

L'OCCITANE INTERNATIONAL S.A.

CORPORATE GOVERNANCE MANUAL

Date: 17 June 2014

Version: 3

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This manual contains a non-exhaustive summary of key provisions of Hong Kong corporate governance legislation which are applicable to directors and employees of L'Occitane and its subsidiaries. Each of the provisions contained herein (amongst others which are not included in this manual) is set out in full in:

- a) the Securities and Futures Ordinance (*SFO*);
- b) the Companies Ordinance (*CO*);
- c) the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (*LR*) and the appendices thereto, in particular:

Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers (*MC*); and

Appendix 14 – Corporate Governance Code and Corporate Governance Report (*CGC*).

CHAPTER 1

CORPORATE GOVERNANCE POLICY

1. BACKGROUND

1.1 Under Rule 13.89(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the *Listing Rules*), all companies whose shares are listed on The Stock Exchange of Hong Kong Limited (the *Stock Exchange*) are expected to comply with the provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the *Code*) which sets out the principles of good corporate governance. Listed companies may only deviate from the Code provisions if they provide an explanation for doing so in their interim and annual reports. LR 13.89 (1)

1.2 This policy sets guidelines for directors of L'Occitane (the *Company* and, together with its subsidiaries, the *Group*) so as to ensure their compliance with the Code. Directors should familiarise themselves with this policy, which was approved and adopted by a resolution of the board of directors of the Company (the *Board*) on 17 June 2013.

1.3 The Company is committed to enhancing shareholder value by achieving high standards of corporate conduct, transparency and accountability, and this policy is intended to provide guidance for the Company's directors to ensure proper governance, avoidance of conflicts of interests, and appropriate internal controls. The provisions set out herein are in addition to the requirements and provisions of the Company's articles of association (the *Articles*), applicable laws, regulations and the Listing Rules.

1.4 This policy will be reviewed periodically and may be revised as appropriate by the Board or a duly authorised committee of the Board to ensure that it continues to reflect the Board's governance objectives. Any waiver of any provision of, or any deviation from, this policy must be approved in writing by the Board.

2. GENERAL PRINCIPLES

2.1 All directors of the Company must act honestly, with due skill and care in the best interests of the Company. In discharging their duties and responsibilities, they are expected to apply such degree of skill, care and diligence as may reasonably be expected of a person of their knowledge and experience in their position. This standard will not be satisfied merely by attendance at Board meetings: all directors should, at a minimum, take an active interest in the Company's affairs, have an understanding of its business and follow up anything untoward which may come to their attention. LR 3.08 (a)
LR 3.08 (f)
LR 3.08

2.2 This policy requires all directors to comply with the following general principles:

- (a) to adhere to the highest standards of honest and ethical conduct, including taking proper and due actions to avoid any conflicts of interest in his or her dealings with the Company, or dealings with other parties that may relate to or affect the Company, its interests and assets (please also refer to the Company's Directors' Dealing Policy and Prevention of Insider Dealing and Market Misconduct Policy); LR 3.08 (d)

- (b) to ensure that all transactions with connected persons be negotiated on normal commercial terms on an arm's length basis, be disclosed to the Board and recorded in minutes, and be approved in compliance with the Listing Rules concerning connected transactions (please refer to the Company's Connected Transactions and Notifiable Transactions Policy); LR 14A
- (c) to act for proper purpose; LR 3.08 (a)-(f)
- (d) to be answerable to the Company for the application or misapplication of its assets;
- (e) to provide full, fair, accurate, timely and meaningful disclosures in the periodic reports required to be filed by the Company with regulatory authorities;
- (f) to comply with all the Company's policies; and
- (g) to comply with applicable laws, rules and regulations.

Any failure to comply with these principles and to perform duties to the standards required may result in disciplinary action by the Company or the Stock Exchange or in civil or criminal liabilities.

3. ROLE OF THE BOARD

- 3.1 The Board should assume responsibility for leadership and control of the Company and should be collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board should take decisions objectively in the best interests of the Company. CGC A.1
- 3.2 The Board should regularly review the contribution required from a director to perform his or her responsibilities to the Company, and whether he or she is spending sufficient time performing them. CGC A.1
- 3.3 The Board should conduct a regular evaluation of its own performance. CGC B.1.9
- 3.4 Apart from the competences of the Board as set forth in the respective law, the Company's Articles and the Listing Rules, which require the approval of shareholders on certain matters, the following list (as may be amended by the Board from time to time) sets out those matters which are reserved for approval by the Board: CGC D.1
 - (a) approval of the directors' report in respect of the Group's annual audited accounts;
 - (b) the proposal of any dividend (whether interim or final) or making of any distribution of profits by way of dividend, capitalisation of reserves or in any form whatsoever to any shareholders;
 - (c) approval and adoption of the Group's annual operating budget and capital expenditure budget;
 - (d) any increase in the issued share capital of the Company;
 - (e) subject to compliance with requisite regulations, the proposal of any connected transactions, whether or not disclosure and/or the approval of shareholders in general meeting is required;

- (f) all matters relating to the hiring or dismissal of the chief executive officer, chief finance officer, Company Secretary or key members of the management team as may be identified as such by the Board from time to time;
- (g) the entry into any contract otherwise than in the ordinary course of business of the Company where the value, consideration, assets, profits or commitment is in excess of €5 million. The Board would review the amount from time to time;
- (h) the grant of any guarantee or indemnity, or creating any security, charge or other encumbrance over the Company's assets (including intellectual property);
- (i) the selling, transferring, assigning, licensing or otherwise disposing of or (save in the ordinary course of business) otherwise dealing with any of the Company's assets (including intellectual property) where the net book value, consideration, assets, profits or commitment is in excess of €5 million. The Board would review the amount from time to time;
- (j) the incurring by the Company of any indebtedness, liabilities (including contingent liabilities), obligations or risks in an amount in excess of €5 million. The Board would review the amount from time to time in any one transaction or in aggregate in any one financial year (other than indebtedness incurred in the ordinary course of business¹); and
- (k) the commencing of any legal action, arbitration or settlement of a dispute by the Company where the amount claimed is in excess of €5 million. The Board would review the amount from time to time.

3.5 Other than those matters reserved for approval by the Board, the Board shall delegate its management and administration functions to the management. In particular, the day-to-day management of the Company shall be delegated to the chief executive officer and his/her management team. Matters delegated to the management shall include responsibility for implementing the provisions of this policy and implementing strategies approved by the Board in relation to the business and operations of the Group. All directors should clearly understand the delegation arrangements in place. CGC D.1

3.6 The Board should review the list of matters reserved for approval by the Board and matters to be delegated to management periodically to ensure that they remain appropriate to the Company's needs. CGC D.1.2

3.7 Other than the delegation of day-to-day management to the chief executive officer and his/her management team, when the Board delegates any particular aspects of its management and administration functions to the management, it must at the same time give clear directions as to management's powers and, in particular, when management should report back and obtain prior Board approval before making decisions or entering into any commitments on the Company's behalf. Delegation of functions by directors does not absolve them from their responsibilities or from applying the required levels of skill, care and diligence. CGC D.1.1

¹ Foreign currencies forward contracts, interest swaps and other financial tools used for currency hedging under the existing credit facilities are considered as being transactions incurred in the ordinary course of business.

3.8 The Company should clearly disclose the respective responsibilities, accountabilities and contributions of the Board and management to those affected by decisions taken in respect of the Company. CGC D.1.3

4. BOARD COMPOSITION

4.1 The Board shall have a balanced composition of executive, non-executive and independent non-executive directors to ensure that active, unbiased and diverse advice is brought to the Company and that there is a strong independent element on the Board which can effectively exercise independent judgement. CGC A.3

4.2 The Board shall include non-executive directors of sufficient calibre and number for their views to carry weight, and at least one-third of the Board or three directors (whichever is the greater) shall comprise independent non-executive directors. The independent non-executive directors should be identified in all corporate communications that disclose the names of directors. CGC A.3
CGC A.3.1

4.3 The Company will maintain on its website and on the website of the Stock Exchange an updated list of all its directors, their role and function, and whether they are executive, non-executive or independent non-executive directors. CGC A.3.2

4.4 The Board shall have a balance of skill and experience appropriate for the requirements of the Company's business and shall ensure that changes to its composition can be managed without undue disruption. The Board shall include directors with diverse expertise and experience necessary to guide and develop the Company into a market leader in its business. To the extent permitted by law and the Company's Articles, the Board shall comprise such number of directors as deemed appropriate by the Board for the efficient functioning of the Company. CGC A.3

5. RESPONSIBILITIES OF DIRECTORS

5.1 Every director must always know his or her responsibilities as a director of the Company and must know its conduct, business activities and development. Given the essential unitary nature of the Board, non-executive directors have the same duties of care and skill and fiduciary duties as executive directors. CGC A.6

5.2 Every newly appointed director should receive on appointment a comprehensive, formal and tailored induction organised by the Company Secretary. Subsequently he or she should receive any briefing and professional development necessary to ensure that he or she has a proper understanding of the Group's operations and business and is fully aware of his or her responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the Group's business and governance policies (including this policy). CGC A.6.1

5.3 The functions of non-executive directors should include: CGC A.6.2

- (a) regularly attending and actively participating in Board meetings and meetings of such other Board committees of which they are members to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- (b) taking the lead where potential conflicts of interests arise;

- (c) serving on the audit, remuneration, nomination and other governance committees, if invited; and
- (d) scrutinising the Group's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

5.4 All directors should participate in continuous professional development to develop and refresh their knowledge and skills and to ensure that their contribution to the Board remains informed and relevant. The Company Secretary shall be responsible for arranging suitable training, funded by the Company, placing an appropriate emphasis on the roles, functions and duties of a director of a listed company, and directors shall provide the Company with records of the training they have received. CGC A.6.5

5.5 Independent non-executive directors and other non-executive directors, as equal Board members, should give the Board and any Board committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. CGC A.6.7

5.6 Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments. CGC A.6.8

6. APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

6.1 The Nomination Committee shall make recommendations to the Board on the suitability and qualification of candidates for the position of director of the Company, having regard to the independence and quality of nominees, so as to ensure that all nominations are fair, considered and transparent, that there is a formal procedure for appointments and that succession to the Board is orderly. CGC A.5.2

6.2 The Board needs to be satisfied that any director nominee is able to devote sufficient time to carry out his or her duties or responsibilities effectively. CGC A.4

6.3 Every director should ensure that he or she can give sufficient time and attention to the affairs of the Group. A prospective director should not accept an appointment if he or she cannot do so. CGC A.6.3

6.4 Each director should disclose to the Company at the time of his or her appointment, in a timely manner upon any change thereafter, and at such other times as the Board may require: CGC A.6.6

- (a) the number and nature of his or her offices held in public companies or organisations and other significant commitments;
- (b) the identities of the other public companies or organisations; and
- (c) an indication of the time commitment required by each such office or commitment.

6.5 Where the Board proposes a resolution to elect an individual as an independent non-executive director at a general meeting, it should set out in the circular to shareholders and/or the explanatory statement accompanying the notice of the relevant general meeting why it believes he or she should be elected and the reasons why it considers him to be independent. CGC A.5.5

6.6 All directors should have formal letters of appointment setting out the key terms and conditions of their appointment.

6.7 All non-executive directors shall be appointed for a specific term, subject to re-election. CGC A.4.1

6.8 When a Board vacancy occurs during the course of the year, the Board might fill the vacancy. In this case, all directors appointed by the Board shall hold office for a term expiring not later than the following general meeting or annual general meeting (*AGM*) of the shareholders, whatever is earlier and shall then be eligible for retirement and re-election at that meeting, provided that any director who so retires shall not be taken into account in determining which directors are to retire by rotation at that AGM as described at paragraph 6.9 below. CGC A.4.2

6.9 One third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one third) shall retire from office by rotation provided that every director shall be subject to retirement at an AGM at least once every three years. CGC A.4.2

6.10 The directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any director who wishes to retire and not to offer himself or herself for re-election. Any further directors so to retire shall be those of the other directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. All directors subject to retirement by rotation may offer themselves for re-election.

6.11 If any independent non-executive director has served on the Board for nine years, his or her re-election and further appointment shall be subject to a separate shareholders' resolution. The papers distributed to shareholders in respect of that resolution should include the reasons why the Board believes that such independent non-executive director is still independent and should be re-elected. CGC A.4.3

7. ACCESS TO MANAGEMENT, COMPANY SECRETARY AND INDEPENDENT PROFESSIONAL ADVICE

7.1 Management has an obligation to supply the Board and Board committees with adequate information in a timely manner to enable the Board and Board committees to make informed decisions. The information supplied must be complete and reliable. CGC A.7.2

7.2 To fulfil his or her duties properly, a director may not in all circumstances be able to rely purely on information provided voluntarily by management and he or she may need to make further enquiries. Where any director requires more information than is volunteered by management, he or she should make further enquiries where necessary. Therefore the Board and all individual directors, and in particular non-executive directors, are entitled to separate and independent access to the Company's senior management as and when they think necessary. CGC A.7.2

7.3 To enable the directors to discharge their duties effectively, each director:

- (a) shall have access to the advice and services of the Company Secretary and other members of the senior management of the Company to ensure that Board procedures and all applicable laws, rules and regulations are complied with; CGC F.1.4
- (b) can make further queries and seek information from the senior management of the Company if the director requires more information than is provided voluntarily by the management in order to make an informed decision on matters considered by the Board; and CGC A.7.2
- (c) has the right of access to all information including Board papers and related materials, minutes of Board meetings and minutes of Board committee meetings at any reasonable time on reasonable notice. CGC A.7.3

7.4 If so requested by any director, the Board should resolve for separate independent professional advice to be provided, at the Company's expense, to the director to assist him or her to discharge his or her duties to the Company. CGC A.1.6

8. BOARD MEETINGS

8.1 Directors are expected to attend Board meetings and meetings of Board committees on which they serve as frequently as necessary, and to spend such time as is needed to properly discharge their responsibilities.

8.2 The Board will meet regularly and at least four times a year at approximately quarterly intervals (the *Regular Board Meetings*), and where necessary, some of these meetings may take the form of a retreat to consider particular challenges or strategy. It is expected that these Regular Board Meetings will normally involve the active participation, either in person or through electronic means of communication, of a majority of directors entitled to be present. Accordingly, a Regular Board Meeting does not include obtaining Board consent through circulating written resolutions. CGC A.1.1

8.3 Notice of at least 14 days should be given of a Regular Board Meeting to give all directors an opportunity to attend. For all other Board meetings, reasonable notice should be given. CGC A.1.3

8.4 Without prejudice to the right of all directors to suggest matters for discussion by the Board at Regular Board Meetings, all Board meeting agendas shall be prepared by the chairman of the Board with the assistance of the Company Secretary and a draft agenda should be circulated to all directors together with the notice of the meeting and adequate background materials for each meeting. Directors may consider whether they wish to include any matters in the agenda and, if so, they should inform the Company Secretary within five days from the date of circulation of the notice for the Regular Board Meeting CGC A.1.2
CGC A.2.4

8.5 The final agenda and board papers should be circulated in full to the directors in a timely manner and at least three days prior to the Board meeting. CGC A.7.1

8.6 The board papers and related materials should be prepared in a form and quality sufficient to enable the Board to make an informed decision on matters placed before it. Queries raised by directors should receive a prompt and full response wherever possible, if necessary by the Company Secretary liaising with the management to arrange for such a response to be provided. CGC A.7.3

- 8.7 To the extent that it is practicable to do so, meetings of Board committees and Board meetings other than Regular Board Meetings should follow the same procedures set out in paragraphs 8.3 to 8.6 above. CGC A.7.1
- 8.8 Subject to the Company's Articles and applicable laws and regulations, attendance by conference call, video link or other electronic means may be counted as attendance at a physical Board meeting. CGC A.1.7 (Note)
- 8.9 The Company Secretary or a duly appointed delegate thereof should keep minutes of all meetings of the Board and Board committees, and such minutes should be open for inspection at any reasonable time on reasonable notice by any director. CGC A.1.4
- 8.10 Minutes of meetings of the Board and Board committees should record in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed. CGC A.1.5
- 8.11 Draft minutes of meetings of the Board shall be circulated to all directors for their comments as soon as practicable after the meeting. If the directors have any comments on the draft minutes, they should inform the Company Secretary within seven days from the date of circulation of the draft minutes. The Company Secretary should circulate the finalised minutes of all Board and Board committee meetings to all directors for their records as soon as practicable. CGC A.1.5
- 8.12 If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by holding a physical Board meeting rather than by a written resolution or by a Board committee. Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at that Board meeting. CGC A.1.7
- 8.13 The Company should arrange appropriate insurance cover in respect of legal action against its directors CGC A.1.8
- 8.14 Any Board meeting in which the appointment or dismissal of the Company Secretary is to be discussed or determined should be dealt with by holding a physical board meeting rather than by a written resolution or by a Board committee. CGC F.1.2 (Note)

9. CHAIRMAN, CHIEF EXECUTIVE OFFICER AND COMPANY SECRETARY

- 9.1 The roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. CGC A.2.1
- 9.2 The chairman is responsible for leadership of the Board and for ensuring that the Board functions effectively and acts in the best interests of the Company. In performing the role of chairman, responsibilities include:
- (a) chairing meetings of the Board;
 - (b) ensuring all directors are properly briefed on issues arising at Board meetings; CGC A.2.2
 - (c) ensuring all directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable; CGC A.2.3
 - (d) providing leadership and ensuring effective performance by the Board of its responsibilities, including that it acts in the Company's best interests; CGC A.2.4

CGC A.2.4

- (e) in consultation with the Company Secretary, drawing up and approving the agenda for each Board meeting taking into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda;
- (f) ensuring that all key and appropriate issues are discussed by the Board in a timely manner; CGC A.2.4
- (g) leading the Board in establishing good corporate governance practices and procedures for the Group; CGC A.2.5
- (h) encouraging efficient and constructive deliberation of issues within the Board, including by encouraging all directors to make a full and active contribution to the Board, encouraging directors with different views to voice their concerns, allowing sufficient time for discussion of issues and ensuring that Board decisions fairly reflect the Board consensus; CGC A.2.6
- (i) encouraging constructive and timely communication between the Board and the management;
- (j) at least annually, holding meetings with the non-executive directors (including independent non-executive directors) without the executive directors present; CGC A.2.7
- (k) ensuring effective communication with shareholders and ensuring that their views are communicated to the Board; and CGC A.2.8
- (l) promoting a culture of openness and debate by facilitating the effective contribution of non-executive directors to Group matters and ensuring constructive relations between executive and non-executive directors. CGC A.2.9

9.3 Subject to specific delegations by the Board from time to time, in performing the role of chief executive officer, responsibilities include:

- (a) leading the management in the daily operations of the Group;
- (b) recommending policies, business plans and strategic directions for Board approval;
- (c) ensuring the strategies and policies approved by the Board are effectively implemented; and
- (d) keeping the Board informed of material developments in the Group's business.

9.4 The Company Secretary should be an employee of the Company and have day-to-day knowledge of the Company's affairs. Such a Company Secretary shall report to the chairman of the Board, the chief executive officer and/or the chief finance officer. CGC F.1.1

9.5 If the Company Secretary is an external service provider, it shall be given a contact with sufficient seniority within the Company (such as the head of legal or the chief financial officer). CGC F.1.3

9.6 The appointment, selection, or dismissal of the Company Secretary shall be discussed and approved by the Board in physical board meeting.

9.7 In performing the role of Company Secretary, the Company Secretary's responsibilities include:

- (a) supporting the Board by ensuring effective information flow and communication within the Board; CGC F
- (b) ensuring that Board policy and procedures and all applicable laws, rules and regulations are followed, including by providing advice and services to individual directors on request; CGC F.1.4
- (c) advising the Board, through the chairman or the chief executive officer, on governance matters; CGC F
- (d) facilitating the induction and professional development of directors; and CGC F
- (e) save where the Company Secretary is an external service provider or is not required to do so by the Listing Rules, undertaking at least 15 hours of relevant professional training in each financial year. LR 3.29

10. BOARD COMMITTEES

10.1 The Board shall establish, with specific written terms of reference dealing clearly with their respective authority and duties, the following committees and such other additional committees as the Board may consider necessary from time to time to assist the Board in discharging its responsibilities:

- (a) an Audit Committee; LR 3.21 & CGC C.3
- (b) a Remuneration Committee; LR 3.25 & CGC B.1.2
- (c) a Nomination Committee; and CGC A.5.1

10.2 The Audit Committee shall comprise non-executive directors only with a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise (as required by the Listing Rules). The chairman of the Audit Committee and a majority of its members must be independent non-executive directors of the Company. LR 3.21

10.3 The chairman and a majority of the members of the Remuneration Committee shall be independent non-executive directors. LR 3.25

10.4 A majority of the members of the Nomination Committee shall be independent non-executive directors. CGC A.5.1

10.5 The Board may be responsible for, or may delegate responsibility to a committee established for the performance of, the following responsibilities: CGC D.3.2

- (a) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; CGC D.3.1
- (b) reviewing and monitoring the training and continuous professional development of directors and senior management;
- (c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

- (d) developing, reviewing and monitoring this policy and any other codes of conduct or policies applicable to employees, directors and officers of the Company;
- (e) reviewing the Company's compliance with the Code and disclosure in the Corporate Governance Report (as defined below).

10.6 Where Board committees are established to deal with matters, the Board should give them sufficiently clear terms of reference to enable them to perform their functions properly. Up to date, consolidated terms of reference for all Board committees shall be published (in English and Chinese) on the Company's website. CGC D.2.1

10.7 The terms of reference of Board committees should require them to report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements). CGC D.2.2

10.8 Written terms of reference for each of the Audit Committee, the Remuneration Committee and the Nomination Committee are attached to this manual as Appendices 1.1 to 1.3.

11. SECURITIES TRANSACTIONS BY DIRECTORS

11.1 Directors must comply with their obligations under the Company's Directors' Dealing Policy which is based on the Model Code for Securities Transactions by Directors of Listed Issuers which forms Appendix 10 of the Listing Rules, and which applies to both directors and restricted employees (being any employees of the Company or a director or employee of a Group company who, because of their office or employment, are likely to be in possession of unpublished price-sensitive information in relation to the Company or its securities). MC 2 and B.12
CGC A.6.4

12. CORPORATE GOVERNANCE REPORT

12.1 The Board must prepare a report on the Company's corporate governance practices (the *Corporate Governance Report*) as part of the Company's annual report which must, as a minimum, contain the information required under paragraphs G to P of Appendix 14 to the Listing Rules, and which is required to be included in the Company's annual and interim reports under paragraphs 34 and 50 of Appendix 16 to the Listing Rules. CGC Sections F to P

13. FINANCIAL REPORTING

13.1 The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects. CGC C.1

13.2 Management should provide sufficient explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put before it for approval. CGC C.1.1

13.3 Management should, as soon as practicable after the month-end, provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each director to discharge their duties to the Company and for the Company to comply with its continuing obligations under Chapter 13 of the Listing Rules. CGC C.1.2

13.4 The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. There should be a statement by the auditors about CGC C.1.3

their reporting responsibilities in the auditors' report on the financial statements. Unless it is inappropriate to assume that the Company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report. The Corporate Governance Report should contain sufficient information for investors to understand the severity and significance of matters. To a reasonable and appropriate extent, the Company may refer to other parts of the annual report. These references should be clear and unambiguous and the Corporate Governance report should contain only a cross-reference without any discussion of the matter.

13.5 The directors should include, in a separate statement in the annual report containing a discussion and analysis of the Group's performance, an explanation of the basis on which the Company generates or preserves value over the longer term (the business model) and the strategy for delivering the Company's objectives, given that long-term financial performance should be a corporate governance objective and the Board should not take undue risks to make short-term gains at the expense of long-term objectives. CGC C.1.4

13.6 The Company should disclose details of any remuneration payable to members of senior management by band in the annual report.

13.7 The Board should present a balanced, clear and understandable assessment in annual and interim reports, other price-sensitive announcements and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements. CGC C.1.5

13.8 All directors, officers and employees should refer to the Company's Disclosure of Price-sensitive Information Policy for further guidelines as to disclosure of financial and price-sensitive information.

14. INTERNAL CONTROLS

14.1 The Board should ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company's assets. CGC C.2

14.2 The directors should at least annually conduct a review of the effectiveness of the Group's internal control systems and report to shareholders that they have done so in the Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls and risk management functions. CGC C.2.1

14.3 The Board's annual review should, in particular, consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. CGC C.2.2

15. COMMUNICATION WITH SHAREHOLDERS

15.1 The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use AGMs or other general meetings to communicate with shareholders and encourage their participation. CGC E.1

15.2 For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The Company should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. CGC E.1.1

Where the resolutions are “bundled”, the Company should explain the reasons for and material implications of such “bundling” in the notice of the general meeting.

15.3 The chairman of the Board should attend the AGM. He or she should also invite the chairmen of the Board committees, including but not limited to the Audit Committee, Remuneration Committee and Nomination Committee, to attend. In the event that any chairman of a committee is unable to attend, the chairman of the Board should invite another member of the relevant Board committee, or failing this the duly appointed delegate of the absent chairman of the Board committee, to attend. These persons should be available to answer shareholders’ questions at the AGM. CGC E.1.2

15.4 The chairman of the independent Board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders’ approval. CGC E.1.2

15.5 Management should ensure that the Company’s external auditor attends the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor’s report, the accounting policies and auditor independence. CGC E.1.2

15.6 The Company should arrange for the notice to shareholders to be sent: CGC E.1.3

(a) in the case of annual general meetings, at least 20 clear business days before the meeting;

(b) in the case of all other general meetings, at least 10 clear business days before the meeting; and

(c) in the case of an annual general meetings and any other general meeting called for the passing of a Special Resolution, at least 20 clear business days before the meeting.

15.7 The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll, and the chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders regarding voting by way of a poll. CGC E.2.1

15.8 The Company shall publish the procedures for shareholders to propose a person for election as a director, in English and Chinese, on its website.

15.9 The Board should establish a shareholders’ communication policy and review it on a regular basis to ensure its effectiveness. CGC E.1.4

CHAPTER 2

PREVENTION OF INSIDER DEALING AND MARKET MISCONDUCT POLICY

1. PURPOSE OF THE POLICY

1.1 Following the listing of L'Occitane (the *Company*) on The Stock Exchange of Hong Kong Limited (the *Stock Exchange*), the Company and all its subsidiaries (together the *Group*) and all of their directors, officers and employees must be aware of and comply at all times with the Hong Kong laws relating to insider dealing and market misconduct which are contained in Parts XIII and XIV of the Securities and Futures Ordinance (the *SFO*).

1.2 Under Parts XIII and XIV of the SFO, there are various forms of market misconduct, including insider trading, which are all serious offences that attract significant civil and criminal penalties.

1.3 This policy is issued for the purpose of preventing market misconduct, as well as preventing directors, officers and employees of the Group from engaging in speculative trading in Company Securities (as defined below). It sets out the required standards and controls to ensure compliance with the relevant regulatory requirements.

1.4 This policy applies to all Group directors, officers and employees (including part-time employees) and consultants, contractors and persons who are seconded to the Group.

1.5 Compliance with this policy is mandatory; any breach may subject you, as well as Group companies, to civil or criminal liability. It is important that you familiarise yourself with and comply with all the restrictions and requirements contained in this policy.

1.6 In addition, certain employees who are particularly likely to have access to Inside Information (as defined below), and who are notified that they are Restricted Persons (also as defined below) must comply with additional requirements which are set out in the Company's Directors' Dealing Policy.

MC B.13

2. GENERAL RESTRICTIONS

Prohibition against dealing in Company Securities while in possession of Inside Information

- 2.1 If you are in possession of Inside Information you must not, directly or indirectly:
- (a) deal in Company Securities; SFO s. 291(1)(a)
 - (b) pass any Inside Information to any other person (except in the proper performance of your duties); SFO s. 291(3)
 - (c) recommend anyone to deal in Company Securities; or SFO s. 291(1)(b)
 - (d) use Inside Information in any manner (except in the proper performance of your duties), whether or not to achieve any advantage.

Prohibition against insider dealing in other securities

2.2 You must not deal (or recommend that anyone else deal) in any of the securities of another company, directly or indirectly, if you are in possession of any material non-public information about that company. SFO s.270 and s. 291(5)

Prohibition against Short Sales

2.3 Short selling is prohibited. You must not sell, directly or indirectly, any Company Securities if (i) you do not own the Company Securities sold, or (ii) you own the Company Securities, but you do not deliver them against the sale.

Hedging and Derivatives

2.4 You must not engage in any hedging transactions with respect to any Company Securities. Hedging transactions include trading in any derivatives relating to Company Securities.

Pledging and Margin Accounts

2.5 You must not use Company Securities to support a margin debit, and you must not pledge Company Securities at any time when you are in possession of Inside Information or otherwise prohibited from trading in Company Securities.

Gifts

2.6 The making of gifts of Company Securities is subject to the same restrictions and procedures set out in this policy as any other dealing in Company Securities. SFO s. 289 (Definition: *dealing*) and MC Rule 7

Other market misconduct offences

2.7 Market misconduct offences, whether or not they are related to Company Securities, are serious offences and may result in severe legal penalties. A brief summary of other types of market misconduct under the SFO is set out below. SFO Part XIII (Division 5) and Part XIV (Division 3)

False trading

SFO s. 274 and SFO s. 295

- 2.8 False trading may arise when a person intentionally or recklessly:
- (a) does anything which has or is likely to have the effect of creating a false or misleading appearance of active trading in a security; or
 - (b) takes part in a transaction which creates an artificial price of a security.

Price rigging

SFO s. 275 and SFO s. 296

- 2.9 Price rigging may arise when a person:
- (a) sells securities to himself or herself which has the effect of altering, stabilising or causing fluctuations in the price of securities in Hong Kong or elsewhere; or
 - (b) engages in fictitious or artificial transactions with the intent of, or reckless disregard for, altering, stabilising or causing fluctuations in the price of securities in Hong Kong or elsewhere.

Disclosure of false or misleading information

SFO s. 277 and
SFO s. 298

2.10 Disclosure of false or misleading information inducing transactions will arise when:

- (a) a person is involved in the disclosure of false or misleading information that is likely to cause another person to subscribe for, purchase or sell securities, or which is likely to cause an increase, reduction or stabilisation of the price of securities; and
- (b) the person knows that, or is reckless or negligent as to whether, the information is false or misleading.

Market manipulation

SFO s. 278 and
SFO s. 299

2.11 Stock market manipulation may arise when a person enters into or carries out multiple transactions in securities, in Hong Kong or elsewhere, which affect the price of those securities, with the intention of causing others to buy, subscribe for or sell (or refrain from buying, subscribing for or selling) securities.

Disclosure of information about prohibited transactions

SFO s. 276 and
SFO s. 297

2.12 Disclosure of information about prohibited transactions takes place when a person circulates or discloses information about any market misconduct to the effect that the price of securities of a company will be maintained, increased, reduced or stabilised.

Other Insider Dealing Policies

2.13 In addition to this policy, your role may require that you are subject to other Company policies or the rules or regulations of other supervisory or regulatory authorities. If such other policies, rules or regulations have stricter requirements than those set out in this policy, those stricter requirements will apply instead of this policy.

3. DEFINITIONS

3.1 **Inside Information** means information about:

SFO s. 245 (1) and
285 (1) (Definition:
*relevant
information*)

- (a) the Company;
- (b) a shareholder, officer or director of the Company; or
- (c) Company Securities,

which is not generally known to the persons who are accustomed to or would be likely to deal in Company Securities but which would, if it were generally known to those persons, be likely to materially affect the price of Company Securities.

Some examples of Inside Information are given below, although this is not an exhaustive list:

- (a) financial results of the Group which are not already in public domain, and significant changes in financial performance, outlook or liquidity;
- (b) profit forecasts which are not already in the public domain, or variations from a profit forecast;

- (c) decisions regarding dividends or the non-payment of dividends, or any change in dividend policy;
- (d) projections that significantly differ from external expectations;
- (e) proposed stock splits, public or private securities offerings, shares issues, rights issues or other fund raisings, financings and corporate actions;
- (f) actual or proposed takeover bids;
- (g) information regarding a pending or proposed acquisition or disposal;
- (h) plans for significant expansion or curtailment of operations;
- (i) commitment of significant resources to a non-core business activity;
- (j) a significant allegation of any breach of law by the Group or any of its directors, officers or employees;
- (k) any proposed change in regulation or law that could materially affect the Group's business;
- (l) actual or threatened major litigation, or developments relating to such litigation;
- (m) significant changes in the board of directors or senior management of any Group company;
- (n) major market upheaval in the industries, countries or regions where the Group has significant operations or transactions;
- (o) resignation or premature removal of auditors before the end of their term in office;
- (p) any change of accounting policy that may have a significant impact on the financial results;
- (q) any breach by the Group of a loan agreement that is significant to its operations; or
- (r) any other event, whether within the control of the Group or not, which is of material significance to the business, operation or financial performance of the Company.

Company Securities

3.2 ***Company Securities*** means:

- (a) shares and equity interests in the Company;
- (b) derivative contracts in respect of shares in the Company, including options, warrants, rights, forwards, futures and swaps; and
- (c) debt issued by the Company, including debentures and bonds.

SFO s. 285 (1)
(Definition:
securities)

Dealing

3.3 **Dealing** means acting in (i) any sale, purchase or exchange of or subscription for listed securities or their derivatives; or (ii) any acquisition or disposal of the right to sell, purchase, exchange or subscribe for listed securities or their derivatives; or (iii) any agreement to do any of those things described in (i) or (ii), either for yourself or as agent for another person.

SFO s. 249 and
s.289

4. RESTRICTED PERSONS

Restricted Persons

4.1 **Restricted Persons** are designated employees, officers and directors of the Group who, because of their office or employment in the Group, are likely to possess Inside Information. You will be notified if you are a Restricted Person.

MC B.13

4.2 Restricted Persons may apply for removal from this status by application to the Company Secretary, for example when moving to a job where they will not have access to Inside Information.

4.3 If you are a Restricted Person, you must comply with the Company's Directors' Dealing Policy in the same way as if you were a director, as well as complying with this policy.

MC B.13

5. SHARE AWARDS

5.1 Grant

Any grant of an option, restricted share unit or share appreciation right in respect of Company Securities which is made to you will be conditional on your confirming that you are not in possession of any Inside Information at the time of grant.

5.2 Exercise

This policy will not apply in relation to the vesting or exercise of any option, restricted share unit or share appreciation right in respect of Company Securities which was granted under an approved share incentive plan of the Company. However, you must comply with all the prohibitions and requirements of this policy in relation to any subsequent sale or other dealings in the Company Securities underlying any option, restricted share unit or share appreciation right.

SFO s. 273 and s.294

6. FORMER EMPLOYEES

The restrictions under this policy will still apply to you if you cease to work for the Group. You must not, directly or indirectly, deal in Company Securities whilst in possession of Inside Information, even after you cease to work for the Group, until the Inside Information has been made public or is no longer material.

7. MISCELLANEOUS

Policy breaches

7.1 If you become aware of a breach of this policy, you should promptly report the breach to the Company Secretary.

Penalties

7.2 If you fail to comply with this policy, you may be subject to sanctions including dismissal or termination of your employment, regardless of whether such failure results in a violation of legislation, rules or regulations. You may additionally be subject to substantial civil and criminal penalties under the SFO and other legislation, rules or regulations in Hong Kong or in other jurisdictions, and you may also expose the Group to potential civil and/or criminal liability.

SFO s. 281
SFO s. 303 and
SFO s. 305

Monitoring of dealings in Company Securities

7.3 Dealings in Company Securities by all Group directors, officers and employees and their Related Persons may be subject to ongoing monitoring and you may from time to time be asked to confirm your compliance with this policy and to provide details of any dealings by you and your Related Persons in Company Securities.

Inquiries

7.4 Any questions or concerns arising from this policy should be directed to the Company Secretary.

CHAPTER 3

CONNECTED TRANSACTIONS AND NOTIFIABLE TRANSACTIONS POLICY

IMPORTANT

The rules on connected transactions and notifiable transactions are complicated and can be highly technical. **If you are in any doubt as to any aspect of this policy, you should immediately contact the Company Secretary.**

1. BACKGROUND

1.1 Following the listing of L'Occitane (the *Company*) on the Stock Exchange of Hong Kong Limited (the *Stock Exchange*), the Company and all its subsidiaries (together the *Group*) must comply with the Rules Governing the Listing of Securities on the Stock Exchange (the *Listing Rules*), under which the Group is required to disclose and, in some cases, seek shareholder approval for certain proposed transactions with parties who are categorised by the Listing Rules as connected persons (as defined below). These types of transactions are known as *connected transactions*. In addition, all transactions involving the issue of shares in the Company as well as certain high-value transactions require disclosure to, or approval by, the shareholders. These types of transactions are known as *notifiable transactions*.

LR 14A

LR 14

1.2 This policy applies to all Group directors, officers and employees (including part-time employees, consultants, contractors and persons who are seconded to the Group). It sets out guidelines for identifying connected and notifiable transactions and the process for obtaining approval before entering into any such transactions so as to ensure the Group's compliance with the Listing Rules.

1.3 Failure to comply with this policy may lead to sanctions for the Group and/or its directors, officers and employees as well as reputational damage. It is therefore essential that all such directors, officers and employees defined as Restricted Persons in Chapter 2 above are fully aware of and comply at all times with the provisions of this policy.

2. WHAT ARE CONNECTED TRANSACTIONS?

2.1 A *connected transaction* is a transaction (or series of transactions) between a Group company and a person or company which is a connected person. Almost any contract, arrangement or understanding, whether written or unwritten, one-off or continuing, between a Group company and a connected person could be a connected transaction. Whether a transaction is a connected transaction does not depend on the size, value or nature of the transaction but on the relationship between the parties to it.

LR 14A.13 (1) (a)

2.2 A "transaction" for these purposes may include, for example:

(a) provision or acquisition of goods (e.g. raw materials, components or finished products), services (e.g. IT, HR, marketing) or assets;

LR 14A.10 (13) (a) and (j)

(b) secondments of staff, sharing services or providing administrative support; and

LR 14A.10 (13) (i)

LR 14A.10 (13) (c) and (d)

(c) entering into or terminating finance leases or operating leases.

2.3 In addition, connected transactions may include:

- (a) certain transactions between a Group company and a person who is *not* a connected person where the transaction involves the acquisition or disposal of shares or an interest, or options to acquire shares or an interest, in a company; LR 14A.13 (1)(b)
- (b) certain transactions involving or related to the provision of financial assistance (meaning the granting of credit, a loan, security or a guarantee) by, to or for the benefit of (i) a connected person or (ii) a company in which the Company and a connected person are shareholders; or LR 14A.13 (2) to (4)
- (c) the writing, acceptance, transfer or exercise of an option (except for options granted under an approved share option scheme of the Company); or LR 14A.13 (5)
- (d) the entering into of any arrangement or agreement involving the formation of a joint venture entity in any form, or any other form of joint arrangement. LR 14A.13 (6)

As such it is important for ALL proposed or pending transactions of the type described in this paragraph 2.3 to be reported to the Company Secretary, notwithstanding their value or the identity of the counterparty.

3. WHO ARE CONNECTED PERSONS?

3.1 The definition of *connected person* is very far reaching. A connected person includes the following: LR 14A.11

- (a) a director of any Group company or any person who has been such a director within the preceding 12 months; LR 14A.11(1) and (2)
- (b) a chief executive of any Group company; LR 14A.11(1)
- (c) a substantial shareholder (i.e. a shareholder who has 10% or more voting power) of any Group company; LR 14A.11(1)
- (d) an associate of any of (a) to (c) above; and LR 14A.11(4)
- (e) any non-wholly owned subsidiaries of the Group where any persons described at (a) to (d) above (other than one who is connected to the Group at subsidiary level e.g. a director or substantial shareholder of a subsidiary) have, either individually or together, 10% or more of the voting power. LR 14A.11(5)

3.2 The concept of *connected person* is so wide because of the definition of an *associate*. An individual's associates include his or her family and relatives, trustees of a trust that benefit the individual and/or his or her family, and any company in which that individual and/or his or her associates are directly or indirectly able to control 30% or more of the voting power (together with that company's subsidiaries). The associates of a company include its subsidiaries, holding company and fellow subsidiaries, trustees of any trust which benefits the company, and any company in which the company and/or its associates are directly or indirectly able to control 30% or more of the voting power (together with that company's subsidiaries). LR1.01 and 14A.11(4)

3.3 An important point to note is that wholly owned direct or indirect subsidiaries of the Group are **NOT** connected persons. Specifically, transactions between: (a) the Company and any other Group company which is wholly owned by the Company; and (b) two or more wholly-owned Group subsidiaries, are not connected transactions. LR 14A.12

Appendix 3.1 to this manual further describes the categories of persons and entities that can be described as connected persons of the Group. It also contains a non-exhaustive list of easily connected persons. A register of connected persons will be maintained by the Company Secretary.

4. WHY ARE THE LISTING RULES RELATING TO CONNECTED TRANSACTIONS SO IMPORTANT?

The Listing Rules relating to connected transactions aim to protect the interests of shareholders (and in particular minority shareholders) by ensuring that transactions between a listed company and its connected persons are fair and reasonable and are entered into on normal commercial terms on an arm's length basis. Such rules are required primarily because connected persons may be in a position to influence the listed issuer on a particular matter, and therefore transactions between a listed issuer and its connected persons warrant a higher level of scrutiny. LR 14A.1

All connected transactions should be on normal commercial terms (or terms which are more advantageous to the Group), fair and reasonable and in the interests of the Group and its shareholders as a whole. LR 14A
LR 14A.10 (8))

5. NOTIFIABLE TRANSACTIONS

5.1 The Listing Rules also require that transactions which are of significant value relative to the Group or which involve the issue of shares of the Company be disclosed to, and in some cases be approved by, the shareholders. These transactions are known as *notifiable transactions*. LR 14

Transactions involving shares

5.2 Transactions of any value which involve an acquisition of assets (other than cash) by the Group and where the consideration includes shares in the Company for which listing will be sought, are classified as notifiable transactions and must be disclosed to shareholders. All such potential transactions must be reported to the Company Secretary for approval. LR 14.06 (1)

High-value transactions

5.3 Other transactions may or may not be notifiable depending on the value of the transaction comparative to the value of the Group (by reference to its overall assets, profits, revenue and market capitalisation) at the time of the transaction. If the comparative ratio is above a certain threshold, the transaction must be disclosed to and, in the case of higher ratios, approved by shareholders. LR 14.06 (2) to (6)

5.4 Notifiable transactions can include a series of transactions (for example, which are all with the same counterparty or which all relate to an interest in a particular company or asset) the value of which, when considered together, amount to a significant transaction requiring disclosure to, or approval by, the shareholders. LR 14.22
LR 14.23

5.5 Examples of possible notifiable transactions include the disposal of a Group company, the acquisition or disposal of business assets, sale or purchase of property interests, investment or private equity transactions or a reverse takeover of another company.

6. REPORTING REQUIREMENTS

6.1 To ensure that the Company complies with the relevant Listing Rules, **ALL** potential transactions:

- (a) where the counterparty is a connected person;
- (b) of the type described in paragraph 2 of this policy;
- (c) where the value, consideration, assets, profits or commitment is €5 million or more;
- (d) which are part of a larger commitment or series of potential transactions with the same counterparty or its associated companies amounting to €5 million or more in value, consideration, assets, profits or commitment; or
- (e) which involve the issue of shares in the Company,

MUST BE REPORTED to the Company Secretary using the notification form provided in Appendix 3.2 to this manual. The Company Secretary will then notify you when all relevant approvals have been obtained and the transaction can be progressed.

6.2 The threshold in paragraphs 6.1(c) and 6.1(d) will be reviewed periodically and may be revised from time to time.

6.3 Please note that certain types of transaction may also require disclosure as a price-sensitive transaction or other type of transaction which is regulated in a particular jurisdiction, even if they do not qualify as a connected transaction or notifiable transaction, and may therefore be subject to different disclosure and shareholder approval requirements.

CHAPTER 4

DIRECTORS' DEALING POLICY

1. PURPOSE OF THE POLICY

1.1 All directors of L'Occitane (the *Company* and, together with its subsidiaries, the *Group*) are required to comply with the Model Code for Securities Transactions by Directors of Listed Issuers at Appendix 10 of the Listing Rules (the *Model Code*) and Part XV of the Securities and Futures Ordinance (the *SFO*) relating to disclosure of directors' interests in shares of Group companies.

1.2 This policy has been adopted by the board of directors of the Company (the *Board*) in order to ensure compliance with the Model Code and Part XV of the SFO. It sets out the procedures and requirements with which you must comply when dealing in Company Securities (as defined below). In addition, you are required to comply with the Company's Prevention of Insider Dealing and Market Misconduct Policy (the *Insider Dealing Policy*), which is based on the provisions of the SFO relating to market misconduct (including insider dealing). Any breach of these policies may constitute a breach of the SFO or the Listing Rules and may attract a public inquiry or civil and criminal liabilities.

CGC A.6.4

1.3 Under the Model Code, directors must endeavour to ensure that any employees, officers and directors of the Group who, because of their office or employment in the Group, are likely to be in possession of unpublished price-sensitive information (*Restricted Persons*) do not deal in Company Securities at a time when they would be prohibited from so dealing if they were directors of the Company. All Restricted Persons must therefore comply with the provisions of this policy, and references in any provision to directors shall include Restricted Persons, save for this paragraph, section 9 and those other paragraphs marked with an asterisk (*).

1.4 Directors who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are notifiable transactions under Chapter 14 of the Listing Rules or connected transactions under Chapter 14A of the Listing Rules or any unpublished price-sensitive information must refrain from dealing in Company Securities as soon as they become aware of them until they have been properly disclosed in accordance with the Listing Rules. Directors privy to relevant negotiations, agreements or information should caution other directors that there may be unpublished price-sensitive information and that they must not deal in Company Securities for a similar period.

MC 5

2. ABSOLUTE PROHIBITIONS

No unauthorised disclosure

2.1 Directors must not make any unauthorised disclosure of confidential information, whether to co-trustees or to any other person (even those to whom he or she owes a fiduciary duty) or make any use of such information for the advantage of himself, herself or others. Directors should refer to and comply with the Insider Dealing Policy and the Company's Disclosure of Price-Sensitive Information Policy.

No dealing when in possession of unpublished price-sensitive information

2.2 You and your Related Persons (as defined below) must not, directly or indirectly:

- (a) deal in any Company Securities at any time when you possess unpublished price-sensitive information in relation to Company Securities; or
- (b) deal in the securities of any other listed company when, by virtue of your position in the Company, you possess unpublished price-sensitive information in relation to those securities.

Pre-approval of all dealings in Company Securities

2.3 You and your Related Persons must not, directly or indirectly, deal in Company Securities at any time without first obtaining pre-approval in accordance with the procedure set out in section 4 below. MC B.8

Prohibition against dealing during Blackout Periods / Special Blackout Periods

2.4 You and your Related Persons must not, directly or indirectly, deal in Company Securities during Blackout Periods or Special Blackout Periods (each as defined below). In exceptional circumstances you may apply for pre-approval to deal during a Blackout Period or Special Blackout Period under section 4 below. MC A.3(a)

2.5 The Company Secretary shall inform you in advance of the commencement and duration of Blackout Periods and any Special Blackout Periods.

3. INTERPRETATION

3.1 Your *Related Persons* means:²

- (a) your spouse, partner or other person with whom you live as if he or she were a spouse; MC A.6
SFO s.344 (1)
- (b) any children (natural or adopted) and stepchildren aged 18 or younger of yourself or of your spouse,
- (c) any person with whom you have an agreement or arrangement: SFO s. 318
 - (i) with respect to dealing in Company Securities; or
 - (ii) under which you undertake to act together in exercising your voting power at general meetings of the Company;
- (d) any corporation of which you or any of the above persons or entities control 30 per cent. or more of the voting power at general meetings of the corporation or of which you control the majority of the board of directors, any corporation which is accustomed to acting or whose directors are accustomed to acting in accordance with the directions or instructions of yourself or any of the above persons or entities, and any of its subsidiaries; and SFO s. 344 (3)

SFO s. 322 (4)

² *Related Persons* is defined slightly wider than required by the Model Code, so as to be interchangeable with the Listing Rules' definition of "associate" and thereby avoiding the need to have "associate" as a separate defined term.

- (e) a trust if:
- (i) you or any of the above persons or entities is/are a beneficiary;
 - (ii) you are a founder of the trust with the ability to exert any influence over the trustee; or
 - (iii) you are a trustee, other than a trust of which: SFO s. 323 (1)(a)
 - (A) you are a bare trustee i.e. a trustee with no powers or duties except to transfer the shares according to the directions of the beneficial owners, or
 - (B) you are a co-trustee and you have not participated in or influenced the decision to deal in the securities,
- and of which neither you nor any of your Related Persons are beneficiaries, or such other persons as the Company Secretary may notify you from time to time.

3.2 **Company Securities** means: MC 7 (c)

- (a) listed shares and equity interests in the Company;
- (b) unlisted securities that are exchangeable into listed shares or equity interests in the Company and structured products and derivative contracts issued in respect of listed shares and equity interests in the Company, including options, warrants, rights, forwards, futures and swaps, whether issued by the Company or a third party; and
- (c) debt issued by the Company, including debentures and bonds, and derivative contracts issued in respect of any such debt.

3.3 **Blackout Period** means any day on which the Company's financial results are published and:

- (a) the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (b) the period of 30 days immediately preceding the publication date of the quarterly results / trading update and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

3.4 The Company shall notify the Stock Exchange in advance of the commencement of any Blackout Period.

3.5 **Special Blackout Period** means such periods as designated by the Company Secretary from time to time during which directors and their Related Persons, among others, are prohibited from dealing in Company Securities.

3.6 **Dealing** includes, subject to sections 6 and 7 below, any acquisition, disposal or transfer of, subscription for or underwriting of or creation of pledge, charge or any other security interest in, any Company Securities or any entity whose assets solely or substantially comprise Company Securities, and the grant, acceptance, acquisition, disposal, transfer,

exercise or discharge of any option (whether call, put or both) or other right or obligation, present or future, conditional or unconditional, to acquire, dispose of or transfer Company Securities, or any interest in Company Securities or any such entity, in each case whether or not for consideration and whether on- or off-market, and the making of or offering to make any agreements to do any of the foregoing, and *deal* shall be construed accordingly.

4. WHAT ARE THE PROCEDURES FOR PRE-APPROVAL?

4.1 Before seeking pre-approval for any proposed dealing in Company Securities, whether by you or by your Related Persons, you should ensure that the proposed dealing:

(a) does not take place when you or the relevant Related Person is/are in possession of Inside Information (as defined in the Company's Insider Dealing Policy) and would not otherwise be prohibited under the Company's Insider Dealing Policy; and MC A.1

(b) does not take place during a Blackout Period or Special Blackout Period (unless there are exceptional circumstances, in which case see section 4.4 below). MC A.3

4.2 You should submit a written request for pre-approval of the proposed transaction in the form set out at Appendix 4.1 to this manual (or such other form as the Company Secretary may circulate from time to time) to the chairman of the Board or such other director of the Company as has been designated by the Board as being responsible for pre-approvals (which cannot be you, if you are seeking the pre-approval). In his or her own case, the chairman shall submit a request to the other designated director. MC B.9
MC B.8

4.3 The chairman or the designated director shall decide whether or not to permit the proposed transaction and shall notify you in writing of their decision within five trading days of receipt of the pre-approval form. The chairman and designated director have full discretion in making such decision and may decide not to permit a dealing for any reason they consider appropriate. MC B.8 (a) and B.9

4.4 If you or your Related Persons wish to deal in Company Securities during a Blackout Period or Special Blackout Period due to exceptional circumstances, you must submit a written request for pre-approval to the chairman or designated director for determination. You must be able to satisfy the chairman or the designated director that the circumstances are exceptional and that the proposed dealing is the only reasonable course of action available; for example, where there is a pressing financial commitment that cannot otherwise be satisfied. MC C.14

4.5 If any such pre-approval is granted to a director, the Company shall, as soon as practicable after the approved dealing, give written notice to the Stock Exchange stating why it considered the circumstances to be exceptional and shall make a public announcement in accordance with Rule C.14 of the Model Code and Rule 2.07C of the Listing Rules stating that the chairman or designated director is satisfied that there were exceptional circumstances justifying such dealing.

Validity of Pre-Approval

4.6 The pre-approval of the chairman or the designated director shall be valid for five³ trading days from the date on which the pre-approval is granted. If the proposed transaction MC B.8 (b)

³ Under the Model Code, clearance may be valid for no longer than five trading days; however, the period can be shorter if the Company desires.

MC A.1
SFO s.270 and
s.291

is not executed within this period, the pre-approval shall lapse and a new pre-approval application will need to be submitted.

4.7 You and your Related Persons are immediately and absolutely prohibited from dealing in Company Securities if you or your Related Persons come into possession of Inside Information at any point after applying for pre-approval to deal.

4.8 You should inform the Company Secretary of the details of any approved dealing by yourself or your Related Persons as soon as possible after executing the dealing, and in any event no later than the next business day (including a Saturday) after execution, so that the Company can make the relevant filings under Part XV of the SFO.

5. RECORDS AND DISCLOSURE

(a) The Company Secretary shall keep a written record of pre-approvals which are requested and the pre-approvals which are granted.

MC B.9

(b) The Company is required to disclose in the Corporate Governance Report contained in its annual report and in its interim reports (and summary interim reports and summary financial reports whether it has adopted a policy regarding directors' security transactions on no less exacting terms than those set out in the Model Code; whether, having made specific enquiry of all directors, the directors have complied with such policy and the Model Code; and, in the event of any non-compliance, details of such non-compliance and an explanation of remedial steps taken to address such non-compliance.

6. TRANSACTIONS EXEMPTED FROM PRE-APPROVAL REQUIREMENT

6.1 The following transactions shall not require pre-approval:

(a) buying or selling shares or interests in any publicly-traded mutual funds including Mandatory Provident Funds, other provident funds, open-ended mutual funds and, in certain cases, exchange-traded funds which may invest into Company Securities, provided that in each case (i) such funds are professionally managed by a third-party investment manager, (ii) you or your Related Persons have no discretion over or ability to influence the investment decisions of the fund manager in respect of the securities constituting the funds and (iii) in the case of exchange-traded funds, at the time of the purchase or sale, Company Securities do not constitute more than 5% of the total value of the fund;

SFO s.346(1)(c)(i) and (ii)

(b) your taking up entitlements (or allowing them to lapse) under a rights or bonus issue, or capitalisation made by the Company, including an offer of shares in lieu of a cash dividend (although disposals or transfers to another person or applications for excess entitlements would be subject to this policy);

MC 7 (d) (i)

(c) undertaking to accept or acceptance of a general offer for Company Securities made to the shareholders of the Company other than those who are concert parties (as defined in the Hong Kong Takeovers Code) of the offeror;

MC 7 (d) (iii)

(d) the exercise of share options or warrants or acceptance of an offer for shares pursuant to an agreement entered into with the Company before a period during which dealing is prohibited under this policy at a price fixed at the time of grant or acceptance, including the vesting or exercise of options, restricted share units or share

MC 7 (d) (iv)

appreciation rights granted under an approved share incentive scheme of the Company (although please see section 7 below);

- (e) dealing where the person benefitting from the interest in Company Securities does not change; and MC 7 (d) (vi)
- (f) dealing where the beneficial ownership of Company Securities is transferred from another party by operation of law e.g. upon death. MC 7 (d) (viii)

7. SHARE AWARDS

7.1 Any grant of an option, restricted share unit or share appreciation right in respect of Company Securities which is made to you under an approved share award scheme of the Company will:

- (a) be conditional on you confirming that you are not in possession of any Inside Information at the time of grant; and
- (b) subject to confirmation in accordance with paragraph (a) above, be deemed to have been pre-approved already in accordance with section 4 of this policy.

7.2 This policy shall not apply to the vesting or exercise of any options, restricted share unit or share appreciation right over Company Securities granted under an approved share incentive scheme of the Company. However, you must comply with all the prohibitions and requirements set out in this policy in relation to any subsequent sale or other dealings in the Company Securities underlying any option, restricted share unit or share appreciation right. MC 7 (d) (iv)

8. ADDITIONAL REQUIREMENTS

8.1 In addition to complying with the requirements and restrictions on dealing contained in this policy, you must do the following:

- (a) certify your compliance with the Company's Insider Dealing Policy as well as this policy within seven business days of becoming a director and annually within seven business days from the end of the Company's financial year. The appropriate form is set out at Appendix 4.2 to this manual and the Company Secretary shall maintain records of the completed declaration forms; MC D.15(b)
- (b) ensure that your Related Persons also comply with this policy; MC A.6
- (c) notify (i) co-trustee(s) of any trust of which you or your Related Persons are a trustee; (ii) trustee(s) of any trust of which you or your Related Persons are a beneficiary; and (iii) investment managers whom you or your Related Persons have engaged for the purpose of managing funds, of your directorship in the Company and of their duty to comply with this policy, so as to enable them to anticipate possible difficulties; MC A.7, B.10 and B.11
- (d) endeavour to ensure that the trustees of any trust of which you or your Related Persons are a beneficiary (but of which you are not a trustee) notify you after they have dealt in Company Securities on behalf of the trust, in order that you may notify the Company;
- (e) ensure that you do not place investment funds comprising Company Securities under professional management, discretionary or otherwise, unless the manager(s) is/are MC A.7

made subject to the same restrictions and procedures as you yourself in respect of any proposed dealings in Company Securities.

9. DISCLOSURE OBLIGATIONS UNDER PART XV OF THE SFO

9.1 The provisions of Part XV are extremely complex and require disclosures to be made by you in relation to dealings in Company Securities and in securities of Associated Corporations of the Company, by you and by your Related Persons. You are personally liable for complying with them. It is therefore essential that you consult with the Company Secretary prior to any such dealing.

9.2 This section of the policy provides an overview of some of the important concepts contained in Part XV but is not exhaustive. You should also refer to the Securities and Futures Commission's official guidance on its interpretation of Part XV ("Outline of Part XV of the Securities and Futures Ordinance"), which is available to download on the Securities and Futures Commission's website at the following address:

<http://www.sfc.hk/web/EN/rule-book/sfo-part-xv-disclosure-of-interests/>

Who has disclosure obligations under Part XV?

9.3 All directors of the Company.

SFO s.341

When do directors need to make disclosure?

9.4 You have to disclose your interests and deemed interests in four main categories of securities:

SFO s. 341

- (a) interests and short positions in any shares of the Company – not simply voting shares;
- (b) interests and short positions in shares of any Associated Corporation of the Company (as defined below);
- (c) interests in debentures of the Company; and
- (d) interests in debentures of any Associated Corporations of the Company.

9.5 A disclosure of interests must be made whenever a dealing occurs which results in a change in any of the above interests, deemed interests or short positions. There is no disclosure threshold – you have to disclose all dealings even if you have an interest, deemed interest or short position in a small number of shares or debentures, or if the dealing results in a small change to that number. Deemed interests and short positions are explained below.

SFO s. 341

9.6 The disclosure must be filed no later than three business days (including a Saturday) after the relevant event which prompted the disclosure. You must therefore inform the Company Secretary of details of any dealings in shares or debentures of the Company or its Associated Corporations as soon as possible and in any event no later than the close of the first business day after execution of the dealing (including a Saturday) so that filings can be made on your behalf.

SFO s.347(1) and s. 348 (1)

What is an interest in shares?

9.7 You will have an “interest” in shares for the purposes of Part XV if you have an interest of any kind whatsoever in shares (whether voting or non-voting, issued or unissued) in the Company. For example, if: SFC s.342

- (a) your name is listed in the register of members maintained by a corporation;
- (b) the shares are held for you by another person such as your stockbroker, a custodian, a trustee or a nominee (e.g. via HKSCC Nominees Limited, the CCASS depository);
- (c) you are “deemed” to be interested in the shares (please see section 9.8 below);
- (d) you enter into a contract (for example if you hold, write or issue financial instruments including equity derivatives) that gives you a right to shares, or to a payment in the event of a change in the price of shares; SFC s.345 (8)
- (e) you hold shares as security; or
- (f) you are entitled to exercise rights attaching to the shares or control their exercise (e.g. voting rights). SFC s.345 (5)(b)

Deemed interests

9.8 In calculating the total number of shares in which you are interested you must include any interests (including derivative interests and interests in short positions) in shares of the same corporation that any of you or your Related Persons have. SFO s. 344

9.9 For example, if you hold 5% of the shares of the Company and your spouse holds 1% each of you is deemed to be interested in 6%. If your spouse then buys a further 1% both you and your spouse must file a notice as you each are now interested in 7% of the shares of the Company as a result of the purchase.

9.10 Where two or more persons are interested in the same shares they must each make separate disclosures of their interests. For example, if you control company A which holds 6% of the shares of the Company and company A buys a further 1% then you, your spouse and company A should all file separate notices.

Short positions

9.11 You have a *short position* if you:

- (a) borrow shares under a securities borrowing and lending agreement and are obliged to return such shares or equivalent shares at the expiration of the loan; or
- (b) hold, write or issue financial instruments under which, for example:
 - (i) you have a right to require another person to take delivery of the underlying shares;
 - (ii) you are under an obligation to deliver the underlying shares if called upon to do so; or

SFO s. 308 (1)
(Definition: *short position*)

- (iii) you have a right to receive money, or have a right to avoid a loss, if the price of the underlying shares declines.

Associated Corporations

9.12 An *Associated Corporation* is:

- (a) a holding company, subsidiary (whether direct or indirect) or subsidiary of the holding company of the Company; or
- (b) a corporation in which the Company is interested in 20% or more of the shares; or
- (c) a corporation in which corporation controlled by the Company is interested in 20% or more of the shares.

SFO s. 308 (1)
(Definition: *Associated Corporation*)

Disclosure Procedures

9.13 Whenever you anticipate dealing in Company Securities or securities of an Associated Corporation or you are aware that a Related Person anticipates such a dealing, you must obtain pre-approval from the Company Secretary.

9.14 You must notify the Company Secretary of the details of any actual dealing no later than close of business on the first business day (including a Saturday) after the day on which the dealing was executed. The Company Secretary, upon receiving notification of the dealing, shall make the necessary filing with the Company and the Stock Exchange on your behalf.

SFO s.347(1) and
s. 348 (1)

9.15 If you become aware that a dealing has already taken place which you believe may have triggered a disclosure obligation under Part XV, you must immediately notify the Company Secretary so that the relevant filings can be made.

Maintenance of register by the Company

9.16 You are required to complete and submit to the Company Secretary a statement of interests form (for which see Appendix 4.2 to this manual) within seven business days of becoming a director and annually within seven business days of the end of every financial year of the Company during which you are a director.

SFO s. 352
MC B.12

9.17 The Company shall maintain a register of directors' interests and short positions in accordance with section 352 of the SFO and this will be made available at every meeting of the Board, at every annual general meeting and on all other occasions as required by the SFO.

Sanctions

Failure to submit a disclosure within the period prescribed by Part XV is an offence for which you may be punished by a maximum fine of HK\$100,000 and by imprisonment for up to two years, in addition to disciplinary action by the Stock Exchange.

SFO s. 351

10. INQUIRIES

Any questions or concerns arising from this policy should be directed to the Company Secretary.

CHAPTER 5

DISCLOSURE OF INSIDE INFORMATION POLICY

IMPORTANT

The rules on disclosure of inside information are time-critical and can be highly technical. **If you are in any doubt as to any aspect of this policy, you should immediately contact the Company Secretary.**

1. BACKGROUND

1.1 Following the listing of L'Occitane (the *Company*) on the Stock Exchange of Hong Kong Limited (the *Stock Exchange*), the Company and its subsidiaries (together the *Group*) must comply with the provisions on disclosure of inside information under the Hong Kong Securities and Futures Ordinance (the *SFO*) and the Rules Governing the Listing of Securities on the Stock Exchange (the *Listing Rules*).

1.2 This policy sets out the Company's procedure to ensure compliance with the continuous disclosure requirements placed on all listed companies under the SFO and the Listing Rules.

1.3 The continuous disclosure requirements are intended to ensure that all current and prospective investors in the Company, market participants and the public are provided with appropriate information relating to the Group in a timely manner; and to avoid the establishment of a false market in the securities of the Company. Releasing inside information on a timely basis through the Stock Exchange's website means the Company is transparent in its dealings with the market, and the public can deal in the Company's securities on a fully informed and equal basis.

SFO Part XIV A
LR 13.03
LR 13.09(1)

1.4 Failure to comply with the continuous disclosure obligations may lead to civil or criminal sanctions for the Company and/or its directors and officers as well as reputational damage. It is therefore essential that all Group directors, officers and employees are fully aware of and comply at all times with the procedures set out in this policy.

2. WHAT IS INSIDE INFORMATION?

2.1 *Inside information* is defined in the SFO as **specific information** about (i) the Group, (ii) a shareholder or officer of the Company or (iii) the Company's securities which is **not generally known to the public** but which, if generally known, would be **likely to materially affect the price of the Company's securities**.

SFO s.307A(1)

2.2 The definition of inside information is very broad. The Company and its directors and officers must make a prompt assessment as to whether a matter or event constitutes inside information for the Group in the context of the business, operations and financial position of the Group as a whole which needs to be disclosed. What may be inside information for another listed company may not necessarily be inside information for the Company and vice versa.

2.3 Below are some examples of events which could be considered as inside information for the Company.

THE FOLLOWING LIST IS NOT EXHAUSTIVE. It is intended for illustration purposes only. **If you are in any doubt as whether any information is inside information you should immediately contact the Company Secretary.**

- (a) changes in performance, or the expectation of the performance, of the Group's business;
- (b) changes in financial condition, e.g. cashflow crisis, credit crunch;
- (c) changes in control and control agreements;
- (d) changes in directors;
- (e) changes in directors' service contracts;
- (f) changes in auditors or any other information related to the auditors' activity;
- (g) changes in the Company's share capital, e.g. new share placing, bonus issue, rights issue, share split, share consolidation and capital reduction;
- (h) issue of debt securities, convertible instruments, options or warrants to acquire or subscribe for securities by the Company;
- (i) takeovers and mergers;
- (j) purchase or disposal of equity interests or other major assets or business operations;
- (k) formation of a joint venture;
- (l) restructurings, reorganisations and spin-offs that have an effect on the Group's assets, liabilities, financial position or profits and losses;
- (m) decisions concerning buy-back programmes or transactions in other listed financial instruments;
- (n) changes to the Company's constitutional documents;
- (o) filing of winding up petitions, the issuing of winding up orders or the appointment of provisional receivers or liquidators;
- (p) legal disputes and proceedings;
- (q) revocation or cancellation of credit lines by one or more banks;
- (r) changes in value of assets (including advances, loans, debts or other forms of financial assistance);
- (s) insolvency of relevant debtors;
- (t) reduction of real property values;
- (u) physical destruction of uninsured goods;
- (v) new licences, patents, registered trade marks;

- (w) decrease or increase in value of financial instruments in portfolio which include financial assets or liabilities arising from futures contracts, derivatives, warrants, swaps protective hedges, credit default swaps;
- (x) decrease in value of patents or rights or intangible assets due to market innovation;
- (y) receiving acquisition bids for relevant assets;
- (z) innovative products or processes;
- (aa) changes in expected earnings or losses;
- (bb) orders received from customers, their cancellation or important changes;
- (cc) withdrawal from or entry into new core business areas;
- (dd) changes in the Group's investment policy;
- (ee) changes in the Group's accounting policy;
- (ff) ex-dividend date, changes in dividend payment date and amount of dividend; changes in dividend policy;
- (gg) pledge of the Company's shares by its controlling shareholders; or
- (hh) changes in a matter which was the subject of a previous announcement.

3. WHAT ARE THE CONTINUOUS DISCLOSURE OBLIGATIONS?

3.1 Under the SFO, the Company is required to disclose inside information to the public as soon as reasonably practicable if: SFO s.307B

- (a) information has, or ought reasonably to have come to the knowledge of an officer of the Company in the course of performing functions as an officer of the Company; and
- (b) a reasonable person acting as an officer of the Company would consider the information to be inside information in relation to the Company.

There are certain exemptions to this disclosure requirement, but these will only apply if the inside information is protected by confidentiality. See paragraph 7 below for more details on the confidentiality procedures to be followed by the Group.

3.2 Under the Listing Rules, the Stock Exchange can require the Company to disclose as soon as reasonably practicable any information relating to the Group which is necessary to avoid a false market in the Company's securities. LR 13.09

4. TRANSACTIONS OR EVENTS WHICH COULD BE INSIDE INFORMATION

4.1 **If you become aware of a pending transaction, project or event which could constitute inside information, please contact the Company Secretary as soon as possible for assessment as to whether a formal disclosure announcement will be required. It is important that full details are provided to the Company Secretary in order for this assessment to be made, and for all material information to be disclosed to the public if necessary.**

4.2 Strict confidentiality must be maintained on any matter or transaction until it has been disclosed, or until the Company Secretary has notified you that it does not have to be disclosed.

5. HOW IS INSIDE INFORMATION DISCLOSED TO THE MARKET?

5.1 The Group's continuous disclosure obligations will only be satisfied through the release of formal disclosure announcements via the Stock Exchange (***HKEx Announcements***) (including annual and interim financial results announcements). Certain HKEx Announcements will require the prior approval of the Stock Exchange. It is important to note that media releases, speeches, press conferences, analyst briefings and postings on Group websites, on their own, are insufficient to satisfy the Company's disclosure obligations. **Inside information must first be disclosed via a HKEx Announcement before it is released in any other form.**

SFO s.307C(2)
LR 13.11 (3)

5.2 Any transaction or event which is expected to constitute inside information for the Company must be announced through a HKEx Announcement as soon as reasonably practicable after it becomes known to Group directors or senior management.

5.3 Only the chief executive officer, Company Secretary and other authorised representatives of the Group are authorised to contact the Hong Kong Securities and Futures Commission or the Stock Exchange in relation to the release of inside information or any other matter relating to the Group's obligations.

5.4 As soon as a HKEx Announcement is made, the inside information can be released on the Group website and can be distributed via media release, speeches, press conference, analyst briefings or other means, unless indicated otherwise by the Company Secretary.

6. NO SELECTIVE DISCLOSURE OR INSIDER DEALING

6.1 No person(s) should be given an unfair advantage over others in relation to trading in the Company's securities. There should therefore be no selective disclosure of inside information for whatever reason until a HKEx Announcement has been published, **unless express prior approval has been obtained from the Company Secretary.**

6.2 Group directors, officers and employees must not deal in the Company's securities when in possession of inside information as this constitutes insider dealing and is illegal. The directors of the Company and certain other staff who are designated as "Restricted Persons" by the Company Secretary must not trade in the Company's securities in the periods leading up to the release of annual and interim financial results (***Blackout Periods***). **Please refer to the Company's Prevention of Insider Dealing and Market Misconduct Policy and, if applicable, the Directors' Dealing Policy for rules on dealing in the Company's securities.**

MC 10 A.1
SFO s.270 and
s.271

MC A.3
MC B.13

7. PROTECTION OF CONFIDENTIAL INFORMATION

7.1 Under the SFO there are certain so-called "safe harbour" exemptions to the obligation to disclose inside information where that information concerns an incomplete proposal or negotiation, where the information is a trade secret or where disclosure of the information is prohibited under overseas laws or regulations. These exemptions will only apply where:

SFO s.307D

- (a) the Group has taken reasonable precautions for preserving the confidentiality of the information; and

(b) confidentiality of the information is preserved.

7.2 It is therefore critical that inside information which has not yet been disclosed by the Company – for example, ongoing negotiations for a potential major transaction – be **subject to confidentiality restrictions and be kept strictly confidential**. Inside information must only be disclosed to other employees on a “need to know” basis and all parties involved should be informed of their confidentiality obligations. Code names should also be used in correspondence for any matters of a sensitive nature.

7.3 If confidentiality of inside information is breached or inside information is released inadvertently or without the required authorisation, the Company will be required to issue a HKEx Announcement. **Any actual or suspected breach of confidentiality or unauthorised or inadvertent release relating to inside information must be reported immediately to the Company Secretary.**

7.4 Whenever information, including potential inside information, is to be given to selected third parties for business reasons (e.g. to potential business partners, bankers or advisers), you must first ensure that the third party enters into an appropriate confidentiality agreement approved by the Company Secretary, **before** releasing any potential inside information to the third party. Third parties must be informed that they must not deal in the Company’s securities whilst in possession of any inside information.

7.5 Please contact the Company Secretary in relation to confidentiality agreements and any questions relating to third party dealings in the Company’s securities or if you think any potential inside information may be disclosed to a third party **prior to the release of any information**.

8. MARKET RUMOUR AND INADVERTENT DISCLOSURE OF INFORMATION

8.1 It is the general policy of the Company not to comment on market rumour or speculation, or on reports published by journalists, equity analysts, or fund managers. From time to time, however, it may be necessary to respond to a market rumour concerning the Group if the rumour is likely to have an impact on the price or trading volume or lead to a false market in the Company’s securities. This will be done via a HKEx Announcement which clarifies the position.

8.2 Similarly, if there has been any breach of confidentiality or an unauthorised or inadvertent release of inside information, it may be necessary for a HKEx Announcement to be issued. Failure to do so may result in civil or criminal sanctions for the Company and/or its directors and officers under the SFO and may also lead to the Stock Exchange imposing a temporary halt of dealings in the Company’s securities.

8.3 To ensure compliance with its disclosure obligations, all actual or suspected instances of unauthorised or inadvertent disclosure of inside information or market rumours must be reported immediately to the Company Secretary.

9. EARNINGS EXPECTATIONS AND FUTURE PROSPECTS

9.1 The Group’s official statements on expected earnings, future profits, prospects or dividend policy are set out in the Company’s listing prospectus, annual and interim financial results announcements and other HKEx Announcements. No other statements on earnings expectations, future profits, prospects or dividend policy should be made.

9.2 All statements on financial matters must only be made with the approval of the chief executive officer and the Company Secretary and no statements on financial matters should be made during the Communications Blackout Period (as defined below).

10. COMMUNICATIONS WITH MEDIA, EQUITY ANALYSTS, FUND MANAGERS AND INVESTORS

10.1 All information to be provided or released to media, equity analysts, fund managers and investors is subject to this policy. Inside information must not be selectively disclosed to media, equity analysts, fund managers, investors or any other parties prior to being released via a HKEx Announcement.

Media, Equity Analysts and Investors

10.2 All enquiries from media, equity analysts, fund managers or investors should be referred to the Company Secretary. All material for release or presentation to any such persons or for publication via website communications, speeches or other external media communications must be approved by the Company Secretary prior to release.

10.3 The Company may host briefings for institutional investors and equity analysts to provide background information on the Group's business. No inside information may be disclosed or discussed in such meetings unless it has already been released to the market via a HKEx Announcement. If there is any inadvertent disclosure of inside information the Company Secretary must be immediately informed.

11. COMMUNICATIONS BLACKOUT PERIODS

11.1 To protect against inadvertent disclosure of inside information, no interviews, meetings or presentations with any journalists, equity analysts, fund managers, institutional or individual investors or other parties are to be held, nor any financial information released, in the period leading up to and concluding on the release of the Group's annual or interim results announcements (a ***Communications Blackout Period***), unless prior approval has been obtained from the chief executive officer and the Company Secretary.

11.2 The Company Secretary will determine the Communications Blackout Periods and notify all staff of their commencement and duration.

12. OTHER COMMUNICATIONS

Information to be provided or released to customers or employees is also subject to this policy. Group directors, officers and employees must consult with the Company Secretary in relation to customer communications, marketing materials, internal news releases and intranet postings to ensure there is no inadvertent release of inside information.

13. INQUIRIES

Any questions or concerns arising from this policy should be directed to the Company Secretary.

APPENDIX 1.1 – TERMS OF REFERENCE OF THE AUDIT COMMITTEE



Audit

APPENDIX 1.2 – TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE



Remuneration

APPENDIX 1.3 – TERMS OF REFERENCE OF THE NOMINATION COMMITTEE



Nomination

APPENDIX 3.1

CONNECTED PERSONS OF THE GROUP

Part A – Definition of Connected Person

The definition of *connected person* is very far reaching. A connected person includes the following:

- (a) a director of any Group company or any person who has been such a director within the preceding 12 months; LR 14A.11 (1) & (2)
- (b) a chief executive of any Group company; LR 14A.11 (1)
- (c) a substantial shareholder (i.e. a shareholder who has 10% or more voting power) of any Group company; LR 14A.11 (1) LR 1.01
- (d) an associate of any of (a) to (c) above; and LR 14A.11 (4)
- (e) any non-wholly owned subsidiaries of the Company where any persons described in (a) to (d) above (other than one who is connected to the Company at subsidiary level e.g. a director or substantial shareholder of a subsidiary) have, either individually or together, 10% or more of the voting power. LR 14A.11 (5)

Associates include generally:

- (f) for an individual:
 - (i) his or her spouse and any child or step-child (natural or adopted) under the age of 18 of the individual or of his or her spouse (together, the *immediate family*); LR 1.01
 - (ii) the trustees, acting in their capacity as such trustees, of any trust of which the individual or his or her immediate family is a beneficiary or (in the case of a discretionary trust) is (to the individual's knowledge) a discretionary object; LR 1.01
 - (iii) any company in which the individual, his or her immediate family and/or the trustees referred to in paragraph (ii) above (acting in their capacity as such trustees), individually or together and directly or indirectly, hold 30% or more of the voting power at general meetings or control the composition of a majority of the board, and any of its subsidiaries; and LR 1.01
 - (iv) any co-habiting partner, child, step-child, parent, step-parent, sibling, step-sibling of the individual (and, where the Stock Exchange considers appropriate, any parents-in-law, children-in-law, grandparent, grandchild, uncle, aunt, cousin, brother or sister-in-law, nephew or niece of the individual) and any company in which such relative can directly or indirectly control 50% or more of the voting power at general meetings or control the composition of a majority of the board; and LR 14A.11(4)(b) & (c)

- (g) for a company:
- (i) its subsidiaries, its holding company and other subsidiaries of the holding company (the *group companies*); LR 1.01
 - (ii) the trustees, acting in their capacity as such trustees, of any trust of which the company is a beneficiary or (in the case of a discretionary trust) is (to the company's knowledge) a discretionary object; and LR 1.01
 - (iii) any company in which it and/or its group companies and/or the trustees referred to in paragraph (ii) above are, individually or together and directly or indirectly, able to control 30% or more of the voting power at general meetings or control the composition of a majority of the board, and any of its subsidiaries; LR 1.01

and any other person or entity with whom a connected person has entered, or proposes to enter, into an agreement, arrangement, understanding or undertaking, whether formal or informal, express or implied, with respect to the transaction, such that the Stock Exchange's opinion is that such person should be considered a connected person. LR 14A.11(4)(a)

Part B - Connected Persons of the Group

THE FOLLOWING LIST IS NON-EXHAUSTIVE. If you are in any doubt as to whether your counterparty is a connected person, you should contact the Company Secretary.

- All current and former (in the previous 12 months) directors and chief executives of the Group and their respective associates;

If you are in any doubt as to whether your counterparty is a connected person please contact the Company Secretary.

APPENDIX 3.2

NOTIFICATION OF POTENTIAL CONNECTED TRANSACTION OR NOTIFIABLE TRANSACTION

Please complete this form for all potential transactions with connected persons, transactions relating to financial assistance (including granting an indemnity, granting credit, lending money, providing security for or guaranteeing a loan), share transactions, options, joint ventures, issue of the Company's securities, acquisitions by the Group for consideration which includes securities of the Company for which listing will be sought, or transactions over €5 million in value.

Once completed, please submit this form to the Company Secretary.

Subject:

Form Submission Date: [DD/MM/YYYY]

Submitting company: [Name of Group subsidiary making this submission]

Submission Contact Person: [Name of Person's Full Name, Position, and Phone #]

Is this a new transaction? (Y/N)

Amount of money involved (if any):

Deadline: [DD/MM/YYYY]

Deadline Rationale (e.g. payment due date):

1. Name of counterparty companies or individuals involved (Please provide full legal names):

•
•

2. Other entities / third parties involved (if any):

•
•

3. Nature of transaction or consideration - please provide information on the nature of the transaction (e.g. sale/purchase of goods or services, financial assistance, options, joint ventures, issue of the Company shares, obligations) and the value of commitments involved. If the transaction is on a continuing basis, please provide the expected consideration per year.

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4. State duration of proposed transaction.

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5. Potential notifiable transaction - if your transaction is over €5 million in value, consideration, assets, profits or commitment please confirm whether it is part of a larger commitment or series of potential transactions with the same counterparty or its associated companies amounting to up to €5 million or more in value, consideration, assets, profits or commitment.

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6. Contractual arrangements, if any - please advise as to the business rationale and whether the transaction is on commercial terms i.e. at arms-length; the terms and conditions have a benchmark; there are objective pricing criteria or cost allocation; there are economies of scale. Please also attach copies of any supporting documents showing that the transaction is on normal commercial terms.

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7. Does the transaction involve financial assistance (including granting an indemnity, granting credit, lending money, providing security for or guaranteeing a loan) to or from your company? Please describe the paying and receiving parties and the amounts involved at each stage of the transaction.

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8. Has there been a transaction completed in the last 12 months that is related to your proposed transaction (e.g. with the same counterparty or its associated companies)? If yes, provide the information requested in questions 1-7 for the earlier transaction:

●
●
●

9. Documentation Appendix List – Please list attached copies of contracts, amendments, side letters, memos, power of attorney, etc. to serve as supporting documents:

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APPENDIX 4.1

PRE-APPROVAL FORM FOR DEALINGS IN COMPANY SECURITIES

Name:	
Tel:	
Fax:	
Name of director or Related Person for whom pre-approval is sought:	

Proposed Transactions:

Securities Name	Stock Code	Details of transaction (e.g. buy or sell)	No. of securities	Exchange Traded (Y/N)
L'Occitane	973			

I confirm that I am not in possession of any Inside Information (as defined in the Company's Prevention of Insider Dealing and Market Misconduct Policy (the *Insider Dealing Policy*)) and that the above proposed transactions are not otherwise prohibited by the Company's Directors' Dealing Policy or by the Insider Dealing Policy. I undertake to provide any further information requested by the Company concerning the above proposed transactions.

I acknowledge that:

- (a) a record of the proposed transactions will be kept by the Company;
- (b) pre-approval, if granted, is valid for five trading days commencing from the date on which it is granted; and
- (c) dealings in Company Securities must not take place during the Blackout Periods and Special Blackout Periods (as defined in the Directors' Dealing Policy) (if any) specified by the Company.

Applicant's Signature: _____ Date: _____

Approved/ Rejected By: _____ Date: _____
 Company Secretary

APPENDIX 4.2

CONFIRMATION AND STATEMENT OF INTERESTS

L'Occitane

DIRECTOR'S STATEMENT OF INTERESTS

[Date]

To: L'Occitane (the *Company*)
[Address]

Dear Sirs

Statement of interests in accordance with the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the *SFO*)

I confirm that I have complied with and shall at all times comply with the Company's Directors' Dealing Policy and its Prevention of Insider Dealing and Market Misconduct Policy.

I confirm that I and my Related Persons have not and will not enter into any transactions which are prohibited under the Directors' Dealing Policy.

I confirm that I have read and followed the Directors' Dealing Policy in compiling the information set out below. I acknowledge that I have been advised that if I am unfamiliar with the relevant legislation or unclear of its application to me I should consult my legal adviser. I undertake to provide further details of any interests specified below, if so requested. I acknowledge that a record of the information set out below will be kept by the Company.

1. Full Name, Date of Birth and Nationality

Full name (in English):

Full name (in Chinese):

Date of Birth:

Nationality:

2. Residential Address

3. Directorships

I am currently a director of the following companies:

(if there are or have within the last 12 months been any directorships, please give details - if there are none, please insert "none".)

4. Statement of interests in shares, underlying shares and debentures of the Company and its Associated Corporations (as defined in the Directors' Dealing Policy)

Please see the attached **Forms A** and **B**.

5. Statement of holdings of short positions in shares and underlying shares of the Company and its Associated Corporations

Please see the attached **Forms C** and **D**.

9. Completeness of Information

I certify that, to the best of my knowledge and having made all due and careful inquiries, the information contained in **Forms A, B, C** and **D** is true, accurate and complete and that I have taken all reasonable care and made all due and careful enquiries to ascertain and to ensure that such information is true, accurate and complete and that I have not omitted any information that should properly be disclosed therein.

10. Subsequent Change of Information

I shall, as soon as practicable, notify the Company if any of the information contained in **Forms A, B, C** and **D** changes at any time.

12. Authorisation

I authorise copies of this statement of interests to be delivered to the Stock Exchange, the Registrar of Companies in Hong Kong and to any other person or persons to whom disclosure of this is deemed appropriate by the Board of Directors or any duly authorised committee thereof.

Yours faithfully

[Name]

FORM A

STATEMENT OF INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Please read the Directors' Dealing Policy and insert into each box any interests you are required to disclose under Part XV of the SFO. Please provide a description for such interests (for example, in the case of interests in shares, number and class of such shares and, if known, such shares expressed as a percentage of the entire share capital of the relevant company).

	Company in which the relevant interest is held	Personal Interests	Family Interests	Corporate Interests
(1)	the Company			
(2)	any subsidiary of the Company			
(3)	any holding company or any subsidiary of the holding company of the Company			
(4)	other companies, not being subsidiaries of the Company, in which the Company has an interest in 20% or more of the issued shares of any class of its share capital			

(If no such interests subsist, please insert "Nil".)

FORM B

STATEMENT OF INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

If you have put in Form A interests which are jointly held or are held through a nominee or otherwise on behalf of another person, please provide further information about these interests in the relevant boxes below.

1. Personal Interests			
Name of the Company or Associated Corporation(s)	Name of nominee/registered owner	Name of joint holder	Description (for example, class, number of shares/underlying shares/debentures, percentage interest)
2. Family Interests			
Name of the Company or Associated Corporation(s)	Name of nominee/registered owner	Name of joint owner	Description (for example, class, number of shares/underlying shares/debentures, percentage interest)
3. Corporate Interests			
Name of the Company or Associated Corporation(s)	Name of nominee/registered owner	Name of joint owner	Description (for example, class, number of shares/underlying shares/debentures, percentage interest)

(If no such interests subsist, please insert "Nil".)

FORM C

**STATEMENT OF HOLDINGS OF SHORT POSITIONS IN SHARES AND UNDERLYING
SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

Please insert into each box any short positions you are required to disclose. Please provide a description of such short positions (for example, number and class of the shares in which the short positions are held and, if known, such shares as a percentage of the entire share capital of the relevant company).

	Company in which the Relevant Short Position is Held	Personal Holdings	Family Holdings	Corporate Holdings
(1)	the Company			
(2)	any subsidiary of the Company			
(3)	any holding company or any subsidiary of the holding company of the Company			
(4)	other companies, not being subsidiaries of the Company, in which the Company has an interest in 20% or more of the issued shares of any class of its share capital			

(If no such interests subsist, please insert "Nil".)

FORM D

**STATEMENT OF HOLDINGS OF SHORT POSITIONS IN SHARES AND UNDERLYING
SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

If you have put in Form C short positions which are jointly held or are held through a nominee or otherwise on behalf of another person, please provide further information about these short positions in the relevant boxes below.

1. Personal Holdings			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint holder	Description (for example, class, number of shares/underlying shares, percentage interest)
2. Family Holdings			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint owner	Description (for example, class, number of shares/underlying shares, percentage interest)
3. Corporate Holdings			
Name of the Company or Associated Corporation(s)	Name of nominee/ registered owner	Name of joint holder	Description (for example, class, number of shares/underlying shares, percentage interest)

(If no such interests subsist, please insert "Nil".)