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(Incorporated in the Cayman Islands with limited liabilities)

(Stock code: 2100)

ANNOUNCEMENT FURTHER REVISION OF REVISED ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTION

BACKGROUND INFORMATION

Reference is made to the announcements of the Company dated 15 October 2021 and 26 November 2021 in relation to the continuing connected transaction contemplated under the Renewed Shiwuyu Agency Agreement.

FURTHER REVISION OF THE REVISED SHIWUYU ANNUAL CAP UNDER THE RENEWED SHIWUYU AGENCY AGREEMENT

On 26 November 2021, the annual cap for the Renewed Shiwuyu Agency Agreement was revised to the Revised Shiwuyu Annual Cap at RMB55,000,000 in light of the fewer new users on the mobile game “Shiwuyu” (「食物語」) on Tencent Computer’s operating platforms compared to the Company’s initial anticipation.

Based on the information currently available to the Board, the Board expects that the Revised Shiwuyu Annual Cap may not be sufficient to meet the needs of the Group’s business growth in the future. Therefore, the Board proposes to further revise and increase the Revised Shiwuyu Annual Cap to the Further Revised Shiwuyu Annual Cap at RMB140,000,000.

LISTING RULE IMPLICATIONS

Given that one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) calculated with reference to the Further Revised Shiwuyu Annual Cap exceeds 5% but less than 25%, the transaction contemplated under the Renewed Shiwuyu Agency Agreement constitutes (i) discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) non-exempt continuing connected transaction of the Company and is subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the proposed further revision of the annual cap for the Renewed Shiwuyu Agency Agreement.

A circular containing, among others, (i) further details of the Renewed Shiwuyu Agency Agreement and the transaction contemplated thereunder (including the Further Revised Shiwuyu Annual Cap); (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iii) recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a notice of the EGM, will be dispatched by the Company to the Shareholders in due course. As additional time is required to finalise certain information contained in the circular, the Company expects to dispatch the circular on or around 14 March 2022.

BACKGROUND INFORMATION

Reference is made to the announcements of the Company dated 15 October 2021 and 26 November 2021 in relation to the continuing connected transaction contemplated under the Renewed Shiwuyu Agency Agreement.

REVISION OF THE REVISED SHIWUYU ANNUAL CAP UNDER THE RENEWED SHIWUYU AGENCY AGREEMENT

On 15 October 2021, Guangzhou Tianti and Tencent Computer entered into the Renewed Shiwuyu Agency Agreement.

In compliance with the Listing Rules, the Company has been monitoring the continuing connected transaction contemplated under the Renewed Shiwuyu Agency Agreement. On 26 November 2021, the annual cap for the Renewed Shiwuyu Agency Agreement was revised to the Revised Shiwuyu Annual Cap at RMB55,000,000 in light of the fewer new users on the mobile game “Shiwuyu” (「食物語」) on Tencent Computer’s operating platforms compared to the Company’s initial anticipation.

Based on the information currently available to the Board, the Board expects that the Revised Shiwuyu Annual Cap may not be sufficient to meet the needs of the Group’s business growth in the future. Therefore, the Board proposes to further revise and increase the Revised Shiwuyu Annual Cap to the Further Revised Shiwuyu Annual Cap at RMB140,000,000 to ensure that it is fair and reasonable to reflect the expected users’ demand for the mobile game “Shiwuyu” (「食物語」).

The Further Revised Shiwuyu Annual Cap had been determined principally based on:

- (i) the actual aggregate amount payable to Tencent Computer under the Renewed Shiwuyu Agency Agreement at approximately RMB27,000,000 for the period from 15 October 2021 to 31 January 2022; and
- (ii) the anticipated growth in new users and returning old users on the mobile game “Shiwuyu” (「食物語」) mainly attributable to the rolling out of new version of such game which is generally well received among the game players.

As at the date of this announcement, the Revised Shiwuyu Annual Cap at RMB55,000,000 under the Renewed Shiwuyu Agency Agreement has not been exceeded.

If further revisions are proposed to the Revised Shiwuyu Annual Cap, the Company will re-comply with the relevant requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF REVISING THE ANNUAL CAP

Taking into account of the anticipated growing number of users on the mobile game “Shiwuyu” (「食物語」) on Tencent Computer’s operating platforms compared to the Company’s anticipation, the Directors expect that the maximum transaction amount of the Renewed Shiwuyu Agency Agreement will exceed the Revised Shiwuyu Annual Cap and therefore propose to further revise the annual cap for the continuing connected transaction contemplated under the Renewed Shiwuyu Agency Agreement.

Save for the revision of the Revised Shiwuyu Annual Cap to the Further Revised Shiwuyu Annual Cap, the Directors confirm that all other terms and conditions under the Renewed Shiwuyu Agency Agreement remain the same.

DIRECTORS’ CONFIRMATION

The Directors (other than the independent non-executive Directors who will express their opinion in a separate letter to be included in the circular to the Shareholders based on the recommendations from the Independent Financial Adviser) are of the view that the Further Revised Shiwuyu Annual Cap is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, none of the Directors has any material interest in the transaction contemplated under the Renewed Shiwuyu Agency Agreement. None of the Directors had abstained from voting on the resolutions approving the Further Revised Shiwuyu Annual Cap at the Board meeting.

INFORMATION ABOUT THE PARTIES

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 providing software and information technology services to facilitate Guangzhou Baitian's role and function in certain series of contractual arrangements.

Tencent Group principally provides value-added services and online advertising services to users mainly in the PRC. 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tencent is indirectly interested in approximately 12% of the total issued share capital of the Company, and it (and its associates, including Tencent Computer) are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transaction under the Renewed Shiwuyu Agency Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) calculated with reference to the Further Revised Shiwuyu Annual Cap exceeds 5% but less than 25%, the transaction contemplated under the Renewed Shiwuyu Agency Agreement constitutes (i) discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) non-exempt continuing connected transaction of the Company and is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has established the Independent Board Committee, including all of the independent non-executive Directors who have no material interest in the transaction contemplated under the Renewed Shiwuyu Agency Agreement, to advise the Independent Shareholders on: (i) the fairness and reasonableness of the terms of the Renewed Shiwuyu Agency Agreement (including the Further Revised Shiwuyu Annual Cap) and the transaction contemplated thereunder; and (ii) how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser. In this connection, the Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Renewed Shiwuyu Agency Agreement (including the Further Revised Shiwuyu Annual Cap) and the transaction contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no member of the Independent Board Committee has any material interest in the Renewed Shiwuyu Agency Agreement and the proposed revision of the annual cap.

GENERAL INFORMATION

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other matters, the proposed further revision of the annual cap for the Renewed Shiwuyu Agency Agreement.

Tencent and its respective associates are required to abstain from voting at the EGM in respect of the resolutions on the Renewed Shiwuyu Agency Agreement and the transaction contemplated thereunder (including the Further Revised Shiwuyu Annual Cap) as a result of having material interest therein. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as disclosed in this announcement, no other Shareholder is required to abstain from voting at the EGM.

A circular containing, among others, (i) further details of the Renewed Shiwuyu Agency Agreement and the transaction contemplated thereunder (including the Further Revised Shiwuyu Annual Cap); (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iii) recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a notice of the EGM, will be dispatched by the Company to the Shareholders in due course. As additional time is required to finalise certain information to be included in the circular, the Company expects to dispatch the circular on or around 14 March 2022.

Save as disclosed above, all other information relating to the Renewed Shiwuyu Agency Agreement set out the announcements dated 15 October 2021 and 26 November 2021 remain unchanged and shall continue to be valid for all purposes.

DEFINITIONS

“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;
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among others, the Further Revised Shiwuyu Annual Cap;

“Further Revised Shiwuyu Annual Cap”	the further revised annual cap at RMB140,000,000 proposed pursuant to the Renewed Shiwuyu Agency Agreement as set out in this announcement;
“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 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;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board comprising all of the independent non-executive Directors, which has been established for the purpose of advising the Independent Shareholders in respect of the Further Revised Shiwuyu Annual Cap;
“Independent Financial Adviser”	an independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Further Revised Shiwuyu Annual Cap;
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting to approve the non-exempt continuing connected transaction relating to the Renewed Shiwuyu Agency Agreement;
“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;
“Renewed 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 15 October 2021, the details of which are set out in the announcement of the Company dated 15 October 2021;

“Revised Shiwuyu Annual Cap”	the revised annual cap of RMB55,000,000 proposed pursuant to the Renewed Shiwuyu Agency Agreement as set out in the announcement of the Company dated 26 November 2021;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of US\$0.0000005 each in the issued share capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	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 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;
“Tencent Group”	Tencent and its subsidiaries; and
“%”	per cent.

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

Hong Kong, 17 February 2022

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

In this announcement, the English names of the PRC entities marked with “” are translations of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

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