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

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

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.

As the 2023 Framework Agreement will expire on March 31, 2026, Beijing Damai and Youku Technology entered into the 2026 Framework Agreement on February 3, 2026 to renew the existing continuing connected transactions under the 2023 Framework Agreement for a term of three years commencing from April 1, 2026 (or the date on which the Company obtains the Independent Shareholders' approval at the SGM) (whichever is the latter) to March 31, 2029 and to set the annual caps for the transactions contemplated thereunder for the three years ending March 31, 2029.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Youku Technology is an indirect wholly-owned 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 has been established to provide recommendations 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.

A circular containing, among other things: (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 convening the SGM, is expected to be despatched to the Shareholders by no later than March 3, 2026, as additional time will be required to finalise certain information to be included in the circular.

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.

As the 2023 Framework Agreement will expire on March 31, 2026, Beijing Damai and Youku Technology entered into the 2026 Framework Agreement on February 3, 2026 to renew the existing continuing connected transactions under the 2023 Framework Agreement for a term of three years commencing from April 1, 2026 (or the date on which the Company obtains the Independent Shareholders' approval at the SGM) (whichever is the latter) to March 31, 2029 and to set the annual caps for the transactions contemplated thereunder for the three years ending March 31, 2029.

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

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) Purchase Price = actual Production Cost of the Drama + 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.

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, 2024	**2025**	**For the nine months ended December 31, 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 settlement, resulting in a decrease in total transaction amounts.

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 with reference to:

(i) the historical transaction amounts for the two years ended March 31, 2025 and the nine months ended December 31, 2025 and the expected transaction amounts of approximately RMB450 million for the three months ending March 31, 2026;

(ii) the expected increase in number of Dramas and Movies to be launched during the year ending March 31, 2027 by at least 150% as compared with the year ending March 31, 2026;

(iii) the expected increase in the number of the Dramas and Movies in the pipeline for the year ending March 31, 2027 by at least 150% as compared with the year ending March 31, 2026, as well as the projected increase in the Movies and Dramas pipeline for the two years ending March 31, 2029 due to the continued expansion of the Group's content segment;

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

(v) 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;

(vi) the estimated box office of the Movies; and

(vii) certain buffer of the corresponding maximum transaction amount to accommodate future unexpected increase in the Transactions.

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.

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) Regarding Dramas and/or Movies jointly invested with independent third-party investors, who may from time to time obtain quotations from other independent online video platforms in Mainland China comparable to Youku Technology. The Relevant Group Members shall reach consensus with such investors on the Purchase Prices before entering into transactions with the Relevant Youku Members for the Transactions. The Company believes that such investors will only consent to Transactions if the Purchase Prices are favourable and reasonable compared to prevailing market prices for comparable transactions, thereby ensuring that the pricing basis aligns with market practice.

(ii) When the pricing basis set out in sub-paragraph (3) of the "RENEWAL OF EXISTING CONNECTED TRANSACTIONS – Pricing bases in respect of Transfer of Copyrights – Dramas" section above is adopted (i.e. where comparable prices offered by independent third parties are involved), the Company will review the Purchase Price by comparing them against the prices for comparable cooperation chargeable by the Group to any independent third party; and/or the finance department of the Company will conduct market researches, which may include obtaining the market information on the purchase prices for movies and/or dramas that are sold by other market participants to other independent online video platforms in Mainland China comparable to Youku Technology or to Youku Technology, to ensure that the Purchase Price is in line with the normal market practices and no more favourable to the Relevant Youku Members than those available to any independent third party under the same or similar conditions.

(iii) For the other pricing bases set out in this announcement are determined with reference to objective standards such as cost and box office, the reasonableness of such pricing bases can be ensured without involving any comparison with independent third parties.

(iv) The business operation department of the Company will from time to time review the pricing, payment terms (including reviewing and determining the applicable mark-up or discount percentage for the calculation of relevant fees, where applicable) and the utilization of the relevant annual caps to ensure the fees chargeable by the Group are no more favorable than those offered to independent third parties.

(v) 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; (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; and (d) report to the listing compliance department of the Company, which will in turn report to the Board for consideration and approval, to determine whether revision of annual caps is necessary to comply with the Listing Rules if the transaction amount is expected to exceed the relevant annual caps.

(vi) 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.

(vii) 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.

(viii) The Board will continue to review regularly the Company's internal control systems and its effectiveness.

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.

The Directors (excluding the independent non-executive Directors, whose view will be given after considering the advice of the Independent Financial Adviser) consider that the transactions contemplated under the 2026 Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Youku Technology is an indirect wholly-owned 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 has been established to provide recommendations 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

A SGM will be convened at which ordinary resolutions 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).

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, Alibaba Investment and Ali CV are required to abstain from voting on the resolutions 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 those resolutions at the SGM.

Save as disclosed above and to the best knowledge of the Directors, as at the date of this announcement, 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 those resolutions at the SGM.

A circular containing, among other things: (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 convening the SGM, is expected to be despatched to the Shareholders by no later than March 3, 2026, as additional time will be required to finalise certain information to be included in the circular.

DEFINITIONS

In this announcement, save as the context otherwise requires, the defined terms 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
"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"	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"	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 "RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS — Subject matter" of this announcement
"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"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	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
"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 "SGM" of this announcement) 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
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"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 announcement, 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 "RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS — Subject matter" of this announcement
"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

"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"	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)"	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"	had the meaning ascribed to it under the section headed "RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS — Subject matter" of this announcement
"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 Members 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 wholly-owned subsidiary of Alibaba Holding
“%”	per cent

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

Hong Kong, February 3, 2026

As of the date of this announcement, the Board 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.

* *For identification purposes only*