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L'OCCITANE

EN PROVENCE

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)

CONTINUING CONNECTED TRANSACTION SUBLEASE AGREEMENT WITH P2S2

INTRODUCTION

The Board is pleased to announce that the Company entered into the Head Lease Agreement to lease the Leased Premises for a term of twelve (12) years commencing on 21 July 2017.

Since the size of the Leased Premises is greater than what is needed by the Company, M&L Distribution (a wholly-owned subsidiary of the Company to whom the Company has assigned the Head Lease Agreement) entered into the Sublease Agreement on 26 July 2017 to lease the Subleased Premises to P2S2 which will operate a café-restaurant at such premises. The term of the sublease under Sublease Agreement will commence from 1 August 2017 and end on 20 July 2020.

SUBLEASE AGREEMENT

Set out below is a summary of the principal terms of the Sublease Agreement, the transactions contemplated thereunder, the Proposed Annual Caps and the basis for determining the Proposed Annual Caps.

Principal terms

Date : 26 July 2017

Parties : (1) M&L Distribution, as sub-lessor; and
(2) P2S2, as sub-lessee

Area	:	Approximately 278 square meters
Leased premises	:	The Subleased Premises
Term	:	1 August 2017 to 20 July 2020
Rent	:	€1,681,500 per year payable at the beginning of each quarter. The rent payable under the Sublease Agreement was determined after arm's length negotiations between the parties with reference to the prevailing market rent for comparable premises per square meter in the vicinity and the annual rental payable by M&L Distribution for the Leased Premises under the Head Lease Agreement.
Other fees and charges	:	€47,500 (approximate amount of the charges to be paid by P2S2)
Use	:	Operation of a café-restaurant
Renewal	:	No express provisions for renewal

Proposed Annual Caps

The table below sets out the Proposed Annual Caps in relation to the Sublease Agreement, which were determined with reference to the annual rental and other fees and charges that may be incurred that are payable by P2S2 to M&L Distribution under the Sublease Agreement.

	Year ending 31 March			
	2018	2019	2020	2021
Annual Cap	€1,152,667	€1,729,000	€1,729,000	€521,068

REASONS FOR AND BENEFITS OF THE SUBLEASE AGREEMENT

The situation of the Leased Premises on Avenue des Champs Elysées offers the Company a unique opportunity to develop its business and brand awareness.

Since the size of the Leased Premises is greater than what is needed by the Company for the time being, the Company considers that it is in its best interests to team up with a partner, whose activity complements with the Company's image.

DIRECTORS' VIEWS ON THE SUBLEASE AGREEMENT

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Sublease Agreement: (1) were entered into in the ordinary and usual course of the Company's business; (2) are on normal commercial terms; and (3) are on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole. Further, the Directors (including the independent non-executive Directors) are of the view that the Proposed Annual Caps are on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. Reinold Geiger is the ultimate beneficial owner of LOG, which indirectly holds approximately 40% of Pierre Hermé, which in turn wholly-owns P2S2. Mr. Reinold Geiger is therefore considered to have a material interest in the Sublease Agreement and has abstained from voting on the Board resolutions approving the Sublease Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors have a material interest in the transactions contemplated under the Sublease Agreement.

GENERAL INFORMATION

The Company is a global, natural and organic ingredient-based cosmetics and well-being products enterprise with inspiration from Provence, which designs, manufactures and markets a wide range of cosmetics and well-being products based on natural and organic ingredients sourced principally from or near Provence,.

M&L Distribution is a company incorporated in France and a wholly-owned subsidiary of the Company. M&L Distribution is principally engaged in distribution.

P2S2 is a company incorporated in France and is a wholly-owned subsidiary of Pierre Hermé. It is principally engaged in the production and distribution of chocolate, macarons and other delicacies in France.

LISTING RULES IMPLICATIONS

Head Lease Agreement

The Head Lease Agreement was entered into with an independent third party. As none of the applicable percentage ratios in respect of total payments required under the Head Lease Agreement exceeds 5%, the transaction thereunder does not constitute a notifiable transaction of the Company under the Listing Rules.

Sublease Agreement

P2S2 is a wholly-owned subsidiary of Pierre Hermé, which is indirectly owned as to 40% by LOG, the controlling shareholder of the Company. Therefore, P2S2 is an associate of LOG and a connected person of the Company pursuant to the Listing Rules. Accordingly the lease contemplated under the Sublease Agreement, which is of a continuing nature, constitutes a continuing connected transaction of the Company under the Listing Rules.

Since each of the applicable percentage ratios (other than the profits ratio) calculated with reference to the Proposed Annual Caps is more than 0.1% but less than 5%, the continuing connected transaction contemplated under the Sublease Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	L’Occitane International S.A., a company incorporated in Luxembourg with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00973)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Head Lease Agreement”	the lease agreement entered into on 27 February 2017 between the Company (subsequently assigned to M&L Distribution, a wholly-owned subsidiary of the Company) and an independent third party for the lease of the Leased Premises for a term of twelve (12) years commencing on 21 July 2017

“Leased Premises”	certain commercial space on the ground floor and basement of a building located at 82-88 avenue des Champs-Élysées, Paris, France, with an aggregate floor area of approximately 739.40 square meters
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LOG”	L’Occitane Groupe S.A., a company incorporated under the laws of Luxembourg with limited liability and the controlling shareholder of the Company
“M&L Distribution”	M&L Distribution (France) S.à.r.l., a company incorporated in France and a wholly-owned subsidiary of the Company
“P2S2”	Pâtisseries Paris Saint-Sulpice P2S2, a company incorporated in France and wholly-owned by Pierre Hermé
“Pierre Hermé”	PHP Invest SAS, a company incorporated in France and an associate of LOG or, as the context may require, the “Pierre Hermé” brand
“Proposed Annual Caps”	the proposed maximum annual monetary value of the transactions under the Sublease Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sublease Agreement”	the sublease agreement entered into between M&L Distribution and P2S2 on 26 July 2017 in respect of the sublease of the Subleased Premises for a term from 1 August 2017 to 20 July 2020
“Subleased Premises”	an area of approximately 278 square meters within the Leased Premises

“€” or “Euro”

Euro, the single currency of participating members of the European Union

By order of the Board of
L’Occitane International S.A.
Reinold Geiger
Chairman

Luxembourg, 26 July 2017

As at the date of this announcement, the executive Directors are Mr. Reinold Geiger (Chairman and Chief Executive Officer), Mr. André Hoffmann (Vice-Chairman & Managing Director Asia-Pacific), Mr. Domenico Trizio (Group Managing Director), Mr. Thomas Levilion (Group Deputy General Manager, Finance and Administration) and Mr. Karl Guénard (Joint Company Secretary), the non-executive Director is Mr. Martial Lopez and the independent non-executive Directors are Mrs. Valérie Bernis, Mr. Charles Mark Broadley, Mr. Pierre Milet and Mr. Jackson Chik Sum Ng.