

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase, or subscribe for securities in any jurisdiction.*



# **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)**

## **PROPOSED DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF UNIVERSAL FRAGRANCES COMPANY LIMITED ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

The Board is pleased to announce that on 30 March 2011, Universal Fragrances submitted an application for the listing of, and permission to deal in, the UF Shares on GEM. The Proposed Spin-off, if proceeded, will be effected in compliance with Practice Note 15 of the Listing Rules.

As at the date hereof, Universal Fragrances is a non-wholly owned subsidiary of the Company. The UF Group is principally engaged in the manufacturing and selling of (i) pharmaceutical intermediates, which are common essential chemical products used for further chemical reaction to manufacture pharmaceutical products; and (ii) flavor and fragrance ingredients, which are usual basic ingredients applied to the manufacture of flavors and fragrances for production of food and daily consumer goods.

It is intended that assured entitlements to certain number of UF Shares will be provided to the qualifying Shareholders, subject to certain conditions. Details of such assured entitlements have not yet been finalized and will be announced in due course.

As the applicable percentage ratios calculated with reference to the deemed disposal as a result of the Proposed Spin-off (assuming that the Share Offer involves the issue of new UF Shares representing up to 25% of the issued share capital of Universal Fragrances immediately after the Share Offer) are more than 5% and less than 25%, the Proposed Spin-off may constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore not subject to approval from the Shareholders under paragraph 3(e)(1) of Practice Note 15 of the Listing Rules. Further announcement in this respect will be made as and when appropriate.

**Shareholders and potential investors should note that subject to, among others, the approval of the Stock Exchange and the final decision of the Board, the Proposed Spin-off may or may not occur. There is no assurance that the approval from the Stock Exchange will be granted. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made pursuant to Rule 13.09 and Practice Note 15 of the Listing Rules. Reference is made to the announcement of the Company dated 23 March 2011 in relation to the Proposed Spin-off. The Board is pleased to announce that on 30 March 2011, Universal Fragrances submitted an application for the listing of, and permission to deal in, the UF Shares on GEM. Yuanta Securities (Hong Kong) Company Limited has been appointed as the sponsor to Universal Fragrances in its listing application.

## **INFORMATION ON UNIVERSAL FRAGRANCES**

As at the date of this announcement, the Company is interested in 50% of shareholding interest of Universal Fragrances, as such Universal Fragrances is a non-wholly owned subsidiary of the Company. The UF Group is principally engaged in the manufacturing and selling of (i) pharmaceutical intermediates, which are common essential chemical products used for further chemical reaction to manufacture pharmaceutical products; and (ii) flavor and fragrance ingredients, which are usual basic ingredients applied to the manufacture of flavors and fragrances for production of food and daily consumer goods.

## **INFORMATION ON THE PROPOSED SPIN-OFF**

It is currently proposed that certain number of new UF Shares will be placed to selected professional, institutional or other investors and certain number of new UF Shares will be offered for subscription by the qualifying Shareholders.

Upon completion of the Share Offer, the shareholding interest of the Company in Universal Fragrances will be diluted and Universal Fragrances will cease to be a subsidiary of the Company.

## **REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF**

The Proposed Spin-off will, upon its implementation, allow the Remaining CFF Group to focus on the research and development, manufacture and sale of flavors and fragrances, which are provided to the customers for making addition and improvement of flavors or fragrances in the customers' manufactured tobacco, food and daily consumer goods. Also, the Proposed Spin-off will allow the UF Group and Remaining CFF Group to adopt different business strategies in order to better suit their respective businesses and enhance their ability to focus on opportunities specific to the business of the relevant group.

In terms of corporate profile, the Proposed Spin-off will enable each of the Remaining CFF Group and UF Group to establish its own profile thereby attracting different investors. A separate listing platform will also make it easier for the two groups to seek further capital in the future.

Since the Company will remain as a controlling shareholder of Universal Fragrances, the Remaining CFF Group will continue to benefit from the business prospects and results of UF Group.

## **ASSURED ENTITLEMENTS**

The Board will give due regard to the interests of the Shareholders by providing qualifying Shareholders with assured entitlements to a certain number of UF Shares by way of preferred application (the "**Preferential Offering**"), provided that certain conditions are fulfilled. The number of UF Shares to be offered for subscription by the qualifying Shareholders will be determined with reference to the number of Shares held by that qualifying Shareholder as at a particular date.

The aforesaid assured entitlements will be proceeded with subject to the Stock Exchange having approved the Proposed Spin-off and the Share Offer, and the Board and the board of directors of Universal Fragrances having decided to proceed with the Proposed Spin-off and the Share Offer. Details of such assured entitlements have not yet been finalized and will be announced in due course.

## **APPROVALS NOT REQUIRED FROM THE SHAREHOLDERS**

As the applicable percentage ratios calculated with reference to the deemed disposal as a result of the Proposed Spin-off (assuming that the Share Offer involves the issue of new UF Shares representing up to 25% of the issued share capital of Universal Fragrances immediately after the Share Offer) are more than 5% and less than 25%, the Proposed Spin-off may constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore not subject to approval from the Shareholders under paragraph 3(e)(1) of Practice Note 15 of the Listing Rules. Further announcement in this respect will be made as and when appropriate.

**Shareholders and potential investors should note that subject to, among others, the approval of the Stock Exchange and the final decision of the Board, the Proposed Spin-off may or may not occur. There is no assurance that the approval from the Stock Exchange will be granted. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

“Board”	the board of directors of the Company
“CFF Group”	the Company and its subsidiaries
“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, the issued shares of which are listed on the main board of the Stock Exchange
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of UF Shares to selected professional, institutional or other investors
“Proposed Spin-off”	the proposed spin-off of the interests in UF Group currently held by CFF Group for the separate listing on GEM pursuant to the Share Offer
“Remaining CFF Group”	the CFF Group to the exclusion of the UF Group

“Shareholders”	holders of the Share(s)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the capital of the Company
“Share Offer”	Placing and Preferential Offering
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Universal Fragrances”	Universal Fragrances Company Limited 環球香料有限公司, a company incorporated in the Cayman Islands with limited liability
“UF Group”	Universal Fragrances and its subsidiaries
“UF Shares”	ordinary shares of nominal value of HK\$0.01 each in the capital of Universal Fragrances
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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, 31 March 2011

*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. Leung Wai Man, Roger, Mr. Ng Kwun Wan and Mr. Zhou Xiao Xiong.*