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(Incorporated in the Cayman Islands with limited liabilities)

(Stock code: 2100)

DISCLOSEABLE TRANSACTION ACQUISITION OF LAND IN GUANGZHOU, THE PRC

ACQUISITION OF LAND IN GUANGZHOU, THE PRC

The Board is pleased to announce that on 29 July 2020, Guangzhou Baitian, an indirect subsidiary of the Group by virtue of the Contractual Arrangement, entered into the Land Use Right Grant Contract with Guangzhou Municipal Planning and Natural Resources Bureau (廣州市規劃和自然資源局) after successfully winning the bid for the Auction of the land use rights of the Land in Guangzhou, the PRC for a Consideration of RMB239.88 million (equivalent to approximately HK\$261.47 million).

The Group intends to utilize the Land by building its new headquarters as part of its expansion strategies.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the acquisition of the Land exceeds 5%, but is less than 25%, the acquisition of the Land constitutes a discloseable transaction for the Company under the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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PRINCIPAL TERMS OF THE LAND USE RIGHT GRANT CONTRACT

Date

29 July 2020

Parties

- (i) Guangzhou Baitian, as purchaser; and
- (ii) Guangzhou Municipal Planning and Natural Resources Bureau, as vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Guangzhou Municipal Planning and Natural Resources Bureau and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Information on the Land

The Land is situated at south of Tian Kun Si Road, the east of Jian Ming San Road, the north of Tian Kun San Road, the west of Jian Ming Er Road, Tianhe District, Guangzhou, PRC* (中國廣州市天河區天坤四路以南、健明三路以東、天坤三路以北、健明二路以西) with a site area of approximately 6,300 square meters and a total planned gross floor area of 25,208 square meters. The Land will be for commercial use (i.e. for the purpose of retail, catering and office space) for a term of 50 years from the date of the delivery of the Land.

Consideration

The Consideration for the land use rights of the Land is RMB239.88 million (equivalent to approximately HK\$261.47 million).

A sum of RMB47,976,000 (equivalent to approximately HK\$52,293,840) had been paid by Guangzhou Baitian as deposit for the Auction (the "**Deposit**") which will form the payment of the total Consideration.

The Consideration shall be paid in the following manner:

- (i) RMB119.94 million (equivalent to approximately HK\$130.74 million) (being 50% of the Consideration), shall be settled before 28 August 2020. The Deposit will be used for the satisfaction of part of the payment; and
- (ii) RMB119.94 million (equivalent to approximately HK\$130.74 million) (being the remaining 50% of the Consideration) shall be settled before 20 December 2020.

The Consideration was the bidding price submitted by Guangzhou Baitian under the Auction and was determined after taking into account (i) the prevailing market conditions in Guangzhou, PRC; (ii) the future prospect and location of the Land; (iii) the development potential of the Land; (iv) the expansion of the business of the Group and the need to establish a new headquarters; and (v) the property valuation conducted by an independent professional valuer engaged by the Group as at 15 June 2020. The Consideration will be satisfied by the internal resources of the Group.

Delivery date of the Land

The Guangzhou Land Development Centre (廣州市土地開發中心) shall deliver the Land on behalf of the Guangzhou Municipal Planning and Natural Resources Bureau to Guangzhou Baitian by 29 October 2020 (the “**Delivery Date**”). The Guangzhou Municipal Planning and Natural Resource Bureau is required to deliver the Land in accordance with the specifications set out in the Land Use Right Grant Contract.

Termination

Subject to the terms therein, the Land Use Right Grant Contract can be terminated under the following circumstances, among others:

By Guangzhou Municipal Planning and Natural Resources Bureau

- (i) the delay on the part of Guangzhou Baitian for the payment of the Consideration for more than 60 days; and
- (ii) the failure on the part of Guangzhou Baitian to enter into an agreement in relation to the economic cooperation with People’s Government of Tianhe District, Guangzhou after 30 days from the Delivery Date.

By Guangzhou Baitian

- (i) the delay in delivery of the Land on the part of Guangzhou Municipal Planning and Natural Resources Bureau for more than 60 days from the Delivery Date.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF THE LAND

The Company is principally engaged in the development and publication of PC and mobile games in the PRC and overseas markets.

The Land is situated in Tianhe Zhigupian Area (天河智谷片區), a core area of Tianhe Hi-Tech Zone, Guangzhou City (廣州市天河高新區). Tianhe Hi-Tech Zone is surrounded by nearly 700 technology enterprises, including high and new technology enterprises (高新科技企業) that are mainly engaged in the development of high-end software, mobile internet and big data collection for the technology development and financial services sectors. In addition, there are nearly 30 higher education institutions, as well as over 30 different types of laboratories and technology research centers around the Tianhe Hi-Tech Zone, possessing abundant resources including talents and technologies.

The Group intends to utilize the Land by building its new headquarters as part of the Group's expansion strategies. As at the date of this announcement, the Group did not own any properties and all of the offices of the Group are leased properties. For the years ended 31 December 2018 and 2019, the rental expenses of the Group amounted to approximately RMB20.1 million and RMB21.6 million, respectively (equivalent to approximately HK\$21.9 million and HK\$23.5 million, respectively).

The Directors consider that it is in the interest of the Group to acquire the Land in view of (i) securing a favourable location site for its new headquarters which is in line with the Group's expansion strategies; (ii) reducing ongoing rental payment and avoid future rental fluctuations; and (iii) the great development potential of the Land.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the acquisition of the Land are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group is one of the leading internet contents developers and operators which principally engaged in the development and publication of mobile and web games in the PRC and overseas markets.

Guangzhou Baitian is an indirect subsidiary of the Group by virtue of the Contractual Arrangement, which is principally engaged in the provision of PC and web game products in the PRC.

Guangzhou Municipal Planning and Natural Resources Bureau is a governmental body in the PRC and is responsible for, among other things, administering the examination and approval of land planning, assignment and transfer of the land use rights of the state-owned land in Guangzhou, the PRC, and the issue of various types of land certificates.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Auction”	the open tender auction held by the Guangzhou Municipal Planning and Natural Resources Bureau at which the Land was offered for sale;
“Board”	the board of Directors;
“Company” or “BAIOO”	BAIOO Family Interactive Limited (百奧家庭互動有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 25 September 2009, with its Shares listed on the main board of the Stock Exchange since 10 April 2014;
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	RMB239.88 million (equivalent to approximately HK\$261.47 million), being the total price for the acquisition of the land use rights of the Land pursuant to the terms of Land Use Right Grant Contract;
“Contractual Arrangement”	a series of agreements entered into among Baiduo (Guangzhou) Information Technology Limited* (百多(廣州)信息科技有限公司) (an indirect wholly-owned subsidiary of the Company), Guangzhou Baitian and its registered shareholders on 4 December 2013 and amended on 20 March 2014;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Guangzhou Baitian”	Guangzhou Baitian Information Technology Limited* (廣州百田信息科技有限公司), a company with limited liability established on 2 June 2009 under the laws of the PRC and is an indirect subsidiary of the Group by virtue to the Contractual Arrangement
“Guangzhou Municipal Planning and Natural Resources Bureau”	廣州市規劃和自然資源局 (Guangzhou Municipal Planning and Natural Resources Bureau);

“Land”	a piece of land situated at the south of Tian Kun Si Road, the east of Jian Ming San Road, the north of Tian Kun San Road, the west of Jian Ming Er Road, Tianhe District, Guangzhou, PRC* (中國廣州市天河區天坤四路以南、健明三路以東、天坤三路以北、健明二路以西) with a site area of approximately 6,300 square meters which was offered for sale at the Auction;
“Land Use Right Grant Contract”	the land use right grant contract (國有建設用地使用權出讓合同) entered into between Guangzhou Baitian and the Guangzhou Municipal Planning and Natural Resources Bureau in respect of the Land on 29 July 2020;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PC”	Personal Computer
“PRC”	People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“HK\$”	Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative Region
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB1 = HK\$1.09. No representation is made that any amounts in RMB has been or could be converted at the above rates or at any other rates.

In case of any inconsistency between the English and Chinese versions, the English text of this announcement shall prevail over the Chinese text.

* for identification purpose only

By order of the Board
BAIOO Family Interactive Limited
DAI JIAN
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 29 July 2020

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