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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)

UNAUDITED KEY OPERATING METRICS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2016

This announcement is voluntarily made pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Unaudited Key Operating Metrics for the Three Months Ended 30 September, 2016

The board of directors (the “**Board**”) of BAIOO Family Interactive Limited (“**BAIOO**” or the “**Company**”, together with its subsidiaries and PRC operating entity, the “**Group**”) today announces the Group’s unaudited key operating metrics for the third quarter of 2016:

- Quarterly active accounts (“**QAAs**”)¹ were approximately 55.7 million, down 2.8% from 57.3 million in the same period of 2015.
- Quarterly paying accounts (“**QPAs**”)² were 2.1 million, down 12.5% from 2.4 million for the same period in 2015.
- Average revenue per quarterly paying accounts (“**ARQPA**”)³ was RMB38.9, up 2.6% from RMB37.9 for the same period in 2015.

In the third quarter of 2016, the Group’s operating metrics continued to show a trend of stabilization, in line with the Company’s strategic focus on emphasizing “fun” for all virtual worlds. The Group’s QAAs and QPAs ticked down because children have increasing options for entertainment on mobile devices and a shift away from heavy monetization reduced total user account numbers and QPAs, respectively. Despite this, ARQPA has increased on a year-on-year

1 Quarterly active accounts, which is defined as a registered account that was accessed at least once during a quarter.

2 Quarterly paying accounts, which refers to the number of paying accounts for the virtual worlds in the relevant quarter.

3 ARQPA is calculated as revenue from the virtual worlds in a particular period divided by the total number of QPAs in that period.

basis for all three quarters of 2016, a clear sign that the Group’s strategy of focusing on audience engagement and retention is incentivizing paying users to spend more.

BAIOO’s Overall Product Pipeline

In March 2016, the Company launched, Super Badilong (「超凡巴迪龍」), formally known as Monster Mobile (「妖怪手機」), a browser-based virtual world targeting children aged 7 to 14, featuring adventure, life-simulation, and role-playing, which started monetization through the sale of virtual items in September 2016. Additionally, the Company expects to launch two products for mobile devices in the fourth quarter of 2016, a racing strategy game as well as a massively multiplayer online role playing game based on the newly acquired Intellectual Property (“IP”) Zaowufaze (「造物法則」).

The Group continues to maintain a healthy pipeline of products in development with a focus on mobile offerings. The Group will also continue to pursue potential cooperation with well-known comic IPs while leveraging its newly acquired IPs in the first half of 2016, such as XiXingJi (「西行紀」), an award-winning fantasy adventure story adapted from classic Chinese literature, and Zaowufaze (「造物法則」), a zombie-themed sci-fi comic, to facilitate its long-term development. The Group will continue to develop engaging products and drive improvement on operating metrics through focusing on “fun” in the fourth quarter of 2016. The Group believes these initiatives will help it return to profitability.

Draft Policy on Internet Safety for Children

Recently, the Cyberspace Administration of China (中華人民共和國國家互聯網資訊辦公室) published a draft of proposed strengthening of policies (the “**Draft Policy**”) on internet safety for children under the age of 18. Among other things, the Draft Policy purports to require online-game operators to lock out anyone under the age of 18 between midnight and 8 a.m. as well as to post warnings about content deemed unsuitable for minors. The above possible measures set out in the Draft Policy to solicit public opinion, have not been formally adopted and may be subject to revisions and amendments taking into account the results of the public consultation. The Company is of the view that it has relevant measures in place for internet safety for children, which is in line with the requirements set out in the Draft Policy. If the Draft Policy is promulgated in the current draft form, the Group believes that it will have remote impact on the Group’s daily operations and strategy. In any event, the Company will take reasonable steps in good faith to seek compliance with the enacted version of the Draft Policy, if and when it comes into force.

The operating data disclosed above has been prepared on the basis of internal management records. It has not been audited or reviewed by external auditors. Such data disclosed may be subject to change and may differ from the audited or unaudited combined financial statements to be published by the Group on an annual or half-yearly basis. As such, the above data is provided for investors' reference only. Investors are advised not to place any reliance on the information disclosed, and to exercise due caution when dealing in the securities of the Company. When in doubt, investors are advised to seek advice from professional financial advisers.

On behalf of the Board
BAIOO Family Interactive Limited
DAI Jian
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 28 October 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.