

For immediate release



BAIOO Family Interactive Limited ANNOUNCES 2015 ANNUAL RESULTS

Financial Highlights:

	Audited year ended 31 December		Year- over-year change %	Unaudited six months ended		Half- over-half change %
	2015	2014		31 December 2015	30 June 2015	
	RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	387,105	506,193	(23.5%)	203,175	183,930	10.5%
— Online Business	344,745	496,396	(30.6%)	172,437	172,308	0.1%
— Other Business	42,360	9,797	332.4%	30,738	11,622	164.5%
Gross profit	236,634	347,738	(32.0%)	126,547	110,087	15.0%
Operating profit	56,299	199,852	(71.8%)	17,931	38,368	(53.3%)
Profit/(loss) for the year/half	99,430	(131,702)	175.5%	45,975	53,455	(14.0%)
Non-International Financial Reporting Standards ("IFRS") Measures						
— Adjusted Net Profit ⁽¹⁾	124,556	234,977	(47.0%)	62,493	62,063	0.7%
— Adjusted EBITDA ⁽²⁾	89,219	246,637	(63.8%)	38,451	50,768	(24.3%)

HONG KONG, 30 March, 2016 – BAIOO Family Interactive Limited (“BAIOO” or the “Company”; stock code: 2100), China’s largest online entertainment destination designed for children, today released its results for the full year ended 31 December, 2015.

In 2015, BAIOO stabilized most of its performance metrics for its online virtual worlds as the Company’s measures to improve user retention and achieve sustainable growth began to bear fruit. In the second half of 2015, there was a meaningful uptick in profitability. Revenue and gross profit improved 10.5% and 15.0%, respectively, from the first half of 2015 to the second half of 2015. Performance metrics for BAIOO’s virtual worlds also improved as the Company’s strategic initiatives to improve user retention

- (1) Adjusted net profit consists of profit/(loss) for the year/period plus share-based compensation and fair value loss of convertible redeemable preferred shares. Adjusted net profit eliminates the effect of non-cash share-based compensation expenses and non-cash fair value change of preferred shares. The term of adjusted net profit is not defined under the IFRS. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact our net profit for the year/period.
- (2) Adjusted EBITDA means adjusted net profit less finance income — net, and plus income tax, depreciation of fixed assets

and attract new users paid off. Average Quarterly Active Accounts (“QAAs”) and Average Revenue per Quarterly Paying Accounts (“ARQPA”) increased 4.3% and 22.2%, respectively, from the first half of 2015 to the second half of 2015.

	Audited year ended 31 December		Year- over- year change	Unaudited six months ended		Half- over- half change
	2015	2014		31 December 2015	30 June 2015	
	(QAA & QPA in millions, ARQPA in RMB)					
Average QAA	49.1	57.0	(13.9%)	50.1	48.1	4.3%
Average QPA	2.3	3.0	(23.3%)	2.2	2.4	(8.3%)
Average ARQPA	38.1	41.3	(7.7%)	41.9	34.3	22.2%

Additionally, the Company’s cooperation with Bumps to Babes Limited (“Bumps to Babes”) performed well, as BumpsBB (www.bumpsbb.com), the e-commerce platform of Bumps to Babes, was successfully launched for trial operation in China in the fourth quarter of 2015. Bumps to Babes contributed revenue of more than RMB30 million in FY2015.

Mr. Jeff Dai, Chairman of BAIOO, said “In 2015, despite the general slowdown in economic growth in China, I am pleased to report that we believe our financial and operating metrics bottomed out in 2015 and that we are now successfully emerging from our turnaround. Our virtual worlds were revitalized through a renewed strategic focus on ‘fun’, which, alongside our cooperation with Bumps to Babes, provided a healthy boost to our businesses. We have begun to see users return to our virtual worlds, and we are planning a number of new products to be released in 2016 on both PC and mobile devices. We launched a new virtual world “Monster Mobile” in March 2016 and it has been well-received by the market. We believe these measures will further expand our user numbers and bring new growth opportunities for BAIOO.”

“The maternity market has continued to grow in China, bolstered by the end of the one child policy as well as increasing spending power of the growing middle class. We have seen rising demand from parents for safe, reliable, and high quality products for their kids. Our partnership with Bumps to Babes was particularly helpful in terms of helping us further penetrate the maternity market and push our top-line growth. There continues to be tremendous opportunities in China’s sizeable maternity market, and we believe the launch of BumpsBB, the e-commerce platform of Bumps to Babes, in China in the fourth quarter will further push our growth. We have seen healthy user numbers on the BumpsBB platform so far, and we will further expand this platform in 2016 as we look to take advantage of the substantial growth opportunities ahead.”

Outlook

Looking ahead to 2016, the Company has a number of exciting products that it plans to launch, with a focus on mobile offerings that cater to the growing trend of on-the-go users. Of the seven new products that BAIOO currently has in its pipeline, six will be dedicated to mobile devices. In terms of the cooperation with Bumps to Babes, the Company will further broaden its market presence and outreach to additional customers throughout greater China via various initiatives, with the goal of achieving over a million active users on the BumpsBB platform in 2016. BAIOO opened an additional Bumps to Babes store in Hong Kong, and will partner with selected offline stores to boost

BumpsBB platform's growth in China. The Company will look to further capitalize on industry growth both for the edutainment sector as well as the maternity sector, and remain committed to executing its sustainable growth initiatives to expand the Company's presence in China.

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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 49.1 million in 2015. 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. BAIIOO'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.

In May 2015, BAIIOO formed a strategic partnership with Hong Kong's leading maternity product provider Bumps to Babes. BAIIOO has acquired 74.9% equity interest in Bumps to Babes, and Mr. Richard Ian Walker, the founder of Bumps to Babes, holds 7.5% equity interest in the new venture, which expands Bumps to Babes into China under the brand BumpsBB (www.bumpsbb.com) as a one-stop-shop for parents to purchase safe, trusted and premium baby products via e-commerce.

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