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(Incorporated in the Cayman Islands with limited liabilities)

(Stock code: 2100)

DISCLOSEABLE TRANSACTION CONSTRUCTION AGREEMENT

ENTRY INTO CONSTRUCTION AGREEMENT

The Board is pleased to announce that on 12 November 2021, Guangzhou Baitian Culture, an indirect subsidiary of the Group by virtue of the Contractual Arrangement, had entered into the Construction Agreement with Taiming Construction for the construction of the new headquarters of the Group on the Land for a Consideration of RMB170 million (equivalent to approximately HK\$207.4 million).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Construction Project exceeds 5%, but is less than 25%, the Construction Project constitutes a discloseable transaction for the Company under the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to the Announcement in relation to the Acquisition of the Land in Guangzhou, the PRC.

On 18 September 2020, Guangzhou Baitian entered into the Amendment Agreement to the Land Use Right Grant Contract with Guangzhou Municipal Planning and Natural Resources Bureau and Guangzhou Baitian Culture, a wholly-owned subsidiary of Guangzhou Baitian, pursuant to which Guangzhou Baitian has agreed to assign, and Guangzhou Baitian Culture has agreed to accept the assignment of, Guangzhou Baitian's right, title, benefits and interest in and arising from the Land Use Right Grant Contract. This assignment is an intra-group transfer among the members of the Group and is not subject to any reporting, announcement and Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

ENTRY INTO CONSTRUCTION AGREEMENT IN RESPECT OF THE LAND

The Board is pleased to announce that on 12 November 2021, Guangzhou Baitian Culture, an indirect subsidiary of the Group by virtue of the Contractual Arrangement, had entered into the Construction Agreement with Taiming Construction for the construction of the new headquarters of the Group (“**Construction Project**”) on the Land for a Consideration of RMB170 million (equivalent to approximately HK\$207.4 million).

PRINCIPAL TERMS OF THE CONSTRUCTION AGREEMENT

The principal terms of the Construction Agreement are set out as follows:

Execution Date: 12 November 2021

Parties: (i) Guangzhou Baitian Culture, as customer; and
(ii) Taiming Construction, as main contractor.

Subject Matter: Taiming Construction is appointed as the main contractor responsible for the construction and engineering works of the new Group headquarters to be built on the Land.

Term: The construction period is expected to be 730 days, commencing on 1 December 2021 and ending on 30 November 2023.

Consideration: The Consideration payable to the Taiming Construction under the Construction Agreement is RMB170 million (equivalent to approximately HK\$207.4 million).

The Consideration is subject to adjustments (“**Adjustments**”) based on (i) market price fluctuation to the cost of construction; and (ii) any changes in the relevant PRC laws and regulation. The mechanisms for calculating the Adjustments is generally as follows:

- (i) For adjustment based on market price fluctuation to the cost of construction, the Consideration shall be adjusted with reference to (a) the price index of the relevant raw materials, (b) the base price of the relevant raw materials, and/or (c) the weighted average price of raw materials or services as published by the relevant authorities as compared to the prices set down in the Construction Agreement; and
- (ii) For adjustment based on changes in the relevant PRC laws and regulation, the Consideration shall be adjusted with reference to the actual impact of the relevant PRC laws and regulation on the cost required for the contractor to perform its obligations under the Construction Agreement.

Payment Terms: The Consideration shall be payable in the following manner:

- (i) 8% of the Consideration, representing a prepayment pursuant to the Construction Agreement, shall be paid by Guangzhou Baitian Culture to Taiming Construction within 28 days of the signing of the Construction Agreement (“**Prepayment**”);
- (ii) in the course of the construction, Guangzhou Baitian Culture shall make monthly payments (collectively, the “**Monthly Payments**”) to Taiming Construction of an amount equal to 80% of the value of work completed in that month as assessed by Guangzhou Baitian Culture;
- (iii) upon completion of the construction works and the completion settlement process, Guangzhou Baitian Culture shall pay the remainder of up to 97% of the Consideration (subject to Adjustments). The Prepayment and the Monthly Payments will be used to off-set the payment made at this stage; and
- (iv) the remaining 3% of the Consideration (subject to Adjustments), which will be withheld by Guangzhou Baitian Culture as a quality assurance fee, shall be paid after 2 years from the inspection and acceptance date of the completed construction works.

Basis of determination of Consideration

The Consideration was determined after consultation with various independent valuers and with reference to historic and latest price per square meter fees charged for similar construction projects in the same location. Accordingly, the Directors consider that the Consideration is fair and reasonable.

The Consideration will be satisfied in cash through the internal resources of the Group.

REASONS FOR AND BENEFITS ENTERING INTO THE CONSTRUCTION AGREEMENT

As disclosed in the Announcement, the Group currently leases properties for its own use as offices and does not have centralized headquarter offices. The Land was acquired to allow the Group (i) to construct its new headquarters at a favourable location in line with its expansion strategies, (ii) to reduce ongoing rental payment and future rental fluctuations, (iii) to capture the development potential of the Land, and (iv) to expand the Group’s asset and revenue base.

The Group’s entry into the Construction Agreement allows the Group to achieve its plan to build its new headquarters. Taiming Construction has been selected through a tender process, and is able to provide the Group with related construction and engineering services so as to satisfy the construction and engineering requirements of the Group’s new headquarters.

The Directors (including the independent non-executive Directors) consider that the terms of the Construction Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group is one of the leading internet contents developers and operators which is principally engaged in the development and publication of mobile and web games in the PRC and overseas markets.

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 Baitian Culture is a wholly-owned subsidiary of Guangzhou Baitian and is principally engaged in the cultural sector and property management.

Taiming Construction is a PRC-based company principally engaged in construction, engineering works and interior design in the Pearl River Delta. It has experience in contracting construction and engineering works for large-scale projects, such as stadiums and hotels.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Taiming Construction and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Construction Project exceeds 5%, but is less than 25%, the Construction Project constitutes a discloseable transaction for the Company under the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the announcement of the Company dated 29 July 2020 in relation to the acquisition of the Land;
“Board”	the board of Directors;
“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;

“Consideration”	RMB170 million (equivalent to approximately HK\$207.4 million), being the total consideration payable for the services provided under the Construction Agreement;
“Construction Agreement”	the construction agreement (建設工程施工合同) entered into between Guangzhou Baitian Culture and Taiming Construction on 12 November 2021 in respect of the Land;
“Contractual Arrangement”	a series of agreements entered into among Baiduo (Guangzhou) Information Technology Limited* (百多(廣州)信息科技有限公司) (an indirect wholly-owned subsidiary of the Company), Guangzhou Baitian and its registered shareholders on 4 December 2013 and amended on 20 March 2014;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries (including those consolidated pursuant to the Contractual Arrangement);
“Guangzhou Baitian”	Guangzhou Baitian Information Technology Limited* (廣州百田信息科技有限公司), a company with limited liability established on 2 June 2009 under the laws of the PRC and is an indirect subsidiary of the Group by virtue to the Contractual Arrangement;
“Guangzhou Baitian Culture”	Guangzhou Baitian Culture Development Co., Ltd.* (廣州百田文化發展有限公司), a company with limited liability established on 22 June 2020 under the laws of the PRC and a wholly-owned subsidiary of Guangzhou Baitian;
“HK\$”	Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative Region;
“Land”	the piece of land situated at the south of Tian Kun Si Road, the east of Jian Ming San Road, the north of Tian Kun San Road, the west of Jian Ming Er Road, Tianhe District, Guangzhou, PRC* (中國廣州市天河區天坤四路以南、健明三路以東、天坤三路以北、健明二路以西) with a site area of approximately 6,300 square meters acquired by Guangzhou Baitian the Land Use Right Grant Contract;
“Land Use Right Grant Contract”	the land use right grant contract (國有建設用地使用權出讓合同) entered into between Guangzhou Baitian and the Guangzhou Municipal Planning and Natural Resources Bureau* (廣州市規劃和自然資源局) in respect of the Land on 29 July 2020;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;

“PRC”	People’s Republic of China;
“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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Taiming Construction”	Guangzhou Taiming Construction Co., Ltd* (廣州市泰銘建設有限公司), a company established in the PRC on 11 January 2017, and an independent third party of the Company; and
“%”	per cent.

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

Hong Kong, 12 November 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.

For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK\$ at the rate of RMB1 = HK\$1.22. No representation is made that any amounts in RMB has been or could be converted at the above rates or at any other rates.

In this announcement, the English names of the PRC entities or address 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.