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(Incorporated in the Cayman Islands with limited liabilities)

(Stock code: 2100)

PROFIT WARNING

This announcement is made by BAIOO Family Interactive Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09(2)(a) 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 board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on a preliminary review of the Company’s unaudited consolidated management accounts for the six months ended 30 June 2021 (the “**period under review**”) and information currently available to the Board, the Group is expected to record a profit after tax in the range of RMB44 million to RMB48 million for the six months ended 30 June 2021 as compared to the profit after tax of RMB151 million for the six months ended 30 June 2020.

Such expected decrease in the profit after tax of the Group is mainly attributable to:

- (i) the increase in the Company’s research and development (“**R&D**”) expenses during the period under review due to the Group’s strategy to enhance in-house game development capabilities and user experience through continuously invest in the Group’s R&D talents in the R&D operations and R&D teams;
- (ii) the increase in the selling and marketing expenses during the period under review, which was primarily brought by the increase in promotion and advertising expenses for new mobile games launched as compared to those in the corresponding financial period in 2020; and
- (iii) the decrease in the gross profit for the period under review as compared to that in the corresponding financial period in 2020 since additional free virtual items were given to the users of the Company’s mobile games to ensure user loyalty and game experience and the revenue from the mobile games launched by the Company before 2020 had decreased during the period under review.

The profit after tax of the Group for the six months ended 30 June 2021 may have decreased as compared to that for the corresponding financial period in 2020 due to the above reasons. However, the Board believes that the Group’s strategy to enhance in-house game development capabilities and user experience through continuously investing in the Group’s R&D functions will benefit the performance of the Group in the long term and the Board remains confident in the long-term development and prospects of the Group.

The Company is still in the process of finalising the interim results of the Group for the six months ended 30 June 2021. The information contained in this announcement is only based on a preliminary review of the Company's unaudited consolidated management accounts for the six months ended 30 June 2021 and the information currently available to the Board. It is not based on any figures or information that have been audited or reviewed by the Company's auditor, or reviewed by the audit committee of the Board. The interim results of the Group for the six months ended 30 June 2021 are expected to be published by the end of August 2021.

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

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

Hong Kong, 6 August 2021

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.