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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

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### **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS**

Immediately following completion of the Global Offering, LOG will own 75% (assuming no exercise of the Over-allotment Option) or approximately 71.8% (assuming full exercise of the Over-allotment Option) of our outstanding issued share capital. Further, immediately following completion of the Global Offering, our Chairman, Mr. Reinold Geiger, through his controlling interest in LOG, will control more than 30% of our issued share capital. Neither LOG nor Mr. Geiger carries on or is otherwise interested in any business which competes, or is likely to compete, either directly or indirectly, with our business.

### **No competition and clear delineation of business**

LOG is an investment holding company whose principal asset is its shareholding in our Company.

The only other material asset owned by LOG is a 25% equity interest in Les Minimes SAS, a company whose sole asset is a hotel located in Mane, a small village in the South of France. The remaining equity interest in Les Minimes SAS is owned by Mr. Geiger as to 25% and by independent third parties as to 50%.

The hotel commenced business in June 2008, and is managed by Les Minimes SAS. Management and operation of the hotel constitute the sole operations of Les Minimes SAS. All aspects of the operations of Les Minimes SAS are completely separate and independent from us, including their management and other personnel, accounting and financial reporting systems and office premises and facilities. We own the trademark "Le Couvent des Minimes" and allow Les Minimes SAS to use that trademark as the name of its hotel, "Le Couvent des Minimes Hôtel & Spa". We distribute our Le Couvent des Minimes and L'Occitane products at the hotel.

By contrast, our principal business is the development, manufacture and distribution of cosmetics and well-being products, and we do not carry out any activities which involve the ownership, management or operation of a hotel. Our businesses are completely different and there is therefore a clear delineation and no competition between our business and that of Les Minimes SAS.

### **Independence from LOG**

Having considered the following factors, we are satisfied that we have been, and following completion of the Global Offering will be, able to conduct our business independently from LOG.

### ***Management independence***

Our Board consists of ten Directors, of whom four are executive Directors, three are non-executive Directors and three are independent non-executive Directors. Three of our executive Directors, namely our Chairman, Mr. Reinold Geiger, Mr. Emmanuel Osti and Mr. André Hoffmann, are also directors of LOG. However, LOG is an investment holding company whose principal asset is its shareholding in our Company, and its only other material asset is its 25% equity interest in Les Minimes SAS. Save for Mr. Geiger who is a member of the strategic board of Les Minimes SAS, none of Mr. Geiger, Mr. Osti or Mr. Hoffmann holds any executive position in, or otherwise participates in any way in the management or operations of, Les Minimes SAS.

Our daily management and operations are carried out by our senior management team. Save for Mr. Geiger who is a member of the strategic board of Les Minimes SAS, none of the members of our senior management team holds any board or other executive position in LOG or Les Minimes SAS.

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Under applicable Luxembourg laws, any Director having an interest in a transaction presented to our Board for consideration and approval which conflicts with that of our Company must disclose such interest to the Board and may not take part in the deliberations or vote in respect of the matter. At our next general meeting, a special report is required to be made of such transactions, detailing any such conflict. Under Luxembourg law, the above mentioned procedures are not applicable where the decision of our Board relates to routine operations entered into under normal conditions.

Further, the decision-making mechanism of our Board is set out in our articles of association, which include provisions to avoid conflicts of interests by providing, among other things, that (i) our Board may validly debate and act only if the majority of its members are present in person or by proxy; (ii) all decisions of our Board shall be made by a majority of the votes cast by Directors present in person or by proxy at the relevant meeting; (iii) a Director shall declare the nature of any direct or indirect material interest of his in any contract, proposed contract or any transaction of the Company at the earliest meeting of our Board of which it is practicable for him to do so; and (iv) a special report of transactions, including routine operations entered into under normal conditions, in which our directors had an interest which conflicted with ours shall be made at our next general meeting following the relevant Board meeting. Please see the section headed “E. Amendments to the Articles of Association — 9. Declaration of interests by directors” in Appendix V to this prospectus for details relating to disclosure requirements on directors’ interests under Luxembourg and Hong Kong laws and our Articles of Association.

Finally, following listing, our Board will be required to comply with the Listing Rules, including provisions thereunder relating to corporate governance, which require (among other things) that a Director shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest, nor shall he be counted in the quorum for the meeting.

### ***Operational independence***

LOG is an investment holding company and does not actively carry on any business activities. We have our own independent access to sources of raw materials and other supplies required for our operations. Neither LOG nor Mr. Geiger has any interest in any of our suppliers of raw materials and other supplies required for our operations. We independently manage and operate our manufacturing facilities in Manosque and Lagorce. We have independent access to our customers. Neither LOG nor Mr. Geiger has any interest in any of our corporate customers.

### ***Financial independence***

All the amounts due to and from LOG, and all guarantees, indemnities and other securities provided by LOG for the benefit of our Group, will be fully settled or released before the Listing Date. Other than the aforesaid amounts due, guarantees, indemnities and other securities which will all be released, neither LOG nor Mr. Geiger provides us with any direct or indirect financing for our operations.

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### **CONNECTED TRANSACTIONS**

We have entered into transactions in the ordinary course of our business with certain of our connected persons which we expect to continue following our listing on the Hong Kong Stock Exchange. Some of these connected transactions are entered into with the associate of our ultimate controlling shareholder, Mr. Reinold Geiger, whilst others are entered into with our other connected persons.

### **Exempt continuing connected transactions**

The following continuing connected transactions are exempt from the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

#### ***Provision of independent legal advice by Ms. Maze-Sencier***

Ms. Dominique Maze-Sencier, the wife of our Chairman, Mr. Reinold Geiger, is a qualified lawyer in France engaged in private practice as a sole practitioner, and she is instructed by us from time to time for the provision of independent legal advice. We pay Ms. Maze-Sencier an agreed annual fee for the provision of legal advice to us upon our instructions from time to time. The aggregate amount of legal fees paid to Ms. Maze-Sencier by us for each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were €30,000, €42,000, €42,000 and €30,000 respectively. On the basis of the current understanding between us and Ms. Maze-Sencier, we estimate that the amount of legal fees payable by us to Ms. Maze-Sencier for each of the three years ending 31 March 2013 will not exceed €50,000, €50,000 and €50,000 respectively.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the provision of independent legal advice to us by Ms. Maze-Sencier, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

#### ***Employment of certain connected persons***

Ms. Cecile de Verdelhan, the spouse of Mr. Emmanuel Osti, an executive Director of our Company, is employed by us as a marketing director. The amount of remuneration paid to Ms. de Verdelhan by us for each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were €126,106, €147,878, €156,402 and €121,000 respectively. On the basis of our current remuneration policy, we estimate that the amount of remuneration payable by us to Ms. de Verdelhan for each of the three years ending 31 March 2013 will not exceed €189,000, €208,000 and €230,000 respectively.

Mr. Daniel Gambin, the brother of Ms. Silvia Gambin, a former director until 20 November 2009 of L'Occitane Do Brasil S.A., our subsidiary, is employed by another of our subsidiaries Espaco Do Banho e Aromas Ltda, as a manager. The amount of remuneration paid to Mr. Gambin by us for each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were approximately €20,747, €11,670, €30,991 and €21,831 respectively. Since Ms. Gambin ceased to be a director of L'Occitane Do Brasil S.A. on 20 November 2009, Ms. Gambin, and accordingly Mr.

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Gambin, will cease to be connected persons of the Company on 20 November 2010. On the basis of our current remuneration policy, we estimate that the amount of remuneration payable by us to Mr. Gambin for the year ending 31 March 2011 will not exceed €35,000.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the employment of each of Ms. de Verdellan and Mr. Gambin, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

### ***Engagement of La Société d'Investissement CIME S.A. as liquidity guarantor of our employee shareholding fund***

We have established a shareholding fund which holds shares in LOG, the beneficiaries of whom are certain employees of some of our French subsidiaries. Pursuant to relevant French regulations, a fund of this nature is required to afford its beneficiaries a certain minimum degree of liquidity in their investment. La Société d'Investissement CIME S.A. (**CIME**) has agreed to act, and was accordingly appointed by the manager of the fund, an unrelated third party, as liquidity guarantor of our employee shareholding fund. CIME is wholly owned by Mr. Reinold Geiger, our Chairman, executive Director and ultimate controlling shareholder. Mr. Geiger does not, whether directly or indirectly, have any interest in our employee shareholding fund.

Pursuant to an Agreement for the Liquidity of the Common Investment Fund for L'Occitane Shares (*Convention de Liquidité du Fonds Commun de Placement <L'Occitane Actionnariat>*) entered into between the manager of the fund, CIME and L'Occitane S.A., our wholly owned subsidiary, on 18 December 2007 (the **Liquidity Agreement**), CIME has agreed to act as liquidity guarantor whereby it would purchase such number of LOG shares at certain regular times as may be requested by the manager in order to comply with the minimum liquidity requirements under relevant French regulations, and L'Occitane S.A. has agreed to pay CIME an annual fee representing 0.125% of the net asset value of the fund for so acting as liquidity guarantor.

The annual fee paid by us to CIME for the two years ended 31 March 2009 and the nine months ended 31 December 2009 was €1,800, €2,600 and €0 respectively. On the basis of the agreed fee arrangement under the Liquidity Agreement, we estimate that the annual fee payable by us to CIME for acting as liquidity guarantor of our employee shareholding fund in each of the three years ending 31 March 2013 will not exceed €2,500, €3,000 and €3,000 respectively.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the appointment of CIME as liquidity guarantor for our employee shareholding fund, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

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### ***Supply of L'Occitane products to SOI Spa Operator International, a company controlled by Ms. Silvia Gambin***

Ms. Silvia Gambin is a former director until 20 November 2009 of our subsidiary, L'Occitane Do Brasil S.A. Ms. Silvia Gambin controls, through one of her daughters, SOI Spa Operator International, a company which distributes spa products. Our subsidiary, Espaco do Banho e Aromas Ltda, supplies L'Occitane products to SOI Spa Operator International which resells our L'Occitane products to spas in Brazil. The aggregate amount of sales of L'Occitane products made by us to SOI Spa Operator International for each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were approximately €10,606, €2,903, €21,527 and €39,507 respectively. Since Ms. Gambin ceased to be a director of L'Occitane Do Brasil S.A. on 20 November 2009, Ms. Gambin will cease to be a connected person on 20 November 2010. We estimate that the aggregate amount of sales of L'Occitane products that will be made by us to SOI Spa Operator International for the year ending 31 March 2011 will not exceed approximately €60,000.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the transactions with companies controlled by Ms. Silvia Gambin viewed in aggregate, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

### ***Rental of certain properties in Taiwan from certain connected persons***

We lease the premises located at each of 3/F, 4/F and 5/F of No. 11, Ave 45, Section 2, Zhong Shan Road North, Taipei, Taiwan (the **Taiwan Properties**) for use as offices from Mr. Wang Tzu Wei, Ms. Wang Chen Tsai-Hsieh and Mr. Wang Yuan Hong respectively. Mr. Wang Yuan Hong is the chairman of L'Occitane Taiwan Ltd, our subsidiary. Ms. Wang Chen Tsai-Hsieh and Mr. Wang Tzu Wei are the wife and son, respectively, of Mr. Wang (together, the **Wang Landlords**). The aggregate amount of rental payments made by us to the Wang Landlords for each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were approximately €65,660, €76,996, €80,000 and €58,000 respectively. On the basis of the current understanding between us and the Wang Landlords, we estimate that the aggregate rental payable by us to the Wang Landlords for the Taiwan Properties for each of the three years ending 31 March 2013 will not exceed approximately €80,000, €80,000 and €80,000 respectively.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the lease of the Taiwan Properties from the Wang Landlords, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

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### ***Sale of L'Occitane products to companies controlled by certain connected persons***

Shiatzy Fashion and Accessories Co. Ltd. (夏姿服飾有限公司) and Shiatzy International Co., Ltd. (the **Shiatzy Companies**) are companies controlled by Ms. Wang Chen Tsai-Hsieh, the mother of Mr. Wang Tzu Wei, and in which Mr. Wang Tzu Wei also has a shareholding. The Shiatzy Companies purchase L'Occitane products from our subsidiary, L'Occitane Taiwan Ltd for their own use. The aggregate amount of sales of L'Occitane products made by us to the Shiatzy Companies for each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 were approximately €42,000, €50,000, €40,000 and €23,000 respectively. We estimate that the aggregate amount of sales of L'Occitane products that will be made by us to the Shiatzy Companies for each of the three years ending 31 March 2013 will not exceed €50,000, €50,000 and €50,000 respectively.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the sale of L'Occitane products to the Shiatzy Companies, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

### ***Sharing of administrative services***

We understand that Clarins Korea Ltd and Clarins de Mexico, S.A. de C.V. are each a subsidiary of Clarins BV, a substantial shareholder of our subsidiaries, L'Occitane (Suisse) S.A., L'Occitane (Korea) Limited and L'Occitane Mexico S.A. de C.V.. Clarins S.A., is a subsidiary of Clarins International Holdings SAS. Each of Clarins S.A., Clarins Korea Ltd and Clarins de Mexico, S.A. de C.V. is therefore an associate of Clarins BV and a connected person of our Company.

We share certain administrative office services and overhead expenses with each of Clarins S.A., Clarins Korea Ltd and Clarins de Mexico, S.A. de C.V. on an equal basis at cost for our operations in Switzerland, Korea and Mexico respectively. These administrative office services are the sharing of office premises owned by Clarins except for Korea where they are rented from third party landlords and of electricity and other related overhead costs, the sharing of office equipment such as fax machines and computers, and the sharing of administrative staff and the related salary expenses. Such sharing of administrative office services on an equal basis at cost is exempt from the reporting, announcement and shareholders' approval requirements under Rule 14A.31(8) of the Listing Rules.

### ***Provision of financial consulting services by Esprit-fi Eurl, a company wholly owned by Mr. Martial Lopez***

We have engaged Esprit-fi Eurl, a company wholly owned by Mr. Martial Lopez, a non-executive Director of our Company, as financial consultant to our Group in return for a financial consulting service fee. Our Group recorded expenses for these financial consulting services for €96,000 for the nine months ended 31 December 2009. These fees were not paid to Mr. Martial Lopez as a Director and were not in the nature of Director's emoluments. On the basis of the current understanding between us and Esprit-fi Eurl, we estimate that the amount of financial consulting services fees payable by us to Esprit-fi Eurl for each of the three years ending 31 March 2013 will not exceed €300,000, €300,000 and €300,000 respectively.

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Based on the performance, total assets and projected market capitalisation of our Group, in respect of the provision of financial consulting services to us by Esprit-fi Eurl, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

### ***Sale of products to Les Minimes SAS***

We sell to Les Minimes SAS, a company indirectly owned by LOG as to 25% and by Mr. Reinold Geiger, our Chairman, as to 25%, our L'Occitane and Le Couvent des Minimes products. The sales made by us of such products for the year ended 31 March 2009 and the nine months ended 31 December 2009 were €62,000 and €35,000 respectively. These sales were carried out in the normal course of business of the Group and we estimate that the aggregate sales made of such products for each of the three years ending 31 March 2013 will not exceed €100,000, €120,000 and €140,000 respectively.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the aggregate revenues received by us from such sales of products to Les Minimes SAS, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

### ***Provision of communication and marketing services by Les Minimes SAS***

One of our French subsidiaries, L'Occitane SA, has engaged Les Minimes SAS, a company indirectly owned by LOG as to 25% and by Mr. Reinold Geiger, our Chairman, as to 25% for the provision of communication and marketing services. The amount of fees for these communication and marketing services charged to us by Les Minimes SAS for the year ended 31 March 2009 and the nine months ended 31 December 2009 were €455,000 and €91,000 respectively, resulting in payables amounting to €411,000 and €25,000 as at 31 March 2009 and 31 December 2009 respectively. On the basis of the current understanding between us and Les Minimes SAS, we estimate that the amount of communication and marketing services fees to be charged to us by Les Minimes SAS for each of the three years ending 31 March 2013 will not exceed €50,000, €50,000 and €50,000 respectively.

Based on the performance, total assets and projected market capitalisation of our Group, in respect of the aggregate amount of communication and marketing services fees payable by us to Les Minimes SAS, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33 of the Listing Rules.

### **Non-exempt continuing connected transactions**

The following continuing connected transactions are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

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### ***Shareholders' loans and payment of interest to us and our joint venture partner, Clarins BV, in respect of shareholders' loans***

Clarins BV is the holder of 49.90% of the issued share capital in each of our subsidiaries, L'Occitane (Suisse) S.A., L'Occitane (Korea) Limited and L'Occitane Mexico S.A. de CV. Clarins BV is therefore a connected person of our Company. Each of our subsidiaries, L'Occitane (Suisse) S.A., L'Occitane (Korea) Limited and L'Occitane Mexico S.A. de CV (the **Connected Clarins Subsidiaries**) is also a connected person of our Company. We and Clarins Groupe Sarl have made shareholders' loans to these subsidiaries in equal shares, as further described below (the **Clarins Shareholders' Loans**). The Clarins Shareholders Loans are therefore connected transactions of our Company.

Pursuant to loan contracts dated 22 December 2008 and 18 December 2009 and promissory notes dated 18 December 2008 and 18 December 2009, we and Clarins Groupe Sarl each contributed, in both Swiss Francs and Euros, the Euro equivalent of approximately €1,261,000 and €1,190,000 respectively, amounting to an aggregate of approximately €2,451,000, to our subsidiary, L'Occitane Suisse SA, as a shareholders' loan. For the three years ended 31 March 2009, 2008 and 2007 and the nine months ended 31 December 2009, the Euro equivalent of €64,000, €61,000, €45,000 and €38,000 was paid to us and the Euro equivalent of €48,000, €54,000, €67,000 and €30,000 was paid to Clarins Groupe Sarl respectively as interest payment. Outstanding principal loan amounts payable by L'Occitane Suisse SA to us and Clarins Groupe Sarl were the Euro equivalent of €1,259,000 and €1,165,000 respectively as at 31 December 2009. Both our and Clarins Groupe Sarl's portion of the loans are due for repayment on 20 December 2010.

Pursuant to loan contracts dated 17 December 2008 and 16 October 2009 and promissory notes dated 16 October 2008, 17 December 2008 and 16 October 2009, our Company, our wholly owned subsidiary L'Occitane Singapore Pte Ltd and Clarins Groupe Sarl each contributed €1,220,000, €288,000 and €1,502,000 respectively, amounting to an aggregate of €3,010,000, to our subsidiary, L'Occitane (Korea) Limited, as shareholders' loans. For the three years ended 31 March 2009, 2008 and 2007 and the nine months ended 31 December 2009, €57,000, €38,000, €19,000 and €56,000 was paid to us and L'Occitane Singapore Pte Ltd and €64,000, €39,000, €17,000 and €56,000 was paid to Clarins Groupe Sarl respectively as interest payment. Outstanding principal loan amounts payable by L'Occitane (Korea) Limited to us and L'Occitane Singapore Pte Ltd, in aggregate, and Clarins Groupe Sarl were €1,508,000 and €1,502,000 respectively as at 31 December 2009. The loans made by us and L'Occitane Singapore Pte Ltd are due for repayment on 15 October 2010 and 14 April 2010 respectively, and the loans made by Clarins Groupe Sarl are due for repayment on 14 April 2010 and 18 October 2010.

Pursuant to loan contracts dated 22 December 2008, 5 January 2009, 23 March 2009 and 22 December 2009 and promissory notes dated 22 December 2008, 22 October 2009 and 22 December 2009, we and Clarins Groupe Sarl each contributed in US dollars the Euro equivalent of approximately €2,315,000 and €2,303,000 respectively, amounting to an aggregate of approximately €4,618,000, to our subsidiary, L'Occitane Mexico S.A. de CV, as shareholders' loans. For the three years ended 31 March 2009, 2008 and 2007 and the nine months ended 31 December 2009, the Euro equivalent of €101,000, €88,000, €26,000 and €70,000 was paid to us and the Euro equivalent of €65,000, €87,000, €26,000 and €38,000 was paid to Clarins Groupe Sarl respectively as interest payment. Both our and Clarins Groupe Sarl's portion of the loans are



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due for repayment on 22 December 2010. Outstanding principal loan amounts payable by L'Occitane Mexico S.A. de CV to us and Clarins Groupe Sarl were the Euro equivalent of €2,266,000 and €2,246,000 respectively as at 31 December 2009.

For each of the three years ended 31 March 2009 and the nine months ended 31 December 2009, the aggregate principal amount owing and annual interest paid by the Connected Clarins Subsidiaries to us and L'Occitane Singapore Pte Ltd and Clarins Groupe Sarl in respect of the Clarins Shareholders' Loans were approximately €5,906,000, €6,493,000, €9,966,000 and €10,234,000, respectively. In accordance with the contractual terms of the Clarins Shareholders' Loans and assuming that these loans will be renewed, and having considered the potential additional cash requirements of the Connected Clarins Subsidiaries in the future, we estimate that the aggregate principal loan amount owed by the Connected Clarins Subsidiaries and the aggregate amount of interest to be paid by the Connected Clarins Subsidiaries to us and L'Occitane Singapore Pte Ltd and Clarins Groupe Sarl in respect of the Clarins Shareholders' Loans for each of the three years ending 31 March 2013 will not exceed (that is, will be capped at) €11,220,000, €12,450,000 and €12,230,000 respectively. The Clarins Shareholders' Loans are subject to normal commercial terms.

The following continuing connected transactions are exempt from the independent shareholders' approval requirement and subject to the reporting and announcement requirements under the Listing Rules.

### ***Sale of products to Courtin-Clarins Associates***

We understand that Clarins Canada Inc., Clarins Sdn Bhd and Monarimport SpA are each a subsidiary of Clarins BV, a substantial shareholder of our subsidiaries, L'Occitane (Suisse) S.A., L'Occitane (Korea) Limited and L'Occitane Mexico S.A. de CV. Further, Clarins BV holds 40% of the equity interest in L'Occitane Nederland BV (a company in which we do not have any direct or indirect shareholding interest). Each of Clarins Canada Inc., Clarins Sdn Bhd, Monarimport SpA and L'Occitane Nederland BV (together, the ***Courtin-Clarins Associates***) is therefore an associate of Clarins BV and a connected person of our Company.

We sell to the Courtin-Clarins Associates our L'Occitane products, including our regular products as well as samples and products to be distributed as gifts and L'Occitane branded carry bags and similar packaging products. The Courtin-Clarins Associates (other than Clarins Canada Inc.) are our distributors for our L'Occitane products in Malaysia, Italy and the Netherlands respectively, and sales of products to the Courtin-Clarins Associates represent sales made in our Sell-In Segment. We have in the past sold our products to Clarins Canada Inc., who would then distribute them in Canada to retailers such as department stores. However, with effect from 31 March 2010, we no longer conduct such sales to Clarins Canada Inc. and will ourselves do so, through the entire business undertaking and operations of our then exclusive distributor, Stroms' Enterprises Limited, which we acquired on 14 May 2009. For each of the three years ended 31 March 2009 and the nine months ended 31 December 2009, the aggregate sales made by us of such products to the Courtin-Clarins Associates were approximately €2.98 million, €3.98 million, €3.41 million and €2.52 million respectively. We entered into a distribution agreement with Clarins Sdn Bhd on 1 January 2003, as amended by an amendment agreement dated 20 August 2008, which governs the sale of products by us to Clarins Sdn Bhd. Such distribution agreement will terminate on 31

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December 2010 and is therefore for a term of less than three years. We have also entered into a distribution agreement with Monarimport SpA on 14 July 2009, which governs the sale of products by us to Monarimport SpA. Such amended distribution agreement is for a remaining term of less than three years as we have served notice on 22 December 2009 to terminate the agreement on 30 June 2010. In addition, on 16 April 2010, we entered into a distribution agreement with L'Occitane Nederland BV to govern the sale of products by us to L'Occitane Nederland BV following listing. The distribution agreement comes into force from the Listing Date and has a term not exceeding three years.

The table below sets out (1) the aggregate sales revenue from our sales of products to the Courtin-Clarins Associates for each of the three years ended 31 March 2009 and the nine months ended 31 December 2009 and (2) the maximum aggregate sales revenue from our sales of products to the Courtin-Clarins Associates for the three years ending 31 March 2013.

	<b>Historical Transaction Amounts</b>						
	<b>Year ended 31 March</b>			<b>Nine months ended 31 December</b>	<b>Proposed Annual Cap Year ending 31 March</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2009</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>(€'000)</b>			<b>(€'000)</b>			

Revenue from sale of products to the Courtin-Clarins Associates . . . . .	2,981	3,978	3,410	2,520	3,686	2,756	3,183
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In arriving at the proposed annual caps, our Directors have considered, among other matters, our historical sales to the Courtin-Clarins Associates and the benefit to our business, for continued distribution of our products through them.

### Waiver application for non-exempt continuing connected transactions

Our non-exempt continuing connected transactions are summarised in the table below.

	<b>Year ended 31 March</b>			<b>Nine month period ended 31 December</b>	<b>Year ending 31 March</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2009</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>(€'000)</b>			<b>(€'000)</b>	<b>(€'000)</b>		

Sale of Products to Courtin-Clarins Associates . . . . .	2,981	3,978	3,410	2,520	3,686	2,756	3,183
Principal amount owing and payment of interest under the Clarins Shareholders' Loans . . . . .	5,906	6,493	9,966	10,234	11,220	12,450	12,230

In respect of the Sale of Products to Courtin-Clarins Associates, as the highest applicable ratio as set out in Rule 14.07 of the Listing Rules, where applicable, is in each case on an annual basis expected to be more than 0.1% but less than 2.5%, such transactions are exempt from the independent shareholders' approval requirement but are subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules. In respect of the Principal amount owing and payment of interest under the Clarins Shareholders' Loans, as the highest applicable ratio as set out in Rule 14.07 of the listing Rules, where applicable, is in each

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

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case calculated by reference to loan amounts repayable as a lump sum at maturity and the annual interest payments, and expected to be above 2.5 per cent, such transactions are subject to the reporting, announcement and independent shareholders' approval requirements set out in Rules 14A.45 to 14A.48 of the Listing Rules.

Accordingly, we have requested the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has agreed to grant, a waiver from strict compliance with the reporting, announcement and independent shareholders' approval requirements (as the case may be) otherwise applicable to continuing connected transactions under the Listing Rules in respect of the above non-exempt continuing connected transaction.

In respect of the above non-exempt continuing connected transactions, we will comply with the applicable provisions under Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules.

### **Confirmation from our Directors**

Our Directors, including our independent non-executive Directors, are of the opinion that each of the continuing connected transactions have been entered into on normal commercial terms and in the ordinary and usual course of our business, and are fair and reasonable and in the interests of our shareholders as a whole. Our Directors, including our independent non-executive Directors, are also of the view that the proposed annual caps for the non-exempt continuing connected transactions set out above are fair and reasonable and in the interests of our shareholders as a whole.

### **Confirmation from the Joint Sponsors**

The Joint Sponsors have reviewed the relevant information and historical figures prepared and provided by us relating to the non-exempt continuing connected transactions described above and have also conducted due diligence by discussing with us and our advisers and have obtained the necessary representations and information from us. Based on the Joint Sponsors' due diligence, the Joint Sponsors are of the view that the non-exempt continuing connected transactions have been entered into in the ordinary and usual course of our business, on normal commercial terms that are fair and reasonable and in the interests of our Shareholders as a whole, and the respective annual caps set for the non-exempt continuing connected transactions are fair and reasonable and in the interest of our shareholders as a whole.