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# L'OCCITANE

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## L'OCCITANE INTERNATIONAL S.A.

*49, Boulevard Prince Henri L-1724 Luxembourg*

*R.C.S. Luxembourg: B80359*

*(Incorporated under the laws of Luxembourg with limited liability)*

*(Stock code: 973)*

### ANNOUNCEMENT

#### CONDITIONAL WAIVER OF LISTING RULES TO ENABLE L'OCCITANE INTERNATIONAL S.A. TO HOLD TREASURY SHARES

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

On 4 October 2013, the Stock Exchange granted a conditional waiver (the “**Waiver**”) to L'Occitane International S.A. (the “**Company**”) in respect of Rule 10.06(5) of the Listing Rules to allow it, following any repurchase of shares, to elect to hold its own shares in treasury instead of automatically cancelling such shares. As a consequence of such Waiver the Stock Exchange has agreed certain consequential modifications to other Listing Rules applicable to the Company.

Shares held in treasury may subsequently be sold for cash, transferred pursuant to an employees' share scheme or cancelled. The Waiver is subject to certain conditions including compliance with the modified Listing Rules and Luxembourg law on treasury shares.

The Waiver has been granted and the consequential amendments to the Listing Rules agreed with the Stock Exchange based on the specific circumstances of the Company as a Luxembourg incorporated company with the ability to hold treasury shares and the inability to cancel shares repurchased without the need for a subsequent extraordinary general meeting of shareholders.

## **Background**

The Company has a primary listing on the Stock Exchange and the Listing Rules apply to the Company, but as the Company is incorporated in the Grand Duchy of Luxembourg, it is also subject to the provisions of applicable Luxembourg law. Under Luxembourg law, companies incorporated in the Grand Duchy of Luxembourg may hold their own shares in treasury following a share repurchase subject to certain conditions. From 29 November 2011 to 21 December 2011, the Company repurchased an aggregate of 6,655,500 of its shares in the market in accordance with Luxembourg law.

In view of the Company's primary listing in Hong Kong and the Company's ongoing compliance requirements with the Listing Rules, the Company subsequently requested a waiver from the Stock Exchange in respect of Rule 10.06(5) of the Listing Rules, in addition to making certain consequential modifications to the other Listing Rules applicable to the Company (the "**Modifications**"), in order to enable it to hold the repurchased shares in treasury.

A company incorporated in Luxembourg can only cancel shares through a shareholder-sanctioned capital reduction scheme carried out in accordance with the requirements of Luxembourg law. Under the Luxembourg law of 15 August 1915 on commercial companies, as amended, in order to obtain shareholders' authorisation for the cancellation of shares repurchased and the subsequent capital reduction, an extraordinary general meeting of the shareholders of the Company must be held before a Luxembourg notary. This extraordinary general meeting of the shareholders of the Company can only be held once the shares have been repurchased and are held in treasury.

The Stock Exchange has agreed to grant the Waiver and has agreed to the Modifications, on the basis of, amongst other things, the specific circumstances of the Company as a Luxembourg incorporated company with the ability to hold treasury shares and the inability to cancel shares repurchased without the need for a subsequent extraordinary general meeting of shareholders.

## **Authority to hold Treasury Shares**

Treasury shares are a company's own issued shares which it has repurchased but not cancelled. Pursuant to Luxembourg law the Company is permitted (with the approval of its shareholders) to repurchase its shares and hold them in treasury until such date as the Company decides. Shares held in treasury may subsequently be sold for cash, transferred pursuant to an employees' share scheme or cancelled. Further, there is no limit on the percentage of the Company's issued share capital that can be lawfully held by the Company in this manner at any one time. A general and unconditional

mandate to repurchase shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company was granted by the Company's shareholders at its annual general meeting on 30 September 2011. Pursuant to such mandate, the Company repurchased an aggregate of 6,655,500 of its shares in the market, from 29 November 2011 to 21 December 2011.

### **Luxembourg law relating to Treasury Shares**

Luxembourg law contains certain restrictions in relation to treasury shares which will be applicable to the Company. This includes that shares can only be acquired by the Company if the acquisition (i) will not have the effect of reducing the net assets of the Company below the aggregate of the subscribed capital and the reserves which may not be distributed under the Luxembourg law or the Company's articles; and (ii) such acquisition was previously authorised by the general meeting of shareholders. However, the Company may be exempted from the condition regarding the prior authorisation from the general meeting of shareholders if the shares are acquired for the purposes of a distribution to its staff.

Luxembourg law generally contains no restriction on how long the Company may hold shares in treasury other than where they were acquired for specific purposes or in breach of the applicable law.

### **Rights Attaching to Treasury Shares**

Shares held in treasury by a company incorporated in Luxembourg remain part of such company's existing issued share capital. A company that holds treasury shares does not have any right to attend and vote at general meetings of shareholders of the company in respect of its treasury shares. The management of a company may decide that it does not have a right to any dividend or other distribution of the company's assets in respect of the treasury shares it holds and the Company confirms that it will not receive any dividends or distributions in respect of its treasury shares. In addition, in the event of a capitalisation issue by the Company, it will not be allotted shares in its capacity as the holder of any treasury shares.

### **Description of Modifications**

As part of the Waiver, the Company has agreed with the Stock Exchange a set of modifications to the Listing Rules necessary to enable the Company to hold treasury shares. In particular, Rule 10.06(5) of the Listing Rules is modified so that the requirement for the automatic cancellation of the listing of all shares which are purchased by an issuer will not apply to listed shares purchased by the Company and held as treasury shares. Shares purchased by the Company and held as treasury shares will remain listed and their listing will not be suspended or cancelled. Any

subsequent sale of such treasury shares or transfer of such treasury shares pursuant to an employees' share scheme will not, for the purposes of the Listing Rules, constitute a new issue of shares and will not require a new listing application to be made.

The Modifications also contain various other restrictions in relation to the use of treasury shares that reflect certain provisions of the UK Listing Rules relating to treasury shares and are applicable to other companies listed on the Stock Exchange that are also listed on the Main Board of the London Stock Exchange Limited and have been granted a waiver allowing them to hold treasury shares. This includes: (a) a prohibition on the sale or transfer of shares out of treasury when dealing by directors would be prohibited under the Model Code for Securities Transactions by Directors of Listed Issuers, (b) a requirement that transfers out of treasury must (other than with shareholder approval or if the transaction is in accordance with the general mandate) comply with pre-emption provisions; (c) a limit on the discount to market price of not more than 20% at which treasury shares can be sold for cash on a non-pre-emptive basis; and (d) a restriction on the ways to deal with treasury shares, namely that those shares can only be (i) sold for cash, (ii) transferred for free or for consideration for the purposes of or pursuant to an employees' share scheme, or (iii) cancelled.

The general mandate granted to the Directors on 30 September 2011 (which the Company renewed at the Annual General Meetings held on 26 September 2012 and 25 September 2013 respectively) to allot shares also applies to the sale of shares out of treasury for cash. The Company will make an announcement pursuant to Rule 13.28 of the Listing Rules if it agrees to sell treasury shares for cash (other than in connection with an employees' share scheme) in the same manner as the announcement that would be required for a new issue of shares for cash.

Generally, Listing Rules which contain a calculation by reference to the Company's issued share capital have been modified in so far as they apply to the Company so that any shares which the Company holds in treasury from time to time are excluded for the purposes of such calculation and accordingly the rules apply as if the shares had been cancelled rather than held in treasury. In addition, the definition of market capitalisation in the Listing Rules has been modified so that for the purposes of calculating the market capitalisation of the Company pursuant to the relevant Listing Rule any treasury shares held by the Company are excluded from such calculation. As a consequence of these modifications, the relevant size test used for the purposes of Chapters 14 and 14A has been modified so that the equity capital ratio calculated in accordance with Rule 14.07(5) of the Listing Rules, which refers to a listed issuer's issued equity capital before the relevant transaction, will exclude any treasury shares the Company holds from its issued equity capital, and accordingly

will apply to the Company in the same manner as if the shares held in treasury had been cancelled. In relation to employees' share schemes, the provisions of Chapter 17 of the Listing Rules are modified to enable treasury shares to be used to satisfy the exercise of options under, or otherwise in connection with, the Company's employees' share schemes.

In addition, for the purposes of calculating the number of shares in the hands of the public pursuant to Rule 8.08 of the Listing Rules, any treasury shares held by the Company will not be taken into consideration, with the effect that at least 25 per cent of the Company's issued share capital (excluding any treasury shares held by the Company) must be in public hands, accordingly the Rule 8.08 of the Listing Rules will apply to the Company in the same manner as if the shares held in treasury had been cancelled.

The Modifications described above are a summary of only the key modifications made under the waiver. In addition, there are various consequential modifications to the Listing Rules which have been agreed between the Company and the Stock Exchange as sensible modifications in order to accommodate the holding by the Company of treasury shares. The full Modifications are posted on the Company's website at [www.loccitane.com/group/treasuryshares](http://www.loccitane.com/group/treasuryshares) and on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk).

### **Impact of Treasury Shares on Shareholders disclosure of interest filings**

The obligation on a shareholder to disclose an interest held in a company's shares in accordance with the provisions of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) ("SFO") will not be affected by virtue of the Company holding shares in treasury. Shares held by the Company in treasury remain part of its issued share capital, therefore, if the Company repurchases shares and holds such shares in treasury rather than cancelling them it will not reduce the Company's issued share capital for the purposes of section 314 of the SFO. On this basis, a shareholder's interest in the issued share capital of the Company will not change as a result of the acquisition of shares into, or transfer of shares out of, treasury (except to the extent that such shareholder's own shares have been repurchased by the Company or the shareholder acquires such shares). If treasury shares are cancelled by the Company, as with any cancellation of the Company's shares, shareholders may be required to report a change in their shareholding for the purposes of the SFO if their shareholding increases as a result of the cancellation.

## **Terms of the Waiver**

The Waiver is subject to certain conditions under which the Company shall:

- (a) comply with the modified Listing Rules and Luxembourg law on treasury shares, and inform the Stock Exchange as soon as practicable of any failure to comply or any waiver from Luxembourg law being granted;
- (b) inform the Stock Exchange promptly of any change being made to Luxembourg law on treasury shares;
- (c) announce the Waiver with relevant details including the modified Listing Rules, the circumstances for and the conditions imposed on the Waiver;
- (d) confirm compliance with the conditions of the Waiver in the Company's annual reports and circulars seeking shareholder approval for the repurchase mandate; and
- (e) comply with any future changes to the Listing Rules concerning treasury shares.

In accordance with the terms of the waiver, the Company will make an annual submission to the Stock Exchange in respect of any changes to the Listing Rules which may take place from time to time to assess whether they have any implications for its ability to hold treasury shares. In addition, should any further consequential modifications be required as a result of such changes to the Listing Rules, the Modifications shall be amended accordingly and a full version of the amended Modifications will be posted on the Company's website at [www.loccitane.com/group/treasuryshares](http://www.loccitane.com/group/treasuryshares) and on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk).

By Order of the Board  
**L'Occitane International S.A.**  
**Reinold Geiger**  
*Chairman*

Hong Kong, 4 November 2013

*As at the date of this announcement, the executive directors of the Company are Mr. Reinold Geiger, Mr. Emmanuel Laurent Jacques Osti, Mr. André Joseph Hoffmann, Mr. Thomas Levilion, Mr. Domenico Luigi Trizio and Mr. Karl Guénard, the non-executive director of the Company is Mr. Martial Thierry Lopez and the independent non-executive directors of the Company are Mrs. Valérie Irène Amélie Monique Bernis, Mr. Charles Mark Broadley, Mr. Pierre Maurice Georges Milet and Mr. Jackson Chik Sum Ng.*