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# BAIOO Family Interactive Limited

## 百奧家庭互動有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2100)**

### PROFIT WARNING

This announcement is made by BAIOO Family Interactive Limited pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the latest available unaudited management accounts of the Group, the Group is expected to record a net loss for the six months ended 30 June 2016 as compared to a net profit recorded for the corresponding period in 2015.

This announcement is made by BAIOO Family Interactive Limited (the “**Company**” and together with its subsidiaries and PRC operating entity, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors (“**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the latest available unaudited management accounts of the Group, the Group is expected to record a net loss for the six months ended 30 June 2016 as compared to a net profit recorded for the corresponding period in 2015 under International Financial Reporting Standards (“**IFRS**”).

The expected net loss for the six months ended 30 June 2016 is mainly attributed to (i) the increased investment by the Group in the research and development of new product areas including mobile entertainment and e-commerce catering to interactive family needs which caused an increase in the Group’s expenses; (ii) a one-time expense arising from the relocation to a new rental office space and the concurrent rental expenses for the original and new rental office spaces for the six months ended 30 June 2016 during the relocation which is not expected to recur.

Based on the information available to the Directors, the Group's efforts over the past year to stabilize its revenue have continued to be effective. Including contribution from maternity and baby products sales, revenues for the first six months of 2016 is expected to be stable compared to the first six months of 2015. The Group expects that it will still record an adjusted net profit (which excludes share-based compensation and fair value loss of convertible redeemable preferred shares) for the six months ended 30 June 2016. Adjusted net profit eliminates the effect of non-cash share-based compensation expenses and non-cash fair value change of preferred shares. The term of adjusted net profit is not defined under IFRS. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact our net profit or loss.

The Directors are of the view that the Group's ongoing focus on enhancing user experience and efforts to optimize and expand its portfolio of mobile, e-commerce and entertainment products will drive revenue growth and help the Group to resume profitability. In the first half of 2016, the Group's efforts to develop its key intellectual property rights have yielded promising results. In this regard, the Group expects to launch or monetize at least 4 mobile games in the second half of 2016, including a mobile game based on the well-received "Zhaowufaze" (造物法則) comic. The Group owns the intellectual property rights of "Zhaowufaze" (造物法則) comic which was launched in August 2015 and has since then accumulated over 200 million click-views and over 350,000 click-to-collection. Apart from "Zhaowufaze" (造物法則), the Group also targets to develop and monetize the intellectual property rights of other well received literature and comic acquired by it recently including "XiXingJi" (西行紀). Since the launch of "XiXingJi" (西行紀) online comic in April 2016, it has accumulated over 700 million click-views and over 300,000 click-to-collection. Such rate of viewer receivership growth was unprecedented in the China market. The Group expects to launch "XiXingJi" (西行紀) series animation in early 2017 and believes the animation of the series will provide a new and material revenue opportunity to the Group.

This announcement is made based on the information currently available to the Board and a preliminary assessment of the latest available unaudited management accounts of the Group, which have not been finalized and not been reviewed by the Company's auditors or the audit committee and may differ from the Group's interim results for the six months ended 30 June 2016. Shareholders and investors of the Company should read the interim results for the six months ended 30 June 2016 of the Group carefully, which are expected to be published by the end of August 2016.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

On behalf of the Board  
**BAIOO Family Interactive Limited**  
**DAI Jian**  
*Chairman and Executive Director*

Hong Kong, 22 July 2016

*As at the date of this announcement, the executive directors of the Company are Mr. DAI Jian, Mr. WU Lili, Mr. LI Chong, Mr. WANG Xiaodong and Dr. XU Gang; the independent non-executive directors of the Company are Ms. LIU Qianli, Dr. WANG Qing and Mr. MA Xiaofeng.*