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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)

VOLUNTARY ANNOUNCEMENT UPDATE ON THE DEVELOPMENT OF THE GROUP

This announcement is made by China Flavours and Fragrances Company Limited (the “**Company**”) on a voluntary basis to keep the shareholders and potential investors of the Company informed of the update of the latest development of the Company and its subsidiaries (the “**Group**”).

In 2015, two office buildings have been constructed at the Shenzhen Boton Science and Technology Park. Shenzhen Boton Spice Company Limited* (深圳波頓香料有限公司) (“**Shenzhen Boton**”), a wholly-owned subsidiary of the Company, has entered into three lease agreements (the “**Lease Agreements**”), pursuant to which various floors of one of the office buildings (the “**Relevant Office Building**”) will be leased to two lessees. To the best knowledge, information and belief of the board of directors of the Company (the “**Board**”), the lessees and their respective ultimate beneficial owners are third parties independent and not connected with the Company and its connected persons.

It is expected that the aggregate annual rental will generate approximately RMB20 million (equivalent to approximately HK\$24 million) to the Group.

Subject to the Relevant Office Building having obtained the relevant occupation permits and the relevant laws and regulations having been complied with, the Lease Agreements will commence with the respective term of 23 months, 6 years and 8 years in accordance with the terms of each of the Lease Agreements.

It is expected that the term of the Lease Agreements will commence in 2016 and the rental will become a steady source of income of the Group.

The Board is of the view that each of the Lease Agreements was entered into at arm's length at the prevailing market rent and on normal commercial terms. The leasing will allow the Company to generate income from the unused space of the Relevant Office Building. The Directors are of the view that the leasing is in the best interest of the Company and its shareholders as a whole.

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

Hong Kong, 4 January 2016

* *For identification purpose only*

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 RMB1.00 to HK\$1.2. 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.

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