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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)

- (1) DISCLOSEABLE AND CONNECTED TRANSACTION
FORMATION OF JOINT VENTURE**
- (2) DISCLOSEABLE AND CONNECTED TRANSACTION
FINANCIAL ASSISTANCE**
- (3) EXEMPTED CONTINUING CONNECTED TRANSACTION
LEASE OF PRODUCTION PREMISES
AND**
- (4) EXEMPTED CONTINUING CONNECTED TRANSACTION
TRADEMARK LICENCE AGREEMENT**

A. FORMATION OF JV

On 6 November 2014, Boton (an indirect wholly-owned subsidiary of the Company), Champion Sharp (a connected person of the Company) and the JV Company entered into the JV Agreement, pursuant to which the JV Company shall increase the registered capital from RMB80 million (equivalent to approximately HK\$101,265,823) to RMB85 million (equivalent to approximately HK\$107,594,937) and Boton shall contribute RMB45 million (equivalent to approximately HK\$56,962,025) to the registered capital of the JV Company in kind by transferring the Assets to the JV Company. As at the date of this announcement, the JV Company is a wholly foreign owned enterprise and the entire equity interest of which is owned by Champion Sharp. Upon Completion, Boton and Champion Sharp will hold approximately 53% and 47% of the registered capital of the JV Company respectively and the JV Company will become a sino-foreign equity joint venture and a non-wholly owned subsidiary of the Company.

As at the date of this announcement, Mr. Wang is the sole beneficial owner of the JV Company, the interest of which is held through Mr. Wang's companies namely Huan Qiu Capital, Cheerlog and Champion Sharp. Also, Mr. Wang is the chairman, an executive Director and a substantial shareholder of the Company who is personally interested in approximately 7.86% of the issued share capital of the Company. In addition, Mr. Wang is also interested in approximately 41.19% of shareholding interest in Creative China Limited, which in turn is interested in approximately 51.62% of the issued share capital of the Company. As such, Champion Sharp is an associate of Mr. Wang and hence is a connected person of the Company and the Formation of JV constitutes a connected transaction of the Company.

As certain applicable percentage ratios for the Formation of JV under Rule 14.07 of the Listing Rules exceeds 5% but less than 25%, the Formation of JV constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. In addition, the applicable percentage ratios (other than the profits ratio) are less than 25% but the consideration is more than HK\$10 million, the Formation of JV also constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules. The Formation of JV is therefore subject to reporting, announcement and Independent Shareholders' approval requirements.

B. THE LOAN

On or before Completion, the JV Company will own the land use right of the Land in Dongguan City, the PRC and the JV Company shall construct the Factory thereon. As part of the transactions contemplated under the JV Agreement, Boton (as lender) and the JV Company (as borrower) entered into the Loan Agreement on 6 November 2014 whereby Boton shall, subject to Completion, advance a loan of RMB30 million (equivalent to approximately HK\$37,974,684) to the JV Company on 1 April 2015 (or such other date as the parties may agree) for the construction of the Factory.

The JV Company will become a connected subsidiary under Rule 14A.16 of the Listing Rules upon Completion, hence the Loan will constitute financial assistance to connected person under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than the profits ratio) exceed 5% but less than 25% and the consideration is more than HK\$10 million, the Loan constitutes a discloseable transaction under Chapter 14 of the Listing Rules and a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules and is therefore subject to reporting, announcement and Independent Shareholders' approval requirements.

C. LEASE OF PRODUCTION PREMISES

As part of the transactions contemplated under the JV agreement, the Lease Agreement was entered into on 6 November 2014, pursuant to which, Boton (as landlord) shall, subject to Completion, lease to the JV Company (as tenant) the Production Premises with effect from 1 April 2015 (or such other date as the parties may agree) for a term of 2 years at the rental of RMB168,700 (equivalent to approximately HK\$213,544) per month for the purpose of the JV Company manufacturing food flavors and fine fragrances therein before the Factory has been constructed.

The JV Company will become a connected subsidiary under Rule 14A.16 of the Listing Rules upon Completion. Therefore, the Lease will constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (other than the profits ratio) are less than 5% and the total consideration is less than HK\$3 million, the Lease Agreement is fully exempted from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

D. THE LICENCE

As part of the transactions contemplated under the JV Agreement, Boton (as licensor) entered into the Trademark Licence Agreement with the JV Company (as licensee) on 6 November 2014, pursuant to which Boton shall, subject to Completion, grant the JV Company the right to use the Trademark in connection with the business of the JV Company within the Licensed Scope with effect from 1 April 2015 (or such other date as the parties may agree) for a term of 2 years at nil consideration.

The JV Company will become a connected subsidiary under Rule 14A.16 of the Listing Rules upon Completion. Therefore, the Licence will constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (other than the profits ratio) are less than 0.1%, the Licence is fully exempted from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

In view of the interests of Mr. Wang in the JV Agreement and the Loan Agreement, Mr. Wang and his associates will be required to abstain from voting in relation to JV Agreement and the Loan Agreement and the transactions contemplated thereunder at the EGM. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save and except Mr. Wang and Creative China Limited, no other Shareholder has a material interest in the JV Agreement and the Loan Agreement, as such, no other Shareholder will be required to abstain from voting at the EGM.

The Independent Board Committee has been established to consider and to advise the Independent Shareholders, on the fairness and reasonableness of the terms of the JV Agreement and the Loan Agreement. Nuada Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further particulars of the JV Agreement and the Loan Agreement, the recommendation from the Independent Board Committee in relation to the JV Agreement and the Loan Agreement, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the JV Agreement and the Loan Agreement will be despatched to the Shareholders on or about 1 December 2014 as the independent financial adviser needs more time to conduct due diligence on the relevant transactions.

INTRODUCTION

Boton entered into the JV Agreement with Champion Sharp and the JV Company on 6 November 2014 pursuant to which Boton shall contribute to the registered capital of the JV Company in the amount of RMB45 million (equivalent to approximately HK\$56,962,025) in kind by way of transferring the Assets to the JV Company and in return, Boton shall be interested in 53% equity interest in the JV Company upon Completion.

As part of the transactions contemplated under the JV agreement, Boton and the JV Company entered into the Lease Agreement, Loan Agreement and the Trademark Licence Agreement. Pursuant to the said agreements, Boton shall for a term of 2 years commencing from 1 April 2015 (or such other date as the parties may agree), subject to Completion, (i) lease the Production Premises to the JV Company for carrying out the food flavors and fine fragrances manufacturing business; (ii) advance a loan of RMB30 million (equivalent to approximately HK\$37,974,684) to the JV Company for

constructing the Factory; and (iii) grant the JV Company the right to use the Trademark in connection with the business of the JV Company within the Licensed Scope.

A. FORMATION OF JV

Principal terms of the JV Agreement

Date 6 November 2014

Parties (1) Boton, an indirect wholly-owned subsidiary of the Company

(2) Champion Sharp, a connected person of the Company

(3) The JV Company

As at the date of this announcement, the entire shareholding interest of Champion Sharp and the entire equity interest of the JV Company are beneficially owned by Mr. Wang (who is the Chairman, an executive Director and a substantial shareholder of the Company). Mr. Wang is the sole shareholder of Huan Qiu Capital and Cheerlog. Huan Qiu Capital and Cheerlog respectively hold 90% and 10% shareholding interest of Champion Sharp, which in turn owns the entire equity interest of the JV Company.

Formation of JV

Upon Completion, the equity interest of the JV Company will be owned as to 53% by Boton and as to 47% by Champion Sharp.

Registered Capital and Capital Contribution

As at the date of this announcement, the registered capital of the JV Company is RMB80 million (equivalent to approximately HK\$101,265,823) and only RMB40 million (equivalent to approximately HK\$50,632,911) has been paid up by Champion Sharp. The paid up amount will be used for the acquisition of the land use right of the Land.

Pursuant to the JV Agreement, the JV Company will increase its registered capital from RMB80 million (equivalent to approximately HK\$101,265,823) to RMB85 million (equivalent to approximately HK\$107,594,937) and Boton shall contribute to the registered capital of the JV Company in the amount of RMB45 million (equivalent to approximately HK\$56,962,025). The amount of contribution to the registered capital was arrived at after arm's length negotiations between Boton and Champion Sharp after taking into account the funding needs of the JV Company.

Boton shall contribute to the registered capital of the JV Company in the amount of RMB45 million (equivalent to approximately HK\$56,962,025) in kind by way of transferring the Assets into the JV Company. The Assets, of net book value of RMB45 million (equivalent to approximately HK\$56,962,025) as at the date of this announcement, consist of, inter alia, machineries for the manufacturing of food flavors and fine fragrances.

Conditions Precedent

Completion of the JV Agreement is conditional upon the following conditions being fulfilled:

- (a) the JV Company having obtained the certificate for the land use right of the Land;
- (b) Boton being satisfied with the results of the due diligence review conducted on the JV Company;
- (c) all necessary consents and approvals required to be obtained in respect of the JV Agreement and the transactions contemplated thereby having been obtained; and
- (d) the Company having obtained approval from the Independent Shareholders in relation to the JV Agreement and having complied with the relevant requirements of the Listing Rules of the Stock Exchange.

If the said conditions are not fulfilled on or before 31 March 2015 (or such later date as the parties may agree in writing), Boton is entitled to unilaterally terminate the JV Agreement.

Completion

Subject to the fulfillment of all conditions precedent, Boton shall transfer the Assets to the JV Company and in any event not later than 31 March 2015 (or such other date as the parties may agree in writing).

Management of the JV Company

The board of directors of the JV Company shall comprise of 3 directors, 2 of whom shall be nominated by Boton and 1 shall be nominated by Champion Sharp. The chairman of the board of directors of the JV Company shall be appointed by Boton. The directors and the chairman of the board of the JV Company shall be appointed for a term of 3 years.

As at the date of the announcement, Mr. Wang is the only director of the JV Company.

Profit Sharing

The profit of the JV Company shall be shared among Boton and Champion Sharp in accordance with the proportion of their respective equity interest in the JV Company.

FURTHER INFORMATION ON THE JV COMPANY

The JV Company was established on 18 April 2014 as a wholly foreign owned enterprise. The JV Company has obtained a business licence for a term of 20 years from 18 April 2014 to 18 April 2034 and the scope of business of the JV Company includes but not limited to the production and sale of flavors and fragrances, food additives, establishment of research and development institutions and research and development of new kinds of flavor. The JV Company has not yet commenced business as at the date of this announcement.

The JV Company will pay the purchase price of RMB40 million (equivalent to approximately HK\$50,632,911) to acquire the land use right of the Land. The site area of the Land is approximately 73,977 square meters. The Land is permitted for industrial use and the term of grant is 50 years. As at the date of this announcement, the JV Company has not obtained legal title to the Land and it is a condition precedent for the Completion that the JV Company obtains the certificate for the land use right of the Land. The Factory will be constructed on the Land to manufacture food flavors and fine fragrances with the Assets and staff transferred from Boton, leveraging on the expertise of Boton in the industry.

As the JV Company was set up in April 2014, based on the management accounts of the JV Company prepared in accordance with generally accepted accounting principles in the PRC, the unaudited net asset of the JV Company as at the date of this announcement was approximately RMB40 million (equivalent to approximately HK\$50,632,911), which represents the paid up registered capital of the JV Company.

Upon Completion, the JV Company will change from a wholly foreign owned enterprise to a sino-foreign equity joint venture and will become a non-wholly owned subsidiary of the Company. As Mr. Wang can control the exercise of more than 10% of voting power at the JV Company's general meeting, the JV Company is a connected subsidiary under Rule 14A.16 of the Listing Rules.

INFORMATION ON CHAMPION SHARP

Champion Sharp is an investment holding company and the shareholding interest of which is legally owned as to 90% by Huan Qiu Capital and 10% by Cheerlog. The ultimate beneficial shareholder of Huan Qiu Capital and Cheerlog is Mr. Wang. Huan Qiu Capital and Cheerlog are also investment holding companies. As at the date of this announcement, Champion Sharp is the sole shareholder of the JV Company and

Champion Sharp has no other investment save as its interest in the JV Company. Mr. Wang is sole director of each of Huan Qiu Capital, Cheerlog, Champion Sharp and the JV Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wang is the sole beneficial owner of the JV Company, the interest of which is held through Mr. Wang's companies namely Huan Qiu Capital, Cheerlog and Champion Sharp. Also, Mr. Wang is the Chairman, an executive Director and a substantial shareholder of the Company who is personally interested in approximately 7.86% of the issued share capital of the Company. In addition, Mr. Wang is also interested in approximately 41.19% of shareholding interest in Creative China Limited, which in turn is interested in approximately 51.62% of the issued share capital of the Company. As such, Champion Sharp is an associate of Mr. Wang and hence is a connected person of the Company and the Formation of JV constitutes a connected transaction of the Company.

As certain applicable percentage ratios for the Formation of JV under Rule 14.07 of the Listing Rules exceeds 5% but less than 25%, the Formation of JV constitutes a discloseable transaction for the Company under Chapter 14 the Listing Rules. In addition, the applicable percentage ratios (other than the profits ratio) are less than 25% but the consideration is more than HK\$10 million, the Formation of JV also constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules. The Formation of JV is therefore subject to reporting, announcement and independent shareholders' approval requirements.

B. THE LOAN

Date 6 November 2014

Parties (1) Lender: Boton

(2) Borrower: JV Company

Loan Amount

RMB30 million (equivalent to approximately HK\$37,974,684)

Advancement of Loan

Subject to Completion, Boton shall advance the Loan to the JV Company on 1 April 2015 (or such other date as the parties may agree).

The Loan is unsecured and the JV Company shall apply the Loan for the construction of the Factory on the Land with the Assets installed therein to manufacture food flavors and fine fragrances by the JV Company. The amount of the Loan represents the estimated construction cost of the Factory.

Interest

The interest of the Loan is calculated based on the prevailing lending interest rate published by the People's Bank of China on the date of advancement. In the event of early repayment of Loan, the amount of interest payable shall accrue from day to day and shall be calculated on the basis of the actual number of days utilized.

Term

24 months from the date of advancement of the Loan, subject to Completion. The term of the Loan may be extended upon expiry subject to agreement of the parties.

Repayment

The Loan and the interest thereon shall be repaid on the expiry of the term of the Loan. The JV Company shall be entitled to early repay the full amount of the Loan and interest thereon by providing 1 month prior written notice to Boton.

Listing Rules Implications

The JV Company will become a connected subsidiary under Rule 14A.16 of the Listing Rules upon Completion, hence the Loan will constitute financial assistance to connected person under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than the profits ratio) exceed 5% but less than 25% and the consideration is more than HK\$10 million, the Loan constitutes a discloseable transaction under Chapter 14 of the Listing Rules and a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules and is therefore subject to reporting, announcement and independent shareholders' approval requirements.

C. LEASE OF PRODUCTION PREMISES

Date 6 November 2014

Parties (1) Landlord: Boton

 (2) Tenant: JV Company

Production Premises

The subject of the Lease is situated at Le Li Road, Nanshan District (南山區樂麗路), Shenzhen, the PRC, and the gross floor area is 6,748 square meters.

The Assets will be placed in the Production Premises for the manufacturing of food flavors and fine fragrances. After the Factory has been constructed on the Land of the JV Company, the Assets will be moved to and installed in the Factory and the Lease Agreement will be terminated.

Term

Subject to Completion, the Lease Agreement shall take effect from 1 April 2015 (or such other date as the parties may agree) for a term of 2 years. In the event Completion does not take place on or before 31 March 2015, the parties shall postpone the commencement date of the Lease to a date after the Completion has taken place.

The JV Company shall be entitled to early terminate the Lease if the Factory has been constructed prior to the expiry of the term of the Lease.

Rental

RMB168,700 (equivalent to approximately HK\$213,544) per month, exclusive of utility charges and management fee which are payable by the JV Company. The rent shall be settled by cash on a monthly basis, which is determined with reference to the prevailing market rate of production premises in the vicinity of similar area and condition.

Listing Rules Implications

The JV Company will become a connected subsidiary under Rule 14A.16 of the Listing Rules upon Completion. Therefore, the Lease will constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (other than the profits ratio) are less than 5% and the total consideration is less than HK\$3 million, the Lease is fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

D. THE LICENCE

Date 6 November 2014

Parties (1) Licensor: Boton
(2) Licensee: the JV Company

Term

Subject to Completion, the Trademark Licence Agreement shall take effect from 1 April 2015 (or such other date as the parties may agree) for a term of 2 years. The parties may terminate the Trademark Licence Agreement by giving each other 1 month prior written notice.

Use of the Trademark

Boton shall grant the JV Company the right to use the Trademark in connection with the business of the JV Company within the Licensed Scope, whereas Boton shall continue to use the Trademark in relation to tobacco flavor.

Consideration

The JV Company is licensed to use the Trademark at nil consideration as the JV Company will become a non-wholly owned subsidiary of the Company upon Completion and the Licence is an intra-group arrangement for the benefit of the Group.

Listing Rules Implications

The JV Company will become a connected subsidiary under Rule 14A.16 of the Listing Rules upon Completion, hence the Licence will constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (other than the profits ratio) are less than 0.1%, the Licence is fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

REASONS FOR THE FORMATION OF JV, THE LOAN, LEASE OF THE PRODUCTION PREMISES AND THE LICENCE

The Group is principally engaged in the research and development, manufacture and sale of flavors and fragrances, which are provided to the Group's customers for making addition or improvement of flavors or fragrances in the customers' manufactured tobacco, food and daily consumer goods.

As at the date of this announcement, Boton is principally engaged in the research and development, trading and manufacturing and selling of flavor enhancers, food flavors and fine fragrances. Manufacturing of the Group's products are conducted in the Group's production base in Shenzhen, the PRC. Upon Completion, Boton will focus on the flavor enhancers business and cease its business in relation to food flavors and fine fragrances. The JV Company will take up the business of food flavors and fine fragrances and carry out the same on the Land after the Factory is constructed to manufacture food flavors and fine fragrances with the Trademark. The Formation of JV under the JV Agreement and the transactions contemplated thereunder namely, the Loan, the Lease and the Licence, will allow the Group to better utilize its existing production base in Shenzhen for its flavor enhancers business whereas the food flavors and fine fragrances business will be further developed in the Factory.

Mr. Wang abstained from voting at the Company's board resolutions approving the JV Agreement, the Loan Agreement, the Lease Agreement and the Trademark Licence Agreement due to his material interest in the relevant transactions. Mr. Li Qing Long and Mr. Qian Wu also abstained from voting at the said Company's board resolutions because of their directorship in Creative China Limited and also their shareholding interest of 3.94% and 6.89% in Creative China Limited respectively. The Directors (excluding Mr. Wang, Mr. Li Qing Long and Mr. Qian Wu who abstained from voting) considered that the JV Agreement, the Loan Agreement, the Lease Agreement and the Trademark Licence Agreement were entered into after arm's length negotiation between the parties, are on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and its shareholders as a whole, subject to the advice of the independent financial adviser in respect of the JV Agreement and Loan Agreement.

GENERAL

In view of the interests of Mr. Wang in the JV Agreement and the Loan Agreement, Mr. Wang and his associates will be required to abstain from voting in relation to the JV Agreement and the Loan Agreement and the transactions contemplated thereunder at the EGM. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save and except Mr. Wang and Creative China Limited, no other Shareholder has a material interest in the JV Agreement and the Loan Agreement, as such, no other Shareholder will be required to abstain from voting at the EGM.

The Independent Board Committee has been established to consider and to advise the Independent Shareholders, on the fairness and reasonableness of the terms of the JV Agreement and the Loan Agreement. Nuada Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further particulars of the JV Agreement and the Loan Agreement, the recommendation from the Independent Board Committee in relation to the JV Agreement and the Loan Agreement, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the JV Agreement and the Loan Agreement will be despatched to the Shareholders on or about 1 December 2014 as the independent financial adviser needs more time to conduct due diligence on the relevant transactions.

DEFINITIONS

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

“Assets”	the equipment and machineries owned by Boton for manufacturing the food flavors and fine fragrances as at the date of this announcement;
“Board”	the board of Directors;
“Boton”	Shenzhen Boton Spice Company Limited* (深圳波頓香料有限公司), a wholly foreign-owned enterprise established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“business days”	a day (other than a Saturday or Sunday or public holiday) on which banks are open for business in the PRC;
“Champion Sharp”	Champion Sharp International Investment Limited 盛冠國際投資有限公司, a company incorporated in Hong Kong with limited liability and the shareholding interest of which is held by Huan Qiu Capital and Cheerlog as to 90% and 10% respectively;
“Cheerlog”	Cheerlog International Limited, a company incorporated in the British Virgin Islands, the entire shareholding interest of which is owned by Mr. Wang;
“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 shares of which are listed on the Stock Exchange (stock code: 3318);
“Completion”	the completion of the JV Agreement;

“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	directors (including independent non-executive directors) of the Company;
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of, among other things, approving the JV Agreement and the Loan Agreement;
“Factory”	the factory to be constructed on the Land by the JV Company for the purpose of carrying out the manufacturing business of food flavors and fine fragrances;
“Formation of JV”	the proposed arrangement between Boton and Champion Sharp in relation to the equity interest of the JV Company pursuant to the terms of the JV Agreement;
“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 PRC;
“Huan Qiu Capital”	Huan Qiu Capital Investments Limited 環球資本投資有限公司, a company incorporated in the British Virgin Islands, the entire shareholding interest of which is owned by Mr. Wang;
“Independent Board Committee”	a committee of the Board comprising all the three independent non-executive Directors, namely Mr. Leung Wai Man Roger, Mr. Ng Kwun Wan and Mr. Zhou Xiao Xiong established for the purpose of giving recommendation to the Independent Shareholders regarding the JV Agreement, the Loan Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders other than Mr. Wang and Creative China Limited and their respective associates;

“JV Agreement”	the agreement dated 6 November 2014 entered into between Boton, Champion Sharp and the JV Company in relation to, inter alia, the increase of registered capital of the JV Company and the contribution to the registered capital of the JV Company by Boton;
“JV Company”	Dongguan Tian Cheng Fragrances and Technology Company Limited* (東莞天成香料科技有限公司), a wholly foreign owned enterprise established under the laws of the PRC with limited liability and the entire equity interest of which is owned by Champion Sharp as at the date of this announcement;
“Land”	the land parcel numbered 441916005002GB02022 situated in Dongguan City, Guangdong Province, the PRC;
“Lease”	the lease of the Production Premises by the JV Company from Boton pursuant to the terms of the Lease Agreement;
“Lease Agreement”	the lease agreement dated 6 November 2014 entered into between Boton (as landlord) and the JV Company (as tenant) in respect of the lease of the Production Premises;
“Licence”	the right to use the Trademark to be granted by Boton to the JV Company pursuant to the terms of the Trademark Licence Agreement;
“Licensed Scope”	the areas that the JV Company can use the Trademark, namely in relation to beverage flavors, spice perfume oils, fragrances, confectionery fragrances, liquor fragrances, natural fragrance raw materials, industrial fragrances, cosmetics fragrances and soap fragrances;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Loan”	the loan in the amount of RMB30 million (equivalent to approximately HK\$37,974,684) to be advanced by Boton to the JV Company for the construction of the Factory;
“Loan Agreement”	the loan agreement dated 6 November 2014 entered into between Boton (as lender) and the JV Company (as borrower) in respect of Boton lending the Loan to the JV Company;
“Mr. Wang”	Mr. Wang Ming Fan, the Chairman, an executive Director and a substantial shareholder of the Company;
“PRC”	the People’s Republic of China;
“Production Premises”	the premises located at Le Li Road, Nanshan District (南山區樂麗路), Shenzhen, the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Trademark”	the trademark “BOTON”, which is registered and owned by Boton in the PRC;

“Trademark Licence Agreement” the trademark licence agreement dated 6 November 2014 entered into between Boton (as licensor) and the JV Company (as licensee) in respect of the use of the Trademark; and

“%” per cent.

For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this announcement is based on the exchange rate of HK\$1 to RMB0.79. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

By Order of the Board
China Flavors and Fragrances Company Limited
Ma Man Wai
Company Secretary

Hong Kong, 6 November 2014

As at the date of this announcement, the Board comprises six Directors, namely Mr. Wang Ming Fan, Mr. Li Qing Long and Mr. Qian Wu as executive Directors and Mr. Leung Wai Man, Roger, Mr. Ng Kwun Wan and Mr. Zhou Xiao Xiong as independent non-executive Directors.

* *For identification purpose only*