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(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2100)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60(1) OF THE LISTING RULES

BACKGROUND INFORMATION

Reference is made to the voluntary announcement of the Company dated 25 January 2021 in relation to the investment by the new substantial shareholder, a wholly-owned subsidiary of Tencent (“**Investment**”).

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60(1) OF THE LISTING RULES

Prior to the completion of the Investment, the Group and Tencent (through its subsidiaries) (collectively, “**Tencent Group**”) had entered into various continuing transactions which will continue upon the completion of the Investment. As at the date of this announcement, the Investment has been completed. Following the completion of the Investment, Tencent is indirectly interested in approximately 12% of the total issued share capital of the Company as at the date of this announcement. Accordingly, pursuant to Chapter 14A of the Listing Rules, Tencent and its associates are regarded as connected persons of the Company and the Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules, including publication of announcement and annual reporting in respect of the Agreements and the continuing connected transactions contemplated thereunder. If any of the Agreements is amended or renewed, the Company will further comply with all the applicable requirements of reporting, disclosure and independent Shareholders’ approval (if applicable) under Chapter 14A of the Listing Rules.

BACKGROUND INFORMATION

Reference is made to the voluntary announcement of the Company dated 25 January 2021 in relation to the Investment.

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60(1) OF THE LISTING RULES

Prior to the completion of the Investment, the Group and Tencent Group had entered into various continuing transactions which will continue upon the completion of the Investment. As at the date of this announcement, the Investment has been completed. Following the completion of the Investment, Tencent is indirectly interested in approximately 12% of the total issued share capital of the Company as at the date of this announcement. Accordingly, pursuant to Chapter 14A of the Listing Rules, Tencent and its associates are regarded as connected persons of the Company and the Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

Details of each of the Agreements are set out as follows:

No.	Name of the Agreement	Term of the Agreement	Subject matter of the Agreement	Total fee during the current term of the Agreement
1	2019 Tencent Cloud Service Agreement	25 July 2019 to 24 July 2020; and in the absence of any written notice of non-renewal by either party, the term will be automatically extended for 1 year with no limits on the number of extensions. The current effective term is 25 July 2020 to 24 July 2021 ⁽¹⁾ .	Guangzhou Baitian purchases and uses certain Tencent cloud services provided by Tencent Cloud, including system services composed of various products and services such as computing and network, storage and content delivery network, cloud database, cloud security, monitoring and management, domain name service, mobile and communication, video service, big data and artificial intelligence.	The fee payable by Guangzhou Baitian is calculated according to the standard service charges set out on the official website of Tencent Cloud. The total fee to be paid by Guangzhou Baitian for the period of 25 July 2020 to 24 July 2021 is expected to be approximately RMB6,816,255.

No.	Name of the Agreement	Term of the Agreement	Subject matter of the Agreement	Total fee during the current term of the Agreement
2	Aola Star Mobile Cooperation Agreement	1 March 2020 to 28 February 2021; and in the absence of any written notice of termination of agreement by either party, the term will be automatically extended for 1 year with no limits on the number of extensions. The current effective term is 1 March 2020 to 28 February 2021 ⁽¹⁾ .	Guangzhou Tianti releases and operates the mobile game “Aola Star Mobile” (「奧拉星手遊」) on Tencent’s various mobile game platforms.	Tencent Computer shall share with Guangzhou Tianti the revenue received from game players when they recharge their game accounts. The amount received by Guangzhou Tianti will be calculated based on a fixed formula stipulated in the Aola Star Mobile Cooperation Agreement by deducting a fixed percentage amount for the fees and costs for Tencent Computer’s operation and provision of the mobile game platforms. The total amount to be received by Guangzhou Tianti is expected to be approximately RMB10,128,905 for the period of 1 March 2020 to 28 February 2021.

No.	Name of the Agreement	Term of the Agreement	Subject matter of the Agreement	Total fee during the current term of the Agreement
3	Shiwuyu Agency Agreement	16 October 2018 to 15 October 2021; and in the absence of any written notice of termination of agreement by either party, the term will be automatically extended for 1 year (i.e. up to 16 October 2022). The current effective term is 16 October 2018 to 15 October 2021 ⁽¹⁾ .	Guangzhou Tianti grants Tencent Computer the exclusive right to distribute and operate the mobile game “Shiwuyu” (「食物語」) as an exclusive agent in China, and it provides the content of the mobile game and technical support of the running software. Tencent Computer provides Guangzhou Tianti the game operating system, the server, the interface with operators and users, system maintenance and certain customer services for the distribution and operation of the mobile game “Shiwuyu” (「食物語」).	Depending on the operating system on which the game is hosted, Tencent Computer shall share with Guangzhou Tianti the revenue received from game players when they recharge their game accounts or the net profit received by Tencent Computer on the operating system on which the game is hosted. The amount received by Guangzhou Tianti will be calculated based on a fixed formula stipulated in the Shiwuyu Agency Agreement by deducting a fixed percentage amount for the fees and costs for Tencent Computer’s operation, provision of technical support for and maintenance of the game. The total amount to be received by Guangzhou Tianti is expected to be approximately RMB583,551,674 for the period of 16 October 2018 to 15 October 2021.

No.	Name of the Agreement	Term of the Agreement	Subject matter of the Agreement	Total fee during the current term of the Agreement
4	Zaowufaze II Cooperation Agreement	1 March 2020 to 28 February 2021; and in the absence of any written notice of termination of agreement by either party, the term will be automatically extended for 1 year with no limits on the number of extensions. The current effective term is 1 March 2020 to 28 February 2021 ⁽¹⁾ .	Guangzhou Tianti releases and operates the mobile game “Zaowufaze II” (「造物法則二：先鋒英雄」) on Tencent’s mobile game platform.	Tencent Computer shall share with Guangzhou Tianti the revenue received from game players when they recharge their game accounts. The amount received by Guangzhou Tianti will be calculated based on a fixed formula stipulated in the Zaowufaze II Cooperation Agreement by deducting a fixed percentage amount for the fees and costs for Tencent Computer’s operation and provision of the mobile game platforms. The total amount to be received by Guangzhou Tianti is expected to be approximately RMB94,157 for the period of 1 March 2020 to 28 February 2021.

No.	Name of the Agreement	Term of the Agreement	Subject matter of the Agreement	Total fee during the current term of the Agreement
5	Guangzhou Tianti — WeChat Pay Service Agreement	29 June 2020 to 28 June 2021; and in the absence of any written notice of termination of agreement by either party, the term will be automatically extended for 1 year with no limits on the number of extensions. The current effective term is 29 June 2020 to 28 June 2021 ⁽¹⁾ .	Tenpay provides WeChat Pay services to Guangzhou Tianti.	Tenpay receives an administrative fee from Guangzhou Tianti calculated according to a fixed percentage of the transaction amount settled through Tenpay's platform by Guangzhou Tianti, as specified in Guangzhou Tianti's merchant account with Tenpay and as amended by notices and announcements issued by Tenpay. The total amount to be received by Tenpay is expected to be approximately RMB463,175 for the period of 29 June 2020 to 28 June 2021.

No.	Name of the Agreement	Term of the Agreement	Subject matter of the Agreement	Total fee during the current term of the Agreement
6	Guangzhou Baitian — WeChat Pay Service Agreement	24 February 2020 to 23 February 2021; and in the absence of any written notice of termination of agreement by either party, the term will be automatically extended for 1 year with no limits on the number of extensions. The current effective term is 24 February 2020 to 23 February 2021 ⁽¹⁾ .	Tenpay provides WeChat Pay services to Guangzhou Baitian.	Tenpay receives an administrative fee from Guangzhou Baitian calculated according to a fixed percentage of the transaction amount settled through Tenpay's platform by Guangzhou Baitian, as specified in Guangzhou Baitian's merchant account with Tenpay and as amended by notices and announcements issued by Tenpay. The total amount to be received by Tenpay is expected to be approximately RMB2,000,679 for the period of 24 February 2020 to 23 February 2021.

Note:

- (1) The Group will notify Tencent Group that each of the Agreements will not automatically renew after the current period and any further renewal after the expiry of this current term will be subject to compliance with all applicable requirements under the Listing Rules.

The fees in respect of the Agreements are payable by the relevant parties on a quarterly or monthly basis by way of bank transfer.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the transaction amount under each of the Agreements were arrived at after arm's length negotiations between the parties. These fees and payments under the relevant terms were determined based on factors including (i) historical fees paid for relevant services in the past; (ii) the costs of relevant services; and (iii) the distribution coverage of the game platforms.

REASONS FOR AND BENEFITS OF CONTINUING CONNECTED TRANSACTIONS

Tencent Group is a leading provider of Internet value added services in the PRC, and offers a wide range of high-quality technological products and services. The entry into the 2019 Tencent Cloud Service Agreement allows the Group to migrate the majority of its servers and computing infrastructure to cloud services provided by Tencent Cloud. The Company believes that the procurement of high-quality technological products and services from Tencent Group, especially cloud services provided by Tencent Cloud, will provide the Group with the necessary technologies to further develop its business, and the Company can leverage on the wide spectrum of cloud services offered by Tencent Group to reduce unnecessary costs in reconciling and integrating its various operating systems.

In addition, Tencent Group owns a large amount of top-rated game products and game platforms, and the Group has been dedicated to the development and operation of popular mobile and PC games. It is expected that the Tencent Group and the Group could leverage on each other's competitive advantages in products and platforms to increase the number of game users and hence improve the popularity of mobile games developed by the Group. As a one-stop game publishing solution to game developers, we are able to leverage on the Aola Star Mobile Cooperation Agreement, the Shiwuyu Agency Agreement and the Zaowufaze II Cooperation Agreement to release, distribute and/or operate the mobile games, namely "Aola Star Mobile" (「奧拉星手遊」), "Shiwuyu" (「食物語」) and "Zaowufaze II" (「造物法則二：先鋒英雄」) respectively, on Tencent Group's mobile game platforms.

The Company also considers that, taking into account the limited choices of online payment channels in the PRC, the leading position of Tencent Group in the PRC online payment service industry and the Company's users' profile where many of its users are existing users of Tencent Group's online payment services, the entries into the Guangzhou Baitian — WeChat Pay Service Agreement and the Guangzhou Tianti — WeChat Pay Service Agreement would enable the Group to provide its users access to payment channels of Tencent Group and thus enhance its users' satisfactions with the Group's services.

The Directors (including independent non-executive Directors) of the Company are of the view that each of the Agreements and the transactions thereunder have been entered into in the ordinary and usual course of business of the Group, are in the interests of the Company and its Shareholders as a whole, are on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable.

None of the Directors had abstained from voting on the resolutions approving the continuation of the Agreements at the Board meeting.

INFORMATION ABOUT THE GROUP

The Company is principally engaged in the business of developing and publishing mobile and PC games. Guangzhou Baitian is a consolidated affiliated entity of the Company and is principally engaged in developing mobile and PC games, as well as operating the virtual worlds of the Group. Guangzhou Tianti is a wholly-owned subsidiary of Guangzhou Baitian and is principally engaged in developing and publishing mobile and PC games, as well as providing software and information technology services.

INFORMATION ABOUT TENCENT AND ITS SUBSIDIARIES

Tencent through its subsidiaries, principally provides value-added services and online advertising services to users mainly in the PRC. Tencent Cloud is a consolidated affiliated entity of Tencent and provides information system integration services in the PRC including development assistance to create healthcare Mini Programs such as Guangzhou’s “Sui Kang” mini program. This mini program provides Guangzhou citizens with official information about COVID-19 and healthcare services that are available. The program also allowed Guangzhou residents to make reservations to purchase protective face masks. Tencent Cloud is also providing medical researchers with access to its supercomputer facility which is aimed at enabling the world to find a cure for COVID-19 more quickly. Tencent Computer is a consolidated affiliated entity of Tencent and is principally engaged in the business of provision of value-added services and internet advertisement services in the PRC. Tenpay is a subsidiary of Tencent Computer and is principally engaged in provision of payment related services such as WeChat Pay in the PRC.

LISTING RULES IMPLICATIONS

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DEFINITIONS

“2019 Tencent Cloud Service Agreement”	a Tencent Cloud service agreement entered into between Guangzhou Baitian and Tencent Cloud dated 29 July 2019;
“Agreements”	collectively refers to (1) the 2019 Tencent Cloud Service Agreement, (2) the Aola Star Mobile Cooperation Agreement, (3) the Shiwuyu Agency Agreement, (4) Zaowufaze II Cooperation Agreement, (5) Guangzhou Tianti — WeChat Pay Service Agreement, and (6) Guangzhou Baitian — WeChat Pay Service Agreement;

“Aola Star Mobile Cooperation Agreement”	a Tencent mobile online game cooperation access agreement in relation to the mobile game “Aola Star Mobile” (「奧拉星手遊」) entered into by Tencent Computer and Guangzhou Tianti dated 1 March 2020;
“associate(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Board” or “Board of Directors”	the board of directors of the Company;
“Company”	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 person(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Group”	the Company, its subsidiaries and its PRC operating companies, the financial results of which have been consolidated and accounted for by the Company as controlled structured entities of the Company by virtue of a series of contractual arrangements;
“Guangzhou Baitian”	Guangzhou Baitian Information Technology Ltd.* (廣州百田信息科技有限公司), a limited liability company incorporated in the PRC and the PRC operating entity of the Company, the financial results of which have been consolidated and account for as a subsidiary of the Company by virtue of a series of contractual arrangements;
“Guangzhou Baitian — WeChat Pay Service Agreement”	a WeChat Pay user service agreement entered into by Tenpay and Guangzhou Baitian dated 24 February 2020;
“Guangzhou Tianti”	Guangzhou Tianti Network Technology Co., Ltd.* (廣州天梯網絡科技有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Guangzhou Baitian;
“Guangzhou Tianti — WeChat Pay Service Agreement”	a WeChat Pay user service agreement entered into by Tenpay and Guangzhou Tianti dated 29 June 2020;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement only, shall exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the Share(s) of the Company;
“Shiwuyu Agency Agreement”	a Tencent exclusive agency agreement in relation to the mobile game “Shiwuyu” (「食物語」) entered into by Tencent Computer and Guangzhou Tianti dated 25 September 2018;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	shall have the meaning ascribed to it under the Listing Rules;
“substantial shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Tencent”	Tencent Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 700);
“Tencent Cloud”	Tencent Cloud Computing (Beijing) Company Limited* (騰訊雲計算(北京)有限責任公司), a limited liability company established in the PRC and a PRC operating entity of Tencent, the financial results of which have been consolidated and account for by Tencent as a controlled structured entity of Tencent by virtue of a series of contractual arrangements;

“Tencent Computer”	Shenzhen Tencent Computer Systems Company Limited* (深圳市騰訊計算機系統有限公司), a limited liability company established in the PRC and a PRC operating entity of Tencent, the financial results of which have been consolidated and account for by Tencent as a controlled structured entity of Tencent by virtue of a series of contractual arrangements;
“Tenpay”	Tenpay Payment Technology Co., Ltd.* (財付通支付科技有限公司), a limited liability company established in the PRC and a subsidiary of Tencent Computer;
“WeChat Pay”	a payment platform on WeChat APP that provides monetary and fund transfer services for the users; and
“Zaowufaze II Cooperation Agreement”	a Tencent mobile online game cooperation access agreement in relation to the mobile game “Zaowufaze II” (「造物法則二：先鋒英雄」) entered into by Tencent Computer and Guangzhou Tianti dated 1 March 2020.

* For identification purposes only

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

Hong Kong, 1 February 2021

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.

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