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 a licensed securities dealer, a 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 **Damai Entertainment Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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.

Damai Entertainment Holdings Limited
大麥娛樂控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1060)

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS TRANSFER OF COPYRIGHTS AND COMMISSIONED PRODUCTION COOPERATION AND NOTICE OF SPECIAL GENERAL MEETING

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

ALTUS CAPITAL LIMITED

A letter from the Independent Board Committee to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this circular. A letter from Altus Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages IFA-1 to IFA-14 of this circular.

A notice convening the SGM to be held at Club@28 VIP Lounge, 28/F, Crowne Plaza Hong Kong, 8 Leighton Road, Causeway Bay, Hong Kong on Wednesday, March 25, 2026 at 3:00 p.m. is set out on pages SGM-1 to SGM-2 of this circular.

Whether you are able to attend the SGM or not, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours (i.e. not later than 3:00 p.m. on Monday, March 23, 2026) before the time appointed for the holding of the SGM or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting if you so wish, and in such event, the form of proxy will be deemed to have been revoked.

For the avoidance of doubt, holders of treasury shares of the Company, if any, shall abstain from voting at the Company's general meeting in connection to such treasury shares.

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

March 3, 2026

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In this circular (other than the notice of the SGM), unless the context otherwise requires, the following expressions shall have the following meanings:

"2023 Announcement"	the announcement of the Company dated February 8, 2023 in relation to, among others, the transactions contemplated under the 2023 Framework Agreement
"2023 Circular"	the circular of the Company dated March 10, 2023 in relation to the transactions contemplated under the 2023 Framework Agreement
"2023 Framework Agreement"	the framework agreement dated February 8, 2023 entered into between Alibaba Pictures (Tianjin) and Youku Technology in relation to the transfer of Copyrights
"2026 Framework Agreement"	the framework agreement dated February 3, 2026 entered into between Beijing Damai and Youku Technology in relation to the Transfer of Copyrights and the Commissioned Production Cooperation
"ADS(s)"	American Depositary Shares of Alibaba Holding
"Ali CV"	Ali CV Investment Holding Limited, a company incorporated in the Cayman Islands and a controlling shareholder of the Company, an indirect wholly-owned subsidiary of Alibaba Holding and a direct wholly-owned subsidiary of Alibaba Investment
"Alibaba Group"	Alibaba Holding and its subsidiaries
"Alibaba Holding"	Alibaba Group Holding Limited (阿里巴巴集團控股有限公司), a company incorporated in the Cayman Islands, with its American depositary shares (each representing eight ordinary shares) listed on the New York Stock Exchange (stock symbol: BABA) and its ordinary shares listed on the Main Board of the Stock Exchange (stock code: 9988 (HKD counter) and 89988 (RMB counter)) and the ultimate controlling shareholder of the Company
"Alibaba Investment"	Alibaba Investment Limited, a company incorporated in the British Virgin Islands and a controlling shareholder of the Company and a direct wholly-owned subsidiary of Alibaba Holding

"Alibaba Pictures (Tianjin)"	阿里巴巴影業(天津)有限公司 (Alibaba Pictures (Tianjin) Co., Ltd.*) (formerly known as 華盟(天津)文化投資有限公司 (Huameng (Tianjin) Culture Investment Co., Ltd.*) and 華盟(天津)文化傳媒有限公司 (Huameng (Tianjin) Culture Media Co., Ltd.*)), a company established in the PRC with limited liability and a subsidiary of the Company
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Beijing Damai"	大麥娛樂(北京)有限公司 (Damai Entertainment (Beijing) Co., Ltd.*), a company established in the PRC with limited liability and a subsidiary of the Company
"Benchmark Broadcast Performance Value" or "Benchmark EPI Value"	the basic threshold value for the contribution that a Drama/Movie is expected to make to Youku during the Peak Broadcast Period, as set by Youku in accordance with the standards implemented at the relevant time
"Board"	the board of Directors
"Broadcast Performance Value" or "EPI Value"	a comprehensive value assessment indicator used by Youku to evaluate the content of the Dramas/Movies, calculated based on multi-dimensional data including ratings, broadcast popularity, broadcast performance, revenue, and other factors
"Children's Shows"	variety shows, TV programmes and dramas for children
"Commissioned Production Cooperation"	had the meaning ascribed to it under the section headed "LETTER FROM THE BOARD – RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS – Subject matter" of this circular
"Company"	Damai Entertainment Holdings Limited (大麥娛樂控股有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 1060)

"Comprehensive Contribution"	the comprehensive value brought to the platform by the Dramas/Movies after its launch in a multi-dimensional and systematic manner, which encompasses not only direct commercial benefits, but also contributions to the platform's content ecosystem, user stickiness, brand value and social influence
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Copyrights"	copyrights, including rights of publication, authorship, alteration, integrity, reproduction, distribution, rental, exhibition, performance, release, broadcasting, online dissemination, shooting and production, adaption, translation, compiling and other rights to which the copyright owner is entitled to
"Director(s)"	the director(s) of the Company
"Drama(s)"	the TV and online drama(s), programme(s) and related work (excluding the Variety Shows and Children's Shows) which are self-produced and tailor-made for Youku platform
"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 PRC
"Independent Board Committee"	the independent committee of the Board, comprising all the independent non-executive Directors, namely, Ms. SONG Lixin, Mr. TONG Xiaomeng and Mr. Johnny CHEN, to advise the Independent Shareholders on the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto)

"Independent Financial Adviser" or "Altus Capital"	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto)
"Independent Shareholders"	Shareholders (other than Ali CV, Alibaba Investment and Mr. FAN Luyuan, Mr. MENG Jun and Mr. LI Jie, each a Director and a Shareholder, for the reasons as set out in the section headed "LETTER FROM THE BOARD – SGM" of this circular) who are not required to abstain from voting on the relevant resolution at the SGM to approve the transactions contemplated under the 2026 Framework Agreement and the annual caps related thereto
"IP"	intellectual property
"Latest Practicable Date"	February 25, 2026, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Movie(s)"	cinema and online movie(s) and related work
"Parties"	the parties to the 2026 Framework Agreement
"Peak Broadcast Period"	the period commencing from the date on which the main episodes of the Dramas/Movies are first broadcast on Youku until 120 days after the completion of the first broadcast of all episodes in membership format, and the specific peak broadcast period shall be subject to the standards implemented by Youku

"percentage ratio(s)"	has the meaning ascribed to it under the Listing Rules
"PRC" or "China" or "Mainland China"	the People's Republic of China and for the purposes of this circular, excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
"Production Cost"	all expenses incurred or related to the preparation, filming, production, and promotion of a Movie or Drama, including but not limited to the procurement of materials and equipment, the hiring of cast and crew, and other associated costs, but excluding expenses arising from the distribution of the Drama or Movie
"Production Fees"	had the meaning ascribed to it under the section headed "LETTER FROM THE BOARD – RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS – Subject matter" of this circular
"Purchase Price"	the price for the transfer, or authorization of the use, of the Copyrights of the Dramas and Movies
"Relevant Group Members"	Beijing Damai and/or any of its affiliates
"Relevant Youku Members"	Youku Technology and/or any of its affiliates
"RMB"	Renminbi, the lawful currency of the PRC
"RSU(s)"	restricted share unit(s) of Alibaba Holding
"Scoring System"	the scoring system set up by the Relevant Youku Member to assess the Dramas and Movies based on various factors, such as theme of the script, plot, production crew, the quality of shooting and the professional quality of directors and actors
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM" or "Special General Meeting"	the special general meeting of the Company to be convened to consider, and if thought fit, approve the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto), or any adjournment thereof

"Share(s)"	ordinary share(s) of HK$0.25 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Transactions"	collectively, the Transfer of Copyrights and the Commissioned Production Cooperation
"Transfer of Copyrights"	has the meaning ascribed to it under the section headed "LETTER FROM THE BOARD – RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS – Subject matter" of this circular
"treasury shares"	has the meaning ascribed to it under the Listing Rules
"TV"	television
"Variety Shows"	any type of variety shows, variety videos, pan-cultural and pan-entertainment programmes
"Youku"	online video platform of the Relevant Youku Member and any other platform(s) which the Relevant Youku Members may designate from time to time
"Youku Technology"	北京優酷科技有限公司 (Beijing Youku Technology Co., Ltd.*), a company established in the PRC with limited liability and an indirect subsidiary of Alibaba Holding
"%"	per cent

* *For identification purposes only*



Damai Entertainment Holdings Limited
大麥娛樂控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1060)

Executive Directors
Mr. Fan Luyuan *(Chairman & Chief Executive Officer)*
Mr. Li Jie *(President)*
Mr. Meng Jun (*Chief Financial Officer)*

Independent non-executive Directors
Ms. Song Lixin
Mr. Tong Xiaomeng
Mr. Johnny Chen

Registered Office
Clarendon House
2 Church Street, Hamilton
Pembroke, HM 11
Bermuda

Head Office and Principal Place of Business in Hong Kong
26/F Tower One
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

March 3, 2026

To the Shareholders

Dear Sir or Madam,

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS TRANSFER OF COPYRIGHTS AND COMMISSIONED PRODUCTION COOPERATION AND NOTICE OF SPECIAL GENERAL MEETING

BACKGROUND

Reference is made to the 2023 Announcement and the 2023 Circular in relation to, among others, the transfer of Copyrights under the 2023 Framework Agreement.

Reference is also made to the announcement of the Company dated February 3, 2026 in relation to among others, the 2026 Framework Agreement, entered into between Beijing Damai and Youku Technology to renew the existing continuing connected transactions under the 2023 Framework Agreement for a term of three years commencing from April 1, 2026 to March 31, 2029 and to set the annual caps for the transactions contemplated thereunder for the three years ending March 31, 2029.

The purpose of this circular is to provide you with, among others, (i) details of the Transactions; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM.

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

On February 3, 2026, Beijing Damai and Youku Technology entered into the 2026 Framework Agreement to renew the existing continuing connected transactions under the 2023 Framework Agreement, the principal terms of which are set out below:

Date : February 3, 2026

Parties : (1) Youku Technology

(2) Beijing Damai

Term : The term shall commence on April 1, 2026 (or the date on which the Company obtains the Independent Shareholders' approval at the SGM) (whichever is the latter) and shall end on March 31, 2029.

Subject matter : (1) Transfer of Copyrights:

During the term of the 2026 Framework Agreement, the Relevant Group Members may transfer all or part of the Copyrights of all or part of the subject Dramas and Movies to the Relevant Youku Members (the "Transfer of Copyrights").

(2) Commissioned Production Cooperation:

During the term of the 2026 Framework Agreement, the Relevant Youku Members may commission the Relevant Group Members to undertake production of Drama and Movie projects (the "Commissioned Production Cooperation"). The commissioned party shall receive the actual Production Costs, contingent revenues, and contingent production management fees associated with the relevant Dramas and Movies projects, and shall complete the production of such projects (the "Production Fees").

The Copyrights of the Drama and Movie projects shall vest in the Relevant Youku Members, while the commissioned party shall be entitled to the authorship.

Pricing bases in respect of Transfer of Copyrights

Dramas

The Purchase Price for the Dramas shall be determined based on one of the pricing bases below with reference to the type of distribution of the Dramas and the Benchmark Broadcast Performance Value uniformly set by Youku.

- Where a Drama is exclusively broadcast on Youku and the Broadcast Performance Value/EPI Value of the Drama is higher than or equal to the Benchmark EPI Value set by Youku, settlement shall be made according to the pricing basis under paragraph (1) of this sub-section below.

- Where a Drama is exclusively broadcasted on Youku and the EPI Value of the Drama falls below the Benchmark EPI Value, settlement shall be made according to the pricing basis under paragraph (2) of this sub-section below.

- Where a Drama is not exclusively broadcast on Youku, settlement shall be made according to the pricing basis under paragraph (3) of this sub-section below.

- For Dramas involving innovative or experimental production, settlement shall be made according to the pricing basis under paragraph (4) of this sub-section below.

Four pricing bases are set out below:

(1) $$\text{Purchase Price} = \begin{matrix}\text{actual Production}\\ \text{Cost of the Drama}\end{matrix} + \begin{matrix}\text{contingent}\\ \text{premium share}\end{matrix} + \begin{matrix}\text{contingent}\\ \text{incentive amount}\end{matrix}$$

where:

(i) "contingent premium share" shall be no less than 5% of the actual Production Cost of a Drama and shall be calculated with reference to the quality rating of the Drama to be determined by the Scoring System.

Given that each Drama has its unique features, as a matter of fact, there is no precise quantitative formula for determining the contingent premium share based on the rating under the Scoring System. However, the Parties will negotiate on arm's length and in good faith based on the above factors to arrive at a rating agreeable and satisfactory to both Parties. When the rating of a particular Drama under the Scoring System has been discussed and agreed between the Parties, the Parties will then negotiate and agree in good faith the amount of the contingent premium share with reference to such rating, and in general, the higher the overall rating, the greater the contingent premium share will be and vice versa, subject to a minimum of 5% of the actual Production Cost as set out above; and

(ii) "contingent incentive amount" shall be determined by Youku based on the Comprehensive Contribution to Youku during the Peak Broadcast Period of the relevant Drama, in accordance with Youku's internal statistical criteria and calculation methods.

The final incentive amount shall be based on the incentive amount corresponding to the actual EPI Value as determined by the Youku at the relevant time, or other reasonable standards as separately negotiated and agreed by the Parties at the relevant time, provided that such standards must comply with all applicable provisions of the Listing Rules.

Due to the influence of various factors such as the current market environment, policies, and the diversity and uniqueness of the Dramas, there is no precise quantitative formula to determine (i) the factors for the contingent incentive amount of a specific TV or online Drama; or (ii) the degree of impact of each factor on the Comprehensive Contribution. The contingent incentive amount shall only be paid as part of the Purchase Price when the Parties agree in good faith that the overall EPI Value of the Drama during the Peak Broadcast Period is higher than the Benchmark EPI Value set by Youku for the Drama based on the standards implemented at the relevant time.

In view of the above reasons, the EPI Value, Comprehensive Contribution, standards, incentive amount, etc. shall be based on the standards implemented by the Youku and the backend statistical data during the Peak Broadcast Period of the Dramas at the relevant time, or reasonable standards as separately negotiated and agreed by the Parties, provided that such standards must comply with all applicable requirements of the Listing Rules.

(2) $$\text{Purchase Price} = \begin{matrix}\text{actual Production} \\ \text{Cost of the Drama}\end{matrix} + \text{contingent premium share}$$

where:

"contingent premium share" shall be determined by the Parties at the relevant time based on the EPI Value of the Drama broadcast on Youku.

Due to the influence of various factors such as the current environment, policies, and the diversity and uniqueness of series, there is no precise quantitative formula for determining the contingent premium shares based solely on the EPI Values under the Scoring System. However, the Parties will negotiate in good faith in accordance with the principle of fairness based on the above factors to arrive at a reasonable calculation standard for the EPI Value that is acceptable and satisfactory to both Parties.

Once the Parties have discussed and agreed upon a reasonable calculation standard for the EPI Value of a specific Drama, they shall subsequently refer to that standard to negotiate in good faith and agree upon the amount of the contingent premium share. In such circumstances, the contingent premium share shall range from 0% to 25% of the actual Production Cost of the Drama. If the aforementioned percentage exceeds 25%, it shall be separately negotiated and determined by the Parties at the relevant time, provided that the pricing standard must comply with all applicable requirements of the Listing Rules.

(3) Purchase Price = fixed price/tiered pricing + contingent allocation share

where:

(i) "fixed price" shall be determined on a case-by-case basis by the Parties based on the quality rating of a Drama to be determined by the Scoring System and/or comparable prices offered by any independent third party;

(ii) "tiered pricing" instead of a "fixed price" (which is used in case that the quality rating of a Drama cannot be determined by the Scoring System or agreed by the Parties at the time of entering into of a definitive agreement) shall set out the fixed tiered prices of a Drama, which are determined and negotiated on a case-by-case basis by the Parties with reference to various factors to be agreed by the Parties from time to time, including a Drama's popularity and quality ratings; and

(iii) "contingent allocation share" shall be determined with reference to the rating of a Drama to be determined by the Scoring System and to be agreed upon mutual negotiation between the Parties, and/or the actual rating of a Drama to be attained on Youku platform upon its release, and/or any other standards to be agreed upon mutual negotiation between the Parties.

As some of the above factors are not generic in nature which highlights the versatility and uniqueness of each Drama, there is no precise quantitative formula for determining (a) the actual contingent allocation share based on the above factors; or (b) the factors applicable to determining the contingent allocation share for a specific Drama. Contingent allocation share will only be paid as part of the Purchase Price if the Parties agree in good faith that those factors on an overall basis are better than the estimations made prior to the release of a Drama. However, for the reasons explained above, there is no indicative range or scale of the contingent allocation share based on the above factors.

(4) Purchase Price = allocation share of revenue generated from a Drama

where:

"allocation share of revenue to be generated from a Drama" shall be determined based on the duration of viewing time of the Drama by the members of Youku, and/or the actual advertisement revenue to be generated from a Drama on Youku, in conjunction with the basis for allocation of revenue published on Youku's website, which is also applicable to independent third parties.

Movies

The Purchase Price for online Movies shall be determined with reference to one of the pricing bases set out in paragraph (3) or paragraph (4) set out in the "Dramas" section above and the Purchase Price for the cinema Movies shall be determined based on the following:

Purchase Price = fixed price/tiered pricing + contingent allocation share

where:

(i) "fixed price" (which is used for determining the Purchase Price of a released Movie with the known total box office in the PRC) shall be determined with reference to various factors, including the total box office of the Movie in the PRC, comparable prices from any independent third party on other online platforms and the rating of the Movie to be determined by the Scoring System and to be agreed upon mutual negotiation between the Parties on a case-by-case basis; and the higher the number in the above factors, the higher the fixed price will be. For example, in general, the higher the total box office of the Movie in the PRC, the more popular the Movie will be and so the higher the fixed price may be and vice versa;

(ii) "tiered pricing" (which is used for determining the Purchase Price of a not-yet-released Movie or a Movie which has been released but the final box office has not yet been ascertained) shall be determined with reference to various factors, including the total estimated box office of the Movie in the PRC, comparable prices from any independent third party on other online platforms and the rating of the Movie to be determined by the Scoring System and to be agreed upon mutual negotiation between the Parties on a case-by-case basis. The Parties will also discuss and agree in good faith the pre-determined levels of box office and the corresponding tiered price on a case-by-case basis with reference to the above factors; and the higher the number in the above factors, the higher the tiered price will be. For example, in general, if the final box office of the Movie in the PRC exceeds the pre-determined level of box office as set out above, the more popular the Movie will be and so the higher the tiered price will be and vice versa; and

(iii) "contingent allocation share" shall be determined with reference to the quality ranking to be attained on Youku upon the release of a Movie and/or other criteria to be further mutually and reasonably agreed by the Parties on a case-by-case basis similar to the procedures for determining the contingent allocation share for Dramas above.

As some of the above factors are not generic in nature, which highlights the versatility and uniqueness of each Movie, there is no quantitative formula for determining (a) the contingent allocation share based on the above factors; or (b) which factors would apply to a particular Movie for the purposes of determining the contingent allocation share.

Contingent allocation share will only be paid as part of the Purchase Price if the Parties agree in good faith that these factors on an overall basis are better than the estimations made prior to the release of a Movie. However, as explained above, there is no indicative range or scale of the contingent allocation share based on the above factors.

Pricing basis in respect of Commissioned Production Cooperation

The production fees charged by the commissioned party for the Commissioned Production Cooperation shall be determined with reference to the following pricing basis:

Production Fees charged by the commissioned party(ies)	=	actual Production Cost of the Drama/Movie	+	contingent revenue	+	contingent production management fees

where:

(i) "contingent revenue" encompasses investment promotion revenues, distribution revenues, licensing revenues, and other revenues generated from successful negotiations between the Parties. Revenue in respect of the Commissioned Production Cooperation shall be distributed according to mutually agreed proportions between the Parties after deducting Production Costs, core creative personnel profit-sharing (if applicable), taxes and fees, investment attraction costs, distribution costs, agency fees, and other expenses.

(ii) "contingent production management fee" shall be confirmed and determined based on the actual broadcast performance of the commissioned Dramas/Movies production, as measured by the EPI Value.

- Where the EPI Value is equal to or higher than the Benchmark EPI Value, the "basic production management fee"*(Note)* plus a "contingent incentive amount" shall be adopted as the standard pricing basis.

- Where the EPI Value falls below the Benchmark EPI Value, the "basic production management fee"*(Note)* multiplied by (1 + coefficient) shall be adopted as the standard pricing basis. The coefficient is divided into six tiers: -100%, -90%, -70%, -50%, -30%, and 0%. The applicable coefficient will be determined based on the actual EPI Value range corresponding to the broadcast of the Drama/Movie on Youku.

(iii) The "basic production management fee" mentioned in paragraph (ii) above shall be calculated as follows:

total production budget for the relevant Drama/Movie	×	contingent production management fee ratio*Note*

Note: The corresponding production management fee ratio ranges from 0% to 25%. Should the production management fee ratio exceed 25%, it shall be determined through separate negotiation between the Parties.

The specific amount of the basic production management fee shall be determined based on the quality rating of the Drama/Movies assessed by the Relevant Youku Members in accordance with the Scoring System, subject to mutual agreement between the Parties, and/or the quality rating achieved based on the actual broadcast performance of the Drama/Movie, and/or other standards separately agreed upon by both Parties.

(iv) "contingent incentive amount" mentioned in paragraph (ii) above shall be determined by Youku based on the Comprehensive Contribution of the Dramas/Movies to Youku during the Peak Broadcast Period, in accordance with its internal statistical criteria and calculation methods. The final incentive amount shall be based on the incentive amount corresponding to the actual EPI Value as determined by Youku at the relevant time, or other reasonable standards separately negotiated by both parties at the relevant time, provided that the pricing standard must comply with all applicable requirements of the Listing Rules.

Due to the influence of various factors such as the current market environment, policies, and the diversity and uniqueness of the Dramas/Movies, there is no precise quantitative formula for determining (a) the factors for the contingent incentive amount of a specific Drama or Movie; or (b) the degree of impact of each factor on the Comprehensive Contribution. The contingent incentive amount shall only be paid as part of the Production Fees when the Parties agree in good faith that the overall EPI Value of the Dramas/Movies during the Peak Broadcast Period is higher than the Benchmark EPI Value set by Youku for the Dramas/Movies on the standards implemented at the relevant time.

In view of the above reasons, the EPI Value, Comprehensive Contribution, incentive amount, etc. shall be based on the standards implemented by Youku and backend statistical data during the Peak Broadcast Period of the Dramas/Movies at the relevant time, or reasonable standards separately negotiated and agreed by the Parties, provided that such standards must comply with all applicable requirements of the Listing Rules.

Definitive agreements and payment terms

The Relevant Group Members and the Relevant Youku Members may, subject to the annual caps, from time to time enter into definitive agreements to set out the detailed terms of the transactions contemplated under the 2026 Framework Agreement (including the requirements for the target productions, purchase prices, production fees, payment terms and the delivery methods for media). All of the fees chargeable under the 2026 Framework Agreement shall be settled on a project basis pursuant to the payment terms set out in those definitive agreements. Payment schedule shall be determined on case-by-case basis with reference to the type and the progress schedule of each project. The terms of the definitive agreement(s) must be on normal commercial terms or better and more favourable terms.

The Company will take the following measures, together with the internal control measures more particularly described in the section headed "INTERNAL CONTROL MEASURES" below, to ensure the final Purchase Price and the Production Fee will be on normal commercial terms or better and no less favourable than those payable by independent third party customers to the Group for similar Movies and Dramas.

Market prices

As disclosed above, both Purchase Price and Production Fee are determined on a cost-plus basis. Consistent with industry practice, the costs of Movie/Drama production are determined by reference to the prevailing market prices for directors, actors, set design, production props, and other production-related items, while the applicable premiums are subject to commercial negotiation between the parties.

To ensure the premiums applied remain consistent with market practice, the Company's business operation department will, on a quarterly basis, (i) conduct market research to assess the prevailing average premium range for comparable Movies and Drama series; and (ii) make reference to the premiums payable by the Relevant Youku Members for similar transactions conducted between the Relevant Youku Members and their independent counterparties to ensure that the final Purchase Price and Production Fee payable by the Relevant Youku Members to the Relevant Group Members are on the arm's length terms or better.

Historical prices

As to transfer of copyright with respect to Movies, the Company will make reference to historical transfer price for similar Movies purchased by independent third parties of size and reputation comparable to Youku. For the avoidance of doubt, the Group has not entered into transactions with independent third parties involving transfer of copyright with respect to Dramas.

As to commissioned production with respect to Movies or Dramas, although the Group has not entered into similar transactions with independent third parties, one of the Group's previously acquired subsidiary had, prior to its acquisition by the Group, provided production services to independent third parties including PRC-based streaming platforms of size and reputation comparable to Youku. The Company believes that such historical experience offers a useful reference in assessing the applicable terms, pricing models, and pricing bases for determining the fairness and reasonableness of the final Production Fees.

HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

The historical transaction amounts and the annual caps for the transactions under the 2023 Framework Agreement are set out in the table below:

(RMB' million)

	For the year ended March 31,		For the nine months ended December 31,
	2024	**2025**	**2025**
			(unaudited)
Historical transaction amounts	556	426	498
The annual cap for the corresponding financial year	1,600	1,900	2,200
Approximate utilization rate (%)	34.8%*(Note)*	22.4%*(Note)*	22.6%*(Note)*

Note: The low utilization rate of the annual cap under the 2023 Framework Agreement for the two years ended March 31, 2025 and the nine months ended December 31, 2025, was primarily due to extended project timelines and settlement cycles, as well as the overall pressure faced by the entertainment industry. In particular, adhering to the principle of premium quality, film and drama projects were undertaken or released due to market downturn and shifting audience preferences, while certain completed projects were delayed in delivery and settlement, resulting in a decrease in total transaction amounts. This has resulted in approximately 20 completed movie and drama projects from the previous financial years being carried forward into the financial year ending March 31, 2027 (the "**Rolled-over Projects**"). Accordingly, their estimated transaction amounts, which were determined using the same methodology as described below, have been taken into account in determining the proposed annual caps for the Transactions under the 2026 Framework Agreement.

In view of the foregoing, the Company believes that the historical transaction amounts (including the utilization rate) primarily reflected the rescheduling of the Movie and Drama projects originally planned for launch during the previous financial years due to the prevailing market conditions at the time, resulting in an overlap between the historical annual caps and the proposed annual caps. Such adjustment is in line with the industry practice and were made in the commercial interest of the Company and the Shareholders. As such, the previous historical transaction amounts (including the utilization rate) are of limited referential value in determining the proposed annual caps for the Transactions under the 2026 Framework Agreement and are not indicative of the Group's future business demand.

The proposed annual caps for the Transactions under the 2026 Framework Agreement are set out in the table below:

(RMB' million)

	For the year ending March 31,		
	2027	**2028**	**2029**
The total fees in respect of Transactions to be paid by the Relevant Youku Members to the Group	2,736	3,010	3,311

The above annual caps for the Transactions are determined based on the Group's current pipeline projects for the year ending March 31, 2027 (which include the Rolled-over Projects) comprising 15 Drama projects, 17 Movie projects and 6 Commissioned Production Cooperation projects with the respective estimated transaction amount totaling RMB1,770,000,000, RMB236,000,000 and RMB730,000,000, for the year ending March 31, 2027, and with reference to:

(i) the projected increase in the total transactions fees of Movies and Dramas pipeline for the two years ending March 31, 2029 based on an increase rate of 10% per year, which serves as a reasonable buffer to accommodate the continued expansion of the Group's content segment;

(ii) the inclusion of the Commissioned Production Cooperation under the 2026 Framework Agreement;

(iii) the improvement of the Group's production capabilities and the quality of the Dramas and Movies to be produced in the three years ending March 31, 2029, brought about by the Group's use of production studios with extensive production experience and continuous investment in developing scriptwriting and production capabilities, which may increase their market influence and popularity; and

(iv) the estimated box office of the pipeline Movies for the year ending March 31, 2027 taking into account factors such as production costs, cast and crew expenses, genres of the Movies and historical box office for similar types of Movies.

The above information is based on the assumptions that the business scale of the Dramas and Movies will grow steadily and is only estimated by the Company for the purpose of arriving at those annual caps, which is subject to change due to market conditions in the PRC and implementation of the relevant business plan of the Group and Youku Technology.

In light of the foregoing, the Directors are of the view that despite a low utilization rate of the historical annual caps for reasons particularly set out above, the proposed annual caps for the Transactions under the 2026 Framework Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to ensure that the terms under the 2026 Framework Agreement for the continuing connected transactions are fair and reasonable, and the transactions are carried out based on normal or better commercial terms, the Group has adopted the following internal control measures:

(i) The business operation department of the Company will (A) with respect to Movies, normally solicit at least two quotations from comparable independent third parties; and (B) with respect to both Movies and Dramas, on a quarterly basis, (i) conduct market research to assess the prevailing average premium range for comparable Movie and Drama series; and (ii) make reference to the premiums payable by the Relevant Youku Members for similar transactions conducted between the Relevant Youku Members and their independent counterparties.

(ii) The finance department of the Company, under the overall supervision of the Company's chief finance officer and the Board, will (a) obtain evidence regarding the costs and expenses incurred by the Group; (b) monitor the actual transaction conducted with the relevant parties under the 2026 Framework Agreement; and (c) review the management accounts on a monthly basis and as required from time to time to ensure that the corresponding fees incurred and the actual transaction amounts under the 2026 Framework Agreement do not exceed the relevant annual caps. As part of the threshold reporting system, the finance department of the Company will track cumulative transaction amounts on a monthly basis against the applicable annual caps, and assess whether the actual transaction amount has been utilized more quickly than the originally estimated for that period. Where such is the case, the finance department will promptly alert the listing compliance department and senior management. The business team will then prepare an estimate of the transaction amount for the remainder of the relevant financial year. For illustration purposes, an alert would be triggered if the cumulative transaction amount were to exceed approximately 33%, 50%, or 83% of the applicable annual cap at the end of the fourth, sixth, or tenth month respectively. If the aforesaid estimated transaction amount plus the utilized transaction amount is expected to reach or exceed the

applicable annual cap, the listing compliance department will promptly escalate the matter to the Board to determine whether revision of annual caps are required in compliance with the Listing Rules.

(iii) The independent non-executive Directors will conduct independent annual review on the abovementioned internal control measures and the transactions contemplated under the 2026 Framework Agreement to ensure that those transactions are entered into through arm's length negotiations and on normal commercial terms or better, are fair and reasonable, in the ordinary and usual course of business of the Group, in the interests of the Company and its Shareholders as a whole and are carried out pursuant to the terms of the transactions.

(iv) The Company's auditors will conduct annual review on the pricing basis and the annual caps under the 2026 Framework Agreement and report their findings and conclusions to the Board.

(v) The Board will continue to review the Company's internal control systems and its effectiveness at least once a year.

Based on the control measures set out above, the Company considers that: (a) the pricing bases for calculating the Purchase Price/Production Fees pursuant to the 2026 Framework Agreement is determined with reference to objective standards or market prices; and (b) there should be no material difference between the pricing arrangements under the 2026 Framework Agreement and those with independent third parties, thereby ensuring that the Purchase Price/Production Fees chargeable under the 2026 Framework Agreement are on normal commercial terms.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2026 FRAMEWORK AGREEMENT

Youku Technology operates one of the leading online video platforms in Mainland China and serves as one of Alibaba Group's key businesses in the digital media and entertainment segment. The entering into of the 2026 Framework Agreement enables the Group to fully utilize and integrate the resources within Alibaba Group. It will also enable the Group to leverage its unique advantage derived from the entire industry chain and all ecosystems within, thereby unifying upstream and downstream operations, as well as online and offline channels throughout the industry chain with its strengths in relevant data and ecosystems. Furthermore, the 2026 Framework Agreement can also enhance the professionalism and exposure of the production team of the Group that can in turn assist the Group in producing high-quality Dramas and Movies throughout the upstream and downstream markets of Dramas and Movies and can increase the market penetration of the Group in the pan-entertainment industry.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Youku Technology is an indirect subsidiary of Alibaba Holding. Alibaba Holding is the ultimate shareholder of Alibaba Investment, which is a controlling shareholder and a connected person of the Company holding 16,001,087,693 Shares in aggregate, representing approximately 53.56% of the issued Shares, among which (i) 13,488,058,846 Shares are held by Ali CV, the wholly-owned subsidiary of Alibaba Investment, and (ii) 2,513,028,847 Shares are held by Alibaba Investment. Accordingly, each of Alibaba Holding and Youku Technology is an associate of Alibaba Investment and thus a connected person of the Company. The transactions contemplated under the 2026 Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to renew continuing connected transactions, the Company will have to re-comply with provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As all of the applicable percentage ratios in respect of the highest annual cap for the Transactions are more than 5%, the transactions contemplated under the 2026 Framework Agreement are subject to reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of Mr. FAN Luyuan and Mr. MENG Jun holds positions in Alibaba Holding or its subsidiaries, and Mr. LI Jie is currently taking up a management role in a subsidiary of Alibaba Holding, they are deemed or may be perceived to have a material interest in the transactions contemplated under the 2026 Framework Agreement. Accordingly, they have abstained from voting on the related Board resolutions. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other than those Directors, no other Directors have any material interest in the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto), or are required to abstain from voting on the resolutions of the Board approving the same.

The Independent Board Committee has been established to provide recommendation to the Independent Shareholders in respect of the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto). Altus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

INFORMATION ABOUT THE PARTIES

The Company and Beijing Damai

The Company was incorporated in Bermuda and the Shares are listed and traded on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group focuses on developing the full business potential of integration and innovative

applications of the Internet and traditional film and television industries. The core business of the Company includes four major segments, namely, "Live content and technology business", "IP merchandizing", "Film content and technology business" and "Drama series production".

Beijing Damai, being a company established under the laws of the PRC, is a subsidiary of the Company which is principally engaged in investment, production and distribution of film TV programmes.

Alibaba Holding and Youku Technology

Alibaba Holding is a company incorporated in the Cayman Islands with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (stock symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (stock codes: 9988 (HKD counter) and 89988 (RMB counter)). Alibaba Group's mission is to "make it easy to do business anywhere". Alibaba Group aims to build the future infrastructure of commerce and envisions that its customers will meet, work and live at Alibaba, and that it will be a good company that lasts for 102 years.

Youku Technology is a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of Alibaba Holding. It is one of the leading online video platforms in Mainland China and serves as one of Alibaba Group's key businesses in the digital media and entertainment segment. Youku could be watched on computers, television and mobile phones and comprises various types of content, including licensed content, jointly-produced content, self-produced content, user-generated content, professional-generated content and live content.

SGM

The notice of SGM is set out on pages SGM-1 to SGM-2 of this circular. The SGM will be convened at which ordinary resolution will be proposed to consider, and if thought fit, approve the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto).

As at the Latest Practicable Date, Alibaba Investment and its wholly-owned subsidiary, Ali CV, are interested in 16,001,087,693 Shares in aggregate, representing approximately 53.56% of the issued Shares, among which (i) 13,488,058,846 Shares are held by Ali CV, and (ii) 2,513,028,847 Shares are held by Alibaba Investment. Youku Technology, an associate of Alibaba Investment, is a party to the 2026 Framework Agreement and therefore has a material interest in the transactions contemplated thereunder. Accordingly, Ali CV and Alibaba Investment are required to abstain from voting on the resolution proposed at the SGM in respect of the transactions contemplated under the 2026 Framework Agreement and the annual caps related thereto. In addition, each of Mr. FAN Luyuan and Mr. MENG Jun holds positions

in Alibaba Holding or its subsidiaries, and Mr. LI Jie is currently taking up a management role in a subsidiary of Alibaba Holding, each of them will voluntarily abstain from voting on the resolution at the SGM. For each of their shareholdings in the Company, please refer to the Appendix to this circular.

Pursuant to Rule 17.05A of the Listing Rules, the trustees holding unvested shares of a share scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given. The trustees of the share award scheme adopted by the Company on December 30, 2016 (as amended from time to time), who were interested in 394,497,967 Shares (representing approximately 1.32% of the issued share capital of the Company) as at the Latest Practicable Date, will be required to abstain from voting on the resolution proposed at the SGM.

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, no other Shareholder has a material interest in the transactions contemplated under the 2026 Framework Agreement and the annual caps related thereto and therefore no other Shareholder is required to abstain from voting on the resolution proposed at the SGM.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, there was (i) no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder, whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, there existed no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of Shares in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the SGM in respect of the resolution approving the 2026 Framework Agreement and the transaction contemplated thereunder (including the annual caps related thereto).

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the SGM will therefore demand that the resolution as set out in the notice of SGM will be voted upon by way of poll at the SGM (or at any adjourned meeting) and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Whether you are able to attend the SGM or not, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours (i.e. not later than 3:00 p.m. on Monday,

March 23, 2026) before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting if you so wish, and in such event, the form of proxy will be deemed to have been revoked.

The record date for determining the entitlement of the Shareholders to attend and vote at the SGM will be Wednesday, March 18, 2026. To be eligible to attend and vote at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, March 18, 2026.

RECOMMENDATIONS

The Board (including the independent non-executive Directors) consider that the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto) are fair and reasonable, and on normal commercial terms, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto).

You are advised to read the letter of advice from the Independent Board Committee set out on pages IBC-1 to IBC-2 of this circular and the letter of advice from the Independent Financial Adviser set out on pages IFA-1 to IFA-14 of this circular before deciding whether or not to vote in favour of the ordinary resolution to be proposed at the SGM to approve the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto).

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board
Damai Entertainment Holdings Limited
FAN Luyuan
Chairman & Chief Executive Officer

The following is the text of a letter of the Independent Board Committee to the Independent Shareholders in respect of the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto).

Damai Entertainment Holdings Limited
大麥娛樂控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1060)

March 3, 2026

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS TRANSFER OF COPYRIGHTS AND COMMISSIONED PRODUCTION COOPERATION

We refer to the circular issued by the Company dated March 3, 2026 (the "Circular") of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular, unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to consider and advise you as to whether the terms of the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto) are fair and reasonable, and on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Altus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the "Letter from the Board" set out on pages 7 to 23 of the Circular and the "Letter from the Independent Financial Adviser" set out on pages IFA-1 to IFA-14 of the Circular, which contain its advice in respect of the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto).

Having considered the terms of the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto), the advice given by, and the principal factors and reasons considered by, Altus Capital, we consider that the 2026

Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto) are fair and reasonable, and on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the SGM to approve the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto).

Yours faithfully,
For and on behalf of
Independent Board Committee

SONG Lixin	**TONG Xiaomeng**	**Johnny CHEN**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the text of a letter of advice from Altus Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto), which has been prepared for the purpose of incorporation in the Circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street Central
Hong Kong

3 March 2026

To the Independent Board Committee and the Independent Shareholders

Damai Entertainment Holdings Limited
26/F Tower One
Times Square
1 Matheson Street
Causeway Bay, Hong Kong

Dear Sir and Madam,

**RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS
TRANSFER OF COPYRIGHTS AND
COMMISSIONED PRODUCTION COOPERATION**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto). The details are set out in the "Letter from the Board" contained in the circular of the Company dated 3 March 2026 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein or required by the context.

Reference is made to the announcement of the Company dated 8 February 2023, in relation to, among other things, the 2023 Framework Agreement entered into with Youku Technology in relation to the Transfer of Copyrights.

On 3 February 2026, Beijing Damai and Youku Technology entered into the 2026 Framework Agreement in order to renew the 2023 Framework Agreement, which will expire on 31 March 2026.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Youku Technology is an indirect subsidiary of Alibaba Holding. Alibaba Holding is the ultimate shareholder of Alibaba Investment, which is a controlling shareholder and a connected person of the Company holding 16,001,087,693 Shares in aggregate, representing approximately 53.56% of the issued Shares, among which (i) 13,488,058,846 Shares are held by Ali CV, the wholly-owned subsidiary of Alibaba Investment; and (ii) 2,513,028,847 Shares are held by Alibaba Investment. Accordingly, each of Alibaba Holding and Youku Technology is an associate of Alibaba Investment and thus a connected person of the Company. The transactions contemplated under the 2026 Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to renew continuing connected transactions, the Company will have to re-comply with provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As all of the applicable percentage ratios in respect of the highest annual cap for the Transactions are more than 5%, the transactions contemplated under the 2026 Framework Agreement are subject to reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. SONG Lixin, Mr. TONG Xiaomeng and Mr. Johnny CHEN have been formed to advise the Independent Shareholders as to (i) whether the 2026 Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the 2026 Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable; (iii) whether the annual caps are fair and reasonable; and (iv) how the Independent Shareholders should vote in respect of the resolution to be proposed at the SGM after taking into account the recommendation from the Independent Financial Adviser.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the 2026 Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are in the interests of the Company and the

Shareholders as a whole; (ii) whether the terms of the 2026 Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable; (iii) whether the annual caps are fair and reasonable; and (iv) how the Independent Shareholders should vote in respect of the resolution to be proposed at the SGM.

We have not acted as independent financial adviser or financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto) is at market level and not conditional upon successful passing of the resolution, and that our engagement is on normal commercial terms, we are independent of the Company.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the 2023 Framework Agreement; (ii) the 2026 Framework Agreement; (iii) the annual report of the Company for the year ended 31 March 2025; (iv) the interim report of the Company for the six months ended 30 September 2025; (v) the Transaction Samples as defined in the paragraph headed "2.2 Principal terms of the 2026 Framework Agreement" below; and (vi) other information as set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the date of the SGM. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Information of the Company, Beijing Damai and Youku Technology

1.1 The Company and Beijing Damai

The Company was incorporated in Bermuda, and the Shares are listed and traded on the Main Board of the Stock Exchange. The Company is an investment holding company and the Group focuses on developing the full business potential of integration and innovative applications of the Internet and traditional film and television industries. The core business of the Company includes four major segments, namely, "Live content and technology business", "IP merchandising", "Film content and technology business" and "Drama series production".

Beijing Damai, being a company established under the laws of the PRC, is a subsidiary of the Company which is principally engaged in investment, production and distribution of film TV programmes.

1.2 Youku Technology

Youku Technology is a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of Alibaba Holding. It is one of the leading online video platforms in Mainland China and serves as one of Alibaba Group's key businesses in the digital media and entertainment segment. Youku could be watched on computers, television and mobile phones and comprises various types of content, including licensed content, jointly-produced content, self-produced content, user-generated content, professional-generated content and live content.

2. The 2026 Framework Agreement

2.1 Rationale for entering into the 2026 Framework Agreement

Taking into account the principal activities of the Group as described in the paragraph headed "1. Information of the Company, Beijing Damai and Youku Technology" above, we are of the view that it is in the ordinary and usual course of business of the Group to engage in the transfer of Copyrights of Dramas and Movies as well as being commissioned to undertake production of Drama and Movie projects. In particular, we note that the entering into of the 2026 Framework Agreement enables the Group to unify its upstream and downstream operations, as well as online and offline channels across the entire industry chain. This aligns with the Group's strategic direction to evolve into a diversified entertainment platform as stated in the Company's interim report for the six months ended 30 September 2025.

As the term of the 2023 Framework Agreement will expire on 31 March 2026, the 2026 Framework Agreement represents a continuation of the existing arrangement, extending its scope to include Commissioned Production Cooperation, under the Group's ordinary and usual course of business. We note that this extension of scope is intended to cater for cooperation between the Relevant Group Members and the Relevant Youku Members, similar to that for the Transfer of Copyrights but with the Relevant Youku Members as the initiating party.

Given the established business relationship and proven track record in business transactions between the Relevant Group Members and the Relevant Youku Members, we note from the Management that the Transfer of Copyrights has brought about stable revenue stream to the Group. Therefore, in view of the benefits that can be brought to the Group as elaborated above, the continuity of the business relationships with the Relevant Youku Members is beneficial to the long-term development of the Group.

Overall, the Management believes and we concur that the transactions contemplated under the 2026 Framework Agreement will continue to be conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

2.2 Principal terms of the 2026 Framework Agreement

The principal terms of the 2026 Framework Agreement are summarised below. For details, please refer to the paragraph headed "Renewal of existing continuing connected transactions" in the "Letter from the Board" of the Circular.

Parties : (1) Youku Technology

(2) Beijing Damai

Term : Commence on 1 April 2026 (or the date on which the Company obtains the Independent Shareholders' approval at the SGM) (whichever is the latter) and end on 31 March 2029.

Subject matter : (1) Transfer of Copyrights:

During the term of the 2026 Framework Agreement, the Relevant Group Members may transfer all or part of the Copyrights of all or part of the subject Dramas and Movies to the Relevant Youku Members.

(2) Commissioned Production Cooperation:

During the term of the 2026 Framework Agreement, the Relevant Youku Members may commission the Relevant Group Members to undertake production of Drama and Movie projects. The commissioned party shall receive the actual Production Costs, contingent revenues, and contingent production management fees associated with the relevant Drama and Movie projects, and shall complete the production of such projects.

Pricing bases in respect of Transfer of Copyrights

Dramas

- Where a Drama is exclusively broadcasted on Youku and the Broadcast Performance Value/EPI Value of the Drama is higher than or equal to the Benchmark EPI Value set by Youku, settlement shall be made according to the pricing basis under paragraph (1) below (the "**Pricing Basis 1**").

- Where a Drama is exclusively broadcasted on Youku and the EPI Value of the Drama falls below the Benchmark EPI Value, settlement shall be made according to the pricing basis under paragraph (2) below (the "**Pricing Basis 2**").

- Where a Drama is not exclusively broadcasted on Youku, settlement shall be made according to the pricing basis under paragraph (3) below (the "**Pricing Basis 3**").

- For Dramas involving innovative or experimental production, settlement shall be made according to the pricing basis under paragraph (4) below (the "**Pricing Basis 4**").

Four pricing bases are set out below:

(1) Purchase Price = actual Production Cost of the Drama + contingent premium share + contingent incentive amount

(2) Purchase Price = actual Production Cost of the Drama + contingent premium share

(3) Purchase Price = fixed price/tiered pricing + contingent allocation share

(4) Purchase Price = allocation share of revenue generated from a Drama

Movies

The Purchase Price for online Movies shall be determined with reference to one of the pricing bases set out in paragraph (3) or paragraph (4) above and the Purchase Price for the cinema Movies shall be determined based on the following (the "**Pricing Basis 5**"):

Purchase Price = fixed price/tiered pricing + contingent allocation share

Pricing basis in respect of Commissioned Production Cooperation

The production fees charged by the commissioned party for the Commissioned Production Cooperation shall be determined with reference to the following pricing basis (the "**Pricing Basis 6**"):

Production Fees charged by the commissioned party(ies)	=	actual Production Cost of the Drama/Movie	+	contingent revenue	+	contingent production management fees

Our work done and views

We have compared the terms of the 2023 Framework Agreement and the 2026 Framework Agreement. We noted that, save for (i) the extension of scope to include Commissioned Production Cooperation; and (ii) a refinement of pricing bases in respect of Transfer of Copyrights to accommodate situations where a Drama is exclusively broadcasted on Youku and its EPI Value falls below the Benchmark EPI Value with Pricing Basis 2, the principal terms of the 2026 Framework Agreement are substantially the same as those under the 2023 Framework Agreement.

The pricing bases in respect of Transfer of Copyrights under the 2026 Framework Agreement largely follows that of the 2023 Framework Agreement. For Pricing Basis 1 and Pricing Basis 2, we note that each basis is calculated using the actual Production Cost of the Drama, being an objective figure, plus variable component(s) that correlate positively to the Drama's actual broadcast performance as measured by the EPI Value. We understand from the Management that EPI Value is an assessment indicator used by Youku to evaluate the contents of Dramas and Movies being broadcasted on its platform, and this indicator is calculated based on multi-dimensional data collected from Youku's backend system and it applies to both the Group's contents and those of independent third parties. For Pricing Basis 3, we note that it makes reference to the quality rating determined by the Scoring System and/or comparable prices offered by any independent third party and to be agreed upon mutual negotiation between the Parties. For Pricing Basis 4, the basis for allocation of revenue published on Youku's website is also applicable to independent third parties apart from the Group. For Movies, Pricing Basis 5 makes reference to the Scoring System and the quality ranking to be attained on Youku upon the release of a Movie and/or other criteria to be further mutually and reasonably agreed by the Parties on a case-by-case basis. In summary, despite variations among Pricing Basis 1 through Pricing Basis 5, we note that they are all determined with reference to the quality and performance of the Dramas/Movies, as measured by standards implemented by Youku and derived from backend statistical data, where the same metrics are also used by Youku to measure the quality of contents of independent third parties. Furthermore, for Dramas that are broadcasted exclusively on Youku, the pricing mechanism takes into account the actual Production Cost; while for Dramas/Movies that

are not broadcasted exclusively on Youku, the pricing mechanism considers comparable prices offered by or to independent third parties (where applicable). Having considered the above, we are of the view that the pricing bases for Transfer of Copyrights is reasonable.

In respect of Commissioned Production Cooperation, we note that Pricing Basis 6 in substance is similar to that of Pricing Basis 1, which is calculated using the actual Production Cost of the Drama/Movie, plus variable component that directly correlates to actual broadcast performance measured by the EPI Value as well as other potential revenue to be mutually agreed among the Parties. By virtue of the same reasons as discussed above, we are of the view that the pricing basis for Commissioned Production Cooperation is reasonable.

In addition, we understand that the Group has established internal control measures as described in the paragraph headed "3. Internal control measures" below to ensure that the relevant transactions are carried out based on normal or better commercial terms. In this regard, we have obtained the full list of transactions entered into between the Relevant Group Members and the Relevant Youku Members under the 2023 Framework Agreement during (i) the year ended 31 March 2024; (ii) the year ended 31 March 2025; and (iii) the nine months ended 31 December 2025, and noted that there were 12, four and 12 transactions entered into during the respective year/period. Our approach of sampling is to ascertain whether the stated pricing policies have been consistently implemented and for this, we selected a total of 14 samples of transactions conducted under the 2023 Framework Agreement (the "**Transaction Samples**").

The Transaction Samples selected are (i) top three transactions (in terms of transaction amount); and (ii) two randomly selected transactions, for each of (a) the year ended 31 March 2024; and (b) the nine months ended 31 December 2025. For the year ended 31 March 2025, all of the four transactions have been selected for review. The Transaction Samples are exhaustive based on these selection criteria. Out of the 14 Transaction Samples, 11 are related to Dramas and three are related to Movies. Based on our review of the Transaction Samples, we note that the aforementioned pricing bases have been adhered to, in particular, the pricing of the Transaction Samples is determined based on the aforementioned formula and, where appropriate: (i) for Dramas, the pricing correlates positively to the Drama's actual broadcast performance on Youku and takes into account the actual Production Cost; and (ii) for Movies, the pricing considers comparable prices offered by or to independent third parties. As confirmed by the Management, the Group has not entered into any agreements with independent third parties in relation to Transfer of Copyrights of Dramas over the past three years. With regard to Movies, we have obtained a sample of agreement entered into between the Group and an independent third party for the Transfer of Copyrights, and we note that its pricing basis is consistent with those entered into with the Relevant Youku Members.

Considering that the Transaction Samples obtained and reviewed (i) cover the period of the 2023 Framework Agreement; and (ii) include both Dramas and Movies, we believe the sample size is sufficient to illustrate that the Group's internal control measures have been adhered to and can safeguard compliance with the aforementioned pricing bases. We also believe that there are existing measures in place to ensure that the transactions contemplated under the 2026 Framework Agreement will be continuously carried out based on normal or better commercial terms and with reference to the aforementioned pricing bases and accordingly, will be fair and reasonable.

Taking into account the above, we are of the view that the terms of the 2026 Framework Agreement are on normal commercial terms and are fair and reasonable.

2.3 Proposed annual caps

To assess the fairness and reasonableness of the proposed annual caps, we have considered the following.

2.3.1 Existing annual caps and historical transaction amounts

The following table summarises (i) the historical transaction amounts between the Group and the Relevant Youku Members; and (ii) the corresponding existing annual caps, for the years ended 31 March 2024 and 2025 ("**FY2024**" and "**FY2025**") and the nine months ended 31 December 2025 respectively.

	For the year ended 31 March		**For the nine months ended 31 December**
	2024	**2025**	**2025**
	(RMB' million)		
Historical transaction amounts	556	426	498
Annual caps	1,600	1,900	2,200 (for the year ending 31 March 2026)
Utilisation rate	34.8%	22.4%	22.6%*(Note)*

Note: This utilisation rate is calculated based on (i) historical transaction amount for the nine months ended 31 December 2025; and divided by (ii) the existing annual cap for the year ending 31 March 2026.

As shown in the table above, the utilisation rates of annual caps were relatively low at approximately 34.8% and 22.4% in FY2024 and FY2025 respectively. For the nine months ended 31 December 2025, the actual transaction amount represented approximately 22.6% of the annual cap for the year ending 31 March 2026.

In terms of actual transaction amount, the Purchase Price in respect of Transfer of Copyrights paid by the Relevant Youku Members to the Group in FY2025 amounted to approximately RMB426 million, representing a decrease of approximately 23.4% from approximately RMB556 million in FY2024. The actual transaction amount for the nine months ended 31 December 2025 was approximately RMB498 million. For illustrative purpose only, the annualised transaction amount for the year ending 31 March 2026 ("**FY2026**") based on the nine months' actual figure would be approximately RMB664 million, representing an increase of approximately 55.9% as compared to that recorded in FY2025.

We understand from the Management that the lower-than-expected utilisation of annual caps was primarily due to industry-wide challenges such as declining box office revenues and theater attendance in the past years, which adversely affected overall production activities as well as timing of releases of the Group's Dramas and Movies on Youku. Notwithstanding this, the Management is cautiously optimistic about a gradual market recovery over the next three years and has accordingly proposed higher annual caps as further discussed below.

Overall, despite the relatively low utilisation of the annual caps in the past, a recovery trend can be observed where the annualised transaction amount for FY2026 based on the nine months' actual figure represented an increase of over 50% compared to the previous financial year.

2.3.2 Proposed annual caps

The following table sets out the proposed annual caps for the Transactions under the 2026 Framework Agreement for the years ending 31 March 2027, 2028 and 2029 ("**FY2027**", "**FY2028**" and "**FY2029**") respectively.

	For the year ending 31 March		
	2027	**2028**	**2029**
	(RMB' million)		
The total fees in respect of the Transactions to be paid by the Relevant Youku Members to the Group	2,736	3,010	3,311

In determining the above proposed annual caps, we understand from the Management that the Company has taken into consideration (i) the Group's current pipeline projects for the year ending 31 March 2027; (ii) the expected increase in total transaction fees of Movies and Dramas pipeline for the two years ending 31 March 2029; (iii) the inclusion of the Commissioned Production Cooperation under the 2026 Framework Agreement; (iv) the improvement of the Group's production capabilities and the quality of the Dramas and Movies to be produced in the three years ending 31 March

2029, which may increase their market influence and popularity; and (v) the estimated box office of the pipeline Movies, as further elaborated in the paragraph headed "Historical transaction amounts and annual caps" in the "Letter from the Board" of the Circular.

In assessing the fairness and reasonableness of the proposed annual caps, we have discussed with the Management and obtained the relevant calculations and workings for review. Based on our discussion with the Management, we noted that the proposed annual cap for the year ending 31 March 2027 of RMB2,736 million (the "**FY2027 Annual Cap**") is mainly arrived at based on the pipeline of Dramas and Movies expected to be launched in FY2027 under the 2026 Framework Agreement (the "**Potential Projects**"). In this regard, we have obtained the full list of Potential Projects from the Management and noted that it includes over 30 Dramas and Movies. This is in line with the Management's representation of its current pipeline projects as discussed in the paragraph headed "Historical transaction amounts and annual caps" in the "Letter from the Board" of the Circular. We further noted from the aforementioned full list that the majority of these Dramas and Movies have already commenced production or completed production. For Movies, we understand that the Management has considered the estimated box office taking into factors such as production costs, cast and crew expenses, genres of the Movies and historical box office for similar types of Movies. We believe that it is reasonable to consider the actual performance of comparable Movies in this regard. In addition, the extension of scope to include Commissioned Production Cooperation also necessitated an increase in the proposed annual caps. In this regard, we noted from the relevant workings that the Group expects to have around six projects under this cooperation model in FY2027, for which we understand from the Management that discussions are already in progress with the Relevant Youku Members. In other words, the FY2027 Annual Cap is generally determined based on Potential Projects which are already ongoing as well as expected projects under the Commissioned Production Cooperation. The expected increase in the proposed annual caps is also in line with the Group's strategic plans to, amongst others, enhance production capacities across a diverse range of content categories including films and dramas, and to amplify commercial value and deliver a steady stream of quality contents to the market, as discussed in the Company's annual report for the year ended 31 March 2025.

In addition to the above, we have also considered from an industry perspective and have reviewed the "Analysis of the Film and Television Industry Performance in the First Three Quarters of 2025[1] 《2025年前三季影視產業運行分析》" (the "**CLCR Report**") published by China Lianhe Credit Rating Co., Ltd. ("**China Lianhe**") in November 2025, one of the largest credit rating agencies in the PRC. Based on publicly available information, China Lianhe was established in 2000 and is 96%-owned by Lianhe Credit Information Service Co., Ltd.. It had approximately 350 analysts as at the end of 2024. As stated in the CLCR Report, China's film box office revenue, theatre attendance and

1 For reference only

drama viewership all recorded year-on-year growth during the first three quarters of 2025 and the overall industry showed signs of recovery. Notably, the national 15th Five-Year Plan (2026-2030) encourages the cultural sector to pursue ongoing content innovation and industrial upgrade; while regulators have continued to introduce policies aimed at relaxing restrictions on content creation and promoting technological integration. Against this backdrop, despite the relatively low utilisation rates of annual caps as discussed in the paragraph headed "2.3.1 Existing annual caps and historical transaction amounts" above, having considered (i) the Group's robust existing pipelines of Dramas and Movies on hand as discussed in this paragraph above, a majority of which have already commenced production or completed production; (ii) the fact that the lower-than-expected utilisation of annual caps was primarily due to industry-wide challenges, while a recent recovery trend can be observed; and (iii) that the Management is cautiously optimistic about a gradual market recovery over the next three years, which is in line with our findings from independent research on the industry, we consider it reasonable to set a higher proposed annual cap to accommodate the potential business needs of the Group.

For FY2028 and FY2029, we understand that a year-on-year growth rate of around 10% respectively has been applied to derive the respective proposed annual caps. We consider such estimated growth rate to be reasonable in order to cater for potential growth in businesses of the Group.

In light of the above and considering that (i) the Group is not obliged under the 2026 Framework Agreement to transfer the Copyrights of Dramas and Movies to the Relevant Youku Members or being commissioned by the Relevant Youku Members to undertake production of Drama and Movie projects or to use up the proposed annual caps; and (ii) the proposed annual caps can provide flexibility for the Group to engage in the Transfer of Copyrights and Commissioned Production Cooperation according to its business needs, we are of the view that the proposed annual caps for the Transactions under the 2026 Framework Agreement are fair and reasonable.

3. Internal control measures

We have obtained and reviewed the Group's internal control measures in relation to the 2026 Framework Agreement and noted that:

(i) The business operation department of the Company will (A) with respect to Movies, normally solicit at least two quotations from comparable independent third parties; and (B) with respect to both Movies and Dramas, on a quarterly basis, (i) conduct market research to assess the prevailing average premium range for comparable Movie and Drama series; and (ii) make reference to the premiums payable by the Relevant Youku Members for similar transactions conducted between the Relevant Youku Members and their independent counterparties.

(ii) The finance department of the Company, under the overall supervision of the Company's chief finance officer and the Board, will (a) obtain evidence regarding the costs and expenses incurred by the Group; (b) monitor the actual transactions conducted with the relevant parties under the 2026 Framework Agreement; and (c) review the management accounts on a monthly basis and as required from time to time to ensure that the corresponding fees incurred and the actual transaction amounts under the 2026 Framework Agreement do not exceed the relevant annual caps. As part of the threshold reporting system, the finance department of the Company will track cumulative transaction amounts on a monthly basis against the applicable annual caps, and assess whether the actual transaction amount has been utilised more quickly than the originally estimated for that period.

For details, please refer to the paragraph headed "Internal control measures" in the "Letter from the Board" of the Circular.

As mentioned in the paragraph headed "2.2 Principal terms of the 2026 Framework Agreement" above, we have independently selected the Transaction Samples for review and noted that the relevant pricing bases have been adhered to. Accordingly, we believe that there are existing measures in place to ensure that the transactions contemplated under the 2026 Framework Agreement will be continuously carried out based on normal or better commercial terms with reference to the respective pricing bases. We also note that the Group has internal control measures in place to monitor the actual transaction conducted with the relevant parties under the 2026 Framework Agreement and to review the management accounts on a monthly basis and as required from time to time to ensure that the corresponding fees incurred and the actual transaction amounts under the 2026 Framework Agreement do not exceed the relevant annual caps. Further, the external auditors of the Company and the independent non-executive Directors will conduct annual review of the transactions contemplated under the 2026 Framework Agreement pursuant to the requirements of Chapter 14A of the Listing Rules. In this regard, we noted from the Company's annual report for the year ended 31 March 2025 that the external auditors of the Company and the independent non-executive Directors had conducted annual review of the Group's transactions with the Relevant Youku Members in relation to the Transfer of Copyrights and there were no adverse findings under such annual review.

Based on the above, the Management is of the view, and we concur that, the internal control measures in relation to the 2026 Framework Agreement are adequate and reasonable.

RECOMMENDATION

Having considered the above principal factors, we are of the view that (i) the 2026 Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; (ii) the terms of the 2026 Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable; and (iii) the annual caps in relation to the 2026 Framework Agreement are fair and reasonable.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the SGM to approve the 2026 Framework Agreement and the transactions contemplated thereunder (including the annual caps related thereto).

Yours faithfully,
For and on behalf of
Altus Capital Limited

Chang Sean Pey	**Clement Lee**
Responsible Officer	*Responsible Officer*

*Mr. Chang Sean Pey ("**Mr. Chang**") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 25 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

*Mr. Clement Lee ("**Mr. Lee**") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over nine years of experience in corporate finance and advisory in Hong Kong. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

1. RESPONSIBILITY STATEMENTS

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. DISCLOSURE OF INTERESTS

Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Shares and underlying Shares

			Number of underlying Shares held			
Name of Director	Nature of interest	Number of Shares (L) held *(Note 1)*	Share options	Awarded shares	Total number of Shares and underlying Shares held	Approximate percentage of Shares in issue *(Note 2)*
Mr. FAN Luyuan	Beneficial Owner	6,281,210	11,175,000	24,245,001	41,701,211	0.14%
Mr. LI Jie	Beneficial Owner	22,937,591	0	19,287,500	42,225,091	0.14%
Mr. MENG Jun	Beneficial Owner	2,480,385	0	1,935,625	4,416,010	0.01%

Notes:

(1) The letter "L" denotes the person's long position in the securities.

(2) Based on a total of 29,875,864,325 Shares in issue as at the Latest Practicable Date.

Shares and underlying shares of the associated corporation of the Company – Alibaba Holding

Name of Director	Nature of interest	Number of shares (L)/ underlying share held *(in the number of ordinary shares of Alibaba Holding)* *(Notes 1 and 2)*	Approximate percentage of total issued share of Alibaba Holding *(Note 3)*
Mr. FAN Luyuan	*Note 4*	224,016	0.00%
Mr. LI Jie	*Note 5*	550,704	0.00%
Mr. MENG Jun	*Note 6*	78,495	0.00%
Mr. TONG Xiaomeng	*Note 7*	941,176	0.00%

Notes:

1. The letter "L" denotes the person's long position in the securities.

2. One ADS represents eight ordinary shares of Alibaba Holding, and one US dollar-denominated RSU ("USD-RSU(s)") represents one ADS; one HK dollar-denominated RSU ("HKD-RSU(s)") represents one ordinary share of Alibaba Holding.

3. Based on 19,099,262,671 ordinary shares of Alibaba Holding in issue as at the Latest Practicable Date.

4. The interest represents 16,708 ADSs and 11,294 USD-RSUs held by Mr. FAN Luyuan beneficially.

5. The interest represents 67,838 ADSs and 1,000 USD-RSUs held by Mr. LI Jie beneficially.

6. The interest represents (i) 2001 ADSs, 2,350 USD-RSUs, 23,157 HKD-RSUs and 3,546 ordinary shares of Alibaba Holding held by Mr. MENG Jun beneficially; and (ii) 2,123 ADSs held by the spouse of Mr. MENG Jun.

7. The interest represents 117,647 ADSs held by Mr. Tong Xiaomeng beneficially.

Shares and underlying shares of the associated corporation of the Company – Youku, Inc. ("Youku Inc")

Name of Director	Nature of interest	Number of shares (L)/ underlying share held (Share Options) *(Note 1)*	Approximate percentage of total issued share of Youku Inc *(Note 2)*
Mr. FAN Luyuan	Beneficial owner	10,000,000	1.25%
Mr. MENG Jun	Beneficial owner	1,040,000	0.13%
Mr. LI Jie	Beneficial owner	420,000	0.05%

Notes:

1. The letter "L" denotes the person's long position in the securities.

2. Based on 800,000,000 ordinary shares of Youku Inc in issue as at the Latest Practicable Date.

Save as disclosed above, to the best knowledge, information and belief of the Company, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which 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 which were taken or deemed to have under such provisions of the SFO); or to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, save for (i) each of Mr. FAN Luyuan and Mr. MENG Jun holds positions in Alibaba Holding or its subsidiaries, and (ii) Mr. LI Jie is currently taking up a management role in a subsidiary of Alibaba Holding, none of the Directors or the proposed Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS

(a) Competing interests

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

(b) Interests in assets

As at the Latest Practicable Date, none of the Directors had any interests, directly or indirectly, in any asset which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group, since March 31, 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) Interests in contracts or arrangements

Save as disclosed in the Company's connected transactions as disclosed in this circular and its annual report 2024/2025, and its announcements dated April 16, 2025, June 24, 2025, September 19, 2025, November 11, 2025 and February 3, 2026, respectively, and the related party transactions as disclosed in Note 20 to its unaudited consolidated financial statements for the six months ended September 30, 2025, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

(d) Service contracts

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by such member of the Group within one year without payment of compensation, other than statutory compensation).

4. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualifications
Altus Capital	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the Independent Financial Adviser

As at the Latest Practicable Date, Altus Capital has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion herein of its letter and the references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Altus Capital did not have (i) any shareholding in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or (ii) any interests, directly or indirectly, in any asset which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group, since March 31, 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since March 31, 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

6. DOCUMENTS ON DISPLAY

A copy of the 2026 Framework Agreement will be published on the websites of HKEXnews operated by Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.damaiholdings.com) from the date of this circular and up to and including the date which is 14 days from the date of this circular.

Damai Entertainment Holdings Limited
大麥娛樂控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1060)

NOTICE IS HEREBY GIVEN that the special general meeting (the "SGM") of Damai Entertainment Holdings Limited (the "Company") will be held at Club@28 VIP Lounge, 28/F, Crowne Plaza Hong Kong, 8 Leighton Road, Causeway Bay, Hong Kong on Wednesday, March 25, 2026 at 3:00 p.m. for the purposes of considering and, if thought fit, passing (with or without amendments) the following ordinary resolution:

ORDINARY RESOLUTION

"**THAT**:

(i) the 2026 Framework Agreement (as defined in the circular of the Company dated March 3, 2026) (a copy of which is tabled at the meeting and marked "A" and initialled by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder, and the implementation thereof be and are hereby approved, confirmed and ratified;

(ii) the proposed annual caps related to the 2026 Framework Agreement for the three years ending March 31, 2029 be and are hereby approved; and

(iii) any one director of the Company (the "Director") (or one Director and the secretary of the Company or any two Directors or such other person or persons (including a Director) as the board of Directors may appoint, in the case of execution of documents under seal) be and is/are hereby authorized for and on behalf of the Company to sign, execute and deliver all such documents and to do all such acts or things which he/she/they consider(s) necessary, desirable or expedient to implement, or to give effect to the transactions contemplated under the 2026 Framework Agreement."

By Order of the Board
Damai Entertainment Holdings Limited
Fan Luyuan
Chairman & Chief Executive Officer

Hong Kong, March 3, 2026

Registered office:
Clarendon House
2 Church Street, Hamilton
Pembroke, HM 11
Bermuda

Head Office and Principal Place of Business in Hong Kong:
26/F, Tower One
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Notes:

1. Any member of the Company (the "Member") entitled to attend and vote at the SGM (or any adjourned meeting) is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Member. A Member who is the holder of two or more shares of the Company (the "Shares") may appoint more than one proxy to represent him to attend and vote on his behalf at the SGM.

2. Where there are joint registered holders of any Share, any one of such holders may vote at the SGM (or at any adjourned meeting), either personally or by proxy, in respect of such Share as if he was solely entitled thereto; but if more than one of such joint registered holders are present at the SGM (or at any adjourned meeting) personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of the joint holding shall alone be entitled to vote in respect of such Share.

3. Whether you are able to attend the SGM or not, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours (i.e. not later than 3:00 p.m. on Monday, March 23, 2026) before the time appointed for the holding of the SGM (or any adjourned meeting) (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or at any adjourned meeting) if you so wish, and in such event, the form of proxy will be deemed to have been revoked.

4. The record date for determining the entitlement of the Members to attend and vote at the SGM will be Wednesday, March 18, 2026. To be eligible to attend and vote at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, March 18, 2026.

5. All voting by the Members at the SGM (or at any adjourned meeting) shall be conducted by way of poll.

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

7. If Typhoon Signal No. 8 or above, or "extreme conditions" caused by super typhoons, or a "black" rainstorm warning is in effect any time and remains in force 2 hours before the time of the SGM, the SGM will be postponed. The Company will post an announcement on the website of Company at www.damaiholdings.com and on the website of HKEXnews operated by Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk to notify the Shareholders of the date, time and place of the rescheduled meeting.

8. The Chinese translation of this notice is for reference only. In the event of inconsistency, the English version shall prevail.

As at the date of this notice, the board of Directors any comprises Mr. Fan Luyuan, Mr. Li Jie and Mr. Meng Jun, being the executive Directors; and Ms. Song Lixin, Mr. Tong Xiaomeng and Mr. Johnny Chen, being the independent non-executive Directors.