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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)

UPDATE ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING

Reference is made to the announcements of the Company dated 22 December 2015 and 28 December 2015 (the “**Announcements**”) in relation to, *inter alia*, the proposed acquisition of the business and/or assets of Shenzhen Da Herong Spice Company Limited* (深圳大合榮香精香料有限公司) (the “**Relevant Vendor**”) by the Company. Unless otherwise specified, terms defined in the Announcements shall have the same meanings when used in this announcement.

Pursuant to the memorandum of understanding dated 22 December 2015, the Company shall be entitled to conduct due diligence within a period of 2 months from the date of the memorandum of understanding (or such other period as the parties may agree) for considering the potential acquisition of the Relevant Vendor’s business and/or assets. A refundable deposit of RMB30 million (equivalent to approximately HK\$36 million) has been paid by the Company to the Relevant Vendor.

As additional time is required for the Company to conduct the said due diligence on the Relevant Vendor’s business and/or assets, the Company and the Relevant Vendor agree that the Company shall pay a further refundable deposit of RMB5 million (equivalent to approximately HK\$6 million) to extend the said 2 months period to 31 March 2016.

The Board wishes to emphasize that notwithstanding the payment of further deposit, the proposed acquisition may or may not materialise and shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 3 February 2016

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.

** For identification purpose only*