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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)

POSITIVE PROFIT ALERT

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

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended December 31, 2021 and the information currently available to the Board, it is expected that the Group will record (i) an increase of not less than 750% in its consolidated net profit attributable to Shareholders for the year ended December 31, 2021 as compared to that for the year ended December 31, 2020; and (ii) an increase of not less than 45% in its adjusted net profit for the year ended December 31, 2021 as compared to that for the year ended December 31, 2020. Based on the information currently available to the Board, the Board believes that such increase in the consolidated net profit attributable to Shareholders and the adjusted net profit was primarily attributable to the increase in the number of drama series broadcast in 2021 as a result of the continuous deepening of the platform business model of the Group.

The Board wishes to highlight that the “adjusted net profit” is not defined under the Hong Kong Financial Reporting Standards. It is defined by the Group as net profit adjusted by adding back (i) changes in fair value of financial liabilities at fair value through profit or loss (the “**Changes in Fair Value**”); (ii) equity-settled share award expense; and (iii) listing expenses incurred (collectively, the “**Adjusted Items**”). The management of the Company believes that the “adjusted net profit” would facilitate the comparison of the operating results of the Group from period to period by eliminating potential impacts of the Adjusted Items, which are either non-operating or one-off in nature and are not indicative of the actual operating performance of the Group. In particular, Changes in Fair Value refer to redeemable preferred shares of the Company, which were converted into ordinary shares immediately prior to the listing of the shares of the Company and are not expected to recur after such conversion.

As of the date of this announcement, the Company is in the process of finalizing the consolidated annual results of the Group for the year ended December 31, 2021. The information contained in this announcement is based on a preliminary review of the unaudited consolidated management accounts of the Group and the information currently available to the Board, and is not based on any figure or information which has been audited or reviewed by the independent auditors of the Company. The actual results of the Group for the year ended December 31, 2021 may differ from the information contained in this announcement. Shareholders and potential investors are advised to read carefully the announcement of the annual results of the Group for the year ended December 31, 2021, which is expected to be released in March 2022.

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

By order of the Board
Strawbear Entertainment Group
Liu Xiaofeng
Chairman

Nanjing, PRC, February 23, 2022

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.