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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER, 2009

RESULTS

The board of directors (the "Board" or the "Directors") of China Flavors & Fragrances Co., Ltd. (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009, together with the comparative figures for the same period in 2008.

CONSOLIDATED INCOME STATEMENT

(All amounts in Renminbi thousands unless otherwise stated)

	Note	Year ended 31 December 2009	2008
Revenue	*4*	**589,612**	503,838
Cost of sales	*5*	**(333,773)**	(268,231)
Gross profit		**255,839**	235,607
Selling and marketing expenses	*5*	**(88,153)**	(82,691)
Administrative expenses	*5*	**(98,110)**	(145,658)
Other gains – net	*4*	**5,276**	4,698
Operating profit		**74,852**	11,956
Finance income	*6*	**3,212**	4,561
Finance costs	*6*	**(1,248)**	(2,156)
Finance income – net		**1,964**	2,405
Share of profit of an associate		**308**	1,255
Profit before income tax		**77,124**	15,616
Income tax (charge)/credit	*7*	**(13,727)**	479
Profit for the year		**63,397**	16,095
Attributable to:			
Equity holders of the Company		**61,064**	31,258
Minority interest		**2,333**	(15,163)
		63,397	16,095
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share) – basic and diluted	*8*	**0.13**	0.06
Dividend	*9*	**–**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Renminbi thousands unless otherwise stated)

	Year ended 31 December	
	2009	2008
Profit for the year	**63,397**	16,095
Fair value gains/(losses) on available-for-sale financial assets	**3,357**	(2,276)
Total comprehensive income for the year	**66,754**	13,819
Attributable to:		
Equity holders of the Company	**64,421**	28,982
Minority interest	**2,333**	(15,163)
Total comprehensive income for the year	**66,754**	13,819

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in Renminbi thousands unless otherwise stated)

	Note	As at 31 December 2009	2008
ASSETS			
Non-current assets			
Land use rights		**74,817**	80,754
Property, plant and equipment		**160,682**	140,050
Intangible assets		**137,321**	148,262
Investment in an associate		**1,756**	2,388
Available-for-sale financial assets		**27,081**	23,724
Deferred income tax assets	*12*	**8,315**	4,370
		409,972	399,548
Current assets			
Inventories		**93,828**	89,400
Trade and other receivables	*10*	**230,788**	195,293
Short-term bank deposits		**26,782**	28,364
Cash and cash equivalents		**190,823**	151,368
		542,221	464,425
Total assets		**952,193**	863,973
EQUITY			
Attributable to the Company's equity holders			
Share capital		**50,055**	50,055
Share premium and capital reserve		**375,341**	375,341
Other reserves		**85,682**	74,751
Retained earnings		**243,880**	190,390
		754,958	690,537
Minority interest		**79,947**	79,614
Total equity		**834,905**	770,151
LIABILITIES			
Non-current liabilities			
Deferred government grants		**402**	267
Deferred income tax liabilities	*12*	**24,566**	24,829
		24,968	25,096
Current liabilities			
Trade and other payables	*11*	**80,328**	59,464
Current income tax liabilities		**9,272**	225
Borrowings		**2,720**	9,037
		92,320	68,726
Total liabilities		**117,288**	93,822
Total equity and liabilities		**952,193**	863,973
Net current assets		**449,901**	395,699
Total assets less current liabilities		**859,873**	795,247

Notes:

1. GENERAL INFORMATION

China Flavors and Fragrances Company Limited (the "Company") and its subsidiaries (together the "Group") is principally engaged in the research and development, trading, manufacturing and selling of flavors and fragrances in the People's Republic of China (the "PRC"). The Company was incorporated in the Cayman Islands on 9 March 2005 as an exempted company with limited liability under the Companies Law, Cap. 22, (Law 3 of 1961 as consolidated and revised) of the Cayman Islands.

Pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of shares of the Company on 29 October 2004, CFF Holdings Limited ("CFF Holdings"), acquired the entire capital of Shenzhen Guanlida Boton Spice Co., Ltd. (renamed as Shenzhen Boton Spice Co., Ltd. on 7 June 2006, "Shenzhen Boton") for cash consideration from its owners. Subsequently, on 25 November 2005, the Company acquired the entire issued share capital of CFF Holdings, through a share exchange with Creative China Limited ("Creative China"), the owner of CFF Holdings and the holding company of the Company. As a result, the Company became the holding company of the Group and CFF Holdings acts as the intermediate holding company of Shenzhen Boton. On 9 December 2005, shares of the Company were listed on The Stock Exchange of Hong Kong Limited.

These financial statements are prepared in Renminbi (RMB) thousands, unless otherwise stated. This announcement has been approved for issue by the board of directors on 12 April 2010.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group has adopted the following new and amended HKFRSs as of 1 January 2009. The adoption of these new and revised standards and interpretations has had no effect on earnings per share.

HKFRS 7 (Amendments)	Financial Instruments – Disclosures
HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 2 (Amendment)	Share-based Payment
HKFRS 8	Operating Segments
HKAS 23 (Amendment)	Borrowing Costs

3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The board of directors considers the business from a product perspective. The Group is organised into four business segments:

- Flavors enhancers,
- Food flavors,
- Fine fragrances and
- Extracts.

The chief operating decision-maker assesses the performance of the segments based on the profit before income tax for the year.

The segment information for the year ended 31 December 2009 is as follows:

	Flavors enhancers	Food flavors	Fine fragrances	Extracts	Total segments	Unallocated	Total
Segment revenue	289,310	109,472	56,597	136,788	592,167	–	592,167
Inter-segment revenue	–	–	(2,213)	(342)	(2,555)	–	(2,555)
Revenue from external customers	289,310	109,472	54,384	136,446	589,612	–	589,612
Operating profit/(loss)	69,924	18,468	(12,444)	6,712	82,660	(7,808)	74,852
Finance income	–	–	165	360	525	2,687	3,212
Finance costs	–	–	–	(1,174)	(1,174)	(74)	(1,248)
Finance income – net	–	–	165	(814)	(649)	2,613	1,964
Share of profit of an associate	–	–	–	308	308	–	308
Profit/(loss) before income tax	69,924	18,468	(12,279)	6,206	82,319	(5,195)	77,124
Income tax charge	(9,842)	(2,606)	(2)	(1,277)	(13,727)	–	(13,727)
Profit/(loss) for the year	60,082	15,862	(12,281)	4,929	68,592	(5,195)	63,397
Depreciation and amortisation	7,865	6,693	2,313	11,329	28,200	294	28,494
Provision for doubtful trade and other receivables	500	1,865	3,184	246	5,795	–	5,795
Impairment charge of intangible assets	–	–	–	–	–	–	–
Provision for write-down of inventories	–	–	–	377	377	–	377

3. SEGMENT INFORMATION (CONTINUED)

The segment information for the year ended 31 December 2008 is as follows:

	Flavors enhancers	Food flavors	Fine fragrances	Extracts	Total segments	Unallocated	Total
Segment revenue	242,973	95,419	49,067	118,396	505,855	–	505,855
Inter-segment revenue	–	–	(1,646)	(371)	(2,017)	–	(2,017)
Revenue from external customers	242,973	95,419	47,421	118,025	503,838	–	503,838
Operating profit/(loss)	79,611	8,270	(22,554)	(45,547)	19,780	(7,824)	11,956
Finance income	–	–	248	90	338	4,223	4,561
Finance costs	–	–	–	(1,297)	(1,297)	(859)	(2,156)
Finance income – net	–	–	248	(1,207)	(959)	3,364	2,405
Share of profit of an associate	–	–	–	1,255	1,255	–	1,255
Profit/(loss) before income tax	79,611	8,270	(22,306)	(45,499)	20,076	(4,460)	15,616
Income tax (charge)/credit	(12,753)	(1,418)	(16)	14,666	479	–	479
Profit/(loss) for the year	66,858	6,852	(22,322)	(30,833)	20,555	(4,460)	16,095
Depreciation and amortisation	7,570	6,472	2,344	14,081	30,467	316	30,783
Provision/(reversal) for doubtful trade and other receivables	2,082	(828)	10,109	3,263	14,626	–	14,626
Impairment charge of intangible assets	–	–	–	40,183	40,183	–	40,183
Provision for write-down of inventories	–	–	–	1,264	1,264	–	1,264

Breakdown of revenue from all service is as follows:

	2009	2008
Analysis of revenue by category		
Sales of goods	**589,612**	503,838

The result of the Group's revenue from external customers in the PRC for the year ended 31 December 2009 is RMB532,575,000 (2008: RMB443,259,000), and the total of revenue from external customers from other countries is RMB57,037,000 (2008: RMB60,579,000).

At 31 December 2009, the total of non-current assets other than financial instruments and deferred tax assets located in the PRC is RMB373,823,000 (2008: RMB370,388,000). The total of these non-current assets located in other countries is RMB753,000 (2008: RMB1,066,000).

Revenues of approximately RMB46,007,000 (2008: RMB52,887,000) are derived from a single external customer. These revenues are attributable to the extracts segment.

4. REVENUE AND OTHER GAINS

The Group is principally engaged in the research and development, trading, manufacturing and selling of extracts, flavors and fragrances. Revenue consists of sales of extracts, flavors and fragrances, net of value-added tax, returns, rebates and discounts. Revenue and other gains recognised during the year are as follows:

	2009	2008
Revenue		
Sales of goods	**589,612**	503,838
Other gains – net		
Government grants	**4,660**	3,466
Others	**616**	1,232
	5,276	4,698

5. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analysed as follows:

	2009	2008
Depreciation and amortisation	**28,494**	30,783
Employee benefit expenses, excluding amount included in research and development costs	**54,779**	52,393
Changes in inventories of finished goods and work in progress	**(3,869)**	(22,513)
Raw materials used	**307,483**	259,165
Impairment charge for bad and doubtful debts	**5,795**	14,626
Impairment charge for intangible assets	**–**	40,183
Provision for write-down of inventories	**377**	1,264
Sales commission	**25,994**	24,164
Transportation and travelling	**16,787**	16,264
Advertising costs	**7,904**	11,566
Consulting expenses	**6,968**	7,777
Lease expenses	**4,983**	5,370
Auditors' remuneration	**2,125**	2,738
Research and development costs		
– Employee benefit expenses	**9,831**	5,551
– Others	**3,943**	655
Entertainment	**15,463**	18,092
Office expenses	**17,921**	14,321
Other expenses	**15,058**	14,181
Cost of sales, selling and marketing expenses and administrative expenses	**520,036**	496,580

6. FINANCIAL INCOME AND COSTS

	2009	2008
Finance income		
– Interest income	**3,212**	4,561
Finance costs		
– Interest expense		
Bank loans	**–**	(59)
Others	**(465)**	(1,449)
– Exchange loss	**(783)**	(648)
	(1,248)	(2,156)
Finance income – net	**1,964**	2,405

7. INCOME TAX CHARGE/(CREDIT)

The amount of taxation charged to the income statement represents:

	2009	2008
Current income tax	**20,898**	19,117
Over provision of income tax in prior year	**(2,963)**	–
Deferred income tax		
– relating to the temporary differences	**(4,208)**	(11,056)
– resulting from change in tax rates	**–**	(8,540)
	13,727	(479)

(a) No provision for profits tax in the British Virgin Islands, the Cayman Islands and Hong Kong has been made as the Group has no income assessable for profits tax for the year in those jurisdictions.

(b) Pursuant to the Corporate Income Tax (the "CIT") Law effective from 1 January 2008, the subsidiaries of the Group established in the PRC are subject to income tax at a rate of 25% unless preferential rates are applicable.

Two subsidiaries of the Group, Shenzhen Boton and Wutong Aroma, were qualified as High/New Technology Enterprises, and accordingly they are entitled to the preferential rate of 15% for the years from 2008 to 2010.

(c) The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 15%, the applicable tax rate of two major subsidiaries of the Group, as follows:

	2009	2008
Profit before income tax	**77,124**	15,616
Tax calculated at the tax rate of 15% (2008: 15%)	**11,569**	2,342
Tax losses not recognised *(Note 12)*	**240**	449
Effect of change in tax rate *(Note 12)*	**–**	(8,540)
Withholding tax on the earnings anticipated to be remitted by subsidiaries *(Note 12)*	**612**	135
Expenses not deductible for tax purpose	**4,269**	5,135
Over provision of income tax in prior year	**(2,963)**	–
Taxation charge/(credit)	**13,727**	(479)

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2009	2008
Profit attributable to equity holders of the Company	**61,064**	31,258
Weighted average number of ordinary shares in issue *(thousand shares)*	**484,389**	484,389
Basic earnings per share *(RMB per share)*	**0.13**	0.06

In both 2009 and 2008, diluted earnings per share is the same as basic earnings per share due to the absence of dilutive potential ordinary shares as at year end date.

9. DIVIDEND

No final dividend was proposed in respect of the year ended 31 December 2009 (2008: Nil).

10. TRADE AND OTHER RECEIVABLES

	Note	**2009**	2008
Trade receivables	*(a)*	**158,023**	126,517
Less: provision for impairment	*(b)*	**(27,138)**	(21,406)
Trade receivables – net		**130,885**	105,111
Bills receivables	*(c)*	**46,467**	42,072
Prepayments		**36,251**	32,437
Advances to staff		**4,200**	2,046
Staff benefit payments		**4,027**	4,510
Other receivables		**8,958**	9,117
		230,788	195,293

Fair values of trade and other receivables approximate their carrying amounts.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2009	2008
RMB	**227,374**	187,647
USD	**3,412**	951
HKD	**2**	3,842
JPY	**–**	2,531
EUR	**–**	322
	230,788	195,293

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) The credit period granted to customers is generally 90 days. The ageing analysis of the trade receivables from the date of sales is as follows:

	2009	2008
Up to 3 months	**88,167**	59,305
3 to 6 months	**23,683**	10,515
6 to 12 months	**7,134**	22,191
Over 12 months	**39,039**	34,506
	158,023	126,517

(b) Movements on the provision for impairment of trade receivables are as follows:

	2009	2008
At 1 January	**(21,406)**	(6,975)
Provision for receivable impairment	**(5,795)**	(14,626)
Receivables written off during the year as uncollectible	**63**	195
At 31 December	**(27,138)**	(21,406)

(c) Bills receivables are with maturity between 30 and 180 days.

11. TRADE AND OTHER PAYABLES

	Note	**2009**	2008
Trade payables	*(a)*	**62,143**	42,624
Other tax payables		**4,848**	1,956
Accrued expenses		**4,816**	3,843
Other payables		**8,521**	11,041
		80,328	59,464

The carrying amounts of trade and other payables are denominated in the following currencies:

	2009	2008
RMB	**76,351**	56,519
USD	**2,015**	–
HKD	**1,949**	2,945
EUR	**13**	–
	80,328	59,464

(a) The ageing analysis of the trade payables is as follows:

	2009	2008
Up to 3 months	**53,871**	33,512
3 to 6 months	**4,445**	5,337
6 to 12 months	**1,465**	1,006
Over 12 months	**2,362**	2,769
	62,143	42,624

12. DEFERRED INCOME TAX

	2009	2008
Deferred tax assets:		
– to be recovered after more than 12 months	**3,591**	1,414
– to be recovered within 12 months	**4,724**	2,956
	8,315	4,370
Deferred tax liabilities:		
– to be settled after more than 12 months	**(22,944)**	(23,954)
– to be settled within 12 months	**(1,622)**	(875)
	(24,566)	(24,829)

There are no offset amounts at the year end.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is principally engaged in the research and development, trading, manufacturing and selling of flavors and fragrances, which are provided to the Group's customers for making addition and improvement of flavors or fragrances in the customers' manufactured tobacco, food and daily consumer goods. The Group's products add value by enhancing tastes or smells of its customers' products and therefore improve the product quality of the products manufactured by the Group's customers. The Group's flavors are sold principally to manufacturers of tobacco, beverages, daily foods, preserved food, savory and confectionery products whereas the Group's fragrances are sold principally to manufacturers of cosmetics, perfumes, soaps, toiletries, hair care products, deodorant, detergent and air fresheners products.

Year 2009 was a very interesting year because no one would expect the economy would recover so quickly, especially PRC after such serious poisoned milk powder. However the reality is that the macro economy of the PRC entered a "plateau" stage of growth. The gross domestic product (GDP) for the third quarter of 2009 grew by 8.9% over the same period of last year, a clear increase as compared to the growth rate of 7.9% in the second quarter and 6.1% in the first quarter. Those indexes have been rising, indicating the economy has shaken off deflation, and has entered a stage of recovery.

Although we are optimistic in our future, we would still have concern the increase in our cost of good sold which is the impact from the incident of milk powder. The incident arouses the awareness of the quality and standard of food products of the PRC government. The material cost of flavor enhancer and food flavor has been increased in year 2009 as a result of the mandatory standard in food product imposed by "Food Safety Law of the People's Republic of China" in 2009. Tobacco, which is inhaled into the human body, is categorized as food and would not be exempted from such mandatory standard. Despite the effort in controlling cost of good sold in year 2009 through the assistance of our technology, it would be unavoidable that cost of good sold in year 2009 has been increased by 24.4%.

We are still very confident in the future prospect of our Group as we possess several criteria to become one of the leading flavor and fragrance companies in the PRC, which is (i) strong technology; (ii) tailored made after sale services; and (iii) most importantly enhancement in our production capacity. It is worth to mention that our new production base should be completed in second half of 2010 which should allow the overseas food industry players in the PRC to have confidence in our production capacity to meet their demand. This may march an era to substitute the imported flavor for the overseas food industry players in the PRC.

Operational and financial review

Revenue

For the year ended 31 December 2009, the Group recorded a turnover of approximately RMB589.6 million (2008: RMB503.8 million), representing an increase of approximately 17.0% in comparison to the previous year. The increase in turnover was attributed to (i) increase in the demand of flavors enhancers as a result of the introduction of new flavor enhancer products to the tobacco; (ii) increase in the turnover of food flavorings and fine fragrances by 14.7% and 14.7% respectively; (iii) increase in sales contribution by our upstream subsidiary, Wutong Aroma.

Gross Profit

The gross profit of the Group increased by 8.6% as compared to year 2008 to only RMB255.8 million due to the fact that the Group's overall gross profit margin has been reduced from 46.8% to 43.4% only. This reduction in gross profit margin is mainly attributable by the increase in material costs and production cost. The major reason is due to the fact that cost of raw material has been increased after the standard of the food has been stringent by the relevant government department.

Net Profit

The Group's net profit attributable to equity holders for the year ended 31 December 2009 was approximately RMB61.1 million (2008: RMB31.3 million), approximately 95.2% more than in 2008. Net profit margin for the year ended 31 December 2009 increased by 237.5% as compared to year 2008 which was mainly due to the impairment loss of intangible assets amounting to RMB40.2 million.

Expenses

Selling and distribution costs amounted to approximately RMB88.2 million (2008: RMB82.7 million), representing approximately 15.0% (2008: 16.4%) of turnover for the year ended 31 December 2009. The increase in the selling and distribution cost during the year is mainly attributable by the increase in office expenses of the selling department and sales commission.

Administrative expenses amounted to approximately RMB98.1 million (2008: RMB145.7 million), representing approximately 16.6% (2008: 28.9%) of turnover for the year ended 31 December 2009. The major components in the administrative expenses includes employee benefit expenses, depreciation and amortization, impairment charge, legal and professional fees, entertainment expenses which, in aggregate, accounted for 75.2% of the total administrative expenses (2008: 81.4%).

Finance income – net amounted to approximately RMB2.0 million (2008: RMB2.4 million). The decrease of the finance cost is mainly due to no bank borrowings have been utilised by the Group during the year and the proceeds from share issuance are being kept in relatively higher interest bearing time deposits, thus, resulting in net finance income during the year.

Future plans and prospects

The management of the Group is very confident to the future prospect of the Group even though we are experiencing the most difficult time since the establishment of the Group. It is because stable development, low gearing, focused business line and strong techniques have been the overall strategy of the Group which has never been abandoned although the Company was listed on the main board of Hong Kong Stock Exchange since December 2005. Positive future prospectus of the Group is promising with strict adherence to the above strategy of the Group.

Year 2010 is another year to consolidate our resources in order to continue to carry out the strategy of the Group with a small but encouraging growth. Public will realize that our growth in 2010 is promising and encouraging to the shareholders of the Company.

Liquidity and financial resources

As at 31 December 2009, the Group had net current assets of approximately RMB449.9 million (2008: RMB395.7 million). The Group had cash and bank deposits of approximately RMB217.6 million (2008: RMB179.7 million). The current ratio of the Group was approximately 5.9 (2008: 6.8).

Total equity of the Group as at 31 December 2009 was approximately RMB834.9 million (2008: RMB770.2 million). As at 31 December 2009 the Group does not have any bank borrowings (2008: Nil).

The financial health of the Group has been strong throughout the year as indicated by the above figures.

Financing

The Board believes that the existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing with favourable term.

Foreign exchange risk and interest rate risk

The Group has net exchange loss of RMB0.8 million in 2009 (2008: exchange loss RMB0.6 million). The Group mainly operates in the PRC with most of the transactions denominated in RMB, hence, no financial instrument for hedging was employed because hedging cost is relatively high and the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The Group's exposures to changes in interest rates are mainly attributable to its bank deposits at demand at variable interest rate and borrowings bearing fixed interest rates. Bank deposits at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Company's loans to subsidiaries were interest free and expose the Company to fair value interest-rate risk. Other financial assets and liabilities do not have material interest rate risk.

Capital expenditure

During the year, the Group invested approximately RMB38.5 million (2008: RMB23.1 million) in fixed assets, of which RMB4.0 million (2008: RMB10.1 million) was used for the purchase of plant and machinery.

For the year ended 31 December 2009, the Group had capital commitments of approximately RMB198.4 million (2008: RMB13.4 million) in respect of fixed assets, which are to be funded by internal resources.

Charge on Group's assets

As at 31 December 2009, the Group does not have any pledge or charge on assets.

Staff policy

The Group had 820 employees in the PRC and 10 employees in Hong Kong as at 31 December 2009. The Group offers a comprehensive and competitive remuneration, retirement scheme and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group is required to make contribution to a social insurance scheme in the PRC. The Group and its employees in the PRC are each required to make contribution to fund the endowment insurance and unemployment insurance at the rates specified in the relevant PRC laws and regulations. The Group has adopted a provident fund scheme, as required under the Mandatory Provident Fund Schemes Ordinance, for its employees in Hong Kong.

Material investment

For the year ended 31 December 2009, the Group does not have material investment.

Contingent liabilities

At the balance sheet date, the Group did not have any significant contingent liabilities.

Purchases, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Current Year.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Code on Corporate Governance Practices

The Company has complied with the code provisions as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2009.

Audit Committee

The audited annual results of the Group for the year ended 31 December 2009 have been reviewed by the audit committee of the Company.

Publication of Annual Report on the Websites of The Stock Exchange and The Company

A copy of annual report containing all information required by relevant paragraphs of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (http://www.chinaffl.com) in due course.

On behalf of the Board
中國香精香料有限公司
China Flavors & Fragrances Co., Ltd.
WONG Ming Bun
Chairman

Hong Kong, 12 April 2010

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