
STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offer as part of the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offer of 36,412,000 new Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the paragraph headed “The Hong Kong Public Offer”; and
- (ii) the International Placing of an aggregate of 327,708,000 Shares (comprising 145,648,000 new Shares and 182,060,000 sale Shares, and subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, and in the United States to QIBs in reliance on Rule 144A or another exemption from the registration requirements under the US Securities Act.

Investors may apply for Shares under the Hong Kong Public Offer or apply for or indicate an interest for Shares under the International Placing, but may not do both.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offer.

THE HONG KONG PUBLIC OFFER

Number of Shares initially offered

We are initially offering 36,412,000 new Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Shares between (i) the International Placing and (ii) the Hong Kong Public Offer, the Hong Kong Offer Shares will represent approximately 2.5% of our Company’s enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offer is subject to the conditions as set out in the paragraph headed “Conditions of the Hong Kong Public Offer”.

Allocation

Allocation of Shares to investors under the Hong Kong Public Offer will be based solely on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

The total number of Offer Shares available under the Hong Kong Public Offer (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Offer Shares in pool A will consist of 18,206,000 Offer Shares and will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in pool B will consist of 18,206,000 Offer Shares and will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5 million and up to the total value of pool B (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 18,206,000 Offer Shares, being the number of Offer Shares initially allocated to each pool, are to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offer and the International Placing is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offer, then Offer Shares will be reallocated to the Hong Kong Public Offer from the International Placing. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offer will be increased to 109,236,000 Offer Shares (in the case of (i)), 145,648,000 Offer Shares (in the case of (ii)) and 182,060,000 Offer Shares (in the case of (iii)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offer will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced in such manner as the Joint Bookrunners deem appropriate. In addition, the Joint Bookrunners may reallocate Offer Shares from the International Placing to the Hong Kong Public Offer to satisfy valid applications under the Hong Kong Public Offer.

If the Hong Kong Public Offer is not fully subscribed, the Joint Bookrunners have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Joint Bookrunners deem appropriate.

Applications

Each applicant under the Hong Kong Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International

STRUCTURE OF THE GLOBAL OFFERING

Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Placing.

Applicants under the Hong Kong Public Offer are required to pay, on application, the maximum price of HK\$15.08 per Offer Share in addition to the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing and Allocation" below, is less than the maximum price of HK\$15.08 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL PLACING

Number of Offer Shares offered

The International Placing will consist of an initial offering of 327,708,000 Shares, comprising 145,648,000 New Shares and 182,060,000 Sale Shares, and representing approximately 90% of the total number of Offer Shares initially available under the Global Offering.

Allocation

The International Placing will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of our Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

The Joint Bookrunners (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing and who has made an application under the Hong Kong Public Offer, to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Hong Kong Public Offer and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offer.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that the Company and the Selling Shareholder will grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator (after consulting with CLSA Limited and The Hongkong and Shanghai Banking Corporation Limited) on behalf of the International Underwriters.

STRUCTURE OF THE GLOBAL OFFERING

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Sole Global Coordinator (after consulting with CLSA Limited and The Hongkong and Shanghai Banking Corporation Limited) at any time from the Listing Date to 29 May 2010, being the 30th day after the last day for lodging applications under the Hong Kong Public Offer, to require the Company to issue up to 27,309,000 additional Shares and the Selling Shareholder to sell up to 27,309,000 additional Shares, representing, in aggregate, 15% of the initial Offer Shares, at the same price per Share under the International Placing, to, among other things, cover over-allocations in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional International Placing Shares will represent approximately 3.68% of our enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

STOCK BORROWING ARRANGEMENT

For the purpose of settlement of over-allocations in the International Placing, UBS AG, Hong Kong Branch may choose to borrow up to 54,618,000 Shares from LOG pursuant to the stock borrowing arrangement (being the maximum number of Shares which may be issued and sold pursuant to the Over-allotment Option), or acquire Shares from other sources, including exercising the Over-allotment Option.

If such stock borrowing arrangement with LOG is entered into, it will only be effected by UBS AG, Hong Kong Branch for the purpose of settlement of over-allocation in the International Placing and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with:

- (a) the Stock Borrowing Agreement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in the International Placing;
- (b) the maximum number of our Shares to be borrowed from LOG by UBS AG, Hong Kong Branch is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;
- (c) the same number of Shares so borrowed will be returned to LOG or its nominees, as the case may be, within three business days after the last day on which the Over-allotment Option may be exercised or, if earlier, the date on which the Over-allotment Option is exercised in full;
- (d) the borrowing of Shares pursuant to the Stock Borrowing Agreement will be effected in compliance with all applicable Listing Rules, laws and other regulatory requirements; and
- (e) no payments will be made to LOG by UBS AG, Hong Kong Branch in relation to such Stock Borrowing Agreement.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline

STRUCTURE OF THE GLOBAL OFFERING

in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, UBS AG, Hong Kong Branch, its affiliates or any person acting for it, as stabilising manager, on behalf of the Underwriters, may effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on UBS AG, Hong Kong Branch, its affiliates or any persons acting for them, to conduct any such stabilising action. Such stabilisation action, if commenced, may be discontinued at any time, and is required to be brought to an end after a limited period. Should stabilising transactions be effected in connection with the Global Offering, this will be at the absolute discretion of UBS AG, Hong Kong Branch, its affiliates or any person acting for them.

Stabilisation activities will only be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation. Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- UBS AG, Hong Kong Branch, its affiliates or any person acting for them, may, in connection with the stabilising action, maintain a long position in our Shares;
- there is no certainty regarding the extent to which and the time or period for which UBS AG, Hong Kong Branch, its affiliates or any person acting for them, will maintain such a long position;
- liquidation of any such long position by UBS AG, Hong Kong Branch, its affiliates or any person acting for them, may have an adverse impact on the market price of our Shares;
- no stabilising action can be taken to support the price of our Shares for longer than the stabilising period which will begin on the Listing Date, and is expected to expire on 29 May 2010, being the 30th day after the last date for lodging applications under the Hong Kong Public Offer. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

STRUCTURE OF THE GLOBAL OFFERING

- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, our Shares.

Following any over-allocation of Shares in connection with the Global Offering resulting in a short position, UBS AG, Hong Kong Branch, its affiliates or any person acting for them may cover such short position by (among other methods) using Shares purchased by UBS AG, Hong Kong Branch, its affiliates or any person acting for them in the secondary market or by exercising the Over-allotment Option in full or in part during the period when stabilisation activities are permitted and any such purchases or exercise will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilisation, the Securities and Futures (Price Stabilising) Rules, as amended, made under the SFO. The covered short position will not exceed the number of Shares which may be issued upon exercise of the Over-allotment Option, being 54,618,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around 30 April 2010 and in any event on or before 3 May 2010, by agreement between the Joint Bookrunners, on behalf of the Underwriters, and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price per Offer Share under the Hong Kong Public Offer will be identical to the offer price per Offer Share under the International Placing based on the Hong Kong dollar price per Offer Share under the International Placing, as determined by the Joint Bookrunners, on behalf of the Underwriters, and our Company. The Offer Price per Offer Share under the Hong Kong Public Offer will be fixed at the Hong Kong dollar amount which, when increased by the 1% brokerage, 0.004% SFC transaction levy and 0.005% Hong Kong Stock Exchange trading fee payable thereon, is (subject to any necessary rounding) effectively equivalent to the Hong Kong dollar price per Offer Share under the International Placing. The SFC transaction levy and the Hong Kong Stock Exchange trading fee otherwise payable by investors in the International Placing on Offer Shares purchased by them will be paid by us.

The Offer Price will not be more than HK\$15.08 per Offer Share and is expected to be not less than HK\$12.88 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offer. Prospective

STRUCTURE OF THE GLOBAL OFFERING

investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

The Joint Bookrunners, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer, cause there to be published in the *South China Morning Post* (in English) and the *Hong Kong Economic Times* (in Chinese) and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.loccitane.com notices of the reduction. Upon issue of such a notice, the revised offer price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners, on behalf of the Underwriters, and our Company, will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. Applicants under the Hong Kong Public Offer should note that in no circumstances can applications be withdrawn once submitted, even if the number of Offer Shares and/or the offer price range is so reduced. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with our Company and the Joint Bookrunners, will under no circumstances be set outside the offer price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Bookrunners may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offer and the International Placing, provided that the number of Offer Shares comprised in the Hong Kong Public Offer shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised). The Offer Shares to be offered in the Hong Kong Public Offer and the Offer Shares to be offered in the International Placing may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Bookrunners.

The net proceeds from the Global Offering accruing to us (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering, assuming that the Over-allotment Option is not exercised), are estimated to be approximately HK\$2,447.2 million, assuming an Offer Price of HK\$13.98 per Offer Share, being the approximate mid-point of the proposed offer price range of HK\$12.88 to HK\$15.08.

STRUCTURE OF THE GLOBAL OFFERING

The final Offer Price, the level of indications of interest in the Global Offering and the basis of allotment of Offer Shares available under the Hong Kong Public Offer are expected to be announced on 6 May 2010 in the *South China Morning Post* (in English), the *Hong Kong Economic Times* (in Chinese) and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.loccitane.com.

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Bookrunners, on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date.

These underwriting arrangements, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarised in the section headed “Underwriting” in this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFER

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offer will be conditional on:

- (i) the Listing Committee of the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, our Shares in issue (including the Shares that may be allocated pursuant to the exercise of the Over-allotment Option) and our Shares being offered pursuant to the Global Offering (subject only to allotment);
- (ii) the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and
- (iii) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 7 May 2010.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (on behalf of the Underwriters) on or before 3 May 2010, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offer and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

STRUCTURE OF THE GLOBAL OFFERING

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offer will be published by our Company in the South *China Morning Post* (in English), the *Hong Kong Economic Times* (in Chinese) and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.loccitane.com on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares — Despatch/Collection of Share Certificates and Refund Monies”. In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)(as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on 7 May 2010 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer — Grounds for Termination” has not been exercised.

DEALING

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on 7 May 2010, it is expected that dealings in our Shares on the Hong Kong Stock Exchange will commence at 9:30 a.m. on 7 May 2010.