

For immediate release



BAIOO Family Interactive Limited ANNOUNCES 2015 INTERIM RESULTS

Highlights of the First Half of 2015:

- **Total revenue was RMB183.9 million, representing a 36.1% decrease from RMB287.8 in 1H2014**
- **Adjusted net profit was RMB62.1 million, representing a 55.9% decrease from RMB140.6 million in 1H2014**
- **Average Quarterly Active Accounts (“QAA”) were 48.1 million, down 14.4% year-over-year**
- **Average Quarterly Paying Accounts (“QPA”) were 2.4 million, down 27.3% year-over-year**
- **Average Revenue per Quarterly Paying Accounts (“ARQPA”) was RMB34.3, down 18.1% year-over-year**

HONG KONG, 28 August, 2015 – 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, 2015.

The Company’s revenue for the six months ended 30 June 2015 was RMB183.9 million, a decrease of 36.1% from RMB287.8 million for the six months ended 30 June, 2014. The decrease reflected shifting user trends from PCs to mobile devices and the lower proportion of multiple accounts due to ongoing user account optimization. However, BAIOO has taken active steps to engage users in its virtual worlds by deploying a strategic shift towards increasing audience engagement and focusing on ‘fun’ in the Company’s portfolio, and initiated a number of new initiatives to bring players back to BAIOO’s virtual worlds. Gross profit was RMB110.1 million, a decrease of 47.2% from RMB208.4 million in the first half of 2014.

During the first half, the average quarterly active accounts (“QAA”) for the Company’s online virtual worlds, including “Aobi Island”, “Aola Star”, “Dragon Knights”, “Light of Aoya”, “Legend of Aoqi”, “Clashes of Aoqi” and “Magic Fighter” declined 14.4% year-on-year to 48.1 million. The average quarterly ARQPA for the Company’s online virtual worlds was RMB34.3, a year-on-year decrease of 18.1% as a result of the reduced total account numbers caused by the Company’s continued account optimization efforts.

In the first half of 2015, the Company made an investment in Bumps to Babes Limited (“Bumps to Babes”), a leading provider of maternity products in Hong Kong with a strong physical store presence. According to an iResearch report, the market for baby and maternity products is expected to surpass RMB2 trillion in 2015, with e-commerce value within the market growing at a compound annual growth rate of 30% going into 2017. BAIOO is currently developing Bumps to Babes’ e-commerce platform and it is expected to be launched in the second half of 2015, with the goal of tapping into the highly lucrative maternity market with its exponential growth story moving forward. Also, the Company cooperated with Beijing Xingmen Dongman Technology Limited Company (“Xingmen Dongman”), a mobile game developer and computer-generated graphics (“CGI”) design company, which will bolster BAIOO’s ongoing development of new mobile products as well as ongoing improvements and updates to the Company’s virtual worlds.

Mr. Jeff Dai, Chairman of BAIOO, said “In the first half of 2015, our strategy of increasing audience retention through re-focusing on the fun aspects of what made our games so successful in the first place has started to demonstrate positive impact. We are pleased with the progress we have made, and we remained committed to ensuring that our audience base sees healthy growth in the second half of the year.”

“Also in the first half, our strategic initiatives with Bumps to Babes and Xingmen Dongman have positioned us well going towards our strategic goals in the second half. Leveraging our unparalleled understanding of children and their families in China, I believe our cooperation with Bumps to Babes will give us a foothold into the lucrative maternity market in China. Bumps to Babes also further expanded in Hong Kong recently, opening up a new store in Sai Kung, New Territories, an area with a high population density and demand for maternity products, which we believe will further strength its position in the market. In terms of product pipeline, we have a number of mobile offerings that we hope to be able to release in the second half of the year. We recognize the significant growth potential in China’s mobile market given the increasing accessibility and usage of mobile devices, and we will look to capture opportunities in this segment. Our cooperation with Xingmen Dongman will support this initiative, and our target of over 50% of our new title launches for FY2015 on mobile devices remains on track.”

Outlook

Looking ahead to the second half of 2015, the Company plans to continue the diversification of its product portfolio with the launch of Bumps to Babe’s e-commerce platform in China, as well as new offerings on mobile devices. Given BAIOO’s leading position in the children’s online entertainment market in China, the Company is confident that it will be able to continue capturing upcoming industry growth and internet penetration on both personal computers and mobile devices. BAIOO will also continue to look out for potential M&A opportunities that could help the Group utilize its competitive advantages in the younger user segment.

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About BAIOO

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 48.1 million in the first half of 2015. Since the company

commenced its operations, it has developed, commercially launched and currently operate seven virtual worlds, namely, Aobi Island, Aola Star, Dragon Knights, Light of Aoya, Legend of Aoqi, Clashes of Aoqi, and Magic Fighter. BAIOO'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, BAIOO formed a strategic partnership with Hong Kong's leading maternity product provider Bumps to Babes. BAIOO 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 will expand Bumps to Babes into China as a one-stop-shop for parents to purchase safe, trusted and premium baby products via e-commerce.

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