

**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

CLARIFICATION ON THE ANNUAL REPORT FOR FY2013

In response to the Singapore Exchange Securities Trading Limited's ("SGX-ST") clarifications sought via email on 25 March 2014 regarding Fragrance Group Limited's (the "Company") Annual Report for FY2013, the Board of Directors (the "Board") wishes to provide the following information:-

SGX-ST Question 1:

The Code of Corporate Governance will take effect in respect of Annual Reports relating to financial years commencing from 1 November 2012. Guideline 9.2 of the Code of Corporate Governance states that companies should fully disclose the remuneration of each individual director and the CEO on a named basis. Please explain the reason(s) for the deviation from the code as required under Rule 1207(12) of the Listing Manual.

The Company's Response:

The Company has disclosed the remuneration of each individual director and the CEO on a named basis in bands of S\$500,000 with details such as Directors fee, Base Salary, Performance-based bonus and others, in percentile terms which provided a broad outlook of the required information. The specific details were not disclosed having regard to the confidential and sensitive nature of such information.

SGX-ST Question 2:

Guideline 9.3 of the Code of Corporate Governance states that companies should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. Please explain the reason(s) for the deviation from the code as required under Rule 1207(12) of the Listing Manual.

The Company's Response:

The Company has not disclosed the names of its key executives (who are not directors or the CEO) having regard to the confidential nature of staff remuneration matters and to ensure the Company's competitive advantage in the retention of its staff in the best interests of the Company.

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SGX-ST Question 3:

On page 23 of the Annual Report, it is stated that “Based on the internal controls established and maintained by the Group, works performed by the internal and external auditors and reviews performed the Management and Board, with the concurrence of the Audit Committee, are of the opinion that the Group’s internal controls, addressing financial, operational and compliance and information technology risk were adequate as at 31 December 2013.”

Please provide clarification as to who are the parties that provided the opinion that the Group’s internal controls, addressing financial, operational and compliance and information technology risk were adequate as at 31 December 2013.

The Company’s Response:

The opinion was provided by the Management and Board and it was provided with the concurrence of the Audit Committee.

SGX-ST Question 4:

Please announce whether the Company complies with Listing Rule 712, 715 or 716 in relation to its auditing firms.

The Company’s Response:

The Company confirms its compliance with Listing Rule 712, 715 or 716 in relation to its auditing firms.

Submitted on: 27 March 2014