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(Incorporated in the Cayman Islands with limited liabilities)

(Stock code: 2100)

ANNOUNCEMENT CONTINUING CONNECTED TRANSACTION

BACKGROUND INFORMATION

Reference is made to the announcement of the Company dated 1 February 2021 in relation to the continuing connected transactions of the Company with Tencent Group pursuant to Rule 14A.60(1) of the Listing Rules.

RENEWED SHIWUYU AGENCY AGREEMENT

The Board is pleased to announce that, on 15 October 2021, the Company had agreed to renew the continuing connected transaction under the Shiwuyu Agency Agreement. The Renewed Shiwuyu Agency Agreement is for a term of one year commencing from 16 October 2021 and ending on 15 October 2022.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tencent is indirectly interested in approximately 12% of the total issued share capital of the Company, and it (and its associates, including Tencent Computer) are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transaction under the Renewed Shiwuyu Agency Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60(1)(b) under the Listing Rules, if the Company renews an agreement for a fixed period with fixed terms for continuing connected transactions, the Company will have to comply with the requirements of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

Given that one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) calculated with reference to the Annual Cap is more than 0.1% but less than 5%, the transaction under the Renewed Shiwuyu Agency Agreement is subject to the reporting, annual review and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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RENEWED SHIWUYU AGENCY AGREEMENT

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Details of the Renewed Shiwuyu Agency Agreement are as follows:

Date:	15 October 2021
Parties:	(1) Guangzhou Tianti; and (2) Tencent Computer
Term:	One year commencing from 16 October 2021 and ending on 15 October 2022.
Subject Matter:	Guangzhou Tianti grants Tencent Computer the exclusive right to distribute and operate the mobile game “Shiwuyu” (「食物語」) as an exclusive agent in China, and Guangzhou Tianti provides the content of the mobile game and technical support of the running software. Tencent Computer provides Guangzhou Tianti the game operating system, the server, the interface with operators and users, system maintenance and certain customer services for the distribution and operation of the mobile game “Shiwuyu” (「食物語」).
Pricing Policy and Payment Terms:	Depending on the operation system on which the game is hosted, Tencent Computer shall share with Guangzhou Tianti the revenue received from game players when they recharge their game accounts or the net profit received by Tencent Computer on the operation system on which the game is hosted. The amount payable to Tencent Computer by Guangzhou Tianti will be calculated as follows:

Amount payable = revenue received after deducting costs (as applicable) x (60% or 70%)⁽¹⁾

Note:

(1) Percentage deducted is fixed based on the platform used to play the game.

The total revenue received (after deducting costs (as applicable)) from game players, less the above amount payable, will be paid by Tencent Computer to the designated bank account of Guangzhou Tianti by bank transfer, and will be payable within thirty-three (33) Business Days from the date of Tencent Computer's receipt of qualified invoice issued by Guangzhou Tianti and settlement notice affixed with Guangzhou Tianti's official seal.

The aggregate amount paid by Guangzhou Tianti pursuant to the Shiwuyu Agency Agreement was approximately RMB580,000,000 for the period of 16 October 2018 to 15 October 2021.

The proposed Annual Cap for the period from 16 October 2021 and ending on 15 October 2022 is RMB76,000,000. The Annual Cap had been determined principally with reference to:

- (i) the historical transaction amounts for relevant services provided by the other independent parties to the Group in the past;
- (ii) the amount paid under the Shiwuyu Agency Agreement;
- (iii) the distribution requirement of the Group in respect of the mobile game "Shiwuyu" (「食物語」); and
- (iv) the distribution coverage of the game platform.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Annual Cap was arrived at after arm's length negotiations between the parties.

The parties (or through their respective affiliated companies) may enter into subsequent agreements to further specify the rights and obligations between them under the Renewed Shiwuyu Agency Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED SHIWUYU AGENCY AGREEMENT

Tencent Group owns a large amount of top-rated game products and game platforms, and the Group has been dedicated to the development and operation of popular mobile and PC games. It is expected that the Tencent Group and the Group could leverage each other's competitive advantages in products and platforms to increase the number of game users and hence improve the popularity of mobile games developed by the Group. As a one-stop game publishing solution to game developers, our Group is able to leverage on the Renewed Shiwuyu Agency Agreement to (i) release, distribute and/or operate the mobile game "Shiwuyu" (「食物語」) through Tencent as an exclusive agent in China, and (ii) utilise Tencent's resources in relation to game operating system, the server, the interface with operators and users, system maintenance and certain customer services for the distribution and operation of the mobile game "Shiwuyu" (「食物語」).

The Directors (including independent non-executive Directors) of the Company are of the view that the Renewed Shiwuyu Agency Agreement and the transaction thereunder have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms (on arm's length basis or terms no less favourable to the Group than terms available from independent third parties) or better, are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable.

As at the date of this announcement, none of the Directors has any material interest in the transactions contemplated under the Renewed Shiwuyu Agency Agreement. None of the Directors had abstained from voting on the resolutions approving the transactions under the Renewed Shiwuyu Agency Agreement at the Board meeting.

INFORMATION ABOUT THE PARTIES

The Company is principally engaged in the business of developing and publishing mobile and PC games. Guangzhou Baitian is a consolidated affiliated entity of the Company and is principally engaged in developing mobile and PC games, as well as operating the virtual worlds of the Group. Guangzhou Tianti is a wholly-owned subsidiary of Guangzhou Baitian and is principally engaged in providing software and information technology services to facilitate Guangzhou Baitian's role and function in certain series of contractual arrangements.

Tencent, through its subsidiaries, principally provides value-added services and online advertising services to users mainly in the PRC. Tencent Computer is a consolidated affiliated entity of Tencent and is principally engaged in the business of provision of value-added services and internet advertisement services in the PRC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tencent is indirectly interested in approximately 12% of the total issued share capital of the Company, and it (and its associates, including Tencent Computer) are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transaction under the Renewed Shiwuyu Agency Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60(1)(b) under the Listing Rules, if the Company renews an agreement for a fixed period with fixed terms for continuing connected transactions, the Company will have to comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

Given that one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) calculated with reference to the Annual Cap is more than 0.1% but less than 5%, the transaction under the Renewed Shiwuyu Agency Agreement is subject to the reporting, annual review and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Annual Cap”	the maximum aggregate annual value projected in respect of the fees payable by Guangzhou Tianti to Tencent Computer pursuant to the Renewed Shiwuyu Agency Agreement;
“associate(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Board” or “Board of Directors”	the board of directors of the Company;
“Business Day(s)”	day(s) on which commercial banks are open for business in the PRC (excluding Saturdays, Sundays and public holidays);
“Company”	BAIOO Family Interactive Limited (百奧家庭互動有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 25 September 2009, with its Shares listed on the Main Board of the Stock Exchange since 10 April 2014;
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Group”	the Company, its subsidiaries and its PRC operating companies, the financial results of which have been consolidated and accounted for by the Company as controlled structured entities of the Company by virtue of a series of contractual arrangements;
“Guangzhou Baitian”	Guangzhou Baitian Information Technology Ltd.* (廣州百田信息科技有限公司), a limited liability company incorporated in the PRC and the PRC operating entity of the Company, the financial results of which have been consolidated and account for as a subsidiary of the Company by virtue of a series of contractual arrangements;
“Guangzhou Tianti”	Guangzhou Tianti Network Technology Co., Ltd.* (廣州天梯網絡科技有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Guangzhou Baitian;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement only, shall exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;
“Renewed Shiwuyu Agency Agreement”	a Tencent exclusive agency agreement in relation to the mobile game “Shiwuyu” (「食物語」) entered into by Tencent Computer and Guangzhou Tianti dated 15 October 2021, the details of which are set out in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of US\$0.0000005 each in the issued share capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s) of the Company;
“Shiwuyu Agency Agreement”	a Tencent exclusive agency agreement in relation to the mobile game “Shiwuyu” (「食物語」) entered into by Tencent Computer and Guangzhou Tianti dated 25 September 2018 and expire on 15 October 2021;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	shall have the meaning ascribed to it under the Listing Rules;
“substantial shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Tencent”	Tencent Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 700);
“Tencent Computer”	Shenzhen Tencent Computer Systems Company Limited* (深圳市騰訊計算機系統有限公司), a limited liability company established in the PRC and a PRC operating entity of Tencent, the financial results of which have been consolidated and account for by Tencent as a controlled structured entity of Tencent by virtue of a series of contractual arrangements;

“Tencent Group”

Tencent and its subsidiaries; and

“%”

per cent.

By order of the Board
BAIOO Family Interactive Limited
DAI JIAN

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 15 October 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.

In this announcement, the English names of the PRC entities marked with “” are translations of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

In case of any inconsistency between the English and Chinese versions, the English text of this announcement shall prevail over the Chinese text.