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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or other registered institution in securities, 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 with the accompanying proxy form to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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 2018**  
**AND**  
**(4) NOTICE OF ANNUAL GENERAL MEETING**

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A notice dated 8 April 2019 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 Jasmine Room, Best Western Plus Hotel Hong Kong, 308 Des Voeux Road West, Hong Kong on 10 May 2019 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.hkexnews.hk](http://www.hkexnews.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.

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## DEFINITIONS

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

“2018 Final Dividend”	the final dividend of HK\$0.034 per Share for the year ended 31 December 2018 payable to the Shareholders whose names were recorded on the register of members of the Company on the Record Date
“AGM”	the annual general meeting of the Company to be held at Jasmine Room, Best Western Plus Hotel Hong Kong, 308 Des Voeux Road West, Hong Kong on 10 May 2019 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
“Business Day”	has the meaning ascribed to it under the Listing Rules
“close associates”	has the meaning ascribed to it under the Listing Rules
“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
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the 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 the 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 PRC
“Latest Practicable Date”	29 March 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular

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## DEFINITIONS

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“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which shall, for the purposes of this circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PSCS”	a series of perpetual subordinated convertible securities issued by the Company on 15 August 2016, the details of which were disclosed in the circular of the Company dated 21 June 2016
“Record Date”	22 May 2019
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them to repurchase the 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”	the scheme of the Company in relation to the 2018 Final Dividend by way of cash and each with an option to elect to receive wholly or partly an allotment and issue of the Shares
“Scrip Shares”	new Shares to be allotted, issued and credited as fully paid up under the Scrip Dividend Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“Share Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to allot, issue and otherwise deal with the 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

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## DEFINITIONS

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“Share Option Schemes”	the share option scheme adopted by the Company and became effective on 25 November 2005 (which was terminated on 8 May 2015) and the share option scheme adopted by the Company on 8 May 2015
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent



**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. Wang Ming Fan

*(Chairman & Chief Executive Officer)*

Mr. Li Qing Long

Mr. Yang Ying Chun

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Independent Non-Executive Directors:*

Mr. Leung Wai Man, Roger

Mr. Ng Kwun Wan

Mr. Zhou Xiao Xiong

*Head Office and Principal Place  
of Business in Hong Kong:*

Room 2101-02, 21/F

Wing On House

71 Des Voeux Road Central

Central

Hong Kong

8 April 2019

*To the 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 2018**

**AND**

**(4) NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide Shareholders with information in respect of the resolutions to be proposed at the AGM for the approval of, *inter alia*, (a) the Share Issue Mandate; (b) the Repurchase Mandate; (c) the Extension Mandate; (d) the re-election of Directors; and (e) the Scrip Dividend Scheme.

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## LETTER FROM THE BOARD

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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 AGM-1 to page AGM-4 of this circular.

### **2. GRANT OF SHARE ISSUE MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE**

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 the 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 the 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 the 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.

As at the Latest Practicable Date, the issued share capital of the Company comprised 861,680,745 Shares. On the basis that no further Shares are repurchased or issued prior to the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 86,168,074 Shares and under the Share Issue Mandate to issue a maximum of 172,336,149 Shares, representing 10% and 20% of the issued Shares as at the Latest Practicable Date respectively.

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 (i) any conversion rights of the PSCS issued by the Company; and (ii) any options granted under the Share Option Schemes.

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## LETTER FROM THE BOARD

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An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in the Appendix I to this circular. The explanatory statement provides 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.

### 3. PROPOSED RE-ELECTION OF DIRECTORS

As at the date of this circular, the executive Directors are Mr. Wang Ming Fan, Mr. Li Qing Long and Mr. Yang Ying Chun and the independent non-executive Directors are Mr. Leung Wai Man, Roger, Mr. Ng Kwun Wan (“**Mr. Ng**”) and Mr. Zhou Xiao Xiong (“**Mr. Zhou**”).

Pursuant to Article 87(1) of the Articles, one-third of the Directors shall retire from office by rotation at each annual general meeting. Accordingly, Mr. Ng and Mr. Zhou will retire at the AGM, and who being eligible, offer themselves for re-election.

Pursuant to the code provision set out in paragraph A.4.3 of Appendix 14 of the Listing Rules, any further appointment of independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by shareholders. Notwithstanding that each of Mr. Ng and Mr. Zhou has served as independent non-executive Director for more than nine years, (i) the Board has assessed and reviewed the annual confirmation of independence based on the criteria set out in Rule 3.13 of the Listing Rules and affirmed that each of Mr. Ng and Mr. Zhou remains independent; (ii) the nomination committee of the Company has assessed and is satisfied of the independence of Mr. Ng and Mr. Zhou; and (iii) the Board considers that each of Mr. Ng and Mr. Zhou remains independent of the Group’s management and free of any relationship which could materially interfere with the exercise of his independent judgment. In view of the aforesaid factors and their respective experience and knowledge, the Board would recommend each of Mr. Ng and Mr. Zhou for re-election at the AGM.



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## LETTER FROM THE BOARD

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The biographical details of the two Directors proposed to be re-elected at the AGM are set out as follows:

**Mr. NG Kwun Wan** (吳冠雲), aged 55, has been an independent non-executive Director of the Company since December 2009. Mr. Ng obtained the Bachelor of Arts in Accounting and Finance from the Manchester Polytechnic in 1988 and the Master of Commerce majoring in Accounting from the University of New South Wales in 1990. Mr. Ng has been an associate member of the Hong Kong Institute of Certified Public Accountants since 1993. Mr. Ng has over 20 years of experience in the accounting and finance industry. From November 1994 to August 2004, Mr. Ng worked for New World Development (China) Limited and New World China Enterprises Projects Limited, both wholly-owned subsidiaries of New World Development Company Limited (stock code: 17), and his last position held was deputy general manager. From September 2006 to March 2009, he worked as the general manager of industrial operations in the real estate department of Smart Faith Management Limited, a subsidiary of South China Holdings Company Limited (stock code: 413). Mr. Ng is currently an independent non-executive director of Zhongzhi Pharmaceutical Holdings Limited (stock code: 3737).

Save as disclosed above, Mr. Ng has not previously held any position with the Company or any of its subsidiaries and has not been a director in any other listed company in the past 3 years.

As at the Latest Practicable Date, Mr. Ng does not have any relationship with any Directors, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholders (as defined in the Listing Rules) of the Company and does not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Ng has renewed his service agreement with the Company for a term of 2 years, commencing from 9 December 2017 and is subject to retirement by rotation and re-election in accordance with the Articles. The director fee is HK\$150,000 per annum. Save and except the aforesaid director fee, Mr. Ng will not be entitled to any other remuneration for holding his office as an independent non-executive Director of the Company.

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.

**Mr. ZHOU Xiao Xiong** (周小雄), aged 58, has been an independent non-executive Director of the Company since November 2005. Mr. Zhou obtained a bachelor's degree in 經濟信息管理系 (Economic Information Management) and had his postgraduate study in 世界經濟 (World Economics) from the 中國人民大學 (Renmin University of China) in 1983 and 1998 respectively. Mr. Zhou obtained a master degree in Master of Business Administration from 清華大學 (Tsinghua University) in 2008. Mr. Zhou has worked as senior management in a number of financial institutions in the PRC including 廣東證券有限公司 (Guangdong Securities Company Limited), 中國銀行股份有限公司 (Bank of China Limited) and 中山證券有限責任公司 (Zhongshan Securities

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## LETTER FROM THE BOARD

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Company Limited), and has over 20 years of experience in the fields of financial services and investment banking. Mr. Zhou is at present the chairman of J.P. Morgan Futures Company Limited in China.

Save as disclosed above, Mr. Zhou has not previously held any position with the Company or any of its subsidiaries and has not been a director in any other listed company in the past 3 years.

As at the Latest Practicable Date, Mr. Zhou does not have any relationship with any Directors, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholders (as defined in the Listing Rules) of the Company and does not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Zhou has entered into a service contract with the Company for a term of 2 years, commencing from 9 December 2017 and is subject to retirement by rotation and re-election in accordance with the Articles. The director's fee is HK\$150,000 per annum. Save and except the aforesaid Director's fee, Mr. Zhou will not be entitled to any other remuneration for holding his office as an independent non-executive director of the Company.

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.

#### **4. SCRIP DIVIDEND SCHEME**

On 22 March 2019, the Board announced the audited consolidated results of the Group for the year ended 31 December 2018 and recommended the payment of the 2018 Final Dividend of HK\$0.034 per Share by way of cash with an option to elect, on a separate basis, to receive wholly or partly an allotment and issue of Scrip Shares, credited as fully paid, in lieu of cash payment to the Shareholders whose name appear on the Company's register of members as at the Record Date.

In arriving at the decision to recommend the Scrip Dividend Scheme to the Shareholders, the Directors consider that while the Company should declare the final dividend for the financial year ended 31 December 2018, the retention of cash, which would otherwise have been paid to the Shareholders as a cash dividend, within the Group would enhance the continuous growth, maintain the financial stability and reduce the financing costs of the Group. On the other hand, the Scrip Dividend Scheme will give those Shareholders who wish to further invest in the Company the opportunity to increase their equity investment in the Company.

Shareholders are entitled to elect, on a separate basis, to have the final dividend to be made payable to them wholly in cash or in Shares or partly in cash and in Shares. Shareholders whose registered addresses are outside Hong Kong as shown in the register of members of the Company on the Record Date (if any) may not be permitted to participate in the Scrip Dividend Scheme if the

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## LETTER FROM THE BOARD

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Directors consider that the circulation of an offer of such election to such Shareholders would or might be unlawful or impracticable and accordingly no form of election will be sent to such Shareholders and they will receive the final dividend wholly in cash.

Should there be any Shareholder whose registered address is outside Hong Kong as shown in the register of members of the Company on the Record Date, the Company will make enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange for considering whether to exclude such Shareholder from the Scrip Dividend Scheme and it may only exclude such Shareholder on the basis that, having made such enquiry, it would be necessary or expedient to do so.

For the purpose of calculating the number of Scrip Shares to be allotted to the Shareholders who elect either wholly in Shares or partly in Shares or in cash 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 24 May 2019 up to and including 30 May 2019 and rounding down such figure to four decimal places. Accordingly, it will not be possible to determine until after the close of business on 30 May 2019 the exact number of Scrip Shares that the Shareholders will be entitled. The Company will make an announcement on or after 30 May 2019 to announce the calculation results of the price of the Scrip Shares.

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:

$$\begin{array}{rcccl} \text{Number of Scrip Shares to be} & & \text{Number of existing Shares held on} & & \\ \text{Received} & & \text{the Record Date} & & \text{HK\$0.034} \\ \text{(to be rounded down} & = & \text{for which the election} & \times & \frac{\text{Average Closing Price}}{\text{per Share}} \\ \text{to the nearest whole number)} & & \text{for Scrip Shares is made} & & \end{array}$$

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 2018 Final Dividend).

The number of Scrip Shares to be issued to the Shareholders pursuant to his/her election will be rounded down to the nearest whole number. No cash in lieu of fractional entitlements to Scrip Shares will be paid to the Shareholders as the Company considers that it is not cost effective to do so after taking into account the amounts of fractional entitlements in cash and the administrative expenses that will be incurred. As such, the fractional entitlements to the Scrip Shares will be disregarded and benefit thereof will accrue to the Company.

Scrip Shares issued to a Shareholder pursuant to an election to receive some or all of his/her 2018 Final Dividend in Scrip Shares may be allocated in odd lots (of fewer than a board lot of 2,000 Shares). Special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of Scrip Shares issued in odd lots. Further details of such arrangement will be

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## LETTER FROM THE BOARD

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included in the circular in relation to the Scrip Dividend Scheme to be despatched to the Shareholders on or around 23 May 2019. Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

Each Shareholder may elect to receive Scrip Shares in respect of all or part of his/her holding of Shares. No fraction of a Share will be issued. If a Shareholder chooses to take only part of his/her dividends as Scrip Shares, he/she will receive the balance in cash.

Subject to the passing of the resolution concerned at the AGM, an application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scrip Shares. No part of the Scrip Shares will be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Dealings in the Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearing and settlement in the Central Clearing and Settlement System and Shareholders should seek the advice of his/her stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect his/her rights and interests.

Further details of the Scrip Dividend Scheme will be set out in a circular which will be sent to the Shareholders on or around 23 May 2019, together with a form of election. Shareholders who wish to elect to receive an allotment of Scrip Shares or partly in cash and partly in Scrip Shares in respect of the 2018 Final Dividend must complete, sign and return the forms of election to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 10 June 2019.

In order to ascertain the entitlements to the final dividend for the year ended 31 December 2018, the register of members of the Company will be closed from 17 May 2019 to 22 May 2019 (both days inclusive) during which period no transfer of Shares will be registered.

The last day for dealing in Shares cum entitlements to the proposed final dividend for the year ended 31 December 2018 will be 14 May 2019. Shareholders are reminded that in order to qualify for the proposed final dividend for the year ended 31 December 2018, all transfers of Shares accompanied by the relevant share certificate and transfer forms must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 16 May 2019.

Subject to the approval by the Shareholders of the Scrip Dividend Scheme at the AGM and the grant by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Scrip Shares on the Stock Exchange, it is expected that the cheques for cash entitlements or the share certificates for the Scrip Shares are expected to be despatched on or around 28 June 2019 to the Shareholders by ordinary mail at their own risk. The dealings in the Scrip Shares on the Stock Exchange are expected to commence on or around 2 July 2019.

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## LETTER FROM THE BOARD

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### **5. THE AGM AND PROXY ARRANGEMENT**

A notice convening the AGM to be held at Jasmine Room, Best Western Plus Hotel Hong Kong, 308 Des Voeux Road West, Hong Kong, on 10 May 2019 at 3:30 p.m. is set out on pages AGM-1 to AGM-4 of this circular.

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.hkexnews.hk](http://www.hkexnews.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 branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, 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.

### **6. VOTING BY WAY OF POLL**

In accordance with Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the voting on all resolutions at the AGM will be conducted by way of poll.

### **7. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### **8. RECOMMENDATION**

The Directors consider that all the proposed resolutions in the AGM are in the best interest of the Company and the Shareholders as a whole and, accordingly, recommend all Shareholders to vote in favour of all such resolutions to be proposed at the AGM.

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## LETTER FROM THE BOARD

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### 9. GENERAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**China Flavors and Fragrances Company Limited**  
**Wang Ming Fan**  
*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:

### **(i) 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.

### **(ii) 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 861,680,745 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 86,168,074 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.

### **(iii) 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.

**(iv) 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 2018 (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.

**(v) Connected parties**

None of the Directors nor, to the best knowledge of the Directors having made all reasonable enquiries, any of their close 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 core 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.

**(vi) 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.

**(vii) 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 Takeovers Code.



As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors:

- (a) Creative China Limited, being the controlling shareholder of the Company, held 342,664,876 Shares representing approximately 39.77% 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 interest of Creative China Limited in the Company would be increased to approximately 44.19% of the issued share capital of the Company and such an increase may give rise to an obligation on the part of Creative China Limited to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. However, the Directors have no present intention to exercise the Repurchase Mandate to such an extent that would result in such takeover obligation; and
- (b) Mr. Wang Ming Fan, an executive Director, had a direct interest of 98,605,881 Shares, was deemed by the SFO to be interested in all the 342,664,876 Shares held by Creative China Limited (for reason that Mr. Wang Ming Fan is interested in approximately 41.19% of the issued share capital of Creative China Limited) and was deemed by the SFO to be interested in all the 19,004,567 Shares held by Full Ashley Enterprises Limited (for the reason that Mr. Wang Ming Fan is interested in 100% of the issued share capital of Full Ashley Enterprises Limited). As such, Mr. Wang Ming Fan had an aggregate interest of 460,275,324 Shares, representing approximately 53.42% 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 interest of Mr. Wang Ming Fan in the Company would be increased to approximately 59.35% 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 Takeovers Code.
- (c) 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:

<b>Month</b>	<b>Per Share</b>	
	<b>Highest</b> <i>(HK\$)</i>	<b>Lowest</b> <i>(HK\$)</i>
<b>2018</b>		
April	2.66	2.24
May	2.70	2.57
June	2.63	2.41
July	2.70	2.37
August	2.70	2.57
September	2.70	2.62
October	2.68	2.54
November	2.80	2.63
December	2.75	2.68
<b>2019</b>		
January	2.71	2.04
February	2.07	1.96
March ( <i>Note</i> )	2.60	2.05

*Note:* Up to the Latest Practicable Date

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## NOTICE OF ANNUAL GENERAL MEETING

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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)

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting of CHINA FLAVORS AND FRAGRANCES COMPANY LIMITED (the “**Company**”) will be held at Jasmine Room, Best Western Plus Hotel Hong Kong, 308 Des Voeux Road West, Hong Kong, on 10 May 2019 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 2018.
2. To consider and approve, each as a separate resolution, if thought fit, the following resolutions:
  - (a) to re-elect Mr. Ng Kwun Wan as an independent non-executive director of the Company;
  - (b) to re-elect Mr. Zhou Xiao Xiong as an independent non-executive director of the Company; and
  - (c) to authorize the board of directors of the Company to fix the directors’ remuneration.
3. To re-appoint the Company’s auditors and to authorize the board of directors of the Company to fix the remuneration of the auditors.
4. To declare and approve a final dividend of HK\$0.034 per share of HK\$0.1 each in the capital of the Company (each a “**Share**”) for the year ended 31 December 2018 by way of cash with an option to elect, on a separate basis, to receive wholly or partly an allotment and issue of Shares credited as fully paid in lieu of cash payment in respect of the final dividend.
5. As special business, to consider and, if thought fit, pass with or without modifications, the following resolutions as ordinary resolutions of the Company:

### ORDINARY RESOLUTIONS

(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

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## NOTICE OF ANNUAL GENERAL MEETING

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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;
- (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 schemes 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 for 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.

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## NOTICE OF ANNUAL GENERAL MEETING

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“**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).”

(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.”

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## NOTICE OF ANNUAL GENERAL MEETING

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- (C) “**THAT** conditional upon Resolutions 5(A) and 5(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 5(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 unconditionally to be allotted by the Directors pursuant to the Resolution 5(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**  
**Wang Ming Fan**  
*Chairman*

Hong Kong, 8 April 2019

*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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or the adjourned meeting.
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 2019 to 10 May 2019, 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 3 May 2019.