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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)

ADOPTION OF RESTRICTED SHARE UNIT SCHEME

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The Board is pleased to announce that it has approved the adoption of the RSU Scheme on September 15, 2021.

The RSU Scheme shall be valid and effective for a term of ten (10) years commencing from the Adoption Date. The total number of Shares underlying the RSUs to be granted to the Selected Participants pursuant to the RSU Scheme shall not exceed 20,639,010 Shares, representing approximately 3% of the total number of Shares in issue as at the Adoption Date.

The RSU Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purposes of Chapter 17 of the Listing Rules. It is a discretionary scheme of the Company. No Shareholders' approval is required for the adoption of the RSU Scheme.

APPOINTMENT OF TRUSTEE

The Board is pleased to announce that the Company will enter into the Trust Deed and appoint Futu Trustee Limited as the Trustee for the administration of the RSU Scheme pursuant to the Rules. To the best knowledge, information and belief of the Directors after making all reasonable enquiries, the Trustee and its ultimate beneficial owners are third parties independent of the Company and are not connected persons (as defined under the Listing Rules) of the Company. The Trustee will administer the Scheme in accordance with the Rules and the Trust Deed.

ADOPTION OF THE RESTRICTED SHARE UNIT SCHEME

The Board is pleased to announce that the Company has approved the adoption of the RSU Scheme on September 15, 2021. The RSU Scheme will be maintained in parallel with the Pre-IPO Share Option Scheme and such other share incentive schemes which may be adopted by the Company from time to time.

Pursuant to the RSU Scheme, the grant of RSUs shall be satisfied by (i) existing Shares to be acquired by the Trustee on the market, and/or (ii) new Shares to be allotted and issued to the Trustee by the Company under the general mandate sought or to be sought from the Shareholders in its general meeting from time to time. The Company shall procure that sufficient funds are provided to the Trustee to enable the Trustee to satisfy its obligations in connection with the RSU Scheme.

SUMMARY OF THE RESTRICTED SHARE UNIT SCHEME

The following is a summary of the principal terms of the RSU Scheme:

Purpose

The purposes of the RSU Scheme are to (i) reward the Selected Participants for their contributions to the growth and development of the Group and to give incentives thereto in order to retain them for the continual development and long-term strategic goals of the Group; and (ii) provide additional rewards to top artists, who are scarce resources in the industry and play an important role in the production of drama series projects of the Group, to effectively motivate the artists who have long-term relationship with the Group, and to further attract talents and top artists in the industry, so as to promote the development of the Company.

Eligibility

Eligible Participants of the RSU Scheme include (i) employees of the Company; (ii) senior management of subsidiaries of the Company; and (iii) business partners of the Group (including top artists such as directors, screenwriters, etc.) who the Board or the Committee or person(s) to which the Board has delegated its authority considers, in their sole discretion, have contributed or will contribute to the Group. No RSUs will be granted to any Excluded Person.

The Board or the Committee or person(s) to which the Board has delegated its authority shall determine the eligibility of the Eligible Participants and the number of RSUs to be granted to the relevant Eligible Participants based on their contribution or potential contribution to the development and growth of the Group or such other factors as the Board may deem appropriate.

Administration

The RSU Scheme shall be subject to the administration of the Board and the Trustee in accordance with the terms of the RSU Scheme and, where applicable, the Trust Deed.

The Board has the power to administer the Scheme. The Board may delegate the authority to administer the Scheme to the Committee or other person(s) as deemed appropriate. The Board or the Committee or person(s) to which the Board has delegated its authority, shall have the power from time to time to (i) interpret and construe the provisions of the RSU Scheme, (ii) determine the Eligible Participants who will be granted the RSUs under the RSU Scheme, the terms and conditions on which the RSUs will be granted and the vesting schedule of the RSUs to be granted pursuant to the RSU Scheme, (iii) make such appropriate and equitable adjustments to the terms of the RSUs granted under the RSU Scheme as it deems necessary; and (iv) make such other decisions or determinations as it shall deem appropriate in the administration of the RSU Scheme. A decision of the Board or the Committee or person(s) to which the Board has delegated its authority shall be final and binding on all persons affected thereby.

Duration

Subject to any early termination as may be determined by the Board, the RSU Scheme shall be valid and effective for a term of ten (10) years commencing from the Adoption Date, after which period no further RSUs shall be granted, but the RSU Scheme shall remain in full force and effect to the extent necessary to give effect to any RSUs granted prior to such expiry and the administration of the Trust Fund held by the Trustee pursuant to the Trust Deed.

Grant and acceptance

An offer to grant RSUs will be made to an Eligible Participant selected by the Board or the Committee by way of a Grant Letter, in such form as the Board or the Committee may determine. The Grant Letter will specify the name of the Selected Participant, the Grant Date, the number of RSUs to be granted, the vesting criteria and performance targets (if any), the Vesting Date and such other terms and conditions as the Board or the Committee may consider necessary.

Upon receipt of the Grant Letter, the Selected Participant shall confirm his/her acceptance of the Grant by returning to the Company a notice of acceptance duly executed by him/her within five (5) business days after the Grant Date. Once accepted, the RSUs are deemed granted from the Grant Date.

Restriction on Grants

The Board or the Committee may not grant any RSU to any Selected Participants in, among others, any of the following circumstances:

- (i) where the Company has information that must be disclosed under Rule 13.09 of the Listing Rules or where the Company reasonably believes there is inside information which must be disclosed under part XIVA of the SFO, until such inside information has been published on the websites of the Stock Exchange and the Company;

- (ii) within the period commencing 60 days (in the case of yearly results), or 30 days (in the case of results for half-year, quarterly or other interim period) immediately preceding the earlier of (i) the date of a meeting of the Board (as such date is first notified to the Stock Exchange) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish its quarterly, interim or annual results announcement for any such period, and ending on the date of such announcement;
- (iii) in any other circumstances where dealings by Selected Participants are prohibited under the Listing Rules, SFO or any other applicable law or regulation or where the requisite approvals for the grant of RSUs from any applicable regulatory authorities have not been obtained;
- (iv) where such grant of RSUs would result in a breach by the Company, any member of the Group or their respective directors of any applicable laws, rules or regulations; or
- (v) where such grant of RSUs would result in a breach of the limits of the RSU Scheme (as set out in the paragraph headed "Maximum number of underlying Shares" below).

Maximum number of underlying Shares

The total number of Shares underlying the RSUs to be granted to the Selected Participants pursuant to the RSU Scheme (excluding RSUs that have lapsed or been cancelled in accordance with the terms of the RSU Scheme) shall not exceed 20,639,010 Shares, representing approximately 3% of the total number of Shares in issue as at the Adoption Date.

No RSU has been granted under the RSU Scheme as at the date of this announcement.

Satisfaction of RSUs

The Company shall issue and allot Shares to the Trustee and/or transfer to the Trust the necessary funds and instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price, so as to satisfy the RSUs. The Company shall not issue or allot Shares nor instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price, where such action (as applicable) is prohibited under the Listing Rules, the SFO or other applicable laws from time to time.

Vesting of RSUs

Subject to the terms of the RSU Scheme, the Board or the Committee or person(s) to which the Board delegated its authority may from time to time while the RSU Scheme is in force and subject to all applicable laws, determine the vesting schedule and vesting conditions (including, without limitation, conditions as to performance criteria to be satisfied by the Selected Participant and/or the Company) for any grant of RSUs to any Selected Participant, which shall be stated in the Grant Letter.

Within a reasonable time after the vesting conditions (if any) and schedule have been fulfilled or waived, a Vesting Notice shall be sent to the relevant Selected Participant setting out, inter alias, (a) extent to which the vesting conditions (if any) and schedule have been fulfilled or waived; (b) the number of Shares the Selected Participants will receive; and (c) the lock-up arrangement or other restrictions for such Shares (if applicable).

Upon receipt of the Vesting Notice, the relevant Selected Participant (or his/her legal representative or lawful successor as the case may be) is required to return to the Company the reply slip attached to the Vesting Notice to confirm his/her securities account details for the purposes of effecting the transfer of the vested Shares to such Selected Participant or the Nominee Account by the Trustee.

The RSUs which have vested shall be satisfied within a reasonable period from the Vesting Date of such RSUs, either by: (a) the Board or the Committee or person(s) to which the Board delegated its authority directing and procuring the Trustee to transfer the Shares underlying the RSUs; and/or (b) the Board or the Committee or person(s) to which the Board delegated its authority directing and procuring the Trustee to sell, on-market at the prevailing market price, the number of Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale.

Rights attached to the RSUs

The Selected Participant shall not exercise voting rights in respect of the Shares underlying the RSUs, or have any right to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying the RSUs, prior to the vesting of the RSUs. Upon the vesting of the RSUs, if the Shares underlying the RSUs are issued or transferred to the Nominee Account, the Selected Participants will not exercise voting rights in respect of such Shares held in the Nominee Account, while if the Shares underlying the RSUs are issued or transferred to the Selected Participants themselves, the Selected Participants will be able to exercise voting rights in respect of such Shares.

Pursuant to the RSU Scheme, the Trustee will not exercise any voting rights in respect of any Shares underlying the unvested RSUs held under the Trust or any Shares in the Nominee Account held on behalf of the Selected Participants, and will therefore abstain from voting on any general meeting.

Transferability

Any Grant under the RSU Scheme shall be personal to the Selected Participant to whom it is made and shall not be transferable or assignable. No Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest in favour of any third party over or in relation to a RSU or enter or purport to enter into any agreement to do so unless and until the Trustee has transferred and vested the legal and beneficial ownership of such RSUs to the Selected Participants or the Nominee Account.

Lapse of RSUs

If, at any time, a Selected Participant:

- (i) ceases to be an Eligible Participant;
- (ii) is found to be an Excluded Person;
- (iii) being an employee of any member of the Group, fails, during the course of his/her employment, to devote the whole of his/her time and attention to the business of the Group or to use his/her best endeavors to develop the business and interests of the Group;
- (iv) being an employee of any member of the Group, is concerned during the course of his/her employment with the Group (without the prior written consent of the Company) with any (competitive or other) business other than that of the Group;
- (v) is in breach of his/her contract of employment with or any other obligation to the Group (including without limitation certain restrictive covenants); and/or
- (vi) the subsidiary of the Company by which such Selected Participant is employed or contracted with (as the case may be) ceases to be a subsidiary of the Company;

all unvested RSUs shall automatically lapse and such Selected Participant shall have no claim whatsoever in respect of the RSUs or the underlying Shares.

Reorganization of capital structure

In the event of any capitalization issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company, the Board or its delegate(s) shall make such equitable adjustments that it considers appropriate, at its sole discretion, including:

- (i) make arrangements for the grant of substitute RSUs of equivalent fair value to a RSU in the purchasing or surviving company;
- (ii) reach such accommodation with the Selected Participant as it considers appropriate, including the payment of cash compensation to the Selected Participant equivalent to the fair value to any RSU to the extent not vested;
- (iii) waive any conditions to vesting of any RSU to the extent not already vested; or
- (iv) permit the continuation of its original terms.

Alteration of the RSU Scheme

The RSU Scheme may be altered in any respect (save for the scheme limit) by a resolution of the Board provided that no such alteration shall operate to cause any material adverse impact on any subsisting rights of any Selected Participant unless otherwise provided for in the Rules of the RSU Scheme, except:

- (i) with the consent in writing of Selected Participants amounting to three-fourths in nominal value of all RSUs held by the Selected Participants on that date; or
- (ii) with the sanction of a special resolution that is passed at a meeting of the Selected Participants amounting to three-fourths in nominal value of all RSUs held by the Selected Participants on that date.

Termination of the RSU Scheme

The RSU Scheme shall terminate on the earlier of (i) the 10th anniversary of the Adoption Date; and (ii) such date of early termination as determined by the Board, provided that such termination shall not cause any material adverse impact on any subsisting rights of any Selected Participant. Upon the termination of the RSU Scheme, no further RSUs shall be granted. The Company shall notify the Trustee of such termination. All RSUs granted prior to such termination and not vested on the date of termination shall remain valid.

LISTING RULES IMPLICATIONS

The RSU Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purposes of Chapter 17 of the Listing Rules. It is a discretionary scheme of the Company. No Shareholders' approval is required for the adoption of the RSU Scheme.

In the event that new Shares are to be allotted and issued to the Trustee pursuant to the RSU Scheme, such new Shares will be issued under the available general mandate of the Company. The Company will comply with the relevant Listing Rules when issuing the new Shares and application will be made to the Stock Exchange for the granting of the approval for the listing of, and permission to deal in, the new Shares to be issued to the Trustee pursuant to the RSU Scheme.

APPOINTMENT OF TRUSTEE

The Board is pleased to announce that the Company will enter into the Trust Deed and appoint Futu Trustee Limited as the Trustee for the administration of the RSU Scheme pursuant to the Rules. To the best knowledge, information and belief of the Directors after making all reasonable enquiries, the Trustee and its ultimate beneficial owners are third parties independent of the Company and are not connected person (as defined under the Listing Rules) of the Company. The Trustee will administer the Scheme in accordance with the Rules and the Trust Deed.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Adoption Date”	September 15, 2021, being the date on which the Board adopted the RSU Scheme
“Board”	the board of directors of the Company (and in respect of the administration of the RSU Scheme, includes the Committee)
“Committee”	a committee established and delegated with the power and authority by the Board to administer the RSU Scheme
“connected persons”	has the meaning ascribed to it under the Listing Rules
“core connected persons”	has the meaning ascribed to it under the Listing Rules
“Eligible Participant(s)”	include the (i) employees of the Company; (ii) senior management of subsidiaries of the Company; and (iii) business partners of the Group (including top artists such as directors, screenwriters, etc.) who the Board or its delegate(s) considers, in their sole discretion, have contributed or will contribute to the Group, and who are not Excluded Persons
“Excluded Person”	(i) at the time of the proposed grant of a RSU, any connected person or core connected person of the Company, or (ii) any Eligible Participant who is a resident in a place where the award of the RSUs and/or the vesting and transfer of the Shares underlying the vested RSUs pursuant to the terms of the RSU Scheme is not permitted under the laws and regulations of such place such that in the view of the Board or the Committee, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Participant
“Grant”	individually or collectively, a grant of RSUs under the RSU Scheme
“Grant Date”	the date (which shall be a business day) on which the grant of a RSU is made to a Selected Participant, being the date of the Grant Letter
“Grant Letter”	the letter pursuant to which RSUs are granted to a Selected Participant
“Group”	Strawbear Entertainment Group, its subsidiaries and consolidated affiliated entities from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nominee Account”	an account operated by the Trustee in which the Shares underlying the vested RSUs are held on behalf of individual Selected Participant
“PRC”	the People’s Republic of China, and for the purpose of this announcement and the RSU Scheme, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme approved and adopted by the Company on May 11, 2020, the principal terms of which are summarized in “Appendix IV – Statutory and General Information – D. Other Information – (1) Pre-IPO Share Option Scheme” in the prospectus of the Company published on December 31, 2020
“Restricted Share Unit(s)” or “RSU(s)”	restricted share unit(s) to be granted under the Scheme, each of which represents one underlying Share, and represent a conditional right granted to any Selected Participant under the Scheme to obtain the corresponding economic value of the underlying Shares, less any tax, stamp duty and other charges applicable, as determined by the Board in its absolute discretion
“RSU Scheme” or “Scheme”	the restricted share unit scheme adopted by the Group, as amended from time to time
“Rules”	the rules of the Scheme adopted by the Board on the Adoption Date
“Selected Participant(s)”	any Eligible Participant approved by the Board for participation in the RSU Scheme on the relevant Grant Date
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of US\$0.000025 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed to service the RSU Scheme
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time)

“Trust Fund”	means the Trust Shares, including all the property, cash, non-cash income and such other scrip income (including but not limited to bonus shares and scrip dividends) constitute thereof and derived therefrom from time to time, and any other property held or deemed to be held under the Trust from time to time (including any additional shares), all of which are held on Trust exclusively for all or such one or more of the Selected Participants subject to terms and conditions of the Rules of the RSU Scheme, the Trust Deed and such further terms and conditions as the Board may impose
“Trust Shares”	means the Shares to be allotted and issued to the Trust, including all the property, cash, non-cash income and such other scrip income (including but not limited to bonus shares and scrip dividends) constitute thereof and derived therefrom from time to time, and any other property held or deemed to be held under the Trust from time to time (including any additional shares), all of which are held on Trust exclusively for all or such one or more of the Selected Participants subject to terms and conditions of the Rules of the RSU Scheme, the Trust Deed and such further terms and conditions as the Board may impose
“Trustee”	the trustee (which is independent of and not connected with the Company) to be appointed by the Company for the administration of the RSU Scheme, which initially will be Futu Trustee Limited
“Vesting Date(s)”	the date(s), as determined from time to time by the Board in accordance with the RSU Scheme and the Grant Letter(s) for the RSUs to be vested in the relevant Selected Participants
“Vesting Notice”	a notice to be sent by the Company to each of the relevant Selected Participants after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived

By order of the Board
Strawbear Entertainment Group
Liu Xiaofeng
Chairman

Nanjing, PRC, September 15, 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.