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**China Flavors and Fragrances Company Limited**

**中國香精香料有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3318)**

## **DISCLOSEABLE TRANSACTION: ACQUISITION OF LAND IN THE PRC**

The Board announces that Shenzhen-Boton, an indirect wholly owned subsidiary of the Company, entered into an agreement with the Government on 1 June 2007 to acquire the use right of a piece of land in Shenzhen at an aggregate consideration of RMB58,267,476, the amount of which has been fully paid.

The amount of consideration represents more than 5% but is less than 25% of the applicable ratio of the Company as defined under Rule 14.07(1) of the Listing Rules, the Acquisition therefore constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing , among other things, details of the Acquisition will be dispatched to the shareholders of the Company as soon as possible.

### **INTRODUCTION**

Reference is made to the announcement of the Company dated 19 April 2007 in relation to the payment of RMB58,267,476 (equivalent to approximately HK\$58,557,659) by Shenzhen-Boton to the Government for the acquisition of a piece of land in Shenzhen. A formal agreement (the “Agreement”) was entered into by Shenzhen-Boton and the Government on 1 June 2007. After being processed by the Government internally between 1 June 2007 and 5 June 2007, the Company received the approval and signed copy of the Agreement on 5 June 2007. Details of the Agreement are stated below.

### **AGREEMENT**

#### **Date**

1 June 2007

#### **Parties**

1. 深圳市國土資源和房產管理局 (Shenzhen National Land Resources and Estate Management Bureau) (the “Government”). The principal business of the Government is to review the application and utilization of the land resources in Shenzhen and to grant land in accordance with its city planning scheme. To the best knowledge, information and belief of the Directors and after making all reasonable enquiries, the Government is a third party independent of the Company and its connected persons (as defined in the Listing Rules) and is not a connected person (as defined in the Listing Rules) of the Company; and
2. Shenzhen-Boton, indirect wholly owned subsidiary of the Company

## **Information on the Land**

Shenzhen-Boton shall acquire from the Government the land located at 南山曙光倉儲區宗地號 T505-0059 (Nanshan Shuguang Cang Chu Qu Zong Di No. T505-0059) in Shenzhen, the PRC. The Land occupies an area of approximately 80,167.47 m<sup>2</sup> and its designated use is industrial. The term of the land use right of the Land is 50 years from 26 March 2007 to 25 March 2057. The Company did not have any prior transactions with the Government that require aggregation under Rule 14.22 of the Listing Rules.

## **Consideration**

The aggregate consideration of the Land is RMB58,267,476 (equivalent to approximately HK\$58,557,659), which is fixed by the Government with reference to market value of the land in Shenzhen. The consideration was settled by Shenzhen-Boton on 23 March 2007, details of which have been disclosed in the Company's announcement dated 19 April 2007.

## **INFORMATION ON THE GROUP AND REASONS FOR THE ACQUISITION**

The Group is principally engaged in the manufacturing and sales of flavors and fragrance products.

The Board (including the independent non-executive directors of the Company) is of the view that the entering into of the Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group. The terms of the Agreement are fair and reasonable and in the interests of the shareholders of the Company and the Company as a whole.

In an attempt to benefit from the anticipated increase in market demand for the Group's products, Shenzhen-Boton intends to enlarge its capacity base and will construct office building and research centre on the Land. It is anticipated that the gross floor area of the buildings will be less than 217,254 m<sup>2</sup>. According to the terms of the Agreement, Shenzhen-Boton is required to complete the construction of the building on the Land before 30 May 2009. With the completion of the plant on the Land, the Board expects that it will facilitate the Group in the rapid development of the Group's business.

## **GENERAL**

The amount of consideration represents more than 5% but is less than 25% of the applicable ratio of the Company as defined under Rule 14.07(1) of the Listing Rules, the Acquisition therefore constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, among other things, details of the Acquisition will be dispatched to the shareholders of the Company as soon as possible.

For use in this announcement and for illustration purpose only, conversion of Renminbi into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.0106.

## DEFINITIONS

In this announcement, unless otherwise defined, the following expressions have the meaning set out below:

“Acquisition”	means the acquisition of the Land by Shenzhen-Boton
“Board”	means the board of directors of the Company
“Company”	China Flavors and Fragrances Company Limited (中國香精香料有限公司), a company incorporated in the Cayman Islands with limited liability and the securities of which are listed on the Stock Exchange
“Directors”	means the directors of the Company
“Group”	means the Company together with its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Land”	means the piece of land located at 南山曙光倉儲區宗地號 T505-0059 (Nanshan Shuguang Cang Chu Qu Zong Di No. T505-0059) in Shenzhen, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen-Boton”	深圳波頓香料有限公司 (Shenzhen-Boton Flavors and Fragrances Co., Ltd), an indirect wholly owned subsidiary of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

By Order of the Board  
**China Flavors and Fragrances Company Limited**  
中國香精香料有限公司  
**Wong Ming Bun**  
Chairman

Hong Kong, 6 June 2007

*As at the date of this announcement, the executive directors of the Company are Mr. Wong Ming Bun, Mr. Wang Ming Fan, Mr. Li Qing Long, Mr. Wang Ming You and Mr. Qian Wu; and the independent non-executive directors of the Company are Mr. Goh Gen Cheung, Mr. Leung Wai Man, Roger and Mr. Zhou Xiao Xiong.*

“Please also refer to the published version of this announcement in The Standard”