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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 WARNING

This announcement is made by BAIOO Family Interactive Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Directors wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available to the Board, the Group is expected to record a loss attributable to the Shareholders of the Company for the year ended 31 December 2017. The expected loss is largely a result of the impairment on goodwill and trademark of approximately HK\$55 million from the Group’s retail business (the “**Impairment Loss**”). The Company intends not to further invest in its retail business as part of its strategy to focus on its principal business of developing and operating children’s online entertainment destinations including games, comics and animations.

The Company is expected to report a net profit for the year ended 31 December 2017 before the Impairment Loss. The goodwill and trademark of the Impairment Loss is from the acquisition of Bumps to Babes Limited (“**Bumps to Babes**”) in May 2015, a 74.9%-owned subsidiary of the Company that is based in Hong Kong and primarily engages in sales of mother and baby products. The Company would like to emphasize that the Impairment Loss is a non-cash item and is one-off in nature to the income statement, which will have no impact on the Company’s daily operations and cash flow.

The Company is in the process of finalizing the financial results of the Group for the year ended 31 December 2017. The information contained in this announcement is only a preliminary assessment by the management of the Company based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2017 and is not based on any figures or information which have been audited or reviewed by the auditors of the Company. Details on the financial information of the Group for the year ended 31 December 2017 to be disclosed in the annual results announcement (which is expected to be published by the end of March 2018) of the Company shall prevail.

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

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

Hong Kong, 9 February 2018

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.