New Registered Holders, Fuzhou Tianmeng and Fuzhou Tianji, as further detailed in the section headed "**New VIE Agreements — (1) New Call Option Agreement**"
"New Equity Pledge Agreement"	the New Equity Pledge Agreement dated 28 December 2018 between Fuzhou Tianji and the New Registered Holders, as further detailed in the section headed "**New VIE Agreements — (3) New Equity Pledge Agreement**"
"New Exclusive Technical Consulting Service Agreement"	the New Exclusive Technical Consulting Service Agreement dated 28 December 2018 among Fuzhou Tianmeng, Fuzhou Tianji and the New Registered Holders, as further detailed in the section headed "**New VIE Agreements — (2) New Exclusive Technical Consulting Service Agreement**"
"New Loan Agreement"	the loan agreement dated 28 December 2018 between each of the New Registered Holders and Fuzhou Tianji, as further detailed in the section headed "**New Loan Agreement**"

"New Online Game Licensing Agreement"	the New Online Game Licensing Agreement dated 28 December 2018 among Fuzhou Tianmeng and Fuzhou Tianji, as further detailed in the section headed "**New VIE Agreements — (5) New Online Game Licensing Agreement**"
"New Powers of Attorney"	the New Powers of Attorney, each dated 28 December 2018, of each of the New Registered Holders, as further detailed in the section headed "**New VIE Agreements — (4) New Powers of Attorney**"
"New Registered Holders"	Mr. Deyang Zheng (鄭德陽) and Mr. Chengfeng Luo (羅承鋒), who will hold 50% and 50% of the equity interests in Fuzhou Tianmeng respectively upon completion of the Equity Transfer Agreement
"New VIE Agreements"	collectively, the New Call Option Agreement, the New Exclusive Technical Consulting Service Agreement, the New Equity Pledge Agreement, the New Powers of Attorney, the New Online Game Licensing Agreement and the Spouse Undertakings
"New VIE Structure"	the structure established through the entering into of the New VIE Agreements
"PRC"	the People's Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Legal Advisor"	Jingtian & Gongcheng, the legal advisor to the Company as to the PRC laws
"Prospectus"	the prospectus of the Company dated 11 October 2013
"Share(s)"	ordinary share(s) of US$0.0000025 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s) of the Company from time to time
"Spouse Undertaking(s)"	the signed spouse undertakings provided by the spouse of each of the New Registered Holders as further detailed in the section headed "**New VIE Agreements — (6) Spouse Undertakings**"

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Termination Agreement"	the termination agreement dated 28 December 2018 between the Existing Registered Holders, the New Registered Holders, Fuzhou Tianmeng and Fuzhou Tianji, as further detailed in the section headed "**Termination Agreement**"
"Tripartite Agreement"	The tripartite agreement dated 28 December 2018, between Fuzhou Tianji, the Existing Registered Holders and the New Registered Holders as further detailed in the section headed "**Tripartite Agreement**"
"US$"	United States dollars and cents, respectively, the lawful currency of the United States of America
"VIE"	variable interest entity(ies)
"%"	per cent

By order of the Board
IGG INC
Zongjian Cai
Chairman

Hong Kong, 28 December 2018

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.