

CHANGYOU ALLIANCE GROUP LIMITED
暢由聯盟集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1039)

23 July 2024

To the Independent Shareholders

Dear Sir or Madam,

(I) CONTINUING CONNECTED TRANSACTIONS
(i) THIRD SUPPLEMENTAL 2019 FACILITY AGREEMENT
IN RELATION TO THE GRANT OF 2019 REVOLVING LOAN FACILITY;
AND
(ii) SUPPLEMENTAL 2021 FACILITY AGREEMENT
IN RELATION TO THE GRANT OF 2021 REVOLVING LOAN FACILITY

We refer to the circular of the Company to the Shareholders dated 23 July 2024 (the “Circular”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as defined in the Circular.


The Independent Board Committee has been established to advise the Independent Shareholders on whether the Third Supplemental 2019 Facility Agreement, the Supplemental 2021 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Cap, the proposed 2021 Revolving Loan Facility Annual Cap and the transactions contemplated under the Third Supplemental 2019 Facility Agreement and the Supplemental 2021 Facility Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter from the Board as set out on pages 8 to 34 of the Circular and the letter of advice from Red Sun, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders as set out on pages 37 to 61 of the Circular in relation to the Third Supplemental 2019 Facility Agreement, the Supplemental 2021 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Cap, the proposed 2021 Revolving Loan Facility Annual Cap and the transactions contemplated under the Third Supplemental 2019 Facility Agreement and the Supplemental 2021 Facility Agreement.

Having taken into consideration the factors and reasons as stated in the letter from the Board, and the opinion as stated in the letter of advice from the Independent Financial Adviser, we consider that (i) Third Supplemental 2019 Facility Agreement, the Supplemental 2021 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Cap, the proposed 2021 Revolving Loan Facility Annual Cap and the transactions contemplated under the Third Supplemental 2019 Facility Agreement and the Supplemental 2021 Facility Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the entering into of the Third Supplemental 2019 Facility Agreement and the Supplemental 2021 Facility Agreement is not in the ordinary and usual course of business of the Group; and (iii) the entering into of the Third Supplemental 2019 Facility Agreement and the Supplemental 2021 Facility Agreement is in the interests of the Company and the Independent Shareholders as a whole. We recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Third Supplemental 2019 Facility Agreement, the Supplemental 2021 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Cap, the proposed 2021 Revolving Loan Facility Annual Cap and the transactions contemplated under the Third Supplemental 2019 Facility Agreement and the Supplemental 2021 Facility Agreement to be proposed at the EGM.

Yours faithfully

For and on behalf of the
Independent Board Committee of
Changyou Alliance Group Limited



Mr. Wong Chi Keung

Mr. Ip Wai Lun, William

Mr. Chan Chi Keung, Alan

Independent non-executive Directors

Having taken into consideration the factors and reasons as stated in the letter from the Board, and the opinion as stated in the letter of advice from the Independent Financial Adviser, we consider that (i) Third Supplemental 2019 Facility Agreement, the Supplemental 2021 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Cap, the proposed 2021 Revolving Loan Facility Annual Cap and the transactions contemplated under the Third Supplemental 2019 Facility Agreement and the Supplemental 2021 Facility Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the entering into of the Third Supplemental 2019 Facility Agreement and the Supplemental 2021 Facility Agreement is not in the ordinary and usual course of business of the Group; and (iii) the entering into of the Third Supplemental 2019 Facility Agreement and the Supplemental 2021 Facility Agreement is in the interests of the Company and the Independent Shareholders as a whole. We recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Third Supplemental 2019 Facility Agreement, the Supplemental 2021 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Cap, the proposed 2021 Revolving Loan Facility Annual Cap and the transactions contemplated under the Third Supplemental 2019 Facility Agreement and the Supplemental 2021 Facility Agreement to be proposed at the EGM.

Yours faithfully

For and on behalf of the
Independent Board Committee of
Changyou Alliance Group Limited

Mr. Wong Chi Keung



Mr. Ip Wai Lun, William

Mr. Chan Chi Keung, Alan

Independent non-executive Directors

Having taken into consideration the factors and reasons as stated in the letter from the Board, and the opinion as stated in the letter of advice from the Independent Financial Adviser, we consider that (i) Third Supplemental 2019 Facility Agreement, the Supplemental 2021 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Cap, the proposed 2021 Revolving Loan Facility Annual Cap and the transactions contemplated under the Third Supplemental 2019 Facility Agreement and the Supplemental 2021 Facility Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the entering into of the Third Supplemental 2019 Facility Agreement and the Supplemental 2021 Facility Agreement is not in the ordinary and usual course of business of the Group; and (iii) the entering into of the Third Supplemental 2019 Facility Agreement and the Supplemental 2021 Facility Agreement is in the interests of the Company and the Independent Shareholders as a whole. We recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Third Supplemental 2019 Facility Agreement, the Supplemental 2021 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Cap, the proposed 2021 Revolving Loan Facility Annual Cap and the transactions contemplated under the Third Supplemental 2019 Facility Agreement and the Supplemental 2021 Facility Agreement to be proposed at the EGM.

Yours faithfully

For and on behalf of the
Independent Board Committee of
Changyou Alliance Group Limited

Mr. Wong Chi Keung

Mr. Ip Wai Lun, William



Mr. Chan Chi Keung, Alan

Independent non-executive Directors

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