

Zynga closing China studio as earnings disappoint

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Zynga announces it is closing its China studio as the social games pioneer reported earnings that disappointed investors

Zynga on Thursday announced it is closing its China studio as the social games pioneer reported earnings that disappointed investors.

Zynga shares dropped more than 10 percent to \$2.39 in after market trades that followed release of news that it lost \$45 million in the final quarter of last year despite gaining ground on [mobile devices](#).

Closing operations in China, where Zynga has 71 employees, was expected to save the San Francisco-based company seven million dollars annually.

Zynga chief executive Don Mattrick was encouraged by increases in mobile bookings as well as the ranks of people playing the company's games such as FarmVille, Words with Friends, and recently-launched Looney Tunes Dash.

"2014 was a year of progress for Zynga – we came together as one team and applied more discipline and rigor to our business," Mattrick said.

"In 2015, we will focus on three priorities: driving mobile growth, launching more products in more evergreen categories and building on our social legacy."

He said Zynga will make a priority of launching games for smartphones and tablet computers and that the company has a healthy balance sheet with \$1.1 billion in cash to give it "staying power."

Revenue for the quarter was less than Wall Street had expected, and the company's forecast regarding earnings in the [current quarter](#) also disappointed.

The company rose to stardom by tailoring games for Facebook, but has struggled as the two firms have grown apart and Zynga lagged in adapting to a shift to games played in applications on smartphones and tablets.

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