

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of the Group have been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the parent as at 30 June 2020 as if the Global Offering had taken place on 30 June 2020.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the parent has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 30 June 2020 or any future date.

	Consolidated net tangible assets attributable to owners of the parent as at 30 June 2020	Estimated net proceeds from the Global Offering	Estimated impact related to the change of terms of Preferred Shares upon Listing	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as at 30 June 2020	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share as at 30 June 2020	
					RMB	HK\$
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000 (Note 3)	RMB'000	(Note 4)	equivalent (Note 5)
Based on Offer price of HK\$5.10 per Share	110,639	676,919	401,491	1,189,049	1.79	2.12
Based on Offer price of HK\$6.16 per Share	110,639	822,423	401,491	1,334,553	2.01	2.38

Notes:

- (1) The consolidated net tangible assets attributable to owners of the parent as at 30 June 2020 is arrived at after deducting other intangible assets of RMB27,200,000 and goodwill of RMB112,983,000 from the consolidated net assets attributable to owners of the parent of RMB250,822,000 as at 30 June 2020, as shown in the Accountants' Report set out in Appendix I to this prospectus.

- (2) The estimated net proceeds from the Global Offering are calculated based on the offer price of HK\$5.10 per Share or HK\$6.16 per Share, being the low-end price and high-end price, after deduction of the underwriting fees and related expenses payable by the Company (excluding listing expenses of RMB12,087,000 which have been charged to profit or loss during the Track Record Period) and do not take into account any Shares which may be issued upon exercise of the Over-allotment Option.
- (3) Upon the Listing and the completion of the Global Offering, all the Preferred Shares will be converted into Ordinary Shares. The Preferred Shares will be re-classified from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to the owners of the parent will be increased by RMB401,491,000, being the carrying amount of the Preferred Shares as at 30 June 2020.
- (4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are calculated based on 663,100,000 Shares in issue (including the completion of the conversion of Preferred Shares into Ordinary Shares) assuming that the Global Offering has been completed on 30 June 2020 without taking into account any Shares which may be issued upon exercise of the Over-allotment Option or any option which may be granted under the Pre-IPO Share Option Scheme or any Shares which may be allotted and issued or repurchased under the general mandates for the allotment and issue or repurchase of the Shares as described in “Appendix IV - Statutory and General Information” to this prospectus.
- (5) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are converted into Hong Kong dollars at an exchange rate of RMB0.84498 to HK\$1.00.
- (6) No adjustment has been made to reflect any trading results or other transactions entered into by the Group subsequent to 30 June 2020.

The following is the text of a report received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purposes of incorporation in this prospectus, in respect of the pro forma financial information of the Group.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION



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1 Tim Mei Avenue
Central, Hong Kong

To the Directors of Strawbear Entertainment Group

We have completed our assurance engagement to report on the compilation of pro forma financial information of Strawbear Entertainment Group (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets as at 30 June 2020, and related notes as set out on pages II-1 to II-2 of the prospectus dated 31 December 2020 issued by the Company (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II(A).

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group’s financial position as at 30 June 2020 as if the transaction had taken place at 30 June 2020. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the period ended 30 June 2020, on which an accountants’ report has been published.

Directors’ responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 *Preparation Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the HKICPA”).

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young

Certified Public Accountants

Hong Kong

31 December 2020