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 management accounts of the Group for the year ended December 31, 2020 and the information currently available to the Board, it is expected that the Group will experience a substantial increase of not less than 70% in its adjusted net profit for the year ended December 31, 2020 as compared to that for the year ended December 31, 2019. Based on information currently available to the Board, the Board believes that such increase was primarily attributable to the combined effect of (i) an increase in its gross profit margin of licensing of broadcasting rights of self-produced drama series business attributable to a decrease in the production cost of drama series; and (ii) an increase in the number of made-to-order drama series delivered under its platform business model.

The Board wishes to highlight that "adjusted net profit" is not defined under the Hong Kong Financial Reporting Standards. It is defined by the Group as net profit adding back changes in fair value of financial liabilities at fair value through profit or loss, equity-settled share award expense and listing expenses. The management of the Company consider that the adjusted net profit can more closely reflect the operating results of the Group for the year ended December 31, 2020 after excluding the above-mentioned items that may impact the Group's net profit for the year, as these items are either non-operating or one-off expenses. In particular, changes in fair value of financial liabilities at fair value through profit or loss refer to redeemable preferred shares of the Company, which were converted into ordinary shares of the Company immediately prior to the listing of the shares of the Company and are not expected to recur after such conversion. Hence, an increase in adjusted net profit does not necessarily indicate a similar increase in the Group's net profit for the year.

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, 2020. 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, 2020 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, 2020, which is expected to be released in March 2021.

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
Mr. LIU Xiaofeng
Chairman of the Board

Nanjing, PRC, March 10, 2021

As at 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 Mr. WANG Jun as non-executive Directors; and Mr. MA Zhongjun, Mr. ZHANG Senquan and Mr. CHUNG Chong Sun as independent non-executive Directors.