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Strawbear Entertainment Group

稻草熊娱乐集团

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2125)

HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made at the request of the Stock Exchange in respect of the concentration of the shareholding of the Company in the hands of a limited number of Shareholders as at 19 April 2021.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

This announcement is made by Strawbear Entertainment Group (the “**Company**”) at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in respect of the high concentration of the shareholding of the Company in the hands of a limited number of shareholders of the Company (the “**Shareholder(s)**”) as at 19 April 2021.

HIGH CONCENTRATION OF SHAREHOLDING

The Company noted that an announcement (the “**SFC Announcement**”) was published by the Securities and Futures Commission (the “**SFC**”) on 6 May 2021.

As disclosed in the SFC Announcement, the SFC has recently completed an enquiry into the shareholding of the Company. The SFC’s findings suggested that as at 19 April 2021, 21 shareholders held an aggregate of 167,905,000 shares of the Company (the “**Shares**”), representing 24.41% of the issued Shares. Such shareholding, together with 507,709,000 Shares (representing 73.80% of the issued Shares) held by four substantial shareholders, represented 98.20% of the issued Shares as at 19 April 2021. Therefore, only 12,353,000 Shares (representing 1.80% of the issued Shares) were held by other shareholders.

According to the SFC Announcement, as at 19 April 2021, the shareholding structure of the Company was as follows:

	Number of Shares held <i>(Shares)</i>	% of total number of issued Shares <i>(%)</i>
LEADING GLORY INVESTMENTS LIMITED <i>(Note 1)</i>	290,480,000	42.22
Taurus Holding Ltd. <i>(Note 2)</i>	97,320,000	14.15
GLESASON GLOBAL LIMITED <i>(Note 3)</i>	73,600,000	10.70
Snow Lake Capital (HK) Limited <i>(Note 4)</i>	46,309,000	6.73
A group of 21 shareholders	167,905,000	24.41
Other shareholders	12,353,000	1.80
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Total	687,967,000	100.00

Note 1: LEADING GLORY INVESTMENTS LIMITED is owned as to (i) 99% by Master Genius Global Limited, the holding vehicle used by Vistra Trust (Singapore) Pte. Limited, the trustee of the LXF Family Trust which is a discretionary trust established by Mr. Liu Xiaofeng (“**Mr. Liu**”) (the Chairman and Executive Director of the Company) as the settlor and protector and Mr. Liu’s wholly-owned holding company Master Sagittarius Holding Limited as the beneficiary; and (ii) 1% by Master Sagittarius Holding Limited which is wholly owned by Mr. Liu.

Note 2: Taurus Holding Ltd. is wholly owned by iQIYI, Inc.

Note 3: GLESASON GLOBAL LIMITED is owned as to (i) 99% by Beyond Vast Limited, the holding vehicle used by Vistra Trust (Singapore) Pte. Limited, the trustee of the LSS Family Trust which is a discretionary trust established by Ms. Liu Shishi (“**Ms. Liu**”) as the settlor and protector and Ms. Liu’s wholly-owned holding company Gold Pisces Holding Limited as the beneficiary; and (ii) 1% by Gold Pisces Holding Limited which is wholly owned by Ms. Liu.

Note 4: Snow Lake Capital (HK) Limited is wholly owned by Mr. Ma Sean. According to the Disclosure of Interests, as at 29 March 2021, Snow Lake Capital (HK) Limited was deemed to be interested in a total of 103,652,000 Shares (15.07% of the issued Shares), of which 57,343,000 Shares were underlying Shares held through derivative interests.

The SFC Announcement further states that:

The Company was listed on the Main Board of the Stock Exchange on 15 January 2021 by way of placing and public offer of a total of 165,780,000 Shares (representing 25% of the enlarged issued share capital) at HK\$5.88 per Share (the “**IPO Price**”). At the time of listing, the top 25 shareholders held an aggregate 87.19% of the issued Shares (assuming over-allotment option exercised in full). On 7 February 2021, the Company announced that the IPO over-allotment option had been fully exercised in respect of an aggregate of 24,867,000 Shares.

The closing price of the Shares on 15 January 2021 was HK\$10.8, representing 83.7% increase from the IPO Price of HK\$5.88. The closing price of the Shares then retreated 30.3% to HK\$7.53 on 18 January 2021, and further decreased 19.8% from the closing price on 18 January 2021 to HK\$6.04 on 1 February 2021.

Subsequently, the closing price of the Shares increased 118.5% from HK\$6.04 on 1 February 2021 to HK\$13.2 on 19 April 2021.

During the period from 15 January 2021 to 19 April 2021, the Company made the following announcements, amongst others:

- On 10 March 2021, the Company issued a positive profit alert that it expected a substantial increase of not less than 70% in the adjusted net profit for the year ended 31 December 2020, as compared to that for the year ended 31 December 2019.
- On 11 March 2021, the Company issued a supplemental announcement that it expected a decrease in its consolidated net profit attributable to shareholders for the year ended 31 December 2020 by approximately 60% to 80%, as compared to that for the year ended 31 December 2019.
- On 29 March 2021, the Company announced its annual results for the year ended 31 December 2020, which reported inter alia, an increase of 100.1% in the adjusted net profit and a decrease of 63.9% in the profit for the year ended 31 December 2020, as compared to those for the year ended 31 December 2019.

As of 5 May 2021, the closing price of the Shares was HK\$13.64, representing an increase of 132.0% from the IPO Price of HK\$5.88.

The information above is extracted from the SFC Announcement and the board (the “**Board**”) of the directors (the “**Directors**”) of the Company has not independently verified such information. Accordingly, the Board is not in a position to comment on the accuracy of the above information except for the shareholdings held by LEADING GLORY INVESTMENTS LIMITED, Taurus Holding Ltd., GLEASON GLOBAL LIMITED and Snow Lake Capital (HK) Limited based on the latest available disclosure of interests notices filed pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Please refer to the SFC Announcement for further details.

PUBLIC FLOAT

Based on the information available and to the Directors’ best knowledge after making all reasonable enquiries, the Directors confirm that not less than 25% of the issued Shares were held in public hands as at 19 April 2021 and the date of this announcement, and the Company has maintained a sufficient public float as required under the Rules Governing the Listing of Securities on the Stock Exchange.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors of the Company should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

By order of the Board
Strawbear Entertainment Group
Liu Xiaofeng
Chairman

Nanjing, PRC, 6 May 2021

As of the date of this announcement, the Board comprises Mr. Liu Xiaofeng, Ms. Zhang Qiuchen, Mr. Chen Chen and Ms. Zhai Fang as executive Directors, Mr. Wang Xiaohui and Ms. Zeng Ying as non-executive Directors, and Mr. Zhang Senquan, Mr. Ma Zhongjun and Mr. Chung Chong Sun as independent non-executive Directors.