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BAIOO Family Interactive Limited

百 奧 家 庭 互 動 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2100)

PROFIT ALERT

This announcement is made by BAIOO Family Interactive Limited (the “**Company**” and together with its subsidiaries and PRC operating entity, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors of the Company (“**Directors**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the latest available unaudited management accounts of the Group, the Group is expected to record a significant increase in net profit for the six months ended 30 June 2015 as compared to a net loss recorded for the corresponding period in 2014 under International Financial Reporting Standards (“**IFRS**”). Such turnaround is mainly attributable to a fair value loss of convertible redeemable preferred shares in an amount of approximately RMB327.7 million for the six months ended 30 June 2014, which the Group will not record the same in 2015 and going forward.

The Group expects its revenue for the six months ended 30 June 2015 to decline approximately 30%–40% from the same period of 2014. Adjusted net profits (which consists of profit plus share-based compensation and fair value loss of convertible redeemable preferred shares) for the six months ended 30 June 2015 to fall approximately 55%–65% from the same period of 2014. The decline in revenue and adjusted net profit are mainly due to the decrease in total user account number which resulted from the Group’s ongoing account optimization efforts, alongside the current industry trend of a shift towards mobile devices.

However, the Group expects its profit to increase significantly from a net loss for the six months ended 30 June 2014 to a net profit for the six months ended 30 June 2015. The Directors are of the view that the Group’s ongoing focus on enhancing user experience and its expanding portfolio of mobile products will secure a larger user base in the second half of 2015. The Group also expects to strive to explore additional avenues for expansion, including through product improvements and new product introductions.

This announcement is made based on the information currently available to the Board and a preliminary assessment of the latest available unaudited management accounts of the Group, which have not been finalized and not been reviewed by the Company's auditors or the audit committee, and may differ from the final interim results. Shareholders and potential investors of the Company should read the interim results for the six months ended 30 June 2015 of the Company carefully, which are expected to be announced by the end of August 2015.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
BAIOO Family Interactive Limited
DAI Jian
Chairman and Executive Director

Hong Kong, 3 July 2015

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