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)

2015 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "**Board**") of BAIOO Family Interactive Limited ("**BAIOO**" or the "**Company**") is pleased to announce the consolidated results of the Company, its subsidiaries and its controlled entity in the PRC (the "**Group**") for the year ended 31 December 2015.

Financial Summary

INCOME STATEMENT HIGHLIGHT

	Year ended 31 December (Audited)			**Six months ended (Unaudited)**		
	2015	2014	Year-over-year change	**31 December 2015**	30 June 2015	Period over period change
	RMB'000	*RMB'000*	*%*	***RMB'000***	*RMB'000*	*%*
Revenue	**387,105**	506,193	(23.5%)	**203,175**	183,930	10.5%
— Online Business	**344,745**	496,396	(30.6%)	**172,437**	172,308	0.1%
— Other Business	**42,360**	9,797	332.4%	**30,738**	11,622	164.5%
Gross profit	**236,634**	347,738	(32.0%)	**126,547**	110,087	15.0%
Operating profit	**56,299**	199,852	(71.8%)	**17,931**	38,368	(53.3%)
Profit/(loss) for the year	**99,430**	(131,702)	175.5%	**45,975**	53,455	(14.0%)
Non-International Financial Reporting Standards ("IFRSs") Measures						
— Adjusted Net Profit[(1)] (Unaudited)	**124,556**	234,977	(47.0%)	**62,493**	62,063	0.7%
— Adjusted EBITDA[(2)] (Unaudited)	**89,219**	246,637	(63.8%)	**38,451**	50,768	(24.3%)

Note:

(1) Adjusted net profit consists of profit/(loss) for the year/period plus share-based compensation and fair value loss of convertible redeemable preferred shares. Adjusted net profit eliminates the effect of non-cash share-based compensation expenses and non-cash fair value change of preferred shares. The term of adjusted net profit is not defined under the IFRSs. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact our net profit for the year/period.

(2) Adjusted EBITDA means adjusted net profit less finance income — net, and plus income tax, depreciation of fixed assets and amortization of intangible assets.

BALANCE SHEET HIGHLIGHT

	As of 31 December 2015 *RMB'000*	As of 31 December 2014 *RMB'000*
Assets		
Non-current assets	**464,519**	19,654
Current assets	**1,288,471**	1,664,139
Total assets	**1,752,990**	1,683,793
Equity and liabilities		
Total equity	**1,570,324**	1,509,674
Non-current liabilities	**16,865**	3,305
Current liabilities	**165,801**	170,814
Total liabilities	**182,666**	174,119
Total equity and liabilities	**1,752,990**	1,683,793

Management Discussion and Analysis

BUSINESS OVERVIEW

In 2015, BAIOO was able to stabilize most performance metrics for its online virtual worlds. Our full-year financial metrics dipped as compared to the year of 2014, however we saw a clear steady trend across most financial and operational metrics in the second half of the year, as our renewed strategic focus on engaging products and our cooperation with Bumps To Babes Limited ("**Bumps to Babes**") provided a healthy boost to our businesses. For the year ended 31 December 2015, revenue decreased 23.5% year-over-year to RMB387.1 million, of which 47.5% or RMB183.9 million was recorded in the first half of 2015 and the other 52.5% or RMB203.2 million was recorded in the second half of 2015, showing a positive trend of stabilization with an increase of 10.5% compared with the first half of 2015. For the year ended 31 December 2015, gross profit margin was 61.1%, compared to 59.9% in the first half of 2015, 62.3% in the second half of 2015 and 68.7% in 2014. While our operating metrics were lower in 2015 compared to 2014, we were able to see a trend of stabilization with improved gross profit margin in the second half of 2015, and we remain committed to executing our strategic initiatives to build a solid foundation for us to achieve further improvement in 2016.

In terms of BAIOO's virtual worlds, 2015 was a stable year for user numbers as we were able to turn the downward trend of total user numbers in the first half of 2015 around while recording a marginal uptick in the second half of 2015 through our strategy of re-focusing on fun aspects and removal of certain paywalls in our products. On a year-over-year basis, certain user metrics declined due to our continued account optimization to remove duplicate accounts and inactive ones, alongside the ongoing shift in users from personal computers ("**PC**") to mobile devices. In 2015, average quarterly paying accounts ("**QPAs**") were 2.3 million, compared to 2.4 million in the first half of 2015, 2.2 million in the second half of 2015, and 3.0 million in 2014, indicating a 8.3% decline from the first half to the second half of 2015. Average revenue per quarterly paying accounts ("**ARQPA**") for the year ended 31 December 2015 was RMB38.1, compared to RMB34.3 in the first half of 2015, RMB41.9 in the second half of 2015, and RMB41.3 in 2014, indicating an 22.2% increase in the second half of 2015. Average quarterly active accounts ("**QAAs**") were approximately 49.1 million, compared to 48.1 million in the first half of 2015, 50.1 million in the second half of 2015, and 57.0 million in 2014, indicating a 4.2% increase from the first half to the second half of 2015. We also commercially launched "Magic Mobile" in March 2016, and it has been well-received by the market.

Bumps to Babes, a leading retailer of baby and maternity products in Hong Kong with a strong physical store presence, gained us a foothold into the baby and maternity market in 2015, and we are pleased to say that we have successfully trial launched BumpsBB (www.bumpsbb.com), the e-commerce platform of Bumps to Babes, in China in the fourth quarter of 2015. Leveraging on the Company's extensive understanding of children and their families in China, as well as Bumps to Babes' brand name and extensive logistics network and supplier agreements, we have seen rapid and encouraging growth in China. Revenue-wise, Bumps to Babes contributed more than RMB30.0 million revenue in 2015. We expect this to further ramp up in 2016 thanks to China's removal of the one-child policy as well as further market penetration through various initiatives we have planned for the coming year.

Industry Analysis

2015 was a challenging year for China economically. With the market bull run and subsequent collapse, alongside the "New Normal" goal of achieving 6.5% year-over-year average GDP growth till 2020, China's economy has slowed down substantially compared to the last decade. The Chinese government is expected to put forward accommodative policies, but will focus less on stimulus packages and increasing the market's role in the economy. While this does not have a significant direct impact on our business, we do anticipate certain headwinds in 2016, particularly as the RMB is expected to depreciate against other currencies.

In terms of our virtual worlds, we continue to see significant opportunities in the year ahead. According to the 2015 China Gaming Industry Report ("**CGIR**"), the number of online gamers in China reached over 500 million in 2015, and recorded revenue of approximately RMB98.7 billion, an increase of almost 36.0% year-on-year. In particular, the CGIR noted that the mobile gaming market showed significant growth, registering revenue of approximately RMB51.5 billion, a substantial increase of 88.0% year-on-year. This means we have significant opportunities to capitalize on in the coming year. 6 of our 7 new products in our pipeline that are scheduled to be released in 2016 will be on mobile devices, and we have additional apps that we are currently exploring to further bolster our push into the mobile sphere. In terms of market trends, we have noticed that certain overseas comic Intellectual Property ("**IP**") originated from other entertainment medium formats are becoming more popular with the audience of children and teenagers, and we believe acquiring such IPs will help us enhance current product portfolio as well as creating new revenue streams. In response to this, we are currently planning a number of adapted products using our current and future IPs which we believe will meet this growing demand, and will provide updates when we believe they are at a suitable stage of development.

In terms of the Company's baby and maternity business, we believe this has very exciting prospects in 2016 and beyond. With the ending of the one-child policy, alongside increasing middle-class spending power and affluence, we expect there will be growing demand for higher quality baby and maternity goods with a focus on products from well-established international brands with higher safety standards. According to iResearch, China's baby and maternity market gross market value is expected to exceed RMB202.7 billion, with an annual compounded growth rate of 30.0%. Having already launched the BumpsBB (www.bumpsbb.com) platform in China, we will be beginning a significant push to further broaden our outreach to potential customers and to capture a larger slice of this fast-growing market. This year, we already opened an additional store in Hong Kong, and plan to accelerate growth in China by partnering the brand with selected offline stores, expanding our coverage in Hong Kong and allowing parents to preview a wide variety of goods that we have available on the platform. Currently there are over 4,000 products available on BumpsBB (www.bumpsbb.com) to Chinese consumers at affordable prices. In Hong Kong, over 15,000 products are available across five of Bumps to Babes' retail locations to local customers. In terms of growth trajectory, we are expecting Bumps to Babes to record strong revenue growth in 2016, targeting active user number of BumpsBB (www.bumpsbb.com) in the millions range. This will be mainly fueled by an extended presence in Hong Kong and a broadening customer base on its e-commerce platform.

OUTLOOK FOR 2016

In 2016, BAIOO will focus on its mission of making it "fun" for children with its expanding product offerings and will continue to leverage its extensive understanding of children and their families in China to pursue growth opportunities. We believe our commitment to executing these initiatives will act as the backbone for our future growth, setting down a solid foundation for our push into the mobile segment, while increasing the reach of our ecommerce platform to capture additional market share in the baby and maternity market. In terms of overall growth, we expect continued improvements on our key performance metrics. As we have always emphasized, we remain committed to providing parents and their children with high-quality, educational products to foster a successful and healthy family. In line with this, we are exploring additional areas and mergers and acquisitions opportunities which will strengthen our IP portfolio and allow us to expand our offerings to even more medium formats that are popular among children and teenagers. BAIOO will continue to maintain its leading position as one of the largest online destinations for children in China, and will continue to build on its competitive edge given its in-depth understanding of children and their parents to provide more integrated and better services to families throughout China.

OPERATION INFORMATION

The following table sets out average QAAs, average QPAs and average quarterly ARQPA for our online virtual worlds for the years indicated below (Note):

	For the Year Ended		
	31 December 2015[(1)]	31 December 2014	Year-over-year change
	(QAA &QPA in millions, ARQPA in RMB)		
average QAA[(2)]	**49.1**	57.0	(13.9%)
average QPA[(3)]	**2.3**	3.0	(23.3%)
average quarterly ARQPA[(4)]	**38.1**	41.3	(7.7%)

Notes:

(1) As of 31 December 2015, our online virtual worlds under commercial operation included Aobi Island, Aola Star, Dragon Knights, Light of Aoya, Legend of Aoqi, Clashes of Aoqi, Magic Fighter and Amazing Combat.

(2) The average QAA for our online virtual worlds was approximately 49.1 million for the year ended 31 December 2015, representing a decrease of approximately 13.9% from last year. This reflected shifting user trends from PCs to mobile devices and the lower proportion of multiple accounts due to our ongoing user account optimization.

(3) The average QPA for our online virtual worlds was approximately 2.3 million for the year ended 31 December 2015, representing a decrease of approximately 23.3% from last year as a result of shifting user trends from PCs to mobile devices.

(4) The average quarterly ARQPA for our online virtual worlds was approximately RMB38.1 for the year ended 31 December 2015, representing a decrease of approximately 7.7% from last year due to the decreased monetization rate of our virtual worlds.

OVERALL BUSINESS AND FINANCIAL PERFORMANCE

The following table sets forth our consolidated statements of comprehensive income for the year ended 31 December 2015 and 2014, respectively:

	For the year ended		For the year ended	
		% of		% of
	31 December	Revenue	31 December	Revenue
	2015		2014	
	RMB'000		*RMB'000*	
Revenue	**387,105**	**100.0**	506,193	100.0
Online business	**344,745**	**89.1**	496,396	98.1
Other businesses	**42,360**	**10.9**	9,797	1.9
Cost of revenue	**(150,471)**	**(38.9)**	(158,455)	(31.3)
Gross profit	**236,634**	**61.1**	347,738	68.7
Selling and marketing expenses	**(70,924)**	**(18.3)**	(60,641)	(12.0)
Administrative expenses	**(72,777)**	**(18.8)**	(61,177)	(12.1)
Research and development expenses	**(46,338)**	**(12.0)**	(28,847)	(5.7)
Other income	**10,429**	**2.7**	—	—
Other (losses)/gains — net	**(725)**	**(0.2)**	2,779	0.6
Operating profit	**56,299**	**14.5**	199,852	39.5
Finance income — net	**59,070**	**15.3**	34,717	6.9
Share of loss of an associate	**(344)**	**(0.1)**	—	—
Fair value loss of convertible redeemable preferred shares	**—**	**—**	(327,749)	(64.7)
Profit/(loss) before income tax	**115,025**	**29.7**	(93,180)	(18.4)
Income tax expense	**(15,595)**	**(4.0)**	(38,522)	(7.6)
Profit/(loss) for the year	**99,430**	**25.7**	(131,702)	(26.0)
Other comprehensive income	**1,254**	**0.3**	—	—
Total comprehensive profit/(loss)for the year	**100,684**	**26.0**	(131,702)	(26.0)
Other financial data				
Adjusted net profit[1](unaudited)	**124,556**	**32.2**	234,977	46.4
Adjusted EBITDA[2](unaudited)	**89,219**	**23.0**	246,637	48.7

Notes:

1. Adjusted net profit consists of profit/(loss) for the year plus share-based compensation and fair value loss of convertible redeemable preferred shares.

2. Adjusted EBITDA consists of adjusted net profit less finance income-net, plus income tax, depreciation of fixed assets and amortization of intangible assets.

Revenue

Our revenue for the year ended 31 December 2015 was RMB387.1 million, representing a 23.5% decrease from RMB506.2 million for the year ended 31 December 2014.

Online Business: Our online business revenue for the year ended 31 December 2015 was RMB344.7 million, representing a 30.6% decrease from RMB496.4 million for the year ended 31 December 2014. This was primarily due to the decrease in QPA and ARQPA as a result of shifting user trends from PCs to mobile devices.

Other Business: Revenue from other businesses for the year ended 31 December 2015 was RMB42.4 million, representing a 332.4% increase from RMB9.8 million for the year ended 31 December 2014, primarily due to additional revenue generated by the sales of baby and maternity products by Bumps to Babes, which we acquired on 8 May 2015.

The following table sets out the breakdown of revenue by line of business for first half and second half year period of 2015, respectively:

	Unaudited For the six months ended		
	31 December 2015	30 June 2015	period-over-period change
	RMB'000	*RMB'000*	
Online business	**172,437**	172,308	0.1%
Other businesses	**30,738**	11,622	164.5%
Total Revenue	**203,175**	183,930	10.5%

Our online business revenue for the six months ended 31 December 2015 was RMB172.4 million, which was stable as compared with the six months ended 30 June 2015.

Other businesses revenue for the six months ended 31 December 2015 was RMB30.7 million, representing an increase of 164.5% compared with the six months ended 30 June 2015, such increase was primarily due to additional revenue generated by Bumps to Babes, which we acquired on 8 May 2015.

Cost of Revenue

Our cost of revenue for the year ended 31 December 2015 was RMB150.5 million, an 5.0% decrease from RMB158.5 million for the year ended 31 December 2014. This was primarily driven by (i) a RMB20.5 million decrease in employee benefit expenses; (ii) a RMB2.4 million decrease in prepaid card production costs and (iii) a RMB18.3 million increase in cost of goods sold from baby and maternity product sales following the acquisition of Bumps to Babes.

Gross Profit

As a result of the foregoing, our gross profit for the year ended 31 December 2015 was RMB236.6 million, compared with RMB347.7 million for the year ended 31 December 2014. Gross profit margin was 61.1% for the year ended 31 December 2015, which compares with 68.7% for the year ended 31 December 2014. The lower gross profit margin was mainly due to the shift in user trends from PCs to mobile devices and increase in sales of lower gross profit margin products, such as baby and maternity products sold by Bumps to Babes.

Selling and Marketing Expenses

Our selling and marketing expenses for the year ended 31 December 2015 were RMB70.9 million, a 17.0% increase from RMB60.6 million for the year ended 31 December 2014. This was primarily due to additional employee benefit expenses and operating lease rental expenses following the Bumps to Babes acquisition.

Administrative Expenses

Our administrative expenses for the year ended 31 December 2015 were RMB72.8 million, a 19.0% increase from RMB61.2 million for the year ended 31 December 2014. This was primarily driven by (i) a RMB9.1 million increase in employee benefit expenses due to an increase in administrative headcount from 45 as of 31 December 2014 to 59 as of 31 December 2015; and (ii) a RMB1.3 million increase in utility and office expenses.

Research and Development Expenses

Our research and development expenses for the year ended 31 December 2015 were RMB46.3 million, a 60.8% increase from RMB28.8 million for the year ended 31 December 2014. This was primarily driven by increases in research and development projects in the purpose for new mobile and PC games development as well as the e-commerce platform development.

Other Income

The Company recognized RMB10.4 million in other income for the year ended 31 December 2015, compares with nil for the year ended 31 December 2014. The other income was generated as a result of our fulfillment of certain performance conditions attached to government grants.

Operating Profit

As a result of the foregoing, our operating profit for the year ended 31 December 2015 was RMB56.3 million, representing a 71.8% decrease from RMB199.9 million for the year ended 31 December 2014. Our operating profit margin for the year ended 31 December 2015 was 14.5%, compared with 39.5% for the year ended 31 December 2014.

Finance Income — net

Net finance income was RMB59.1 million for the year ended 31 December 2015, compared with net finance income of RMB34.7 million for the year ended 31 December 2014. The increase in net finance income for the year ended 31 December 2015 was primarily attributable to (i) RMB52.3 million in interest income on short-term and long-term deposits; (ii) RMB1.2 million in interest income on bank deposits and (iii) RMB6.3 million in exchange gains regarding non-RMB cash on hands.

Fair Value Loss of Convertible Redeemable Preferred Shares

We had no fair value loss on convertible redeemable preferred shares for the year ended 31 December 2015. This compares with a fair value loss of RMB327.7 million for the year ended 31 December 2014, which was due to the convertible redeemable preferred shares that were exchanged into ordinary shares upon completion of the Company's initial public offering ("**IPO**").

Profit/(Loss) before Income Tax

As a result of the foregoing, we had a profit of RMB115.0 million for the year ended 31 December 2015, compared with a loss of RMB93.2 million for the year ended 31 December 2014.

Income Tax Expense

Our income tax expense for the year ended 31 December 2015 was RMB15.6 million, a 59.5% decrease from RMB38.5 million for the year ended 31 December 2014. This was primarily due to the decrease of assessable profit.

Profit/(Loss) for the Year

As a result of the foregoing, we had a profit of RMB99.4 million for the year ended 31 December 2015, compared with a loss of RMB131.7 million for the year ended 31 December 2014.

Non-IFRS Measure — Adjusted Net Profit/EBITDA

Our adjusted net profit for the year ended 31 December 2015 was RMB124.6 million, representing a 47.0% decrease from RMB235.0 million for the year ended 31 December 2014. Our adjusted EBITDA for the year ended 31 December 2015 was RMB89.2 million, representing a 63.8% decrease from RMB246.6 million for the year ended 31 December 2014.

The following table reconciles our adjusted net profit and adjusted EBITDA for the year to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is net profit:

	Unaudited For the year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit/(loss) for the year	**99,430**	(131,702)
Add:		
Share-based compensation	**25,126**	38,930
Fair value loss of convertible redeemable preferred shares	**—**	327,749
Adjusted net profit	**124,556**	234,977
Add:		
Depreciation and amortization	**8,138**	7,855
Finance income-net	**(59,070)**	(34,717)
Income tax	**15,595**	38,522
Adjusted EBITDA	**89,219**	246,637

LIQUIDITY AND CAPITAL RESOURCES

In 2015, we met our working capital and other capital requirements principally from cash flow generated from our operating activities and funds raised from the capital markets.

The Group's gearing ratios as of the dates below were as follows:

	As of 31 December 2015	As of 31 December 2014
	RMB'000	*RMB'000*
Total liabilities	**182,666**	174,119
Total assets	**1,752,990**	1,683,793
Gearing ratio(3)	**10%**	10%

Notes:

(3) Gearing ratio is calculated by dividing total liabilities by total assets.

Cash and Cash Equivalents, Short-Term Deposits and Long-Term Deposits

As of 31 December 2015, our cash and cash equivalents, consisting of cash in the bank and cash on hand, amounted to RMB254.6 million, compared with RMB259.4 million as of 31 December 2014. We had short-term deposits of RMB976.0 million as of 31 December 2015, representing bank deposits which we intend to hold for over three months but less than one year. We also had long-term deposits of RMB380.0 million as of 31 December 2015, representing bank deposits with an expected maturity of over one year but less than two years. The effective interest rate per annum for bank balances and deposits as of 31 December 2015 was 2.7%, compared with 2.9% as of 31 December 2014. Our policy is to place our cash in interest-bearing principal-protected demand or short-term or long-term deposits with reputable PRC banks. Our cash and cash equivalents, short-term and long-term deposits are denominated in the following currencies:

	As of 31 December 2015 *RMB'000*	As of 31 December 2014 *RMB'000*
RMB	**1,455,632**	1,544,733
HK$	**146,282**	78,670
US$	**8,623**	164
Others	**92**	—
	1,610,629	1,623,567

Bank Loans and Other Borrowings

The Group had an overdraft balance of RMB0.2 million as of 31 December 2015.

The Group had a total banking facility of RMB1.8 million as of 31 December 2015, including a RMB1.0 million overdraft facility and a RMB0.8 million rental guarantee.

Treasury Policies

As of 31 December 2015, the Group had conservative treasury policies in terms of cash and financial management. The Group does not use any financial instruments for hedging purposes.

Foreign Currency Risk

As of 31 December 2015, RMB155.0 million of our financial resources were held in deposits in non-RMB currencies. Since there are no cost-effective hedges against the fluctuation of the RMB, there is a risk that we may experience a loss as a result of any foreign currency exchange rate fluctuations in connection with our deposits.

Capital Expenditures and Investments

Our capital expenditures consist of purchases of property and equipment, such as servers and computers, as well as leasehold improvements and intangible assets, such as computer software. In the year ended 31 December 2015, our total capital expenditures were RMB11.9 million, compared with RMB5.9 million for the year ended 31 December 2014. The following table sets out our expenditures for the years indicated:

	For the year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Capital Expenditures		
— Purchase of property and equipment	**11,587**	5,632
— Purchase of intangible assets	**270**	267
Total	**11,857**	5,899

Contingent liabilities

As of 31 December 2015, the Group did not have any material contingent liabilities, guarantees or litigation against it.

Charges on Assets

As of 31 December 2015, there were no charges on the Group's assets.

Material Acquisitions and Future Plans for Major Investment

During the year ended 31 December 2015, the Group: (i) acquired a 74.9% equity stake in Bumps to Babes for a consideration of approximately RMB48.3 million and (ii) invested RMB4.0 million in Beijing Xingmen Dongman Technology Limited Company (北京星門動漫科技有限公司) for its 20% equity stake. For details, please refer to the announcements by the Company dated 8 May 2015 and 7 July 2015, respectively.

The Group currently has no specific plans for other major investments or acquisitions for significant capital assets or other businesses. However, the Group will continue to look for new opportunities for business development.

Employees and Staff Costs

As of 31 December 2015, the Group had 808 full-time employees, 96.5% of whom are based in Guangzhou. The following table sets forth the number of full-time employees of the Group by function as of 31 December 2015:

	As of 31 December 2015	
	Number of employees	% of Total
Operations	**377**	**46.7**
Development and research	**296**	**36.6**
Sales and marketing	**76**	**9.4**
General and administration	**59**	**7.3**
Total	**808**	**100.0**

In addition to salary, we also provide various incentives, including share-based awards, such as share options and restricted share units ("**RSUs**") granted pursuant to the share incentive schemes of the Company, and performance-based bonuses to better motivate our employees. As required by PRC law, we contribute to housing funds and maintain mandatory social insurance plans for our employees, covering pension, medical, unemployment, work injury and maternity leave. We are required by PRC law to make contributions to these social insurance plans at specified percentages of the compensation of each employee, up to a maximum amount as may be specified by the local government from time to time. Such social insurance plans include defined contribution retirement benefit plans organized by the relevant governmental authorities. Forfeited contributions by the Group to these plans may not be used by the Group to reduce the existing level of contributions. The total amount of contributions we made for employee social insurance plans in the year ended 31 December 2015 were approximately RMB28.4 million, compared with RMB28.2 million for the year ended 31 December 2014. We incurred staff costs of approximately RMB190.5 million and RMB182.7 million, for the year ended 31 December 2015 and 2014, representing 49.2% and 36.1% of our revenue for those periods, respectively.

We also grant share options and RSUs to our employees to incentivize them to contribute to our growth. Pursuant to the pre-IPO share option scheme and the pre-IPO RSU scheme of the Company (the "**Pre-IPO RSU Scheme**"), there were a total of 2,440,000 share options and 53,081,950 RSUs outstanding and granted to the grantees (including the directors, senior management members and employees of the Group) thereunder as of 31 December 2015.

We will continue to grant RSUs to our employees to incentivize them pursuant to the post-IPO RSU scheme of the Company (the "**Post-IPO RSU Scheme**"). The maximum aggregate number of the Shares underlying all the RSUs which we may grant pursuant to the Post-IPO RSU Scheme is 112,426,480 shares, representing approximately 3.9% of our share capital as of the date of this announcement. As of the date of this announcement, 95,780,000 RSUs have been granted to a total of 111 senior management members and employees of the Group, of which 86,000,000 RSUs were outstanding as of 31 December 2015, pursuant to the Post-IPO RSU Scheme.

Dividend

At the Company's annual general meeting held on 19 June 2015, the then shareholders of the Company (the "**Shareholders**") approved the Board's recommended special dividend of HKD0.035 (equivalent to approximately RMB0.028) per share for the year ended 31 December 2014. Such dividend was paid to the then Shareholders on 17 July 2015.

The Board is pleased to recommend the payment of a special dividend of HKD0.018 (equivalent to approximately RMB0.015) per ordinary share for the year ended 31 December 2015 out of our share premium account, subject to the approval of the Shareholders at the forthcoming annual general meeting (the "**AGM**") to be held on Friday, 27 May 2016. The proposed dividend will be payable on Monday, 27 June 2016 to the Shareholders of whose names appear on the register of members of the Company (the "**Register of Members**") on Friday, 3 June 2016.

CHANGES SINCE 31 DECEMBER 2015

There were no other significant changes in the Group's financial position or from the information disclosed under the management discussion and analysis in this annual results announcement for the year ended 31 December 2015.

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**387,105**	506,193
Cost of revenue	*4*	**(150,471)**	(158,455)
Gross profit		**236,634**	347,738
Selling and marketing expenses	*4*	**(70,924)**	(60,641)
Administrative expenses	*4*	**(72,777)**	(61,177)
Research and development expenses	*4*	**(46,338)**	(28,847)
Other income		**10,429**	—
Other (losses)/gains — net		**(725)**	2,779
Operating profit		**56,299**	199,852
Finance income	*5*	**59,723**	34,854
Finance costs	*5*	**(653)**	(137)
Finance income — net	*5*	**59,070**	34,717
Share of loss of an associate		**(344)**	—
Fair value loss of convertible redeemable preferred shares		**—**	(327,749)
Profit/(loss) before income tax		**115,025**	(93,180)
Income tax expense	*6*	**(15,595)**	(38,522)
Profit/(loss) for the year		**99,430**	(131,702)
Attributable to:			
— Shareholders of the Company		**98,909**	(131,702)
— Non-controlling interest		**521**	—
		99,430	(131,702)
Earnings/(losses) per share (expressed in RMB per share)	*7*		
— Basic		**0.0366**	(0.0551)
— Diluted		**0.0359**	(0.0551)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit/(loss) for the year	**99,430**	(131,702)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency translation differences	**1,254**	—
Total comprehensive income/(loss) for the year	**100,684**	(131,702)
Attributable to:		
— Shareholders of the Company	**99,778**	(131,702)
— Non-controlling interest	**906**	—
	100,684	(131,702)

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property and equipment		**16,312**	10,943
Intangible assets		**50,003**	383
Investment in an associate		**3,656**	—
Prepayments and other receivables		**9,608**	733
Deferred income tax assets		**4,940**	7,595
Long-term deposits		**380,000**	—
		464,519	19,654
Current assets			
Inventories		**16,277**	—
Trade receivables	*8*	**6,161**	6,425
Prepayments and other receivables		**34,106**	33,339
Short-term deposits		**975,991**	1,364,200
Financial assets at fair value through profit or loss		**1,298**	—
Cash and cash equivalents		**254,638**	259,367
Prepaid tax		**—**	808
		1,288,471	1,664,139
Total assets		**1,752,990**	1,683,793
EQUITY			
Share capital		**8**	8
Share premium		**1,581,855**	1,636,621
Reserves		**48,338**	49,916
Accumulated losses		**(77,962)**	(176,871)
		1,552,239	1,509,674
Non-controlling interest		**18,085**	—
Total equity		**1,570,324**	1,509,674

	Note	As at 31 December 2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Long-term payable		**9,793**	—
Advances under government grants		**1,560**	—
Deferred revenue		**2,842**	3,305
Deferred income tax liabilities		**2,670**	—
		16,865	3,305
Current liabilities			
Trade payables	*9*	**11,467**	1,945
Other payables and accruals		**38,865**	36,778
Amounts due to related parties		**1,075**	—
Income tax liabilities		**2,276**	—
Advances under government grants		**3,273**	1,810
Advances from customers and distributors		**57,828**	73,664
Deferred revenue		**50,801**	56,617
Bank overdrafts		**216**	—
		165,801	170,814
Total liabilities		**182,666**	174,119
Total equity and liabilities		**1,752,990**	1,683,793

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

2 Changes in accounting policy and disclosure

(a) Amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015. The adoption of these amended standards does not have any significant impact to the results and financial position of the Group.

IAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions
IFRSs (Amendment)	Annual Improvements 2010–2012 Cycle and 2011–2013 Cycle

The adoption of the improvements made in the 2010–2012 Cycle has required additional disclosures in the segment note. Other than that, the remaining amendments are not material to the Group.

(b) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) New and amended standards not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements.

		Effective for annual periods beginning on or after
IAS 1 (Amendment)	Disclosure initiative	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IAS 16 and IAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
IAS 16 and IAS 41 (Amendment)	Agriculture: bearer plants	1 January 2016
IFRS 10 and IAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Note
IAS 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
IFRS 10, IFRS 12 and IAS 28 (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
IFRSs (Amendment)	Annual Improvements 2012–2014 Cycle	1 January 2016
IAS 7 (Amendment)	Statement of cash flows	1 January 2017
IAS 12 (Amendment)	Income taxes	1 January 2017
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 16	Leases	1 January 2019

Note: In December 2015, the effective date of this amendment was postponed indefinitely.

The Group is in the process of making an assessment of the impact of these new and revised IASs and IFRSs upon initial application and is not yet in a position to state whether these new and revised IASs and IFRSs will have any significant impact on the Company's results of operations and financial position.

3 Segment information

The Group's business activities, are regularly reviewed and evaluated by the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company that make strategic decisions. As a result of this evaluation, the Group determined that it has two operating segments as follows:

— Online business

— Other businesses

Revenues from the Group's other businesses mainly include revenue from sales of baby and maternity products, advertising revenue and licensing income from licensing the Group's proprietary cartoon images to merchandisers and book publishers.

The CODM assesses the performance of the operating segments mainly based on segment revenue of each operating segment. The cost of revenue, selling and marketing expenses, administrative expenses, research and development expenses, other income, other (losses)/ gains — net, finance income — net, share of loss of an associate, fair value loss of convertible redeemable preferred shares and income tax expense are not included in the measure of the segments' performance which is used by CODM as a basis for the purpose of resource allocation and assessment of segment performance.

The revenues from external customers reported to CODM are measured as segment revenue.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these financial statements. No separate segment assets and segment liabilities information was provided to the CODM, as the CODM does not use this information to allocate resources to or evaluate the performance of the operating segments. Accordingly, no such information is presented in this note.

The segment revenues provided to the Group's CODM for the reportable segments for the years ended 31 December 2015 and 2014 are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Online business		
— Online virtual worlds	**344,458**	495,616
— Other online games	**287**	780
Sub-total	**344,745**	496,396
Other businesses	**42,360**	9,797
Total	**387,105**	506,193

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the PRC. For the year ended 31 December 2015, the geographical information on the total revenues is as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Revenue		
— Mainland China	**352,615**	506,193
— Others	**34,490**	—
Total	**387,105**	506,193

There is no concentration risk in terms of customers (which include end users from online business and customers from other business) as no single external customer contributed more than 10% of the Group's total revenue for the years ended 31 December 2015 and 2014. However, revenue of the Group is mainly derived from self-developed online virtual worlds operations and the Group depends on the success of a limited number of online virtual worlds to generate revenue. As summarized in the table below, the online virtual worlds contributing more than 10% of the Group's total revenue account for 88.0% and 94.2% of the total revenue for the each of the years ended 31 December 2015 and 2014. The percentages of revenue contributed by the following online virtual worlds is not presented for the years when such amount is less than 10.0% of the Group's total revenue in a particular year.

	Year ended 31 December	
	2015	2014
Legend of Aoqi	**45.6%**	38.1%
Aola Star	**29.8%**	33.3%
Aobi Island	**12.6%**	10.4%
Dragon Knights	**N/A**	12.4%

CODM reviews the performance of and allocates resources to operating segments based on revenue of each segment. The reconciliation of revenue to profit before income tax for the years ended 31 December 2015 and 2014 is shown in the consolidated income statement.

As at 31 December 2015, the total non-current assets, other than financial instruments and deferred tax assets, located in Mainland China and other areas were RMB19,811,000 (2014: RMB11,326,000) and RMB50,983,000 (2014: Nil), respectively.

4 Expenses by nature

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Employee benefit expenses	**190,530**	182,725
Promotion and advertising expenses	**50,090**	50,950
Cost of inventories sold	**19,905**	—
Bandwidth and server custody fees	**19,404**	19,337
Operating lease rentals in respect of office premises	**17,858**	8,552
Professional fees	**9,400**	10,599
Depreciation of property and equipment and amortization of intangible assets	**8,138**	7,855
Auditor's remuneration		
— Audit services	**3,800**	3,500
— Non-audit services	**700**	—
Travelling and entertainment expenses	**4,170**	4,517
Prepaid card production expenses	**3,373**	5,813
Utilities and office expenses	**3,268**	1,642
Payment handling fees	**2,331**	2,891
Prepaid card delivery expenses	**1,113**	1,630
Others	**6,430**	9,109
Total cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses	**340,510**	309,120

5 Finance income — net

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Finance income:		
— Interest income on bank deposits and other term deposits	**53,464**	34,854
— Net foreign exchange gains	**6,259**	—
	59,723	34,854
Finance costs:		
— Interest expense	**(653)**	(137)
Finance income — net	**59,070**	34,717

6 Income tax expense

The income tax expense of the Group for the years ended 31 December 2015 and 2014 is analyzed as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current income tax	**13,021**	37,007
Deferred income tax	**2,574**	1,515
Income tax expense	**15,595**	38,522

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profit/(loss) of the consolidated entities as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit/(loss) before income tax	**115,025**	(93,180)
Tax calculated at income tax rates applicable to profits of the consolidated entities in their respective jurisdictions *(Note a, b, c)*	**14,114**	34,390
Tax effects of:		
Tax losses for which no deferred income tax asset was recognized	**392**	237
Super deduction for research and development expenses *(Note c)*	**(3,027)**	(1,431)
Expenses not deducted for income tax purposes:		
— Share-based compensation	**3,769**	5,840
— Others	**347**	(514)
Income tax expense	**15,595**	38,522

The low effective income tax rate for the year ended 31 December 2015 was mainly because the interest income of the Company is exempted from tax as the Company is exempted from Cayman Islands income tax under the Companies Law of Cayman Islands.

The high effective income tax rate for the year ended 31 December 2014 was mainly because the loss of the Company arising from change in fair value of the convertible redeemable preferred shares is not deductible for income tax purpose as the Company is exempted from Cayman Islands income tax under the Companies Law of Cayman Islands.

(a) Cayman Islands income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) Hong Kong profits tax

Hong Kong profits tax provision has been provided at the rate of 16.5% on the estimated assessable profits for the years ended 31 December 2015 and 2014.

*(c) PRC enterprise income tax ("**EIT**")*

The Group's subsidiaries in the PRC are subject to corporate income tax at the rate of 25.0% except Guangzhou Baitian, which was qualified as "High and New Technology Enterprise" ("**HNTE**") in 2011 and was entitled to a preferential income tax rate of 15.0% on its estimated assessable profits for the years ended 31 December 2015 and 2014.

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 150.0% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits for the years ended 31 December 2015 and 2014.

*(d) Withholding tax ("**WHT**")*

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10.0% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10.0% to 5.0%.

For the years ended 31 December 2015 and 2014, the Group did not have any plan to require its PRC subsidiaries to distribute their retained earnings to the Company as the Company's share premium is distributable under the Cayman Island Laws. Accordingly, no deferred income tax liability on WHT was accrued as at the end of each reporting period.

7 Earnings/(losses) per share

(a) Basic

Basic earnings/(losses) per share is calculated by dividing the earnings/(losses) attributable to the Shareholders by the weighted average number of ordinary shares in issue less shares held for Pre-IPO RSU Scheme and Post-IPO RSU Scheme (collectively, "**RSU Schemes**") during the year.

	Year ended 31 December	
	2015	2014
Earnings/(losses) attributable to shareholders of the Company *(RMB'000)*	**98,909**	(131,702)
Weighted average number of ordinary shares in issue less shares held for RSU Schemes	**2,699,943,341**	2,388,894,833
Basic earnings/(losses) per share *(in RMB/share)*	**0.0366**	(0.0551)

(b) Diluted

Diluted earnings/(losses) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 December 2015, the Company had two categories of potential ordinary shares, the share options and the RSUs, which had to be considered for calculating diluted earnings per share. A calculation is done to determine the number of shares that could have been issued at fair value (determined as the average market price per share for the year) based on the total proceeds receivable upon exercising the outstanding share options and RSUs. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and RSUs. The difference is added to the denominator as the number of shares issued for no consideration.

For the year ended 31 December 2014, the Company had three categories of potential ordinary shares, the share options, convertible redeemable preferred shares and the RSUs, which had to be considered for calculating diluted losses per share. No adjustment was made to basic losses per share to derive the diluted losses per share for the year ended 31 December 2014 as each of the types of potential ordinary shares was anti-dilutive.

	Year ended 31 December 2015
Earnings	
Earnings attributable to shareholders of the Company *(RMB'000)*	**98,909**
Interest expense on convertible debt (net of tax)	**—**
Earnings used to determine diluted earnings per share *(RMB'000)*	**98,909**
Weighted average number of ordinary shares	
Weighted average number of ordinary shares in issue less shares held for RSU Schemes	**2,699,943,341**
Adjustments for:	
— Share options	**2,863,711**
— RSUs	**51,160,438**
Weighted average number of ordinary shares for diluted earnings per share	**2,753,967,490**
Diluted earnings per share *(in RMB/share)*	**0.0359**

8 Trade receivables

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Receivables from third parties	**6,161**	6,425
Less: allowance for impairment	**—**	—
	6,161	6,425

As at 31 December 2015 and 2014, the fair values of trade receivables approximate their carrying amounts.

(a) Ageing analysis based on recognition date of the gross trade receivables at the respective balance sheet dates are as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
0–30 days	**4,234**	1,776
31–60 days	**168**	98
61–90 days	**22**	64
91–180 days	**1,737**	4,487
	6,161	6,425

9 Trade payables

Trade payables primarily relate to the purchase of inventory for the retailing of baby and maternity products, services for server custody, outsourcing game development and the revenue collected by the Group's own platforms to be shared with other developers under cooperation agreements.

The ageing analysis of trade payables based on recognition date is as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
0-30 days	**7,043**	1,693
31-60 days	**3,405**	1
61-180 days	**647**	2
181-365 days	**372**	249
	11,467	1,945

10 Dividend

The dividends paid in 2015 and 2014 were RMB74,472,000 and RMB154,127,000, respectively. The Board proposed a special dividend of HK$0.018 (equivalent to approximately RMB0.015) per ordinary share out of the share premium account, totaling approximately RMB40,976,000. Such dividend is to be approved by the Shareholders at the AGM on 27 May 2016. These financial statements do not reflect this dividend payable as a liability as at 31 December 2015.

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Special dividend paid of US$25 million *(Note (a))*	**—**	154,127
Proposed special dividend of HK$0.018 equivalent to approximately RMB0.015 (2014: HK$0.035) per ordinary share	**40,976**	74,472
	40,976	228,599

(a) On 18 March 2014, the then Shareholders resolved to declare a special dividend of US$25 million payable after the IPO to the pre-IPO shareholders of the Company (the "**Pre-IPO Shareholers**"), contingent on the Company's having available share premium and/or distributable reserves subsequent to the IPO. On 29 April 2014, such special dividend was paid to the Pre-IPO Shareholders out of the share premium account.

Audit Committee and Review of Financial Statements

The audit committee of the Board (the "**Audit Committee**") has reviewed the accounting principles and practices adopted by the Group and discussed with the management regarding auditing, internal control and financial reporting matters. The Audit Committee has also reviewed the Group's results for the year ended 31 December 2015. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group's audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 December 2015.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own securities dealing code to regulate all dealings by directors of securities in the Company and other matters covered by the Model Code. The directors of the Company (the "**Directors**") have confirmed that they had complied with all relevant requirements as set out in the Model Code during the year ended 31 December 2015.

Compliance with the Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that its affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2015.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold, redeemed or cancelled any of the Company's shares during the year ended 31 December 2015.

Annual General Meeting and Closure of Register of Members

The AGM is scheduled to be held on Friday, 27 May 2016. The notice of AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course. For determining the entitlement to attend and vote at the above meeting, the Register of Members will be closed from Wednesday, 25 May 2016 to Friday, 27 May 2016, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 24 May 2016.

Special Dividend and Closure of Register of Members

The Board has recommended the payment of a special dividend of HK$0.018 (equivalent to approximately RMB0.015) per ordinary share for the year ended 31 December 2015, subject to the approval of the Shareholders at the AGM. Such proposed dividend will be payable on Monday, 27 June 2016 to the Shareholders whose names appear on the Register of Members on Friday, 3 June 2016. The Register of Members will be closed from Thursday, 2 June 2016 to Friday, 3 June 2016, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for the proposed special dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 1 June 2016.

Publication of 2015 Annual Results and Annual Report

The annual results announcement is published on the Company's website (http://www.baioo.com.hk) and the website of Hong Kong Exchanges and Clearing Limited (http://www.hkex.com.hk). The annual report of the Company for the year ended 31 December 2015 will be dispatched to the Shareholders and available on the above websites in due course.

By Order of the Board
BAIOO Family Interactive Limited
DAI JIAN
Chairman

Hong Kong, 29 March 2016

As of the date of this announcement, the directors of the Company are:

Executive Directors:
Mr. DAI Jian *(Chairman)*
Mr. WU Lili
Mr. LI Chong
Mr. WANG Xiaodong
Dr. XU Gang

Independent Non-executive Directors:
Ms. LIU Qianli
Dr. WANG Qing
Mr. MA Xiaofeng