

For immediate release



BAIOO Family Interactive Limited ANNOUNCES 2017 INTERIM RESULTS

Highlights of the First Half of 2017:

- **Total revenue was RMB173.2 million, compared with RMB187.6 million in 1H2016**
- **Gross profit was RMB100.4 million, compared with RMB109.9 million in 1H2016**
- **Adjusted net profit was RMB11.9 million, compared with RMB8.6 million in 1H2016**
- **Average Quarterly Active Accounts (“QAA”) were 25.0 million, while QAA for 1Q2017 and 2Q2017 was 26.3 million and 23.6 million respectively**
- **Average Quarterly Paying Accounts (“QPA”) were 1.6 million, while QPA for 1Q2017 and 2Q2017 was 1.7 million and 1.4 million respectively**
- **Average Revenue per Quarterly Paying Accounts (“ARQPA”) was RMB47.7, while ARQPA for 1Q2017 and 2Q2017 was RMB48.6 and RMB46.8 respectively**

HONG KONG, 28 Aug, 2017 – BAIOO Family Interactive Limited (“BAIOO” or the “Company”; stock code: 2100), one of China’s largest online entertainment destination designed for children and young teens, today released its unaudited consolidated results for the six months ended 30 June, 2017 (“1H2017”).

For 1H2017, the Company’s average quarterly active accounts (“QAA”) was 25.0 million, while QAA for 1Q2017 and 2Q2017 were 26.3 million and 23.6 million, respectively. The Company’s average Quarterly Paying Accounts (“QPA”) was 1.6 million, while QPA for 1Q2017 and 2Q2017 were 1.7 million and 1.4 million, respectively. The quarter-over-quarter decreases in QAA and QPA were mainly due to the seasonality of the gaming industry, where first quarter is the traditional peak season. The Company’s average quarterly average revenue per quarterly paying accounts (“ARQPA”) achieved RMB47.7 for 1H2017, while ARQPA for 1Q2017 and 2Q2017 were RMB48.6 and RMB46.8 respectively, an increase of 20.8% compared to 1H2016. The year-over-year increase was driven by the Company’s mobile game products, which helped upgrade its user base to a higher age bracket with greater paying power.

As a result of the above, the Company's revenue for the six months ended 30 June 2017 was RMB173.2 million, compared with RMB187.6 million for 1H2016. Gross profit was RMB100.4 million, compared with RMB109.9 million for 1H2016.

In 1H2017, BAIOO continued to develop and implement its IP-centric strategy across its various platforms and new releases. In April 2017, the Company announced a strategic cooperation with Tencent Interactive Entertainment, jointly establishing the XiXingJi (「西行紀」) IP Production Committee to further the development of the XiXingJi IP into online animation, film and television projects, game licensing, comics, peripherals, and literature. In addition, online comic series based on our Juexingzhe (「絕行者」) and Sha Dao Xing Zhe (「殺道行者」) IPs were launched in March and May 2017, respectively, both of which have already accumulated popularity among China's comic fans. In June 2017, the Company launched a new web game, Aoyi Alliance (「奧義聯盟」), which utilizes original IPs from BAIOO's existing virtual worlds. BAIOO's mobile game products have also successfully entered overseas markets including Hong Kong, Macao, and Southeast Asia at the end of 2016, and have shown rapid growth.

Outlook

Looking ahead to the second half of 2017, BAIOO remains committed to further improving user retention and producing fun and engaging content for children and young teens. Through its IP centric strategy, the Company plans to push new derivative products from its IP portfolio, including an online animation of the XiXingJi IP which is expected to be released in November, alongside an early childhood educational picture book series based on the Company's Little Cloud Bay Bay Bear (「小雲熊北北」) proprietary IP in 2H2017. In addition, the Company's comic book arm will look to seek potential cooperation with other well-known comic IPs to develop additional fun and engaging products.

BAIOO will continue to leverage its strong base of IPs across its current products and comic arm to explore business opportunities throughout the pan-entertainment industry value chain. The Company is confident that it will be able to capture more opportunities in the second half of 2017, in particular in the early childhood education area through its Little Cloud Bay Bay Bear IP, and will look to achieve more business synergies with its existing products and IPs with an even larger user base.

Mr. Jeff Dai, Chairman of BAIOO, said "In the first half of 2017, we continued to push for operational improvements in our virtual worlds, while leveraging on our large IP portfolio to develop and launch new products. I am pleased to report that we were able to achieve significant progress in terms of growing new revenue streams for BAIOO. Our latest game release, Aoyi Alliance, was launched in June and began monetization in July. I am also pleased to say that a number of our popular products successfully entered overseas markets, validating our ability to create and provide fun and healthy content that not just cater to fans in China, but also children and young teens around the world. We also entered into a landmark cooperation with Tencent Interactive Entertainment on a XiXingJi IP Production Committee and we believe this is a significant step in expanding our coverage throughout the whole value chain of the pan-entertainment industry.

Looking forward, we have a number of exciting product releases in the second half including an online animation of XiXingJi, as well as an early educational picture book series based on our Little Cloud Bay Bay Bear IP. We will continue to implement IP-centered strategies to leverage our expertise in content production and IP creation, and

will take advantage of the rising online pan-entertainment industry to seek new business opportunities throughout the whole value chain. “

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About BAIOO

BAIOO Family Interactive Limited (HKEx stock code: 2100) is one of online entertainment destination for children and young teens. At present, BAIOO has three main development strategies: adapting high quality game IPs, developing comic IPs and incubating new IPs. At its most basic, having solid IPs allows BAIOO to create storylines that appeal to humans on an emotional level, and then it will use the IPs to foster positive and healthy values among the next generation of youth to fulfill its vision of “Healthy Content, Responsible Development and Joyful Companion”. In addition to games and animations, BAIOO also plans to further explore other potential fields of edutainment, and in particular, interactive early childhood educational products, such as children's picture books, board games and smart products for 3- to 6-year-old.

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