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)

PROFIT WARNING

This announcement is made by the board (the "**Board**") of directors (the "**Directors**") of China Animation Characters Company Limited (the "**Company**" and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

The Board wishes to inform the shareholders (the "**Shareholders**") of the Company and prospective investors of the Company that based on the preliminary information available to the Board and the unaudited consolidated management accounts of the Group, the profit attributable to the Shareholders for the six months ended 30 September 2019 is expected to significantly decrease by 55.1%, as compared with the six months ended 30 September 2018, because of the following reasons:

(1) The amount of revenue generated from the trading business of the Group for the six months ended 30 September 2019 is expected to decrease by 56.7% due to the decrease in the purchase orders placed by two major customers during the six months ended 30 September 2019.

(2) The amount of revenue generated from the theme park business of the Group for the six months ended 30 September 2019 is expected to decrease by 31.6% mainly due to the absence of joining fees recognised by the Group during the six months ended 30 September 2018.

(3) The amount of revenue generated from the licencing of intangible assets in the multimedia animation entertainment business of the Group for the six months ended 30 September 2019 is expected to decrease by 54.1% due to partial disposal of intangible assets rights during the year ended 31 March 2019. However, the disposal of intangible assets gave a gain of about HK$70.5 million during the six months ended 30 September 2019.

The Company is in the process of finalising the unaudited consolidated interim results of the Group for the six months ended 30 September 2019. The information contained in this announcement is based on the preliminary information currently available to the Board and the unaudited consolidated management accounts of the Group. The information has yet to be reviewed by the auditors of the Company and the audit committee of the Company and may be different from the unaudited consolidated interim results of the Group for the six months ended 30 September 2019.

The announcement on the operating results and financial performance of the Group for the six months ended 30 September 2019 will be published by the Company by the end of November 2019 in full compliance with the requirements under the Listing Rules.

Shareholders and prospective investors of the Company are advised to exercise caution when dealings in the shares of the Company.

By order of the Board
CHINA ANIMATION CHARACTERS COMPANY LIMITED
CHONG Heung Chung Jason
Chairman and Executive Director

Hong Kong, 25 November 2019

As of the date of this announcement, the executive Directors are Mr. CHONG Heung Chung Jason, Mr. Ting Ka Fai Jeffrey and Ms. Liu Moxiang, and the independent non-executive Directors are Mr. Ni Zhenliang, Mr. Tsang Wah Kwong and Mr. Hung Muk Ming.