

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

Announcement

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the Company's announcement and the circular dated 28 August 2007 and 12 September 2007 respectively in respect of the Group's acquisition of Citiwell International Group Limited.

Due to the global economic turmoil, the Guarantor has expressed his concern to the Board that Teng Zhou Shi Wu Tong Fragrances Company Limited (the "WT") WT is unable to fulfill the certain covenants of the Agreement. The management of WT is assessing its future plan in view of the current economic situation. The Board is in the progress of negotiation with the relevant parties, further announcement will be made as and when necessary.

Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Flavors & Fragrances Company Limited 中國香精香料有限公司 (the "Company" and together with its subsidiaries, the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Reference is made to the announcement ("Announcement") of the Company dated 28 August 2007 and the circular of the Company dated 12 September 2007 in respect of the Group's acquisition of Citiwell International Group Limited. Capitalized terms used herein shall have the same meanings as defined in the Announcement.

On 28 August 2007, the Company, the Guarantor and WT entered into Agreement pursuant to which the Company acquired the shares of Citiwell International Group Limited. The sole asset of Citiwell is 50% equity interest in WT.

Pursuant to the Agreement, the Guarantor warrants that:

1. on the basis that the sales before tax (i.e. turnover including the value-added tax) of WT is RMB 150 million (equivalent to approximately HK\$154.6 million) in 2007, the annual sales growth rate of WT shall be 30% for each financial year of 2008, 2009 and 2010;
2. on the basis that the net profit after tax of WT is RMB 26 million (equivalent to approximately HK\$26.8 million) in 2007, the annual growth rate of the net profit of WT shall be 26% 28% and 30% for the financial year of 2008, 2009 and 2010 respectively;
3. the annual net profit (i.e. net profit after tax of the year over annual turnover) of WT shall be 20% for each financial year of 2008, 2009 and 2010; and
4. the annual settlement rate of sales during the year received by WT shall be 95% for each year of 2008, 2009 and 2010.

Due to the global economic turmoil, the Guarantor has expressed his concern to the Board that WT is unable to fulfill the aforesaid covenants of the Agreement. The management of WT is assessing its future plan in view of the current economic situation. The Board is in the progress of negotiation with the relevant parties, further announcement will be made as and when necessary.

Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, December 10, 2008

As at the date of this announcement, 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 Goh Gen Cheung, Mr. Leung Wai Man, Roger and Mr. Zhou Xiao Xiong.