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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)

UNAUDITED KEY OPERATING METRICS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017

This announcement is voluntarily made pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Unaudited Key Operating Metrics for the Three Months Ended 30 September 2017

The board of directors (the “**Board**”) of BAIOO Family Interactive Limited (“**BAIOO**” or the “**Company**”, together with its subsidiaries and PRC operating entity, the “**Group**”) today announced the Group’s unaudited key operating metrics for the third quarter of 2017:

	30 September 2017	30 September 2016	Year-over- year change	30 June 2017	Quarter- over-quarter change
	(QAA & QPA in millions, ARQPA in RMB)				
QAAs ¹	26.0	55.7	-53.3%	23.6	10.2%
QPAs ²	1.4	2.1	-33.3%	1.4	0.0%
ARQPA ³	61.2	38.9	57.3%	46.8	30.8%

- Quarterly active accounts (“**QAAs**”) were 26.0 million, a decrease of 53.3% compared with the same quarter of 2016, or an increase of 10.2% compared with the previous quarter.
- Quarterly paying accounts (“**QPAs**”) were 1.4 million, a decrease of 33.3% compared with the same quarter of 2016, or remained the same with the previous quarter.
- Average revenue per quarterly paying accounts (“**ARQPA**”) was RMB61.2, an increase of 57.3% compared with the same quarter of 2016, or an increase of 30.8% compared with the previous quarter.

1 QAAs which is defined as a registered account that was accessed at least once during a quarter.

2 QPAs which refers to the number of paying accounts for the virtual worlds in web-based platforms and mobile games in the relevant quarter.

3 ARQPA is calculated as revenue from the virtual worlds in web-based platforms and mobile games in a particular quarter divided by the total number of QPAs in that quarter.

On a year-over-year basis, both QAAs and QPAs declined, primarily due to the disposal at the end of 2016 of the virtual world, *Amazing Combat* (「特戰英雄」), which generated high user numbers but low profitability and intellectual property (“IP”) value. The disposal was in line with the Group’s IP-centered strategies. Despite the QAA decrease, the Group was able to retain core users and even increase user stickiness with a further optimized IP portfolio. ARQPA in third quarter of 2017 hit a record high of RMB61.2, an increase of 57.3% year-over-year, or an increase of 30.8% compared with the previous quarter, which indicates that Group’s IP-centered strategies have yielded initial results and was mainly driven by the success of the Group’s launched mobile title, *Zaowufaze* (「造物法則」), which was a comics-adapted massively multi-player online role-playing game of its proprietary comic that has been well received not only by users in China, but also in key overseas markets such as South Korea and Southeast Asia. The Group is tapping into more overseas markets. In addition, on the research front, the Group is now in talks with a few leading U.S. universities in computer science on possible cooperation to improve the diversity and competitiveness of its gaming products, and the Group dedicates to develop engaging products and drive improvement on operating metrics through focusing on “fun”.

The Group continued to develop its comic IP, and in September 2017, the Group’s proprietary online comic, *XiXingJi* (「西行紀」), received the “Best Plot Comic Award” (「最佳劇情漫畫獎」) at the 14th China Animation & Comic Competition (CACC) Golden Dragon Awards (「第14屆中國動漫金龍獎」), an award event jointly held by China’s State Administration of Press, Publication, Radio, Film and Television and the People’s Government of Guangdong Province. As previously announced, the Group, together with Tencent Interactive Entertainment, will leverage its *XiXingJi* IP to jointly develop related multimedia content (such as 3D animated cartoon, live-action movies and mobile games). So far, such development program is on track.

For the IP incubation, the Group’s interactive early childhood educational products targeting children from the ages of 3 to 6 are selling well. In September 2017, the Group successfully launched the 2.0 version of its proprietary IP of “*Little Cloud Bay Bay Bear*” (「小雲熊北北」) product series, which includes picture books and board games while more digital contents can be found in its mobile app. The Group expects to release the next upgrade, which will feature augmented reality (“AR”) functionality, at the end of 2017.

In addition, the Group is pleased to announce that, the Group had entered into a cooperation agreement in relation to a new partnership with the MIT Industrial Liaison Program (“MIT ILP”), an affiliate of the Massachusetts Institute of Technology (“MIT”), one of the world’s most prestigious universities. MIT boasts top-tier research and advanced applications on children’s learning and cognitive development. BAIOO will join hands with MIT ILP to develop more unique products targeting children from the ages of 3 to 6 that offer healthy and educational family lifestyle by giving children with the opportunities to develop and grow through fun and play.

The operating data disclosed above has been prepared on the basis of internal management records. It has not been audited or reviewed by external auditors. The data disclosed may be subject to change and may differ from the audited or unaudited combined financial statements to be published by the Group on an annual or half-yearly basis. As such, the above data is provided for reference only. Investors are advised not to place any reliance on the information disclosed, and to exercise due caution when dealing in the securities of the Company. When in doubt, investors are advised to seek advice from professional financial advisers.

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

Hong Kong, 24 October 2017

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 independent non-executive directors of the Company are Ms. LIU Qianli, Dr. WANG Qing and Mr. MA Xiaofeng.