

For immediate release



BAIOO Family Interactive Limited ANNOUNCES 2016 INTERIM RESULTS

Highlights of the First Half of 2016:

- **Total revenue was RMB187.6 million, representing a 2.0% increase from RMB183.9 million in 1H2015**
- **Gross profit was RMB109.9 million, representing a decrease of 0.1% from RMB110.1 million in 1H2015**
- **Adjusted net profit was RMB8.6 million, representing a decrease of 86.2% from RMB62.1 million in 1H2015**
- **Average Quarterly Active Accounts (“QAA”) were 48.5 million, up 0.8% year-over-year**
- **Average Quarterly Paying Accounts (“QPA”) were 2.0 million, down 16.7% year-over-year**
- **Average Revenue per Quarterly Paying Accounts (“ARQPA”) was RMB39.5, up 15.1% year-over-year**

HONG KONG, 29 Aug, 2016 – BAIOO Family Interactive Limited (“BAIOO” or the “Company”; stock code: 2100), China’s largest online entertainment destination designed for children, today released its unaudited consolidated results for the half year ended 30 June, 2016.

The Company’s revenue for the six months ended 30 June 2016 was RMB187.6 million, an increase of 2.0% from RMB183.9 million for the six months ended 30 June, 2015. Gross profit was RMB109.9 million, a decrease of 0.1% from RMB110.1 million for the first six months ended 30 June, 2015. This stabilization in revenues and gross profit are a result of the Company’s focus on improving audience engagement through an emphasis on “fun” in BAIOO’s portfolio, alongside various initiatives to both attract new players and entice older players back into the Company’s virtual worlds.

In line with this stabilization, BAIOO’s operational metrics for its online virtual worlds also showed improvements. During the first half, the average QAA for the Company’s online virtual worlds increased 0.8% year-on-year to 48.5 million. This reflected BAIOO’s ability to maintain stable user numbers through a focus on fun, accessible and healthy content. The average QPA was 2.0 million, a decrease of 16.7% year-on-year, as a result of the Company’s strategy of moving away from heavy monetization to enhance user experience and retention. The average quarterly ARQPA for the Company’s online

virtual worlds was RMB39.5, a year-on-year increase of 15.1%, thanks to the increasing popularity of its online virtual worlds.

In the first half of 2016, BAIIO took advantage of various investment opportunities that materialized during the first half to expand its existing Intellectual Property (“IP”) portfolio for long term growth. This included setting up a new comic arm, Baiman Wenhua (百漫文化), which launched a number of web comic series, including 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. Leveraging on exclusive distribution and adaptation rights in China for these new IPs, the Company plans to release a number of innovative new products for mobile devices. BAIIO also has a number of other mobile products it has invested in, which are still in development.

In terms of the Company’s maternity business, Bumps to Babes recorded revenue of RMB26.7 million for the first half of 2016.

Mr. Jeff Dai, Chairman of BAIIO, said “In the first half of 2016, we were able to see a noticeable positive impact from our ongoing strategy of focusing on audience retention, lowering monetization initiatives, and increasing the ‘fun’ aspects of our products. Our operational metrics showed very positive signs, and we are confident that we can extend this going into the second half to achieve further improvements in our performance.”

“We also made substantial investments in various Intellectual Properties, all of which we acquired exclusive distribution and adaptation rights in China to complement our existing product pipeline, including a number of mobile products that we plan to release in the second half of 2016 and beyond. We expect our investments in the first half will contribute in the second half of 2016 and bring BAIIO back to profitability. We will continue to enhance our product offerings in the second half of the year, while leveraging on our new investments and upcoming product releases to become profitable and generate long-term value for shareholders.”

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About BAIIO

BAIOO is one of China’s largest online entertainment destination designed for children and one of the top children’s web game developers in China with a leading market share. It has a fast-growing user base, with average quarterly active accounts increasing from 24.2 million in 2011 to 48.5 million in the first half of 2016. Since the company commenced its operations, it has developed, commercially launched and currently operate eight virtual worlds, namely, Aobi Island, Aola Star, Dragon Knights, Light of Aoya, Legend of Aoqi, Clashes of Aoqi, Magic Fighter, and Monster Mobile. BAIIO’s virtual worlds are designed for children between the ages of six and fourteen and allow them to play various games and fun-learning activities while exploring each virtual world and its storyline and interacting with other users. New episodes containing new games and activities and storyline updates are released each week for each virtual world to provide users with a continuous, engaging experience.

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