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ANNOUNCEMENT

NON-EXEMPT CONNECTED TRANSACTIONS — PROPOSED GRANT OF RESTRICTED SHARE UNITS TO CONNECTED PERSONS

PROPOSED GRANT OF RESTRICTED SHARE UNITS TO CONNECTED PERSONS

The Board announces that on 30 March 2022, the Company proposes to grant 5,000,000 RSUs to Mr. Li Chong and 10,000,000 RSUs to Mr. Wang Xiaodong under the Post-IPO RSU Scheme, subject to the Independent Shareholders' approval at the AGM (“**Proposed RSU Grants**”). Each of the RSUs to be granted to Mr. Li Chong and Mr. Wang Xiaodong represents the right to receive a Share on the date it vests.

IMPLICATIONS UNDER THE LISTING RULES

As Mr. Li Chong currently is, and Mr. Wang Xiaodong in the preceding 12 months was, executive Directors of the Company, and therefore are connected persons of the Company under Rule 14A.07 of the Listing Rules, the Proposed RSU Grants to them and any transactions contemplated thereunder (including the allotment and issue of any new Shares thereunder) constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and the Independent Shareholders' approval requirements.

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The Proposed RSU Grants to Mr. Li Chong and Mr. Wang Xiaodong are subject to the following vesting conditions:

- 20% of the RSUs granted shall vest on 1 July 2023;
- 20% of the RSUs granted shall vest on 1 July 2024;
- 30% of the RSUs granted shall vest on quarterly basis from on 1 July 2024 to July 2025; and
- 30% of the RSUs granted shall vest on quarterly basis from on 1 July 2025 to July 2026.

As at the date of this announcement:

- (1) Mr. Li Chong is interested in 124,816,360 Shares of the Company representing 4.50% of the issued share capital of the Company; and
- (2) Mr. Wang Xiaodong is interested in 15,000,000 Shares of the Company representing 0.54% of the issued share capital of the Company.

The maximum number of Shares that may be issued to Mr. Li Chong and Mr. Wang Xiaodong pursuant to the Proposed RSU Grants will be 5,000,000 and 10,000,000 Shares, respectively, representing approximately 0.180% and 0.361%, respectively of the total issued share capital of the Company as at the date of this announcement and 0.179% and 0.359%, respectively of the enlarged total issued share capital of the Company (assuming that no further Shares will be issued or repurchased by the Company prior to the date of the AGM).

Based on the closing price of HK\$0.51 per Share as quoted on the Stock Exchange on 30 March 2022, the aggregate market value of the underlying Shares in relation to the RSUs under the Proposed RSU Grants amounts to approximately HK\$7,650,000.

REASONS FOR AND BENEFITS OF THE PROPOSED RSU GRANTS

The Post-IPO RSU Scheme aims to incentivize employees, directors or officers of the Group for their contribution to the Company, to align their interest with that of the Shareholders, to retain them for the continual operation and development of the Company. The Proposed RSU Grants are part of the Company's remuneration system, the purpose of which is to closely align the interests and benefits of and risk sharing among the Shareholders, the Company and the employees in order to maximise the motivation of the Directors and the Company's senior executives.

Mr. Li Chong, our executive Director, is responsible for the formulation of the Group's medium and long-term strategy and the search for and recruitment of top-tier talents for the Group. Mr. Wang Xiaodong, our executive Vice President, is in charge of the overall management of the human resources, user services, public affairs and business cooperation of the Group. The Proposed RSU Grants aim to provide sufficient incentive to attract, retain and motivate Mr. Li Chong and Mr. Wang Xiaodong to participate in the continuing operation and long-term development of the Company and to recognise Mr. Li Chong and Mr. Wang Xiaodong's contributions to the growth of the Company.

Furthermore, the dilutive effect of Proposed RSU Grants to the interests of the existing public Shareholders is insignificant and there will not be substantial cash outflow by the Company under the Proposed RSU Grants. The Directors (excluding the independent non-executive Directors and Mr. Li Chong in respect of the portion of the Proposed RSU Grants relating to himself, and subject to advice from the Independent Financial Adviser (as defined below)) consider that the Proposed RSU Grants are conducted in the ordinary and usual business of the Group and are on normal commercial terms, and the terms of the Proposed RSU Grants are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Li Chong has abstained from voting on the relevant Board resolutions approving the portion of the Proposed RSU Grants relating to himself.

RSU MANDATE TO ISSUE NEW SHARES

The new Shares to be issued under the Proposed RSU Grants will be issued under the RSU Mandate to be granted to the Directors by the Shareholders at the AGM to be held on 6 June 2022. Details of the RSU Mandate will be more fully set out in the AGM Circular (as defined below).

Any Shares to be issued under the Proposed RSU Grants to Mr. Li Chong and Mr. Wang Xiaodong upon vesting and settlement of the RSUs will rank *pari passu* in all respects among themselves and with all the Shares in issue from time to time. The issue of any new Shares pursuant to the Proposed RSU Grants shall be subject to the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, such new Shares.

The Listing Committee of the Stock Exchange has previously granted its approval for the listing of, and permission to deal in, Shares to be issued pursuant to the vesting schedule of any RSUs granted under the Post-IPO RSU Scheme.

LISTING RULES IMPLICATIONS

As Mr. Li Chong currently is, and Mr. Wang Xiaodong in the preceding 12 months was, executive Directors of the Company, and therefore are connected persons of the Company under Rule 14A.07 of the Listing Rules, the Proposed RSU Grants to them and any transactions contemplated thereunder (including the allotment and issue of any new Shares thereunder) constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and the Independent Shareholders' approval requirements.

The Company has established an independent committee of the Board (the “**Independent Board Committee**”), comprising all independent non-executive Directors of the Company, to advise the Independent Shareholders in respect of the Proposed RSU Grants to Mr. Li Chong and Mr. Wang Xiaodong and any transactions contemplated thereunder. The Company has appointed Shenwan Hongyuan Capital (H.K.) Limited as independent financial adviser (the “**Independent Financial Adviser**”) to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed RSU Grants to Mr. Li Chong and Mr. Wang Xiaodong and any transactions contemplated thereunder.

GENERAL

Ordinary resolutions will be proposed at the AGM to approve the Proposed RSU Grants to each of Mr. Li Chong and Mr. Wang Xiaodong and any transactions contemplated thereunder. A circular containing, among other things, details of the Proposed RSU Grant to Mr. Li Chong and Mr. Wang Xiaodong, a letter from the Independent Board Committee and a letter from the Independent Financial Adviser together with the notice convening the AGM will be dispatched to the Shareholders on or around 27 April 2022 (“AGM Circular”).

INFORMATION ABOUT THE COMPANY

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.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held with a combination of (a) a physical meeting at 31st Floor, Goldchi Building, 120 Huangpu W Ave, Tianhe, Guangzhou, Guangdong, China, 510623; and (b) a virtual meeting online at 2:30 p.m. on Monday, 6 June 2022, to consider and, if desirable, to approve the proposed resolutions as set out in the notice of such meeting;
“Board” or “Board of Directors”	the board of directors of the Company;
“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 and its subsidiaries;

“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;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting at the AGM to approve the non-exempt connected transactions relating to the Proposed RSU Grants;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time;
“Post-IPO RSU Scheme”	the restricted share unit plan approved by the shareholders of the Company on 18 March 2014 and which became effective on 10 April 2014 (as amended on 19 June 2015 and 17 December 2020);
“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;
“RSU Mandate”	a specific and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to grant RSUs pursuant to the Post-IPO RSU Scheme in respect of underlying Shares not exceeding 2.0% of the Shares in issue, as at the date of passing the proposed ordinary resolution No. 8 as set out in the notice of the AGM;
“RSUs”	restricted share unit(s), being a contingent right to receive Shares which is granted pursuant to the Post-IPO RSU Scheme;
“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 the ordinary equity share capital of the Company;

“Shareholder(s)”	holders of the Shares of the Company;
“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; and
“%”	per cent.

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

Hong Kong, 30 March 2022

As at the date of this announcement, the executive directors of the Company are Mr. DAI Jian, Mr. WU Lili and Mr. LI Chong; 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.