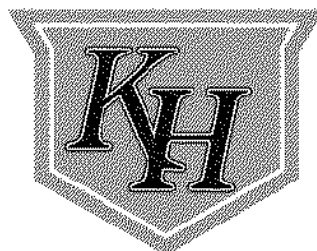


KH Foods Limited

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**KH Foods Limited
ACN 000 026 282**

ASX CODE: KHF

ASX ANNOUNCEMENT

21 JANUARY 2005

**KH FOODS SELLS AUSTRALIAN BASED
KEITH HARRIS FLAVOURS AND
FRAGRANCES DIVISION TO ORICA'S
CHEMNET FOR \$14.5 MILLION**

KH Foods sells Australian based Keith Harris Flavours and Fragrances to Orica's Chemnet

KH Foods Limited today announced the continued focus and commitment toward its bakery businesses by the sale of the Australian based Keith Harris Flavours and Fragrances business for \$14.5 million (effective 1 February 2005). The business division has been acquired by the Chemnet Division of the ASX Listed Orica Limited.

KH Foods Managing Director Don Taig, said that the sale continued KH Foods' focus on its food strategy – presently directed towards baking – and allowed the Keith Harris Flavours and Fragrances business to grow under the guidance and support of a company focused in this specialised area. Whilst KH Foods was sad to end its 75 year association with the industry, it was confident that Orica would enable the Keith Harris Flavours and Fragrance business to grow and afford employees broad career opportunities.

All employees have been offered continuing employment with the business and a package of information has been presented to staff today.

The 60% owned Keith Harris Far East business (with ventures in Indonesia and Thailand) will continue in the KH Foods Group for the time being. It has entered into a continuing supply arrangement with Chemnet and will continue to operate the Gold Badge brand in specified jurisdictions in Asia.

For further information please contact: -

**Mr DonTaig, Managing Director KH Foods Limited on 03 9388 6500; or
Mr Andrew Fairfull, Company Secretary KH Foods Limited on 03 9388 6500 or 0439 988 700.**