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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Animation Characters Company Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy, to the purchaser(s) or the transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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China Animation Characters Company Limited
華夏動漫形象有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01566)

**PROPOSAL FOR BONUS ISSUE OF SHARES,
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the Extraordinary General Meeting to be held at 2402, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong at 10:00 a.m. on Wednesday, 16 December 2015 is set forth on pages 12 to 14 of this circular.

Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof should you so wish and in such event, the proxy shall be deemed to be revoked.

1 December 2015

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DEFINITIONS

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

“Board”	the board of directors of the Company
“Bonus Issue”	the proposed allotment and issue of Bonus Shares to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one Bonus Share for every one existing Share held
“Bonus Shares”	the new Shares to be allotted and issued by way of Bonus Issue by the Company as described in this circular
“Company”	China Animation Characters Company Limited (華夏動漫形象有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 01566)
“Director(s)”	director(s) of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened and held for approving, among other things, the proposed increase in the authorised share capital of the Company and the Bonus Issue
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	27 November 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholders”	overseas Shareholder(s) who is(are) excluded from participating in the Bonus Issue, further information on which is set forth in the paragraphs under “Overseas Shareholders” in this circular (if any)

DEFINITIONS

“Overseas Shareholders”	Shareholders whose names and addresses are recorded on the register of members of the Company as of the close of business on the Record Date and whose address(es) as shown in the register of members on that date is (are) outside Hong Kong (if any)
“Qualifying Shareholders”	Shareholders, not being Non-Qualifying Shareholders, whose names and addresses are recorded on the register of members of the Company as of the close of business on the Record Date and are entitled to the Bonus Issue
“Record Date”	Thursday, 24 December 2015, being the date for ascertaining and determining the entitlement of the Shareholders to the Bonus Issue
“Share(s)”	the ordinary share(s) of the Company of par value HK\$0.10 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

EXPECTED TIMETABLE

Set forth below is the expected timetable of the Bonus Issue.

(Hong Kong time)

Latest time for lodging transfers of the Shares for registration in order to attend and vote at the Extraordinary General Meeting	4:30 p.m. on Friday, 11 December 2015
Latest time to return form of proxy for the Extraordinary General Meeting	10:00 a.m. on Monday, 14 December 2015
Closure of register of members of the Company for determination of eligibility of Shareholders to attend and vote at the Extraordinary General Meeting	Monday, 14 December 2015 to Wednesday, 16 December 2015 (both days inclusive)
Record date for determination of eligibility of Shareholders to attend and vote at the Extraordinary General Meeting	Wednesday, 16 December 2015
Date and time of the Extraordinary General Meeting	10:00 a.m. on Wednesday, 16 December 2015
Date of publication of the Extraordinary General Meeting poll results announcement	Wednesday, 16 December 2015
Last day of dealing in the Shares on a cum-entitlement basis	Thursday, 17 December 2015
First day of dealing in the Shares on an ex-entitlement basis	Friday, 18 December 2015
Latest time for lodging transfers of the Shares for registration in order to qualify for the Bonus Issue	4:30 p.m. on Monday, 21 December 2015
Closure of register of members of the Company for determination of entitlement under the Bonus Issue	Tuesday, 22 December 2015 to Thursday, 24 December 2015 (both days inclusive)
Record date for determination of entitlements under the Bonus Issue	Thursday, 24 December 2015

EXPECTED TIMETABLE

(Hong Kong time)

Despatch of share certificates for Bonus Shares Thursday, 31 December 2015

Dealing in Bonus Shares commence 9:00 a.m. on Monday, 4 January 2016

Designated broker starts to stand in
the market to provide matching services for
sale and purchase of odd lot of Shares 9:00 a.m. on Monday, 4 January 2016

Designated broker ceases to stand in the market
to provide matching services for sale
and purchase of odd lot of Shares 4:00 p.m. on Friday, 22 January 2016

All times stated in this circular refer to Hong Kong times. Dates stated in this circular for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated expected timetable for the Bonus Issue will be announced as and when appropriate.



华夏动漫集团

China Animation Characters Company Limited
華夏動漫形象有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01566)

Directors:

Mr. Zhuang Xiangsong (*Chief Executive Officer*)

Mr. Ting Ka Fai Jeffrey

Ms. Liu Moxiang

Mr. Ni Zhenliang*

Mr. Tsang Wah Kwong*

Mr. Hung Muk Ming*

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

* *Independent Non-executive Directors*

*Head office and principal place
of business:*

Suite 2102, Concordia Plaza

1 Science Museum Road

Tsim Sha Tsui East

Kowloon

Hong Kong

1 December 2015

To the Shareholders

Dear Sir or Madam,

**PROPOSAL FOR BONUS ISSUE OF SHARES,
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The Board refers to the announcement of the Company dated 20 November 2015 in which the Board proposed an interim dividend to be payable by way of Bonus Issue on the basis of one (1) Bonus Share for every one (1) existing Share. The Board has also proposed that the authorised share capital of the Company be increased in order to facilitate further issues of Shares. As of the date of this circular, the Directors have no plans for further issue of new Shares except for (1) the Shares proposed to be issued under the Bonus Issue and (2) the Shares to be issued pursuant to the exercise of any option that may be granted

LETTER FROM THE BOARD

under the share option scheme adopted by the Company on 16 February 2015. The Company will comply with the applicable requirements under the Listing Rules if the Company issues new Shares.

The purpose of this circular is to provide you with further information on the resolutions to be proposed at the Extraordinary General Meeting for the approval of (i) the proposed increase in authorised share capital and (ii) the terms of the Bonus Issue and the notice of the Extraordinary General Meeting.

The Bonus Issue is proposed to be made to the Shareholders whose names appear on the register of members of the Company on the Record Date. The principal terms of the Bonus Issue are set forth below.

PROPOSAL FOR THE BONUS ISSUE

The Board has resolved to recommend the Bonus Issue, being a bonus issue of Shares on the basis of one (1) Bonus Share for every one (1) existing Share held by the Qualifying Shareholders whose names are recorded on the register of members of the Company in Hong Kong on the Record Date, subject to the approval by the Shareholders at the Extraordinary General Meeting. The Bonus Shares will be credited as fully paid at par out of the retained earnings of the Company. The terms of the Bonus Issue are set forth below.

Basis of the Bonus Issue

Subject to the conditions set forth in the paragraphs under “Conditions of the Bonus Issue” below having been fulfilled, the Bonus Shares will be issued and credited as fully paid at par on the basis of one (1) Bonus Share for every one (1) existing Share held by the Qualifying Shareholders whose names are recorded on the register of members of the Company in Hong Kong on the Record Date.

On the basis of 429,108,000 existing Shares in issue as of the Latest Practicable Date and assuming (i) no further Shares will be issued or repurchased before the Record Date and (ii) there are no Non-Qualifying Shareholders, it is anticipated that 429,108,000 Bonus Shares will be allotted and issued under the Bonus Issue. The Bonus Shares will be credited as fully paid at par out of the retained earnings of the Company. Immediately upon completion of the Bonus Issue, there will be a total of 858,216,000 Shares in issue as enlarged by the Bonus Issue.

Record Date and Closure of Register of Members

The Bonus Shares will be issued to the Qualifying Shareholders. Arrangement for the Non-Qualifying Shareholders is set forth in the paragraphs under “Overseas Shareholders” below.

The register of members of the Company in Hong Kong will be closed from Tuesday, 22 December 2015 to Thursday, 24 December 2015 (both days inclusive) to ascertain and determine the entitlement of the Shareholders under the Bonus Issue, during which period no transfer of Shares will be registered.

LETTER FROM THE BOARD

Shareholders are reminded that in order to qualify for the Bonus Issue, all transfers of Shares accompanied by the relevant Share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 21 December 2015.

Overseas Shareholders

As of the Latest Practicable Date, one Shareholder whose address recorded on the register of members of the Company was in Japan. In addition, as of the Latest Practicable Date, there were Shareholders which are companies incorporated in the British Virgin Islands and whose addresses recorded on the register of members of the Company were outside Hong Kong.

The Directors have made the necessary enquires pursuant to Rule 13.36(2)(a) of the Listing Rules and have been advised that Bonus Shares shall not be acquired for the account or benefit of any person who is a resident of, or who is domiciled in, the British Virgin Islands, other than a business company incorporated in the British Virgin Islands that is not a resident in the British Virgin Islands, nor to a custodian, nominee or trustee of any such person. To the extent that those ten Overseas Shareholders with registered addresses in the British Virgin Islands are not resident of or domiciled in the British Virgin Islands by way of conducting its operations outside of the British Virgin Islands nor are they custodian, nominee or trustee of any person who is a resident of or who is domiciled in the British Virgin Islands, those Overseas Shareholders with registered addresses in the British Virgin Islands are entitled to participate in the Bonus Issue solely by reasons that they are existing Shareholders.

The Company has received advices from its legal advisers as to the laws of Japan and the British Virgin Islands that there is no legal restriction for the Company to extend the Bonus Issue to these Shareholders.

If, as of the close of business on the Record Date, there are other Shareholders whose address recorded on the register of members of the Company are outside Hong Kong, the Board will make further enquiries as to whether the Bonus Issue to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange.

If, after making such further enquiry, the Board is of the opinion that there is no legal restriction under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, such Overseas Shareholders will be permitted to participate in the Bonus Issue. If, however, after making such further enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restriction under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer to such Overseas Shareholders, no issue of the Bonus Shares will be made to such Overseas Shareholders.

Overseas Shareholders receiving a copy of the circular concerning the Bonus Issue may not treat the same as an invitation to participate in the Bonus Issue unless such invitation could lawfully be made to it/him/her without having to comply with any registration or other legal requirements in the relevant territory.

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In circumstances where any Overseas Shareholders are not permitted to participate in the Bonus Issue, arrangements will then be made for the Bonus Shares which would otherwise have been issued to those Overseas Shareholders to be sold in the market as soon as practicable after dealings in Bonus Shares commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the Non-Qualifying Shareholders, if any, pro rata to the respective shareholding and remittances will be posted to them, at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100, in which case it will be retained for the benefit of the Company.

All Shareholders residing outside Hong Kong should consult their bankers or other professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to receive the Bonus Shares.

Status of Bonus Shares

The Bonus Shares, upon issuance, will rank pari passu in all respects with the Shares then in issue, including the entitlement to receiving dividends and other distributions the record date for which is on or after the date of allotment and issue of those Bonus Shares.

Conditions of the Bonus Issue

The completion of the Bonus Issue is conditional upon:

- (1) the approval of the proposed increase in the authorised share capital of the Company at the Extraordinary General Meeting;
- (2) the approval of the Bonus Issue by the Shareholders at the Extraordinary General Meeting;
- (3) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Bonus Shares; and
- (4) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of the Cayman Islands and articles of association of the Company to effect the proposed increase in the authorised share capital of the Company and the Bonus Issue.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listings of, and permission to deal in, the Bonus Shares. Apart from making listing application to the Listing Committee of the Stock Exchange, the Board does not propose to make application to any other stock exchanges for the listing of and permission to deal in, the Bonus Shares. No new class of securities is to be listed pursuant to the Bonus Issue and that all necessary arrangements will be made to enable the Bonus Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

Reasons for the proposed Bonus Issue

In view of the continuous business growth of the Group and that the Board intends to maintain sufficient cash for its future business development, including the capital

LETTER FROM THE BOARD

expenditure leading to the grand opening of the *Shanghai JOYPOLIS* and the second *JOYPOLIS* in the PRC. Nevertheless, the Board recommends, subject to the approval of the shareholders at the Extraordinary General Meeting, the Bonus Issue as the interim dividend for the year ending 31 March 2016. The Bonus Issue is a proposed allotment and issue of one Bonus Share for each existing Share held by the Shareholders whose names and addresses are recorded on the register of members on the Record Date.

Although the Bonus Issue would not provide any immediate monetary benefit to Shareholders out of the retained earnings of the Group, the Directors believe that, with the enlarged number of Shares in issue following completion of the Bonus Issue, the Shareholders will enjoy the benefit as a result the continuous growth of different business segments of the Group. This business growth is expected to be reflected in the future trading prices of the Shares.

In addition, the Bonus Issue will not affect the cash available to the future business development of the Group. The costs and expenses that may be incurred by the Company on arranging the Bonus Issue are minimal compared with the overall performance of the Group.

The enlarged number of Shares in issue following completion of the Bonus Issue will theoretically reduce the market value and the trading price for each Share trading after ex-entitlement to Bonus Shares. The decrease in the market value and the trading price for each Share will reduce the transaction costs and expenses incurred by the investors for acquiring each board lot of Shares, thereby enabling the Company to attract more retail investors and broaden its shareholder base.

In light of the forgoing, the Directors believe that Bonus Issue is beneficial to the Company and the Shareholders as a whole.

The Bonus Issue is subject to the approval of the Shareholders at the Extraordinary General Meeting.

Adjustments in relation to the share options

As of the Latest Practicable Date, the Company has no outstanding options, warrants or securities which are convertible or exchangeable into Shares. Hence, the Bonus Issue will not result in any adjustment to be made to the exercise prices and/or the number of Shares which may fall to be allotted and issued upon exercise of the share options granted by the Company.

Certificates for the Bonus Shares

It is expected that certificates for the Bonus Shares will be posted on Thursday, 31 December 2015, after all the conditions having been fulfilled, at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date. Dealings in the Bonus Shares are expected to commence on Monday, 4 January 2016.

LETTER FROM THE BOARD

ODD LOT ARRANGEMENT

The Company will appoint Computershare Hong Kong Investor Services Limited as its designated broker to stand in the market to provide matching services for the odd lots of the Shares on a best effort basis during the period from 9:00 a.m. on Monday, 4 January 2016 to 4:00 p.m. on Friday, 22 January 2016 (both days inclusive). Holders of odd lots of Shares who wish to take advantage of these services either by selling their odd lots of Shares or acquiring additional Shares to a board lot of 1,000 Shares may contact Computershare Hong Kong Investor Services Limited at telephone number (852) 2862 8555 or at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, during the aforesaid period.

Shareholders should note that the above matching services are on a best effort basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Shareholders who are in doubt about such matching services are recommended to consult their own professional advisers.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As of the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 divided into 1,000,000,000 Shares, of which 429,108,000 Shares are in issue and fully paid. Under the Bonus Issue, the Company will issue 429,108,000 Shares on the assumption that there will be no change in the number of the issued Shares up to (and including) the Record Date. In order to facilitate any possible further issues of Shares, the Board proposes to increase the authorised share capital of the Company from HK\$100,000,000 divided into 1,000,000,000 Shares to HK\$500,000,000 divided into 5,000,000,000 Shares by creating 4,000,000,000 new Shares. As of the date of this circular Practicable Date, the Company did not have any intention to issue any further Shares and except for (1) the Shares proposed to be issued under the Bonus Issue and (2) the Shares to be issued pursuant to the exercise of any option that may be granted under the share option scheme adopted by the Company on 16 February 2015. The Company will comply with the applicable requirements under the Listing Rules if the Company issues new Shares.

The increase in the authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the Extraordinary General Meeting.

EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting to be convened and held at 2402, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong at 10:00 a.m. on Wednesday, 16 December 2015 at which ordinary resolutions will be proposed to consider and, if thought fit, to approve the proposed increase in the authorised share capital of the Company and the Bonus Issue and the transactions contemplated thereunder is set forth on pages 12 to 14 of this circular.

Pursuant to the Listing Rules (except for administrative matters) and the articles of association of the Company currently in force, any vote of shareholders at a general

LETTER FROM THE BOARD

meeting must be taken by poll. An announcement on the poll vote results will be published by the Company after the Extraordinary General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use by the Shareholders at the Extraordinary General Meeting is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.animatechina.com>).

Whether or not you are able to attend the Extraordinary General Meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof if you so wish and in such event, the form of proxy shall be deemed to be revoked.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

RECOMMENDATION

The Directors consider the proposals for the proposed increase in the authorised share capital of the Company and the Bonus Issue are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Extraordinary General Meeting.

GENERAL INFORMATION

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the proposed increase in the authorised share capital of the Company and the Bonus Issue and no Shareholder is required to abstain from voting on any resolution to be proposed at the Extraordinary General Meeting.

Yours faithfully
By Order of the Board
China Animation Characters Company Limited
Zhuang Xiangsong
Chief Executive Officer and Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING



China Animation Characters Company Limited 華夏動漫形象有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 01566)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of China Animation Characters Company Limited (the “**Company**”) will be held at 2402, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong at 10:00 a.m. on Wednesday, 16 December 2015 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company to be taken by way of poll:

ORDINARY RESOLUTIONS

1. “**THAT** the authorised share capital of the Company be and is hereby increased from HK\$100,000,000 divided into 1,000,000,000 Shares to HK\$500,000,000 divided into 5,000,000,000 Shares by creating 4,000,000,000 new shares of HK\$0.10 par value each in the capital of the Company.”
2. “**THAT** subject to the passing of Resolution No. 1 set forth above and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the Bonus Shares (as defined in paragraph (a) of this resolution), the following be and is hereby approved:
 - (a) upon the recommendation of the directors (the “**Directors**”) of the Company, the Directors be and are hereby authorised to apply the retained earnings of the Company in paying up in full at par of such number of new shares (the “**Shares**”) of HK\$0.10 each in the capital of the Company (the “**Bonus Shares**”) on the basis of one (1) Bonus Share for every one (1) existing Share in issue on the Record Date (as defined below), and the Directors be and are authorised to allot, issue and distribute the Bonus Shares, which are credited as fully paid, to the members of the Company whose names are recorded on the principal or branch register of members of the Company in Hong Kong (the “**Register of Members**”) as of the close of business on Thursday, 24 December 2015 (or such other record date as the Directors may approve) (the “**Record Date**”), other than those members (the “**Non-Qualifying Shareholders**”) whose addresses as recorded on the Register of

NOTICE OF EXTRAORDINARY GENERAL MEETING

Members at the close of business on the Record Date are outside Hong Kong and in respect of whom the Directors consider the exclusion from the Bonus Issue (as defined below) to be necessary or expedient in accordance with The Rules Governing the Listing of Securities on the Stock Exchange and the memorandum and articles of association of the Company (if any), on the basis of one (1) Bonus Share for one (1) existing Share then held by them (the “**Bonus Issue**”), and the Directors be and are authorised to settle, as they consider appropriate, any difficulty in regard to any distribution of the Bonus Shares;

- (b) the Bonus Shares to be issued pursuant to this resolution shall, subject to the memorandum and articles of association of the Company, rank pari passu in all respects with the existing issued Shares as of the date of passing this resolution;
- (c) the Directors and/or the company secretary of the Company be and are hereby authorised to arrange for the Bonus Shares which would otherwise have been issued to the Non-Qualifying Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences, and distribute the net proceeds of sale, after deduction of expenses, in Hong Kong dollars to the Non-Qualifying Shareholders, if any, pro rata to their respective shareholdings and to post to them the remittances therefor at their own risk, unless the amount to be distributed to any such persons is less than HK\$100, in which case the Directors and/or the company secretary of the Company be and are hereby authorised to retain such amount for the benefit of the Company; and
- (d) the Directors be and are hereby authorised to do all acts and things as may be necessary and expedient in connection with the issue of the Bonus Shares.”

Hong Kong, 1 December 2015

By Order of the Board
China Animation Characters Company Limited
Zhuang Xiangsong
Chief Executive Officer and Executive Director

Notes:

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting convened by the above notice is entitled to appoint one or if it/he/she is the holder of two or more shares, more than one proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on its/his/her behalf. A proxy need not be a member of the Company but must be present in person at the Extraordinary General Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. The register of members of the Company will be closed from Monday, 14 December 2015 to Wednesday, 16 December 2015 both days inclusive, for the purpose of ascertaining shareholders' eligibility to attend and vote at the Extraordinary General Meeting. In order to be eligible to attend and vote at the Extraordinary General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 11 December 2015.
3. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto. But if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding. Seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of the relevant joint holding.
4. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
5. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof, should he/she so wish.
6. As required under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolutions will be decided by way of poll.
7. The form of proxy for use at the Extraordinary General Meeting is enclosed herewith.