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If you have sold or transferred all your shares in BAIIO Family Interactive Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**DECLARATION OF A SPECIAL DIVIDEND,
PROPOSED RE-ELECTION OF RETIRING DIRECTORS,
PROPOSED RENEWAL OF GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE SHARES,
RE-APPOINTMENT OF RETIRING AUDITOR,
PROPOSED RENEWAL OF RSU MANDATE TO ISSUE SHARES
UNDER THE POST-IPO RSU SCHEME,
PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES
IN RELATION TO THE CONSULTANT OPTIONS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of BAIIO Family Interactive Limited to be held at 15/F, Room 1501-02, HKUST Business School Central, Hong Kong Club Building, 3A Chater Road, Central, Hong Kong at 3:00 p.m. on Friday, 27 May 2016 is set out on pages 30 to 34 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.baioo.com.hk).

Whether or not you are able to attend the Annual General Meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting should you so desire. If you attend and vote at the Annual General Meeting, the form of proxy will be revoked.

27 April 2016

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
1. Introduction	6
2. Declaration of a Special Dividend and Closure of Register of Members	6
3. Proposed Re-election of Retiring Directors	6
4. Proposed Renewal of General Mandate to Repurchase Shares	6
5. Proposed Renewal of General Mandate to Issue Shares	7
6. Proposed Re-appointment of Retiring Auditor	7
7. Proposed Renewal of RSU Mandate to Issue Shares under the Post-IPO RSU Scheme. . . .	7
8. Proposed Grant of Specific Mandate to Issue Shares in relation to the Consultant Options	8
9. Annual General Meeting and Proxy Arrangement	8
10. Responsibility Statement	9
11. Recommendation	9
Appendix I — Details of the Retiring Directors Proposed to be Re-elected at the Annual General Meeting	10
Appendix II — Explanatory Statement on the Share Repurchase Mandate	14
Appendix III — Information regarding the Post-IPO RSU Scheme and the RSU Mandate	17
Appendix IV — Information regarding the Specific Mandate and the Consultant Options	22
Notice of Annual General Meeting	30

DEFINITIONS

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

“2015 Annual General Meeting”	the annual general meeting of the Company held on 19 June 2015
“2015 RSU Mandate”	the specific and unconditional mandate 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 4.0% of the Shares in issue, with a 2.0% annual limit, as at the date of the 2015 Annual General Meeting
“Altratek Guangdong”	Guangdong Altratek Telecommunications Ltd., Co.* (廣東阿爾創通信技術股份有限公司) (formerly known as Guangzhou Altratek Telecommunications Company Limited* (廣州市阿爾創通信技術有限公司)), our connected person and incorporated on 14 December 2004 and existing under the laws of the PRC
“Annual General Meeting”	the annual general meeting of the Company to be held at 15/F, Room 1501-02, HKUST Business School Central, Hong Kong Club Building, 3A Chater Road, Central, Hong Kong at 3:00 p.m. on Friday, 27 May 2016, to consider and, if desirable, to approve the resolutions contained in the notice of such meeting which is set out on pages 30 to 34 of this circular, or any adjournment thereof
“Applicable Period”	the period from the date of passing the resolution granting the RSU Mandate, to the earliest of (a) the conclusion of the Company’s next annual general meeting, (b) the end of the period within which the Company is required by any applicable law or the Articles to hold the next annual general meeting, and (c) the date on which the RSU Mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting
“Articles of Association” or “Articles”	the articles of association of the Company as amended, supplemented or modified from time to time
“associate”	has the same meaning as defined in the Listing Rules
“Board”	the board of Directors
“Chairman”	the chairman of the Board
“China” or “PRC”	the People’s Republic of China, except where the context requires otherwise, excluding Hong Kong, Macau and Taiwan
“close associate(s)”	has the same meaning as defined in the Listing Rules

DEFINITIONS

“Company”	BAIOO Family Interactive Limited (百奧家庭互動有限公司), formerly known as Baitian Information Limited, Baitian Family Interactive Limited (百田家庭互動有限公司) and BYO 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 the Listing Date
“connected person(s)”	has the same meaning as defined in the Listing Rules
“Consultancy Agreement”	the agreement dated 20 April 2016 entered into between the Company and the Consultant
“Consultant”	Hong Kong Zhixin Financial News Agency Limited (香港智信財經通訊社有限公司), a company incorporated under the laws of Hong Kong and principally engaged in providing investor relations services
“Consultant Options”	the options granted by the Company to the Consultant attached with it the rights to subscribe for the Consultant Option Shares at the Exercise Prices during the Consultant Option Period pursuant to the Consultancy Agreement
“Consultant Option Period”	the period of three years from the date of granting the Consultant Options, being the date of the Consultancy Agreement
“Consultant Option Shares”	an aggregate of up to 10,000,000 Shares to be allotted and issued by the Company pursuant to the Consultant Options
“core connected person(s)”	has the same meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Person(s)”	means person(s) eligible to receive RSU under the Post-IPO RSU Scheme, who could be existing employees or officers of the Company, the PRC operational entity or other companies in the Group, or any other person selected by the Board or the remuneration committee of the Board at its sole discretion from time to time, however, shall not be directors of the Company
“Exercise Price”	HK\$0.70 per Consultant Option Share
“Group”	the Company, its subsidiaries and the PRC operating entity (the financial results of which have been consolidated and accounted for as a subsidiary of the Company by virtue of the contractual arrangements)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Issuance Mandate”	a general mandate proposed to be granted to the Directors to exercise all powers of the Company to allot, issue and deal with any Shares or securities convertible to Shares and to make an offer or agreement or grant an option (including but not limited to warrants, options, bonds, notes, securities and debentures conferring any rights to subscribe for or otherwise receive Shares) which would or might require the exercise of such power, during the period as set out in the proposed ordinary resolution No. 6 in the notice of the Annual General Meeting not exceeding 20% of the total number of issued shares of the Company as at the date of passing of proposed ordinary resolution No. 6 in the notice of the Annual General Meeting
“Issue Price”	the price for the issue of the Consultant Options, which is nil
“Latest Practicable Date”	20 April 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Committee”	has the same meaning as defined in the Listing Rules
“Listing Date”	10 April 2014, being the date of the listing of the Company’s Shares on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option(s)”	an option or right to purchase Shares under the Pre-IPO Share Option Scheme
“Post-IPO RSU Scheme”	the post-IPO restricted share unit scheme adopted by the Company on 18 March 2014, which took effect on the Listing Date and was amended on 19 June 2015. Details of the Post-IPO RSU Scheme and RSUs granted thereunder are set out in the prospectus of the Company dated 28 March 2014, and the 2013 and 2014 annual reports of the Company, the circular of the Company dated 24 April 2015 and the supplementary circular of the Company dated 14 May 2015
“Pre-IPO RSU Scheme”	the restricted share unit plan approved and adopted by the Company on 30 September 2013
“Pre-IPO Share Option Scheme”	the share option plan approved and adopted by the Company on 18 June 2010, details of which are set out in the prospectus of the Company dated 28 March 2014
“RSU(s)”	restricted share unit(s), being a contingent right to receive Shares which is granted pursuant to the Pre-IPO RSU Scheme and/or the Post-IPO RSU Scheme

DEFINITIONS

“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 4.0% of the Shares in issue, with a 2.0% annual limit, as at the date of passing the proposed ordinary resolution No. 8 in the notice of the Annual General Meeting
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	ordinary share(s) of US\$0.0000005 each in the issued 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
“Share Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares on the Stock Exchange of not exceeding 10% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution No. 5 in the notice of the Annual General Meeting
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	a specific and unconditional mandate proposed to be granted to the Directors by the Shareholders at the Annual General Meeting to allot and issue new Shares in respect of underlying Consultant Option Shares pursuant to the exercise of the subscription rights attaching to the Consultant Options as fully paid Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the same meaning as defined in the Listing Rules
“substantial shareholder”	has the same meaning as defined in the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers approved by the Securities and Futures Commission of Hong Kong, as amended from time to time
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

References to time and dates in this circular are to Hong Kong time and dates.

* *English names for identification purpose only*

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. DAI Jian (*Chairman*)
Mr. WU Lili
Mr. LI Chong
Mr. WANG Xiaodong
Dr. XU Gang (*Chief executive officer*)

Independent Non-executive Directors:

Ms. LIU Qianli
Dr. WANG Qing
Mr. MA Xiaofeng

Registered Office:

Hutchins Drive
Cricket Square
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands
British West Indies

Head Office:

10G, No. 36 Jianzhong Road
Tianhe Software Park
Tianhe District
Guangzhou
Guangdong
PRC

*Principal Place of Business in
Hong Kong:*

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

27 April 2016

To the Shareholders

Dear Sir/Madam,

**DECLARATION OF A SPECIAL DIVIDEND,
PROPOSED RE-ELECTION OF RETIRING DIRECTORS,
PROPOSED RENEWAL OF GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE NEW SHARES,
RE-APPOINTMENT OF RETIRING AUDITOR,
PROPOSED RENEWAL OF RSU MANDATE TO ISSUE SHARES
UNDER THE POST-IPO RSU SCHEME,
PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES
IN RELATION TO THE CONSULTANT OPTIONS
AND
NOTICE OF ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the Annual General Meeting to be held on 27 May 2016.

2. DECLARATION OF A SPECIAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a special dividend of HK\$0.018 per Share in respect of the year ended 31 December 2015. Conditional upon the passing of the ordinary resolution No. 2 on the notice of Annual General Meeting by the Shareholders at the Annual General Meeting to be held on Friday, 27 May 2016, the register of members of the Company will be closed from Thursday, 2 June 2016 to Friday, 3 June 2016 (both dates inclusive) during which period no transfer of Shares will be registered and the special dividend is expected to be paid on Monday, 27 June 2016. Shareholders registered under the Hong Kong branch register of members as of Friday, 3 June 2016 will be entitled to the special dividend. All special dividend will be paid in Hong Kong dollars. In order to determine the identity of the Shareholders who are entitled to the special dividend, all transfers 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 not later than 4:30 p.m. on Wednesday, 1 June 2016.

3. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 84(1) of the Articles of Association, Mr. WU Lili, Mr. LI Chong, Mr. MA Xiaofeng shall retire by rotation at the Annual General Meeting. In addition, Dr. XU Gang, who has been appointed by the Board with effect from 20 November 2015, shall hold office until the Annual General Meeting pursuant to Article 83(3) of the Company's Articles of Association. All of the above retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

Details of the retiring Directors are set out in Appendix I to this circular.

4. PROPOSED RENEWAL OF GENERAL MANDATE TO REPURCHASE SHARES

At the 2015 Annual General Meeting, a general mandate was granted to the Directors to exercise all powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the Annual General Meeting.

In order to give the Company the flexibility to repurchase Shares where appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the renewal of the Share Repurchase Mandate to the Directors to repurchase Shares on the Stock Exchange of not exceeding 10% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution No. 5 in the notice of the Annual General Meeting.

As at the Latest Practicable Date, the issued share capital of the Company of 2,858,772,000 Shares have been fully paid. Subject to the passing of the proposed ordinary resolution No. 5 approving the Share Repurchase Mandate and assuming that no further Shares will be issued or repurchased following the Latest Practicable Date and prior to the date of the Annual General Meeting, the maximum number of Shares which may be purchased pursuant to the Share Repurchase Mandate will be 285,877,200 Shares. The Directors wish to state that they have no immediate plan to repurchase any Shares pursuant to the Share Repurchase Mandate.

LETTER FROM THE BOARD

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the renewal of the Share Repurchase Mandate is set out in Appendix II to this circular.

5. PROPOSED RENEWAL OF GENERAL MANDATE TO ISSUE SHARES

At the 2015 Annual General Meeting, a general mandate was granted to the Directors to exercise all powers of the Company to allot, issue and deal with Shares or securities convertible to Shares and to make an offer or agreement or grant an option (including but not limited to warrants, options, bonds, notes, securities and debentures conferring any rights to subscribe for or otherwise receive Shares) which would or might require the exercise of such power. Such mandate will lapse at the conclusion of the Annual General Meeting.

In order to give the Company the flexibility to issue Shares where appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the renewal of the Issuance Mandate to the Directors to allot, issue or deal with additional Shares or securities convertible to Shares and to make an offer or agreement or grant an option (including but not limited to warrants, options, bonds, notes, securities and debentures conferring any rights to subscribe for or otherwise receive Shares) which would or might require the exercise of such power, during the period as set out in ordinary resolution No. 6 in the notice of the Annual General Meeting of not exceeding 20% of the total number of issued shares of the Company as at the date of passing of the relevant resolution.

As at the Latest Practicable Date, the issued share capital of the Company of 2,858,772,000 Shares have been fully paid. Subject to the passing of the proposed ordinary resolution approving the Issuance Mandate and assuming that no further Shares will be issued or repurchased following the Latest Practicable Date and prior to the date of the Annual General Meeting, the Directors will be authorized to issue a maximum of 571,754,400 Shares under the Issuance Mandate. An ordinary resolution to extend the Issuance Mandate by adding the number of Shares repurchased by the Company pursuant to the Share Repurchase Mandate will also be proposed at the Annual General Meeting.

The Directors wish to state that they have no immediate plan to issue any new Shares pursuant to the Issuance Mandate.

6. PROPOSED RE-APPOINTMENT OF RETIRING AUDITOR

The Board proposes to re-appoint PricewaterhouseCoopers as the auditor of the Company effective until the conclusion of the next annual general meeting of the Company subject to the approval of the Shareholders at the Annual General Meeting. The Board also proposes and recommends to the Shareholders to authorise the Board at the Annual General Meeting to fix the remuneration of PricewaterhouseCoopers as the auditor of the Company.

7. PROPOSED RENEWAL OF RSU MANDATE TO ISSUE SHARES UNDER THE POST-IPO RSU SCHEME

Reference is made to the circular of the Company dated 24 April 2015 and the supplementary circular of the Company dated 14 May 2015, respectively, in relation to, among other things, the amendment to the Post-IPO RSU Scheme and a specific mandate to the Directors to grant RSUs in respect of underlying Shares not exceeding 4.0% of the Shares in issue (“**Scheme Mandate Limit**”), with a 2.0% annual limit, (the “**2015 RSU Mandate**”). At the 2015 Annual General Meeting, the amendment to the Post-IPO RSU Scheme was approved and the 2015 RSU Mandate was granted. The 2015 RSU Mandate will lapse at the conclusion of the Annual General Meeting.

LETTER FROM THE BOARD

Pursuant to Clause 4.2 of the Post-IPO RSU Scheme, the Directors propose to refresh the Scheme Mandate Limit by an ordinary resolution at the Annual General Meeting which gives the Directors a specific mandate (the “**RSU Mandate**”) to grant RSUs in respect of underlying Shares not exceeding 4.0% of the Shares in issue as at the date of passing such mandate, and during the Applicable Period not exceeding 2.0% of the Shares in issue as at the date of passing such mandate, and to allot, issue and deal with the Shares underlying the RSUs granted pursuant to the Post-IPO RSU Scheme during the Applicable Period as and when such RSUs vest. Subject to the passing of the relevant resolution to approve the RSU Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the Annual General Meeting, the Directors would be authorized to exercise the powers of the Company to grant RSUs in respect of a maximum number of 114,350,880 underlying Shares.

Shareholders who were also Eligible Persons under the Post-IPO RSU Scheme would be required to abstain from voting on the ordinary resolution No. 8 on the notice of Annual General Meeting in relation to the RSU Mandate.

Further information in connection with the RSU Mandate is set out in Appendix III to this circular.

8. PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES IN RELATION TO THE CONSULTANT OPTIONS

Reference is made to the announcement of the Company dated 20 April 2016. The Directors wish to propose an ordinary resolution at the Annual General Meeting to grant the Directors a specific mandate (the “**Specific Mandate**”) to allot and issue the Consultant Option Shares to the Consultant pursuant to the exercise of the subscription rights attaching to the Consultant Options as fully paid Shares.

The Consultant Option Shares represent approximately 0.35% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 0.35% of the issued share capital of the Company as enlarged by the allotment and issue of the Consultant Option Shares in full.

Further information in respect of the Specific Mandate and the Consultant Options is set out in Appendix IV to this circular.

9. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 30 to 34 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

Pursuant to the Rule 13.39(4) of the Listing Rules and the Articles of Association, any vote of shareholders at a general meeting must be taken by poll except where the chairman of such meeting, in good faith, decides to allow a resolution relating purely to a procedural or administrative matter to be voted on by a show of hands pursuant to the Listing Rules. An announcement on the results of the poll will be published by the Company after the Annual General Meeting in the manner prescribed under the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.baioo.com.hk). Whether or not you propose to attend the Annual General Meeting, you are requested to complete and sign in accordance with the instructions printed thereon and return, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as practicable but in any event not

LETTER FROM THE BOARD

less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so desire. If you attend and vote at the Annual General Meeting, the authority of your proxy will be revoked.

10. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

11. RECOMMENDATION

The Directors consider that the declaration of a special dividend, the proposed re-election of retiring Directors and renewal of the Share Repurchase Mandate and Issuance Mandate, the re-appointment of the auditor, the renewal of RSU Mandate to issue Shares under the Post-IPO RSU Scheme and grant of the Specific Mandate to issue Shares in relation to the Consultant Options are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of the Board
BAIOO Family Interactive Limited
DAI Jian
Chairman and Executive Director

APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

The following are the particulars (as required by the Listing Rules) of the Directors proposed to be re-elected at the Annual General Meeting in accordance with the Articles of Association.

(1) **Dr. XU Gang** (徐剛), aged 44, who joined the Company in March 2015 as the chief executive officer (“CEO”), was appointed as our executive Director on 20 November 2015. He is responsible for the overall management, corporate development and strategic planning of the Company.

Dr. XU has more than 20 years of experience in the telecommunication industry and the mobile internet. Prior to joining the Group, he held various management positions at a number of subsidiaries of China Mobile Communications Corporation (“CMCC”) since 1996. During his service at CMCC, he planned and executed a number of key initiatives involving new business setup, technology innovation, business development, marketing and brand building. In 2003, Dr. XU was involved in the development of monthly package brands GoTone (“全球通”), M-Zone (“動感地帶”), and Easy Own (“神州行”) in Guangdong Province and helped drive a number of significant achievements in terms of user base and revenue growth of CMCC. In 2005, Dr. XU built a business unit that focused on developing CMCC’s internet business-to-business services. Dr. XU then joined Guangdong Mobile Communication Co. Ltd. Zhuhai Branch in 2010 as General Manager. In this position, he managed more than 1,100 team members. Since 2012, he was the Deputy General Manager of the Marketing Department of CMCC, where he was responsible for formulating overall marketing strategies in China.

Dr. XU obtained a doctorate degree in communication and information systems from South China University of Technology in 2008, an EMBA degree from Jinan University in 2007, and both a bachelor’s and master’s degree in communication and information systems from Xidian University in 1993 and 1996 respectively.

Dr. XU has entered into a service agreement (the “**Service Agreement**”) with the Company for a term of three years starting from 20 November 2015 and his appointment will continue thereafter unless and until terminated by either party giving one month’s written notice in accordance with the Service Agreement. Dr. XU is subject to retirement by rotation and re-election as a director of the Company in accordance with the Articles of Association of the Company and the Listing Rules. As the CEO, Dr. XU is entitled to an annual remuneration of RMB2,300,000 and is also entitled to a discretionary bonus on a yearly basis subject to the approval of the remuneration committee of the Board with reference to the remuneration policy of the Company. Dr. XU is not entitled to any director’s fee for his director’s service with the Company at the time entering into the Service Agreement, however, which may be reviewed from time to time at the discretion of the Board. His remuneration has been approved by the Board after considering the recommendation of the remuneration committee of the Board.

As at the Latest Practicable Date, Dr. XU has (i) personal interests in 6,000,000 Shares and (ii) 24,000,000 RSUs granted pursuant to the Post-IPO RSU Scheme, representing approximately 1.05% of the issued share capital of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Dr. XU (i) does not hold any other position with any members of the Group, (ii) is not related to any Director, senior management, substantial shareholder or controlling shareholder of the Company or other members of the Group, (iii) is not interested in the Shares within the meaning of Part XV of the SFO and, (iv) did not hold any directorships in other listed public companies in the last three years.

APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

Save as disclosed above, Dr. XU has confirmed that there is no other information which is discloseable nor has he been involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and the Company is not aware of any other matters concerning Dr. XU's standing for re-election as Director that need to be brought to the attention of the Shareholders.

(2) **Mr. WU Lili** (吳立立), aged 48, is a co-founder of our Group and was appointed as our executive Director in September 2009. He was the CEO of the Company during the period from March 2010 to 4 March 2015. He is responsible for overseeing the Company's growth strategies, mergers and acquisitions and other business opportunities.

Mr. WU has more than fifteen years of experience in the information technology industry. Prior to joining the Group, he was the executive director and deputy director of marketing of Altratek Guangdong from September 2007 to June 2009, where he was responsible for resources integration and capital operation, as well as strategic planning and new project development, including the overall management of the company's new Internet business and the integration of the telecom value added services. Prior to that, he was the vice chairman of marketing of Guangzhou Elite Enterprise Management Corporation (廣州市伊萊哲企業管理有限公司) from November 1999 to August 2007, where he managed the company's various production lines and marketing agencies in the PRC, and was responsible for the implementation of the company's marketing strategies.

Mr. WU received his MBA degree from the China Europe International Business School (中歐國際工商學院) in September 2004. He also received his master's degree in computer application and bachelor's degree in computer communications from Beijing University of Posts and Telecommunications (北京郵電大學), formerly known as (北京郵電學院) in April 1992 and July 1989, respectively.

Mr. WU entered into a service agreement (the "**Service Agreement**") dated 2 January 2014 with the Company pursuant to which he agreed to act as an executive director for an initial period of three years (subject to re-election as and when required under the Articles of Association) until being terminated in accordance with his service agreement. The annual basic salary of Mr. WU has been adjusted to RMB600,000 since September 2015. The annual basic salary is determined by the Board based on his qualification, position and seniority. Under the Service Agreement, his remuneration may include share options and RSUs and he is also entitled to a discretionary management bonus of such amount as the Board may determine in light of the Company's business performance and his individual performance after confirmation with the remuneration committee and nomination committee of the Company.

As at the Latest Practicable Date, Mr. WU has personal interests in 447,112,000 Shares, through a controlled corporation, Bright Stream Holding Limited, representing approximately 15.64% of the issued share capital of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. WU (i) does not hold any other position with any members of the Group, (ii) is not related to any Director, senior management, substantial shareholder or controlling shareholder of the Company or other members of the Group, (iii) is not interested in other Shares within the meaning of Part XV of the SFO and, (iv) did not hold any directorships in other listed public companies in the last three years.

**APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO
BE RE-ELECTED AT THE ANNUAL GENERAL MEETING**

Save as disclosed above, Mr. WU has confirmed that there is no other information which is discloseable nor has he been involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and the Company is not aware of any other matters concerning Mr. WU's standing for re-election as Director that need to be brought to the attention of the Shareholders.

(3) **Mr. LI Chong (李冲)**, aged 47, is a co-founder of our Group and was appointed as our chief operating officer in September 2009 and executive Director in September 2009. He is responsible for the overall operations of our Group and the marketing and distribution of our products.

Mr. LI has more than fifteen years of experience in the information technology industry. Prior to joining the Group, he was one of the new project leaders of Altratek Guangdong from January 2008 to July 2009, where he was responsible for the design and operation of the company's products. In particular, he was a key participant in the feasibility study and development of Aobi Island. Prior to that, he was the president of Guangzhou Aochuang information Technology Co., Ltd. (廣州市奧創信息技術有限公司) from October 2000 to December 2008, where he was responsible for the overall operation and management of the company.

Mr. LI received his master's degree in business management from Jinan University (暨南大學) in June 2000. He also received his master's degree in communications and electric systems and bachelor's degree in telecommunications engineering from Beijing University of Posts and telecommunications (北京郵電大學) in April 1992 and July 1989, respectively.

Mr. LI entered into a service agreement (the "**Service Agreement**") dated 2 January 2014 with the Company pursuant to which he agreed to act as an executive director for an initial period of three years (subject to re-election as and when required under the Articles of Association) until terminated in accordance with his service agreement. The annual basic salary of Mr. LI is RMB922,000 which is determined by the Board based on his qualification, position and seniority. Under the Service Agreement, his remuneration may include share options and RSUs and he is also entitled to a discretionary management bonus of such amount as the Board may determine in light of the Company's business performance and his individual performance after confirmation with the remuneration committee and nomination committee of the Company.

As at the Latest Practicable Date, Mr. LI has personal interests in 203,304,000 Shares, through a controlled corporation, LNZ Holding Limited, representing approximately 7.11% of the issued share capital of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. LI (i) does not hold any other position with any members of the Group, (ii) is not related to any Director, senior management, substantial shareholder or controlling shareholder of the Company or other members of the Group, (iii) is not interested in other Shares within the meaning of Part XV of the SFO and, (iv) did not hold any directorships in other listed public companies in the last three years.

Save as disclosed above, Mr. LI has confirmed that there is no other information which is discloseable nor has he been involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and the Company is not aware of any other matters concerning Mr. LI's standing for re-election as Director that need to be brought to the attention of the Shareholders.

**APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO
BE RE-ELECTED AT THE ANNUAL GENERAL MEETING**

(4) **Mr. MA Xiaofeng (馬肖風)**, aged 52, was appointed as our independent non-executive Director on 18 March 2014.

Mr. MA is the co-founder, chairman and chief executive officer of ATA Inc., a professional services provider for testing, assessment and related services in China, and a public company listed on NASDAQ. Mr. MA has served as chairman of the board of directors of ATA Online (Beijing) Technology Limited (全美在線(北京)教育科技股份有限公司) which has been listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統), also known as the New Third Board (新三板) in China since July 2015.

The Company issued a letter of appointment to Mr. MA on 18 March 2014 pursuant to which he agreed to act as an independent non-executive director for a period of three years with effect from 18 March 2014 (subject to re-election as and when required under the Articles of Association) unless otherwise terminated in accordance with the terms and conditions specified in the Letter. Mr. MA is entitled to (i) a fee of US\$40,000 per annum, (ii) RSUs underlying 200,000 Shares of the Company granted by the Company on 21 March 2014 under the Pre-IPO RSU Scheme (of which 60,000 RSUs has been vested under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme on 22 March 2015 and 22 March 2016 respectively). The Company may, at its sole discretion, grant more RSUs from time to time, as determined by the Board, (iii) the Company may, at its sole discretion, consider and pay him a bonus of an amount as the Board may determine in light of the Company's business performance and his individual performance after confirmation with the remuneration committee and nomination committee.

As at the Latest Practicable Date, Mr. MA has (i) personal interests in 120,000 Shares and (ii) 80,000 RSUs granted pursuant to the Pre-IPO RSU Scheme of the Company representing approximately 0.007% of the issued share capital of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. MA (i) does not hold any other position with any members of the Group, (ii) is not related to any Director, senior management, substantial shareholder or controlling shareholder of the Company or other members of the Group, (iii) is not interested in the Shares within the meaning of Part XV of the SFO and, (iv) did not hold any directorships in other listed public companies in the last three years.

Save as disclosed above, Mr. MA has confirmed that there is no other information which is discloseable nor has he been involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and the Company is not aware of any other matters concerning Mr. MA's standing for re-election as Director that need to be brought to the attention of the Shareholders.

The following is an explanatory statement provides all Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution No. 5 on the notice of Annual General Meeting in relation to the Share Repurchase Mandate. This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules which is set out as follows:

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company of 2,858,772,000 Shares have been fully paid. As at the same date, there were outstanding Options granted under the Pre-IPO Share Option Scheme to subscribe for 2,340,000 Shares and outstanding RSUs granted under the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme in respect of 40,833,000 Shares and 77,560,000 Shares, respectively.

Subject to the passing of the proposed ordinary resolution No. 5 on the notice of Annual General Meeting approving the renewal of the Share Repurchase Mandate and assuming that no further Shares will be issued or repurchased following the Latest Practicable Date and prior to the date of the Annual General Meeting, the maximum number of Shares which may be purchased pursuant to the Share Repurchase Mandate as at the date of passing the proposed ordinary resolution No. 5 in the notice of the Annual General Meeting will be 285,877,200 Shares, representing 10% of the number of Shares in issue as at the date of the Annual General Meeting (assuming the number of issued Shares remains unchanged following the Latest Practicable Date and prior to the date of the Annual General Meeting). The Directors wish to state that they have no immediate plan to repurchase any Shares pursuant to the Share Repurchase Mandate.

2. REASONS FOR SHARE REPURCHASE

The Directors believe that the granting of the Share Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole.

Repurchase of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF SHARE REPURCHASE

The Company is empowered by its Articles of Association to repurchase Shares. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association, the laws of the Cayman Islands and/or any other applicable laws, as the case may be.

4. IMPACT OF SHARE REPURCHASE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position as at 31 December 2015, being the date to which the last audited accounts of the Company were made up) in the event that the Share Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. MARKET PRICES OF SHARES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months immediately prior to the Latest Practicable Date quoted on the website of the Stock Exchange were as follows:

Month	Highest HK\$	Lowest HK\$
2015		
April	1.594	0.970
May	1.354	0.941
June	1.267	0.770
July	0.870	0.410
August	0.630	0.415
September	0.540	0.400
October	0.640	0.500
November	0.650	0.500
December	0.620	0.490
2016		
January	0.590	0.450
February	0.500	0.440
March	0.500	0.465
April (<i>up to the Latest Practicable Date</i>)	0.480	0.425

6. GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates have any present intention to sell any Shares to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Share Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong and the Cayman Islands.

7. TAKEOVERS CODE IMPLICATIONS

If as a result of a repurchase of Shares pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 and Rule 32 of the Takeovers Code.

To the best knowledge of the Directors and according to the register of substantial shareholders interests in Share kept under section 336 of Part XV of the SFO, as at the Latest Practicable Date, Stmoritz Investment Limited, Bright Stream Holding Limited and LNZ Holding Limited were interested in, respectively, 749,460,000 Shares (representing approximately 26.22% of the total issued share capital of the Company), 447,112,000 Shares (representing approximately 15.64% of the total issued share capital of the Company), 203,304,000 Shares (representing approximately 7.11% of the total issued share capital of the Company). In the event that the Directors exercise the proposed Share Repurchase Mandate in full, the shareholding of Stmoritz Investment Limited, Bright Stream Holding Limited and LNZ Holding Limited in the Company would be increased to approximately 29.13%, 17.38% and 7.90%, respectively. Such increase is not expected to give rise to an obligation to make a mandatory offer under Rule 26 of the Takeover Code.

Save as aforesaid, the Directors are not aware of any consequences of any purchases made under the Share Repurchase Mandate which may arise under the Takeovers Code.

The Directors have no intention to exercise the Share Repurchase Mandate to such an extent which will result in the aggregate number of Shares held by the public shareholders falling below the minimum requirement of public float by the Stock Exchange.

8. INTENTION OF DIRECTORS AND CORE CONNECTED PERSONS TO SELL SHARES

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates have any present intention to sell any Shares to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Share Repurchase Mandate in accordance with the Listing Rules, the Articles and the applicable laws of the Cayman Islands.

9. SHARE REPURCHASE MADE BY THE COMPANY

During the 6 months immediately prior to the Latest Practicable Date, the Company had not repurchased any of the Shares (whether on the Stock Exchange or otherwise).

The following is to provide Shareholders with information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution No. 8 on the notice of Annual General Meeting in respect of the approval of the RSU Mandate.

The Post-IPO RSU Scheme

Reference is made to the circular of the Company dated 24 April 2015 and the supplementary circular of the Company dated 14 May 2015, respectively, in relation to, among other things, the amendment to the Post-IPO RSU Scheme and a specific mandate to the Directors to grant RSUs in respect of underlying Shares not exceeding 4.0% of the Shares in issue, with a 2.0% annual limit (the “**2015 RSU Mandate**”). At the 2015 Annual General Meeting, the amendment to the Post-IPO RSU Scheme was approved and the 2015 RSU Mandate was granted. The 2015 RSU Mandate will lapse at the conclusion of the Annual General Meeting.

The Post-IPO RSU Scheme is the only share-based incentive scheme that the Company has in place to incentivize its employees after the Listing. Given that the Company is one of PRC’s largest online entertainment destinations designed for children while such industry is becoming increasingly competitive in attracting talents and the base of the Company’s own talent pools continues to grow, there is a pressing need for the Company to grant RSUs to incentivize its employees and to align their interest with that of the Company. The Post-IPO RSU Scheme may also assist the Company in retaining the management of potential targets in case of any mergers and acquisitions situations.

The 2015 RSU Mandate

Pursuant to the 2015 RSU Mandate, the Directors were authorized to grant awards of RSUs pursuant to the Post-IPO RSU Scheme in respect of 112,426,480 Shares, representing 4.0% of the Shares in issue as at the date of the 2015 Annual General Meeting. In addition, the total number of Shares that could be granted under the 2015 RSU Mandate is subject to an annual limit of 2% of the Shares in issue as at the date of the 2015 Annual General Meeting.

Utilization

The utilization of the 2015 RSU Mandate during the period from the date of approving the amendment to the Post-IPO RSU Scheme and the granting of the 2015 RSU Mandate and up to the Latest Practicable Date (the “2015 RSU Mandate Applicable Period”) is summarized as follows:

Grantees	Numbers of RSUs granted	Grant date	Vesting period
Dr. XU Gang	30,000,000	10 July 2015 ⁽¹⁾	Note 1
Other employees of the Group	<u>65,780,000</u>	10 July 2015	Note 2
Total	<u>95,780,000</u>	—	—

Notes:

- (1) The grant of certain RSUs to the subjected RSU grantee under the Post-IPO RSU Scheme was approved by the independent shareholders of the Company on 14 August 2015. The RSUs granted to the subjected RSU grantee under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
- 20% of the RSUs on 5 March 2016;
 - 20% of the RSUs on 5 March 2017;
 - 30% of the RSUs on a quarterly basis from 5 March 2017 to 5 March 2018; and
 - 30% of the RSUs on a quarterly basis from 5 March 2018 to 5 March 2019.
- (2) For details of the vesting schedules for the RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme, please refer to the announcement of the Company dated 10 July 2015.

As at the Latest Practicable Date, a total of 95,780,000 RSUs were granted pursuant to the 2015 RSU Mandate, represented approximately 3.41% of the Shares in issue as at the date of the 2015 Annual General Meeting and approximately 85.19% of the maximum number of Shares that underlie the RSUs of which Board was authorized to grant under the 2015 RSU Mandate.

As at 31 December 2015, 47,890,000 Shares, represented approximately 1.70% of the Shares in issue as at the date of the 2015 Annual General Meeting, have been issued and allotted to Baiduo Investment Holding Limited, a company incorporated in the BVI and an independent third party, as the nominee to administer the Post-IPO RSU Scheme pursuant to the Post-IPO RSU and the vesting schedules. During the period from 31 December 2015 and up to the Latest Practicable Date, no further Shares have been issued and allotted pursuant to the Post-IPO RSU.

Lapse and cancellation

As at the Latest Practicable Date, an aggregate of 18,220,000 RSUs granted during the 2015 RSU Mandate Applicable Period had lapsed or vested or had otherwise been canceled. Therefore, as at Latest Practicable Date, there were a total of 77,560,000 RSUs outstanding under the Post-IPO RSU Scheme.

Unused 2015 RSU Mandate

The number of Shares that underlie the RSUs that may still be granted pursuant to the 2015 RSU Mandate between the Latest Practicable Date and the conclusion of the Annual General Meeting is 16,646,480 Shares representing 0.58% of the Shares in issue as at the Latest Practicable Date.

The Directors confirmed that as at the Latest Practicable Date, the Company has no intention to grant further RSUs pursuant to the 2015 RSU Mandate.

The RSU Mandate to be sought at the Annual General Meeting***Reasons for renewal of the RSU Mandate***

The purpose of the Post-IPO RSU Scheme is to enable the Company to grant RSUs to eligible participants (as defined under the Post-IPO RSU Scheme) as incentives and/or rewards for their contribution to the Group, to better reward the personnel who have contributed to the development and success of the Group, to incentivize them to remain with the Group, to motivate them to strive for the future development and expansion of the Group, and to attract skilled and experienced personnel for the further development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. In particular, it is noted that online/mobile game industry and e-commerce industry are expanding rapidly and participants are facing fierce competition, and experience of the senior management team in managing the businesses within such industries is a critical factor in implementing sound long-term strategies of the Group. As such, the renewal of the RSU Mandate will benefit the Group's future success by way of retention of capable talents and continuity of the experienced senior management team.

The RSU Mandate

As set out on the ordinary resolution No. 8 on the notice of Annual General Meeting, a resolution will be proposed at the Annual General Meeting to give the Directors a specific mandate to grant RSUs in respect of a maximum number of the underlying Shares not exceeding 4.0% of the Shares in issue, and during The Applicable Period not exceeding 2.0% of the Shares in issue, as at the date of passing such mandate, and to allot, issue and deal with the Shares underlying the RSUs granted pursuant to the Post-IPO RSU Scheme during the Applicable Period as and when such RSUs vest.

Subject to the passing of the relevant resolution to approve the RSU Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the Annual General Meeting, the Directors would be authorized to exercise the powers of the Company to grant RSUs in respect of a maximum number of 114,350,880 underlying Shares.

For the avoidance of doubt, any Shares issued pursuant to the RSU Mandate will not be counted towards the Shares to be issued (if any) pursuant to the Issuance Mandate proposed under the ordinary resolution No. 6 on the notice of Annual General Meeting.

As at the Latest Practicable Date, no Eligible Person has been proposed or identified by the Board to be granted any RSUs under the RSU Mandate.

Shareholders who were also Eligible Persons under the Post-IPO RSU Scheme would be required to abstain from voting on the ordinary resolution No. 8 on the notice of Annual General Meeting in relation to the RSU Mandate.

Cost of Granting RSUs

The cost attributable to the grant of any RSUs under the Post-IPO RSU Scheme will be accounted for by reference to the market value of the Shares at the time of grant, adjusted to take into account the terms and conditions upon which Shares were granted.

The Directors consider that it is not appropriate or helpful to the Shareholders to state the value of all RSUs that can be granted under the Post-IPO RSU Scheme or the RSU Mandate being sought as if they had been granted on the Latest Practicable Date. The Directors believe that any statement regarding the value of all RSUs as at the Latest Practicable Date will not be meaningful to the Shareholders, since the RSUs to be granted shall not be assignable, and no holder of the RSUs shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any RSUs.

In addition, the calculation of the value of the RSUs is based on a number of variables such as vesting period and other relevant variables. The Directors believe that any calculation of the value of the RSUs as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

The Company will give due consideration to any financial impact arising from the grant of the RSUs under the Post-IPO RSU Scheme before exercising the RSU Mandate.

Dilution Effect

The table below is for illustration only and sets out the shareholding structure of the Company:

- (i) as at the Latest Practicable Date;
- (ii) immediately after the allotment and issue of 47,890,000 new Shares required for vesting of all outstanding RSUs as at the Latest Practicable Date, and assuming no other Shares will be issued between the Latest Practicable Date and the date until all such new Shares are issued (the “**Full Vesting of Outstanding RSUs Scenario**”); and

- (iii) immediately after (a) the allotment and issue of 47,890,000 new Shares required for vesting of all outstanding RSUs as at the Latest Practicable Date, and (b) allotment and issue of new Shares underlying the RSUs that the Board may be authorized to grant under the RSU Mandate during the Applicable Period upon vesting of such RSUs in full, and assuming no other Shares will be issued between the Latest Practicable Date and the date until all such new Shares are issued (the “**Annual Grant Scenario**”).
- (iv) immediately after (a) the allotment and issue of 47,890,000 new Shares required for vesting of all outstanding RSUs as at the Latest Practicable Date, and (b) allotment and issue of all new Shares underlying all the RSUs that the Board may be authorized to grant under the 4.0% limit under the RSU Mandate upon vesting of such RSUs in full, and assuming no other Shares will be issued between the Latest Practicable Date and the date until all such new Shares are issued (the “**Fully Grant Scenario**”).

Names	As at the Latest Practicable Date		Full Vesting of Outstanding RSUs Scenario		Annual Grant Scenario		Fully Grant Scenario	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Participants granted with outstanding RSUs pursuant to the 2015 RSU Mandate	—	0.00%	47,890,000	1.65%	47,890,000	1.62%	47,890,000	1.59%
Participants that may be granted with RSUs pursuant to the RSU Mandate	—	0.00%	—	0.00%	57,175,440	1.93%	114,350,880	3.79%
Other Shareholders	2,858,772,000	100.00%	2,858,772,000	98.35%	2,858,772,000	96.46%	2,858,772,000	94.63%
Total	2,858,772,000	100.00%	2,906,662,000	100.00%	2,963,837,440	100.00%	3,021,012,880	100.00%

Listing Approval

An application will be made by the Company as soon as practicable to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares which may be allotted and issued to satisfy the RSUs which may be granted under the Post-IPO RSU Scheme pursuant to the RSU Mandate.

The following is to provide Shareholders with information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution No. 9 on the notice of Annual General Meeting in respect of the approval of the Specific Mandate.

CONSULTANCY AGREEMENT

The principal terms of the Consultancy Agreement are summarized as follows:

Date

20 April 2016 (after trading hours)

Parties and Term

- (a) the Company; and
- (b) the Consultant.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Consultant and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons. Save as disclosed above, there are no other arrangements between the Consultant and the Company and its connected persons. The Consultant is not in possession of information regarding any potential deals or other information about the Company that might crystallize over the exercise period of the Consultant Options.

Pursuant to the Consultancy Agreement, the Consultant is appointed as an investor relations consultant in mainland China to the Company for a term of three years commencing from the date of the Consultancy Agreement to assist the Company in promoting and maintaining the communication and relationship with the investors and financial news media in mainland China. In performing its services under the Consultancy Agreement, the Consultant must not violate any rules and provisions in relation to inside information and notifiable transactions under the Listing Rules and the SFO and should not perpetrate any conduct which constitutes market misconduct under the SFO.

Consideration and Grant of the Consultant Options

As a consideration for the Consultant's services, the Company has agreed to (i) pay a monthly fee of HK\$30,000 (equivalent to a total amount of HK\$1,080,000) during the term of the Consultancy Agreement to the Consultant and (ii) grant the Consultant Options to the Consultant to subscribe for an aggregate of 10,000,000 Shares at the Exercise Price of HK\$0.70 per Share during the Consultant Option Period. The aggregate of 10,000,000 Consultant Option Shares to be issued upon the exercise of the subscription rights attaching to the Consultant Options represent:

- (a) approximately 0.35% of the existing issued share capital of the Company as at the date of the Consultancy Agreement (which is also the Latest Practicable Date); and
- (b) approximately 0.35% of the issued share capital of the Company as enlarged by the Consultant Option Shares.

Other Principal Terms of the Consultant Options***Issue Price***

The Consultant Options are issued at nil cost and as consideration for the services to be provided by the Consultant under the Consultancy Agreement.

Exercise Price

The Exercise Price is HK\$0.70 per Consultant Option Share. The Exercise Price represents:

- (a) a premium of approximately 59.1% to the closing price of HK0.44 per Share as quoted on the Stock Exchange on the date of the Consultancy Agreement (which is also the Latest Practicable Date);
- (b) a premium of approximately 57.0% to the average of the closing prices of approximately HK\$0.446 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Consultancy Agreement (which is also the Latest Practicable Date);
- (c) a premium of approximately 53.8% to the average of the closing prices of approximately HK\$0.455 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Consultancy Agreement (which is also the Latest Practicable Date);
- (d) a premium of approximately 6.2% to the latest net asset value per Share of approximately HK\$0.659 as at 31 December 2015 (based on the financial position of the Group as of 31 December 2015 as set out in the annual results announcement of the Company published on 29 March 2016 and the number of issued Shares as at the Latest Practicable Date and at the exchange rate of RMB1.00 = HK\$1.20).

The Exercise Price will be paid to the Company by the Consultant upon exercise of the Consultant Options.

The Issue Price and the Exercise Price were negotiated on an arm's length basis between the Company and the Consultant and were determined with reference to, among other things, the prevailing market price of the Shares, the recent trading volume of the Shares, the duration of the Consultant Option Period and the services to be provided by the Consultant under the Consultancy Agreement.

Consultant Option Period

The Consultant Option Period is a period of three years commencing on the date of granting such Consultant Options, being the date of the Consultancy Agreement, and ending on 19 April 2019. The Consultant Options shall be valid during the Consultant Option Period save for certain circumstances prescribed under the Consultancy Agreement.

Conditions

The Company shall issue the Consultant Options upon, among the other matters, the fulfillment of the following conditions:

- (a) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consultant Option Shares; and
- (b) the passing of the proposed ordinary resolution No. 9 in the notice of the Annual General Meeting by the Shareholders at the Annual General Meeting to allot and issue new Shares in respect of underlying Consultant Option Shares pursuant to the exercise of the subscription rights attaching to the Consultant Options.

If such conditions are not fulfilled within three months after the date of the Consultancy Agreement (or such other date as may be agreed between the Company and the Consultant), the Consultancy Agreement shall be terminated and neither the Company nor the Consultant shall have any claim against the other for any costs or losses (save for any prior breaches of the Consultancy Agreement).

*Exercise of the Consultant Options**Exercise Period and Exercise Conditions*

Subject to the above conditions, the Consultant will be entitled to exercise the Consultant Options (or part thereof) by serving an option exercise notice to the Company together with the Exercise Price payable in respect of the number of Shares to be issued upon exercise of such Consultant Options (or such part thereof), upon the following conditions are met:

- (a) up to 30% of the Consultant Options become exercisable, if at any time during the Consultant Option Period, the market capitalization of the Company exceeds HK\$2.6 billion;
- (b) up to 60% of the Consultant Options become exercisable, if at any time during the Consultant Option Period, the market capitalization of the Company exceeds HK\$3.1 billion; and
- (c) up to 100% of the Consultant Options become exercisable, if at any time during the Consultant Option Period, the market capitalization of the Company exceeds HK\$3.7 billion.

Early Termination

In the event of early termination of the Consultancy Agreement, the Consultant could still exercise the relevant Consultant Options if the above exercise conditions are satisfied within 3 months after the early termination of the Consultancy Agreement (the “**Extended Period**”). All outstanding Consultant Options will lapse after the Extended Period.

Basis for determining the terms of the Consultant Options

The number of Consultant Option Shares to be granted and the Exercise Price were determined based on arm's length negotiations between the parties, with reference to market value for equivalent services and current market price of the Shares. The Consultant Option Period was determined with reference to the service terms (three years) under the Consultancy Agreement and the exercise conditions were determined based on, among other things, the current capital market trends and the Company's long-term and mid-term goals.

Specific Mandate

As set out on the ordinary resolution No. 9 on the notice of Annual General Meeting, a resolution will be proposed at the Annual General Meeting to give the Directors a specific mandate to allot and issue the Consultant Option Shares to the Consultant pursuant to the exercise of the subscription rights attaching to the Consultant Options as fully paid Shares. The Annual General Meeting will be held to consider and, if though fit, pass the requisite resolutions to approve, among other things, the Consultancy Agreement and the transactions contemplated thereunder including the Specific Mandate for the grant of the Consultant Options and for the allotment and issue of the Consultant Option Shares. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the Consultancy Agreement as at the Latest Practicable Date. Accordingly, none of the Shareholders will be required to abstain from voting at the Annual General Meeting in respect of the Consultancy Agreement and the Specific Mandate.

The Company had considered the circumstances that the granting of the Specific Mandate may not be approved by the Shareholders at the Annual General Meeting. In the event that the proposed Specific Mandate is not approved by the Shareholders at the Annual General Meeting, the Company and the Consultant will explore other performance based consideration for the Consultant's services provided pursuant to the Consultancy Agreement. The revised consideration term will be announced by the Company after it has been agreed with the Consultant.

For the avoidance of doubt, any Shares issued pursuant to the Specific Mandate will not be counted towards the Shares to be issued (if any) pursuant to the Issuance Mandate proposed under the ordinary resolution No. 6 on the notice of Annual General Meeting.

Ranking of the Consultant Option Shares

The Consultant Option Shares, when issued and allotted, shall rank *pari passu* in all respects among themselves and with all other Shares in issue on the date of the issue and allotment of the Consultant Option Shares and will accordingly entitle the Consultant to participate in full in all dividends or other distributions paid or made on the Shares on or after the relevant day on which the Consultant Option(s) are duly exercised other than any dividend or other distribution previously declared, or recommended or resolved to be paid or made if the record date therefor shall be before the relevant exercise date.

Rights to Participate in Distributions and/or Offers of further Securities

The Consultant does not have any right under the Consultancy Agreement to participate in any distributions and/or offers of further securities made by the Company before the exercise of the Consultant Options.

Transferability

The Consultant Options shall be fully assignable by the Consultant to any party. In the event of a transfer of the Consultant Options to a connected person of the Company, prior approval from the Company shall be obtained.

Voting

The holder of the Consultant Options will not be entitled to attend or vote at any meetings of the Company by reason only of it being a holder of the Consultant Option and will not be entitled to receive notice of any meetings of the Company.

Adjustment

If the Shares by reason of any consolidation or sub-division become of a different nominal amount whilst any Consultant Option is outstanding, such corresponding adjustments (if any) shall be made to:

- (a) the number or nominal amount of the Consultant Option Shares then remaining subject to the Consultant Options so far as unexercised, or
- (b) the Exercise Price,

or any combination thereof, provided that any such adjustments should give the Consultant the same proportion of the equity capital of the Company as that to which the Consultant was previously entitled.

Rights of the Option holders on the liquidation of the Company

If the Company is wound up during the Consultant Option Period, the Consultant Options shall lapse, save for in the event of a voluntary winding-up, the holder of the Consultant Options shall be entitled to exercise the Consultant Options no later than two business days prior to the proposed general meeting of the Company for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company.

Use of Proceeds

The gross proceeds of the Consultant Option Shares upon the exercise in full will be HK\$7.0 million. The net proceeds (after deducting all applicable costs and expenses) of approximately HK\$7.0 million from the Consultant Option Shares are intended for general working capital purposes of the Group.

Application for Listing

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consultant Option Shares that may fall to be issued upon exercise of the Consultant Options.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY

The Company has not raised any fund in the twelve months immediately preceding the Latest Practicable Date.

REASONS FOR ENTERING INTO THE CONSULTANCY AGREEMENT

The Directors consider that the purpose of compensating the Consultant in the form of the Consultant Options is to put the interests of the Consultant in line with the future share price performance of the Company, which, to certain extent, ties up with the quality and successfulness of the services provided by the Consultant to the Company.

Accordingly, the Directors are of the view that the terms of the Consultancy Agreement and the Exercise Price, which were arrived at after arm's length negotiation between the Company and the Grantee, are fair and reasonable based on the current market conditions and the entering into of the Consultancy Agreement is in the interests of the Company and the Shareholders of the Company as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 2,858,772,000 Shares in issue. For illustration purpose only, the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the allotment and issue of the Consultant Option Shares in full are as follows:

	As at the Latest Practicable Date		Immediately after allotment and issue of Consultant Option Shares in full⁽⁶⁾	
	<i>Number of Shares</i>	<i>Approximate Percentage</i>	<i>Number of Shares</i>	<i>Approximate Percentage⁽⁶⁾</i>
Shareholders				
Stmoritz Investment Limited ⁽¹⁾	749,460,000	26.22%	749,460,000	26.12%
Bright Stream Holding Limited ⁽²⁾	447,112,000	15.64%	447,112,000	15.59%
LNZ Holding Limited ⁽³⁾	203,304,000	7.11%	203,304,000	7.09%
Angel Wang Holding Limited ⁽⁴⁾	74,544,000	2.61%	74,544,000	2.60%
Directors ⁽⁵⁾	40,600,000	1.42%	40,600,000	1.42%
The Consultant	—	—	10,000,000	0.35%
Public Shareholders	<u>1,343,752,000</u>	<u>47.00%</u>	<u>1,343,752,000</u>	<u>48.84%</u>
 Total	 <u>2,858,772,000</u>	 <u>100.00%</u>	 <u>2,868,772,000</u>	 <u>100.00%</u>

Notes:

- 1 The entire share capital of Stmoritz Investment Limited is wholly-owned by DAE Holding Investments Limited and ultimately owned by TMF (Cayman) Ltd. as the trustee of the DAE Trust, which is a discretionary trust set up by Mr. DAI Jian (“**Mr. DAI**”) on 27 December 2013 for the benefit of himself and his family members, and Mr. DAI is a settlor and protector. Mr. DAI (as founder of the DAE Trust), DAE Holding Investments Limited and TMF (Cayman) Ltd. are taken to be interested in 749,460,000 Shares held by Stmoritz Investment Limited (without taking into account any Shares to be issued upon exercise of any share options under the Pre-IPO Share Option Scheme and pursuant to the Post-IPO RSU Scheme) pursuant to Part XV of the SFO. Mr. DAI is the chairman of the Board and an executive Director.
- 2 The entire share capital of Bright Stream Holding Limited is wholly-owned by WHEZ Holding Ltd. and ultimately owned by TMF (Cayman) Ltd. as the trustee of the WHZ Trust, which is a discretionary trust set up by Mr. WU Lili (“**Mr. WU**”) on 27 December 2013 for the benefit of himself and his family members, and Mr. WU is a settlor and protector. Mr. WU (as founder of the WHZ Trust), WHEZ Holding Ltd. and TMF (Cayman) Ltd. are taken to be interested in 447,112,000 Shares held by Bright Stream Holding Limited (without taking into account any Shares to be issued upon exercise of any share options under the Pre-IPO Share Option Scheme and pursuant to the Post-IPO RSU Scheme) pursuant to Part XV of the SFO. Mr. WU is an executive Director.
- 3 The entire share capital of LNZ Holding Limited is owned by Golden Water Management Limited, which is wholly owned by TMF (Cayman) Ltd. as the trustee of The Zhen Family Trust, which is a discretionary trust set up by Mr. LI Chong (“**Mr. LI**”) on 27 December 2013 for the benefit of himself and his family members, and Mr. LI is a settlor and protector. Mr. LI (as founder of The Zhen Family Trust), Golden Water Management Limited and TMF (Cayman) Ltd. are taken to be interested in 203,304,000 Shares held by LNZ Holding Limited (without taking into account any Shares to be issued upon exercise of any share options under the Pre-IPO Share Option Scheme and pursuant to the Post-IPO RSU Scheme) pursuant to Part XV of the SFO. Mr. LI is an executive Director.
- 4 The entire share capital of Angel Wang Holding Limited is owned by Charlotte Holding Limited, which is wholly-owned by TMF (Cayman) Ltd. as the trustee of the WSW Family Trust, which is a discretionary trust set up by Mr. WANG Xiaodong (“**Mr. WANG**”) on 27 December 2013 for the benefit of himself and his family members, and Mr. WANG is a settlor and protector. Mr. WANG (as founder of the WSW Family Trust), Charlotte Holding Limited and TMF (Cayman) Ltd. are taken to be interested in 74,544,000 Shares held by Angel Wang Holding Limited (without taking into account any Shares to be issued upon exercise of any share options under the Pre-IPO Share Option Scheme and pursuant to the Post-IPO RSU Scheme) pursuant to Part XV of the SFO. Mr. WANG is an executive Director.
- 5 Each of Mr. DAI (an executive Director), Ms. LIU Qianli, Dr. WANG Qing and Mr. MA Xiaofeng (each an independent non-executive Director) is interested in 10,000,000, 200,000, 200,000 and 200,000 RSUs granted to him/her under the Pre-IPO RSU Scheme entitling him/her to receive 10,000,000, 200,000, 200,000 and 200,000 Shares subject to vesting, respectively. In addition, Dr. XU Gang, an executive Director, is interested in 30,000,000 RSUs granted to him under the Post-IPO RSU Scheme entitling him to receive 30,000,000 Shares subject to vesting.
- 6 Assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the date of allotment and issue of Consultant Option Shares in full.

ISSUE OF CONSULTANT OPTION SHARES

Pursuant to Rule 15.02(1) of the Listing Rules, the Consultant Option Shares to be issued upon exercise of the Consultant Options must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20.0% of the issued share capital of the Company at the time the Consultant Options are granted. Options granted under employee or executive share schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit.

As at the Latest Practicable Date, there were outstanding Options granted under the Pre-IPO Share Option Scheme to subscribe for 2,340,000 Shares and outstanding RSUs granted under the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme in respect of 40,833,000 Shares and 77,560,000 Shares, respectively.

The new Shares which will be issued upon full exercise of the Consultant Options and the outstanding Options under the Pre-IPO Share Option Scheme and upon full vesting of the outstanding RSUs under the Pre-IPO RSU Scheme and Post-IPO RSU Scheme are 60,230,000 Shares, which is less than 20% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, the issue of the Consultant Options is in compliance with Rule 15.02(1) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**Annual General Meeting**”) of BAIOO Family Interactive Limited (the “**Company**”) will be held at 15/F, Room 1501-02, HKUST Business School Central, Hong Kong Club Building, 3A Chater Road, Central, Hong Kong at 3:00 p.m. on Friday, 27 May 2016 for the following purposes of considering and, if thought fit, passing (with or without amendments) the following purposes:

1. To receive the audited consolidated financial statements of the Company and the reports of the directors of the Company (the “**Directors**”) and auditor of the Company (the “**Auditor**”) for the year ended 31 December 2015.
2. To declare a special dividend of HK\$0.018 per ordinary share of the Company (“**Share(s)**”) for the year ended 31 December 2015.
3. To consider and approve, each as a separate resolution, if thought fit, the following resolutions:
 - (a) to re-elect Dr. XU Gang as an executive director;
 - (b) to re-elect Mr. WU Lili as an executive director;
 - (c) to re-elect Mr. LI Chong as an executive director; and
 - (d) to re-elect Mr. MA Xiaofeng as an independent non-executive director;
 - (e) to authorise the board of Directors of the Company (the “**Board**”) to fix the remuneration of Directors;
4. To re-appoint PricewaterhouseCoopers as the Auditor and to authorize the Board to fix their remuneration.
5. To consider and, if thought fit, pass with or without amendments, the following resolution as ordinary resolution:

“THAT:

- (a) subject to paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the Directors to exercise during the Relevant Period (as defined below) all the powers of the Company to repurchase its Shares in accordance with all applicable laws, rules and regulations;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the total number of Shares to be purchased pursuant to the mandate in paragraph (a) of this resolution shall not exceed 10% of the total number of issued Shares as at the date of passing of this resolution, subject to adjustments according to any subsequent consolidation or subdivision of Shares; and
 - (c) for the purposes of this resolution:
 - “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”
6. To consider and, if thought fit, pass with or without amendments, the following resolution as ordinary resolution:
- “**THAT:**
- (a) subject to paragraph (c) of this resolution, a general mandate be and is hereby generally and unconditionally given to the Directors during the Relevant Period (as defined below) to allot, issue and deal with additional Shares, to grant rights to subscribe for, or convert any securities into, Shares (including the issue of any securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares) and to make or grant offers, agreements and options which might require the exercise of such powers;
 - (b) the mandate in paragraph (a) of this resolution shall authorize the Directors to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the mandate in paragraph (a) of this resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) the exercise of options under a share option scheme of the Company or a restricted share units scheme of the Company, including without limitation to (i) the share option plan approved and adopted by the Company on 18 June 2010, (ii) the restricted share unit plan approved and adopted by the Company on 30 September 2013 and (iii) the post-IPO restricted share unit scheme adopted by the Company on 18 March 2014, which took effect on 10 April 2014 and was amended on 19 June 2015;

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the exercise of rights of the subscription or conversion under the terms of any warrants to be issued by the Company or any securities which are convertible into Shares; and
- (iv) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company,

shall not exceed 20% of the total number of issued Shares on the date of passing of this resolution, subject to adjustments according to any subsequent consolidation or subdivision of Shares; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Right Issue” means an offer of Shares or an issue of options, warrants or other securities giving the right to subscribe for Shares, open for a period fixed by the Directors to holders of Shares or any class thereof on the register of members on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”

- 7. To consider and, if thought fit, pass with or without amendments, the following resolution as ordinary resolution:

“THAT conditional upon the passing of the resolutions set out in items 5 and 6 of the notice convening this meeting (the **“Notice”**), the general mandate referred to in the resolution set out in item 6 of the Notice be and is hereby extended by the addition to the aggregate number of Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors pursuant to such general mandate of the number of Shares repurchased by the Company pursuant to the mandate referred to in resolution set out in item 5 of the Notice, provided that such amount shall not exceed 10% of the total number of issued Shares as at the date of passing of this resolution.”

NOTICE OF ANNUAL GENERAL MEETING

8. To consider and, if thought fit, pass with or without amendments, the following resolution as ordinary resolution:

“**THAT** the exercise by the Directors of all powers of the Company to grant restricted share units (the “**RSUs**”) pursuant to the post-IPO restricted share unit scheme adopted by the Company on 18 March 2014, effective on 10 April 2014 and amended on 19 June 2015 (the “**Post-IPO RSU Scheme**”), in respect of underlying Shares not exceeding 4.0% of the Shares in issue as at the date of passing this resolution, and during the period from the date of passing this resolution until the earlier of (a) the conclusion of the Company’s next annual general meeting, (b) the end of the period within which the Company is required by any applicable law or the Articles to hold the next annual general meeting and (c) the date on which this resolution is varied or revoked by an ordinary resolution of the Company’s shareholders in general meeting (the “**Applicable Period**”) not exceeding 2.0% of the Shares in issue as at the date of passing this resolution, and to allot, issue and deal with Shares underlying the RSUs to be granted pursuant to the Post-IPO RSU Scheme during the Applicable Period as and when such RSUs vest, be and is hereby generally and unconditionally approved.”

9. To consider and, if thought fit, pass with or without amendments, the following resolution as ordinary resolution:

“**THAT:**

- (a) the Consultancy Agreement (as defined in paragraph (c) below) and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified and the Directors be and are hereby unconditionally granted a specific mandate (the “**Specific Mandate**”) to allot and issue the Consultant Option Shares (as defined in paragraph (c) below) to the Consultant (to be defined in paragraph (c) below) pursuant to the exercise of the subscription rights attaching to the Consultant Options (as defined in paragraph (c) below) as fully paid Shares, provided that the Specific Mandate shall be in addition to and shall not prejudice nor revoke the general mandate referred to in the resolution set out in item 6 of the Notice;
- (b) any one Director be and is hereby authorized to exercise all the powers of the Company and take such actions, do such things, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in this resolution; and
- (c) for the purposes of this resolution:

“**Consultant**” means Hong Kong Zhixin Financial News Agency Limited (香港智信財經通訊社有限公司), a company incorporated under the laws of Hong Kong and principally engaged in providing investor relations services;

“**Consultancy Agreement**” means the agreement dated 20 April 2016 entered into between the Company and the Consultant;

“**Consultant Options**” means the options granted by the Company to the Consultant attached with it the rights to subscribe for the Consultant Option Shares at the Exercise Prices during the Consultant Option Period pursuant to the Consultancy Agreement; and

NOTICE OF ANNUAL GENERAL MEETING

“**Consultant Option Shares**” means an aggregate of up to 10,000,000 Shares to be allotted and issued by the Company pursuant to the Consultancy Agreement.”

By Order of the Board
BAIOO Family Interactive Limited
DAI Jian
Chairman and Executive Director

Hong Kong, 27 April 2016

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint more than one proxy to attend and vote instead of him provided that each proxy is appointed to represent the respective number of shares held by the shareholder as specified in the relevant proxy form. A proxy need not be a shareholder of the Company.
3. In order to be valid, the completed form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company 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 Annual General Meeting, 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.
5. For determining the entitlement to the proposed special dividend (subject to approval by the shareholders at the Annual General Meeting), the register of members of the Company will be closed from Thursday, 2 June 2016 to Friday, 3 June 2016, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed special dividend, unregistered holders of Shares 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 Wednesday, 1 June 2016.
6. In the event of inconsistency, the English text of this notice shall prevail over the Chinese text.