**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

# CHANGYOU INTERNATIONAL GROUP LIMITED
# 暢由國際集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1039)**

## (1) CONTINUING CONNECTED TRANSACTIONS
## (i) FOURTH SUPPLEMENTAL 2019 FACILITY AGREEMENT IN RELATION TO THE GRANT OF 2019 REVOLVING LOAN FACILITY; AND
## (ii) SECOND SUPPLEMENTAL 2021 FACILITY AGREEMENT IN RELATION TO THE GRANT OF 2021 REVOLVING LOAN FACILITY AND
## (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders**

紅日資本有限公司
RED SUN CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 8 to 36 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 37 to 38 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 39 to 65 of this circular.

A notice convening the EGM to be held at Unit 405-414, Level 4, Core E, Cyberport 3, 100 Cyberport Road, Pok Fu Lam, Hong Kong on Wednesday, 20 August 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A proxy form for use by the Shareholders for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than Monday, 18 August 2025 at 11:00 a.m. (Hong Kong time)) or any adjournment thereof (as the case may be). The completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

1 August 2025

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*In this circular, unless the context requires otherwise, capitalised terms used shall have the following meanings:*

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| "2019 Conditions Fulfilment Date" | the date on which the Company (as lender) was satisfied that all the conditions described in clause 5 of the 2019 Facility Agreement had been fulfilled or specifically waived in writing by the Company, pursuant to the 2019 Facility Agreement |
| "2019 Facility Agreement" | the facility agreement dated 3 September 2019 and entered into between the Company (as lender) and PCL (as borrower) in relation to the 2019 Revolving Loan Facility, the details of which are set out in the Company's announcement dated 3 September 2019 and the Company's circular dated 15 October 2019 |
| "2019 Revolving Loan Facility" | an unsecured revolving loan facility of a total principal amount not exceeding HK$100 million on the terms and conditions set out in the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement, the Third Supplemental 2019 Facility Agreement and the Fourth Supplemental 2019 Facility Agreement) |
| "2019 Revolving Loan Facility Annual Caps" | the maximum annual amount in relation to the transactions contemplated under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement, the Third Supplemental 2019 Facility Agreement and the Fourth Supplemental 2019 Facility Agreement) in respect of each of the financial years ending 31 December 2027, as required under Rule 14A.53 of the Listing Rules |
| "2019 Revolving Loan Facility Loan" | a loan made or to be made under the 2019 Revolving Loan Facility or the total principal amount outstanding from time to time of the loan(s) advanced to PCL pursuant to the 2019 Revolving Loan Facility under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement, the Third Supplemental 2019 Facility Agreement and the Fourth Supplemental 2019 Facility Agreement) |
| "2019 Revolving Loan Facility Period" | the eight-year period from and including the 2019 Conditions Fulfilment Date |

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| "2019 Revolving Loan Facility Repayment Date" | the date falling on the expiry of the 2019 Revolving Loan Facility Period or such later date as may be agreed between PCL and the Company in writing, being the date for the repayment of all 2019 Revolving Loan Facility Loan (together with all interest accrued thereon) in full |
| "2019 and 2021 Revolving Loan Facilities" | the 2019 Revolving Loan Facility and the 2021 Revolving Loan Facility |
| "2021 Conditions Fulfilment Date" | the date on which the Company (as lender) was satisfied that all the conditions described in clause 5 of the 2021 Facility Agreement had been fulfilled or specifically waived in writing by the Company, pursuant to the 2021 Facility Agreement |
| "2021 Facility Agreement" | the facility agreement dated 20 April 2021 and entered into between the Company (as lender) and PCL (as borrower) in relation to the 2021 Revolving Loan Facility, the details of which are set out in the Company's announcement dated 20 April 2021 and the Company's circular dated 12 May 2021 |
| "2021 Revolving Loan Facility" | an unsecured revolving loan facility of a total principal amount not exceeding HK$100 million on the terms and conditions set out in the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement) |
| "2021 Revolving Loan Facility Annual Caps" | the maximum annual amount in relation to the transactions contemplated under the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement and the Second Supplemental 2021 Facility Agreement) in respect of each of the financial years ending 31 December 2027, as required under Rule 14A.53 of the Listing Rules |
| "2021 Revolving Loan Facility Loan" | a loan made or to be made under the 2021 Revolving Loan Facility or the total principal amount outstanding from time to time of the loan(s) advanced to PCL pursuant to the 2021 Revolving Loan Facility under the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement and the Second Supplemental 2021 Facility Agreement) |
| "2021 Revolving Loan Facility Period" | the six-year period from and including the 2021 Conditions Fulfilment Date |

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| "2021 Revolving Loan Facility Repayment Date" | the date falling on the expiry of the 2021 Revolving Loan Facility Period or such later date as may be agreed between PCL and the Company in writing, being the date for the repayment of all 2021 Revolving Loan Facility Loan (together with all interest accrued thereon) in full |
| "Announcement" | the Company's announcement dated 30 May 2025 in respect of the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement (including the proposed 2019 Revolving Loan Facility Annual Caps and proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement) |
| "associates" | has the meaning ascribed to it under the Listing Rules |
| "Board" | the board of Directors |
| "Business Day" | a day (other than a Saturday or Sunday or public holiday) on which commercial banks are open for general business in Hong Kong |
| "Chance Talent" | Chance Talent Management Limited, a business company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned special purpose vehicle of CCB International (Holding) Limited |
| "CIH" | Century Investment (Holding) Limited, a company incorporated in the British Virgin Islands with limited liability, and a substantial shareholder of the Company |
| "Company" | Changyou International Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange |
| "connected person(s)" | has the meaning ascribed to it under the Listing Rules |
| "Director(s)" | director(s) of the Company |
| "Drawdown Date" | the date of the first drawdown of the 2019 Revolving Loan Facility Loan and the 2021 Revolving Loan Facility Loan, as the case may be |

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| "Eastern E-Commerce" | China Eastern Airlines E-Commerce Co., Ltd*（東方航空電子商務有限公司）, a company established in the PRC and a wholly-owned subsidiary of China Eastern Airlines Corporation Limited |
| "Easylink" | Easylink Payment Network (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of China UnionPay Merchant Services Company Limited |
| "EGM" | an extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve, among other things, (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement |
| "Extra Step" | Extra Step Investments Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited |
| "Fin-Tech" | Fin-Tech Company Limited, a company incorporated in the Cayman Islands with limited liability, and a wholly-owned subsidiary of CIH |
| "First Supplemental 2019 Facility Agreement" | the supplemental facility agreement dated 16 September 2022 and entered into between the Company (as lender) and PCL (as borrower) pursuant to which the parties have agreed to vary certain terms of the 2019 Facility Agreement, the details of which are set out in the Company's announcement dated 16 September 2022 and the Company's circular dated 12 October 2022 |
| "First Supplemental 2021 Facility Agreement" | the supplemental facility agreement dated 30 May 2024 and entered into between the Company (as lender) and PCL (as borrower) pursuant to which the parties have agreed to vary certain terms of the 2021 Facility Agreement, the details of which are set out in the Company's announcement dated 30 May 2024 and the Company's circular dated 23 July 2024 |

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| "Fourth Supplemental 2019 Facility Agreement" | the conditional supplemental facility agreement dated 30 May 2025 and entered into between the Company (as lender) and PCL (as borrower) pursuant to which the parties have agreed to vary certain terms of the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility agreement |
| "Group" | the Company and its subsidiaries |
| "HK$" | Hong Kong dollar, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "Independent Board Committee" | the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Wong Chi Keung, Mr. Ip Wai Lun William and Mr. Chan Chi Keung Alan, established to advise and give recommendations to the Independent Shareholders in relation to (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement |
| "Independent Financial Adviser" | Red Sun Capital Limited, a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to the Independent Board Committee and the Independent Shareholders |
| "Independent Shareholders" | Shareholders other than CIH and its associates |
| "Interest Rate" | the interest rate on the outstanding principal amount of the 2019 Revolving Loan Facility Loan and the 2021 Revolving Loan Facility Loan, as the case may be |

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| "Joy Empire" | Joy Empire Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Bank of China Group Investment Limited |
| "Latest Practicable Date" | 25 July 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |
| "Loans" | the 2019 Revolving Loan Facility Loan and the 2021 Revolving Loan Facility Loan |
| "PCL" | Pointsea Company Limited, a company incorporated in the Cayman Islands with limited liability and an indirect non-wholly owned subsidiary of the Company |
| "PCL Group" | PCL and its subsidiaries |
| "Pointsea Holdings" | Pointsea Holdings Company Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of the Company |
| "PRC" | People's Republic of China |
| "SaaS" | Software as a service |
| "Second Supplemental 2019 Facility Agreement" | the supplemental facility agreement dated 18 September 2023 and entered into between the Company (as lender) and PCL (as borrower) pursuant to which the parties have agreed to further vary certain terms of the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement), the details of which are set out in the Company's announcement dated 18 September 2023 and the Company's circular dated 11 October 2023 |
| "Second Supplemental 2021 Facility Agreement" | the conditional supplemental facility agreement dated 30 May 2025 and entered into between the Company (as lender) and PCL (as borrower) pursuant to which the parties have agreed to further vary certain terms of the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement) |

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| "Senran Investment" | Senran Investment HK Company Limited (森然投資(香港)有限公司), a company incorporated in Hong Kong with limited liability and is ultimately beneficially owned by Ms. Yang Xiangru and Ms. Yuan Beiling, who are third parties independent of the Company and its connected persons (as defined in the Listing Rules) |
| "SFO" | The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| "Share(s)" | the ordinary share(s) of par value US$0.01 each in the share capital of the Company |
| "Shareholder(s)" | the holder(s) of the Shares |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "substantial shareholder" | has the meaning ascribed to it under the Listing Rules |
| "Third Supplemental 2019 Facility Agreement" | the supplemental facility agreement dated 30 May 2024 and entered into between the Company (as lender) and PCL (as borrower) pursuant to which the parties have agreed to further vary certain terms of the 2019 Facility Agreement (as amended by the First Supplemental 2019 Agreement and the Second Supplemental 2019 Agreement) |
| "Treasure Ease" | Treasure Ease Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and a direct non-wholly owned subsidiary of the Company |
| "Zhongjin Qizhi" | Zhongjin Qizhi (Shanghai) Equity Investment Centre (Limited Partnership)* (中金祺智(上海)股權投資中心(有限合夥)), a limited partnership established in the PRC and a subsidiary of an equity investment fund managed by CICC Capital (Cayman) Limited, which is in turn a wholly-owned subsidiary of China International Capital Corporation Limited |
| "%" | per cent. |

*Unless specified otherwise, conversion of RMB into HK$ is based on the exchange rate of RMB1.00 to HK$1.10. The exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

* *For identification purpose only*

# CHANGYOU INTERNATIONAL GROUP LIMITED
# 暢由國際集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*
**(Stock Code: 1039)**

*Executive Directors:*
Mr. Cheng Jerome *(Chairman)*
Mr. Sun Jun

*Non-executive Directors:*
Ms. Hu Qing
Ms. Liu Jingyan

*Independent non-executive Directors:*
Mr. Wong Chi Keung
Mr. Ip Wai Lun, William
Mr. Chan Chi Keung, Alan

*Registered Office:*
Royal Bank House
3rd Floor 24 Shedden Road
P.O. Box 1586
Grand Cayman
KY1-1110
Cayman Islands

*Principal place of business in Hong Kong:*
Office Room 45 Unit 405-414
Level 4
Core E
Cyberport 3
100 Cyberport Road
Pok Fu Lam
Hong Kong

1 August 2025

*To the Shareholders*

Dear Sir or Madam,

## (1) CONTINUING CONNECTED TRANSACTIONS (i) FOURTH SUPPLEMENTAL 2019 FACILITY AGREEMENT IN RELATION TO THE GRANT OF 2019 REVOLVING LOAN FACILITY; AND (ii) SECOND SUPPLEMENTAL 2021 FACILITY AGREEMENT IN RELATION TO THE GRANT OF 2021 REVOLVING LOAN FACILITY AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

### INTRODUCTION

Reference is made to the Announcement.

**Fourth Supplemental 2019 Facility Agreement**

On 3 September 2019 (after trading hours), the Company (as lender) and PCL entered into the 2019 Facility Agreement, pursuant to which the Company agreed to grant the 2019 Revolving Loan Facility of up to HK$100 million to PCL, an indirect non-wholly owned

subsidiary of the Company, at an interest rate of 6.5% and for a term of three years from and including the 2019 Conditions Fulfilment Date. Under the 2019 Facility Agreement, the 2019 Revolving Loan Facility Repayment Date was on 31 October 2022.

Pursuant to the First Supplemental 2019 Facility Agreement, the Company (as lender) and PCL (as borrower) agreed to vary the facility period of the 2019 Revolving Loan Facility to four years from and including the 2019 Conditions Fulfilment Date. Pursuant to the First Supplemental 2019 Facility Agreement, the 2019 Revolving Loan Facility Repayment Date was varied to 31 October 2023.

Pursuant to the Second Supplemental 2019 Facility Agreement, the Company (as lender) and PCL (as borrower) agreed to further vary the facility period of the 2019 Revolving Loan Facility to five years from and including the 2019 Conditions Fulfilment Date. Pursuant to the Second Supplemental 2019 Facility Agreement, the 2019 Revolving Loan Facility Repayment Date was varied to 31 October 2024.

Pursuant to the Third Supplemental 2019 Facility Agreement, the Company (as lender) and PCL (as borrower) agreed to further vary the facility period of the 2019 Revolving Loan Facility to six years from and including the 2019 Conditions Fulfilment Date and the Interest Rate. Pursuant to the Third Supplemental 2019 Facility Agreement, the 2019 Revolving Loan Facility Repayment Date was varied to 31 October 2025 and the Interest Rate was varied to 8.0% per annum from and including 31 May 2024.

On 30 May 2025 (after trading hours), the Company (as lender) and PCL (as borrower) entered into the Fourth Supplemental 2019 Facility Agreement pursuant to which the parties have conditionally agreed to further vary the terms of the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement).

**Second Supplemental 2021 Facility Agreement**

On 20 April 2021 (after trading hours), the Company (as lender) and PCL (as borrower) entered into the 2021 Facility Agreement, pursuant to which the Company agreed to grant the 2021 Revolving Loan Facility of up to HK$100 million to PCL, an indirect non-wholly-owned subsidiary of the Company, at an interest rate of 6.5% and for a term of three years from and including the 2021 Conditions Fulfilment Date. Under the 2021 Facility Agreement, the 2021 Revolving Loan Facility Repayment Date was on 30 May 2024.

Pursuant to the First Supplemental 2021 Facility Agreement, the Company (as lender) and PCL (as borrower) agreed to vary the facility period of the 2021 Facility Agreement to four years from and including the 2021 Conditions Fulfilment Date and the Interest Rate. Pursuant to the First Supplemental 2021 Facility Agreement, the 2021 Revolving Loan Facility Repayment Date was varied to 30 May 2025 and the Interest Rate was varied to 8.0% per annum from and including 31 May 2024.

On 30 May 2025 (after trading hours), the Company (as lender) and PCL (as borrower) entered into the Second Supplemental 2021 Facility Agreement pursuant to which the parties have conditionally agreed to vary the terms of the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement).

The purpose of this circular is to provide you with, among other things, (a) further information on (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement; (b) a letter from the Independent Board Committee to the Independent Shareholders containing the recommendations in relation to (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement; (c) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement; (d) a notice convening the EGM; and (e) other information required under the Listing Rules.

***FOURTH SUPPLEMENTAL 2019 FACILITY AGREEMENT***

The major terms of the Fourth Supplemental 2019 Facility Agreement are set out below:

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|---|---|
| Date: | 30 May 2025 |
| Parties: | (i) the Company, as lender; and<br><br>(ii) PCL, as borrower |
| Facility Period: | The 2019 Revolving Loan Facility Period shall be varied to eight (8) years from and including the 2019 Conditions Fulfilment Date, and the 2019 Revolving Loan Facility Repayment Date shall be varied to 31 October 2027. |

Conditions precedent: The obligations of the parties to the Fourth Supplemental 2019 Facility Agreement are conditional upon the Company having complied with all applicable requirements of the Listing Rules and other regulatory provisions in connection with the Fourth Supplemental 2019 Facility Agreement and the transactions contemplated thereunder including the Independent Shareholders having approved at the EGM (and with regard to all applicable laws, rules and regulations, including the Codes on Takeovers and Mergers in Hong Kong and the Listing Rules, where applicable) the variations of the 2019 Revolving Loan Facility Period and the 2019 Revolving Loan Facility Repayment Date as set forth in the Fourth Supplemental 2019 Facility Agreement.

If these conditions have not been fulfilled on or before 31 October 2025 or on such later date as may be agreed between the parties to the Fourth Supplemental 2019 Facility Agreement, then the Fourth Supplemental 2019 Facility Agreement shall automatically terminate (other than in respect of the surviving provisions). In such event, neither party shall have any claim under the Fourth Supplemental 2019 Facility Agreement of any nature whatsoever against the other party except in respect of any rights and liabilities which have accrued before termination or under any of the surviving provisions.

Other terms: Subject only to the variations contained in the Fourth Supplemental 2019 Facility Agreement and such other alterations (if any) as may be necessary to render the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement) consistent with the Fourth Supplemental 2019 Facility Agreement, the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement) remains in full force and effect and shall be read and construed in conjunction and as one document with the Fourth Supplemental 2019 Facility Agreement.

Other than the variations of the 2019 Revolving Loan Facility Period and the 2019 Revolving Loan Facility Repayment Date, the Board is not aware of any other alterations to the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement).

*2019 FACILITY AGREEMENT*

The other major terms of the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement) are set out below:

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|---|---|
| Security: | None |
| Voluntary prepayment: | PCL may, at any time after a 2019 Revolving Loan Facility Loan has been advanced and prior to the 2019 Revolving Loan Facility Repayment Date, prepay such 2019 Revolving Loan Facility Loan in whole or in part (together with all interest accrued thereon), without any penalty. |
| Reborrowing: | PCL may reborrow any part of the 2019 Revolving Loan Facility which has been prepaid or repaid, in accordance with the terms of the 2019 Facility Agreement, provided that (i) no event of default as set out in the 2019 Facility Agreement has occurred, and (ii) the aggregate outstanding principal amount of all 2019 Revolving Loan Facility Loan(s) shall not exceed HK$100 million at any during the 2019 Revolving Loan Facility Period. |

The loan amount granted to PCL in any point of time has never exceeded the annual caps under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement). As at the Latest Practicable Date, PCL has settled all accrued interest from the 2019 Revolving Loan Facility in accordance with the interest payment schedule under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement).

*MAJOR TERMS OF THIRD SUPPLEMENTAL 2019 FACILITY AGREEMENT AND FOURTH SUPPLEMENTAL 2019 FACILITY AGREEMENT*

Other than the variations of the 2019 Revolving Loan Facility Period to eight years and the 2019 Revolving Loan Facility Repayment Date to 31 October 2027, the Board is not aware of any other alterations to the Third Supplemental 2019 Facility Agreement.

The major terms of the 2019 Revolving Loan Facility pursuant to the Third Supplemental 2019 Facility Agreement and the Fourth Supplemental 2019 Facility Agreement are set out below:

| | **Third Supplemental 2019 Facility Agreement** | **Fourth Supplemental 2019 Facility Agreement** |
|---|---|---|
| Date: | 30 May 2024 | 30 May 2025 |
| Parties: | (i) the Company, as lender; and (ii) PCL, as borrower | (i) the Company, as lender; and (ii) PCL, as borrower |

| | Third Supplemental 2019 Facility Agreement | Fourth Supplemental 2019 Facility Agreement |
|---|---|---|
| Facility Period: | Six years from and including the 2019 Conditions Fulfilment Date. The 2019 Revolving Loan Facility Repayment Date shall be 31 October 2025. | Eight years from and including the 2019 Conditions Fulfilment Date. The 2019 Revolving Loan Facility Repayment Date shall be 31 October 2027. |
| Interest Rate: | (i) From and including the Drawdown Date to, but excluding 31 May 2024, 6.5% per annum; and<br><br>(ii) From and including 31 May 2024, 8.0% per annum | 8% per annum |
| Conditions precedent: | The obligations of the parties to the Third Supplemental 2019 Facility Agreement are conditional upon the Company having complied with all applicable requirements of the Listing Rules and other regulatory provisions in connection with the Third Supplemental 2019 Facility Agreement and the transactions contemplated thereunder including the Independent Shareholders having approved at the extraordinary general meeting of the Company (and with regard to all applicable laws, rules and regulations, including the Codes on Takeovers and Mergers in Hong Kong and the Listing Rules, where applicable) the Third Supplemental 2019 Facility Agreement on or before 31 October 2024 or such later date as may be agreed between the parties. | The obligations of the parties to the Fourth Supplemental 2019 Facility Agreement are conditional upon the Company having complied with all applicable requirements of the Listing Rules and other regulatory provisions in connection with the Fourth Supplemental 2019 Facility Agreement and the transactions contemplated thereunder including the Independent Shareholders having approved at the EGM (and with regard to all applicable laws, rules and regulations, including the Codes on Takeovers and Mergers in Hong Kong and the Listing Rules, where applicable) the Fourth Supplemental 2019 Facility Agreement on or before 31 October 2025 or such later date as may be agreed between the parties. |

| | Third Supplemental 2019 Facility Agreement | Fourth Supplemental 2019 Facility Agreement |
|---|---|---|
| Other terms: | Subject only to the variations contained in the Third Supplemental 2019 Facility Agreement and such other alterations (if any) as may be necessary to render the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement and the Second Supplemental 2019 Facility Agreement) consistent with the Third Supplemental 2019 Facility Agreement, the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement and the Second Supplemental 2019 Facility Agreement) remains in full force and effect and shall be read and construed in conjunction and as one document with the Third Supplemental 2019 Facility Agreement. | Subject only to the variations contained in the Fourth Supplemental 2019 Facility Agreement and such other alterations (if any) as may be necessary to render the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third 2019 Facility Agreement) consistent with the Fourth Supplemental 2019 Facility Agreement, the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third 2019 Facility Agreement) remains in full force and effect and shall be read and construed in conjunction and as one document with the Fourth Supplemental 2019 Facility Agreement. |
| Security: | None | None |
| Voluntary prepayment: | PCL may, at any time after a 2019 Revolving Loan Facility Loan has been advanced and prior to the 2019 Revolving Loan Facility Repayment Date, prepay such 2019 Revolving Loan Facility Loan in whole or in part (together with all interest accrued thereon), without any penalty. | PCL may, at any time after a 2019 Revolving Loan Facility Loan has been advanced and prior to the 2019 Revolving Loan Facility Repayment Date, prepay such 2019 Revolving Loan Facility Loan in whole or in part (together with all interest accrued thereon), without any penalty. |

| | Third Supplemental 2019 Facility Agreement | Fourth Supplemental 2019 Facility Agreement |
|---|---|---|
| Reborrowing: | PCL may reborrow any part of the 2019 Revolving Loan Facility which has been prepaid or repaid, in accordance with the terms of the 2019 Facility Agreement, provided that (i) no event of default as set out in the 2019 Facility Agreement has occurred, and (ii) the aggregate outstanding principal amount of all 2019 Revolving Loan Facility Loan(s) shall not exceed HK$100 million at any during the 2019 Revolving Loan Facility Period. | PCL may reborrow any part of the 2019 Revolving Loan Facility which has been prepaid or repaid, in accordance with the terms of the 2019 Facility Agreement, provided that (i) no event of default as set out in the 2019 Facility Agreement has occurred, and (ii) the aggregate outstanding principal amount of all 2019 Revolving Loan Facility Loan(s) shall not exceed HK$100 million at any during the 2019 Revolving Loan Facility Period. |

| | Third Supplemental 2019 Facility Agreement | Fourth Supplemental 2019 Facility Agreement |
|---|---|---|
| Basis of determination of proposed annual cap: | (i) The maximum principal amount of the 2019 Revolving Loan Facility Loan granted or to be granted by the Company to PCL pursuant to the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement and the Second Supplemental 2019 Facility Agreement) has never exceeded the annual cap under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement and the Second Supplemental 2019 Facility Agreement);<br><br>(ii) the principal amount of the 2019 Revolving Loan Facility Loan granted under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement and the Second Supplemental 2019 Facility Agreement) has been fully utilised;<br><br>(iii) the maximum principal amount of the 2019 Revolving Loan Facility Loan has not been increased;<br><br>(iv) the operations and developments of the "Changyou" business of the Group which is conducted through the PCL Group. In order to enable PCL to continue to maintain a sufficient level of liquidity and to avoid the risk of discontinuance of the operations of the PCL Group, it is necessary to extend the 2019 Revolving Loan Facility Period with the proposed 2019 Revolving Loan Facility Annual Cap. | (i) The maximum principal amount of the 2019 Revolving Loan Facility Loan granted or to be granted by the Company to PCL pursuant to the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement) has never exceeded the annual cap under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement);<br><br>(ii) the principal amount of the 2019 Revolving Loan Facility Loan granted under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement and the Second Supplemental 2019 Facility Agreement) has been fully utilised;<br><br>(iii) the maximum principal amount of the 2019 Revolving Loan Facility Loan has not been increased; |

| Third Supplemental 2019 Facility Agreement | Fourth Supplemental 2019 Facility Agreement |
|---|---|
| | (iv) the operations and developments of the "Changyou" business of the Group which is conducted through the PCL Group. In order to enable PCL to continue to maintain a sufficient level of liquidity and to avoid the risk of discontinuance of the operations of the PCL Group, it is necessary to extend the 2019 Revolving Loan Facility Period with the proposed 2019 Revolving Loan Facility Annual Caps. |

***OUTSTANDING BALANCE AND ANNUAL UTILISATION RATE***

The outstanding balance and the annual utilisation rate of the 2019 Revolving Loan Facility since the grant of facility are set out below:

| **Date** | **Amount drawn down** *HK$* | **Amount of outstanding balance** *HK$* | **Annual utilisation rate** *%* |
|---|---|---|---|
| 31/12/2019 | 20,000,000 | 20,000,000 | 20% |
| 31/12/2020 | 47,000,000 | 67,000,000 | 67% |
| 31/12/2021 | 33,000,000 | 100,000,000 | 100% |
| 31/12/2022 | – | 100,000,000 | 100% |
| 31/12/2023 | – | 100,000,000 | 100% |
| 31/12/2024 | – | 100,000,000 | 100% |

***SECOND SUPPLEMENTAL 2021 FACILITY AGREEMENT***

The major terms of the Second Supplemental 2021 Facility Agreement are set out below:

Date: 30 May 2025

Parties: (i) the Company, as lender; and

(ii) PCL, as borrower

| | |
|---|---|
| Facility Period: | The 2021 Revolving Loan Facility Period shall be varied to six years from and including the 2021 Conditions Fulfilment Date, and that the 2021 Revolving Loan Facility Repayment Date shall be varied to 30 May 2027. |
| Conditions precedent: | The obligations of the parties to the Second Supplemental 2021 Facility Agreement are conditional upon the Company having complied with all applicable requirements of the Listing Rules and other regulatory provisions in connection with the Second Supplemental 2021 Facility Agreement and the transactions contemplated thereunder including the Independent Shareholders having approved at the EGM (and with regard to all applicable laws, rules and regulations, including the Codes on Takeovers and Mergers in Hong Kong and the Listing Rules, where applicable) the variations of the 2021 Revolving Loan Facility Period and the 2021 Revolving Loan Facility Repayment Date as set forth in the Second Supplemental 2021 Facility Agreement.<br><br>If these conditions have not been fulfilled on or before 31 October 2025 or on such later date as may be agreed between the parties to the Second Supplemental 2021 Facility Agreement, then the Second Supplemental 2021 Facility Agreement shall automatically terminate (other than in respect of the surviving provisions). In such event, neither party shall have any claim under the Second Supplemental 2021 Facility Agreement of any nature whatsoever against the other party except in respect of any rights and liabilities which have accrued before termination or under any of the surviving provisions. |
| Other terms: | Subject only to the variations contained in the Second Supplemental 2021 Facility Agreement and such other alterations (if any) as may be necessary to render the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement) consistent with the Second Supplemental 2021 Facility Agreement, the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement) remains in full force and effect and shall be read and construed in conjunction and as one document with the Second Supplemental 2021 Facility Agreement. |

Other than the variations of the 2021 Revolving Loan Facility Period and the 2021 Revolving Loan Facility Repayment Date, the Board is not aware of any other alterations to the 2021 Facility Agreement.

**2021 FACILITY AGREEMENT**

The other major terms of the 2021 Facility Agreement are set out below:

| | |
|---|---|
| Security: | None |
| Voluntary prepayment: | PCL may, at any time after a 2021 Revolving Loan Facility Loan has been advanced and prior to the Repayment Date, prepay such 2021 Revolving Loan Facility Loan in whole or in part (together with all interest accrued thereon), without any penalty. |
| Reborrowing: | PCL may reborrow any part of the 2021 Revolving Loan Facility which has been prepaid or repaid in accordance with the terms of the 2021 Facility Agreement, provided that (i) no event of default as set out in the 2021 Facility Agreement has occurred; and (ii) the aggregate outstanding principal amount of all 2021 Revolving Loan Facility Loan(s) shall not exceed HK$100 million at any time during the 2021 Revolving Loan Facility Period. |

The loan amount granted to PCL in any point of time has never exceeded the annual caps under the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement). As at the Latest Practicable Date, PCL has settled all accrued interest from the 2021 Revolving Loan Facility in accordance with the interest payment schedule under the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement).

***MAJOR TERMS OF FIRST SUPPLEMENTAL 2021 FACILITY AGREEMENT AND SECOND SUPPLEMENTAL 2021 FACILITY AGREEMENT***

Other than the variations of the 2021 Revolving Loan Facility Period to six years and the 2021 Revolving Loan Facility Repayment Date to 30 May 2027 , the Board is not aware of any other alterations to the First Supplemental 2021 Facility Agreement.

The major terms of the 2021 Revolving Loan Facility pursuant to the First Supplemental 2021 Facility Agreement and the Second Supplemental 2021 Facility Agreement are set out below:

| | **First Supplemental 2021 Facility Agreement** | **Second Supplemental 2021 Facility Agreement** |
|---|---|---|
| Date: | 30 May 2024 | 30 May 2025 |
| Parties: | (i) the Company, as lender; and (ii) PCL, as borrower | (i) the Company, as lender; and (ii) PCL, as borrower |

| | First Supplemental 2021 Facility Agreement | Second Supplemental 2021 Facility Agreement |
|---|---|---|
| Facility Period: | Four years from and including the 2021 Conditions Fulfilment Date. The 2021 Revolving Loan Facility Repayment Date shall be 30 May 2025. | Six years from and including the 2021 Conditions Fulfilment Date. The 2021 Revolving Loan Facility Repayment Date shall be 30 May 2027. |
| Interest Rate: | (i) From and including the Drawdown Date to, but excluding 31 May 2024, 6.5% per annum; and<br><br>(ii) From and including 31 May 2024, 8.0% per annum | 8% per annum |
| Conditions precedent: | The obligations of the parties to the First Supplemental 2021 Facility Agreement are conditional upon the Company having complied with all applicable requirements of the Listing Rules and other regulatory provisions in connection with the First Supplemental 2021 Facility Agreement and the transactions contemplated thereunder including the Independent Shareholders having approved at the extraordinary general meeting of the Company (and with regard to all applicable laws, rules and regulations, including the Codes on Takeovers and Mergers in Hong Kong and the Listing Rules, where applicable) the First Supplemental 2021 Facility Agreement on or before 31 October 2024 or such later date as may be agreed between the parties. | The obligations of the parties to the Second Supplemental 2021 Facility Agreement are conditional upon the Company having complied with all applicable requirements of the Listing Rules and other regulatory provisions in connection with the Second Supplemental 2021 Facility Agreement and the transactions contemplated thereunder including the Independent Shareholders having approved at the EGM (and with regard to all applicable laws, rules and regulations, including the Codes on Takeovers and Mergers in Hong Kong and the Listing Rules, where applicable) the Second Supplemental 2021 Facility Agreement on or before 31 October 2025 or such later date as may be agreed between the parties. |

| | First Supplemental 2021 Facility Agreement | Second Supplemental 2021 Facility Agreement |
|---|---|---|
| Other terms: | Subject only to the variations contained in the First Supplemental 2021 Facility Agreement and such other alterations (if any) as may be necessary to render the 2021 Facility Agreement consistent with the First Supplemental 2021 Facility Agreement, the 2021 Facility Agreement remains in full force and effect and shall be read and construed in conjunction and as one document with the First Supplemental 2021 Facility Agreement. | Subject only to the variations contained in the Second Supplemental 2021 Facility Agreement and such other alterations (if any) as may be necessary to render the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement) consistent with the Second Supplemental 2021 Facility Agreement, the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement) remains in full force and effect and shall be read and construed in conjunction and as one document with the Second Supplemental 2021 Facility Agreement. |
| Security: | None | None |
| Voluntary prepayment: | PCL may, at any time after a 2021 Revolving Loan Facility Loan has been advanced and prior to the Repayment Date, prepay such 2021 Revolving Loan Facility Loan in whole or in part (together with all interest accrued thereon), without any penalty. | PCL may, at any time after a 2021 Revolving Loan Facility Loan has been advanced and prior to the Repayment Date, prepay such 2021 Revolving Loan Facility Loan in whole or in part (together with all interest accrued thereon), without any penalty. |

| | First Supplemental 2021 Facility Agreement | Second Supplemental 2021 Facility Agreement |
|---|---|---|
| Reborrowing: | PCL may reborrow any part of the 2021 Revolving Loan Facility which has been prepaid or repaid in accordance with the terms of the 2021 Facility Agreement, provided that (i) no event of default as set out in the 2021 Facility Agreement has occurred; and (ii) the aggregate outstanding principal amount of all 2021 Revolving Loan Facility Loan(s) shall not exceed HK$100 million at any time during the 2021 Revolving Loan Facility Period. | PCL may reborrow any part of the 2021 Revolving Loan Facility which has been prepaid or repaid in accordance with the terms of the 2021 Facility Agreement, provided that (i) no event of default as set out in the 2021 Facility Agreement has occurred; and (ii) the aggregate outstanding principal amount of all 2021 Revolving Loan Facility Loan(s) shall not exceed HK$100 million at any time during the 2021 Revolving Loan Facility Period. |

| | First Supplemental 2021 Facility Agreement | Second Supplemental 2021 Facility Agreement |
|---|---|---|
| Basis of determination of proposed annual cap: | (i) The maximum principal amount of the 2021 Revolving Loan Facility Loan granted or to be granted by the Company to PCL pursuant to the 2021 Facility Agreement has never exceeded the annual cap under the 2021 Facility Agreement;<br><br>(ii) the maximum principal amount of the 2021 Revolving Loan Facility Loan has not been increased; and<br><br>(iii) the operations and developments of the "Changyou" business of the Group which is conducted through the PCL Group. In order to enable PCL to continue to maintain a sufficient level of liquidity and to avoid the risk of discontinuance of the operations of the PCL Group, it is necessary to extend the 2021 Revolving Loan Facility Period with the proposed 2021 Revolving Loan Facility Annual Cap. | (i) The maximum principal amount of the 2021 Revolving Loan Facility Loan granted or to be granted by the Company to PCL pursuant to the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement) has never exceeded the annual cap under the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement);<br><br>(ii) the maximum principal amount of the 2021 Revolving Loan Facility Loan has not been increased; and<br><br>(iii) the operations and developments of the "Changyou" business of the Group which is conducted through the PCL Group. In order to enable PCL to continue to maintain a sufficient level of liquidity and to avoid the risk of discontinuance of the operations of the PCL Group, it is necessary to extend the 2021 Revolving Loan Facility Period with the proposed 2021 Revolving Loan Facility Annual Caps. |

*OUTSTANDING BALANCE AND ANNUAL UTILISATION RATE*

The outstanding balance and the annual utilisation rate of the 2021 Revolving Loan Facility since the grant of facility are set out below:

| Date | Amount drawn down | Amount outstanding balance | Annual utilisation rate |
|---|---|---|---|
| | *HK$* | *HK$* | *%* |
| 31/12/2021 | 75,000,000 | 75,000,000 | 75% |
| 31/12/2022 | (1,075,376) | 73,924,624 | 74% |
| 31/12/2023 | – | 73,924,624 | 74% |
| 31/12/2024 | – | 73,924,624 | 74% |
| Latest Practicable Date | – | 73,924,624 | 74% |

**PROPOSED 2019 REVOLVING LOAN FACILITY ANNUAL CAPS**

The proposed 2019 Revolving Loan Facility Annual Caps for each financial years ending 31 December 2025 and 2026 during the 2019 Revolving Loan Facility Period shall not exceed HK$100 million. The proposed 2019 Revolving Loan Facility Annual Caps were determined by reference to the following:

(i) the maximum principal amount of the 2019 Revolving Loan Facility Loan granted or to be granted by the Company to PCL pursuant to the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement) has never exceeded the annual cap under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement);

(ii) the principal amount of the 2019 Revolving Loan Facility Loan granted under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement) has been fully utilised;

(iii) the maximum principal amount of the 2019 Revolving Loan Facility Loan has not been increased;

(iv) the operations and developments of the "Changyou" business of the Group which is conducted through the PCL Group. In order to enable PCL to continue to maintain a sufficient level of liquidity and to avoid the risk of discontinuance of the operations of the PCL Group, it is necessary to extend the 2019 Revolving Loan Facility Period with the proposed 2019 Revolving Loan Facility Annual Caps.

As at the Latest Practicable Date, the 2019 Revolving Loan Facility has been fully utilised and all accrued interest from the 2019 Revolving Loan Facility has been fully settled in accordance with the interest payment under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement).

## PROPOSED 2021 REVOLVING LOAN FACILITY ANNUAL CAPS

The proposed 2021 Revolving Loan Facility Annual Caps for each financial year ending 31 December 2025 and 2026 during the 2021 Revolving Loan Facility Period shall not exceed HK$100 million. The proposed 2021 Revolving Loan Facility Annual Caps were determined by reference to the following

(i) the maximum principal amount of the 2021 Revolving Loan Facility Loan granted or to be granted by the Company to PCL pursuant to the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement) has never exceeded the annual cap under the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement);

(ii) the maximum principal amount of the 2021 Revolving Loan Facility Loan has not been increased; and

(iii) the operations and developments of the "Changyou" business of the Group which is conducted through the PCL Group. In order to enable PCL to continue to maintain a sufficient level of liquidity and to avoid the risk of discontinuance of the operations of the PCL Group, it is necessary to extend the 2021 Revolving Loan Facility Period with the proposed 2021 Revolving Loan Facility Annual Caps.

As at the Latest Practicable Date, approximately HK$73.9 million under the 2021 Revolving Loan Facility has been utilised and all accrued interest from the 2021 Revolving Loan Facility has been fully settled in accordance with the interest payment under the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement).

## INFORMATION ON THE COMPANY AND THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands with limited liability.

The Group is engaged in the development and operations of the digital point business and electronic platform, "Changyou", which aims to integrate the digital membership points, resources and strategic advantages of business partners in the Changyou digital point business ecosystem alliance (the "**Changyou Alliance**"). The digital membership points from various partnership entities and industries are interchangeable and redeemable globally as virtual assets and credit on the "Changyou" platform and can be purchased, earned and used by customers for the purpose and consumption of merchandise, games and entertainment, financial services and other commercial transactions.

The "Changyou" business is the sole operating segment of the Group.

## INFORMATION ON PCL

PCL is an investment holding company incorporated in the Cayman Islands with limited liability. As at the Latest Practicable Date, PCL's entire issued share capital is owned as to 47.23% by Pointsea Holdings, 15.75% by Joy Empire, 15.75% by Extra Step, 15.75% by Eastern E-Commerce, 2.76% by Zhongjin Qizhi and 2.76% by Senran Investment.

Pointsea Holdings is owned as to 80% by Treasure Ease and 20% by Easylink. Treasure Ease is owned as to 50.1% by the Company, 30% by Fin-Tech and 19.9% by Chance Talent. Fin-Tech is an indirect wholly-owned subsidiary of CIH, the substantial shareholder of the Company and is wholly-owned by Ms. Pun Tang. Chance Talent is an indirect wholly-owned subsidiary of CCB International (Holdings) Limited, which is a wholly-owned subsidiary of China Construction Bank Corporation, a company listed on the Main Board of the Stock Exchange (Stock Code: 939). Easylink is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of China UnionPay Merchant Services Company Limited*（銀聯商務股份有限公司）("**China UnionPay MSC**"). To the Company's best knowledge and information, (i) China UnionPay MSC is a company established in the PRC and is owned as to approximately 55.5% by Shanghai Lianyin Venture Investment Company Limited*（上海聯銀創業投資有限公司）("**Shanghai Lianyin**") and 22 other corporate shareholders; (ii) Shanghai Lianyin is a company established in the PRC and is a wholly-owned subsidiary of China UnionPay Holding Company Limited*（中國銀聯股份有限公司）("**China UnionPay Holding**"); (iii) China UnionPay Holding is a company established in the PRC and is owned by 75 corporate shareholders, with the single largest shareholder being China Banknote Printing and Minting Group Company Limited*（中國印鈔造幣集團有限公司）("**China Banknote Printing and Minting**"), holding approximately 7.0% of its total issued shares; and (iv) China Banknote Printing and Minting is a company established in the PRC and is wholly-owned by The People's Bank of China, being one of the ministries and commissions under the State Council of the PRC.

Joy Empire is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Bank of China Group Investment Limited, which is in turn a wholly-owned subsidiary of Bank of China Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3988). Joy Empire is a connected person at the subsidiary level only because of its connection with PCL under the Listing Rules.

Extra Step is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited. China Mobile (Hong Kong) Group Limited is a wholly-owned subsidiary of China Mobile Communications Group Co., Ltd., which is a state-owned enterprise in the PRC. Extra Step is a connected person at the subsidiary level only because of its connection with PCL under the Listing Rules.

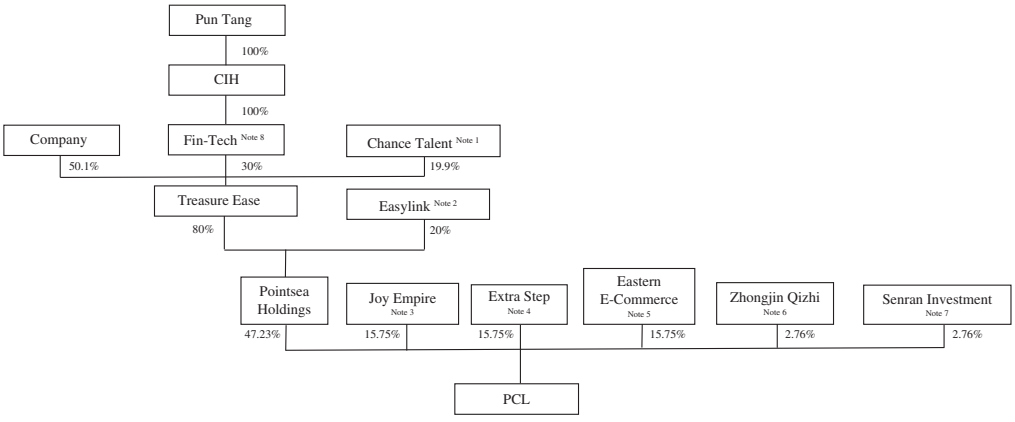
Eastern E-Commerce is a company established in the PRC and a wholly-owned subsidiary of China Eastern Airlines Corporation Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 670). Eastern E-Commerce is a connected person at the subsidiary level only because of its connection with PCL under the Listing Rules.

Zhongjin Qizhi is a limited partnership established in the PRC and a subsidiary of China International Capital Corporation Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3908).

Senran Investment is a company incorporated in Hong Kong with limited liability and is ultimately beneficially owned by Ms. Yang Xiangru and Ms. Yuan Beiling, who are third parties independent to the Company and its connected persons (as defined in the Listing Rules).

Save for Treasure Ease, Fin-Tech, Joy Empire, Extra Step and Eastern E-Commerce, the remaining ultimate beneficial owners of PCL are independent third parties to the Company and its connected persons (as defined in the Listing Rules).

The following chart shows the shareholding structure of PCL as at the Latest Practicable Date:




*Notes*

1. Chance Talent is an indirect wholly-owned subsidiary of CCB International (Holdings) Limited, which is a wholly-owned subsidiary of China Construction Bank Corporation, a company listed on the Main Board of the Stock Exchange (Stock Code: 939).

2. Easylink is an indirect wholly-owned subsidiary of China UnionPay MSC.

3. Joy Empire is a wholly-owned subsidiary of Bank of China Group Investment Limited, which is in turn a wholly-owned subsidiary of Bank of China Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3988).

4. Extra Step is a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited. China Mobile (Hong Kong) Group Limited is a wholly-owned subsidiary of China Mobile Communications Group Co., Ltd.

5. Eastern E-Commerce is a wholly-owned subsidiary of China Eastern Airlines Corporation Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 670).

6. Zhongjin Qizhi is a subsidiary of China International Capital Corporation Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3908).

7. Senran Investment is ultimately beneficially owned by Ms. Yang Xiangru and Ms. Yuan Beiling, who are third parties independent to the Company and its connected persons (as defined in the Listing Rules).

8. Fin-Tech is an indirect wholly-owned subsidiary of CIH.

## REASONS FOR AND BENEFITS OF THE 2019 AND 2021 REVOLVING LOAN FACILITIES

The "Changyou" business is the sole operating segment of the Group which is conducted through the PCL Group. The Group operates the existing "Changyou" platform which targets the PRC market (the "**Existing PRC Changyou Platform**"), and has been developing a new digital point electronic platform which targets the Hong Kong and overseas markets (the "**New International Changyou Platform**"). Both the Existing PRC Changyou Platform and the New International Changyou Platform adopt a similar business model.

With the development of blockchain technology, digital assets have received increasing attention from the industry and transactions by way of digital assets are developing towards better compliance and legalisation. Leveraging advanced technologies such as blockchain and big data analysis, the business operations of Changyou Alliance aims to develop a global financial platform for the issuance, circulation, storage and payment settlement of block chain tokenisation of assets.

In 2024, relying on the continuous development of the merchant ecosystem in previous years, the Existing PRC Changyou Platform has continued to optimise its products and strengthen its penetration into quality scenarios of software as a service ("**SaaS**") digital points service, target-oriented service and corporate services, prompting steady growth of the user size and continuous improvement in business revenue and operating profits on a month-on-month basis. For example, seizing the opportunities in the economic recovery period at the beginning of 2023, the Group has tapped into specific scenarios of small-value, high-volume digital points. At the same time, the Group strove for technological innovation, combined with emerging technologies such as blockchain, data centre, and artificial intelligence, and integrated them into the Group's SaaS digital points service, target-oriented services, and corporate services. In 2024, the Group has focused on developing a travel ecosystem that encompasses services such as four-wheel and two-wheel vehicle charging, subways, buses, and shared bicycles. In addition to promoting the use of reward points, the Group has aggregated high-quality green mobility benefits to encourage secondary conversions, boost user activity, and drive revenue growth. By leveraging reward points for exposure and promotion within the ecosystem, certain brands have begun exploring precise user targeting to improve conversion rates and develop customer profiles for future marketing efforts. The Group has also optimized the Changyou Platform's supply chain, focusing on specific product categories and integrating point redemption with other business promotions. The offerings of more diversified products and services and the optimisation of consumption scenarios have led to the steady increase in the number of members and users on the Existing PRC Changyou Platform over the years. As at 31 December 2024, the Existing PRC Changyou Platform's total number of registered users reached approximately 251.8 million, representing an increase of approximately 48.1 million newly registered users compared to the total number of registered users as at 31 December 2023. For the financial

year ended 31 December 2024, the total transaction volume and revenue of the Changyou Alliance business amounted to approximately RMB245.4 million and approximately RMB180.7 million, respectively.

In respect of the New International Changyou Platform in 2024, the Group has been pressing ahead with the preparation and the launch of the New International Changyou Platform, including building up business alliances with existing and new business partners from Hong Kong and overseas markets to supply new goods and services for the New International Changyou Platform (such as home appliances, electronic goods, food and beverages, cosmetic and health products, maternity and children's products, auto accessories, sportswear and equipment, mobile phones, cinema tickets and entertainment, electronic gift cards and coupons, and others), games and entertainment, financial services and other commercial transactions, such that users can use digital points, cash, or a combination of both, to purchase goods and services offered on the New International Changyou Platform and the Existing PRC Changyou Platform, or to participate in games, rewards and other entertainment services. It is anticipated that the New International Changyou Platform will also allow certain business partners to sell their products in return for an agency fee or commission payable to the Group and that the Group will earn revenue from the sales of merchandise goods or relevant services. However, notwithstanding the Group's continuous commitment and efforts in developing the New international Changyou Platform, such development has been delayed by the challenges from both the macro and micro environments, hindering the progress of the development. Going forward, the Group will continue to commit more resources on the development of the New International Changyou Platform.

The day-to-day operations of the "Changyou" business are capital intensive, as a large amount of capital is required (i) to attract and retain talented and experienced personnel and management team for the development of the Existing PRC Changyou Platform and the New International Changyou Platform; (ii) for promotional and marketing activities to attract and maintain customer loyalty and their participation and consumption of the products and services provided; and (iii) to maintain its technology infrastructure and to feature new financial technologies such as blockchain into the Existing PRC Changyou Platform and the New International Changyou Platform to enable effective extraction and development of big data samples, creating a precise and extensive database of consumer transactions and consumption behaviour in the future. As such, it is important to maintain a sufficient level of liquidity and financial flexibility in order to maintain the current level of performance and user network of the Existing PRC Changyou Platform and the New International Changyou Platform.

The 2019 Revolving Loan Facility will expire on 31 October 2025. The 2021 Revolving Loan Facility expired on 30 May 2025.

PCL has been considering other financing opportunities in order to meet its financing needs. PCL had approached certain banks and non-banking financial institutions to discuss the feasibility of debt financing in the short term, and had considered the feasibility of other sources of fundraising activities for the development and expansion of the "Changyou" business of the Group in the long term. However, based on the discussions with the relevant banks and non-banking financial institutions, due to PCL's net liabilities situation as at 31

December 2024 and the prevailing interest rate, it was and is not feasible for PCL to obtain from them loan facilities on favourable terms and conditions (such as interest rate and requirements for the provision of charges and/or other security to secure such loan facilities). PCL has also considered the feasibility of equity financing from private equity firms. However, as the economy is facing macro-financial challenges and the equity and debt markets are experiencing notable volatility and mixed performance due to ongoing trade tensions, economic uncertainty and recent monetary policy decisions, it is likely that private equity firms will be cautious in making investment decisions, impeding the equity fund raising exercise by PCL. As such, PCL has not approached any private equity firms for the purpose of equity fund raising possibility.

As at the Latest Practicable Date, an aggregate sum of approximately HK$173.9 million under the 2019 and 2021 Revolving Loan Facilities has been utilised by PCL. In order to enable PCL to continue to maintain a sufficient level of liquidity as required as described above, the Board considers the 2019 and 2021 Revolving Loan Facilities to PCL to be efficient, beneficial and in the interest of PCL and its shareholders as a whole, having considered the infeasibility of other sources of fundraising activities or equity financing as mentioned aforesaid. The Company has also considered various similar transactions involving the provision of loans to connected persons with a fixed interest rate by companies listed on the Stock Exchange (the "**Market Comparables**") and the subject transaction announcements of which were announced during the period from 1 November 2024 to the dates of the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement. With reference to the Market Comparables including Jilin Province Chuncheng Heating Company Limited (stock code: 1853), Furniweb Holdings Limited (stock code: 8480), Zhong Ji Longevity Science Group Limited (stock code: 767), SCE Intelligent Commercial Management Holdings Limited (stock code: 606), Uni-Bio Science Group Limited (stock code: 690), Tianjin Capital Environmental Protection Group Company Limited (stock code: 1065), Readboy Education Holding Company Limited (stock code: 2385), GCL New Energy Holdings Limited (stock code: 451), China Evergrande New Energy Vehicle Group Limited (stock code: 708), Kafelaku Coffee Holding Limited (stock code: 1869), STAR CM Holdings Limited (stock code: 6698), Asian Citrus Holdings Limited (stock code: 73), China Pipe Group Limited (stock code: 380), China High Speed Transmission Equipment Group Co., Ltd. (stock code: 658), and Yankuang Energy Group Company Limited (stock code: 1171), the interest rate of these transactions ranged between nil and 10% per annum. As such, the Board considers that the Interest Rate of 8% per annum is in line with the interest rate of the Market Comparables.

The 2019 and 2021 Revolving Loan Facilities are unsecured. Although PCL is a non-wholly owned subsidiary of the Company, more than half of the directors of PCL are appointed and nominated by the Company. With such structure of the board of directors of PCL, the Company can actively monitor the operations and management decision of PCL. The Company has control power over PCL so as to monitor and secure the usage of any capital of the PCL Group including but not limited to the 2019 and 2021 Revolving Loan Facilities. Having considered (a) the Company's control power over PCL as aforementioned; (b) the release of the tranches of the 2019 and 2021 Revolving Loan Facilities was subject to the Company's satisfaction of the assessment of the then and expected financial performance and position of the PCL Group; and (c) the "Changyou" business is the sole operating segment of the Group which is conducted through the PCL Group, the Board is of

the view that (i) the default risk of PCL is justifiable; and (ii) the grant of the 2019 and 2021 Revolving Loan Facilities without additional collateral or guarantee is fair and reasonable.

The Directors (including the members of the Independent Board Committee, having considered the advice from the Independent Financial Adviser) are of the view that the entering into of the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement is not in the ordinary and usual course of business of the Group, but on normal commercial terms, and that the terms of each of the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement (including both the proposed 2019 Revolving Loan Facility Annual Caps and the proposed 2021 Revolving Loan Facility Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**INTERNAL CONTROL MEASURES**

In order to monitor the drawdown of the 2019 and 2021 Revolving Loan Facilities, mitigate the default risk associated with the 2019 and 2021 Revolving Loan Facilities and safeguard the Company's assets, the Company has taken the following internal control measures:

(i) the senior management of the Company will conduct continuous monitoring of the operations of the PCL Group through fostering and maintaining regular communication and active interaction between the parties;

(ii) the designated staff of the accounting department of the Company will closely monitor the aggregated outstanding balances of the Loans and report the latest status to the chief financial officer/ financial controller of the Company on a monthly basis to ensure that it does not exceed the 2019 Revolving Loan Facility Annual Caps and the 2021 Revolving Loan Facility Annual Caps;

(iii) the chief financial officer/financial controller of the Company will report to the Board on half-yearly basis in relation to the transaction status;

(iv) the Company will set an alert alarm when the aggregated outstanding loan balance under the 2019 and 2021 Revolving Loan Facilities is about to reach the aggregate sum under the 2019 Revolving Loan Facility Annual Caps and the 2021 Revolving Loan Facility Annual Caps. In case that the aggregated principal amount of the Loans is expected to exceed the 2019 Revolving Loan Facility Annual Caps and the 2021 Revolving Loan Facility Annual Caps, the Company could timely re-comply with the requirements under Chapter 14A of the Listing Rules;

(v) the internal control department and relevant personnel of the Company will monitor and ensure all transactions contemplated under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement, the Third Supplemental 2019 Facility Agreement and the Fourth Supplemental 2019 Facility Agreement) and the

2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement and the Second Supplemental 2021 Facility Agreement) are carried out pursuant to their respective terms;

(vi) the independent non-executive Directors will conduct an annual review of the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement and confirm in the Company's annual report in relation thereto in accordance with Rule 14A.55 of the Listing Rules; and

(vii) the auditors of the Company will conduct an annual review of and report on the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement in accordance with Rule 14A.56 of the Listing Rules.

The Directors are of the view that the internal control measures adopted by the Group set out above are effective in ensuring that the Fourth Supplemental 2019 Facility Agreement and Second Supplemental 2021 Facility Agreement shall be conducted on normal commercial terms which are fair and reasonable to the Company and the Shareholders as a whole.

As mentioned above, the day-to-day operations of the "Changyou" business require large amount of working capital and it is important to maintain a sufficient level of liquidity and financial flexibility in order to maintain the current level of performance and user network of the Existing PRC Changyou Platform and the New International Changyou Platform. In addition to the internal control measures taken by the Company as aforesaid, the Directors and the senior management of the Company conduct monthly review of the management accounts of the PCL Group and regular assessment of the funding needs and cashflow position of the PCL Group for the operations of the PCL Group for the release of the tranches of the loans granted under the 2019 and 2021 Revolving Loan Facilities and prior to the repayment of the 2019 and 2021 Revolving Loan Facilities in full, as well as the then and expected financial performance and position of the PCL Group. The Directors are satisfied that, since the grant of the 2019 and 2021 Revolving Loan Facilities, the PCL Group has utilised the loans granted under the 2019 and 2021 Revolving Loan Facility for the operations of the PCL Group and that the Group has undergone continued development and expansion of scale, gradually covering a wider range of consumption scenarios and daily service business scope and increased number of users.

## IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, PCL's entire issued share capital is owned as to 47.23% by Pointsea Holdings, 15.75% by Joy Empire, 15.75% by Extra Step, 15.75% by Eastern E-Commerce, 2.76% by Zhongjin Qizhi and 2.76% by Senran Investment. Pointsea Holdings is owned as to 80% by Treasure Ease and 20% by Easylink. Treasure Ease is owned as to 50.1% by the Company, 30% by Fin-Tech and 19.9% by Chance Talent. The Board considers that PCL is a subsidiary of the Company through its power to control the board of directors of PCL. CIH, being a substantial shareholder of the Company, holds the entire issued share capital of Fin-Tech. PCL is therefore a connected person of the Company

under Rule 14A. 16 of the Listing Rules and the grant of the 2019 and 2021 Revolving Loan Facilities constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement are similar in nature, and both of them were entered into between the Company and PCL, the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement are aggregated for the classification of connected transactions in accordance with Rule 14A.81 and Rule 14A.82 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement, both when calculated individually and when aggregated, exceed 5%, the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement constitute non-exempt continuing connected transactions of the Company, and are subject to the reporting, announcement, circular, Independent Shareholders' approval, annual reporting and annual review requirements under Chapter 14A of the Listing Rules.

## APPROVAL BY THE BOARD

As at the Latest Practicable Date, none of the Directors had a material interest in the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement, and none of them had abstained from voting on the relevant board resolutions to approve the Fourth Supplemental 2019 Facility Agreement, the Second Supplemental 2021 Facility Agreement and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement.

## INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to advise and give recommendations to the Independent Shareholders as to whether (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Red Sun has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## EGM

The EGM will be convened and held at Unit 405-414, Level 4, Core E, Cyberport 3, 100 Cyberport Road, Pok Fu Lam, Hong Kong on Wednesday, 20 August 2025 at 11:00 a.m. to consider and, if thought fit, approve (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement. The voting on such resolution will be conducted by way of poll at the EGM in accordance with Rule 13.39(4) the Listing Rules.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the Latest Practicable Date, CIH and its associates were interested in 670,252,818 Shares, representing approximately 37.01% of the issued share capital of the Company and as CIH had a material interest in (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement, it is required to abstain from voting on the resolution at the EGM to approve the (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular. A proxy form for use by the Independent Shareholders for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (i.e. not later than Monday, 18 August 2025 at 11:00 a.m. (Hong Kong time)) or any adjournment thereof (as the case may be). The completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 15 August 2025 to Wednesday, 20 August 2025 (both days inclusive), for the purpose of determining the Shareholders' entitlement to attend and vote at the EGM to be held on Wednesday, 20 August 2025 at 11:00 a.m. During this period, no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer forms and the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare

Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Thursday, 14 August 2025.

**RECOMMENDATION**

Your attention is drawn to (a) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement, set out on pages 37 to 38 of this circular; and (b) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice in respect of the fairness and reasonableness on (i) the terms of Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the terms of the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement, set out on pages 39 to 65 of this circular.

The Directors (including the members of the Independent Board Committee having considered the advice from the Independent Financial Adviser) consider that (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the members of the Independent Board Committee having considered the advice from the Independent Financial Adviser) recommend all Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement.

## ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully
By order of the Board
**Changyou International Group Limited**
**Mr. Cheng Jerome**
*Chairman*

* *For identification purpose only*

# CHANGYOU INTERNATIONAL GROUP LIMITED
# 暢由國際集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*
**(Stock Code: 1039)**

1 August 2025

*To the Independent Shareholders*

Dear Sir or Madam,

## (1) CONTINUING CONNECTED TRANSACTIONS (i) FOURTH SUPPLEMENTAL 2019 FACILITY AGREEMENT IN RELATION TO THE GRANT OF 2019 REVOLVING LOAN FACILITY; AND (ii) SECOND 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 1 August 2025 (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 (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement, are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and 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 36 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 39 to 65 of the Circular in relation to (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second 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 (a) (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental

2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement are fair and reasonable and on commercial terms; (b) the entering into of the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement is not in the ordinary and usual course of business of the Group; and (c) the entering into of the Fourth Supplemental 2019 Facility Agreement and the Second 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 (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement to be proposed at the EGM.

Yours faithfully
For and on behalf of the
Independent Board Committee of
**Changyou International Group Limited**
**Mr. Wong Chi Keung**
**Mr. Ip Wai Lun, William**
**Mr. Chan Chi Keung, Alan**
*Independent non-executive Directors*

*The following is the full text of the letter from Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders regarding the Fourth Supplemental 2019 Facility Agreement, the Second Supplemental 2021 Facility Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.*

红日资本有限公司
RED SUN CAPITAL LIMITED

Room 310, 3/F.,
China Insurance Group Building,
141 Des Voeux Road Central,
Hong Kong

Tel: (852) 2857 9208
Fax: (852) 2857 9100

1 August 2025

*To: The Independent Board Committee and the Independent Shareholders of Changyou International Group Limited*

Dear Sir/Madam,

## CONTINUING CONNECTED TRANSACTIONS
## (1) FOURTH SUPPLEMENTAL 2019 FACILITY AGREEMENT IN RELATION TO THE GRANT OF 2019 REVOLVING LOAN FACILITY; AND
## (2) SECOND SUPPLEMENTAL 2021 FACILITY AGREEMENT IN RELATION TO THE GRANT OF 2021 REVOLVING LOAN FACILITY

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement, and the transactions contemplated thereunder, details of which are contained in the letter from the Board (the "**Letter from the Board**") as set out in the circular of the Company dated 1 August 2025 (the "**Circular**"). Unless otherwise specified, terms defined in the Circular have the same meanings in this letter.

References are made to the announcements of the Company dated 3 September 2019, 16 September 2022, 18 September 2023 and 30 May 2024 and the circulars of the Company dated 15 October 2019, 12 October 2022, 11 October 2023 and 23 July 2024, in relation to (i) the grant of the 2019 Revolving Loan Facility of up to HK$100 million to PCL pursuant to the 2019 Facility Agreement; and (ii) the variation of certain terms of the 2019 Facility Agreement pursuant to the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement.

References are also made to the announcements of the Company dated 20 April 2021 and 30 May 2024 and the circulars of the Company dated 12 May 2021 and 23 July 2024, in the relation to (i) the grant of the 2021 Revolving Loan Facility of up to HK$100 million to PCL pursuant to the 2021 Facility Agreement; and (ii) the variation of certain terms of the 2021 Facility Agreement pursuant to the First Supplemental 2021 Facility Agreement.

Pursuant to the Third Supplemental 2019 Facility Agreement and the First Supplemental 2021 Facility Agreement, (i) the Interest Rate was varied to 8.0% per annum from and including 31 May 2024; (ii) the 2019 Revolving Loan Facility Repayment Date was varied to 31 October 2025; and (iii) the 2021 Revolving Loan Facility Repayment Date was varied to 30 May 2025.

On 30 May 2025 (after trading hours of Stock Exchange), the Company (as lender) and PCL (as borrower) entered into the Fourth Supplemental 2019 Facility Agreement pursuant to which the parties have conditionally agreed to further vary the terms of the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement). Save for the variations contained in the Fourth Supplemental 2019 Facility Agreement, the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement) remains in full force and effect and shall be read and construed in conjunction and as one document with the Fourth Supplemental 2019 Facility Agreement.

On 30 May 2025, (after trading hours of Stock Exchange), the Company (as lender) and PCL (as borrower) entered into the Second Supplemental 2021 Facility Agreement, pursuant to which the parties have conditionally agreed to vary the terms of the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement). Save for the variations contained in the Second Supplemental 2021 Facility Agreement, the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement) remains in full force and effect and shall be read and construed in conjunction and as one document with the Second Supplemental 2021 Facility Agreement.

**THE INDEPENDENT BOARD COMMITTEE**

The Board currently consists of seven Directors, namely Mr. Cheng Jerome as the executive Director and chairman, Mr. Sun Jun as the executive Director, Ms. Hu Qing and Ms. Liu Jingyan as the non-executive Directors, Mr. Wong Chi Keung, Mr. Ip Wai Lun, William and Mr. Chan Chi Keung, Alan as the independent non-executive Directors.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wong Chi Keung, Mr. Ip Wai Lun, William and Mr. Chan Chi Keung, Alan, has been established to advise the Independent Shareholders in relation to (i) the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated thereunder; and (ii) the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated thereunder. We have been appointed by the Company as the

Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect, and such appointment has been approved by the Independent Board Committee.

## LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, PCL's entire issued share capital is owned as to 47.23% by Pointsea Holdings, 15.75% by Joy Empire, 15.75% by Extra Step, 15.75% by Eastern E-Commerce, 2.76% by Zhongjin Qizhi and 2.76% by Senran Investment. Pointsea Holdings is owned as to 80% by Treasure Ease and 20% by Easylink. Treasure Ease is owned as to 50.1% by the Company, 30% by Fin-Tech and 19.9% by Chance Talent. The Board considers that PCL is a subsidiary of the Company through its power to control the board of directors of PCL. CIH, being a substantial shareholder of the Company, holds the entire issued share capital of Fin-Tech. PCL is therefore a connected person of the Company under Rule 14A.16 of the Listing Rules and the grant of the 2019 Revolving Loan Facility and the grant of the 2021 Revolving Loan Facility constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In view of that the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement are similar in nature, and both of them were entered into between the Company and PCL, the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement are aggregated for the classification of connected transactions in accordance with Rule 14A.81 and Rule 14A.82 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement (collectively the "**2025 Supplemental 2019 and 2021 Facility Agreements**"), both when calculated individually and when aggregated, exceed 5%, the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement constitute non-exempt continuing connected transactions of the Company and are subject to the reporting, announcement, circular, Independent Shareholders' approval, annual reporting and annual review requirements under Chapter 14A of the Listing Rules.

## OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company or any relevant parties in connection with the 2025 Supplemental 2019 and 2021 Facility Agreements, we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the 2025 Supplemental 2019 and 2021 Facility Agreements and the transactions contemplated thereunder. In the previous two years, save for our appointments as the independent financial adviser for (i) the continuing connected transaction of the Company in relation to the second supplemental facility agreement in relation to the grant of revolving loan facility, the circular of which was dated 11 October 2023; (ii) the connected transaction of the Company in relation to the issue of convertible bonds under specific mandate, the circular of which was dated 15 March 2024; and (iii) the continuing connected transactions of the Company in relation to (a) the third supplemental facility agreement in relation to the grant of 2019 revolving loan facility

and (b) the supplemental 2021 facility agreement in relation to the grant of 2021 revolving loan facility, the circular of which was dated 23 July 2024, there was no engagement between the Company and Red Sun Capital Limited.

Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Group that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules.

## BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Group, the Directors and/or senior management of the Company (the "**Management**"). We have assumed that all information, representations and opinions contained or referred to in the Circular or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions and representations made by the Directors in the Circular have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Circular. In addition, pursuant to the relevant Listing Rules, we have taken reasonable steps to enable ourselves to reach an informed view so as to provide a reasonable basis for our opinion, which included, among others (i) obtained the 2019 Facility Agreement, the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement, the Third Supplemental 2019 Facility Agreement and the Fourth Supplemental 2019 Facility Agreement and reviewed the terms thereunder; (ii) obtained the 2021 Facility Agreement, the First Supplemental 2021 Facility Agreement and the Second Supplemental 2021 Facility Agreement and reviewed the terms thereunder; (iii) obtained and reviewed the Announcement; (iv) reviewed the contents as set out in the Circular, including the reasons for and benefits of the 2019 and 2021 Revolving Loan Facilities; (v) reviewed the information as set out in the 2024 annual report of the Company (the "**2024 Annual Report**") for our analysis on the background and historical financial performance of the Group; and (vi) conducted market research and obtained sampled transactions on the similar transactions involving the provision of loan to connected person(s) with a fixed interest rate for the purpose of our fairness and reasonableness analysis of the terms of the 2025 Supplemental 2019 and 2021 Facility Agreements.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group, and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. Shareholders will be informed of any material change of information and the representations made or referred to in the Circular as soon as practicable up to the date of the EGM.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the continuing connected transactions in relation to the grant of revolving loan facility, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

## PRINCIPAL FACTORS TAKEN INTO CONSIDERATION FOR THE FOURTH SUPPLEMENTAL 2019 FACILITY AGREEMENT AND THE SECOND SUPPLEMENTAL 2021 FACILITY AGREEMENT

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

### 1. BACKGROUND INFORMATION

#### 1.1. Background of the Company and the Group

As set out in the Letter from the Board, the Group is principally engaged in the development and operations of the digital point business and electronic trading platform, "Changyou", which aims to integrate the digital membership points, resources and strategic advantages of business partners in the Changyou digital point business ecosystem alliance (the "**Changyou Alliance**"). The digital membership points from various partnership entities and industries are interchangeable and redeemable globally as virtual assets and credit on the "Changyou" platform and can be purchased, earned and used by customers for the purpose and consumption of merchandise, games and entertainment, financial services and other commercial transactions.

### 1.2. Financial information of the Group

Set out below is a summary of the financial information of the Group as extracted from the 2024 Annual Report, details of which are as follows:

***Summary of the consolidated statement of profit or loss extracted from 2024 Annual Report***

| | For the year ended 31 December | |
|---|---|---|
| | **2023** | **2024** |
| | *RMB'000* | *RMB'000* |
| | *(audited)* | *(audited)* |
| Revenue | 226,751 | 180,708 |
| Cost of sales | (187,477) | (141,437) |
| Gross profit | 39,274 | 39,271 |
| Loss for the year | (38,616) | (18,165) |
| Loss attributable to the equity Shareholders | (37,562) | (19,516) |

***Financial performance for the year ended 31 December 2024***

According to the 2024 Annual Report, the Group's revenue decreased from approximately RMB226.8 million for the year ended 31 December 2023 to approximately RMB180.7 million for the year ended 31 December 2024, representing a decrease of approximately 20.3%. In the context of the unstable economic environment, the revenue decreased due to the impact of business partners compressing the total amount of "points" used. Since costs are incurred for business partners of Changyou Platform to issue "points" to their customers, the business partners will implement certain control over the issuance and consumption of points based on their own business conditions in terms of points management.

Although a decrease in revenue of the Group was recorded, the gross profit of the Group remained stable at approximately RMB39.3 million for the year ended 31 December 2023 and 2024, respectively. The Group has optimised its supply chain of Changyou Platform, focusing on concentrated product categories and combining point redemption with other business promotions. This has improved user conversion rates, enhanced the effective use of traffic, and increased the comprehensive profitability of the Group's business.

The loss for the year decreased from approximately RMB38.6 million for the year ended 31 December 2023 to approximately RMB18.2 million for the year ended 31 December 2024. Such decrease in loss was mainly attributable to (i) the decrease in finance costs of approximately RMB13.5 million; (ii) the decrease in research and development costs of approximately RMB2.2 million; and (iii) the deferred tax assets recognised of approximately RMB5.2 million.

***Summary of the consolidated statement of financial position of the Group extracted from 2024 Annual Report***

| | As at 31 December | |
|---|---|---|
| | **2023** | **2024** |
| | *RMB'000* | *RMB'000* |
| | *(audited)* | *(audited)* |
| Current assets | 146,053 | 131,148 |
| Total assets | 149,547 | 138,824 |
| Current liabilities | (301,654) | (185,140) |
| Total liabilities | (302,866) | (293,185) |
| Net current liabilities | (155,601) | (53,992) |
| Total equity attributable to the equity Shareholders | 234,688 | 232,697 |
| Cash and cash equivalents | 25,415 | 8,230 |

***Financial position as at 31 December 2023***

As at 31 December 2023, the Group recorded total assets of approximately RMB149.5 million, which mainly comprised of (i) trade and other receivables of approximately RMB120.3 million, and (ii) cash and cash equivalents of approximately RMB25.4 million.

As at 31 December 2023, the Group recorded total liabilities of approximately RMB302.9 million, which mainly comprised (i) trade and other payables of approximately RMB134.1 million; (ii) convertible bonds of approximately RMB115.0 million; and (iii) loans from an equity Shareholder of approximately RMB50.8 million.

As at 31 December 2023, the Group recorded total equity attributable to the Shareholders of approximately RMB234.7 million.

***Financial position as at 31 December 2024***

As at 31 December 2024, the Group recorded total assets of approximately RMB138.8 million, which mainly comprised (i) trade and other receivables of approximately RMB122.7 million, and (ii) cash and cash equivalents of approximately RMB8.2 million.

As at 31 December 2024, the Group recorded total liabilities of approximately RMB293.2 million, which mainly comprised (i) trade and other payables of approximately RMB127.4 million; (ii) convertible bonds of approximately RMB108.0 million; and (iii) loans from an equity Shareholder of approximately RMB55.8 million.

As at 31 December 2024, the Group recorded total equity attributable to the Shareholders of approximately RMB232.7 million.

### 1.3. Economic overview

***The PRC***

We noted from the 2024 Annual Report that the revenue of the Group under the International Changyou Platform is generated in the PRC. Accordingly, we set out below the respective economic data of the PRC below as reference.

| | **2020** | **2021** | **2022** | **2023** | **2024** |
|---|---|---|---|---|---|
| Year-on-year ("**YoY**") change of real GDP (%) | 2.3 | 8.6 | 3.1 | 5.4 | 5.0 |
| YoY change per capita consumer spending in real terms (%) | (4.0) | 12.6 | (0.2) | 9.0 | 5.1 |

*Source: National Bureau of Statistics of the PRC*

As noted from the above table, the GDP of the PRC recorded a YoY increase consistently of approximately 2.3%, 8.6%, 3.1%, 5.4% and 5.0% for 2021, 2022, 2023, 2024 and 2025, respectively. While the consumer spending per capita of the PRC rebounded sharply in 2021 with 12.6% of YoY growth but showed signs of weakening, with a contraction of 0.2% recorded in 2022. However, we noted posted modest growth in 2023 and 2024, recording 9.0% and 5.1%, respectively.

***Hong Kong***

As set out int the Letter from the Board, the New International Changyou Platform is being developed with a focus on international markets, including Hong Kong. Given that a portion of its future revenue is expected to be derived from the Hong Kong market, the platform's business outlook is inherently influenced by prevailing economic conditions and market volatility within the region. Accordingly, we have conducted a review of Hong Kong's current economic environment below as reference.

| | **2020** | **2021** | **2022** | **2023** | **2024** |
|---|---|---|---|---|---|
| YoY change of real GDP (%) | (6.5) | 6.5 | (3.7) | 3.2 | 2.5 |
| YoY change of private consumption expenditure (%) | (10.6) | 5.6 | (2.2) | 6.8 | (0.7) |

*Source: www.hkeconomy.gov.hk*

Based on the economic indicators as presented in 2024 Economic background and 2025 prospects report issued by The Hong Kong Economy, Hong Kong's economy has undergone a volatile trajectory over the past five years.

While real GDP rebounded sharply in 2021 with 6.5% of YoY real GDP growth and posted modest growth in 2023 and 2024, recording 3.2% and 2.5%, respectively. Nevertheless, underlying momentum remains fragile. Notably, the private consumption expenditure, considered the cornerstone of retail activity, showed signs of weakening, with a contraction of 0.7% recorded in 2024. This slowdown reflects cautious consumer sentiment and a recalibration in spending behaviour following earlier recovery spikes. Against this backdrop, retail sector expansion warrants prudence, as demand-side risks and cost pressures continue to weigh on business viability and return expectations.

## 2. INFORMATION OF PCL

As set out in the Letter from the Board, PCL is an investment holding company incorporated in the Cayman Islands with limited liability. As at the Latest Practicable Date, PCL's entire issued share capital is owned as to 47.23% by Pointsea Holdings, 15.75% by Joy Empire, 15.75% by Extra Step, 15.75% by Eastern E-Commerce, 2.76% by Zhongjin Qizhi and 2.76% by Senran Investment.

As at the Latest Practicable Date, Pointsea Holdings is owned as to 80% by Treasure Ease and 20% by Easylink. Treasure Ease is owned as to 50.1% by the Company, 30% by Fin-Tech and 19.9% by Chance Talent. Fin-Tech is an indirect wholly-owned subsidiary of CIH, the substantial shareholder of the Company and is wholly-owned by Ms. Pun Tang. Chance Talent is an indirect wholly-owned subsidiary of CCB International (Holdings) Limited, which is a wholly-owned subsidiary of China Construction Bank Corporation, a company listed on the Main Board of the Stock Exchange (Stock Code: 939). Easylink is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of China UnionPay Merchant Services Company Limited*（銀聯商務股份有限公司）("**China UnionPay MSC**"). As set out in the Letter from the Board, (i) China UnionPay MSC is a company established in the PRC and is owned as to approximately 55.5% by Shanghai Lianyin Venture Investment Company Limited*（上海聯銀創業投資有限公司）("**Shanghai Lianyin**") and 22 other corporate shareholders; (ii) Shanghai Lianyin is a company established in the PRC and is a wholly-owned subsidiary of China UnionPay Holding Company Limited*（中國銀聯股份有限公司）("**China UnionPay Holding**"); (iii) China UnionPay Holding is a company established in the PRC and is owned by 75 corporate shareholders, with the single largest shareholder being China Banknote Printing and Minting Group Company Limited*（中國印鈔造幣集團有限公司）("**China Banknote Printing and Minting**"), holding approximately 7.0% of its total issued shares; and (iv) China Banknote Printing and Minting is a company established in the PRC and is wholly-owned by The People's Bank of China, being one of the ministries and commissions under the State Council of the PRC. For the details of shareholding chart showing the shareholding structure of PCL, please refer to the section headed "Information on PCL" set out in the Letter from the Board.

Joy Empire is a company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, Joy Empire is a wholly-owned subsidiary of Bank of China Group Investment Limited, which is in turn a wholly-owned subsidiary of Bank of

China Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3988). Joy Empire is a connected person at a subsidiary level only because of its connection with PCL under the Listing Rules.

Extra Step is a company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, Extra Step is a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited and China Mobile (Hong Kong) Group Limited is a wholly-owned subsidiary of China Mobile Communications Group Co., Ltd., which is a state-owned enterprise in the PRC. Extra Step is a connected person at a subsidiary level only because of its connection with PCL under the Listing Rules.

Eastern E-Commerce is a company established in the PRC. As at the Latest Practicable Date, Eastern E-Commerce is a wholly-owned subsidiary of China Eastern Airlines Corporation Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 670). Eastern E-Commerce is a connected person at a subsidiary level only because of its connection with PCL under the Listing Rules.

Zhongjin Qizhi is a limited partnership established in the PRC and a subsidiary of China International Capital Corporation Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3908).

Senran Investment is a company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, Senran Investment is ultimately beneficially owned by Ms. Yang Xiangru and Ms. Yuan Beiling, who are third parties independent to the Company and its connected persons (as defined in the Listing Rules).

Save for Treasure Ease, Fin-Tech, Joy Empire, Extra Step and Eastern E-Commerce, the remaining ultimate beneficial owners of PCL are independent third parties to the Company and its connected persons (as defined in the Listing Rules).

## 3. REASONS FOR AND BENEFITS OF THE 2019 AND 2021 REVOLVING LOAN FACILITIES

In 2017, the Group formed the Changyou digital point business ecosystem alliance (the "**Changyou Alliance**") with CCB International (Holdings) Limited, China UnionPay Merchant Services Company Limited, Bank of China Group Investment Limited, China Mobile (Hong Kong) Group Limited and China Eastern Airlines Corporation Limited. The "Changyou" business is the sole operating segment of the Group which is conducted through the PCL Group. The Group operates the existing "Changyou" platform which targets the PRC market (the "**Existing PRC Changyou Platform**"), and has been developing a new digital point electronic platform which targets the Hong Kong and overseas markets (the "**New International Changyou Platform**"). Both the Existing PRC Changyou Platform and the New International Changyou Platform adopt a similar business model.

As set out in the Letter from the Board, the Existing PRC Changyou Platform has continued to optimise its products and strengthen its penetration into quality scenarios of software as a service ("**SaaS**") digital points service in 2024, target-oriented service and corporate services, prompting steady growth of the user size and continuous improvement in

business revenue and operating profits on a month-on-month basis. Besides, the Group strove for technological innovation, combined with emerging technologies such as blockchain, data centre, and artificial intelligence, and integrated them into the Group's SaaS digital points service, target-oriented services, and corporate services. In 2024, the Group has focused on developing a travel ecosystem that encompasses services such as four-wheel and two-wheel vehicle charging, subways, buses, and shared bicycles. In addition to promoting the use of reward points, the Group has aggregated high-quality green mobility benefits to encourage secondary conversions, boost user activity, and drive revenue growth. By leveraging reward points for exposure and promotion within the ecosystem, certain brands have begun exploring precise user targeting to improve conversion rates and develop customer profiles for future marketing efforts. The Group has also optimized the Changyou Platform's supply chain, focusing on specific product categories and integrating point redemption with other business promotions.

As set out in the 2024 Annual Report, the Changyou Platform has an increased in number of both members and users with provision of more diversified products and services, and optimised the business models and consumption scenarios. As at 31 December 2024, the total number of registered users on Changyou Platform was approximately 251.8 million, representing an increase of approximately 48.1 million registered users compared to the total number as at 31 December 2023. As set out in the Letter from the Board, the total transaction volume and revenue of Changyou Alliance business for the year ended 31 December 2024 amounted to approximately RMB245.4 million and approximately RMB180.7 million, respectively.

As set out in the Letter from the Board, the Group has been pressing ahead with the preparation and the launch of the New International Changyou Platform. However, notwithstanding the Group's continuous commitment and efforts in developing the New International Changyou Platform, such development has been delayed due to the challenges from both the macro and micro environments, thus hindering the progress of the development. As discussed with the Management, considering the macro-economic environment, including the recent trade tensions between the United States and the PRC earlier this year resulting in a fluctuation of prices of goods those are planned to be consumed via the New International Changyou Platform and the potential inflation in subsequent, and macro-economic environment that PCL is navigating rising operational costs and shifting client demands, which imposed an underlying threatened effect on the PCL Group's profitability and continues to present significant uncertainties and challenges, particularly in consumers' sentiment. Therefore, the Management has made the prudent decision to delay its planned business expansion, including the launching of the New International Changyou Platform. While PCL remains committed to maintain a steady and consistent growth, the Management believes it is essential to prioritise financial stability and operational resilience in light of the current challenging market conditions. This approach allows PCL to safeguard the long-term interests of its stakeholders and position the Company for stronger, more sustainable expansion when market conditions improve. The Management is closely monitoring the situation and remain fully prepared to act decisively once the environment becomes more conducive to investment. Going forward, the Group expected that it will continue to commit more resources on the development of the New International Changyou Platform.

We understand from the Management that day-to-day operations of the "Changyou" business are capital intensive and a large amount of working capital are required to (i) maintain the current level of performance and user network of the Existing PRC Changyou Platform; (ii) attract and retain talented and experienced personnel and management team for the development of the Existing PRC Changyou Platform and the New International Changyou Platform; (iii) support promotional and marketing activities to attract and maintain customer loyalty and their participation and consumption of the products and services provided; and (iv) maintain its technology infrastructure and to feature new financial technologies such as blockchain into the Existing PRC Changyou Platform and the New International Changyou Platform to enable effective extraction and development of big data samples, creating a precise and extensive database of consumer transactions and consumption behaviour in the future. As such, it is important to maintain a sufficient level of liquidity and financial flexibility in order to maintain the current level of performance and user network of the Existing PRC Changyou Platform and the New International Changyou Platform.

Based on our review on the consolidated financial statements of the PCL Group and discussion with the Management, we noted that (i) the PCL Group recorded approximately RMB11.1 million of selling, distribution and administrative expenses for the year ended 31 December 2024 in relation to, among others, (a) provide promotional and marketing activities to attract and maintain customer loyalty and their participation and consumption of the products and services; and (b) retain talented and experienced personnel and management team for the development of the Existing PRC Changyou Platform and the New International Changyou Platform; (ii) the PCL Group recorded research and development costs of approximately RMB12.5 million for the year ended 31 December 2024, respectively, in order to maintain its technology infrastructure and feature new financial technologies from time to time; and (iii) the Management expected that a similar level of the abovementioned total expenses are required in foreseeable future to maintain the operation of PCL Group under current scale, we concurred with the Management that the "Changyou" business requires a large amount of working capital for its development.

Having considered that the 2019 Revolving Loan Facility will expire on 31 October 2025 and the 2021 Revolving Loan Facility have expired on 30 May 2025, PCL has been considering various financing opportunities in order to meet its financing needs.

For the various fund-raising methods to improve the financial position of the PCL including long term bank borrowings, placement of shares to independent third parties, rights issue and open offer, we noted that the ability for a company to obtain bank borrowings generally and largely depends on the company's profitability, financial position and the then prevailing market condition and may be subject to lengthy due diligence and internal risk assessment by and negotiations with bank and usually requires pledge of assets by the borrower.

As advised by the Management and as set out in the Letter from the Board, we noted that PCL has been considering other financing opportunities to meet its financing needs. PCL had approached different banks and non-banking financial institutions to explore short term debt financing options, and had also considered the feasibility of other sources of fundraising activities to support the long-term development and expansion of the

"Changyou" business. According to the discussions between PCL and the relevant banks and non-banking financial institutions, given the net liabilities of PCL recorded as at 31 December 2024 and the prevailing interest rate of debt financing, it was not feasible for PCL to obtain loan facilities under favourable terms and conditions from such banks and non-banking financial institutions (such as interest rate and requirements for the provision of charges and/or security requirement). Besides, PCL has also considered the feasibility of equity financing from private equity firms. However, as the economy is facing macro-financial challenges and the equity and debt markets are experiencing notable volatility and mixed performance due to ongoing trade tensions, economic uncertainty and recent monetary policy decisions, it is likely that private equity firms will be cautious in making investment decisions, impeding the equity fund raising exercise by PCL. As such, PCL has not approached any private equity firms for the purpose of equity fund raising possibility.

Based on our review of the consolidated financial statements of the PCL Group, the PCL Group recorded net liabilities of approximately RMB237.5 million as at 31 December 2024 and profit for the year of approximately RMB0.4 million for the year ended 31 December 2024. In light of the minimal profit-making performance of the PCL Group for the year ended 31 December 2024 and the financial position of the PCL Group as at 31 December 2024, we noted that it is unlikely for the PCL to (i) timely generate sufficient operating cash inflow from its daily operation in order to alleviate its current financial burden or to allocate sufficient capital/resources for the development of the New International Changyou Platform should the market condition improves; (ii) obtain additional mid-term or long-term bank loans of meaningful loan size (i.e. RMB200 million) timely with favourable terms; (iii) raise the necessary funds by way of placing or rights issue or open offer of new shares of PCL without material dilution impact on the shareholding interests of the Company; and (iv) timely generate sufficient operating cash inflow from its daily operation in order to settle the outstanding principal amounts drawn under the 2019 and 2021 Revolving Loan Facilities.

As at the Latest Practicable Date, an aggregate sum of approximately HK$173.9 million under the 2019 and 2021 Revolving Loan Facilities has been utilised by PCL. To ensure that PCL is able to maintain a sufficient level of liquidity as described above, the Board considers the 2019 and 2021 Revolving Loan Facilities to PCL to be efficient, beneficial and in the interest of PCL and its shareholders as a whole, having considered the infeasibility of other sources of fundraising activities or equity financing as mentioned aforesaid. The Board has also considered various recent transactions with similar nature, involving the provision of loans to connected persons with a fixed interest rate by companies listed on the Stock Exchange and the subject transaction announcements of which were announced during the period from 1 November 2024 to the dates of the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement, and is of the view that the Interest Rate is in line with the rate of interest of the market comparable transactions.

PCL is a non-wholly owned subsidiary of the Company and more than half of the directors of PCL are appointed and nominated by the Company. With such structure of the board of directors of PCL, the Company can actively monitor the operations and management decision of PCL. Besides, there are adequate and sufficient internal control

measures to mitigate the default risk associated with the 2019 and 2021 Revolving Loan Facilities, details please refer to section headed "5. Evaluation of the terms of the Revolving Loan Facility – 5.4 Internal control" in this letter. Although the 2019 and 2021 Revolving Loan Facilities are unsecured, having considered (i) the Company's control power over PCL as aforementioned; (ii) the release of the tranches of the 2019 and 2021 Revolving Loan Facilities was subject to the Company's satisfaction of the assessment of the then and expected financial performance and position of the PCL Group; and (iii) the "Changyou" business is the sole operating segment of the Group which is conducted through the PCL Group, the Board is of the view and we concurred that (i) the default risk of PCL is justifiable; and (ii) the grant of the 2019 and 2021 Revolving Loan Facilities without additional collateral or guarantee is reasonable.

Having considered that (i) the "Changyou" business is the sole operating segment of the Group which is conducted through the PCL Group; (ii) the Group will continue to commit more resources on the development of the New International Changyou Platform; (iii) the Changyou Alliance business has undergone continuing development throughout recent years and PCL Group recorded a turnaround in profit from a loss for the year of approximately RMB29.4 million for the year ended 31 December 2022 to a profit for the year of approximately RMB0.1 million for the year ended 31 December 2023 and the profit was further improved to approximately RMB4.3 million for the year ended 31 December 2024; (iv) there is a genuine funding need of PCL for the development and expansion of the "Changyou" business in the long term; (v) PCL has no other available sources of fundraising with favourable terms up to the Latest Practicable Date; and (vi) the Company has control power over PCL and the Company can actively monitor the operations and management decision of PCL and there are adequate and sufficient internal control measures to mitigate the default risk associated with the 2019 and 2021 Revolving Loan Facilities, we concur with the Directors that the entering into of the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement is not in the ordinary and usual course of business of the Group, but on normal commercial terms, the terms of each of the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement (including both the proposed 2019 Revolving Loan Facility Annual Caps and the proposed 2021 Revolving Loan Facility Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Proposed annual caps and historical utilisation**

***2019 Revolving Loan Facility Annual Caps and historical utilisation***

The outstanding balance and the annual utilisation rate of the 2019 Revolving Loan Facility since the grant of facility are set out below:

| Date | Amount drawn down<br>*HK$* | Amount of outstanding balance<br>*HK$* | Annual utilisation rate<br>*%* |
|---|---|---|---|
| 31 December 2019 | 20,000,000 | 20,000,000 | 20 |
| 31 December 2020 | 47,000,000 | 67,000,000 | 67 |
| 31 December 2021 | 33,000,000 | 100,000,000 | 100 |
| 31 December 2022 | – | 100,000,000 | 100 |
| 31 December 2023 | – | 100,000,000 | 100 |
| 31 December 2024 | – | 100,000,000 | 100 |
| Latest Practicable Date | – | 100,000,000 | 100 |

The proposed Annual Caps in respect of the 2019 Revolving Loan Facility for each financial year during the 2019 Revolving Loan Facility Period shall not exceed HK$100 million. The proposed 2019 Revolving Loan Facility Annual Caps was determined by reference to (i) the maximum principal amount of the 2019 Revolving Loan Facility Loan granted or to be granted by the Company to PCL pursuant to the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement) has never exceeded the annual cap under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement); (ii) the principal amount of the 2019 Revolving Loan Facility granted under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement) has been fully utilised; (iii) the maximum principal amount of the 2019 Revolving Loan Facility Loan has not been increased; and (iv) the operations and developments of the "Changyou" business of the Group which is conducted through the PCL Group. In order to enable PCL to continue to maintain a sufficient level of liquidity and to avoid the risk of discontinuance of the operations of the PCL Group, it is necessary to extend the 2019 Revolving Loan Facility Period with the proposed 2019 Revolving Loan Facility Annual Caps.

As at the Latest Practicable Date, the 2019 Revolving Loan Facility has been fully utilised and all accrued interest from the 2019 Revolving Loan Facility has been fully settled in accordance with the interest payment under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement).

*2021 Revolving Loan Facility Annual Caps and historical utilisation*

The outstanding balance and the annual utilisation rate of the 2021 Revolving Loan Facility since the grant of facility are set out below:

| Date | Amount drawn down<br>*HK$* | Amount of outstanding balance<br>*HK$* | Annual utilisation rate<br>*%*<br>*(Approximately)* |
|---|---|---|---|
| 31 December 2021 | 75,000,000 | 75,000,000 | 75 |
| 31 December 2022 | (1,075,376) | 73,924,624 | 74 |
| 31 December 2023 | – | 73,924,624 | 74 |
| 31 December 2024 | – | 73,924,624 | 74 |
| Latest Practicable Date | – | 73,924,624 | 74 |

The proposed 2021 Revolving Loan Facility Annual Caps for each financial year during the 2021 Revolving Loan Facility Period shall not exceed HK$100 million. The proposed 2021 Revolving Loan Facility Annual Caps was determined by reference to: (i) the maximum principal amount of the 2021 Revolving Loan Facility Loan granted or to be granted by the Company to PCL pursuant to the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement) has never exceeded the annual cap under the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement); (ii) the maximum principal amount of the 2021 Revolving Loan Facility Loan has not been increased; and (iii) the operations and developments of the "Changyou" business of the Group which is conducted through the PCL Group. In order to enable PCL to continue to maintain a sufficient level of liquidity and to avoid the risk of discontinuance of the operations of the PCL Group, it is necessary to extend the 2021 Revolving Loan Facility Period with the proposed 2021 Revolving Loan Facility Annual Caps.

As at the Latest Practicable Date, approximately HK$73.9 million under the 2021 Revolving Loan Facility has been utilised and all accrued interest from the 2021 Revolving Loan Facility has been fully settled in accordance with the interest payment under the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement). As discussed with Management, it is estimated that approximately HK$10.0 million from the 2021 Loan Facility will be allocated toward general working capital requirements associated with the launch of the New International Changyou Platform. This includes funding for approximately HK$3.0 million for marketing initiatives, approximately HK$5.0 million for setting up a team to support the daily operations of the New International Changyou Platform and approximately HK$2.0 million for development of the technology infrastructure of the New International Changyou Platform. In addition, the remaining HK$16.1 million from the utilised portion of the 2021 Loan Facility is designated as a strategic buffer to support potential development opportunities and safeguard against operational disruptions that may affect the ongoing activities of the PCL Group.

Although there was approximately HK$26.1 million of unutilised 2021 Revolving Loan Facility as at the Latest Practicable Date and no drawdown record has been noted since 31 December 2022, having considered that (i) the PCL Group recorded net liabilities of approximately RMB237.5 million as at 31 December 2024 and minimal profit for the year of approximately RMB0.4 million for the year ended 31 December 2024; (ii) it is unlikely for the PCL to timely generate sufficient operating cash inflow from its daily operation in order to (a) alleviate its current financial burden; (b) allocate sufficient capital/resources for the development of the New International Changyou Platform should the market condition improves; or (c) to repay the outstanding balances of 2019 Revolving Loan Facility and 2021 Revolving Loan Facility when they fall due; (iii) a buffer is necessary to be included when determining the 2021 Revolving Loan Facility Annual Caps to cater for any potential development opportunities and avoid any undue disruption and detriment to the business operations of the PCL Group if the annual caps are to be further revised and re-approved by the Independent Shareholders; and (vi) PCL's intention to continue developing the New International Changyou Platform in the future, the Management is of the view and we concur that PCL has an imminent need to extend the 2021 Revolving Loan Facility and maintain the 2021 Revolving Loan Facility Annual Caps at the same amount.

***Our view***

As confirmed through discussions with Management, the aggregated drawdown of approximately HK$175 million under the 2019 and 2021 Revolving Loan Facilities has been allocated towards general working capital requirements of the PCL Group in support of its "Changyou" operations. These funds have been utilised to cover key operating expenditures, including cost of sales, selling and distribution expenses, research and development activities, and administrative overheads. Having considered (i) the operations of the "Changyou" business requires a large amount of working capital as discussed above and the genuine funding needs of the "Changyou" business, including the increasing amounts of research and development costs for continuing development and support its platforms; (ii) historical drawdown records by PCL in order to maintain its working capital sufficiency in sufficient level; (iii) the 2019 Revolving Loan Facility has been fully utilised; (iv) over 70% of the 2021 Revolving Loan Facility has been fully utilised; (v) the turnaround in profit for the year ended 31 December 2023 and the profit for the year ended 31 December 2024 of PCL indicating the funding of loan has positively encouraged the development of the business of "Changyou" business; (vi) the genuine funding need of PCL for the continual development and expansion of the "Changyou Platform" business in the long term as discussed in this section; and (vii) a buffer is necessary to be included when determining the 2021 Revolving Loan Facility Annual Caps to cater for any potential development opportunities and avoid any undue disruption and detriment to the business operations of the PCL Group if any annual caps are to be revised and re-approved by the Independent Shareholders, we are of the view that 2019 Revolving Loan Facility Annual Caps and 2021 Revolving Loan Facility Annual Caps are fair and reasonable.

## 4. MAJOR TERMS OF THE FOURTH SUPPLEMENTAL 2019 FACILITY AGREEMENT AND THE SECOND SUPPLEMENTAL 2021 FACILITY AGREEMENT

### 4.1. The Fourth Supplemental 2019 Facility Agreement

On 30 May 2025 (after trading hours of Stock Exchange), the Company (as lender) and PCL (as borrower) entered into the Fourth Supplemental 2019 Facility Agreement pursuant to which the parties have conditionally agreed to further vary the terms of the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement). Set out below are the summary of the major terms of the Fourth Supplemental 2019 Facility Agreement.

| | |
|---|---|
| **Date:** | 30 May 2025 (after trading hours of Stock Exchange) |
| **Parties:** | the Company, as lender; and<br>PCL, as borrower |
| **Facility Period:** | The 2019 Revolving Loan Facility Period shall be varied to eight (8) years from and including the 2019 Conditions Fulfilment Date, and the 2019 Revolving Loan Facility Repayment Date shall be varied to 31 October 2027. |

**Conditions precedent:** The obligations of the parties to the Fourth Supplemental 2019 Facility Agreement are conditional upon the Company having complied with all applicable requirements of the Listing Rules and other regulatory provisions in connection with the Fourth Supplemental 2019 Facility Agreement and the transactions contemplated thereunder including the Independent Shareholders having approved at the EGM (and with regard to all applicable laws, rules and regulations, including the Codes on Takeovers and Mergers in Hong Kong and the Listing Rules, where applicable) the variations of the 2019 Revolving Loan Facility Period and the 2019 Revolving Loan Facility Repayment Date as set forth in the Fourth Supplemental 2019 Facility Agreement.

If these conditions have not been fulfilled on or before 31 October 2025 or on such later date as may be agreed between the parties to the Fourth Supplemental 2019 Facility Agreement, then the Fourth Supplemental 2019 Facility Agreement shall automatically terminate (other than in respect of the surviving provisions). In such event, neither party shall have any claim under the Fourth Supplemental 2019 Facility Agreement of any nature whatsoever against the other party except in respect of any rights and liabilities which have accrued before termination or under any of the surviving provisions.

**Other terms:** Subject only to the variations contained in the Fourth Supplemental 2019 Facility Agreement and such other alterations (if any) as may be necessary to render the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement) consistent with the Fourth Supplemental 2019 Facility Agreement, the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement) remains in full force and effect and shall be read and construed in conjunction and as one document with the Fourth Supplemental 2019 Facility Agreement.

As set out in the Letter from the Board, other than the variations of the 2019 Revolving Loan Facility Period and the 2019 Revolving Loan Facility Repayment Date, the Board is not aware of any other alterations to the 2019 Facility Agreement. For details of major terms in relation to 2019 Revolving Loan Facility pursuant to the Third Supplemental 2019 Facility Agreement and the Fourth Supplemental 2019 Facility Agreement, please refer to the section headed "MAJOR TERMS OF THIRD SUPPLEMENTAL 2019 FACILITY AGREEMENT AND FOURTH SUPPLEMENTAL 2019 FACILITY AGREEMENT" in the Letter from the Board of the Circular.

**4.2. The Second Supplemental 2021 Facility Agreement**

On 30 May 2025, (after trading hours of Stock Exchange), the Company (as lender) and PCL (as borrower) entered into the Second Supplemental 2021 Facility Agreement, pursuant to which the parties have conditionally agreed to vary the terms of the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement). Set out below are the summary of the major terms of the Second Supplemental 2021 Facility Agreement.

| | |
|---|---|
| **Date:** | 30 May 2025 (after trading hours of Stock Exchange) |
| **Parties:** | (i) the Company, as lender; and<br><br>(ii) PCL, as borrower |
| **Facility Period:** | The 2021 Revolving Loan Facility Period shall be varied to six (6) years from and including the 2021 Conditions Fulfilment Date, and that the 2021 Revolving Loan Facility Repayment Date shall be varied to 30 May 2027. |
| **Conditions precedent:** | The obligations of the parties to the Second Supplemental 2021 Facility Agreement are conditional upon the Company having complied with all applicable requirements of the Listing Rules and other regulatory provisions in connection with the Second Supplemental 2021 Facility Agreement and the transactions contemplated thereunder including the Independent Shareholders having approved at the EGM (and with regard to all applicable laws, rules and regulations, including the Codes on Takeovers and Mergers in Hong Kong and the Listing Rules, where applicable) the variations of the 2021 Revolving Loan Facility Period and the 2021 Revolving Loan Facility Repayment Date as set forth in the Second Supplemental 2021 Facility Agreement. |

If these conditions have not been fulfilled on or before 31 October 2025 or on such later date as may be agreed between the parties to the Second Supplemental 2021 Facility Agreement, then the Second Supplemental 2021 Facility Agreement shall automatically terminate (other than in respect of the surviving provisions). In such event, neither party shall have any claim under the Second Supplemental 2021 Facility Agreement of any nature whatsoever against the other party except in respect of any rights and liabilities which have accrued before termination or under any of the surviving provisions.

**Other terms:** Subject only to the variations contained in the Second Supplemental 2021 Facility Agreement and such other alterations (if any) as may be necessary to render the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement) consistent with the Second Supplemental 2021 Facility Agreement, the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement) remains in full force and effect and shall be read and construed in conjunction and as one document with the Second Supplemental 2021 Facility Agreement.

As set out in the Letter from the Board, other than the variations of the 2021 Revolving Loan Facility Period and the 2021 Revolving Loan Facility Repayment Date, the Board is not aware of any other alterations to the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement). For details of major terms in relation to 2021 Revolving Lon Facility pursuant to the First Supplemental 2021 Facility Agreement and the Second Supplemental 2021 Facility Agreement, please refer to the section headed "MAJOR TERMS OF FIRST SUPPLEMENTAL 2021 FACILITY AGREEMENT AND SECOND SUPPLEMENTAL 2021 FACILITY AGREEMENT" in the Letter from the Board of the Circular.

## 5. EVALUATION OF THE TERMS OF THE REVOLVING LOAN FACILITY

The transactions contemplated under the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement are similar in nature, and both of them were entered into between the Company and PCL. In order to assess the fairness and reasonableness of the terms of the 2025 Supplemental 2019 and 2021 Facility Agreements, in view that the 2019 and 2021 Revolving Loan Facilities are provided by the Company to its connected subsidiary, we have based on the following criteria identified a list of similar transactions involving (i) the provision of loan(s) to connected person(s) with a pre-fixed interest rate by companies listed on the Main Board of the Stock Exchange; (ii) sizes of the loan being not less than HK$10.0 million; and (iii) the subject transaction announcement of which was announced during the period from 1 December 2024 to the dates of the 2025 Supplemental 2019 and 2021 Facility Agreements, being approximately six-month period

prior to the date of the 2025 Supplemental 2019 and 2021 Facility Agreements (the "**Review Period**"), which was considered to be sufficient for the purpose of our analysis set out hereunder as we are of the view that the transactions to be representative of similar historical transactions.

On a best effort basis and to the best of our knowledge, we have identified nine transactions on an exhaustive basis (the "**Market Comparables**") which meet the aforementioned criteria. We are of the view that the Market Comparables based on such review period and criteria set are meaningful references to the Independent Shareholders on the general market practice in connection with recent similar transactions.

Shareholders should note that the size, business nature, scale of operations and prospects of the Company are not exact the same as the Market Comparables and we have not conducted any in-depth investigation into the size, business nature, scale of operations and prospects of the Market Comparables. Nevertheless, given that this analysis is aiming at taking a general reference to the market practice in relation to similar type of transactions, we consider that our comparable analysis on the terms of the 2025 Supplemental 2019 and 2021 Facility Agreements without limiting to companies that are with similar size, business nature and scale of operations as that of the Group is fair and reasonable and useful for the Independent Shareholders' reference. We set out our findings in the table below:

| No. | Date of announcement | Company name (stock code) | Loan principal amount *Approximately HKD* | Interest rate per annum *Approximately (%)* | Maturity *Approximately (years)* | Collateral/ Guarantee | Status *(Note 3)* |
|---|---|---|---|---|---|---|---|
| 1. | 30 May 2025 | Yankuang Energy Group Company Limited (1171) | 1,060,000,000 | 3.10 | 3.0 | Yes | Completed |
| 2. | 26 May 2025 | China High Speed Transmission Equipment Group Co., Ltd. (658) | 265,000,000 | 3.00 | 5.0 | Yes | Completed |
| 3. | 6 May 2025 | Country Garden Services Holdings Company Limited (6098) | 1,060,000,000 | 5.00 | 5.0 | Yes | Completed |
| 4. | 28 April 2025 | China Pipe Group Limited (380) | 78,500,000 | 5.50 | 3.0 | Yes | Completed |
| 5. | 31 March 2025 | STAR CM Holdings Limited (6698) | 28,000,000 | 5.00 | 1.6 | N/A *(Note 1)* | Completed |
| 6. | 26 March 2025 | China Evergrande New Energy Vehicle Group Limited (708) | 15,435,720,000 | Nil *(Note 2)* | 3.0 *(Note 2)* | No | Completed |

| No. | Date of announcement | Company name (stock code) | Loan principal amount *Approximately HKD* | Interest rate per annum *Approximately (%)* | Maturity *Approximately (years)* | Collateral/ Guarantee | Status *(Note 3)* |
|---|---|---|---|---|---|---|---|
| 7. | 26 March 2025 | China Evergrande New Energy Vehicle Group Limited (708) | 2,173,000,000 | Nil *(Note 2)* | 3.0 *(Note 2)* | No | Completed |
| 8. | 10 January 2025 | GCL New Energy Holdings Limited (451) | 117,910,000 | 3.85 | 2.5 | N/A *(Note 1)* | Completed |
| 9. | 10 January 2025 | GCL New Energy Holdings Limited (451) | 74,340,000 | 3.85 | 2.5 | N/A *(Note 1)* | Completed |
| **Exclude the Outliners (defined thereafter)** | | | | | | | |
| | | **Maximum** | | 5.5 | 5.0 | | |
| | | **Minimum** | | 3.0 | 1.6 | | |
| | | **Median** | | 3.9 | 3.0 | | |
| | | **Average** | | 4.2 | 3.2 | | |
| | | **The Company** | | 8.0 *(Note 4)* | 2.0 *(Note 5)* | No | |

*Source: The website of the Stock Exchange (www.hkex.com.hk) and adopted from the relevant announcements.*

*Notes:*

1. No relevant information was disclosed in the subject announcement.

2. Given China Evergrande New Energy Vehicle Group Limited ("**China Evergrande**") was suspended at the time and that one of the loans provided by China Evergrande to the subject connected party was as a result of a pre-existing loan prior to the proposed disposal of the subject entity by the China Evergrande group, and such loan is expected to continue after the proposed disposal, while the other loan was provided to an entity, being a connected person of a larger group which China Evergrande group owed a notably larger amount of payables to. Accordingly, these loans from China Evergrande are considered to be outliners (the "**Outliners**") and were excluded from our market comparable analysis.

3. The transactions in completed status represented that (i) the relevant resolution(s) has/have been approved by independent shareholders of the relevant companies; or (ii) the transactions were exempted from independent shareholders' approval requirements under the Listing Rules.

4. Both the interest rates of the 2019 Facility Agreement as amended by the Third Supplemental 2019 Facility Agreement and the 2021 Facility Agreement as amended by the First Supplemental 2021 Facility Agreement was 8.0% per annum.

5. According to the Fourth Supplemental 2019 Facility Agreement, the 2019 Revolving Loan Facility Repayment Date shall be varied from 31 October 2025 to 31 October 2027, representing 2 years of the facility period to be extended. According to the Second Supplemental 2021 Facility Agreement, the 2021 Revolving Loan Facility Repayment Date shall be varied from 30 May 2025 to 30 May 2027, representing 2 years of the facility period to be extended.

### 5.1 Interest Rate

As illustrated by the above table, the interest rate of the Market Comparables ranges from 3.0% to 5.5%, with a median of approximately 3.9%. We note that the interest rate of 8.0% on the outstanding principal amount of the 2019 Revolving Loan Facility Loan and the 2021 Revolving Loan Facility Loan is higher than the median of the interest rate of the Market Comparables and the range of the interest rate of the Market Comparables. Accordingly, we consider that the interest rate on the outstanding principal amount of the 2019 Revolving Loan Facility Loan and the 2021 Revolving Loan Facility Loan is fair and reasonable.

### 5.2 Term to maturity

As illustrated by the above table, the term of maturity of the Market Comparables ranges from 1.6 years to five years with a median of three years. The extension of the facility period of two years under the 2025 Supplemental 2019 and 2021 Facility Agreements is in line with the aforesaid range of the Market Comparables and is shorter than the median of three years of the Market Comparables. Accordingly, we consider the term of maturity extended under the 2025 Supplemental 2019 and 2021 Facility Agreements to be fair and reasonable.

### 5.3 Collateral / Guarantee

As illustrated by the above table, four out of nine Market Comparables were secured by collateral or guarantee and no information in relation to the collateral or the guarantee was noted in the announcement for two of the Market Comparables. Although the 2019 and 2021 Revolving Loan Facilities are unsecured, having considered (i) the Company's control power over PCL; (ii) the release of the tranches of the 2019 and 2021 Revolving Loan Facilities was subject to the Company's satisfaction of the assessment of the then and expected financial performance and position of the PCL Group; and (iii) the "Changyou" business is the sole operating segment of the Group which is conducted through the PCL Group, the Board is of the view and we concurred that (a) the default risk of PCL is justifiable; and (b) the grant of the 2019 and 2021 Revolving Loan Facilities without additional collateral or guarantee is reasonable.

### 5.4 Internal Control

We were also given to understand that the Company has taken the following internal control measures to monitor the drawdown of the 2019 and 2021 Revolving Loan Facilities and mitigate the default risk associated with the 2019 and 2021 Revolving Loan Facilities and safeguard the Company's assets, the details of which were summarized as below:

(i) the senior management of the Company will conduct continuous monitoring of the operations of the PCL Group through fostering and maintaining regular communication and active interaction between the parties;

(ii) the designated staff of the accounting department of the Company will closely monitor the aggregated outstanding balances of the Loans and report the latest status to the chief financial officer/financial controller of the Company on a monthly basis to ensure that it does not exceed the 2019 Revolving Loan Facility Annual Caps and the 2021 Revolving Loan Facility Annual Caps;

(iii) the chief financial officer/financial controller of the Company will report to the Board on half-yearly basis in relation to the transaction status;

(iv) the Company will set an alert alarm when the aggregated outstanding loan balance under the 2019 and 2021 Revolving Loan Facilities is about to reach the aggregate sum under the 2019 Revolving Loan Facility Annual Caps and the 2021 Revolving Loan Facility Annual Caps. In case that the aggregated principal amount of the Loans is expected to exceed the 2019 Revolving Loan Facility Annual Caps and the 2021 Revolving Loan Facility Annual Caps, the Company could timely re-comply with the requirements under Chapter 14A of the Listing Rules;

(v) the internal control department and relevant personnel of the Company will monitor and ensure all transactions contemplated under the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement, the Third Supplemental 2019 Facility Agreement and the Fourth Supplemental 2019 Facility Agreement) and the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement and the Second Supplemental 2021 Facility Agreement) are carried out pursuant to their respective terms;

(vi) the independent non-executive Directors will conduct an annual review of the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement and confirm in the Company's annual report in relation thereto in accordance with Rule 14A.55 of the Listing Rules; and

(vii) the auditors of the Company will conduct an annual review of and report on the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement in accordance with Rule 14A.56 of the Listing Rules.

In addition to the internal control measures taken by the Company as aforesaid, the Management will conduct monthly review of the management accounts of the PCL Group and regular assessment of the funding needs and cashflow position of the PCL Group for the operations of the PCL Group for the release of the tranches of the loans granted under the 2019 and 2021 Revolving Loan Facilities and prior to the repayment of the 2019 and 2021 Revolving Loan Facilities in full, as well as the then and expected financial performance and position of the PCL Group. As set out in the Letter from the Board, the Directors are satisfied that, since the grant of the 2019 and 2021 Revolving Loan Facilities, the PCL Group has utilised the loans granted under the 2019

and 2021 Loan Facility for the operations of the PCL Group and that the Group has undergone continued development and expansion of scale, gradually covering a wider range of consumption scenarios and daily service business scope and increased number of users. Besides, the Directors are of the view that the internal control measures adopted by the Group set out above are effective in ensuring that the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement shall be conducted on normal commercial terms which are fair and reasonable to the Company and the Shareholders as a whole.

In order to assess the effectiveness of the Company's internal control measures to monitor the drawdown of Loan under the 2019 and 2021 Revolving Loan Facilities and mitigate the default risk associated, we have reviewed relevant historical internal control records of the Group, including (i) the status reports for the outstanding loan balances reviewed by the Board; (ii) the internal reports prepared by finance manager of the Company, reviewed by financial controller of the Company, and approved by the chief financial officer of the Company in relation to the status of the outstanding loan balances; and (iii) the letters issued by the independent auditors for conducting annual review of the continuing connected transactions of the Company, to assess whether such transactions have been carried out in accordance with the relevant terms of the 2019 and 2021 Revolving Loan Facilities.

Besides, we have confirmed with the Management that (a) the release of the tranches of the 2019 and 2021 Revolving Loan Facilities was subject to the Company's satisfaction of the assessment of the then and expected financial performance and position of the PCL Group; (b) no default record has been noted in relation to the drawdown of loans under the 2019 and 2021 Revolving Loan Facilities up to the Latest Practicable Date; and (c) the Company's control power over PCL and able to assess and review the financial position of PCL.

Based on the above and having considered that (i) the Company monitors the aggregated loan amounts against the approved annual caps to ensure the compliance of the terms and policy under the 2019 Facility Agreement and 2021 Facility Agreement as amended by the Fourth Supplemental 2019 Facility Agreement and the Second Supplemental 2021 Facility Agreement, respectively; (ii) the Company has adequate internal control procedures as aforementioned; and (iii) the Company's control power over PCL, we consider that the internal control measures are sufficient to safeguard Shareholders' interest in conducting the 2025 Supplemental 2019 and 2021 Facility Agreements and the transactions contemplated thereunder. Accordingly, we are of the view that the internal control procedures are in place, adequate and in compliance with the internal measures as mentioned above.

## OPINION AND RECOMMENDATION

Having taken into consideration the factors and reasons stated above, we are of the opinion that although the entering into of the 2025 Supplemental 2019 and 2021 Facility Agreements are not in the ordinary and usual course of business of the Group, it is on normal commercial terms, and the 2025 Supplemental 2019 and 2021 Facility Agreements, the proposed 2019 Revolving Loan Facility Annual Caps and the proposed 2021 Revolving Loan Facility Annual Caps are (i) fair and reasonable so far as the Independent Shareholders are concerned, and (ii) in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the 2025 Supplemental 2019 and 2021 Facility Agreements.

Yours faithfully
For and on behalf of
**Red Sun Capital Limited**
**Robert Siu**
*Managing Director*

*Mr. Robert Siu is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 26 years of experience in the corporate finance industry.*

* *for identification purposes only*

## 1. 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.

## 2. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES PURSUANT TO THE SFO

As at the Latest Practicable Date, Mr. Sun Jun had interest in 30,000 Shares.

As at the Latest Practicable Date, save as disclosed above, none of the Directors, chief executive of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

## 3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS PURSUANT TO THE SFO

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons or companies (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO:

| Name of Shareholder | Nature of interest | Interest in Shares | Approximate percentage of interest *(Note 7)* |
|---|---|---|---|
| Pun Tang *(Note 1)* | Beneficial interest | 107,367,000 (L) | 5.93% |
| | Interest of controlled corporation | 898,885,818 (L) | 49.64% |
| | | 660,000,000 (S) | 36.44% |
| CIH *(Note 1)* | Beneficial interest | 898,885,818 (L) | 49.64% |
| | | 660,000,000 (S) | 36.44% |

| Name of Shareholder | Nature of interest | Interest in Shares | Approximate percentage of interest *(Note 7)* |
|---|---|---|---|
| Greater Bay Area Homeland Investments Limited *(Note 2)* | Interest of controlled corporation | 712,647,000 (L) | 39.35% |
| Starr International Foundation *(Note 3)* | Interest of controlled corporation | 224,710,691 (L) | 12.41% |
| Beijing Enterprises Real Estate (HK) Limited *(Note 4)* | Beneficial interest | 151,515,000 (L) | 8.37% |
| Yang Liu *(Note 5)* | Interest of controlled corporation | 144,853,000 (L) | 7.99% |

*L = Long position; S = Short position*

*Notes:*

1. *Long position*

   CIH is wholly-owned by Ms. Pun Tang. As at the Latest Practicable Date, Ms. Pun Tang held 107,367,000 Shares (being approximately 5.93% of the total issued Shares of the Company as at the Latest Practicable Date). CIH held 898,885,818 Shares, (being approximately 49.64 % of the total issued Shares of the Company as at the Latest Practicable Date); of which 300,000,000 Shares are the underlying Shares of the convertible bonds in the aggregate principal amount of HK$126,000,000 due on 23 April 2007 issued by the Company to CIH on 23 April 2024 (the "**2024 Convertible Bonds**").

   *Short position*

   On 18 April 2019, a subscription agreement (the "**Exchangeable Bonds Subscription Agreement**") was entered into between the CIH and Mega Prime Development Limited ("**Mega Prime**"), pursuant to which CIH issued exchangeable bonds (the "**Exchangeable Bonds**") to Mega Prime, which are exchangeable into 220,000,000 Shares. Such underlying Shares are currently owned by CIH. Mega Prime is wholly owned by Greater Bay Area Homeland Investments Limited ("**GBAHIL**").

   Subsequently, on 30 July 2019, the novation deed was entered into between Mega Prime as outgoing party, Poly Platinum Enterprises Ltd. ("**Poly Platinum**") as incoming party and CIH as continuing party, pursuant to which all rights, obligations and liabilities of Mega Prime under the Exchangeable Bonds Subscription Agreement was novated to Poly Platinum.

   On 28 July 2022, CIH and Poly Platinum agreed to vary the terms of the Exchangeable Bonds, pursuant to which the number of Shares exchangeable was varied from 220,000,000 Shares to 300,000,000 Shares.

   The Exchangeable Bonds matured on 2 August 2023. On 25 January 2024, CIH and Poly Platinum agreed to, among the others, further extend the maturity date of the Exchangeable Bonds. The underlying shares of the Exchangeable Bonds remain unchanged at 300,000,000 Shares. On 25 January 2024, CIH charged to Poly Platinum its interest in 60,000,000 Shares. Additionally, CIH charged its interest in the 2024 Convertible Bonds to Poly Platinum.

2. As at the Latest Practicable Date, Poly Platinum held 52,647,000 Shares. Poly Platinum is the beneficial owner of the Exchangeable Bonds, which are exchangeable into 300,000,000 Shares. The Exchangeable Bonds matured on 2 August 2023 and on 25 January 2024, CIH and Poly Platinum agreed to, among the others, extend the maturity date of the Exchangeable Bonds. For more details, please refer to note 1 above. On 25 January 2024, CIH charged to Poly Platinum its interest in 60,000,000 Shares. Additionally, the 2024 Convertible Bonds which are convertible into 300,000,000 Shares (assuming the 2024 Convertible Bonds is exercised in full), CIH charged to Poly Platinum its interest therein. Poly Platinum is wholly owned by Greater Bay Area Homeland Development Fund LP ("**GBAHD Fund**"). Greater Bay Area Homeland Development Fund (GP) Limited ("**GBAHD GP**") is the general partner of GBAHD Fund. Greater Bay Area Development Fund Management Limited ("**GBAD Fund Management**") is the fund manager of GBAHD Fund. Both GBAHD GP and GBAD Fund Management are wholly owned by GBAHIL. As such, GBHAIL was deemed to be interested in 712,647,000 Shares. To the best of the Directors' knowledge, information and belief, GBAHIL is held by ten corporate shareholders, with seven corporate shareholders each holding approximately 12.35% of the issued share capital of GBAHIL and three corporate shareholders holding approximately 7.41%, 4.94% and 1.20%, respectively, of the issued share capital of GBAHIL as at the Latest Practicable Date.

3. As at the Latest Practicable Date, Starr Investments Cayman II, Inc. and Starr Investments Cayman V, Inc. are the beneficial owners of 114,801,600 Shares and 109,909,091 Shares, respectively (being approximately 6.34% and 6.07% of the total shareholding of the Company, respectively). Starr Investments Cayman II, Inc. is wholly-owned by Starr International Cayman, Inc., which is in turn wholly-owned by Starr Insurance and Reinsurance Limited. Starr Insurance and Reinsurance Limited and Starr Investments Cayman V, Inc. are wholly-owned subsidiaries of Starr International Investments Limited, which is in turn wholly-owned by Starr International Company Inc. Starr International Company Inc. is wholly-owned by Starr International AG, which is wholly-owned by Starr International Foundation, a charitable foundation established in Switzerland.

4. Beijing Enterprises Real Estate (HK) Limited is wholly-owned by Beijing Beikong Real Estate Co., Ltd.* (北京北控置業有限責任公司), which is in turn wholly-owned by Beijing Enterprises Group Company Limited. Beijing Enterprises Group Company Limited is wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality.

5. Atlantis Investment Management Limited is the beneficial owner of 144,853,000 Shares, and is wholly-owned by Atlantis Capital Holdings Limited, which is in turn wholly owned by Yang Liu.

6. The approximate percentage is based on a total of 1,810,953,272 issued Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, no other persons or companies (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

None of the Directors is a director or employee of a company which has an interest in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## 4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which a Director is materially interested and which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since 31 December 2024 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

## 5. DIRECTOR'S INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) was interested in any business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## 6. LITIGATION

As at the Latest Practicable Date, the Group was not engaged in any litigation, arbitration or claims of material importance, and no litigation, arbitration or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

## 7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## 8. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert whose statements have been included in this circular:

| Name | Qualification |
|---|---|
| Red Sun | A corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders |

Red Sun has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, opinion and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Red Sun did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Red Sun did not have any direct or indirect interests in any assets which have been, since 31 December 2024 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group.

## 9. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Company have been made up).

## 10. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on the website of the Company (http://www.changyou-alliance.com) and the website of the Stock Exchange (http://www.hkexnews.hk) for the period from the date of this circular up to and including the date of the EGM:

(a) Fourth Supplemental 2019 Facility Agreement;

(b) Second Supplemental 2021 Facility Agreement;

(c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 37 to 38 of this circular;

(d) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 39 to 65 of this circular;

(e) the written consent referred to in the section headed "Expert's Qualification and Consent" in this Appendix; and

(f) this circular.

## 11. GENERAL

(a) The registered office of the Company is at Royal Bank House, 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman, KY1-1110, Cayman Islands.

(b) The principal place of business of the Company in Hong Kong is at Office Room 45 Unit 405-414, Level 4, Core E, Cyberport 3, 100 Cyberport Road, Pok Fu Lam, Hong Kong.

(c) The company secretary of the Company is Mr. Chan Chi Keung, Billy, who is a fellow member of the Association of Chartered Certified Accountants.

(d) The Company's share registrar in Hong Kong is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(e) In the event of inconsistency, the English version of this circular shall prevail over the Chinese text.

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# CHANGYOU INTERNATIONAL GROUP LIMITED
# 暢由國際集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1039)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the "**EGM**") of Changyou International Group Limited (the "**Company**") will be held at Unit 405-414, Level 4, Core E, Cyberport 3, 100 Cyberport Road, Pok Fu Lam, Hong Kong on Wednesday, 20 August 2025 at 11:00 a.m. or at any adjournment thereof, to consider and, if thought fit, pass the following resolutions, with or without amendments, as ordinary resolutions of the Company:

### ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the conditional supplemental facility agreement dated 30 May 2025 (the "**Fourth Supplemental 2019 Facility Agreement**") and entered into between the Company and PCL (as defined in the circular of the Company dated 1 August 2025 (the "**Circular**")), a copy of which has been produced to the EGM and marked "A" and initialled by the chairman of the EGM for identification purposes, pursuant to which the Company has conditionally agreed to further vary the terms of the 2019 Facility Agreement (as amended by the First Supplemental 2019 Facility Agreement, the Second Supplemental 2019 Facility Agreement and the Third Supplemental 2019 Facility Agreement) (all four agreements as defined in the Circular) in relation to an unsecured revolving loan facility of a principal amount not exceeding HK$100 million to PCL, the proposed 2019 Revolving Loan Facility Annual Caps (as defined in the Circular) and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement, be and are hereby approved, confirmed and ratified; and

   (b) any one director of the Company (the "**Director**") be and is hereby authorised to, for and on behalf of the Company, do all such further acts and things and to sign and execute all such documents and agreements, and to take all such steps which in his/her opinion may be necessary, appropriate, desirable or expedient for the purpose of, or in connection with, implementing and/or giving effect to the Fourth Supplemental 2019 Facility Agreement, the proposed 2019 Revolving Loan Facility Annual Caps and the transactions contemplated under the Fourth Supplemental 2019 Facility Agreement."

2. "**THAT**:

(a) the conditional supplemental facility agreement dated 30 May 2025 (the "**Second Supplemental 2021 Facility Agreement**") and entered into between the Company and PCL (as defined in the Circular), a copy of which has been produced to the EGM and marked "B" and initialled by the chairman of the EGM for identification purposes, pursuant to which the Company has conditionally agreed to further vary the terms of the 2021 Facility Agreement (as amended by the First Supplemental 2021 Facility Agreement) (all two agreements as defined in the Circular) in relation to an unsecured revolving loan facility of a principal amount not exceeding HK$100 million to PCL, the proposed 2021 Revolving Loan Facility Annual Caps (as defined in the Circular) and the transactions contemplated under the Second Supplemental 2021 Facility Agreement be and are hereby approved, confirmed and ratified; and

(b) any one Director be and is hereby authorised to, for and on behalf of the Company, do all such further acts and things and to sign and execute all such documents and agreements, and to take all such steps which in his/her opinion may be necessary, appropriate, desirable or expedient for the purpose of, or in connection with, implementing and/or giving effect to the Second Supplemental 2021 Facility Agreement, the proposed 2021 Revolving Loan Facility Annual Caps and the transactions contemplated under the Second Supplemental 2021 Facility Agreement."

By order of the Board
**Changyou International Group Limited**
**Mr. Cheng Jerome**
*Chairman*

Hong Kong, 1 August 2025

*Notes:*

1. A member of the Company entitled to attend and vote at the EGM by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

2. Where there are joint holders of any share of the Company, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding, the first named being the senior.

3. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof shall be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the EGM (i.e. not later than Monday, 18 August 2025 at 11:00 a.m. (Hong Kong time)) or any adjournment thereof (as the case may be). The proxy form will be published on the website of The Stock Exchange of Hong Kong Limited and the website of the Company.

4. The register of members of the Company will be closed from Friday, 15 August 2025 to Wednesday, 20 August 2025 (both days inclusive), for the purpose of determining the shareholders' entitlement to attend and vote at the EGM to be held on Wednesday, 20 August 2025 at 11:00 a.m. During this period, no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer forms and the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Thursday, 14 August 2025.

*As at the date of this notice, the executive Directors are Mr. Cheng Jerome and Mr. Sun Jun; the non-executive Directors are Ms. Hu Qing and Ms. Liu Jingyan; and the independent non-executive Directors are Mr. Wong Chi Keung, Mr. Ip Wai Lun, William and Mr. Chan Chi Keung, Alan.*