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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

- The revenue of the Group decreased to approximately RMB180.7 million for the year ended 31 December 2024 (2023: approximately RMB226.8 million), representing a decrease of approximately 20.3% as compared to 2023.
- The gross profit of the Company was approximately RMB39.3 million for the year ended 31 December 2024 (2023: approximately RMB39.3 million). The gross profit margin increased from approximately 17.3% in 2023 to approximately 21.7% in 2024.
- The total transaction volume from the Changyou Alliance business decreased to approximately RMB245.4 million for the year ended 31 December 2024 (2023: approximately RMB257.1 million).
- The net loss attributable to equity shareholders of the Company amounted to approximately RMB19.5 million for the year ended 31 December 2024 (2023: approximately RMB37.6 million).
- The basic and diluted loss per share for the year ended 31 December 2024 amounted to approximately RMB1.08 cents (2023: approximately RMB2.07 cents).
- The Board does not recommend the payment of any final dividend for the year ended 31 December 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of Changyou International Group Limited (the “**Company**”) presents herewith the annual audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*for the year ended 31 December 2024**(Expressed in Renminbi (“RMB”))*

		2024	2023
	<i>Note</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	4	180,708	226,751
Cost of sales		<u>(141,437)</u>	<u>(187,477)</u>
Gross profit		39,271	39,274
Other income	5	626	2,640
Selling and distribution expenses		(3,936)	(5,343)
Administrative expenses		(30,987)	(30,678)
Research and development costs		(7,581)	(9,735)
Reversal of /(provision for) impairment loss on trade and other receivables		<u>193</u>	<u>(55)</u>
Loss from operations		(2,414)	(3,897)
Finance costs	6(a)	(20,814)	(34,354)
Loss arising from changes in fair value on trading securities		<u>(99)</u>	<u>(365)</u>
Loss before taxation	6	(23,327)	(38,616)
Income tax	7	<u>5,162</u>	<u>—</u>
Loss for the year		<u>(18,165)</u>	<u>(38,616)</u>
Attributable to:			
Equity shareholders of the Company		(19,516)	(37,562)
Non-controlling interests		<u>1,351</u>	<u>(1,054)</u>
Loss for the year		<u>(18,165)</u>	<u>(38,616)</u>
Loss per share			
Basic and diluted (RMB cent)	8	<u>(1.08)</u>	<u>(2.07)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

(Expressed in RMB)

	2024 RMB'000	2023 RMB'000
Loss for the year	(18,165)	(38,616)
Other comprehensive income for the year (after tax):		
Item that will not be reclassified to profit or loss:		
– Exchange differences on translation of financial statements denominated in foreign currencies into the Group's presentation currency	<u>2,721</u>	<u>1,101</u>
Total comprehensive income for the year	<u>(15,444)</u>	<u>(37,515)</u>
Attributable to:		
Equity shareholders of the Company	(16,795)	(36,461)
Non-controlling interests	<u>1,351</u>	<u>(1,054)</u>
Total comprehensive income for the year	<u>(15,444)</u>	<u>(37,515)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2024

(Expressed in RMB)

		At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
	Note		
Non-current assets			
Property and equipment		2,514	3,494
Deferred tax assets		5,162	—
		<u>7,676</u>	<u>3,494</u>
Current assets			
Trading securities		202	296
Inventories		28	87
Trade and other receivables	9	122,688	120,255
Cash and cash equivalents		8,230	25,415
		<u>131,148</u>	<u>146,053</u>
Current liabilities			
Trade and other payables	10	127,438	134,104
Lease liabilities	12	1,937	1,757
Convertible bonds	11	—	114,972
Loans from an equity shareholder of the Company	13	55,765	50,821
		<u>185,140</u>	<u>301,654</u>
Net current liabilities		<u>(53,992)</u>	<u>(155,601)</u>
Total assets less current liabilities		<u>(46,316)</u>	<u>(152,107)</u>
Non-current liabilities			
Lease liabilities	12	—	1,212
Convertible bonds	11	108,045	—
		<u>108,045</u>	<u>1,212</u>
NET LIABILITIES		<u>(154,361)</u>	<u>(153,319)</u>

		At 31 December 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
	<i>Note</i>		
CAPITAL AND RESERVES	<i>17</i>		
Share capital		117,812	117,812
Reserves		<u>114,885</u>	<u>116,876</u>
Total equity attributable to equity shareholders of the Company		232,697	234,688
Non-controlling interests		<u>(387,058)</u>	<u>(388,007)</u>
TOTAL EQUITY-DEFICIT		<u>(154,361)</u>	<u>(153,319)</u>

NOTES

(Expressed in RMB unless otherwise indicated)

1 STATEMENT OF COMPLIANCE

The annual results set out in this announcement are extracted from the Group's consolidated financial statements for the year ended 31 December 2024.

These financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The HKICPA has issued certain new and amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company for the year ended 31 December 2024 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for trading securities and derivative financial instruments which are stated at their fair values.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

For the year ended 31 December 2024, the Group had net loss of RMB18,165,000 and as of the same day, the Group had net current liabilities and net liabilities of RMB53,992,000 and RMB154,361,000, respectively. In addition, the Group had loans from an equity owner of the Company of RMB51,932,000 as at 31 December 2024 (note 13) that are repayable within one year from 31 December 2024 while the Group only had cash and cash equivalents of RMB8,230,000.

In this regard, for the purpose of assessing the Group's ability to continue as a going concern, the management is in discussion with its immediate and ultimate holding company, Century Investment (Holding) Limited ("Century Investment"), to provide the necessary financial support when required, including but not limited to the provision of the drawdown of the Group's unused loan facilities with Century Investment of HK\$54,920,000 (equivalent to approximately RMB50,858,000) which will expire in July and September 2025 when repayment is required by then (see Note 13).

Based on the management's assessment and the expected extension of the loans from Century Investment, the directors of the Company are of the opinion that the Group would have adequate funds to meet its liabilities as and when they fall due at least twelve months from the end of the reporting period. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, the going concern of the Group is largely dependent upon whether the Group eventually would be able to extend the existing loan facility with Century Investment and whether financial support could be provided on a timely basis. These events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their realisable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

The principal activities of the Group were carried out by Shanghai Sub-chain Information Technology Co., Ltd. ("Sub-chain", VIE), which was established as a limited liability company in the People's Republic of China ("PRC"), and its subsidiaries. Since the business conducted by Sub-chain and its subsidiaries is subject to foreign investment restrictions under the relevant laws and regulations in the PRC, Centchain Co., Ltd. ("Centchain", WFOE), a subsidiary of the Company, entered into a series of agreements (the "Contractual Arrangements") with Sub-chain and its equity shareholders. As a result of the Contractual Arrangements, the Group has rights to exercise power over Sub-chain and its subsidiaries, receives variable returns from its involvement in Sub-chain and its subsidiaries, has the ability to affect those returns, and hence, has the control over Sub-chain and its subsidiaries. Consequently, the Group regards Sub-chain and its subsidiaries as controlled entities, and the directors of the Company consider it is appropriate to account Sub-chain as a subsidiary. The directors of the Company have determined that the Contractual Arrangements are in compliance with PRC laws and are legally enforceable.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended HKFRS Accounting Standards issued by the HKICPA to these financial statements for the current accounting period:

- *Amendments to HKAS 1, Classification of Liabilities as Current or Non-current*
- *Amendments to HKAS 1, Non-current Liabilities with Covenants*
- *Amendments to HKAS 7 and HKFRS 7, Supplier Finance Arrangements*
- *Amendments to HKFRS 16, Lease Liability in a Sale and Leaseback*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE

The principal activities of the Group are (1) sales of goods in the form of virtual assets and credits for consumption of merchandises, games, services and other commercial transactions through the development and operation of an electronic trading platform to promote and facilitate awards earned by customers of loyalty programmes of other companies to be exchanged in the PRC and (2) other trading business. The directors of the Company consider the above is the only business of the Group, and accordingly, no segment information is presented.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers is analysed as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15 disaggregated by major products or service lines and by timing of revenue recognition		
Revenue from sales of goods through operation of an electronic platform and other trading business:		
– Point in time	<u>180,708</u>	<u>226,751</u>

The Group's customer base is diversified. There was no customer with whom transactions exceeded 10% of the Group's revenue for the year ended 31 December 2024 (2023: no customer with whom transactions exceeded 10%).

(b) Geographic information

All of the Group's revenue for the years ended 31 December 2024 and 2023 were generated from sales and services to customers in the PRC. All of the non-current assets of the Group are either physically located or allocated to operations in the PRC.

5 OTHER INCOME

	2024 RMB'000	2023 <i>RMB'000</i>
Interest income	19	24
Net gain on disposal of property and equipment	–	76
Additional value added tax credit	–	1,962
Gain on modification on financial liabilities (<i>Note 11</i>)	289	–
Others	318	578
	<u>626</u>	<u>2,640</u>

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	2024 RMB'000	2023 <i>RMB'000</i>
Interest expenses on lease liabilities	250	388
Finance charges on convertible bonds (<i>Note 11</i>)	8,855	26,952
Interest expenses on loans from an equity shareholder of the Company (<i>Note 13</i>)	3,761	3,281
Others	1,234	–
	<u>14,100</u>	<u>30,621</u>
Net foreign exchange loss	6,714	3,733
	<u>20,814</u>	<u>34,354</u>

No borrowing costs have been capitalised for the year ended 31 December 2024 (2023: RMBNil).

(b) Staff costs:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Salaries, wages and other benefits	20,621	23,895
Termination benefits (<i>Note (i)</i>)	14	214
Contributions to defined contribution retirement plans (<i>Note (ii)</i>)	1,299	1,599
	<u>21,934</u>	<u>25,708</u>

Notes:

- (i) In a view to further streamlining the Group's business operations, the Group paid certain termination benefits to reduce its workforce in 2024 and 2023.
- (ii) The employees of the subsidiaries of the Group established in the PRC (excluding Hong Kong) participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at a rate of 16% (2023: 16%) of the employees' basic salaries. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (excluding Hong Kong), from the abovementioned retirement schemes at their normal retirement age. Contributions to the schemes vest immediately, there is no forfeited contributions that may be used by the Group to reduce existing level of contributions.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of Hong Kong Dollar ("HK\$") 30,000. Contributions to the MPF Schemes vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Depreciation expenses		
– owned property and equipment	338	482
– right-of-use assets	2,270	2,178
	<u>2,608</u>	<u>2,660</u>
Operating lease charges relating to short-term leases and leases of low-value assets	2,293	2,070
Auditor's remuneration-audit services	980	1,900
Cost of inventories	141,437	187,477

7 INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current taxation	—	—
Deferred taxation (<i>Note 15</i>)	<u>5,162</u>	<u>—</u>
	<u><u>5,162</u></u>	<u><u>—</u></u>

8 LOSS PER SHARE

(a) Basic loss per share

The basic loss per share for the year ended 31 December 2024 is calculated based on the loss attributable to the equity shareholders of the Company of RMB19,516,000 (2023: RMB37,562,000) and the weighted average of 1,810,953,272 ordinary shares (2023: 1,810,953,272 ordinary shares) in issue during the year.

(b) Diluted loss per share

The computation of diluted loss per share for the year ended 31 December 2024 does not assume the conversion of the company's outstanding convertible bonds since their assumed exercise would result in a decrease in loss per share.

The Group's convertible bonds, share options granted and warrants issued could potentially dilute basic loss per share, but were not included in the calculation of diluted loss per share because they were antidilutive for the years ended 31 December 2023.

9 TRADE AND OTHER RECEIVABLES

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Trade receivables (<i>Note (i)</i>)	14,360	10,723
Less: loss allowance	(40)	(233)
	<u>14,320</u>	<u>10,490</u>
Other receivables:		
– Receivable for issuance of shares of a subsidiary to a non-controlling equity shareholder (<i>Note (ii)</i>)	100,000	100,000
– Others	2,628	2,781
	<u>102,628</u>	<u>102,781</u>
Financial assets measured at amortised cost	116,948	113,271
Prepayments and deposits	5,740	6,984
	<u>122,688</u>	<u>120,255</u>

All of the trade and other receivables, net of loss allowance, are expected to be recovered or recognised as expenses within one year.

Note:

- (i) At 31 December 2024, trade receivables due from related parties of the investors of Pointsea Company Limited (“PCL”) amounted to RMB14,220,000 (2023: RMB10,614,000).
- (ii) In 2019, PCL issued 28,036,564 new shares to its investor. Proceeds of RMB100,000,000 from its investor has not yet been received while the investor granted an advance of RMB100,000,000 to a wholly owned subsidiary of PCL (see Note 10) which is unsecured and non-interest bearing and will mature upon receipt of the proceeds for shares issued to the investor by PCL.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (net of loss allowance), included in trade and other receivables, based on the invoice date, is as follows:

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Within 3 months	14,192	10,399
Over 3 months but within 6 months	99	85
Over 6 months	29	6
	<u>14,320</u>	<u>10,490</u>

Trade receivables are generally due immediately from the date of billing.

10 TRADE AND OTHER PAYABLES

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Trade payables	9,259	12,452
Payables for staff related costs	1,158	1,802
Payables for miscellaneous taxes	–	24
Payables for selling expenses incurred for digital point business	–	157
Advance from a non-controlling equity shareholder of a subsidiary (<i>Note 9(ii)</i>)	100,000	100,000
Advance from a shareholder of the Company (<i>Note (ii)</i>)	9,567	–
Others	6,532	6,442
	<u>117,257</u>	<u>108,425</u>
Financial liabilities measured at amortised cost	126,516	120,877
Deposits received from business partners in connection with the digital point business	291	526
Contract liabilities arising from sales of goods through operation of an electronic platform and other trading business (<i>Note (iii)</i>)	631	12,701
	<u>127,438</u>	<u>134,104</u>

Notes:

- (i) All of the trade and other payables are expected to be settled or recognised as revenue within one year or are repayable on demand.

(ii) The advance is unsecured, interest-free and repayable on demand.

(iii) As at 31 December 2023, HK\$10,848,000 included in the balance was refunded to the customers upon cancellation of the sales contracts after negotiation with the customers.

As of the end of the reporting period, the ageing analysis of trade payables included in trade and other payables, based on the invoice date, is as follows:

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Within 3 months	8,966	11,994
3 to 6 months	179	76
Over 6 months	114	382
	<u>9,259</u>	<u>12,452</u>

11 CONVERTIBLE BONDS

The Group's convertible bonds are analysed as follows:

	Liability components		
	CB1	CB2	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	90,535	–	90,535
Accrued finance charges	26,952	–	26,952
Interest paid	(3,953)	–	(3,953)
Exchange adjustments	1,438	–	1,438
	<u>114,972</u>	<u>–</u>	<u>114,972</u>
At 31 December 2023 and 1 January 2024	114,972	–	114,972
Derecognition of convertible bonds	(114,266)	–	(114,266)
Issuance of convertible bonds	–	101,576	101,576
Accrued finance charges	–	8,855	8,855
Interest paid	–	(4,667)	(4,667)
Exchange adjustments	(706)	2,281	1,575
	<u>–</u>	<u>108,045</u>	<u>108,045</u>
At 31 December 2024	–	108,045	108,045

At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
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Represented by:

– current liabilities	–	114,972
– non-current liabilities	108,045	–

In October 2020, the Company issued convertible bonds with face value of HK\$126,000,000 (equivalent to approximately RMB108,945,000) (“CB1”) to Century Investment. CB1 bears interest at 3.5% per annum and matured on 19 October 2023. The Company has the right to redeem all or part of CB1 (i.e. the call option) at any time before the maturity date. As the call option is closely related to the host contract, the call option is not accounted for as a separate derivative financial instrument. Upon issuance of CB1, Century Investment can convert CB1 into the Company’s ordinary shares at HK\$0.42 per share (i.e. the conversion option) at any time, in whole or in part, before 14 October 2023. The conversion option amounted to RMB59,212,000 was regarded as an equity component of CB1 and credited to the Company’s capital reserve account.

CB1 matured on 19 October 2023 and Century Investment did not exercise the conversion rights attached thereto. Century Investment has confirmed that it would not require the Company to redeem the CB1 in full on the maturity date, and the Company would not be in breach of any terms of the CB1 as a result thereof. The conversion option and the call option under CB1 were lapsed on 19 October 2023 and the amount of HK\$126,000,000 with accrued interest remained outstanding to Century Investment as at 31 December 2023.

In January 2024, the Company entered into a Subscription Agreement (the “Subscription Agreement”) with Century Investment pursuant to which the Company will issue convertible bonds with aggregate principal amount of HK\$126,000,000 (“CB2”) to Century Investment. Based on the terms of CB2, upon issuance of CB2, CB1 would be redeemed and the outstanding amount of the principal under CB1 would be set off against all amounts owed by Century Investment to the Company in respect of the issue price under or in connection with the subscription agreement. On 23 April 2024, all the conditions set out in the agreement, including the Company’s independent equity shareholders’ approval, have been fulfilled and the issuance of CB2 has been completed.

Upon the completion of the issuance of CB2, on 23 April 2024, after taking into account all relevant fact and circumstances, the revision of the contractual terms of CB1 and the issuance of CB2 were accounted for as a substantial modification of the financial liability. The original financial liability of CB1 was derecognised and a new convertible bond of CB2 was recognised. The difference of RMB289,000 between the carrying amount of CB1 derecognised of RMB114,266,000 and the fair value of CB2 of RMB113,977,000, is recognised in profit or loss and included in “other income” line item (note 5). The equity component of CB1 of RMB59,212,000 was transferred from capital reserve to accumulated losses.

CB2 are denominated in Hong Kong dollars, which is the same as the functional currency of the Company. CB2 entitles Century Investment to convert them, in whole or in part, into ordinary shares of the Company at any time between the date of issue of the bond and their settlement date on 23 April 2027 at a conversion price of HK\$0.42 per share. The Company has the option to redeem all or some of CB2 at any time before settlement date (i.e. the early redemption option). If CB2 has not been converted or redeemed, they will be redeemed on 23 April 2027 at the outstanding principal amount of CB2 together with interest accrued. Interest of 8% per annum will be paid semi-annually up until the settlement date.

At initial recognition, the equity component of CB2 of RMB12,401,000 was separated from the liability component. The equity element is presented in equity heading “capital reserve”. The early redemption option is closely related to the host contract and is not accounted for as a separate derivative financial instrument. The effective interest rate of the liability component is 13.0%.

12 LEASE LIABILITIES

At 31 December 2024, the lease liabilities were repayable as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	1,937	1,757
After 1 year but within 2 years	–	1,212
	<u>1,937</u>	<u>2,969</u>

13 LOANS FROM AN EQUITY SHAREHOLDER OF THE COMPANY

In 2020, PCL, a subsidiary of the Company, and Century Investment entered into revolving loan facility agreements (“Facility Agreements”), pursuant to which Century Investment granted revolving loan facilities of HK\$111,000,000 to PCL. The loan facilities will expire after 3 years or such later date as may be agreed between PCL and Century Investment in writing, representing the date upon which the Company is to repay all loans drawn under the Facility Agreements in full.

On 2 May 2023, PCL and Century Investment entered into a supplemental revolving loan facility agreement, pursuant to which both PCL and Century Investment agreed to extend the term of the loan period from 3 years to 4 years. On 30 May 2024, PCL and Century Investment entered into a supplemental revolving loan facility agreement, pursuant to which both PCL and Century Investment agreed to extend the term of the loan period from 4 years to 5 years.

The Facility Agreements are unsecured with an interest rate of (a) 6.5% per annum from and including the drawdown date to, but excluding, 31 May 2024; and (b) 8% per annum from and including 31 May 2024 applicable to all loans drawn under the Facility Agreements.

At 31 December 2024, the outstanding principal of loans drawn under the Facility Agreements is HK\$56,080,000 (equivalent to approximately RMB51,932,000) (2023: HK\$56,080,000 (equivalent to approximately RMB50,821,000)), and the loans are repayable at the end of the terms of the facilities agreements ranging from July to September 2025.

At 31 December 2024, the outstanding interest payable associated with the loans is HK\$4,139,000 (equivalent to RMB3,833,000) (2023: HK\$Nil (equivalent to approximately RMBNil)).

14 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 28 June 2010 whereby the directors of the Company are authorised, at their discretion, to invite any full-time or part-time employees, executives, officers or directors (including independent non-executive directors) of the Group and any advisors, consultants, agents, suppliers, customers, distributors and such other persons who, in the sole opinion of the directors of the Company, will contribute or have contributed to the Group, to take up share options at HK\$1 to subscribe for ordinary shares in the Company.

The number and weighted average exercise price of share options are as follows:

	2023	
	Weighted average exercise price HK\$	Number of share options
Outstanding at the beginning of the year	1.21	72,000,000
Expired during the year	1.21	<u>72,000,000</u>
Exercisable at the end of the year	–	<u><u>–</u></u>

On 7 August 2018, 72,000,000 share options were granted to a director of the Company under the above share option scheme. All of the share options granted will vest immediately from the date of grant. Each share option gives the holder the right to subscribe for one ordinary share in the Company at HK\$1.21 and is settled gross in shares. No option was exercised during the year ended 31 December 2023 and the options were lapsed on 3 May 2023.

15 DEFERRED TAX ASSETS AND LIABILITIES

The following are the major deferred tax assets recognised and movements thereon during the year:

	Tax losses RMB '000
At 31 December 2023 and 1 January 2024	–
Credited to profit or loss (<i>Note 7</i>)	<u>5,162</u>
At 31 December 2024	<u><u>5,162</u></u>

As at 31 December 2024, the Group has recognised deferred tax assets in respect of tax losses to the extent that it is probable that taxable profits will be available against which tax losses can be utilised.

16 DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: RMBNil).

17 SHARE CAPITAL

(i) Issued share capital

	2024		2023	
	No. of shares '000	USD'000	No. of shares '000	USD'000
Authorised:				
Ordinary shares of USD0.01 each	<u>5,000,000</u>	<u>50,000</u>	<u>5,000,000</u>	<u>50,000</u>
	2024		2023	
	No. of shares '000	RMB'000	No. of shares '000	RMB'000
Ordinary shares of USD0.01 each, issued and fully paid:				
At 1 January and 31 December	<u>1,810,953</u>	<u>117,812</u>	<u>1,810,953</u>	<u>117,812</u>

(ii) Warrants

In September 2018, the Company issued 298,000,000 unlisted warrants (the “Warrants”) at a price of HK\$0.01 per warrant to Century Investment. Each warrant entitles the holder to acquire one ordinary share in the Company at an exercise price of HK\$1.38 per share from a period commencing on the date that is six months after the issue date and ending on the fifth anniversary date of the issue date.

No warrant was exercised during the year ended 31 December 2023 and the warrants were lapsed on 7 August 2023.

18. DISPOSAL OF SUBSIDIARIES

Pursuant to the equity transfer agreement for share between the Company’s subsidiary, Changyou International Technology Limited (“CITL”) and Excel Choice Global Limited (“ECG”), a company wholly owned by Ms. PUN Tang, the controlling shareholder of Century Investment, CITL issued 2 ordinary shares of USD1.00 each to ECG in March 2023. The difference between the consideration received and the carrying value of the net liabilities attributable to ECG was accounted as non-controlling interest.

Pursuant to the equity transfer agreement entered into between the Company and ECG, the Company disposed of its 80% equity interests in CITL to ECG in July 2024 for a cash consideration of USD8 (equivalent to approximately RMB57). The consideration was received in full during the financial year ended 31 December 2024.

The carrying amounts of the assets and liabilities of CITL on the date of disposal were as follows:

	2024 <i>RMB'000</i>
Cash and cash equivalents	205
Trade and other receivables	108
Trade and other payables	<u>(2,314)</u>
	(2,001)
Non-controlling interest	<u>(402)</u>
	(2,403)
Less: Proceeds from disposal	<u>—*</u>
Other reserve as capital contribution	<u>(2,403)</u>
Net cash outflow arising on disposal:	
Cash consideration received	—
Less: Cash and cash equivalents	<u>(205)</u>
	<u>(205)</u>

* Less than RMB1,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has capitalised on its years of experience in the e-commerce business, which has enabled the Group to grasp market opportunities and enter the digital points business segment and industry. In the second half of 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 (“**China Mobile**”) and China Eastern Airlines Corporation Limited.

With an aim to integrate the digital membership points, resources and strategic advantages of the business partners in the Changyou Alliance, the Group has developed an electronic platform, “Changyou” (the “**Changyou Platform**”). The Group strives to develop the Changyou Platform as an integrative and secured platform, so as to preserve and maximise the value of digital points as virtual assets for the platform users. With the development of blockchain technology, digital assets have received increasing attention from the industry. By leveraging advanced technologies such as blockchain and big data, the Changyou Alliance aims to develop a global financial platform for the issuance, circulation, storage and payment settlement of blockchain tokenisation of assets.

Over the years, the Changyou Platform has increased the number of both members and users, and more diversified products and services, and has optimised the business models and consumption scenarios. As at 31 December 2024, the total number of registered users on the 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. For the year ended 31 December 2024 (the “**Reporting Period**”), the total transaction volume of the Changyou Alliance business amounted to approximately RMB245.4 million, representing a decrease of approximately RMB11.7 million (approximately 4.6%) over the same period last year.

In 2024, the Group faced significant challenges from both the macro and micro environments. In response to the reductions in the total amount of reward points and marketing expenses across various institutions throughout the year, the Group has implemented a strategy focusing on refined management, which includes strengthening the backend management and frontend promotional capabilities of the points-based SaaS products to optimize the use of limited point resources. Moreover, the Group has worked on promoting various value-added products, particularly mobile self-operated products, which have generated a new revenue source for the Group. Throughout 2024, the Group has concentrated on building a solid foundation by enhancing the social media channels integrated into its platform. Notably, the development of its Douyin store has created more direct avenues for user engagement through self-operated channels.

SaaS digital points service

Owing to the overall decline in the scale of reward points, partnerships across various ecosystem scenarios have become increasingly brand-oriented, leading to a higher share of collaborations with major brands. 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. This has led to improved user conversion rates, enhanced traffic utilization, and increased the overall profitability of SaaS digital points services.

Target-oriented services

In 2024, the Group maintained two public WeChat accounts and one Weibo account, providing weekly updates and introducing new features, including a free benefits center. The Group has prioritized the development of its travel section by aggregating various benefits to expand its presence on industry-specific platforms. Notably, through collaboration with a travel service provider, the Group has jointly developed with the travel service provider a global shopping commercial zone aimed at outbound travelers. In the fourth quarter of 2024, the Douyin store was officially launched, concentrating on car-related benefits such as charging, fueling, and car washing. The Group has also begun creating short videos and conducting live-streaming tests in preparation for a future upgrade to a flagship brand store. By increasing its investment in technology, the Group has strengthened its self-operated platform capabilities while emphasizing core value propositions to enhance user perception. Additionally, the Group has explored social and gaming applications to support retention and engagement among specific user segments, ensuring greater stickiness and loyalty.

Corporate Services

By leveraging the traffic generated from SaaS digital points services and aligning it with brand-related benefits, the Group has promoted various self-operated business ventures for enterprises. Through partnerships with traffic platforms, the Group has explored public domain traffic conversion, beginning with small-scale testing and gradually scaling up to achieve positive revenue. The Changyou Platform has also established a dedicated reward points alliance product section, aggregating a variety of products to facilitate mutual point redemption among alliance members and attract users through effective traffic redirection.

FINANCIAL REVIEW

Revenue

The Group recorded a consolidated revenue of approximately RMB180.7 million (2023: approximately RMB226.8 million), representing a decrease of approximately 20.3% as compared to 2023. Since costs will be 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. 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.

Gross profit

The gross profit of the Group for the year ended 31 December 2024 amounted to approximately RMB39.3 million (2023: approximately RMB39.3 million). The gross profit margin for the year ended 31 December 2024 was approximately 21.7% (2023: approximately 17.3%). The Group has optimized 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.

Other income

The other income of the Group for the year ended 31 December 2024 was approximately RMB0.6 million (2023: other income of approximately RMB2.6 million). A detailed breakdown of the factors contributing to the other income of the Group is disclosed in Note 5 to the financial information as disclosed in this announcement.

Reversal of/(provision for) impairment loss on trade and other receivables

The reversal of impairment loss of the Group for the year ended 31 December 2024 was approximately RMB0.2 million, which mainly represents reversal of impairment loss of trade and other receivables during the year ended 31 December 2024 (2023: impairment loss of trade and other receivables of approximately RMB0.1 million).

Selling and distribution expenses

The selling and distribution expenses of the Group for the year ended 31 December 2024 decreased to approximately RMB3.9 million (2023: approximately RMB5.3 million), representing a decrease of approximately 26.3% as compared with the corresponding period in 2023. As the Group's operating and customer service costs directly correlate with its business scale through flexible employment and outsourcing cooperation, the Group's selling and distribution expenses decreased with the decline of business.

Administrative expenses

The Group's administrative expenses for the year ended 31 December 2024 increased to approximately RMB31.0 million, as compared to approximately RMB30.7 million for the corresponding period in 2023, representing an increase of approximately 1.0% as compared with the corresponding period in 2023. During the Reporting Period, the Group continued to strictly control its fixed costs, manpower and administrative expenses, which generally remained stable.

Research and development costs

The research and development costs of the Group for the year ended 31 December 2024 decreased to approximately RMB7.6 million (2023: approximately RMB9.7 million), representing a decrease of approximately 22.1% as compared with the corresponding period in 2023, which was mainly attributable to the decrease in staff costs for research and development activities during the year ended 31 December 2024.

Finance costs

The Group incurred finance costs of approximately RMB20.8 million for the year ended 31 December 2024 (2023: approximately RMB34.4 million), representing a decrease of approximately 39.4% as compared with the corresponding period in 2023. A detailed breakdown of the factors contributing to the finance costs of the Group is disclosed in Note 6(a) to the financial information as disclosed in this announcement.

Taxation

The Group has recognized deferred tax assets in respect of tax losses to the extent that it is probable that taxable profits will be available against which tax losses can be utilized. A deferred taxation of approximately RMB5.2 million was credited to profit and loss during the Reporting Period. No income tax expenses was recorded for the years ended 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, cash and cash equivalents of the Group were approximately RMB8.2 million (as at 31 December 2023: approximately RMB25.4 million). As compared to 2023, cash and cash equivalents decreased by approximately RMB17.2 million, mainly due to net cash outflow arising from operating activities of approximately RMB18.4 million (2023: net cash inflow of approximately RMB6.9 million), net cash outflow arising from investing activities of approximately RMB0.6 million (2023: approximately RMB0.2 million) and net cash inflow from financing activities of approximately RMB1.7 million (2023: net cash outflow of approximately RMB14.4 million).

Convertible Bonds

In view of the increasing popularity of consumer spending with digital points, the successful experience of the Group in developing the Changyou Platform and the robust performance and growth of the Changyou Platform, the Company issued HK\$126.0 million 3.5% convertible bonds (the “**2020 Convertible Bonds**”) to Century Investment (Holding) Limited (“**CIH**”), the net proceeds of which was intended to be utilised to expand the business operations of Changyou Alliance and the Changyou Platform (“**Digital Point Business**”) into Hong Kong and overseas markets by developing an additional new digital point electronic platform with Hong Kong and overseas as the target markets (the “**New International Changyou Platform**”).

On 29 July 2020, the Company entered into a subscription agreement with CIH, pursuant to which the Company agreed to issue the 2020 Convertible Bonds to CIH. The issuance of the 2020 Convertible Bonds was completed on 19 October 2020. The 2020 Convertible Bonds bore interest at 3.5% per annum. The 2020 Convertible Bonds matured on 19 October 2023. For further details of the transaction, please refer to the announcements of the Company dated 29 July 2020 and 19 October 2023, and the circular of the Company dated 17 September 2020.

The issuance of the 2020 Convertible Bonds was completed on 19 October 2020 and matured on 19 October 2023.

On 26 January 2024, the Company entered into a subscription agreement with CIH for the issuance of HK\$126.0 million 8% convertible bonds (the “**2024 Convertible Bonds**”) to CIH. The 2024 Convertible Bonds bear an interest rate of 8% per annum and will mature on the date falling three years after the issue date of the 2024 Convertible Bonds. The issuance of the 2024 Convertible Bonds was completed on 23 April 2024. As the outstanding amount of the principal under the 2020 Convertible Bonds was applied to set-off against the amount payable by CIH in respect of the issue price of the 2024 Convertible Bonds, no net proceeds were received by the Company from the issue of the 2024 Convertible Bonds. For further details of the transaction, please refer to the announcement of the Company dated 26 January 2024 and the circular of the Company dated 15 March 2024.

As at 31 December 2024, the actual uses of the proceeds from the issuance of the 2020 Convertible Bonds were as follows:

Usage	Original use of the net proceeds from the issuance of the 2020 Convertible Bonds as disclosed in the circular of the Company dated 17 September 2020 <i>HK\$ (million)</i>	Proposed change in the allocation of the net proceeds from the issuance of the 2020 Convertible Bonds <i>HK\$ (million)</i>	Revised use of the net proceeds from the issuance of the 2020 Convertible Bonds <i>HK\$ (million)</i>	Actual use of the net proceeds from the issuance of the 2020 Convertible Bonds during the financial year ended 31 December 2024 <i>HK\$ (million)</i>	Actual use of the net proceeds from the issuance of the 2020 Convertible Bonds as at 31 December 2024 <i>HK\$ (million)</i>	Timeline/ estimated timeline for utilisation of the net proceeds from the issuance of the 2020 Convertible Bonds after reallocation
To fund the development of the New International Changyou Platform supported by relevant technology infrastructure which enables effective extraction and development of big data samples, creating a precise and extensive database of consumer transactions and consumption behaviour	25.0	(22.0)	3.0	0.5	1.7	31 December 2025
To fund the set-up of a new team, comprising various departments such as information technology, marketing, and general administration, which is to support the daily operations of the New International Changyou Platform	25.0	(15.0)	10.0	3.1	5.8	31 December 2025
To fund promotional and marketing activities, such as advertising, roadshow promotion, customers bonus rewards, etc., to attract merchants and customers into the New International Changyou Platform and maintain their loyalty and participation	40.0	(40.0)	–	–	–	
As the general working capital of the New International Changyou Platform	10.0	(8.0)	2.0	0.2	0.6	31 December 2025
To fund promotional and marketing activities to attract and maintain customers' loyalty and their participation and consumption of the products and services provided on the existing Changyou Platform in the PRC (the "Existing PRC Changyou Platform")	–	10.0	10.0	–	10.0	31 December 2022
To fund the staff costs and staff related expenses and the development of the technology infrastructure for the Existing PRC Changyou Platform	–	60.0	60.0	–	60.0	31 December 2021

Usage	Original use of the net proceeds from the issuance of the 2020 Convertible Bonds as disclosed in the circular of the Company dated 17 September 2020 <i>HK\$ (million)</i>	Proposed change in the allocation of the net proceeds from the issuance of the 2020 Convertible Bonds <i>HK\$ (million)</i>	Revised use of the net proceeds from the issuance of the 2020 Convertible Bonds <i>HK\$ (million)</i>	Actual use of the net proceeds from the issuance of the 2020 Convertible Bonds during the financial year ended 31 December 2024 <i>HK\$ (million)</i>	Actual use of the net proceeds from the issuance of the 2020 Convertible Bonds as at 31 December 2024 <i>HK\$ (million)</i>	Timeline/ estimated timeline for utilisation of the net proceeds from the issuance of the 2020 Convertible Bonds after reallocation
To fund the fixed administrative expenses for the Existing PRC Changyou Platform (excluding promotion and marketing expenses and staff costs and staff related expenses)	–	12.0	12.0	–	12.0	31 December 2021
As the general working capital of the Group	24.4	3.0	27.4	–	27.4	30 June 2022
Total	<u>124.4</u>	<u>–</u>	<u>124.4</u>	<u>3.8</u>	<u>117.5</u>	

Share options

On 7 August 2018, the Company granted 72,000,000 share options to Cheng Jerome, the chairman and an executive Director. For further details of the transaction, please refer to the announcement of the Company dated 4 May 2018 and the circular of the Company dated 15 June 2018. No option was exercised during the year ended 31 December 2023 and the 72,000,000 share options lapsed on 3 May 2023.

Net liabilities

As at 31 December 2024, net current liabilities of the Group amounted to approximately RMB54.0 million (as at 31 December 2023: approximately RMB155.6 million). As at 31 December 2024, the current ratio (being total current assets divided by total current liabilities) of the Group was approximately 0.71 (as at 31 December 2023: approximately 0.48).

As at 31 December 2024, total assets of the Group amounted to approximately RMB138.8 million (as at 31 December 2023: approximately RMB149.5 million) and total liabilities amounted to approximately RMB293.2 million (as at 31 December 2023: approximately RMB302.9 million). The debt ratio (being total liabilities divided by total assets) as at 31 December 2024 was 2.11 as compared to 2.03 as at 31 December 2023.

Borrowings

As at 31 December 2024, the Group had total borrowings (which consisted of convertible bonds and loans from an equity shareholder of the Company) of approximately RMB163.8 million (as at 31 December 2023: approximately RMB165.8 million). The gearing ratio (being total borrowings divided by total equity) as at 31 December 2024 was approximately -1.06 (as at 31 December 2023: approximately -1.08).

Trade and other receivables

The trade and other receivables of the Group as at 31 December 2024 were approximately RMB122.7 million (as at 31 December 2023: approximately RMB120.3 million). A detailed breakdown of the factors contributing to the trade and other receivables of the Group is disclosed in Note 9 to the financial information as disclosed in this announcement.

Inventories

The inventory balance of the Group as at 31 December 2024 was approximately RMB28,000 (as at 31 December 2023: approximately RMB0.1 million). The Changyou Alliance business requires minimal inventory level.

Trade and other payables

The trade and other payables of the Group as at 31 December 2024 were approximately RMB127.4 million (as at 31 December 2023: approximately RMB134.1 million). A detailed breakdown of the factors contributing to the trade and other payables of the Group is disclosed in Note 10 to the financial information as disclosed in this announcement.

Pledged assets

As at 31 December 2024, the Group did not have pledged assets (as at 31 December 2023: Nil).

Contingent liabilities

As at 31 December 2024, the Group had no significant contingent liabilities (as at 31 December 2023: Nil).

Capital commitment

As at 31 December 2024, the Group had no contracted capital commitments which were not provided in the consolidated financial statements (as at 31 December 2023: Nil).

Employees and remuneration policy

As at 31 December 2024, the Group had 60 employees (as at 31 December 2023: 61 employees). For the year ended 31 December 2024, total staff costs were approximately RMB21.9 million (2023: approximately RMB25.7 million). During the year ended 31 December 2024, the Group also provided internal training, external training and correspondence courses for its staff in order to promote self improvement and enhancement of skills relevant to work. The remuneration of the Directors was determined with reference to their position, responsibilities and experience and prevailing market conditions.

Foreign exchange risk

The business of the Group is mainly located in China and most of the transactions of the Group are denominated in Renminbi. Most of the assets and liabilities of the Group are computed in Renminbi. The Group has entered into facility agreements denominated in HKD. During the year ended 31 December 2024, the Group did not utilise any future contracts, currency borrowings and otherwise to hedge against its foreign exchange risk. However, the Group will continue to monitor the risk exposures and will consider to hedge against material currency risk if required.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there were no significant investments held nor material acquisitions or disposals of subsidiaries during the year ended 31 December 2024. There was no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

On 28 July 2022, CIH and Poly Platinum Enterprises Limited (“**Poly Platinum**”) agreed to vary the terms of the exchangeable bonds issued by CIH on 18 April 2019 (“**Exchangeable Bonds**”), which are exchangeable into the ordinary shares of the Company (“**Shares**”). CIH charged to Poly Platinum its interest in the 2020 Convertible Bonds issued by the Company in favour of CIH on 19 October 2020, which are convertible into Shares. The underlying Shares of the 2020 Convertible Bonds are 300,000,000 Shares, currently owned by CIH. The 2020 Convertible Bonds matured on 19 October 2023. On 25 January 2024, CIH and Poly Platinum agreed to, among the others, extend the maturity date of the Exchangeable Bonds. On 25 January 2024, CIH charged to Poly Platinum its interest in 60,000,000 Shares. Additionally, upon the completion of the issuance of the 2024 Convertible Bonds on 23 April 2024, CIH charged its interest in the 2024 Convertible Bonds to Poly Platinum. The underlying Shares of the 2024 Convertible Bonds are 300,000,000 Shares.

DIVIDEND

The Board does not recommend payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

PROSPECTS

The Changyou Platform is a global digital asset circulation platform for the issuance, circulation, payment and settlement of tokenised assets and serves as the gate point for points redemption. Leveraging the smart business environment, the Group takes full advantage of the channel and customer resources of the Changyou Platform to gain insights into the intrinsic needs of enterprises, and build and operate alliance platforms to achieve network synergy and create a win-win situation.

Marked by the uncertainty about potential improvement in domestic consumption, 2025 is anticipated to be a challenging year for the Group. Various organizations, including those operating on points and rewards business, are increasingly tightening their spending. Against such backdrop, the Changyou Platform aims to fulfill the desire of its users to save money by leveraging its ecological coverage advantages, strictly controlling costs, maximizing the value of traffic and user data assets, and optimizing the business processes.

The Group's SaaS digital points services continue to constitute a significant share of the Changyou Platform's business, serving as a foundation and a source of users for the business of the Group. In 2025, the Group will strive to maintain the stability of its SaaS digital points services while strengthening the implementation of new revenue streams, investing additional resources, expanding business collaborations, and enhancing the scale of point redemption and benefits promotion, alongside with increasing users retention on its social media platforms. Furthermore, leveraging the brand resources of its SaaS digital points services, the Group plans to develop its own proprietary benefit products. By leveraging the existing resources such as hotels, supermarkets, and charging stations, the Group will focus on the integration of the Changyou travel brand in terms of both brand resources and product processes, while also exploring synergies with mobile self-operated businesses. In 2025, the Group will also focus on strengthening the operations of its social media platform to boost revenue. This includes optimizing its public accounts, mini-programs, corporate WeChat accounts, Douyin, and APP platforms.

Following the successful collaboration with travel agents in 2024, the Changyou Platform facilitates the connections for users from coupon acquisition to redemption through the Changyou travel public account and corporate WeChat. Additionally, it will introduce merchant discount tools, such as Alipay enterprise codes, to enhance user conversion and retention for travel operators. The Group will work on enhancing the brand presence of its Douyin store, exploring membership collaborations with Douyin, and leveraging Douyin's content advantages, so as to boost the activity level of Changyou Platform's point users. In 2025, the Group will continue to explore cross-border travel scenarios, utilizing partnerships to tap into overseas business resources while benefiting from policies that facilitate outbound travel for Chinese citizens and inbound travel for foreigners, alongside the extended channels of the Changyou ecosystem to drive user traffic.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices and procedures with a view to being a transparent and responsible organisation which is open and accountable to the shareholders of the Company. These can be achieved by an effective Board, segregation of duties with clear accountability, sound internal control, appropriate risk assessment procedures and transparency of the Company. The Board will continue to review and improve the corporate governance practices from time to time to ensure that the Group is led by an effective Board in order to optimise returns for the shareholders of the Company. During the year ended 31 December 2024, the Company has applied the principles of and has complied with all code provisions as set forth in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”), save for the deviation as set forth below:

Code Provision C.1.6

Code Provision C.1.6 of the CG Code provides that independent non-executive Directors and non-executive Directors should generally attend general meetings of the Company. Mr. Chan Chi Keung, Alan and Ms. Hu Qing were not able to attend the annual general meeting of the Company held on 21 June 2024 due to their other commitments. Mr. Chan Chi Keung, Alan and Ms. Hu Qing were not able to attend the extraordinary general meeting of the Company held on 14 August 2024 due to their other commitments. Ms. Hu Qing and Ms. Liu Jingyan were not able to attend the extraordinary general meeting of the Company held on 22 November 2024 due to their other commitments.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 30 May 2025. A notice convening the annual general meeting will be published and despatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 30 May 2025, all transfer documents accompanied by 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 for registration no later than 4:30 p.m. on Monday, 26 May 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the shares of the Company during the year ended 31 December 2024.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix C3 of the Listing Rules as its own code of conduct for securities transactions. Specific enquiries have been made with all Directors, who have confirmed and declared that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2024.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024, including the accounting principles and practices adopted by the Group, the selection and appointment of the external auditors and the effectiveness of the systems of risk management and internal control of the Group.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

BDO Limited was engaged to audit the consolidated financial statements of the Group. The section below sets out an extract of independent auditor's report regarding the consolidated financial statements of the Group for the year ended 31 December 2024:

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to Note 2(b) to the consolidated financial statements which indicates that Group incurred net loss of RMB18,165,000 during the year ended 31 December 2024, and as of the same date, had net current liabilities and net liabilities of RMB53,992,000 and RMB154,361,000, respectively. These events or conditions, along with other matters set forth in Note 2(b), indicate that, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.changyou-alliance.com. The annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 28 March 2025

As at the date of this announcement, 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.