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## **CHANGYOU ALLIANCE GROUP LIMITED**

### **暢由聯盟集團有限公司**

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

**(Stock Code: 1039)**

## **INSIDE INFORMATION**

### **ANTICIPATION OF SUBSTANTIAL INCREASE IN LOSS**

This announcement is made by Changyou Alliance Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Based on the preliminary assessment by the Group’s management and the unaudited consolidated management accounts of the Group for the six months ended 30 June 2021, the board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group expects to record an increase in its net loss for the six months ended 30 June 2021 by over 100% as compared to that for the six months ended 30 June 2020 of approximately RMB24 million. Such expected increase in the Group’s net loss is primarily attributable to, among other things:

- (i) a one-off recognition of a reversal of impairment losses on financial assets of approximately RMB23 million because of the repayment of loan receivables during the six months ended 30 June 2020 which were impaired for the year ended 31 December 2019; and
- (ii) an increase in other operating costs of the Group by approximately RMB18 million, which was mainly due to:
  - (a) an increase in finance costs due to the increase of interest-bearing financial liabilities; and
  - (b) an increase in the Group’s contributions to defined contribution retirement plans as the relevant PRC government authorities granted partial exemption on the Group’s contributions in 2020 and increase in other administrative expenses.

The information contained in this announcement is only based on the preliminary assessment by the Group's management and has not been audited or reviewed by the auditors of the Company. Such information is subject to the finalisation of the results of the Group for the six months ended 30 June 2021, which is expected to be announced by end of August 2021.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 17 August 2021

*As at the date of this announcement, the executive Directors of the Company are Mr. Cheng Jerome and Mr. Yuan Weitao; the non-executive Director of the Company is Mrs. Guo Yan; and the independent non-executive Directors of the Company are Mr. Wong Chi Keung, Mr. Liu Jialin and Mr. Chan Chi Keung Alan.*