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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 Flavors and Fragrances Company Limited (the “**Company**”) on a voluntary basis to keep the shareholders and potential investors of the Company informed of an update of the latest development of the Company and its subsidiaries (the “**Group**”).

On 13 April 2018, a subsidiary of the Group, Boston Group Company Limited (“**Boston Group**”), Yunnan Provincial Academy of Science and Technology (the “**Yunnan Provincial Academy**”) and Kunming Institute of Botany, Chinese Academy of Sciences (“**Kunming Institute**”) have jointly entered into a “Framework Agreement of Research Collaboration on Development and Utilization of Natural Flavors and Fragrances” (the “**Framework Agreement**”). The Framework Agreement aims to carry out extensive and in-depth projects with focus on the development and utilization of natural flavor and fragrance resources in Yunnan for industrialization co-operation.

TERMS OF THE FRAMEWORK AGREEMENT

Co-operation results and benefits obtained from those co-operations shall be shared by all the three parties under mutual discussion with sharing of each project outcome under separate agreement in writing.

The Framework Agreement shall become effective and valid for five years upon the execution of agreement on 13 April 2018. If all the three parties need to continue the collaboration upon the expiry of the Framework Agreement, all parties could negotiate and enter into another agreement in writing.

Yunnan Province

The Yunnan Province is the main producing area of natural spices in China. Close to 400 natural spice species have been discovered and cultivated. Almost 90% of the world's spice plants grow naturally in the Yunnan Province. The output of natural spices in Yunnan Province accounts for one-third of the country's total spice output and spice products are exported to more than twenty countries and regions such as India, Germany, the Netherlands and France, as well as to the top ten flavors and fragrances companies in the world.

Role of the Three Parties

Boton Group is one of the Group's subsidiaries engaged in flavors and fragrances businesses and is currently exploring further investment in the Yunnan Province in China.

Yunnan Provincial Academy is a new type of scientific research institution approved and established by the governmental Yunnan Provincial Party Committee. It focuses on industrial development of the Yunnan Province, conducts mutual technology research and development, facilitates as a new research service agency for transfer use of research result. It is also commissioned by the Yunnan Provincial Science and Technology Department to provide service of transferring scientific and technological achievements. So it has strong capability of integrating scientific and technology innovation resources and services.

Kunming Institute is a direct research institute of the Chinese Academy of Science. It is an important comprehensive research institute in the fields of botany and phytochemistry. It has a first-class domestic research and development platform and scientific research team.

Under the Framework Agreement, all the three parties shall organize for research institutes and enterprises of either the upstream or downstream of the flavor and fragrance industry to form the "Yunnan Boton Flavor and Fragrance Alliance", organize alliance activities and form long term effective co-operative system, so to jointly create a brand of "波頓 - 雲香" (the Scent of Yunnan-Boton). It shall carry out research projects, such as "Co-operation Platform of New Biological Development and Application Technology of Yunnan Natural Spice Resources Project", "Modern Planting Base of Yunnan Natural Spices Co-operation Project", "Yunnan Natural Flavor and Fragrance Plant Innovation Factory Project", "Aroma Technology Forum and the Forum for Science Popularization", "Trading Platform of Yunnan Boton Flavors and Fragrances", etc.

All the three parties shall from time to time invite each other's experts to hold joint academic seminars, frontier strategic analysis and academic forums; to participate activities of industry associations, industry quality supervision, etc. for exchange of industry information and technical know-how.

Yunnan Provincial Academy and Kunming Institute shall provide continuing education (including academic education, degree education, master degree in engineering, etc.) or short-term training according to Boton Group's needs. Boton Group may provide practice base and innovation base for relevant graduate students of Yunnan Provincial Academy and Kunming Institute and provide the necessary facilities. Yunnan Provincial Academy and Kunming Institute shall arrange a certain number of full-time graduate students each year to participate in Boton Group's research project and participate in solving practical production problems. Those students shall complete their dissertation study under the guidance of instructors from all the three parties.

Boton Group may establish a commercial promotion center or representative office in Kunming, Yunnan Province, China and may enter the technology innovation incubator of Yunnan Provincial Academy. Boton group shall enjoy relevant preferential policies and supporting facilities, conduct business promotion and marketing co-operation in the Yunnan Province.

Reasons for entering into the Framework Agreement

In order to further explore and develop the natural resources of spices in Yunnan to increase the value of development and utilization of spice; to modernize the level of scientific and technological innovation in the related industries in the development and utilization of natural flavors and fragrances in Yunnan so leading it to market arena, becoming international, upgrade and transformation of the industry for the province, Boton Group together with Yunnan Provincial Academy and Kunming Institute reached mutual agreement and entered into the Framework Agreement. Pursuant to the Framework Agreement, all the three parties shall co-ordinate and integrate each other's cutting edge to establish an innovative platform of natural spices with Yunnan Province as its core base, with the strategy of facing the west-south region of the country, radiating the South and South-eastern Asia. All the three parties will carry out comprehensive co-operation in various forms to jointly build an alliance of industry players and academic research institutes. With the help and use of corporate resources and channels including its research and development technology and manufacture conditions, the scope of academic research would be widened and the possibility of turning research result into productivity.

The Board is of the view that the Framework Agreement was made on terms that are fair and reasonable and 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, 13 April 2018

As at the date of this announcement, the executive directors of the Company are Mr. Wang Ming Fan, Mr. Li Qing Long and Mr. Yang Ying Chun; the non-executive director of the Company is Ms. Sy Wai Shuen and the independent non-executive directors of the Company are Mr. Leung Wai Man, Roger, Mr. Ng Kwun Wan and Mr. Zhou Xiao Xiong.