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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)**

## **APPOINTMENT OF EXECUTIVE DIRECTOR AND GRANT OF SHARE OPTIONS**

### **APPOINTMENT OF EXECUTIVE DIRECTOR**

The Board is pleased to announce that the Board has resolved on 22 April 2015 to appoint Ms. Sy as an executive director of the Company with effect from 11 May 2015.

### **GRANT OF SHARE OPTIONS**

On 22 April 2015, the Board (including all independent non-executive directors) resolved to grant 58,000,000 Options of which, 35,000,000 Options and 10,000,000 Options were granted to Mr. Wang and Mr. Qian respectively. As the relevant Options granted to Mr. Wang and Mr. Qian exceeded the applicable limit stipulated under Chapter 17 of the Listing Rules, the grant of Options to Mr. Wang and Mr. Qian is subject to the approval by the Independent Shareholders and the Shareholders respectively at the EGM.

The circular containing, among other things, (i) the letter from the Board containing further details of the grants of the Options; and (ii) the notice of the EGM will be despatched to the Shareholders on or before 8 May 2015 in accordance with the Listing Rules.

### **APPOINTMENT OF EXECUTIVE DIRECTOR**

The Board of the Company is pleased to announce that the Board has resolved on 22 April 2015 to appoint Ms. Sy as an executive Director of the Company with effect from the Effective Date.

Ms. Sy, aged 43, holds a Bachelor of Commerce from the University of Melbourne. Ms. Sy is a member of Australian Society of Certified Practising Accountant. Ms. Sy has over 15 years of experience in corporate finance and accounting and has worked in various reputable international accounting firm and financial institutions and experience in corporate finance and direct investment

area. Ms. Sy is currently the responsible officer licensed under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) to carry on Type 6 (advising on corporate finance) regulated activities.

Ms. Sy has not held any directorship in any listed company in the previous three years nor any other positions in the Company or its subsidiaries. She does not have any relationship with any Directors, senior management or substantial Shareholders (as defined in the Listing Rules) of the Company.

As at the date of this announcement, Ms. Sy does not have any director service agreement with the Company and her appointment is subject to retirement by rotation and re-election in accordance with the provisions of the articles of association of the Company. Her annual director’s emolument will be determined by the Board with reference to her duties and responsibilities in the Company, the Company’s performance and the prevailing market situation.

As at the date of this announcement, Ms. Sy does not have any interest within the meaning of Part XV of the SFO in any Shares, underlying Shares or debentures of the Company and/or its associated corporation.

Ms. Sy has confirmed that there is no information which should be disclosed under Rule 13.51(2)(h) to (v) of the Listing Rules nor is/was she involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders of the Company in connection with her appointment.

The Board would like to take this opportunity to welcome Ms. Sy for joining the Board.

## GRANT OF OPTIONS

On 22 April 2015, the Board (including all independent non-executive Directors of the Company) resolved to grant 58,000,000 Options to the Grantees to subscribe for a total of 58,000,000 Shares under the Share Option Scheme subject to acceptance of the Grantees. The total of 58,000,000 Shares to be subscribed under the Options represent approximately 9.22% of the existing issued share capital of the Company as at the Offer Date and approximately 8.45% of the enlarged issued share capital of the Company, assuming the Options are fully exercised. Details of such grant are set out below:

Offer Date	:	22 April 2015
Exercise price of the Options granted	:	HK\$1.32 per Share, which represents the highest of (i) HK\$1.29 being the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Offer Date; (ii) HK1.32, being the average of the closing prices of the Shares as stated in the daily quotations sheet issued by the Stock Exchange for the five (5) business days immediately preceding the Offer Date; and (iii) HK\$0.1, being the nominal value of each Share
Consideration for the grant of the Options	:	HK\$1 to be paid by the Grantee upon acceptance of the Options granted
Number of Options granted	:	58,000,000 Options (each Option shall entitle the Grantee to subscribe for one Share)
Closing price of the Shares on the Offer Date	:	HK\$1.29 per Share
Exercise period of the Options	:	50% of the Options may be exercised from the Offer Date to 21 April 2025. Subject to the rules of the Share Option Scheme and the Listing Rules and provided that the performance targets for the relevant financial year as set forth in the paragraph headed “Performance target” below have been met, 30% of the Options may be exercised from 1 January 2016 to 21 April 2025 (the “ <b>First Batch</b> ”) and 20% of the Options may be exercised from 1 January 2017 to 21 April 2025 (the “ <b>Second Batch</b> ”).

Performance target: : The following performance target for the relevant period (the “**Relevant Period**”) set out below must be achieved before the Options can be exercised:

- (a) The First Batch could only be exercised if the turnover of the Company for the financial year ended 31 December 2015 is not less than 110% of the turnover of the Company for the year ended 31 December 2014.
- (b) The Second Batch could only be exercised if the turnover of the Company for the financial year ended 31 December 2016 is not less than 120% of the turnover of the Company for the year ended 31 December 2014.

The Company will engage the auditors of the Company to determine and confirm the turnover of the Company for the Relevant Period. The Remuneration Committee will be responsible for monitoring the performance target of the Company and ascertaining whether or not the performance target for the Relevant Period has been met.

If the performance target is met for a particular Relevant Period, the Options associated therewith will become exercisable. The failure to meet the performance target for subsequent period will not affect the Grantees’ right to exercise the Options for that particular Relevant Period for which the performance target has been met.

If the performance target for a particular Relevant Period has not been met, the Options associated therewith will not be exercisable by the Grantees even if in a subsequent period, the performance target has been met.

If an event of force majeure occurs in a particular Relevant Period, the performance target for that particular Relevant Period cannot be met, the Directors may recommend, after having obtained the consent of the independent non-executive Directors, the right to exercise a particular batch of the Options to which that particular Relevant Period relates to be deferred to the next financial year with the performance target for the said period as the condition to the exercise of the relevant batch(es) of the Options.

Among the 58,000,000 Options granted, 51,000,000 Options were granted to the following Directors:

<b>Name of Grantee</b>	<b>Relationship with the Company</b>	<b>Number of the Options granted</b>	<b>Approximate percentage to existing number of Shares in issue</b>
Wang Ming Fan	Executive Director and substantial shareholder	35,000,000	5.57%
Qian Wu	Executive Director	10,000,000	1.60%
Ms. Sy	Executive Director (with appointment effective from the Effective Date)	6,000,000	0.95%

Pursuant to the offer letter issued by the Company to Ms. Sy, the exercise of the 6,000,000 Options by Ms. Sy shall be subject to and conditional upon the appointment of Ms. Sy as an executive director of the Company taking effect on the Effective Date.

The grant of the Options to the above Directors has been approved by the independent non-executive Directors of the Company in accordance with rule 17.04(1) of the Listing Rules.

Pursuant to Rule 17.04(1) of the Listing Rules and the terms of the Share Option Scheme, where a grant of Share Options to a substantial shareholder of the Company or an independent non-executive Director and/or their respective associates would result in the Shares issued and to be issued upon exercise of all the Share Options granted and to be granted (including options exercised, cancelled and outstanding Share Options) under the Share Option Scheme to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares on the date of grant, in excess of HK\$5 million, such grant of Share Options must be approved by the Independent Shareholders at a general meeting at which all connected persons of the Company shall abstain from voting in favour, although they may vote against the resolution to approve the grant of Share Options at such general meeting provided that their intention to do so has been stated in the relevant circular.

In addition, pursuant to Rule 17.03(4) of the Listing Rules and the terms of the Share Option Scheme, the maximum number of Shares issued and to be issued upon exercise of the Share Options granted to each grantee under the Share Option Scheme (including both exercised and outstanding Share Options) in any 12-month period shall not, when aggregated with any Shares subject to options granted under such period under any other share option schemes of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting, exceed 1% of the Shares in issue for the time being. When any further grant of Shares Options to a grantee would result in the Shares issued and to be issued upon exercise of all Share Options granted and to be granted to such

person (including exercised, cancelled and outstanding Share Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such grantee and his/her associates abstaining from voting, although they may vote against the resolution to approve the grant of Share Options at such general meeting provided that their intention to do so has been stated in the relevant circular.

As at the date of this announcement, 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 the total number of Shares to be issued upon exercise of the Options offered to be granted to Mr. Wang represents in aggregate over 0.1% of the Shares in issue and having an aggregate value in excess of HK\$5 million, based on the closing price of the Shares of HK\$1.29 on the Offer Date, pursuant to Rule 17.04(1) of the Listing Rules, the grant of Options to Mr. Wang must be approved by the Independent Shareholders at the EGM at which all connected persons of the Company shall abstain from voting in favour. In addition, as the total number of Shares to be issued upon exercise of the Options granted to Mr. Wang exceeds 1% of the Shares in issue, Mr. Wang and his associates (as defined in the Listing Rules) shall also abstain from voting on the relevant resolution in respect of the Options offered to be granted to him.

Moreover, as the total number of Shares to be issued upon exercise of the Options offered to be granted to Mr. Qian exceeds 1% of the Shares in issue, pursuant to Rule 17.03(4) of the Listing Rules, the grant of Options to Mr. Qian must be approved by Shareholders at the EGM with Mr. Qian and his associates (as defined in the Listing Rules) abstaining from voting on the relevant resolution in respect of the Options offered to be granted to him.

Save for Mr. Wang and Mr. Qian, none of the Grantees will, as a result of the grant of Options, be entitled to be issued with such number of Shares as represents over 1% of the Shares in issue upon exercise of all Options granted to him/her in the 12-month period up to and including the Offer Date.

Save as disclosed above, none of the Grantees is a Director, chief executive or substantial Shareholder of the Company, or any of their respective associate(s) (as defined in the Listing Rules).

## **GENERAL**

The circular containing, amongst other things, (i) the letter from the Board containing further details of the grant of Options; and (ii) the notice of EGM, will be despatched to the Shareholders on or before 8 May 2015 in accordance with the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors
“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 with its securities listed on the Stock Exchange
“Director(s)”	the directors of the Company
“Effective Date”	11 May 2015
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of, among other things, approving the grant of the Options
“Grantee(s)”	Five eligible participants, who are entitled to the Options to be granted by the Company, including Mr. Wang, Mr. Qian and Ms. Sy
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholder(s)”	Shareholders other than the connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Qian”	Mr. Qian Wu, an executive Director of the Company
“Mr. Wang”	Mr. Wang Ming Fan, an executive Director and a substantial Shareholder of the Company
“Ms. Sy”	Ms. Sy Wai Shuen
“Offer Date”	22 April 2015, the date on which the Options are offered to the Grantees
“Option(s)”	the 58,000,000 Share Options offered to be granted to the Grantees under the Share Option Scheme to subscribe for 58,000,000 Shares in aggregate
“Share Option(s)”	the share option(s) granted and to be granted under the Share Option Scheme

“Share Option Scheme”	the existing share option scheme adopted by the Company on 25 November 2005
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars
“%”	Per cent.

By order of the Board  
**China Flavors and Fragrances Company Limited**  
**Wang Ming Fan**  
*Chairman*

Hong Kong, 22 April 2015

*As at the date of this notice, the executive directors of the Company are Mr. Wang Ming Fan, Mr. Li Qing Long 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.*