
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Flavors and Fragrances Company Limited 中國香精香料有限公司, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed dealer, or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;**
(2) RE-ELECTION OF DIRECTORS;
(3) SCRIP DIVIDEND SCHEME IN RELATION TO THE FINAL DIVIDEND
FOR THE YEAR ENDED 31 DECEMBER 2010;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING

A notice dated 8 April 2011 convening the annual general meeting of China Flavors and Fragrances Company Limited 中國香精香料有限公司 to be held at Plaza 1-2 at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 13 May 2011 at 3:30 p.m. is set out in this circular. A form of proxy for use at the annual general meeting is enclosed in this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk).

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the annual general meeting or any adjourned meeting if you so wish.

8 April 2011

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DEFINITIONS

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

“2010 Final Dividend”	the final dividend of HK\$0.08 per Share for the year ended 31 December 2010 payable to the Shareholders whose names were recorded on the register of members of the Company on Record Date
“AGM”	the annual general meeting of the Company to be convened at Plaza 1-2 at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 13 May 2011 at 3:30 p.m.;
“Articles”	the articles of association adopted by the Company, and as amended from time to time by resolution of the Shareholders of the Company;
“Board”	the board of Directors;
“Chairman”	chairman of the Board;
“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)”	director(s) of the Company;
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Share Issue Mandate;
“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 People’s Republic of China;
“Latest Practicable Date”	31 March 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Record Date”	Friday, 13 May 2011
“Repurchase Mandate”	a general and unconditional mandate proposed be granted to the Directors to enable them to repurchase Shares on the Stock Exchange up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the AGM;
“Scrip Dividend Scheme”	a scheme of the Company under which the 2010 Final Dividend is to be wholly paid up by the allotment and issue of Scrip Shares credited to fully paid in lieu of cash;
“Scrip Shares”	new Share(s) to be allotted, issued and credited as fully paid up under the Scrip Dividend Scheme;
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Share Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the AGM;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers.

LETTER FROM THE BOARD



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)

Executive directors:

Mr. Wong Ming Bun (*Chairman*)
Mr. Wang Ming Fan (*Chief Executive Officer*)
Mr. Li Qing Long
Mr. Wang Ming You
Mr. Qian Wu

Independent non-executive directors:

Mr. Leung Wai Man, Roger
Mr. Ng Kwun Wan
Mr. Zhou Xiao Xiong

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P. O. Box 2681 GT
George Town
Grand Cayman
British West Indies

Principal place of business

in Hong Kong:

Offices 4-5, 15/F.,
Kwan Chart Tower,
No.6 Tonnochy Road,
Wanchai,
Hong Kong

8 April 2011

To Shareholders

Dear Sir or Madam,

- (1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;
(2) RE-ELECTION OF DIRECTORS;
(3) SCRIP DIVIDEND SCHEME IN RELATION TO THE FINAL DIVIDEND
FOR THE YEAR ENDED 31 DECEMBER 2010;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the ordinary resolutions to be proposed at the AGM for the approval of (a) the Share Issue Mandate; (b) the Repurchase Mandate; (c) the Extension Mandate; (d) details of the Scrip Dividend Scheme and (e) the re-elections of Directors. This circular contains the explanatory statement and gives all the information reasonably necessary to enable the Shareholders to make informed decisions on whether to vote for or against the resolutions to be proposed at the AGM.

A notice convening the AGM is set out on page 15 to page 18 to this circular.

LETTER FROM THE BOARD

GRANT OF SHARE ISSUE MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

Pursuant to the ordinary resolutions passed by the then Shareholders at the last annual general meeting of the Company held on 24 May 2010, the Directors were granted (a) a general unconditional mandate to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of the relevant ordinary resolution; (b) a general unconditional mandate to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of the relevant ordinary resolution; and (c) the power to extend the general mandate mentioned in (a) above by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to the mandate to purchase or repurchase Shares referred to in (b) above.

The above mandates will expire at the conclusion of the AGM. At the AGM, the following resolutions, among other matters, will be proposed:

- (a) to grant the Share Issue Mandate to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution;
- (b) to grant the Repurchase Mandate to the Directors to enable them to repurchase Shares on the Stock Exchange up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution; and
- (c) to grant the Extension Mandate to the Directors to increase the total number of Shares which may be allotted and issued under the Share Issue Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

Each of the Share Issue Mandate, the Repurchase Mandate and the Extension Mandate will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company following the AGM; (b) the date by which the next annual general meeting is required to be held under the Articles or any applicable laws of the Cayman Islands or the Listings Rules; or (c) when the authority given to the Directors thereunder is revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

The Directors wish to state that they have no immediate plans to allot and issue any new Shares other than such Shares which may fall to be allotted and issued upon the exercise of any options granted under the share option scheme of the Company.

LETTER FROM THE BOARD

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in the Appendix to this circular. The information in the explanatory statement is provided to you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution in relation to the Repurchase Mandate.

RE-ELECTION OF DIRECTORS

As at the date of this circular, the executive Directors are Mr. Wong Ming Bun, Mr. Wang Ming Fan, Mr. Li Qing Long, Mr. Wang Ming You and Mr. Qian Wu and the independent non-executive Directors are Mr. Leung Wai Man, Roger, Mr. Zhou Xiao Xiong and Mr. Ng Kwun Wan.

Pursuant to Article 87(1) of the Company's Articles, one-third of the Directors shall retire from office by rotation at each annual general meeting. Accordingly, Mr. Wong Ming Bun, Mr. Wang Ming You and Mr. Qian Wu will retire at the AGM, and who being eligible, offer themselves for re-election.

The biographical details of all the retiring Directors are as follows:

Mr. Wong Ming Bun ("Mr. Wong"), aged 53, is the Chairman of the Company and one of the founders of the Group. Mr. Wong has approximately 20 years of corporate management and administration experience in the flavour and fragrance industry. Mr. Wong is responsible for formulating the overall corporate strategy of the Group. Mr. Wong is an entrepreneur with extensive experience for corporate management of enterprises engaged in a variety of industries, which include flavours and fragrances, food, electronic, biotechnology and packaging. Mr. Wong is the brother of Mr. Wang Ming Fan and Mr. Wang Ming You. They are shareholders of Creative China Limited, a substantial shareholder of the Company, holding approximately 59.22% of interest in the Company. Creative China Limited is owned as to 31.10%, 37.95% and 21.30% by Mr. Wong, Mr. Wang Ming Fan and Mr. Wang Ming You. Mr. Wong was appointed as an executive Director in April 2005. Mr. Wong joined the Group since March 1991.

Save as disclosed above, Mr. Wong does not have any relationships with other Directors, senior management, substantial shareholders or controlling shareholders of the Group and does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Wong has entered into a service contract with the Company for a term of 3 years commencing from 9 December 2005 which continues thereafter until terminated by either party giving not less than 3 months' notice in writing to the other party. Mr. Wong is entitled to an annual salary of HK\$1,620,000 which is determined on the basis of his relevant experience, responsibility, workload and time devoted to the Group. In addition, Mr. Wong is entitled to a management bonus by reference to the audited consolidated net profits of the Group after taxation and minority interests but before extraordinary items (the "Net Profits") as the

LETTER FROM THE BOARD

remuneration committee of the Board may, at its absolute discretion, approve provided that the aggregate amount of the management bonuses payable to all executive Directors in respect of any financial year shall not exceed 10% of the Net Profits for the relevant financial year.

Mr. Wang Ming You (“Mr. Wang”), aged 57, established 電白縣東山罐頭廠 (Dian Bai Yuan Dong Shan Canned Food Factory) and was the chief officer thereof from 1976 to 1982. Mr. Wang had been a director of Shenzhen-Boton from 1992 to 1996. Mr. Wang founded and was the Chairman and General Manager of 廣東省茂名市基金房地產有限公司 (Guangdong Province Mao Ming City Jinji Real Estate Company Limited), he was also the Chairman and General Manager of 海南省海口市金海藻食品科技有限公司 (Hainan Province Haikou City Jin Seaweed Food Technology Company Limited) from 1996 to 2006. Mr. Wang has valuable experience in relation to corporate management, property industry and food manufacturing industry. Mr. Wang was appointed as an executive Director in March 2007.

Mr. Wang is the brother of Mr. Wong and Mr. Wang Ming Fan. They are shareholders of Creative China Limited, a substantial shareholder of the Company, holding approximately 59.22% of interest in the Company. Creative China Limited is owned as to 21.30%, 31.10% and 37.95% by Mr. Wang, Mr. Wong and Mr. Wang Ming Fan respectively.

Save as disclosed above, Mr. Wang does not have any relationship with any Directors, senior management or substantial shareholders or controlling shareholders of the Company and does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as aforesaid, Mr. Wang has not previously held any position with the Group and has not been a director in any other listed company in the past 3 years.

Mr. Wang has entered into a service contract with the Company for a term of 3 years commencing from 15 March 2007 which shall continue after the expiry of the initial term until terminated by either party giving not less than 3 months’ notice in writing to the other party. Mr. Wang is entitled to an annual salary of HK\$1,000,000. The terms of Mr. Wang’s service contract are similar to that of Mr. Wong’s service contract, which includes, inter alia, the basis of determination of salary, entitlement to management bonus and termination of contract.

Mr. Qian Wu (“Mr. Qian”), aged 46, is the deputy general manager of Shenzhen-Boton, an indirect wholly owned subsidiary of the Company. He joined the Group in October 1998 and is the chief supervisor in relation to the applied technology and promotion center for food flavors of the Group. He graduated from 中國安徽機電學院 (Anhui Institute of Mechanical and Electrical Engineering) in 1990, with a major in industrial corporate management. Mr. Qian has approximately 20 years of research and development experience in the flavor and fragrance industry. Prior to joining the Group, Mr. Qian had worked in Wuhu Tobacco Factory for 12 years. Mr. Qian was appointed as an executive Director in March 2007.

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As at the date of announcement, Mr. Qian does not have any relationship with any Directors, senior management or substantial shareholders or controlling shareholders of the Company and does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed above, Mr. Qian has not previously held any position with the Group and has not been a director in any other listed company in the past 3 years.

Mr. Qian has entered into a service contract with the Company for a term of 3 years commencing from 15 March 2007 which shall continue after the expiry of the initial term until terminated by either party giving not less than 3 months' notice in writing to the other party. Mr. Qian is entitled to an annual salary of HK\$1,000,000. The terms of Mr. Qian's service contract are similar to that of Mr. Wong's service contract, which includes, inter alia, the basis of determination of salary, entitlement to management bonus and termination of contract.

Save as disclosed above, there is no information about any of the retiring Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters in relation to the aforesaid re-elections that is required to be brought to the attention of the Stock Exchange or the Shareholders.

SCRIP DIVIDEND SCHEME

On 18 March 2011, the Board announced the audited consolidated results of the Group for the year ended 31 December 2010 and recommended the payment of the 2010 Final Dividend which is payable in scrip form equivalent to HK\$0.08 per Share without a cash option to the Shareholders whose name appear on the Company's register of members as at the Record Date. Together with the interim dividend of HK\$0.01 per share paid on 29 October 2010, the total dividends per share for the year ended 31 December 2010 will thus be HK\$0.09 per share.

Particulars of Scrip Dividend Scheme

Under the Scrip Dividend Scheme, each Shareholder is entitled to receive the 2010 Final Dividend by the allotment and issue of Scrip Shares credited as fully paid up in lieu of cash.

Pursuant to the Articles of Association, the Board may recommend the Company to satisfy scrip dividend wholly in the form of an allotment of Shares credited as fully paid up without offering any right to the Shareholders to elect to receive such dividend in cash in lieu of such allotment.

LETTER FROM THE BOARD

For the purpose of calculating the number of Scrip Shares to be allotted to the Shareholders pursuant to the Scrip Dividend Scheme, the market value of a Scrip Share will be calculated on the basis of the average closing price per Share (“Average Closing Price”) for the 5 consecutive trading days from Friday, 6 May 2011 up to and including Friday, 13 May 2011 and rounding down such figure to four decimal places. Accordingly, it will not be possible to determine until after the close of business on Friday, 13 May 2011 the exact number of Scrip Shares that the Shareholders will be entitled. The number of Scrip Shares which the Shareholders will receive in respect of the existing Shares registered in their names as at the Record Date will be calculated as follows:

$$\begin{array}{rcccl} \text{Number of Scrip} & & \text{Number of existing} & & \text{HK\$0.08} \\ \text{Shares to be received} & = & \text{Shares held on} & \times & \text{Average Closing} \\ & & \text{the Record Date} & & \text{Price per share} \end{array}$$

Scrip Shares will rank *pari passu* in all respects with the existing issued Shares, and will rank in full for all future dividends and distribution which may be declared, made or paid (except for the 2010 Final Dividend).

The number of Scrip Shares to be issued to the Shareholders will be rounded down to the nearest whole number. Fractional entitlements to Scrip Shares will be disregarded and the benefit thereof will accrue to the Company.

The Company will make an announcement setting out the basis of allotment of Scrip Shares on or about Tuesday, 17 May 2011.

Odd lots of Shares may arise out of the distribution of Scrip Shares. However, as the reason behind the Scrip Dividend Scheme is for the Shareholders to increase its investment in the Company and not to encourage the Shareholders to sell Scrip Shares immediately after its distribution, the Company will not appoint any agent to facilitate the trading of odd lots of Shares after the distribution of Scrip Shares.

Closure of Register of Members

The register of members of the Company will be closed from Friday, 6 May 2011 to Friday, 13 May 2011, both days inclusive. In order to qualify for the proposed 2010 Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 5 May 2011.

Effect of Scrip Dividend Scheme

The Shareholders should note that Scrip Shares may give rise to notification requirements under Part XV of the SFO. If the Shareholders are in any doubt as to how these provisions may affect them or as to their taxation position, they are recommended to consult their own professional advisers.

LETTER FROM THE BOARD

The Shareholders who are trustees are recommended to seek professional advice as to whether it is within their powers to receive Scrip Shares and as to its effect having regard to the terms of the relevant trust instrument.

Whether or not it is to your advantage to receive Scrip Shares depends upon your own individual circumstances, and the decision in this regard and all effects resulting therefrom are the responsibility of each Shareholder. If you are in any doubt as to what to do, you are recommended to consult your own professional advisers.

Advantages of Scrip Dividend Scheme

The Scrip Dividend Scheme will give the Shareholders an opportunity to increase their investment in the Company without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also benefit the Company to the extent that the Shareholders shall receive Scrip Shares in whole in lieu of a cash dividend, and the profit of the Company will be retained for use as working capital by the Company.

Overseas Shareholders

Based on the register of members of the Company as at the Latest Practicable Date, no Shareholder had a registered address outside Hong Kong.

None of this circular nor Scrip Shares will be registered or filed under the securities laws or equivalent legislation of any jurisdiction outside Hong Kong. It is the responsibility of any Shareholder to satisfy himself/herself/itself as to full observance of the laws of any relevant territory, including obtaining any governmental or other consents which may be required for receiving Scrip Shares. In this respect, the Shareholders should consult their professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to receive Scrip Shares. No person resident in any territory outside Hong Kong and no person receiving in any territory outside Hong Kong a copy of this circular may treat the same as an invitation to him/her/it to subscribe for Scrip Shares unless in the relevant territory such invitation could lawfully be made to him/her/it without having to comply with any unfulfilled registration or other legal requirements.

For the avoidance of doubt, Scrip Shares are not being offered to the public.

Listing and Dealings

The Shares are listed and dealt in on the Stock Exchange. No part of the Company's securities is listed or dealt in on any other stock exchange, nor is listing or permission to deal on any other exchange being or proposed to be sought.

Application has been made to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, Scrip Shares. It is expected that the share certificates for Scrip Shares will be posted to the Shareholders at the risk of those entitled thereto on or about Friday, 17 June 2011. Dealings in Scrip Shares on the Stock Exchange are expected to commence on or about Monday, 20 June 2011.

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Subject to the granting by the Listing Committee of the Stock Exchange the listing of, and permission to deal in, Scrip Shares issued pursuant to the Scrip Dividend Scheme on the Stock Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System. The Shareholders should seek the advice of their licensed securities dealer or other professional adviser for details of these settlement arrangements and how such arrangements will affect their rights and interests.

Scrip Shares to be issued to the Shareholders may be allocated in odd lots. No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of Scrip Shares issued in odd lots. The Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

Conditions of Scrip Dividend Scheme

The Scrip Dividend Scheme are conditional upon (1) the passing of an ordinary resolution to approve the 2010 Final Dividend at the AGM; and (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, Scrip Shares.

Expected Timetable for the Scrip Dividend Scheme

AGM to approve the payment of the 2010 Final DividendFriday, 13 May 2011

Announcement setting out the basis of allotment of Scrip Shareson or about Tuesday,
17 May 2011

Share certificates for Scrip Shares to all the ShareholdersFriday, 17 June 2011

Commencement of dealings in Scrip SharesMonday, 20 June 2011

THE AGM AND PROXY ARRANGEMENT

A notice convening the AGM to be held at Plaza 1-2 at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 13 May 2011 at 3:30 p.m. is set out on pages 15 to 18 of this circular. All the resolutions set out in the notice of the AGM will be decided by poll in accordance with the Listing Rules.

A form of proxy for use at the AGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange (www.hkex.com.hk). Whether or not you are able to attend the AGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM (or any adjournment thereof) to the office of the Company's share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that (1) the grant of the Share Issue Mandate; (2) the grant of the Repurchase Mandate; (3) the grant of the Extension Mandate; (4) the details of the Scrip Dividend Scheme and (5) the re-election of Directors are in the interests of the Group and the Shareholders as a whole and accordingly recommend all the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully

For and on behalf of the Board

China Flavors and Fragrances Company Limited

中國香精香料有限公司

Wong Ming Bun

Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide all the information in relation to the Repurchase Mandate for your consideration.

1. LISTING RULES RELATING TO THE REPURCHASES OF SECURITIES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their fully-paid shares on the Stock Exchange subject to certain restrictions, the important of which are summarized below:

(a) Shareholders' approval

All proposed purchase of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by its shareholders by an ordinary resolution, either by way of a general mandate or by a specific approval in relation to a specific transaction.

(b) Share capital

Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the aggregate nominal amount of its issued share capital at the date of the passing of the proposed resolution granting the Repurchase Mandate.

As at the Latest Practicable Date, the Company has 487,535,832 Shares in issue. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the AGM, the exercise of the Repurchase Mandate in full would result in up to 48,753,583 Shares being repurchased by the Company during the period from the date of passing of the relevant resolution to the next annual general meeting of the Company or the date upon which the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company, whichever occurs first.

(c) Reason for repurchase

The Directors believe that it is in the interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase securities of the Company on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

(d) Funding of repurchase

Any repurchase by the Company may be made out of the profits of the Company or out of a fresh issue of Shares made for the purpose of the purchase or, subject to the laws of the Cayman Islands, out of its capital and, in the case of any premium payable on the purchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, subject to the laws of the Cayman Islands, out of its capital.

As compared with the financial position of the Company as at 31 December 2010 (being the date of its latest audited accounts), the Directors consider that there would not be a material adverse impact on the working capital or gearing position of the Company if the Repurchase Mandate is to be exercised in full during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level (as compared with the position disclosed in its most recent published audited accounts) which in the opinion of the Directors are from time to time appropriate for the Company.

(e) Connected parties

None of the Directors nor, to the best knowledge of the Directors having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) has any present intention to sell Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

As at the Latest Practicable Date, no connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

(f) Undertaking by Directors

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

(g) Takeovers Code

If as a result of a repurchase of Shares a Shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition of voting rights for the purpose of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Creative China Limited, being the controlling shareholder of the Company, held 286,851,000 Shares representing approximately 59.22% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholding of Creative China Limited in the Company would be increased to approximately 65.37% of the issued share capital of the Company and such an increase would not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeover Code. The Company will not repurchase Shares if that repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the Company's issued share capital.

2. SHARE PURCHASE MADE BY THE COMPANY

No purchase of Shares has been made by the Company during the last six months (whether on the Stock Exchange or otherwise).

3. SHARE PRICES

The highest and lowest prices at which the Shares of the Company have been traded on the Stock Exchange during each of the previous twelve months were as follows:

Month	Per Share	
	Highest (HK\$)	Lowest (HK\$)
2010		
April	2.50	1.95
May	2.36	1.81
June	1.97	1.72
July	1.80	1.56
August	1.82	1.68
September	2.00	1.75
October	2.08	1.83
November	2.08	1.80
December	2.05	1.88
2011		
January	2.00	1.87
February	1.90	1.68
March (<i>Note</i>)	1.98	1.70

Note: Up to the Latest Practicable Date

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN THAT the annual general meeting of CHINA FLAVORS AND FRAGRANCES COMPANY LIMITED (the “**Company**”) will be held at Plaza 1-2 at Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong, on 13 May 2011 at 3:30 p.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors’ for the year ended 31 December 2010.
2. To re-elect the retiring Directors (whose particulars are stated in the circular of the Company dated 8 April 2011) and to authorize the board of directors to fix the directors’ remuneration.
3. To re-appoint the Company’s auditors and to authorize the board of directors to fix the remuneration of the auditors.
4. To approve the declaration of a final dividend for the year ended 31 December 2010 to be satisfied wholly by way of scrip dividend.

As special business, to consider and if thought fit, pass with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTIONS

5. (A) “**THAT**
 - (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which (including warrants, bonds and debentures convertible into shares of the Company) would or might require the exercise of such powers after the end of the Relevant Period;

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- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (a) and (b), otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) an issue of shares under any options granted under the share option scheme adopted by the Company; (iii) an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company; (iv) an issue of shares in lieu of the whole or part of a dividend pursuant to any scrip dividend scheme or similar arrangement in accordance with the articles of association of the Company; and (v) any adjustment, after the date of grant or issue of any options, rights to subscribe for other securities referred to in (ii) and (iii) above, in the price at which shares in the Company shall be subscribed, and/or in the number of shares in the Company which shall be subscribed, on exercise of relevant rights under such options, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, rights to subscribe or other securities, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the time of passing this resolution; and
- (d) for the purposes of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
- (iii) the date of which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares or other securities of the Company open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China).”

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(B) **“THAT**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to repurchase shares of the Company, subject to and in accordance with all applicable laws and requirements, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company which may be purchased pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company as at the date of passing of this Resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
- (iii) the date which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

- (C) **“THAT** conditional upon Resolutions A and B set out above being passed, the aggregate nominal amount of the shares of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in Resolution B above shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or

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unconditionally to be allotted by the Directors pursuant to the Resolution A above provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”

By Order of the Board
China Flavors and Fragrances Company Limited
中國香精香料有限公司
Wong Ming Bun
Chairman

Hong Kong, 8 April 2011

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

Notes:

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney or other person duly authorized.
4. Delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, then one of the said persons so present being the most, or as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holder stand on the register in respect of the relevant joint holding.
6. The enclosed form of proxy must be signed by the appointor or by his attorney authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an office, attorney or other person duly authorized to sign the same.
7. The Register of Members of the Company will be closed from 6 May 2011 to 13 May 2011, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending the forthcoming Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 5 May 2011.