

Groupe L'OCCITANE

L'Occitane Holding S.A.

49, Boulevard Prince Henri L-1724 Luxembourg
R.C.S. Luxembourg: B286921
(Incorporated under the laws of Luxembourg
with limited liability)

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)

VOLUNTARY CONDITIONAL GENERAL OFFERS

- 1 By J.P. Morgan on behalf of L'Occitane Holding S.A. for your Offer Shares at either (a) HK\$34.00 in cash per Offer Share; or (b) 10 Rollover Shares in L'Occitane Holding S.A. (subject to the Share Alternative Cap);
- 2 By J.P. Morgan on behalf of L'Occitane Holding S.A. to cancel your Vested Options at the Award Cancellation Price; and
- 3 By L'Occitane Holding S.A. to cancel your Unvested Awards (as and when they vest) at the Award Cancellation Price under the Liquidity Arrangement.

Latest time for acceptance of the Offers on First Closing Date is

**4:00 p.m. (Hong Kong time) on
Tuesday, 23 July 2024**


If you wish to accept the Offers, please complete and return the Forms of Acceptance.


For further details, please refer to the Composite Document.

FOR OVERSEAS SHAREHOLDERS, PLEASE READ "IMPORTANT NOTICES" HEREIN CAREFULLY.

OFFERS HOTLINE

If you have any questions, please contact the Offers hotline

 +852 2592 5946

 loccitane@investor.morrowsodali.com

Office hours: 9:00 a.m. to 5:00 p.m.
(Hong Kong time)

*Mondays to Fridays (excluding weekends and
public holidays in Hong Kong)*

This hotline is managed by an external service provider, Morrow Sodali Hong Kong Limited, engaged by Offeror. For the avoidance of doubt, the designated phone line or email account cannot and will not: (i) provide any information not available in the public domain nor any advice on the merits or risks of the Offers; or (ii) give any financial or legal advice. **If you are in doubt as to any aspect of this Composite Document or action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document, the Election Documents, or as to the action to be taken, you should consult your stockbroker or other licenced securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in L'Occitane International S.A., you should at once hand this Composite Document, together with the Election Documents, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

This Composite Document should be read in conjunction with the Election Documents, the contents of which form part of the terms and conditions of the Offers.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the Election Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the Election Documents.

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COMPOSITE DOCUMENT

**(1) CONDITIONAL VOLUNTARY GENERAL OFFERS BY
J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED ON BEHALF OF OFFEROR
TO ACQUIRE ALL ISSUED AND OUTSTANDING SHARES IN THE COMPANY
(OTHER THAN SHARES ALREADY OWNED BY LOG) AND TO CANCEL
ALL VESTED OPTIONS; AND (2) LIQUIDITY ARRANGEMENT WITH RESPECT TO
UNVESTED AWARDS**

Exclusive Financial Adviser to Offeror

J.P.Morgan

J.P. Morgan Securities (Asia Pacific) Limited

**Independent Financial Adviser to the
Independent Board Committee**



SOMERLEY CAPITAL LIMITED

Somerley Capital Limited

Minority Shareholders (and in particular, Qualifying Shareholders) should inform themselves of and observe any applicable legal and regulatory requirements. See the section headed "Important notices".

Unless otherwise defined, capitalised terms used in this Composite Document (which includes this cover page, all Parts and Appendices annexed hereto) and the Election Documents shall have the meanings set out in "Appendix I (Definitions)".

The procedures for acceptance and settlement of the Offers are set out in: (a) the sub-sections to the "Letter from J.P. Morgan and Offeror" headed: (i) for the Cash Alternative under the Share Offer, "Part A. Cash Alternative under Share Offer"; (ii) for the Share Alternative under the Share Offer, "Part B. Share Alternative under Share Offer"; (iii) for the Vested Option Offer, "Part C. Vested Option Offer"; and (iv) for the Liquidity Arrangement, "Part D. Liquidity Arrangement"; and (b) "Appendix VIII" (Further information on Offer Period procedures).

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or any Election Documents to any jurisdiction outside of Hong Kong should read the section headed "Important notices" before taking any action. It is the responsibility of each overseas Shareholder wishing to accept the Share Offer to satisfy themselves as to the full observance of all laws and regulations of the jurisdiction(s) applicable to them, including the obtaining of any governmental, exchange control or other consents that may be required and the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction.

Minority Shareholders (including overseas Minority Shareholders), Award Holders and potential investors of the Company's securities are advised to seek professional advice on deciding whether to accept the Offers.

2 July 2024

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1. EXPECTED TIMETABLE

The following timetable is indicative only and may be subject to change. Any changes to the timetable will be announced by Offeror and the Company. Unless otherwise expressly stated, all time and date references contained in this Composite Document refer to Hong Kong time and dates.

Event	Expected date and time ⁽¹⁾
Offers open for acceptance ⁽⁶⁾	Tuesday, 2 July 2024
First Closing Date	Tuesday, 23 July 2024
Latest date and time for acceptance of the Offers on First Closing Date	4:00 p.m. on Tuesday, 23 July 2024
Announcement of results of the Offers as of First Closing Date	7:00 p.m. on Tuesday, 23 July 2024
Latest date for announcing an extension of the period for acceptance of the Offers after First Closing Date	Tuesday, 23 July 2024
<i>If the Share Offer becomes or is declared unconditional in all respects on First Closing Date</i>	
Date that Vested Option Offer and Liquidity Arrangement becomes unconditional ⁽²⁾	Tuesday, 23 July 2024
Latest date for Offeror settling payment of the Offer Price (under the Cash Alternative) or Award Cancellation Price (under the Vested Option Offer) for acceptances received by First Closing Date ⁽²⁾⁽⁴⁾	Thursday, 1 August 2024
Offer Closing Date ⁽²⁾	Tuesday, 6 August 2024
Latest date and time for overseas Minority Shareholders who wish to elect the Share Alternative to complete and deliver the Qualifying Shareholder Questionnaire ⁽²⁾⁽⁵⁾	4:00 p.m. on Tuesday, 6 August 2024
Latest date and time for acceptance of the Offers on Offer Closing Date ⁽²⁾⁽⁵⁾⁽⁶⁾	4:00 p.m. on Tuesday, 6 August 2024
Announcement of results of the Offers as of Offer Closing Date ⁽²⁾⁽⁵⁾	7:00 p.m. on Tuesday, 6 August 2024
Earliest date for sending compulsory acquisition notices under Article 18 ⁽²⁾⁽⁵⁾	Wednesday, 7 August 2024
Latest date for issuing Rollover Shares and settling payment, if any, for acceptances of the Share Alternative under the Share Offer received by Offer Closing Date ⁽²⁾⁽⁴⁾	Monday, 26 August 2024

1. EXPECTED TIMETABLE

If the Share Offer does not become unconditional in all respects on First Closing Date

Latest date for the Share Offer to become or be declared unconditional, being the Long Stop Date ⁽⁵⁾	Monday, 26 August 2024
Latest date on which the Vested Option Offer and the Liquidity Arrangement become unconditional ⁽³⁾	Monday, 26 August 2024
Latest date for Offeror settling payment of the Offer Price (under the Cash Alternative) or Award Cancellation Price (under the Vested Option Offer) for acceptances received by Long Stop Date ⁽³⁾⁽⁴⁾	Wednesday, 4 September 2024
Latest date and time for overseas Minority Shareholders who wish to elect the Share Alternative to complete and deliver the Qualifying Shareholder Questionnaire ⁽³⁾⁽⁵⁾	4:00 p.m. on Monday, 9 September 2024
Offer Closing Date ⁽³⁾	Monday, 9 September 2024
Latest date and time for acceptance of the Offers on Offer Closing Date ⁽³⁾⁽⁵⁾⁽⁶⁾	4:00 p.m. on Monday, 9 September 2024
Announcement of results of the Offers as of Offer Closing Date ⁽³⁾⁽⁵⁾	7:00 p.m. on Monday, 9 September 2024
Earliest date for sending compulsory acquisition notices under Article 18 ⁽³⁾⁽⁵⁾	Tuesday, 10 September 2024
Latest date for issuing Rollover Shares and settling payment, if any, for acceptances of the Share Alternative under the Share Offer received by Offer Closing Date ⁽³⁾⁽⁴⁾	Monday, 30 September 2024

Notes:

- (1) If there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or “extreme conditions” in force in Hong Kong and still in force at 12:00 noon on any of these dates, the relevant date and time will be moved to the same time, if applicable, on the next business day in Hong Kong which does not have either of those warnings in force after 12:00 noon.
- (2) Assuming that the Share Offer becomes or is declared unconditional in all respects on First Closing Date.
- (3) Assuming the Share Offer becomes or is declared unconditional in all respects on Long Stop Date.
- (4) **For Cash Alternative.** See the sections headed “Letter from J.P. Morgan and Offeror — Part A. Cash Alternative under Share Offer — Details of the Cash Alternative” for more information on settlement.

For Share Alternative. See the section headed “Letter from J.P. Morgan and Offeror — Part B. Share Alternative under Share Offer — Details of the Share Alternative” for more information on settlement.

For Vested Option Offer. See the section headed “Letter from J.P. Morgan and Offeror — Part C. Vested Option Offer — Details of the Vested Option Offer” for more information on settlement.

1. EXPECTED TIMETABLE

For Liquidity Arrangement. See the section headed “Letter from J.P. Morgan and Offeror — Part D. Liquidity Arrangement — Details of the Liquidity Arrangement” for more information on settlement.

- (5) Or unless otherwise extended with the consent of the Executive, the Company and Offeror, in which case this shall be the date set out in an announcement by Offeror and/or the Company.
- (6) See “Appendix VIII” (*Further information on Offer Period procedures*) for more information on acceptance procedures during the Offer Period.

2. IMPORTANT NOTICES

IF YOU ARE NOT A RESIDENT IN HONG KONG, PLEASE READ THIS SECTION CAREFULLY. YOU SHOULD CONSULT YOUR LEGAL AND PROFESSIONAL ADVISERS BEFORE READING THE REMAINDER OF THIS COMPOSITE DOCUMENT (AND FORMS OF ACCEPTANCE).

1. GENERAL NOTICE TO OVERSEAS SHAREHOLDERS

- 1.1. *Overseas Shareholders must ensure that they are legally able to receive and accept the Offers.* The making of the Offers to Minority Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. **Overseas Shareholders and Award Holders should inform themselves about, and observe, any applicable legal, tax or regulatory requirements.** It is the responsibility of the person wishing to accept the Offers to satisfy themselves as to the full observance of the laws of those relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes due by such person in such jurisdictions.
- 1.2. *This Composite Document is in Hong Kong format and style, which are different from that overseas.* Overseas Shareholders and Award Holders should be aware that this Composite Document has been prepared in accordance with Hong Kong format and style, which differs from the formats and styles of overseas jurisdictions outside of Hong Kong. Additionally, the Share Offer is being made for the securities of a Luxembourg incorporated company and is subject to Hong Kong disclosure and other procedural requirements, which are different from those of other jurisdictions outside of Hong Kong.
- 1.3. *This Composite Document and the Rollover Shares are not registered.* This Composite Document and the Rollover Shares issued under the Share Alternative will not be registered under any securities laws or regulations in any jurisdiction (including Hong Kong or overseas), and **may only be issued to persons pursuant to an exemption from the registration or selling restriction requirements of the securities laws or regulations of the jurisdiction in which the Minority Shareholders are resident.** In Hong Kong, this Composite Document is exempted from the prospectus registration and content requirements pursuant to paragraph 6 of the Seventeenth Schedule to the Companies (Winding-up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

2. IMPORTANT NOTICES

- 1.4. **This Composite Document is not issued to Minority Shareholders and the Rollover Shares are not offered to Minority Shareholders in jurisdictions other than Hong Kong, except and to the extent that they are a Qualifying Shareholder.**
- 1.5. See “Appendix VIII” (Further information on Offer Period procedures) for more information.
- 1.6. **PLEASE NOTE: If you wish to elect the Share Alternative, please ensure that you are legally permitted to elect the Share Alternative and receive Rollover Shares.**
- 1.7. **PLEASE NOTE: Disclosures in this section do not, directly or indirectly, constitute legal advice, and none of the Company, Offeror, and their respective advisers, including J.P. Morgan, shall be taken to, or deemed to be, giving any advice, whether legal or otherwise, with respect to any jurisdiction, whether in Hong Kong or overseas.**
- 1.8. **Any acceptance by Minority Shareholders and Award Holders will be deemed to constitute a representation and warranty from such persons to the Company, Offeror, and their respective advisers, including J.P. Morgan, that all relevant laws and regulatory requirements in those jurisdictions to which the accepting overseas Shareholders are subject have been complied with. Shareholders, Award Holders and potential investors should consult their professional advisers if in doubt.**

2. ADDITIONAL NOTICE TO RESIDENTS OF CANADA

- 2.1. The Offers (including the Share Alternative under the Share Offer) are being made to Canadian shareholders in reliance on the foreign take-over bid exemption provided for in section 4.4 of National Instrument 62-104 — *Take-Over Bids and Issuer Bids of the Canadian Securities Administrators*. Accordingly, Canadian shareholders are eligible to participate in the Offers (including the Share Alternative).

3. ADDITIONAL NOTICE TO RESIDENTS OF CAYMAN ISLANDS

- 3.1. The shares of common stock may not be offered or sold, directly or indirectly to the public or the any member of the public in the Cayman Islands. This Composite Document (and the Forms of Acceptance) does not constitute an offer or a solicitation to the public in the Cayman Islands to purchase or invest in any shares of common stock.

2. IMPORTANT NOTICES

4. ADDITIONAL NOTICE TO RESIDENTS OF THE EUROPEAN ECONOMIC AREA

4.1. In relation to each member state of the European Economic Area (each a “**Member State**”), the Share Alternative has not been made available and will not be made available, and no Rollover Shares have been offered or will be offered, to the public prior to the publication of a prospectus in relation to the Share Alternative and the offer of the Rollover Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation (as defined below), except that the Share Alternative may be made available, and the Rollover Shares may be offered, to the public in that Member State at any time:

- (a) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation); or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that the Share Alternative and the offer of the Rollover Shares shall not require Offeror to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

4.2. For the purposes of this provision, the expression “offer to the public” in relation to Share Alternative in any Member State means the communication in any form and by any means of sufficient information on the terms of the Share Alternative and the Rollover Shares to be offered so as to enable a Minority Shareholder to decide to elect the Share Alternative and acquire the Rollover Shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 (as amended).

2. IMPORTANT NOTICES

5. ADDITIONAL NOTICE TO RESIDENTS OF JAPAN

- 5.1. The Rollover Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**FIEA**”). The Share Alternative may not be offered, and the Rollover Shares may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organised under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan. The Share Alternative (and applicable Form of Acceptance) will not be distributed and will not be available in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organised under the laws of Japan) until and unless any such person completes the Qualifying Shareholder Questionnaire and otherwise establishes to the satisfaction of Offeror that such person is a “Qualified Institutional Investors” as defined in the FIEA or is otherwise able to receive such documentation in compliance with applicable laws and regulations.

6. ADDITIONAL NOTICE TO RESIDENTS OF SINGAPORE

- 6.1. This Composite Document (and the Forms of Acceptance) have not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the “**MAS**”) under the SFA. The Share Alternative and/or Rollover Shares have not been offered or sold or made subject of an invitation for subscription or purchase and will not be offered or sold or made subject of an invitation for subscription or purchase, and this Composite Document (and the Forms of Acceptance) or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Share Alternative and/or Rollover Shares has not been circulated or distributed, nor will it be circulated or distributed, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA); or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore.
- 6.2. Any reference to the “**SFA**” is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.
- 6.3. Minority Shareholders should note that there may be restrictions on the secondary sale of the Rollover Shares under Section 276 of the SFA.

2. IMPORTANT NOTICES

7. ADDITIONAL NOTICE TO RESIDENTS OF SWITZERLAND

- 7.1. This Composite Document (and the Forms of Acceptance) does not constitute an offer to the public or a solicitation to purchase or invest in any shares of common stock, and no shares of common stock have been offered or will be offered to the public in Switzerland. The shares of common stock have not been and will not be listed or admitted to trading on a Swiss trading venue.
- 7.2. Neither this Composite Document (and the Forms of Acceptance) with respect to the Share Alternative nor any other offering or marketing material relating to the shares of common stock constitutes a prospectus pursuant to the Swiss Federal Financial Services Act (the “**FinSA**”), and no such prospectus has been or will be prepared in relation to the shares of common stock. None of the aforementioned materials may be publicly distributed or otherwise made available in Switzerland other than in accordance with the exemptions set out in the following paragraph.
- 7.3. The shares of common stock may only be publicly offered or marketed in Switzerland under available exemptions from the Swiss prospectus requirement pursuant to the FinSA, *i.e.*:
- (a) to professional clients as defined under the FinSA (non-retail offering);
 - (b) where the offer is directed at fewer than 500 persons (other than professional clients as defined under the FinSA), subject to obtaining the prior consent of the joint book-running managers for any such offer; or
 - (c) in any other circumstances falling within Article 36 of the FinSA in connection with Article 44 of the Swiss Federal Financial Services Ordinance, as applicable.

8. ADDITIONAL NOTICE TO RESIDENTS OF THE UNITED KINGDOM

- 8.1. The Share Alternative has not been made available and will not be made available, and no Rollover Shares have been offered or will be offered, to the public in the United Kingdom prior to the publication of a prospectus in relation to the Share Alternative and the offer of the Rollover Shares which has been approved by the Financial Conduct Authority, except that the Share Alternative may be made available, and the Rollover Shares may be offered, to the public in the United Kingdom at any time:
- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation (as defined below);
 - (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation); or
 - (c) in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”),

provided that the Share Alternative and the offer of the Rollover Shares shall not require us to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

2. IMPORTANT NOTICES

- 8.2. For the purposes of this provision, the expression “offer to the public” in relation to Share Alternative in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the Share Alternative and the Rollover Shares to be offered so as to enable a Minority Shareholder to decide to elect the Share Alternative and acquire the Rollover Shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.
- 8.3. In addition, in the United Kingdom, this Composite Document (and Forms of Acceptance) with respect to the Share Alternative is for distribution only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the UK Prospectus Regulation) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); (ii) who are high net worth entities or other persons falling within Article 49(2)(a) to (d) of the Order; or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the receipt of any Rollover Shares (in the case of the Share Alternative) may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**relevant persons**”). This Composite Document (together with the Forms of Acceptance) with respect to the Share Alternative is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. In the United Kingdom, any investment or investment activity that this Composite Document in respect of the Rollover Shares relates to may be made or taken exclusively by relevant persons.

9. ADDITIONAL NOTICE TO RESIDENTS OF THE UNITED STATES

- 9.1. The Offers are extended to the United States pursuant to the applicable U.S. tender offer rules, in particular, Regulation 14E promulgated pursuant to the U.S. Securities Exchange Act of 1934 (the “**U.S. Exchange Act**”) or an available exemption therefrom and otherwise in accordance with the requirements of the SFO. Accordingly, the Offers are subject to Hong Kong disclosure and other procedural requirements, including with respect to withdrawal rights and settlement procedures, which may differ from those applicable under U.S. domestic tender offer procedures and law.
- 9.2. The receipt of cash pursuant to the Share Offer, the Vested Award Offer or the Liquidity Arrangement by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the Offers.

2. IMPORTANT NOTICES

- 9.3. It may be difficult for U.S. holders of Shares to enforce their rights and any claims arising out of the U.S. federal securities laws, since Offeror and the Company are located in a country other than the United States, and some or all of their respective officers and directors may be residents of a country other than the United States. In addition, most of the assets of Offeror and the Group are located outside the United States. U.S. holders of Shares may not be able to bring a claim against a non-U.S. company or its officers or directors in a non-U.S. court for any violations of the securities laws of the United States. Further, it may be difficult for U.S. holders of Shares to effect service of process within the United States upon Offeror or the Company or their respective officers or directors or to enforce against them a judgment of a U.S. court predicated upon the federal or state securities laws of the United States.
- 9.4. The exemption under Rule 14d-1(d) of the U.S. Exchange Act is available for the Offers. In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, Offeror hereby discloses that it or its affiliates or its nominees, or their respective brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Share Offer, before or during the period in which the Share Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that: (i) any such purchase or arrangement complies with applicable law and is made outside the United States; and (ii) if applicable, the Offer Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC and will be available on its website at www.sfc.hk.
- 9.5. The Share Alternative (and applicable Form of Acceptance) will not be distributed and will not be available in or for any residents of the United States until and unless any such resident completes the Qualifying Shareholder Questionnaire and otherwise establishes to the satisfaction of Offeror that such person is a “qualified institutional buyer” as defined in Rule 144A promulgated under the U.S. Securities Act of 1933 or is otherwise able to receive such documentation in compliance with applicable laws and regulations.

10. ELIGIBILITY OF MINORITY SHAREHOLDERS FOR SHARE ALTERNATIVE

- 10.1. **The Share Alternative is only available to Qualifying Shareholders who hold all of their Offer Shares as Registered Holders (i.e., it is not available to CCASS Holders).**
- 10.2. **CCASS Holders who are Qualifying Shareholders will need to first withdraw their Offer Shares from CCASS before accepting and electing the Share Alternative. See the section headed “Letter from J.P. Morgan and Offeror-Part B. Share Alternative under Share Offer” for the procedure.**
- 10.3. **PLEASE NOTE: Overseas Shareholders should read this section carefully and ensure that they are a Qualifying Shareholder.**

2. IMPORTANT NOTICES

Non-qualifying Shareholders

10.4. Rollover Shares issued will not be registered under any securities laws in any jurisdiction (including Hong Kong or overseas) and may only be issued to persons resident in a jurisdiction pursuant to an exemption from the requirements of the securities laws or regulations of that jurisdiction.

10.5. In particular:

- (a) **PRC Investors.** PRC investors will not be offered the Share Alternative, as (i) investors who are interested in Offer Shares through Stock Connect will not be able to trade Offeror Shares through Stock Connect pursuant to Article 24 of the Implementation Rules for Registration, Depository and Clearing Services under the Mainland-Hong Kong Stock Markets Connect Programme (《內地與香港股票市場交易互聯互通機制登記、存管、結算業務實施細則》); and (ii) investors in the PRC who hold Offer Shares outside of Stock Connect would be subject to additional filing requirements in respect of their overseas direct investment arising from accepting the Share Alternative and approval requirements from regulatory departments in the PRC (and there can be no certainty that approval would be granted). On this basis, Offeror has formed the view, after consulting with its PRC counsel, that PRC investors would not be eligible for the Share Alternative. As at Latest Practicable Date, investors who are interested in Offer Shares through Stock Connect represent approximately 1.10% of the total issued and outstanding share capital of the Company. For the avoidance of doubt, PRC investors are eligible for the Cash Alternative.
- (b) **Overseas Shareholders.** Other than Shareholders in Canada, the Share Alternative will only be made available to Qualifying Shareholders.

Qualifying Shareholders

10.6. Qualifying Shareholders are:

- (a) a Shareholder in Hong Kong or Canada; and
- (b) an overseas Shareholder (except those in Canada) who has confirmed that the Shareholder falls within the scope of an exemption from the selling restrictions laws and regulations of that Shareholder's resident jurisdiction, and, having consulted relevant legal advisers, Offeror is satisfied that Offeror may offer the Share Alternative and issue the Rollover Shares to the Shareholder, and the Shareholder may be offered and accept the Share Alternative and receive the Rollover Shares.

2. IMPORTANT NOTICES

If you are an overseas Qualifying Shareholder and Registered Holder

- 10.7. Overseas Shareholders (other than those from Canada), in addition to being (or becoming) a Registered Holder, must confirm that they are a Qualifying Shareholder by first completing, signing and returning the “Qualifying Shareholder Questionnaire” to the Hong Kong Share Registrar **before or at the same time as** lodging the “Share Offer Acceptance Form-Share Alternative” in order to validly accept the Share Alternative.
- 10.8. The “Qualifying Shareholder Questionnaire” is available for download on the websites of the Company (group.loccitane.com); and the Securities and Futures Commission (www.sfc.hk) from this Composite Document Date until the end of the Offer Period.
- 10.9. See the section headed “Letter from J.P. Morgan and Offeror-Part B. Share Alternative under Share Offer” for more information.

Waiver in respect of overseas Shareholders

- 10.10. **Overview of overseas Minority Shareholders.** As at Latest Practicable Date, based on the Company’s registers of members and CCASS Holders who have elected for printed copies of corporate communications or who have not otherwise provided a valid email address as at Latest Practicable Date, there are 2 Minority Shareholders with registered addresses in Singapore.
- 10.11. **Despatch of documents.** Due to selling restrictions in Singapore, Offeror has applied to the Executive, and the Executive has granted, a waiver under Note 3 to Rule 8 of the Takeovers Code that the Composite Document and the “Share Offer Acceptance Form — Share Alternative” will not be sent to the 2 Minority Shareholders with a registered address in Singapore.
- 10.12. **Share Alternative.** Offeror has also applied for, and the Executive has granted, consent to the Share Alternative not being made to: (a) the Shareholders in the PRC (excluding Hong Kong); and (b) overseas Shareholders (except those in Canada) unless such overseas Shareholder has confirmed that it falls within the scope of an exemption from the selling restrictions laws and regulations of that Shareholder’s resident jurisdiction, and, having consulted relevant legal advisers, Offeror is satisfied that Offeror may offer the Share Alternative and issue the Rollover Shares to the Shareholder, and the Shareholder may be offered and accept the Share Alternative and receive the Rollover Shares.
- 10.13. **Cash Alternative.** For the avoidance of doubt, all Minority Shareholders (including those in an overseas jurisdiction) are eligible to elect the Cash Alternative.

11. FORWARD LOOKING STATEMENTS

- 11.1. This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements.

2. IMPORTANT NOTICES

12. ENQUIRY HOTLINE AND EMAIL

12.1.If you have any queries of an administrative and procedural nature regarding the Offers, please reach out via the following ways:

Phone: +852 2592 5946

Email: Loccitane@investor.morrowsodali.com

Office hours: 9:00 a.m. to 5:00 p.m. Mondays to Fridays (excluding weekends and public holidays in Hong Kong)

12.2.This hotline is managed by an external service provider, Morrow Sodali Hong Kong Limited, engaged by Offeror. For the avoidance of doubt, the designated phone line or email account cannot and will not: (i) provide any information not available in the public domain nor any advice on the merits or risks of the Offers; or (ii) give any financial or legal advice. **If you are in doubt as to any aspect of this Composite Document or action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.**

3. LETTER FROM J.P. MORGAN AND OFFEROR

Exclusive Financial Adviser to Offeror



J.P. Morgan Securities (Asia Pacific) Limited

Groupe
L'OCCITANE
L'OCCITANE HOLDING S.A.

49, Boulevard Prince Henri L-1724 Luxembourg

R.C.S. Luxembourg: B286921

(Incorporated under the laws of Luxembourg with limited liability)

2 July 2024

To Minority Shareholders, Qualifying Shareholders (with respect to the Share Alternative), and Award Holders

Dear Sirs/Mesdames,

**(1) CONDITIONAL VOLUNTARY GENERAL OFFERS BY
J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED ON BEHALF OF OFFEROR
TO ACQUIRE ALL ISSUED AND OUTSTANDING SHARES IN THE COMPANY
(OTHER THAN SHARES ALREADY OWNED BY LOG) AND TO CANCEL
ALL VESTED OPTIONS; AND (2) LIQUIDITY ARRANGEMENT WITH RESPECT TO
UNVESTED AWARDS**

1. INTRODUCTION

- 1.1. On 8 April 2024 (after trading hours), LOG informed the Board that LOG intended to make a firm conditional voluntary general offer for all Offer Shares, as well as make appropriate arrangements for all Awards in accordance with Rule 13 of the Takeovers Code (being the Vested Option Offer and the Liquidity Arrangement). Details are set out in the Initial Announcement.
- 1.2. On 17 June 2024, LOG informed the Board that the settlement method for the Share Offer will be revised, such that Minority Shareholders who accept the Share Offer, may elect either: (i) cash settlement under, and subject to the terms and conditions of, the Cash Alternative; or (ii) settlement through receipt of Rollover Shares under, and subject to the terms and conditions of, the Share Alternative. In connection with this, LOG has established a newly incorporated holding company (being Offeror) for the purposes of making the Offers and issuing the Rollover Shares under the Share Alternative. Details are set out in the Second Announcement.
- 1.3. As at Latest Practicable Date, Offeror is a wholly-owned subsidiary of LOG.
- 1.4. The purpose of this letter is to provide you with, among others: (a) information about the Offers; (b) reasons for and benefits of the Offers; (c) other information material to Minority Shareholders and Award Holders in assessing whether to accept the Offers; and (d) information about Offeror Group.

3. LETTER FROM J.P. MORGAN AND OFFEROR

2. THE OFFERS

Share Offer

2.1. J.P. Morgan, on behalf of Offeror, is making the Share Offer to Minority Shareholders for all Offer Shares, in exchange for either:

Cash Alternative HK\$34.00 in cash for each Offer Share; or

Share Alternative 10 Rollover Shares for each Offer Share

2.2. The Share Offer is extended to all holders of Offer Shares (being the Minority Shareholders) in accordance with the Takeovers Code. For the avoidance of doubt, the Treasury Shares will not be subject to the Share Offer.

2.3. Minority Shareholders who accept the Share Offer may elect, as a settlement method, either: (a) the Cash Alternative; or (b) the Share Alternative (but not a combination of both), with respect to their Offer Shares validly tendered for acceptance. Minority Shareholders who make an invalid election will receive the Cash Alternative by default. See the sub-section headed “— Part B. Share Alternative under Share Offer — Single Settlement Election Measures” for more information on measures taken by Offeror to ensure that Minority Shareholders only elect a single method of settlement for the Share Offer.

2.4. The Share Alternative is subject to the Share Alternative Cap. This means that the aggregate number of Offer Shares (validly tendered for acceptance and election of the Share Alternative) to be settled by Rollover Shares will be up to the Share Alternative Cap and may be subject to the *Pro Rata* Downward Adjustment Mechanism, in which case, Share Alternative Holders will have the remainder of their Offer Shares validly tendered for acceptance to be settled in cash at the Offer Price.

2.5. Please refer to the sub-sections headed “— Part A. Cash Alternative under Share Offer” and “— Part B. Share Alternative under Share Offer”, which form part of this letter, for details of the Share Offer, including eligibility, terms and conditions (and for the Share Alternative, key risks to note), and how to accept the Share Offer.

2.6. **PLEASE NOTE: The Offer Price will not be increased, and Offeror does not reserve the right to do so. Shareholders, Award Holders and potential investors should be aware that, following the making of this statement, Offeror is not permitted to increase the Offer Price.**

3. LETTER FROM J.P. MORGAN AND OFFEROR

Vested Option Offer

2.7. As at Latest Practicable Date, the Company has a total of 1,639,350 Vested Options outstanding, comprising:

	Number of Vested Options	Exercise price per Option	Number of Award Shares
(a)	1,045,200 Options	HK\$14.50 exercise price	1,045,200 Award Shares
(b)	594,150 Options	HK\$15.16 exercise price	594,150 Award Shares

2.8. In accordance with Rule 13 of the Takeovers Code and Practice Note 6 to the Takeovers Code, J.P. Morgan, on behalf of Offeror, is making the Vested Option Offer to Vested Option Holders to cancel their Vested Options at the Award Cancellation Price, calculated as the “see-through” price (being the Offer Price *less* the exercise price of each such Vested Option), as follows:

	Number of Vested Options	Exercise price per Vested Option	Award Cancellation Price per Vested Option
(a)	1,045,200 Options	HK\$14.50 exercise price	HK\$19.50 in cash
(b)	594,150 Options	HK\$15.16 exercise price	HK\$18.84 in cash

2.9. Please refer to the sub-section headed “— Part C. Vested Option Offer”, which forms part of this letter, for details of the Vested Option Offer, including eligibility, terms and conditions, and how to accept the Vested Option Offer.

2.10. PLEASE NOTE: If you are a Vested Option Holder and you do not accept the Vested Option Offer on or between Composite Document Date and Offer Closing Date, then your Vested Options will automatically and immediately lapse after Offer Closing Date.

Liquidity Arrangement

2.11. As at Latest Practicable Date, the Company has a total of 8,196,677 Unvested Awards outstanding, comprising:

	Number of Unvested Awards	Exercise/issue price per Award	Number of Award Shares
(a)	6,530,400 Options ⁽¹⁾	HK\$20.67 exercise price	6,530,400 Award Shares
(b)	1,666,277 Free Shares ⁽²⁾	Nil issue price	1,666,277 Award Shares

Notes:

(1) The vesting date for these Options is: 27 October 2025.

(2) The vesting dates for these Free Shares are: (a) 30 June 2027 (for 808,531 Free Shares granted to Mr. Laurent Marteau); and (b) 30 June 2026 (for the remaining 857,746 Free Shares).

3. LETTER FROM J.P. MORGAN AND OFFEROR

2.12. Offeror offers to enter into a Liquidity Agreement with each Unvested Award Holder pursuant to which Offeror will, in accordance with Rule 13 of the Takeovers Code and Practice Note 6 to the Takeovers Code, pay to the Unvested Award Holder the Award Cancellation Price to cancel each Award following its vesting in accordance with the existing schedule and conditions of grant under the relevant Share Incentive Plan, with the Award Cancellation Price calculated as: (i) the “see-through” price (being the Offer Price *less* the exercise price of each such vested Option); or (ii) the equivalent of the Offer Price (for each vested Free Share), as follows:

For each Option following vesting with exercise price of HK\$20.67	HK\$13.33 in cash
For each Free Share following vesting.	HK\$34.00 in cash

2.13. Please refer to the sub-section headed “— Part D. Liquidity Arrangement”, which forms part of this letter, for details of the Liquidity Arrangement, including eligibility, terms and conditions (including material terms of the Liquidity Agreement), and how to enter into the Liquidity Arrangement.

2.14. **PLEASE NOTE: If you are an Unvested Award Holder and you do not enter into a Liquidity Agreement on or before Offer Closing Date, you will become a Shareholder of a privately-operated company upon vesting and exercise (in the case of Options) or allocation (in the case of Free Shares) of your Awards (assuming that the Offers become or are declared unconditional in all respects and the Shares are delisted from the Stock Exchange). In this case, the Company will become a wholly-owned private subsidiary of Offeror. See the sub-section headed “— Part B. Share Alternative under Share Offer — Key risk factors” for the key risk factors on having shares in a private company.**

3. CONDITIONS OF THE OFFERS

Conditions of the Share Offer

- 3.1. The Share Offer is subject to fulfillment or waiver (if waivable) of the following Conditions:
- (a) valid acceptances of the Share Offer having been received (and not withdrawn) by 4:00 p.m. on Offer Closing Date (or such later time or date as Offeror may decide, subject to the rules of the Takeovers Code) in respect of such number of Offer Shares which, together with purchases, would result in Offeror holding not less than 90% of the Offer Shares held by Disinterested Shareholders;
 - (b) no event having occurred that would: (a) make: (i) the Offers, (ii) the acquisition of the Offer Shares, or (iii) any lapse of unexercised Vested Options after Offer Closing Date, void, unenforceable or illegal; (b) prohibit the implementation of the Offers or the treatment of Awards as described in this Composite Document; or (c) impose any additional material conditions or obligations with respect to the Offers;

3. LETTER FROM J.P. MORGAN AND OFFEROR

- (c) all necessary consents (including amendments or waivers) in connection with the Offers (or structuring thereof, including financing) and in connection with the withdrawal of listing of the Shares from the Stock Exchange, which may be required under any existing contractual obligations of the Company having been obtained and remaining in effect (i.e., the consents required to be given by the counterparty(ies) of any contracts entered into between the Company and such counterparty(ies) when the Company withdraws the listing of its Shares on the Stock Exchange, pursuant to the terms of such contracts);
 - (d) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency in Hong Kong, Luxembourg or any other applicable jurisdiction (i) having taken or instituted or initiated any outstanding action, proceeding, suit, investigation or enquiry; or (ii) having issued or proposed to issue any legislation, regulations or other guidance, that would make the Offers or the treatment of Awards or their respective implementation in accordance with their respective terms as described in this Composite Document void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Offers or their implementation in accordance with their terms);
 - (e) since Initial Announcement Date and as of First Closing Date, there having been no material adverse change in the business, financial condition, trading position or prospects (whether operational, legal or otherwise) of the Group (to an extent which is material in the context of the Group taken as a whole); and
 - (f) obtaining consent from the Executive in respect of the GA Disposal, which in turn, is conditional upon: (i) the Independent Financial Adviser giving a public opinion that the terms of the GA Disposal are fair and reasonable; and (ii) Disinterested Shareholders approving, by ordinary resolution, the GA Disposal at the Special Deal EGM.
- 3.2. Other than Condition (a), Offeror reserves the right to waive, in whole or in part, all or any of the Conditions above.
- 3.3. With respect to Condition (c) above, as of Latest Practicable Date, based on information available to Offeror, Offeror anticipates that certain waivers or consents from, and amendments to the terms of certain existing debt facility agreements with, the Group's material creditors will need to be obtained in respect of the Offers, the financing for the Offers or the withdrawal of listing of the Shares from the Stock Exchange. Offeror will use its best efforts to obtain any and all necessary waivers, consents or amendments of the Group's material debt facilities. For the avoidance of doubt, but without prejudice to Condition (c) above regarding obtaining waivers from the Group's material creditors as a condition to the Share Offer, the terms of the financing for the funding by Offeror for the Offers are not themselves conditional upon obtaining such consents and waivers. Additionally, pursuant to Rule 2A.08 of the Listing Rules, withdrawal of listing of the Shares from the Stock Exchange is subject to review by the Listing Committee of the Stock Exchange.

3. LETTER FROM J.P. MORGAN AND OFFEROR

- 3.4. As of Latest Practicable Date, Condition (f) has been fulfilled.
- 3.5. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, Offeror should not invoke any or all of the Conditions (other than Condition (a)) so as to cause the Offers to lapse unless the circumstances that give rise to the right to invoke any such Condition are of material significance to Offeror in the context of the Offers.
- 3.6. As at Latest Practicable Date, other than Condition (f), none of the other Conditions has been fulfilled in full. If the above Conditions are not fulfilled or waived (if waivable) on or before the Long Stop Date, the Share Offer will lapse unless the Share Offer is extended by Offeror in accordance with the Takeovers Code. Offeror will issue an announcement in relation to the revision, extension or lapse of the Share Offer or fulfilling or waiving (if waivable) the Conditions in accordance with the Takeovers Code and the Listing Rules. In accordance with Rule 15.5 of the Takeovers Code, the latest time at which the Share Offer may become or may be declared unconditional as to acceptances is 7:00 p.m. on the 60th day after Composite Document Date (or such later date to which the Executive may consent).

Conditions of the Vested Option Offer and the Liquidity Arrangement

- 3.7. The Vested Option Offer and the Liquidity Arrangement are each conditional upon the Share Offer becoming or being declared unconditional in all respects.

Offers to remain open for at least 14 calendar days after Offer Unconditional Date

- 3.8. In accordance with Rule 15.3 of the Takeovers Code, Offeror must publish an announcement when the Share Offer becomes unconditional as to acceptances and when the Share Offer becomes or is declared unconditional in all respects. The Offers shall remain open for acceptance for at least 14 calendar days after the Offer Unconditional Date to give all remaining Minority Shareholders and Award Holders a final opportunity to accept the Offers. Shareholders are reminded that Offeror does not have any obligation to keep the Offers open for acceptance beyond this 14-day period.
- 3.9. **WARNING: Shareholders and potential investors of the Company should note that the Share Offer is subject to the Conditions described above. Additionally, Award Holders should note that the Vested Option Offer and the Liquidity Arrangement are each subject to the Share Offer becoming or being declared unconditional in all respects. The Conditions may or may not be fulfilled and/or waived and accordingly the Share Offer may or may not proceed (and the Vested Option Offer and the Liquidity Arrangement may or may not take effect). Shareholders, Award Holders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares and other securities of the Company, and if they are in doubt about their positions, they should consult their professional advisers.**

3. LETTER FROM J.P. MORGAN AND OFFEROR

4. ADDITIONAL TERMS OF THE OFFERS

Acceptance of the Offers

- 4.1. Subject to fulfillment and/or waiver (if waivable) of the Conditions, provided that valid Forms of Acceptance and relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code and have been received by the Hong Kong Share Registrar, by accepting the Offers, acceptance of: (a) the Share Offer by any person will constitute a warranty by that person to Offeror that (i) the Offer Shares sold by that person to Offeror are free from all liens, charges, encumbrances, rights of pre-emption and any other third-party rights of any nature and together with all rights, benefits and entitlements attaching thereto; and (ii) additionally, where such person has elected the Share Alternative, such person is a Qualifying Shareholder and all regulatory approvals (if any) required by such person to receive Rollover Shares have been obtained; (b) the Vested Option Offer by any Vested Option Holder will constitute a representation by that person to Offeror and the Company that they approve the cancellation of their Vested Options; and (c) the Liquidity Arrangement by any Unvested Award Holder will constitute a warranty by that person to Offeror that the Unvested Awards which are to be subject to the Liquidity Arrangement are free from all third-party rights, liens, claims, charges, equities and encumbrances and together with all rights attaching thereto (other than those imposed under the terms of grant).
- 4.2. Acceptance of the Offers shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

No dividends or distributions

- 4.3. The Company has confirmed that, as of Latest Practicable Date, it has (a) not declared any dividend or distribution which remains unpaid; and (b) no plan to declare, recommend, or pay any dividends or make any other distributions until the close of the Share Offer.
- 4.4. If any dividend or other distribution or return of capital (whether in cash or in kind) is declared, made or paid in respect of the Offer Shares from Initial Announcement Date until Offer Closing Date (both dates inclusive), and such dividend right or amount is not transferred to Offeror with the Offer Shares, the Offer Price for each Offer Share (or in the case of the Share Alternative, the value of the total Rollover Shares exchanged for such Offer Shares) in respect of acceptances received during this period will be reduced by an amount equal to the amount or value of such dividend, distribution and/or return of capital, on a gross basis; and any reference, in this Composite Document or any other announcement or document, to the Offer Price (or the value of Rollover Shares offered under the Share Alternative) will be deemed to be a reference to the Offer Price (or the value of Rollover Shares offered under the Share Alternative) as so reduced.

3. LETTER FROM J.P. MORGAN AND OFFEROR

Hong Kong stamp duty

- 4.5. In the case of the Cash Alternative, seller's *ad valorem* stamp duty at a rate of 0.1% of the market value of the Offer Shares or the consideration payable by Offeror in respect of relevant acceptances of the Share Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Share Offer (where the stamp duty calculated includes a fraction of HK\$1.00, the stamp duty would be rounded-up to the nearest HK\$1.00) for the transfer of Offer Shares to Offeror. Offeror will arrange for payment of the seller's *ad valorem* stamp duty on behalf of the accepting Shareholders and pay the buyer's *ad valorem* stamp duty and will account to the Stamp Office of Hong Kong for all stamp duty payable on the sale and purchase of Offer Shares in respect of valid acceptances received under the Share Offer.
- 4.6. In the case of the Share Alternative, the sale and purchase of Offer Shares will take place in Luxembourg and not Hong Kong, and as such, no Hong Kong stamp duty is payable for acceptance of the Share Offer electing the Share Alternative.
- 4.7. Neither the Vested Option Offer nor the Liquidity Arrangement involves the sale and purchase of Hong Kong stock. As such, no Hong Kong stamp duty is payable for acceptance of the Vested Option Offer or Liquidity Arrangement, cancellation of the underlying Awards, or payment of consideration by Offeror thereunder.

No set-off

- 4.8. Save as set out in this sub-section (under the sub-headings "No dividends or distributions" and "Hong Kong stamp duty"), settlement of the consideration for acceptances of the Offers will be implemented in full in accordance with the terms and conditions of the Offers set out in this Composite Document, the Forms of Acceptance (in respect of the Share Offer and the Vested Option Offer) and the Liquidity Agreement (in respect of the Liquidity Arrangement), without regard to any lien, right of set-off, counterclaim or other analogous right to which Offeror may otherwise be, or claim to be, entitled against such Minority Shareholder or Award Holder.

Further information about the Offer Period

- 4.9. See "Appendix VIII" (*Further information on Offer Period procedures*) for more information about the Offer Period.
- 4.10. **PLEASE NOTE: Shareholders and Award Holders are advised to consult their professional advisers if in doubt about potential taxation implications that may be applicable in Hong Kong or other jurisdictions in respect of receiving payment under the Offers.**

3. LETTER FROM J.P. MORGAN AND OFFEROR

5. COMPARISONS OF THE OFFER PRICE

Offer Price and comparisons of value

- 5.1. The closing price as quoted on the Stock Exchange at the end of each calendar months during the period commencing six-months prior to the Offer Period and ending on the Latest Practicable Date, and other key dates, and the relative premium/(discount) of the Offer Price over such closing prices, are as follows:

Date	Closing price per Share	Premium/ (discount) of Offer Price over closing price per Share
29 September 2023	HK\$23.40	45.30%
31 October 2023	HK\$20.10	69.15%
30 November 2023	HK\$19.50	74.36%
29 December 2023	HK\$22.30	52.47%
31 January 2024	HK\$24.90	36.55%
5 February 2024 (Undisturbed Date)	HK\$26.00	30.77%
29 February 2024	HK\$29.60	14.86%
28 March 2024	HK\$31.65	7.42%
8 April 2024 (last trading date prior to Initial Announcement)	HK\$29.50	15.25%
30 April 2024 (dealings resumed following Initial Announcement)	HK\$32.30	5.26%
31 May 2024	HK\$32.50	4.62%
14 June 2024 (last trading date prior to Second Announcement)	HK\$32.65	4.13%
28 June 2024 (Latest Practicable Date)	HK\$33.20	2.41%

- 5.2. During the six-month period immediately prior to and including the Undisturbed Date, the highest closing price of Shares as quoted on the Stock Exchange was HK\$27.80 per Share on 31 August 2023, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$18.12 per Share on 29 November 2023.
- 5.3. During the period commencing six-months prior to Offer Period and ending on Latest Practicable Date, the highest closing price of Shares as quoted on the Stock Exchange was HK\$33.25 per Share on 24 June 2024, 25 June 2024 and 26 June 2024, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$18.12 per Share on 29 November 2023.

3. LETTER FROM J.P. MORGAN AND OFFEROR

5.4. The Offer Price of HK\$34.00 per Offer Share represents:

- (a) a premium of approximately 36.11% over the average closing price of HK\$24.98 per Share, being the average closing price of Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Undisturbed Date;
- (b) a premium of approximately 40.55% over the average closing price of HK\$24.19 per Share, being the average closing price of Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Undisturbed Date;
- (c) a premium of approximately 49.91% over the average closing price of HK\$22.68 per Share, being the average closing price of Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Undisturbed Date;
- (d) a premium of approximately 60.83% over the average closing price of HK\$21.14 per Share, being the average closing price of Shares as quoted on the Stock Exchange for the sixty (60) consecutive trading days immediately prior to and including the Undisturbed Date; and
- (e) a premium of approximately 598.53% over the audited consolidated net asset value attributable to owners of the Company per Share of approximately EUR0.58 (equivalent to approximately HK\$4.87) as at 31 March 2024, based on the total number of issued and outstanding Shares as at 31 March 2024.

5.5. The Offeror Shares are not, and have not been, listed on a stock exchange. See “Appendix IV” (*General information of Offeror*) and “Appendix V” (*Estimate of value of Offeror Shares*) for more information on the estimated value of the Offeror Shares and capital changes during period commencing six-months prior to the Offer Period and ending on Latest Practicable Date.

6. VALUE OF THE OFFERS AND FUNDING

Total value of the Offers

- 6.1. **Share Offer.** The maximum value of (and amount payable by Offeror under) the Share Offer made to holders of Offer Shares is HK\$13,850,947,506.00, based on the assumptions that: (i) all holders of Offer Shares accept the Share Offer and elect the Cash Alternative in full; and (ii) there are no other changes to the relevant securities of the Company.
- 6.2. **Vested Option Offer.** The maximum value of (and amount payable by Offeror under) the Vested Option Offer made to Vested Option Holders is HK\$31,575,186.00, based on the assumption that all Vested Option Holders accept the Vested Option Offer in full.

3. LETTER FROM J.P. MORGAN AND OFFEROR

6.3. **Liquidity Arrangement.** The maximum value of (and amount payable by Offeror under) the Liquidity Arrangement made to Unvested Award Holders is HK\$143,703,650.00, based on the assumptions that: (i) each Unvested Award Holder enters into a Liquidity Agreement; and (ii) all Unvested Awards are vested in full.

Funding for the Offers

6.4. Offeror will finance the consideration payable by Offeror under the Offers through the Offeror Shareholder Loan, which in turn is funded by: (i) external debt facilities provided by Crédit Agricole Corporate and Investment Bank to LOG; and (ii) a shareholder's loan from Holdco to LOG that is funded by paid-in-kind (PIK) loan note financing from: (a) Blackstone Rio Holdings (CYM) L.P. ("**Blackstone Investor**"); and (b) the West Street Strategic Solutions funds or other investment vehicles or accounts that are managed or advised by Goldman Sachs Asset Management International or its affiliates. LOG has undertaken to Offeror to pay on Offeror's behalf the cash consideration payable under the Offers.

6.5. Blackstone Investor is an exempted limited partnership established in the Cayman Islands. As at Latest Practicable Date, Blackstone Investor is wholly-owned by funds managed by Blackstone Inc. and its affiliates and such funds are ultimately controlled by Blackstone Inc. Blackstone Inc. is listed on the New York Stock Exchange (NYSE: BX).

6.6. Goldman Sachs Asset Management International is ultimately controlled by The Goldman Sachs Group, Inc., a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System.

6.7. J.P. Morgan, the exclusive financial adviser to Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to Offeror to satisfy the maximum amount of consideration required to effect the Offers.

7. IRREVOCABLE UNDERTAKINGS AND NON-BINDING LETTER OF SUPPORT

Irrevocable Undertaking to accept Share Offer

7.1. LOG has received an Irrevocable Undertaking from Pleasant Lake Partners LLC in respect of 47,956,250 Offer Shares ("**Pleasant Lake Partners undertaken interest**", representing approximately 3.25% of the issued and outstanding share capital of the Company and 11.88% of the Offer Shares held by Disinterested Shareholders) as at Latest Practicable Date to accept the Share Offer ("**Pleasant Lake Partners Irrevocable Undertaking**").

3. LETTER FROM J.P. MORGAN AND OFFEROR

7.2. Pursuant to the Pleasant Lake Partners Irrevocable Undertaking, Pleasant Lake Partners has irrevocably undertaken to:

- (a) accept the Share Offer in respect of all of the Pleasant Lake Partners undertaken interest and to elect either the Cash Alternative or the Share Alternative;
- (b) not withdraw any acceptances of the Share Offer in respect of all of the Pleasant Lake Partners undertaken interest;
- (c) exercise, or direct the exercise of, all voting rights attached to the Pleasant Lake Partners undertaken interest to vote in favour of the GA Disposal in the general meeting of the Company; and
- (d) not sell, transfer, encumber or accept any other offer in respect of the Pleasant Lake Partners undertaken interest prior to the earlier of the closing or lapsing of the Share Offer.

7.3. The Pleasant Lake Partners Irrevocable Undertaking will lapse only upon an announcement that the Share Offer has terminated, lapsed or been withdrawn by Offeror, or if earlier, Long Stop Date (to the extent the conditions to the Offers have not been satisfied or waived by that date).

Irrevocable Undertakings to accept Share Offer in cash

7.4. LOG has received Irrevocable Undertakings, in respect of, in aggregate, 105,664,176 Offer Shares (representing approximately 7.16% of the issued and outstanding share capital of the Company and 26.18% of the Offer Shares held by Disinterested Shareholders) as at Latest Practicable Date to accept the Share Offer and receive the Offer Price in cash, and to vote in favour of all resolutions necessary to implement the Offers at a general meeting of the Company. In particular, LOG has received an Irrevocable Undertaking from:

- (a) **ACATIS Investment KVG mbH**, in respect of 63,079,800 Offer Shares (“**ACATIS undertaken interest**”) to accept the Share Offer and to receive the Offer Price in cash, and to vote all Shares controlled by them at the time of such general meeting (being 90,114,000 Shares as at Latest Practicable Date) in favour of all resolutions necessary to implement the Offers at a general meeting of the Company.

The ACATIS undertaken interest represents approximately 4.28% of the issued and outstanding share capital of the Company, and 15.63% of the Offer Shares held by Disinterested Shareholders, as at Latest Practicable Date.

3. LETTER FROM J.P. MORGAN AND OFFEROR

- (b) *Global Alpha Capital Management Limited*, in respect of 42,584,376 Offer Shares managed by Global Alpha (“**Global Alpha undertaken interest**”) to accept the Share Offer and to receive the Offer Price in cash, and to vote in favour of all resolutions necessary to implement the Offers at a general meeting of the Company.

The Global Alpha undertaken interest represents approximately 2.89% of the issued and outstanding share capital of the Company, and 10.55% of the Offer Shares held by Disinterested Shareholders, as at Latest Practicable Date.

Irrevocable Undertaking to recommend Share Offer in cash

- 7.5. In addition, as part of Global Alpha’s Irrevocable Undertaking, with respect to an additional 11,704,731 Offer Shares in which Global Alpha’s clients are interested and over which Global Alpha has investment discretion (“**Global Alpha discretionary interest**”), Global Alpha has confirmed to LOG that it will recommend to its clients to accept the Share Offer and to receive the Offer Price in cash, and to vote in favour of all resolutions necessary to implement the Offers at a general meeting of the Company.
- 7.6. The Global Alpha discretionary interest represents approximately 0.79% of the issued and outstanding share capital of the Company, and 2.90% of the Offer Shares held by Disinterested Shareholders, as at Latest Practicable Date.

Non-binding Letter of Support

- 7.7. *LOG has received a Non-binding Letter of Support from ACATIS Investment KVG mbH*, in respect of 27,034,200 Offer Shares (“**ACATIS support interest**”), representing all remaining Offer Shares out of the total 90,114,000 Offer Shares managed by ACATIS that do not form part of the ACATIS undertaken interest, confirming their intention to accept the Share Offer and to receive the Offer Price in cash. The ACATIS support interest represents approximately 1.83% of the issued and outstanding share capital of the Company, and 6.70% of the Offer Shares held by Disinterested Shareholders, as at Latest Practicable Date.
- 7.8. The Non-binding Letter of Support indicates the supporting party’s support of, and intention to accept, the Share Offer, but is provided instead of an irrevocable undertaking to enable the supporting party to maintain a level of liquidity prior to or during the Offer Period, such that the supporting party has flexibility to sell some or all of that portion of Shares prior to or during the Offer Period (rather than accepting the Share Offer, which would only be settled following the Offer Unconditional Date).

3. LETTER FROM J.P. MORGAN AND OFFEROR

7.9. Key details of the Irrevocable Undertakings and the Non-binding Letter of Support from ACATIS and Global Alpha are summarised below:

Consideration: *Irrevocable Undertakings to accept Share Offer in cash*

Each of (i) ACATIS (as to 63,079,800 Offer Shares); and (ii) Global Alpha (as to 42,584,376 Offer Shares), has irrevocably undertaken to LOG to accept the Share Offer in respect of its undertaken interest at the Offer Price in cash.

Irrevocable Undertaking to recommend Share Offer in cash

Additionally, Global Alpha (as to 11,704,731 Offer Shares) has undertaken to LOG to recommend to its clients to accept the Share Offer in respect of the Global Alpha discretionary interest at the Offer Price in cash.

Non-binding Letter of Support

ACATIS (as to the remaining 27,034,200 Offer Shares, out of its 90,114,000 Offer Shares, which are not covered by the ACATIS undertaken interest) has confirmed to LOG its intention to accept the Share Offer in respect of its support interest at the Offer Price.

No withdrawal: *Irrevocable Undertakings*

Each of (i) ACATIS (as to 63,079,800 Offer Shares); and (ii) Global Alpha (as to 42,584,376 Offer Shares) has irrevocably undertaken to LOG that it will not, prior to the earlier of the closing or lapsing of the Share Offer, withdraw any acceptance of the Share Offer in respect of its undertaken interest and will, where applicable, procure that no rights to withdraw any such acceptance are exercised.

Negative pledge: *Irrevocable Undertakings*

Each of (i) ACATIS (as to 63,079,800 Offer Shares); and (ii) Global Alpha (as to 42,584,376 Offer Shares) has irrevocably undertaken to LOG that it will not, prior to the earlier of the closing or lapsing of the Share Offer, sell, transfer, or encumber or accept any other offer in respect of its undertaken interest.

3. LETTER FROM J.P. MORGAN AND OFFEROR

Voting: *Irrevocable Undertakings to vote*

Each of (i) ACATIS; and (ii) Global Alpha, has irrevocably undertaken to LOG to exercise, or procure the exercise of, all voting rights attached to all Shares controlled by them at the time of such general meeting (being (i) for ACATIS, 90,114,000 Shares, and (ii) for Global Alpha 42,584,376 Shares, as of the date of the respective Irrevocable Undertakings or Non-binding Letter of Support) to vote in favour of all resolutions proposed to approve or ensure the success of the Offers at a general meeting of the Company.

Irrevocable Undertaking to recommend voting

Additionally, Global Alpha (as to 11,704,731 Offer Shares) has irrevocably undertaken to LOG to recommend to its clients to vote in favour of all resolutions necessary to implement the Offers at a general meeting of the Company.

Lapse: *Irrevocable Undertakings*

The Irrevocable Undertakings will lapse only upon an announcement that the Share Offer has terminated, lapsed or been withdrawn by Offeror, or if earlier, the Long Stop Date.

7.10. As at Latest Practicable Date, other than the Irrevocable Undertakings and the Non-binding Letter of Support, Offeror Concert Group has not received any indication or irrevocable commitment from any other Shareholder to accept or reject the Share Offer.

7.11. See the section headed “Letter from the Board — Information on the Group” for the respective shareholding positions of Pleasant Lake Partners, ACATIS and Global Alpha.

3. LETTER FROM J.P. MORGAN AND OFFEROR

8. POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF SHARES

- 8.1. Under Article 18, Offeror will be entitled to exercise the compulsory acquisition right once Offeror has acquired not less than 90% in value of the Shares for which the Share Offer is made (by virtue of acceptances of the Share Offer or otherwise) during the period of 4 months beginning on Composite Document Date (being the date the Share Offer commences); following which, Offeror has a period of 5 months after Composite Document Date to issue a compulsory acquisition notice to Shareholders, to acquire on a compulsory basis, the remaining Shares (being those Shares subject to the Share Offer not already owned or acquired by Offeror or Shares in respect of which valid acceptances have not been received under the Share Offer).
- 8.2. Under Rule 2.11 of the Takeovers Code, in addition to satisfying any requirements imposed by law, and except with the consent of the Executive, Offeror may only exercise such compulsory acquisition right if Offeror Concert Group obtains acceptances of the offer and purchases (in each case of the Offer Shares held by Disinterested Shareholders) on or between Initial Announcement Date and the date ending 4 months following Composite Document Date totaling 90% of the Offer Shares held by Disinterested Shareholders.
- 8.3. Subject to the satisfaction of the Conditions and requirements under Article 18 and Rule 2.11 of the Takeovers Code, Offeror will privatise the Company by exercising the right to which it is entitled under Article 18 to compulsorily acquire all remaining Offer Shares not already owned by Offeror under the Share Offer for cash at the Offer Price, following which listing of the Shares will be withdrawn from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules in this regard, and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules.
- 8.4. **PLEASE NOTE: If the abovementioned threshold under Article 18 required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied on or before Offer Closing Date, dealings in the Shares may be suspended from Offer Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules.**
- 8.5. Whilst it is the intention of Offeror to privatise the Company, Offeror's ability to exercise rights of compulsory acquisition in respect of the Offer Shares is dependent on the prescribed threshold required for compulsory acquisition under Article 18 and on the requirements of Rule 2.11 of the Takeovers Code being satisfied.
- 8.6. In the event that Condition (a) is not met, Offeror will not be able to effect the compulsory acquisition, in which case the Share Offer will not become unconditional and will lapse and the Shares will remain listed on the Stock Exchange.

3. LETTER FROM J.P. MORGAN AND OFFEROR

- 8.7. For the avoidance of doubt, acceptances to the Share Offer will only be settled after Offer Unconditional Date and in accordance with the Takeovers Code. Offeror and LOG confirm, other than for the purpose of fulfilling Condition (a) to the Share Offer, they will not cause the Company to fall below the public float requirement under the Listing Rules prior to the Share Offer becoming unconditional in all respects.
- 8.8. **PLEASE NOTE: Pursuant to Rule 14.81(3) of the Listing Rules, the Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued and outstanding Shares, are held by the public, or if the Stock Exchange believes that: (a) a false market exists or may exist in the trading of the Shares; or (b) that there are insufficient shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.**

9. DECLARATION OF THE SHARE OFFER BECOMING UNCONDITIONAL

- 9.1. The latest time at which Offeror can declare the Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th calendar day after the Composite Document Date (or such later date to which the Executive may consent).
- 9.2. If all Conditions are satisfied (or waived, as applicable), Shareholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

10. REASONS FOR AND BENEFITS OF THE OFFERS

Reasons for and benefits of the Offers for the Company

- 10.1. *Provide greater flexibility to the Company in making longer-term business-focused decisions and long-term sustainable growth.* The Offers provide greater flexibility to the Company, as a privately-operated business, to pursue strategic investments and more efficiently implement strategies, free from the pressures of the capital markets' expectations, regulatory costs and disclosure obligations, share price fluctuations, and sensitivity to short-term market and investor sentiment. In particular, this is important because:
- (a) The Company has a multi-brand strategy comprising: (i) the core L'OCCITANE en Provence brand, which accounts for approximately 55% of total sales during the 12-month period ending 31 March 2024; (ii) ELEMIS and Sol de Janeiro brands, which have been growing at a faster pace; and (iii) other smaller brands. As competition in the global skincare and cosmetics industry continues to intensify with the entry of new international and local brands, the core L'OCCITANE en Provence brand is facing challenges from slowing growth and declining operating profit over the 18-month period ended 30 September 2023; ELEMIS's ongoing implementation of premiumisation strategy has required accelerating marketing expenditures; Sol de Janeiro has delivered strong performance since the Company's acquisition, and will require continued investment in manufacturing, distribution, and logistics in order to maintain its growth track record. Each of the Company's brands face different market and industry-specific challenges that require brand-tailored and geography-specific strategies to grow or maintain their market position.

3. LETTER FROM J.P. MORGAN AND OFFEROR

(b) Offeror believes that in order to maintain and invigorate the market shares of the Company's brands in an increasingly competitive environment, significant further investment in marketing, store refurbishment, IT infrastructure and attracting talent are of vital importance. These investments would entail incurring more costs in order to lay the foundation for longer-term growth. The bulk of the Company's incremental marketing investments has recently been allocated to boost the visibility and relevance of its core brand, L'OCCITANE en Provence, mostly in China, representing the Company's second largest market by revenue, where pressure from weakening consumer sentiment coupled with increasing competition from local brands and higher operating costs is likely to continue to materially impact the sector, but also in strategic markets and channels such as the United States, Japan, South Korea, and the travel retail channel.

10.2. Privatising the Group would better address these challenges by enabling the Company to more efficiently and effectively implement strategies that are vital for longer-term sustainable growth. As a privately-operated group, the Company would be better-positioned to address these concerns without the overhang of regulatory and listing-related costs, and without being driven by or needing to divert business/administrative resources towards maintaining the short-term value of its share price.

10.3. **Consolidate the Company's independence and reduce market risk.** Given the current shareholding structure of the Company and the low trading volume of Shares on the market, the listing is of relatively little utility to the Company which has not raised capital from the public equity markets since its initial public offering in 2010. The operational functioning of the Company in the event of a delisting would be simplified in view of the provisions to which listed companies are subject, which are in addition to the regulatory constraints that also apply to the Company.

10.4. **The Liquidity Arrangement supports talent retention.** Offeror intends to continue operating the Company's business and retain all employees (other than changes in the ordinary course of business), and therefore, it is vital to maintain the Unvested Awards for the purposes of retaining employees and incentivising Unvested Award Holders to reach their respective performance targets (which are linked to the financial performance of the Group for the period preceding each respective vesting date).

Reasons for and benefits of the Share Offer for Minority Shareholders and the Vested Option Offer for Vested Option Holders

10.5. **Unlocking shareholder value at a compelling premium.** The Offers provide an attractive opportunity for Minority Shareholders and Vested Option Holders to monetise their investments at a premium over market price. The Offer Price represents a premium of approximately 30.77% over the closing price of HK\$26.00 per Share as quoted on the Stock Exchange on the Undisturbed Date, as well as a premium of approximately 49.91% and 60.83% over the average closing price of approximately HK\$22.68 per share and HK\$21.14 per share for the 30 and 60 trading days up to and including the Undisturbed Date, respectively. See the sub-section headed “— Comparisons of the Offer Price — Offer Price and comparisons of value” for more details.

3. LETTER FROM J.P. MORGAN AND OFFEROR

- 10.6. ***Unique opportunity to fully monetise investment with limited liquidity.*** Offeror notes that the trading liquidity of Shares has been at a low level for a sustained period of time. The average daily trading volume of Shares for the 6, 12 and 24 months leading up to and including the Undisturbed Date were approximately 1,229,584 Shares, 1,341,956 Shares and 927,839 Shares, respectively, representing only 0.08%, 0.09% and 0.06% of the outstanding share capital of the Company as at Initial Announcement Date. Offeror is mindful of this prolonged low trading volume, which makes it challenging for Minority Shareholders and Vested Option Holders to execute substantial disposals in the open market without adversely affecting share price. The Cash Alternative under the Share Offer and the Vested Option Offer present a unique and immediate opportunity for Minority Shareholders and Vested Option Holders to fully realise their investments in return for cash that can then be reinvested elsewhere.
- 10.7. ***Realise gains amidst current uncertain market conditions.*** The Cash Alternative under the Share Offer and Vested Option Offer provide Minority Shareholders and Vested Option Holders, respectively, with an opportunity to realise their investment in the Company for cash amidst an uncertain market climate marked by geopolitical factors and uncertain sentiment in the broader equity markets, among others. In particular, Asian markets have been considerably volatile, with the Hang Seng index down 44.52% in the last five years and 46.17% from its highest point in 2021 to the last trading date prior to Initial Announcement Date, whilst global markets have been similarly subject to uncertainties in the face of geopolitical developments and an environment of increasing interest-rates.
- 10.8. ***Immediate and high certainty value realisation for all Shareholders compared to other strategic options.*** Offeror has considered various strategic options to maximise shareholder value and has concluded that a going private transaction in its current form allows Shareholders to derive maximum benefit and to avoid the significant execution risks and exposure to uncertain market conditions that are associated with other alternative strategic actions.
- 10.9. ***Low likelihood of an alternative general offer to realise value.*** Offeror Concert Group collectively holds 72.63% of the total issued and outstanding share capital of the Company as at the Latest Practicable Date. This poses an obstacle to third parties to make an offer for the Shares, as a third-party would not be able to control the Company unless Offeror agreed to dispose of its controlling stake in the Company. Therefore, it is unlikely that Minority Shareholders will receive an alternative offer to realise value in their investments in the Company other than through Offeror.
- 10.10. ***Opportunity to remain invested.*** For Qualifying Shareholders, the Share Offer will allow these Minority Shareholders who have confidence in the long-term prospects of the Company, through election of the Share Alternative, to remain invested in the Company's business operations, subject to the risk factors of holding Rollover Shares as specified in the sub-section headed "— Part B. Share Alternative under Share Offer — Key risk factors".

3. LETTER FROM J.P. MORGAN AND OFFEROR

Additional benefit of the Liquidity Arrangement for Unvested Award Holders

10.11. *Provides exit opportunity to Unvested Award Holders on the same price and comparable terms as the Cash Alternative.* Unvested Award Holders will preserve the same opportunity to realise their equity interests in the Company and be entitled to the “see-through” offer price (in the case of vested Options) or the equivalent of the Offer Price (in the case of vested Free Shares), as with all other Minority Shareholders when their Unvested Awards naturally vest in accordance with the existing schedule and conditions of grant under the relevant Share Incentive Plans. Without the Liquidity Arrangement, and upon vesting and exercise of the Unvested Awards (which is expected to be after the Company privatises if the Share Offer becomes or is declared unconditional in all respects), Unvested Award Holders will hold Shares in the Company with limited liquidity.

11. INTENTIONS OF OFFEROR REGARDING THE GROUP

11.1. It is the intention of Offeror that the existing business of the Group shall continue unaffected, notwithstanding the Offers or the completion thereof. Additionally, Offeror intends to retain the existing employees of the Group, and existing employment and hiring practices will remain unaffected (with usual personnel changes in the ordinary course of business). Offeror has no intentions to introduce major changes to the business operations or structure of the Group, including no plans to redeploy fixed assets of the Group. Subject to the Group’s business needs and prevailing market conditions, Offeror may explore various business opportunities to further develop the existing business of the Group, improve efficiency and create shareholder value.

12. INFORMATION ON OFFEROR GROUP

12.1. *Offeror* is a company incorporated in Luxembourg on 10 June 2024 with limited liability. It is an investment holding company and has no independent business operations and was established for the purposes of making the Offers and issuing new shares under the Share Alternative and Offeror Corporate Restructuring. As at Latest Practicable Date, Offeror is a wholly-owned subsidiary of LOG. See “Appendix IV” (*General information of Offeror*) and “Appendix VI” (*Summary of Rollover Shares*) for more information. As at Latest practicable Date, the sole director of Offeror is Mr. Reinold Geiger.

12.2. *LOG* is a company incorporated in Luxembourg with limited liability. It is an investment holding company and has no independent business operations. LOG holds interests in Offeror, the Company and other companies in, among other industries, retail and consumer products, and hotels and resorts. Offeror is ultimately controlled by Mr. Reinold Geiger. LOG has been, prior to the Share Offer, and will remain after the Share Offer, a controlling shareholder of the Company (as defined under the Takeovers Code and the Listing Rules). As at Latest Practicable Date, the directors of LOG are Mr. Reinold Geiger (Chairman), Mr. André Hoffmann, Mr. Karl Guénard, Mr. Olivier Baussan, Mr. Christopher Braden, Mr. Sylvain Desjonqueres, Mr. Adrien Geiger, Mr. Maximilien Geiger and Mr. Nicolas Geiger.

3. LETTER FROM J.P. MORGAN AND OFFEROR

12.3. **Mr. Reinold Geiger** is the Chairman of the Board and an executive Director; as well as a director and chairman of the board of directors of LOG and the sole director of Offeror. Mr. Geiger, through his wholly-owned controlled corporations (being investment holding companies) — Société d'Investissements CIME S.A., Cime S.C.A., and Cime Management S.à.r.l. — is the sole ultimate controlling shareholder of LOG and Offeror. Mr. Geiger is also a 0.08% direct Shareholder.

12.4. **Lavender Investments Limited** is wholly-owned by Mr. André Hoffmann, who is an executive Director and director of LOG. Lavender Investments Limited is also a 0.17% direct Shareholder.

12.5. **Topco** is a special purpose vehicle established to hold 100% of Holdco, which in turn will control LOG following Offer Unconditional Date (immediately following the LOG Corporate Restructuring). The sole ultimate controlling shareholder of Topco is Mr. Reinold Geiger, who controls Topco through his wholly-owned controlled corporations. Mr. André Hoffmann is a substantial shareholder of Topco.

12.6. **Holdco** is a special purpose vehicle established to hold: (a) as at Latest Practicable Date 0.0004%; and (b) following Offer Unconditional Date 99%, interest in LOG. Holdco is wholly-owned by Topco. The remaining 1% interest in LOG is primarily held by LOG group's employees and management who were awarded shares in LOG under LOG share incentive plans.

12.7. See the sub-section headed “— Other arrangements — LOG corporate structure charts” for the shareholdings of Offeror Group before and immediately following the LOG Corporate Restructuring.

13. OTHER ARRANGEMENTS

LOG Corporate Restructuring

13.1. As part of the LOG Corporate Restructuring being implemented in parallel with the Offers:

- (a) RG LOG Holders and AH LOG Holders will contribute all of their LOG shares directly held by them as at Initial Announcement Date to Holdco, (a) with the majority portion of their LOG shares to be contributed in kind to Topco (which will then contribute such shares to Holdco) in exchange for a pro-rata shareholding (less the portion sold under the LOG Cash Buy-Out, defined below) in Topco (which wholly-owns Holdco); and (b) the remaining portion of their LOG shares to be sold to Holdco for cash payable by Holdco (“**LOG Cash Buy-Out**”) (“**LOG Contribution Arrangement**”). The LOG Contribution Arrangement is conditional upon the Share Offer becoming or being declared unconditional and will take place on or shortly after the Offer Unconditional Date.

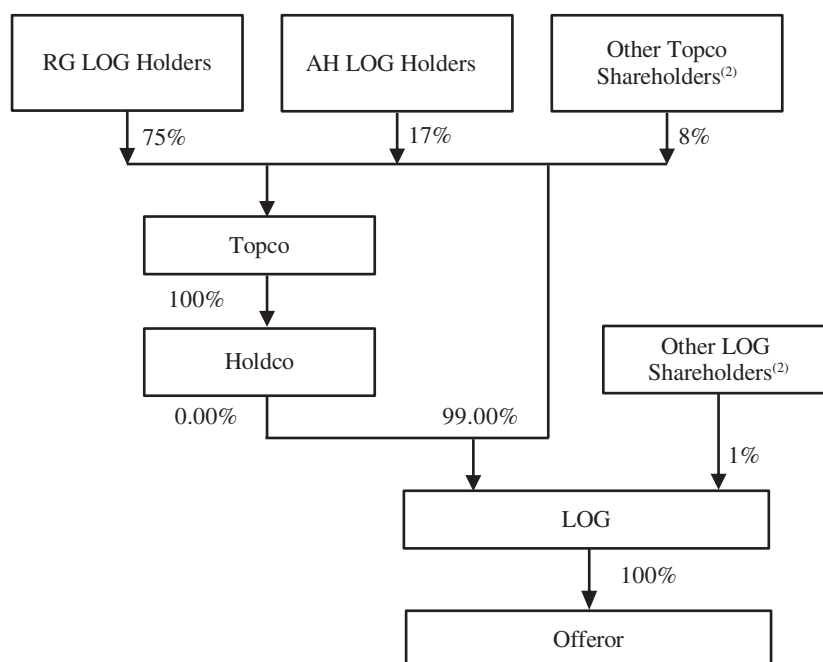
3. LETTER FROM J.P. MORGAN AND OFFEROR

(b) Pursuant to the LOG Cash Buy-Out, RG LOG Holders and AH LOG Holders are expected to sell LOG shares up to a maximum consideration of EUR171 million, which is calculated as the amount of LOG shares to be sold multiplied by the price per LOG share. The LOG shares to be sold by RG LOG Holders represent 322,175 LOG shares (i.e., representing approximately 3.3% of the total shareholding of RG LOG Holders in LOG) and the LOG shares to be sold by AH LOG Holders represent 322,175 LOG shares (i.e., representing approximately 13.0% of the total shareholding of AH LOG Holders in LOG). The number of LOG shares to be sold may be adjusted in case of a decrease in the net assets of the LOG group as at 31 March 2024 (based on audited financials) or, for Luxembourg corporate purposes, to ensure that the LOG shares are not overvalued under the LOG Contribution Arrangement. The price per LOG share payable by Holdco under the LOG Cash Buy-Out is pegged to the Offer Price, adjusted for assets and liabilities of LOG group (other than assets and liabilities associated with LOG's shareholding in the Group). The maximum consideration payable under the LOG Cash Buy-Out will not increase.

LOG corporate structure charts

13.2. The following corporate structure charts depict a simplified shareholding structure of Topco, Holdco, LOG and Offeror as at Latest Practicable Date and immediately following the LOG Corporate Restructuring following Offer Unconditional Date.

As at Latest Practicable Date ⁽¹⁾

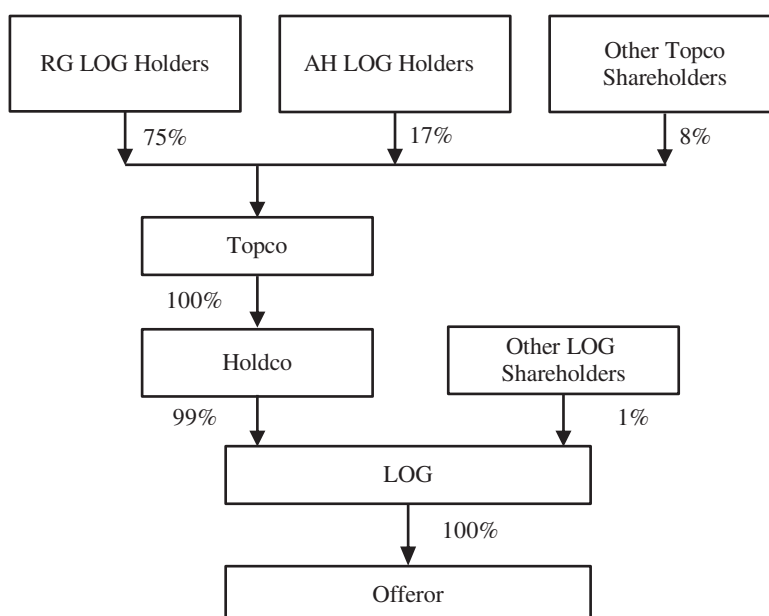


3. LETTER FROM J.P. MORGAN AND OFFEROR

Notes:

- (1) As at Latest Practicable Date, RG LOG Holders, AH LOG Holders, and Other Topco Shareholders hold approximately 75%, 17% and 8%, respectively, in Topco, and approximately 73%, 19%, and 7%, respectively, (directly and indirectly, in aggregate) in the total issued and outstanding share capital of LOG.
- (2) Not part of Offeror Group. Other Topco Shareholders are Mr. Christopher Braden, a director of LOG, Chasselas Equity S.A., and Chasselas S.A., none of whom are Shareholders. Other LOG Shareholders are primarily employees (or former employees) of LOG group who hold LOG shares pursuant to LOG's share incentive plans.
- (3) The percentages in this corporate structure chart are approximated due to rounding.

Following Offer Unconditional Date (upon completion of the LOG Corporate Restructuring but before Offeror Corporate Restructuring)⁽¹⁾



Note:

- (1) See notes in the structure chart above. The percentages in this corporate structure chart are approximated due to rounding.

Offeror Corporate Restructuring

13.3. In connection with the Share Offer, as soon as possible after Offer Closing Date:

- (a) LOG will contribute all of its Shares to Offeror in exchange for 10,675,873,910 Offeror Shares;
- (b) Offeror will issue the Rollover Shares (up to a maximum of 737,431,450 Rollover Shares) to Share Alternative Holders who have validly tendered their acceptances to the Share Offer and validly elected for the Share Alternative, following contribution of their Offer Shares to Offeror; and

3. LETTER FROM J.P. MORGAN AND OFFEROR

(c) under the Offeror Shareholder Loan, upon capitalisation, in one or more instances, Offeror will issue to LOG 10 Offeror Shares for every HK\$34.00 of capitalised shareholder loan (being the amount drawn down for the cash portion of the Offers), subject to adjustments for rounding and issuing whole Offeror Shares.

13.4. Following the Offeror Corporate Restructuring, LOG is expected to hold not less than approximately 95% of the total issued Offeror Shares, and the Share Alternative Holders, in aggregate, are expected to hold up to approximately 5% of the total issued Offeror Shares. See “Appendix IV” (*General information of Offeror*) for a simplified corporate structure chart of Offeror as at Latest Practicable Date and immediately following the Offeror Corporate Restructuring.

GA Disposal

13.5. Reference is made to the Special Deal Circular, in which it was disclosed that the Company and Lavender Investments Limited, a wholly-owned controlled corporation of Mr. André Hoffmann, had entered into the GA Disposal agreement on 28 March 2024 with respect to the GA Disposal.

13.6. As explained in the Special Deal Circular, Lavender Investments Limited is an associate of Mr. André Hoffmann, an executive Director, and accordingly, the GA Disposal constitutes a connected transaction of the Company. As the highest of the applicable percentage ratios, calculated in accordance with Rule 14.07 of the Listing Rules, is between 0.1% and 5%, the GA Disposal is subject to reporting and announcement requirements, but is exempt from circular (including independent financial advice) and shareholders’ approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

13.7. Notwithstanding the position under the Listing Rules set out above, the GA Disposal is considered a “special deal” under Rule 25 of the Takeovers Code as it constitutes a disposal of the Group’s assets to a Shareholder when the Offers were reasonably in contemplation. Accordingly, the Offers are conditional upon Condition (f) being fulfilled.

13.8. The Independent Financial Adviser gave a public opinion, which was set out in the section headed “Letter from the Independent Financial Adviser” in the Special Deal Circular that the terms of the GA Disposal were fair and reasonable. Following this, on 21 June 2024, the Special Deal EGM was held, following which, the Company published the poll results of the Special Deal EGM, announcing that the GA Disposal agreement (and GA Disposal) was approved by ordinary resolution of the Disinterested Shareholders. As the Executive has granted its consent to the GA Disposal (and all conditions to the Executive’s consent have been fulfilled), Condition (f) to the Share Offer had been fulfilled as of Latest Practicable Date.

Yours faithfully,
For and on behalf of
J.P. Morgan Securities (Asia Pacific) Limited
Sanjeev Malkani
Managing Director

Yours faithfully,
By order of the board of directors of
L’Occitane Holding S.A.
Mr. Reinold Geiger
Sole Director

IMPORTANT NOTICE:

- You may only elect one method of settlement, either the Cash Alternative or the Share Alternative (and not a combination of both).
- If you are a Registered Holder wishing to elect the Cash Alternative, you should complete, sign and lodge the “Share Offer Acceptance Form — Cash Alternative” to the Hong Kong Share Registrar by 4:00 p.m. (Hong Kong time) on Offer Closing Date.
- If you are a CCASS Holder wishing to elect the Cash Alternative, you should contact your CCASS Participant(s) through which you hold your Offer Shares and follow their instructions.
- If you are a director or employee of the Group wishing to elect the Cash Alternative, you should complete, sign and lodge the “Share Offer Acceptance Form-Cash Alternative” to the Company at longtermincentives@loccitane.com by 4:00 p.m. (Hong Kong time) on Offer Closing Date.

1. DETAILS OF THE CASH ALTERNATIVE**What is the Cash Alternative**

- 1.1. By electing the Cash Alternative, Minority Shareholders will accept to sell all of their Offer Shares tendered for acceptance to Offeror in cash at the Offer Price (being HK\$34.00 per Offer Share).

Conditions to the Cash Alternative

- 1.2. The Cash Alternative is one of two settlement methods under the Share Offer. The Share Offer is subject to the Conditions set out in the section headed “Letter from J.P. Morgan and Offeror — Conditions of the Offers — Conditions of the Share Offer”.

Settlement of the Cash Alternative

- 1.3. Settlement of the consideration payable by Offeror for valid acceptances of the Cash Alternative will be made as soon as possible and, in any event, no later than 7 business days after the later of: (i) the date of receipt of a completed and valid acceptance in respect of the Share Offer which have elected Cash Alternative; and (ii) the Offer Unconditional Date, or as otherwise consented to by the Executive and announced by Offeror and/or the Company. Relevant documents evidencing title must be received by the Hong Kong Share Registrar on behalf of Offeror to render the acceptance of the Share Offer by Minority Shareholders who have elected the Cash Alternative complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

- 1.4. No fractions of a cent will be payable, and the amount of consideration payable to a Shareholder who accepts the Cash Alternative will be rounded up to the nearest cent, or as otherwise consented to by the Executive and announced by Offeror and/or the Company.
- 1.5. Settlement of the Offer Price will be made in Hong Kong dollars by cheque. Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and will be of no further effect, and in such circumstances cheque holders should contact Offeror for payment.

Additional terms of the Cash Alternative

- 1.6. See the section headed “Letter from J.P. Morgan and Offeror — Additional terms of the Offers” for more terms and conditions of the Offers (including the Cash Alternative under the Share Offer).

2. ELIGIBILITY FOR THE CASH ALTERNATIVE

- 2.1. The Cash Alternative is available to all Minority Shareholders (being all Shareholders, other than LOG). This includes Registered Holders and CCASS Holders.
- 2.2. For the avoidance of doubt, Minority Shareholders who have deposited all or part of their Offer Shares in CCASS do not need to withdraw these Offer Shares from CCASS in order to accept the Cash Alternative.

3. HOW TO ACCEPT THE SHARE OFFER AND ELECT THE CASH ALTERNATIVE

Accepting the Share Offer and electing the Cash Alternative

- 3.1. To accept the Cash Alternative, you should:
 - (a) ***if you are a Registered Holder:*** follow the instructions on the “Share Offer Acceptance Form-Cash Alternative” to complete, sign and lodge your election of the Cash Alternative, together with the relevant Evidence of Title, with the Hong Kong Share Registrar by **4:00 p.m. (Hong Kong time) on Offer Closing Date.**
 - (b) ***if you are a CCASS Holder:*** please contact your CCASS Participant(s) through which you hold your Offer Shares and follow their instructions. In particular, if your Offer Shares have been lodged with your investor participant’s account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System before the deadline set by HKSCC Nominees.
 - (c) ***if you are a director or employee of the Group and hold Offer Shares:*** you should complete, sign and return your “Share Offer Acceptance Form — Cash Alternative” to longtermincentives@loccitane.com (and not lodge with the Hong Kong Share Registrar) by **4:00 p.m. (Hong Kong time) on Offer Closing Date.**

Evidence of Title

- 3.2. “**Evidence of Title**” means satisfactory evidence of title showing that the Minority Shareholder has title over their Offer Shares, being original share certificate(s), original transfer receipt(s), or satisfactory indemnity/indemnities, or a combination thereof.
- 3.3. To accept the Share Offer and elect the Cash Alternative, you will need to provide Evidence of Title for your Offer Shares:
- (a) **Registered Holders who have Evidence of Title:** If you have the Evidence of Title for your Offer Shares, you will need to deliver the originals of these to the Hong Kong Share Registrar at the same time as lodging your Form of Acceptance.
 - (b) **Registered Holders who do not have the original share certificate(s) or transfer receipt(s):** If you do not have, or have lost, the Evidence of Title for all or part of your Offer Shares, for the outstanding Evidence of Title, you will need to deliver an original signed letter stating that one or more of your (i) original share certificate(s); (ii) transfer receipt(s); and/or (iii) satisfactory indemnity/indemnities, has been lost or is not readily available, at the same time as lodging your Form of Acceptance.

If you have lost your Evidence of Title in respect of your Offer Shares, you should also write to the Hong Kong Share Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Hong Kong Share Registrar. If you subsequently find the missing Evidence of Title, you should deliver this to the Hong Kong Share Registrar as soon as possible.

- (c) **CCASS Holders:** You should contact your CCASS Participant(s). If your CCASS Participant(s) does not have the Evidence of Title for all or part of your Offer Shares, you will need to deliver the outstanding Evidence of Title to them and instruct/authorise them to complete the Form of Acceptance on your behalf, as further advised by your CCASS Participant(s).

In particular, if your Offer Shares have been lodged with your investor participant’s account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System before the deadline set by HKSCC Nominees.

- (d) **Minority Shareholders who have lodged a transfer of Offer Shares for registration but not yet received the underlying share certificate(s):** If you have lodged a transfer of Offer Shares for registration (e.g., you have withdrawn your Offer Shares from CCASS or you are the transferee of Offer Shares) but have not yet received the underlying share certificate(s), you should deliver your transfer receipt(s) duly signed by yourself to the Hong Kong Share Registrar at the same time as lodging your Form of Acceptance. This act will be deemed to be an irrevocable authorisation to Offeror, J.P. Morgan, the Company and/or their respective agent(s) to collect the share certificate(s) underlying your registration and to deliver this to the Hong Kong Share Registrar on your behalf.

Only single election permitted

- 3.4. You can only elect **either** the Cash Alternative **or** the Share Alternative with respect to your Offer Shares (**not** a combination of both). Selecting both settlement methods will render your election for the Share Alternative invalid and you will be deemed to have accepted the Share Offer and elected the Cash Alternative by default for all your Offer Shares tendered for acceptance.

4. KEY ACTIONS AND DATES

Key action	Key reference	Cut-off date	Contact/delivery address
1. Registered Holders: Complete, sign and lodge the “Share Offer Acceptance Form — Cash Alternative”.	See paragraph 3.1 of this section.	By 4:00 p.m. (Hong Kong time) on Offer Closing Date.	Hong Kong Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
2. CCASS Holders: Follow the instructions of your CCASS Participant(s).			Contact your CCASS Participant(s).
3. Directors and employees of the Group: Complete, sign and return the “Share Offer Acceptance Form — Cash Alternative”.			Email: longtermincentives@loccitane.com

IMPORTANT NOTICE:

- You may only elect one method of settlement, either the Cash Alternative or the Share Alternative (and not a combination of both).
- Only **Registered Holders** may accept the Share Alternative; in other words, only Share Alternative elections for Offer Shares that are recorded on the Company's register of members may be valid. You may not elect the Share Alternative if you are a CCASS Holder. Investors of the PRC will not be offered the Share Alternative.
- Overseas Registered Holders (other than those from Canada) must first complete, sign and return the Qualifying Shareholder Questionnaire to the Hong Kong Share Registrar before or at the same time as lodging your "Share Offer Acceptance Form-Share Alternative" in order to validly accept the Share Alternative.
- CCASS Holders who are Qualifying Shareholders will need to first withdraw their Offer Shares from CCASS before accepting the Share Alternative.
- Registered Holders must ensure that they are Qualifying Shareholders and should complete, sign and lodge the "Share Offer Acceptance Form — Share Alternative" with the Hong Kong Share Registrar by 4:00 p.m. (Hong Kong time) on Offer Closing Date.

1. DETAILS OF THE SHARE ALTERNATIVE**What is the Share Alternative**

- 1.1. By electing the Share Alternative, Share Alternative Holders (being those Minority Shareholders who are Qualifying Shareholders and elect the Share Alternative under the Share Offer) accept the offer to contribute their Offer Shares tendered for acceptance to Offeror in exchange for Rollover Shares (subject to the Share Alternative Cap) as follows:
- 1.2. ***In the event there is no Share Alternative Over-election:*** Each Offer Share validly tendered for acceptance will be exchanged for 10 Rollover Shares.
- 1.3. ***In the event there is a Share Alternative Over-election:*** The maximum number of Offer Shares to be exchanged for Rollover Shares under the Share Alternative shall not exceed the Share Alternative Cap (being 73,743,145 Offer Shares, representing 5% of the total issued and outstanding Shares as at Initial Announcement Date; exchangeable for 737,431,450 Rollover Shares). Accordingly, the number of Offer Shares validly tendered for acceptance to be settled by the Share Alternative (with each such Offer Share being exchanged for 10 Rollover Shares) for each Share Alternative Holder shall be reduced on a *pro rata* basis pursuant to the formula set out below (being the *Pro Rata* Downward Adjustment Mechanism), and the consideration for the remaining portion of each such Share Alternative Holder's respective Offer Shares validly tendered for acceptance will be settled in cash at the Offer Price.

- (a) the number of Offer Shares validly tendered for acceptance by each Share Alternative Holder that will be exchanged for Rollover Shares under the Share Alternative shall be calculated as follows:

$$NS = \frac{A}{B} \times C$$

- “NS” = *number of Offer Shares validly tendered for acceptance by that Share Alternative Holder that will be exchanged for Rollover Shares under the Share Alternative*
- “A” = *Share Alternative Cap (being 73,743,145 Offer Shares)*
- “B” = *aggregate number of Offer Shares validly tendered for acceptance by all Share Alternative Holders, provided that such amount is equal to or greater than the Share Alternative Cap*
- “C” = *total number of Offer Shares validly tendered for acceptance by that Share Alternative Holder*

- (b) the remaining number of Offer Shares validly tendered for acceptance by each such Share Alternative Holder shall be settled in cash at the Offer Price.

- 1.4. The decision of Offeror as to any downward adjustment in respect of valid acceptances of the Share Alternative in accordance with the *Pro Rata* Downward Adjustment Mechanism and as to the treatment of fractions will be conclusive and binding on all Shareholders.
- 1.5. See “Appendix V” (*Estimate of value of Offeror Shares*) for further information on the estimate value of the Rollover Shares.

Conditions to the Share Alternative

- 1.6. The Share Alternative is one of two settlement methods under the Share Offer. The Share Offer is subject to the Conditions set out in the section headed “Letter from J.P. Morgan and Offeror — Conditions of the Offers — Conditions of the Share Offer”.

Settlement of the Share Alternative

- 1.7. The total number of Offer Shares in respect of which valid acceptances of the Share Alternative have been received can only be determined after Offer Closing Date, following which, if the Share Alternative Cap has been exceeded, Offeror will apply the *Pro Rata* Downward Adjustment Mechanism.
- 1.8. Additionally, settlement of Offer Shares in respect of valid acceptances of the Share Alternative will be subject to the following settlement mechanism:
- (a) migration of the Offer Shares from the Hong Kong Share Register to the Luxembourg Share Register;

- (b) contribution of the Offer Shares from the Share Alternative Holder to Offeror in exchange for Rollover Shares (and, where the *Pro Rata* Downward Adjustment Mechanism has been applied, together with cash at the Offer Price); and
 - (c) issuance of a report from an independent auditor on the value of the Shares to be contributed to Offeror, shortly prior to, and for the purpose of, the issuance of the Rollover Shares to Share Alternative Holders and Offeror Shares to LOG under the Offeror Corporate Restructuring, as required under Luxembourg law before an increase of the share capital of Offeror and issuance of Offeror Shares.
- 1.9. Accordingly, settlement of the consideration payable by Offeror in respect of acceptances of the Share Alternative will be made as soon as possible, and in any event not more than 14 business days (in Hong Kong) after Offer Closing Date. Offeror has applied to the Executive, and the Executive has granted, a waiver from strict compliance with Rule 20.1 of the Takeovers Code for settlement to Share Alternative Holders in respect of the Share Alternative.
- 1.10. No fractions of a share or a cent will be issued or paid, respectively, and the number of Rollover Shares issuable to a Shareholder who accepts the Share Alternative will be rounded down to the nearest Rollover Share, or as otherwise consented to by the Executive and announced by Offeror and/or the Company, whilst payments in cash, if any, will be rounded up to the nearest cent.
- 1.11. If the *Pro Rata* Downward Adjustment Mechanism is applied, settlement of cash payable will be made in Hong Kong dollars by cheque. Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and will be of no further effect, and in such circumstances cheque holders should contact Offeror for payment.
- 1.12. Settlement of Rollover Shares will be complete with the recording of the Rollover Share issuance under the Share Alternative Holder's name on Offeror's Luxembourg share register. No physical share certificate will be delivered to Share Alternative Holders who have been issued Rollover Shares.

Additional terms of the Share Alternative

- 1.13. See the section headed "Letter from J.P. Morgan and Offeror — Additional terms of the Offers" for more terms and conditions of the Offers (including the Share Alternative under the Share Offer).

Summary of Rollover Shares

- 1.14. See "Appendix VI" (*Summary of Rollover Shares*) for a summary of the terms and conditions attached to the Rollover Shares. A copy of Offeror's amended articles of association is available as a document on display.

2. ELIGIBILITY FOR THE SHARE ALTERNATIVE

- 2.1. **The Share Alternative is only available to Qualifying Shareholders who hold all of their Offer Shares as Registered Holders (i.e., it is not available to CCASS Holders).** CCASS Holders who are Qualifying Shareholders will need to first withdraw their Offer Shares from CCASS before accepting and electing the Share Alternative.
- 2.2. Election of the Share Alternative shall only be valid if all regulatory approvals (if any) required by the Minority Shareholder to receive the Rollover Shares have been obtained. See the section headed “Important notices” for more information for overseas Shareholders.
- 2.3. **Overseas Shareholders should read the section headed “Important notices” carefully and ensure that they are legally able to accept the Share Alternative and receive Rollover Shares under the laws and regulations of the jurisdiction in which they are resident.**

3. KEY RISK FACTORS

- 3.1. Before you elect the Share Alternative, you should be aware of the following risk factors:
- (a) the Rollover Shares are securities in a private and unlisted company incorporated in and governed by the laws of Luxembourg, and as at Latest Practicable Date, Offeror has no intention for these securities to be listed or admitted to trading on any exchange or market, or be quoted on any inter-dealer system; accordingly, these securities will be illiquid and Offeror believes that it is unlikely that an active trading market will develop for the Rollover Shares;
 - (b) as of Latest Practicable Date, there is no intention or plan for all or any part of the business of the Company to be re-listed on any stock exchange, and there can be no assurance of such intention or plan in the future;
 - (c) your interest in Offeror will be that of a minority shareholder with limited shareholder protection rights and you will not have the benefits and protections of the Listing Rules in terms of disclosure of material information, appointment of directors (including independent non-executive directors) and restrictions on connected or notifiable transactions of Offeror group;
 - (d) Offeror or its subsidiaries, including the Company, may adopt from time to time share incentive plans that may dilute your shareholding position in Offeror or Offeror’s shareholding in its subsidiaries;
 - (e) the value of Offeror and your Rollover Shares in the future remains uncertain and there can be no assurance that your Rollover Shares can be sold in the future for a value that is at least the same as the Offer Price;

- (f) transfer of Rollover Shares is subject to transfer restrictions stipulated in Offeror's amended articles of association (see "Appendix VI" (*Summary of Rollover Shares*) for a summary of these restrictions);
- (g) there is no dividend policy in respect of the Rollover Shares; and dividend payments in respect of the Rollover Shares will not be guaranteed or secured. Payment of dividends on the Rollover Shares (if any) would solely depend on whether such payment is recommended or declared by Offeror's board of directors;
- (h) changes in the business and economic environment, and competition in the global skincare and cosmetics industry could adversely affect the profitability of Offeror and its assets;
- (i) the Company may no longer remain a "public company" under the Codes on Takeovers and Mergers and Share Buy-backs, in which case, the protections under these codes will not be applicable or afforded to Share Alternative Holders (whether the Company remains a "public company" under these codes will depend on a number of factors that the Executive will take into account, including among others, the number of Hong Kong shareholders in the Company or Offeror, and the extent of Shares or Offeror Shares traded in Hong Kong); and
- (j) LOG or Offeror may pledge, or otherwise encumber, part or all of the Shares, or the Company may pledge, or otherwise encumber, part or all of its securities in members of the Group, from time to time, in connection with financing arrangements, in which case, the rights attached to, or value of, Offeror Shares may be affected.

4. SINGLE SETTLEMENT ELECTION MEASURES

- 4.1. As mentioned in "Letter from J.P. Morgan and Offeror — The Offers — Share Offer", Minority Shareholders who accept the Share Offer may make a single election on settlement (being either the Cash Alternative or the Share Alternative with respect to their Offer Shares). Minority Shareholders who tender an invalid or incomplete "Share Offer Acceptance Form — Share Alternative" will receive the Cash Alternative by default.
- 4.2. Accordingly, Offeror has put in place the below measures (being the "**Single Settlement Election Measures**") for the purpose of identifying Share Alternative Holders who have elected for both the Cash Alternative and the Share Alternative:
 - (a) the Share Alternative is only available to Registered Holders with respect to the Offer Shares recorded on the Hong Kong Share Register or Luxembourg Share Register.
 - (b) if, on or after Composite Document Date and until the date of accepting the Share Offer, the Share Alternative Holder held any portion of their Offer Shares through CCASS (even if such Offer Shares have since been withdrawn from CCASS), the Share Alternative Holder is required to complete Part B of "Share Offer Acceptance Form — Share Alternative", and provide details of their holdings through CCASS during this period.

- (c) the Company will conduct a shareholder identification exercise pursuant to its power under section 329 of the SFO. The result of this exercise will be shared with Offeror, J.P. Morgan and the Hong Kong Share Registrar in the form of a report (“**Section 329 Report**”). If, having considered the Section 329 Report, the Forms of Acceptance for the Cash Alternative and the Share Alternative, and other relevant information such as the Company’s share registries, Offeror believes: (i) any Share Alternative Holder has elected the Cash Alternative and the Share Alternative with respect to their Offer Shares; (ii) the procedures set out in the “Share Offer Acceptance Form — Share Alternative” have not been complied with; (iii) any Share Alternative Holder is not a Qualifying Shareholder; or (iv) any information contained in the “Share Offer Acceptance Form — Share Alternative” is inaccurate, Offeror has absolute discretion to reject the election for the Share Alternative, in which case the Minority Shareholder will be deemed to have made an election for the Cash Alternative in respect of all of their Offer Shares tendered for acceptance. Any decision of Offeror in this regard shall be final and binding.

5. HOW TO ACCEPT THE SHARE OFFER AND ELECT THE SHARE ALTERNATIVE

- 5.1. To elect the Share Alternative, you must ensure that you hold all your Offer Shares as Registered Holder. If all or part of your Offer Shares are currently held through CCASS, all such Offer Shares must first be withdrawn from CCASS and registered in your name on the Hong Kong Share Register.

Procedure for withdrawal of Offer Shares from CCASS

- 5.2. For Share Alternative Holders who hold all or part of their Offer Shares in CCASS, their Offer Shares must first be withdrawn from CCASS by:
- (a) contacting their CCASS Participant(s) and make the withdrawal request; physical share certificate(s) in the name of HKSCC Nominees Limited will be withdrawn accompanying transfer form(s). The transfer form(s) should be duly completed, signed and stamped by the Hong Kong Stamp Duty Office at the Hong Kong Inland Revenue Department;
 - (b) following step (a) above, arranging delivery of the original duly completed, signed and stamped transfer form(s), together with the original share certificate(s) in the name of HKSCC Nominees Limited and associated fee to the Hong Kong Share Registrar (at address: Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong; between the office hours: 9:00 a.m. to 4:30 p.m., Hong Kong time, on a business day) for re-registration to the name of the Minority Shareholder; and
 - (c) in 10 business days after receipt by the Hong Kong Share Registrar of the documents at step (b) above, arranging collection from the Hong Kong Share Registrar of the original share certificate(s) in the name of the Minority Shareholder.

- 5.3. **PLEASE NOTE:** The above procedure is for guidance only and Minority Shareholders who wish to withdraw their Offer Shares from CCASS should consult their CCASS Participant(s) for further information and assistance on the withdrawal process.
- 5.4. **PLEASE FURTHER NOTE:** If you wish to elect the Share Alternative, you must first withdraw your Offer Shares from CCASS and record your Offer Shares on the Hong Kong Share Register. This process may take time and will be based on the specific procedure of your CCASS Participant(s) (or nominee/custodian). Please contact your CCASS Participant(s) as soon as possible to enquire about timing and follow their instructions on withdrawal. You must have your original share certificate (evidencing the Offer Shares being tendered for acceptance of the Share Alternative are registered on the Hong Kong Share Register in your name) or the transfer receipt (showing that the Offer Shares are in the process of being recorded on the Hong Kong Share Register in your name) when lodging your “Share Offer Acceptance Form — Share Alternative”.

Evidence of Title

- 5.5. “**Evidence of Title**” means satisfactory evidence of title showing that the Minority Shareholder has title over their Offer Shares, being original share certificate(s), original transfer receipt(s), or satisfactory indemnity/indemnities, or a combination thereof.
- 5.6. To accept the Share Offer and elect the Share Alternative, you will need Evidence of Title for your Offer Shares:
- (a) ***Registered Holders who have Evidence of Title:*** If you have: (i) the original share certificate(s); (ii) transfer receipt(s); and/or (iii) satisfactory indemnity/indemnities, showing, collectively, title for all of your Offer Shares, you will need to deliver the originals of these to the Hong Kong Share Registrar at the same time as lodging your Form of Acceptance.
 - (b) ***Registered Holders who do not have the original share certificate(s) or transfer receipt(s):*** If you do not have, or have lost, the Evidence of Title for all or part of your Offer Shares, with respect to the outstanding Evidence of Title, you will need to deliver an original signed letter stating that one or more of your (i) the original share certificate(s); (ii) transfer receipt(s); and/or (iii) satisfactory indemnity/indemnities, has been lost or is not readily available, at the same time as lodging your Form of Acceptance.

If you have lost your Evidence of Title in respect of your Offer Shares, you should also write to the Hong Kong Share Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Hong Kong Share Registrar. If you subsequently find the missing Evidence of Title, you should deliver this to the Hong Kong Share Registrar as soon as possible.

- (c) **Minority Shareholders who have lodged a transfer of Offer Shares for registration but not yet received the underlying share certificate(s):** If you have lodged a transfer of Offer Shares for registration (e.g., you have withdrawn your Offer Shares from CCASS or you are the transferee of Offer Shares) but have not yet received the underlying share certificate(s), you should deliver your transfer receipt(s) duly signed by yourself to the Hong Kong Share Registrar at the same time as lodging your Form of Acceptance. This act will be deemed to be an irrevocable authorisation to Offeror, J.P. Morgan, the Company and/or their respective agent(s) to collect the share certificate(s) underlying your registration and to deliver this to the Hong Kong Share Registrar on your behalf.

Accepting the Share Offer and electing the Share Alternative

5.7. Overseas Registered Holders (other than those from Canada):

- (a) You must first complete, sign and return the Qualifying Shareholder Questionnaire to the Hong Kong Share Registrar **before or at the same time as** lodging your “Share Offer Acceptance Form-Share Alternative” in order for your “Share Offer Acceptance Form-Share Alternative” to be considered valid.
- (b) The Qualifying Shareholder Questionnaire is available for download on the websites of the Company (group.loccitane.com); and the Securities and Futures Commission (www.sfc.hk) from this Composite Document Date until the end of the Offer Period.

5.8. PLEASE NOTE: If you are a Shareholder and lodge an acceptance form for the Share Alternative, and Offeror and/or the Company are of the reasonable view (after consulting with local counsel) that you are not a Qualifying Shareholder, your acceptance of the Share Alternative will not be valid, and you will be deemed to have accepted the Cash Alternative by default.

5.9. All Registered Holders who are Qualifying Shareholders:

- (a) a copy of the “Share Offer Acceptance Form — Share Alternative” will be made available to you on Composite Document Date.
- (b) follow the instructions on the “Share Offer Acceptance Form — Share Alternative” to complete, sign and lodge your election of the Share Alternative, together with the Evidence of Title and accompanying documents (reproduced in paragraph 5.10 below), with the Hong Kong Share Registrar by **4:00 p.m. (Hong Kong time) on Offer Closing Date.**
- (c) all Share Alternative Holders must complete “Part A” of the “Share Offer Acceptance Form — Share Alternative”. If, on or after Composite Document Date and until the date of accepting the Share Offer, you have held part or all of your Offer Shares through CCASS, please also complete “Part B” of the “Share Offer Acceptance Form — Share Alternative”.

5.10. The “accompanying documents” are:

- (a) if you are an individual and intend to receive the Rollover Shares in your name, a copy of your HKID/Passport/Identification Card; or
- (b) if you intend to receive the Rollover Shares through one or more entities, for each of these entities, a copy of that entity’s corporate information (including: company incorporation/establishment number, business registration number (if applicable), business license number (if applicable), evidence of company incorporation and continuing incorporation, evidence of members of your board of directors, evidence of registered address).

Other information

5.11. **Representations by the Share Alternative Holder in electing the Share Alternative:** By lodging the “Share Offer Acceptance Form — Share Alternative” with the Hong Kong Share Registrar, Share Alternative Holders are required to make certain representations that are set out the section headed “Share Offer Acceptance Form — Share Alternative”. Please read these carefully and ensure that you are able to give these representations to Offeror and the Company.

5.12. **Enquiries by Offeror:** Offeror, the Company, J.P. Morgan or the Hong Kong Share Registrar may make further enquiries with Minority Shareholders who accept the Share Offer for the purposes of obtaining additional information with respect to, among others: (a) incomplete Forms of Acceptance; (b) eligibility to be a Qualifying Shareholder; (c) KYC information for receiving the Rollover Shares; and (d) implementing the Single Settlement Election Mechanism.

5.13. **Offeror sole discretion:** Offeror reserves the right and has the sole final discretion to determine whether the requirements relating to a valid election for the Share Alternative have been satisfied in respect of any Share Alternative Holder or Offer Share, or waive any procedural or documentation requirement in respect of an election (based on such information as it may alternatively possess, receive or collect).

5.14. For the avoidance of doubt, a Share Alternative election will be considered valid only if:

- (a) the Share Alternative Holder has duly and properly completed and signed the “Share Offer Acceptance Form — Share Alternative” and has lodged “Share Offer Acceptance Form — Share Alternative”, together with all the accompanying documents requested under “Share Offer Acceptance Form — Share Alternative”, with the Hong Kong Share Registrar by **4:00 p.m. (Hong Kong time) on Offer Closing Date**; and
- (b) Offeror has not exercised its discretion and determined the election of the Share Alternative by the Share Alternative Holder invalid by reason of, among others: (i) Offeror considers the representations set out in the “Share Offer Acceptance Form — Share Alternative” are inaccurate (for example, if Offeror does not consider the Minority Shareholder a Qualifying Shareholder) or these forms are incomplete; (ii)

for an overseas Registered Holder (other than those from Canada), if the Qualifying Shareholder Questionnaire is missing or incomplete; or (iii) the Share Alternative Holder has not made a single election with respect to its Offer Shares.

6. KEY ACTIONS AND DATES

Key action	Key reference	Cut-off date	Contact/delivery address
1. Read the section headed “Important notices” carefully.	See “Important notices”	Before you lodge your Share Alternative acceptance form.	—
2. Withdraw your Offer Shares from CCASS (if applicable).	See paragraph 5.2 of this section.		Contact your CCASS Participant(s).
3. Complete, sign and return the “Qualifying Shareholder Questionnaire” (for overseas holders, other than those from Canada).	See paragraph 5.7 of this section.	8. Before or at the same time as you lodge your Share Alternative acceptance form.	9. Hong Kong Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
4. Complete, sign and lodge the “Share Offer Acceptance Form-Share Alternative”.	See paragraph 5.9 of this section.	By 4:00 p.m. (Hong Kong time) on Offer Closing Date.	

IMPORTANT NOTICE:

- **Vested Option Holders should complete, sign and return the “Vested Option Offer Acceptance Form” to longtermincentives@loccitane.com by 4:00 p.m. (Hong Kong time) on Offer Closing Date.**

1. DETAILS OF THE VESTED OPTION OFFER**Background**

- 1.1. In accordance with the relevant Share Incentive Plans, which provide that the Company may send notice to Vested Option Holders, specifying the exercise period and when the balance of Vested Options may lapse, the Company has sent the Share Incentive Notice to all Award Holders, pursuant to which, among others: (a) all Vested Options are eligible for the Vested Option Offer on and between Composite Document Date and Offer Closing Date; and (b) if the Vested Option Holder does not accept the Vested Option Offer by Offer Closing Date, their Vested Options shall lapse after Offer Closing Date.

What is the Vested Option Offer

- 1.2. In accordance with Rule 13 of the Takeovers Code and Practice Note 6 to the Takeovers Code, J.P. Morgan, on behalf of Offeror, is making the Vested Option Offer to Vested Option Holders to cancel their Vested Options at the Award Cancellation Price, calculated as the “see-through” price (being the Offer Price *less* the exercise price of each such Vested Option), as follows:

	Number of Vested Options	Exercise price per Vested Option	Award Cancellation Price per Vested Option
(a)	1,045,200 Options	HK\$14.50 exercise price	HK\$19.50 in cash
(b)	594,150 Options	HK\$15.16 exercise price	HK\$18.84 in cash

Conditions to the Vested Option Offer

- 1.3. The Vested Option Offer is subject to the Share Offer becoming or being declared unconditional in all respects.

Settlement of the Vested Option Offer

- 1.4. Settlement of the consideration payable by Offeror in respect of valid acceptances of the Vested Option Offer will be made as soon as possible and, in any event, no later than 7 business days after the later of: (i) the date of receipt of a completed and valid acceptance in respect of the Vested Option Offer; and (ii) the Offer Unconditional Date, or as otherwise consented to by the Executive and announced by Offeror and/or the Company.

- 1.5. No fractions of a cent will be payable, and the amount of consideration payable to a Vested Option Holder who accepts the Vested Option Offer will be rounded up to the nearest cent, or as otherwise consented to by the Executive and announced by Offeror and/or the Company.
- 1.6. Settlement of cash for acceptances of the Vested Option Offer will be paid in Hong Kong dollars by Offeror, and may be received by Vested Option Holders by wire transfer or by cheque denominated in Hong Kong dollars, at the election of the Vested Option Holder.
- (a) If by wire transfer, Offeror will remit the amount payable to the Company, which in turn, will be deposited to the designated account of the Vested Option Holder on file with the Company or otherwise specified to the Company (after deducting any wire transfer transaction costs imposed by the banks, such as electronic transfer and conversion costs, if any).
- (b) If by cheque, cheques will be mailed by ordinary post to Vested Option Holders at the mailing address provided in the “Vested Option Offer Acceptance Form”; Vested Option Holders are reminded to check that their receiving bank is able to accept cheques denominated in Hong Kong dollars. Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and will be of no further effect, and in such circumstances cheque holders should contact Offeror for payment.

Additional terms of the Vested Option Offer

- 1.7. In accepting the Vested Option Offer, the Vested Option Holder agrees to the cancellation of their Vested Options in exchange for the Vested Option Holder receiving the Award Cancellation Price.
- 1.8. Acceptance of the Vested Option Offer and the receipt of the Award Cancellation Price may trigger tax obligations (including withholding tax) of the Vested Option Holder and/or the Company on behalf of the Vested Option Holder. The Award Cancellation Price will be paid to Vested Option Holders net of any withholding tax applicable to the Vested Option Holder and required to be withheld by the Company, whether settlement is elected by the Vested Option Holder to be by wire transfer or cheque. All Vested Option Holders are recommended to consult their professional advisers if in any doubt as to the tax implications of the Vested Option Offer.
- 1.9. See the section headed “Letter from J.P. Morgan and Offeror — Additional terms of the Offers” for more terms and conditions of the Offers (including the Vested Option Offer).

2. ELIGIBILITY FOR THE VESTED OPTION OFFER

- 2.1. The Vested Option Offer is available to all Vested Option Holders (being holders of Options granted under the Share Incentive Plans that have vested on or before Initial Announcement Date, i.e., 29 April 2024, but have not been exercised by 20 May 2024, being the “Last Exercise Date” specified in the Initial Announcement).

3. HOW TO ACCEPT THE VESTED OPTION OFFER

- 3.1. To accept the Vested Option Offer, you should follow the instructions on the “Vested Option Offer Acceptance Form” to complete, sign and return your acceptance of the Vested Option Offer to longtermincentives@loccitane.com by **4:00 p.m. (Hong Kong time) on Offer Closing Date.**
- 3.2. **PLEASE NOTE: If you do not accept the Vested Option Offer by the above date, and the Share Offer becomes or is declared unconditional in all respects, your Vested Options will automatically and immediately lapse on the day following Offer Closing Date.**
- 3.3. Key dates to note for Vested Option Holders are set out below:

<i>Period</i>	<i>Event</i>
(i) Composite Document Date	First day to accept Vested Option Offer
(ii) Offer Unconditional Date	Vested Option Offer becomes unconditional
(iii) Offer Closing Date	Last day to accept the Vested Option Offer
(iv) Day following Offer Closing Date	Vested Options lapse ⁽¹⁾

Note:

- (1) Other than Vested Options in respect of which valid acceptances have been received by Offeror under the Vested Option Offer. If the Offers are terminated or withdrawn before Offer Unconditional Date, then Vested Options will not lapse after Offer Closing Date and Vested Options will continue to be exercisable between (x) the date that Offeror and/or the Company announces that the Offers have been terminated or are withdrawn; and (y) the end of the original exercise period, in accordance with the existing conditions of grant under the relevant Share Incentive Plan.

4. KEY ACTION AND DATE

Key action	Key reference	Cut-off date	Delivery address
1. Complete, sign and return the “Vested Option Offer Acceptance Form”.	See paragraph 3.1 of this section.	By 4:00 p.m. (Hong Kong time) on Offer Closing Date.	Email: longtermincentives@loccitane.com

IMPORTANT NOTICE:

- **Unvested Award Holders should sign, date and return the Liquidity Agreement to longtermincentives@loccitane.com by 4:00 p.m. (Hong Kong time) on Offer Closing Date.**

1. DETAILS OF THE LIQUIDITY ARRANGEMENT**Background**

- 1.1. In accordance with the relevant Share Incentive Plans and the Share Incentive Notice to all Award Holders, the Company has notified all Unvested Award Holders that no Unvested Awards will be accelerated, and all Unvested Awards will continue to vest in accordance with the existing vesting schedule and conditions of grant under the relevant Share Incentive Plans.

What is the Liquidity Arrangement

- 1.2. Offeror offers to enter into a Liquidity Agreement with each Unvested Award Holder pursuant to which Offeror will, in accordance with Rule 13 of the Takeovers Code and Practice Note 6 to the Takeovers Code, pay to the Unvested Award Holder the Award Cancellation Price to cancel each Award following its vesting in accordance with the existing schedule and conditions of grant under the relevant Share Incentive Plan; with the Award Cancellation Price calculated as: (i) the “see-through” price (being the Offer Price *less* the exercise price of each such vested Option); or (ii) the equivalent of the Offer Price (for each vested Free Share), being:

	Number of Unvested Awards	Exercise/issue price per Award	Award Cancellation Price per Award
(a)	6,530,400 Options	HK\$20.67 exercise price	HK\$13.33 in cash
(b)	1,666,277 Free Shares	Nil issue price	HK\$34.00 in cash

Material terms of the Liquidity Arrangement

- 1.3. The material terms of the Liquidity Arrangement are set out below:

Parties to each Liquidity Agreement:	Offeror and relevant Unvested Award Holder.
Treatment prior to acquisition:	The Unvested Awards shall continue to vest in accordance with, and subject to, the existing schedule and conditions of grant under the relevant Share Incentive Plans.

Period within which to enter into the Liquidity Agreement:	Between Composite Document Date and Offer Closing Date.
Award Cancellation Price:	Offeror shall pay the Unvested Award Holder the Award Cancellation Price for each Award following its vesting.
Governing law:	The laws of Hong Kong.
Effective date of Liquidity Agreement:	Offer Unconditional Date.
Conditions of Liquidity Arrangement:	The Liquidity Arrangement is conditional upon the Share Offer becoming or being declared unconditional in all respects.

Settlement under the Liquidity Arrangement

- 1.4. Under the Liquidity Arrangement, payments will be made to all Unvested Award Holders who have entered into a Liquidity Agreement following vesting of their relevant Awards in accordance with the existing vesting schedule and conditions of grant under the relevant Share Incentive Plans. Award Holders will receive payment on a staggered basis and in accordance with the terms of the Liquidity Agreement, as follows;
- (a) by not less than 3 business days (Luxembourg and Hong Kong) before the first relevant vesting date for each Unvested Award Holder, the Unvested Award Holder shall send their account details (or if cheque denominated in Hong Kong dollars is elected by the Unvested Award Holder, then the name and mailing address for the cheque to be sent by ordinary post) to Offeror and the Company;
 - (b) following each vesting date, the Company will send to Offeror within 5 business days (Luxembourg and Hong Kong) commencing on the first date of the calendar month following the vesting date, a summary of vesting details and payment directions to each relevant Unvested Award Holder (in respect of the Award Cancellation Price), and/or the Company (in respect of the withholding tax amount, if any) (the “**Vesting Notice and Payment Directions**”); and
 - (c) Offeror will then arrange payment of the Award Cancellation Price to each Unvested Award Holder and/or the Company (to their designated account) in accordance with the Vesting Notice and Payment Directions within 5 business days (Luxembourg and Hong Kong) following receipt of the Vesting Notice and Payment Directions from the Company, against cancellation of the relevant Awards.

1.5. Accordingly, based on the existing vesting dates (and subject to existing vesting conditions) under the Share Incentive Plans, the settlement schedule will be as follows:

	Vesting date	Latest date for Unvested Award Holders to notify account/ mailing details	Latest payment date by Offeror
(a)	27 October 2025	22 October 2025	14 November 2025
(b)	30 June 2026	25 June 2026	15 July 2026
(c)	30 June 2027	25 June 2027	15 July 2027

1.6. Since settlement of the consideration payable by Offeror under the Liquidity Arrangement will not be made within 7 business days after the later of Offer Unconditional Date and the date of each Liquidity Agreement in accordance with Rule 20.1 of the Takeovers Code, Offeror has applied to the Executive for, and the Executive has granted, a waiver from strict compliance with Rule 20.1 of the Takeovers Code for settlement to Unvested Award Holders under the Liquidity Arrangement to be made as soon as possible and within 10 business days (Luxembourg and Hong Kong) commencing on the first calendar date of the calendar month following each vesting date.

1.7. Settlement will be made in accordance with the terms of the Liquidity Agreement. In particular, settlement of the Award Cancellation Price will be paid by Offeror in accordance with the Vesting Notice and Payment Directions, and may be received by Unvested Award Holders by wire transfer or by cheque denominated in Hong Kong dollars, at the election of the Unvested Award Holder.

- (a) If by wire transfer, Offeror will remit the amount payable to the designated account specified by the Unvested Award Holder and/or the Company (after deducting any wire transfer transaction costs imposed by the banks, such as electronic transfer and conversion costs, if any) in Hong Kong dollars, or at the prior election of the Unvested Award Holder, in Euros at the prevailing spot conversion rate of the receiving bank.
- (b) If by cheque, cheques will be mailed by ordinary post to the Unvested Award Holder at the specified mailing address; Unvested Award Holders are reminded to check that their receiving bank is able to accept cheques denominated in Hong Kong dollars. Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and will be of no further effect, and in such circumstances cheque holders should contact Offeror for payment.

Additional terms of the Liquidity Arrangement

1.8. By entering into a Liquidity Agreement with Offeror, the Unvested Award Holder agrees to the cancellation of their Unvested Awards in exchange for the Unvested Award Holder receiving the Award Cancellation Price.

- 1.9. Acceptance of the Liquidity Arrangement and the receipt of the Award Cancellation Price may trigger tax obligations (including withholding tax) of the Unvested Award Holder and/or the Company on behalf of the Unvested Award Holder. The Award Cancellation Price will be paid to Unvested Award Holders net of any withholding tax applicable to the Unvested Award Holder and required to be withheld by the Company. All Unvested Award Holders are recommended to consult their professional advisers if in any doubt as to the tax implications of the Liquidity Arrangement.
- 1.10. See the section headed “Letter from J.P. Morgan and Offeror-Additional terms of the Offers” for more terms and conditions of the Offers (including the Liquidity Arrangement).
- 1.11. A copy of the Liquidity Agreement template is available as a document on display in accordance with the Takeovers Code.

2. ELIGIBILITY FOR THE LIQUIDITY ARRANGEMENT

- 2.1. The Liquidity Arrangement is available to all Unvested Award Holders (being holders of Options and Free Shares granted under the Share Incentive Plans that have not vested on or before Initial Announcement Date, i.e., 29 April 2024).

3. HOW TO ACCEPT THE LIQUIDITY ARRANGEMENT

- 3.1. Offeror will deliver to each Unvested Award Holder on Composite Document Date a copy of the Liquidity Agreement. To accept the Liquidity Arrangement, you should sign, date and return the Liquidity Agreement to longtermincentives@loccitane.com by **4:00 p.m. (Hong Kong time) on Offer Closing Date**.
- 3.2. **PLEASE NOTE: If you are an Unvested Award Holder and you do not enter into a Liquidity Agreement on or before Offer Closing Date, you will become a Shareholder of a privately-operated company upon vesting and exercise (in the case of Options) or allocation (in the case of Free Shares) of your Awards (assuming that the Offers become or are declared unconditional in all respects and the Shares are delisted from the Stock Exchange). In this case, the Company will become a wholly-owned private subsidiary of Offeror; see the sub-section headed “Letter from J.P. Morgan and Offeror — Part B. Share Alternative under Share Offer — Key risk factors” for the key risk factors on having shares in a private company.**

4. KEY ACTION AND DATE

Key action	Key reference	Cut-off date	Delivery address
1. Sign, date and return Liquidity Agreement.	See paragraph 3.1 of this section.	By 4:00 p.m. (Hong Kong time) on Offer Closing Date.	Email: longtermincentives@loccitane.com

4. LETTER FROM THE BOARD

Groupe L'OCCITANE 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)

Executive Directors:

Mr. Reinold Geiger (*Chairman of the Board*)
Mr. Laurent Marteau (*Chief Executive Officer*)
Mr. André Joseph Hoffmann
Mr. Karl Guénard
Mr. Séan Harrington

Non-executive Director:

Mr. Thomas Levilion

Independent Non-executive Directors:

Mrs. Christèle Hiss Holliger
Mr. Charles Mark Broadley
Ms. Betty Liu
Mr. Jackson Chik Sum Ng

Registered Office:

49, Boulevard Prince Henri
L-1724 Luxembourg
Grand Duchy of Luxembourg

**Principal Place of Business
in Hong Kong:**

20/F, K11 ATELIER King's Road
728 King's Road
Quarry Bay
Hong Kong

2 July 2024

To Minority Shareholders, Qualifying Shareholders (with respect to the Share Alternative), and Award Holders

Dear Sirs/Mesdames,

**(1) CONDITIONAL VOLUNTARY GENERAL OFFERS BY
J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED ON BEHALF OF OFFEROR
TO ACQUIRE ALL ISSUED AND OUTSTANDING SHARES IN THE COMPANY
(OTHER THAN SHARES ALREADY OWNED BY LOG) AND TO CANCEL
ALL VESTED OPTIONS; AND (2) LIQUIDITY ARRANGEMENT WITH RESPECT TO
UNVESTED AWARDS**

1. INTRODUCTION

1.1. Reference is made to the Initial Announcement, the Second Announcement and the information contained in the "Letter from J.P. Morgan and Offeror" in relation to the Offers.

4. LETTER FROM THE BOARD

- 1.2. Further reference is made to the Special Deal Circular, setting out details of the GA Disposal, and the poll results announcement published by the Company dated 21 June 2024, in which it was announced that the GA Disposal had been approved by Disinterested Shareholders (with respect to the GA Disposal) at the extraordinary general meeting of the Company held on 21 June 2024. As the Executive has granted its consent to the GA Disposal (and all conditions to the Executive's consent have been fulfilled), Condition (f) to the Share Offer had been fulfilled as of Latest Practicable Date.
- 1.3. The purpose of this letter is to provide you with, among others, further information relating to the Group.

2. THE OFFERS

Share Offer

- 2.1. J.P. Morgan, on behalf of Offeror, has made the Share Offer to Minority Shareholders to acquire all Offer Shares in exchange for the Minority Shareholder electing one of two settlement methods: (a) the Cash Alternative; or (b) the Share Alternative (for Qualifying Shareholders only).
- 2.2. Acceptance of the Share Offer and election of either the Cash Alternative or the Share Alternative will be subject to the terms and conditions set out in the section headed "Letter from J.P. Morgan and Offeror", and in particular the sub-sections headed "Part A. Cash Alternative under Share Offer" and "Part B. Share Alternative under Share Offer".
- 2.3. *Overview of and eligibility for Cash Alternative.* Under the Cash Alternative, J.P. Morgan, on behalf of Offeror, is offering to acquire the Offer Shares in exchange for the Offer Price (being HK\$34.00) in cash. All Minority Shareholders (including those with Offer Shares deposited in CCASS, Stock Connect investors, and other Non-qualifying Shareholders) are eligible to accept and elect the Cash Alternative.
- 2.4. *Overview of and eligibility for Share Alternative.* Under the Share Alternative, J.P. Morgan, on behalf of Offeror, is offering to acquire the Offer Shares in exchange for Rollover Shares at the exchange ratio of 10 Rollover Shares for each Offer Share, subject to the Share Alternative Cap. In the event of a Share Alternative Over-election, the number of Offer Shares exchanged for Rollover Shares for each Share Alternative Holder will be reduced pursuant to the *Pro Rata* Downward Adjustment Mechanism, with the remaining portion of each Share Alternative Holder's Offer Shares validly tendered for acceptance to be settled by cash at the Offer Price. To be eligible for the Share Alternative:
- (a) the Minority Shareholder must be a Qualifying Shareholder (see the section headed "Important notices" for more information);
 - (b) the Qualifying Shareholder must elect only the Share Alternative with respect to the Offer Shares held by them (and not a combination of the Cash Alternative and Share Alternative);

4. LETTER FROM THE BOARD

- (c) the entire holding of Offer Shares tendered for acceptance and electing the Share Alternative must be held by the Qualifying Shareholder as registered holder; and where any part of their Offer Shares are deposited in CCASS, the Qualifying Shareholder is required to first withdraw their Offer Shares from CCASS and register these Offer Shares on the Hong Kong Share Register before electing the Share Alternative;
- (d) the Qualifying Shareholder must duly provide all KYC information/documents stated in the acceptance form of the Share Alternative and ensure that all regulatory approvals (if any) required by the Qualifying Shareholder to receive Rollover Shares have been obtained.

For more information, see the sections headed “Important notices” and “Letter from J.P. Morgan and Offeror — Part B. Share Alternative under Share Offer”.

Vested Option Offer

- 2.5. J.P. Morgan, on behalf of Offeror, has made the Vested Option Offer to Vested Option Holders to cancel all Vested Options in exchange for the Award Cancellation Price.
- 2.6. Acceptance of the Vested Option Offer and settlement thereunder will be subject to the terms and conditions set out in the section headed “Letter from J.P. Morgan and Offeror”, and in particular the sub-section headed “Part C. Vested Option Offer”.
- 2.7. **Eligibility for the Vested Option Offer.** The Vested Option Offer is available to all Vested Option Holders, being holders of Options granted under the Share Incentive Plans which have vested on or before Initial Announcement Date but have not been exercised.
- 2.8. **Notice to Vested Option Holders.** In accordance with the relevant Share Incentive Plans, which provide that the Company may send notice to Vested Option Holders specifying the exercise period and when the balance of Vested Options may lapse, the Company has sent the Share Incentive Notice to all Award Holders, pursuant to which:
 - (a) Vested Option Holders who hold Vested Options on Composite Document Date will be eligible to participate in the Vested Option Offer; and
 - (b) all remaining Vested Options in respect of which the Vested Option Holder has not validly accepted the Vested Option Offer on or before Offer Closing Date, will automatically and immediately lapse after Offer Closing Date (in accordance with the relevant Share Incentive Plans and the Share Incentive Notice).

The Vested Option Offer is subject to the Share Offer becoming or being declared unconditional in all respects. If the Share Offer does not become unconditional, or is otherwise terminated or withdrawn before Offer Unconditional Date, then the Vested Option Offer will not become effective, and the event in sub-paragraph (b) above will not take place. In this case, all Vested Options will continue to be exercisable between (x) the

4. LETTER FROM THE BOARD

date that Offeror and/or the Company announces that the Offers have been terminated or are withdrawn; and (y) the end of the original exercise period, in accordance with the existing conditions of grant under the relevant Share Incentive Plan.

- 2.9. Accordingly, the Vested Options can no longer be exercised, and will not have a dilution effect on the shareholding percentage of Shareholders, during Offer Period.

Liquidity Arrangement

- 2.10. Offeror has offered the Liquidity Arrangement to all Unvested Award Holders, whereby Offeror proposes to enter into a Liquidity Agreement with each Unvested Award Holder, pursuant to which, upon vesting of the Unvested Awards between 2025 and 2027 (both years inclusive), the Unvested Award Holder agrees that their vested Awards be cancelled in exchange for Offeror paying the Award Cancellation Price to the Unvested Award Holder.

- 2.11. Acceptance of the Liquidity Arrangement requires an Unvested Award Holder to enter into a Liquidity Agreement with Offeror, with settlement thereunder to be subject to the terms and conditions set out in the Liquidity Agreement, which are summarised in the section headed “Letter from J.P. Morgan and Offeror”, and in particular the sub-section headed “Part D. Liquidity Arrangement”. The form of the Liquidity Agreement will be sent to each Unvested Award Holder on Composite Document Date and is available as a document on display in accordance with the Takeovers Code.

- 2.12. ***Eligibility for the Liquidity Arrangement.*** The Liquidity Arrangement is available to all Unvested Award Holders, being holders of Options or Free Shares granted under the Share Incentive Plans which remain unvested on Initial Announcement Date.

- 2.13. ***Notice to Unvested Award Holders.*** In accordance with the relevant Share Incentive Plans and the Share Incentive Notice to all Award Holders, Unvested Awards will be treated as follows:

- (a) no Unvested Awards will be accelerated, and all Unvested Awards will continue to vest in accordance with the existing schedule and conditions of grant under the relevant Share Incentive Plans; and
- (b) all Unvested Awards shall remain to be vested in accordance with the existing schedule and conditions of grant under the relevant Share Incentive Plans and Unvested Award Holders will be eligible to participate in the Liquidity Arrangement.

- 2.14. The Unvested Awards are not scheduled to vest until 2025 at the earliest, and accordingly, the Unvested Awards will not have a dilution effect on the shareholding percentage of Shareholders during Offer Period.

4. LETTER FROM THE BOARD

Conditions to the Offers

- 2.15. The Share Offer is subject to the Conditions set out in the section headed “Letter from J.P. Morgan and Offeror — Conditions of the Offers — Conditions of the Share Offer” being fulfilled.
- 2.16. The Vested Option Offer and Liquidity Arrangement are subject to the Share Offer becoming or being declared unconditional in all respects.

Possible compulsory acquisition and withdrawal of listing of the Shares

- 2.17. Subject to the satisfaction of the Conditions and requirements under Article 18 and Rule 2.11 of the Takeovers Code, Offeror will privatise the Company by exercising the right to which it is entitled under Article 18 to compulsorily acquire all remaining Offer Shares not already owned by Offeror under the Share Offer for cash at the Offer Price, following which listing of the Shares will be withdrawn from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules. See the section headed “Letter from J.P. Morgan and Offeror — Possible compulsory acquisition and withdrawal of listing of Shares” for more information.

3. INFORMATION ON THE GROUP

- 3.1. *The Group* is an international group that manufactures and retails beauty and well-being products that are rich in natural and organic ingredients. As a global leader in the premium beauty market, the Group has more than 3,000 retail outlets, including approximately 1,300 owned stores, and is present in 90 countries. Through its key brands — L’OCCITANE en Provence, Melvita, Erborian, L’OCCITANE au Brésil, ELEMIS, Sol de Janeiro and Dr. Vranjes Firenze — the Group offers new and extraordinary beauty experiences, using high quality products that respect nature, the environment and the people who surround it.

4. LETTER FROM THE BOARD

3.2. *Shareholdings in the Company.* The table below sets out the shareholding structure of the Company: (i) as at Latest Practicable Date; and (ii) immediately following completion of the Share Offer and Vested Option Offer (assuming that each of the Share Offer and Vested Option Offer is accepted in full):

	As at Latest Practicable Date ⁽¹⁾		Immediately after completion of the Share Offer (assuming the Share Offer and Vested Option Offer are accepted in full) ⁽¹⁾	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<i>Offeror Group</i>				
Offeror ⁽²⁾	—	—	1,474,968,200	100.00%
LOG ⁽²⁾	1,067,587,391	72.38%	—	—
Reinold Geiger ⁽²⁾	1,148,750	0.08%	—	—
André Hoffmann ⁽²⁾	2,495,250	0.17%	—	—
Sub-total	1,071,231,391	72.63%	1,474,968,200	100.00%
<i>Other Offeror Concert Group⁽⁴⁾⁽⁵⁾⁽⁶⁾</i>				
Karl Guénard ⁽³⁾	97,600	0.01%	—	—
Sub-total of Offeror Concert Group	1,071,328,991	72.63%	1,474,968,200	100.00%
<i>Shareholder providing an Irrevocable Undertaking to accept Share Offer</i>				
Pleasant Lake Partners LLC ⁽⁷⁾	47,956,250	3.25%	—	—
Sub-total of this Shareholder	47,956,250	3.25%	—	—
<i>Shareholders providing Irrevocable Undertakings to accept Share Offer in cash</i>				
ACATIS Investment KVG mbH ⁽⁷⁾	63,079,800	4.28%	—	—
Global Alpha Capital Management Limited ⁽⁷⁾	42,584,376	2.89%	—	—
Sub-total of these Shareholders	105,664,176	7.16%	—	—
<i>Shareholder providing Non-binding Letter of Support⁽⁷⁾</i>				
ACATIS Investment KVG mbH ⁽⁷⁾	27,034,200	1.83%	—	—
Sub-total of this Shareholder	27,034,200	1.83%	—	—

4. LETTER FROM THE BOARD

	As at Latest Practicable Date ⁽¹⁾		Immediately after completion of the Share Offer (assuming the Share Offer and Vested Option Offer are accepted in full) ⁽¹⁾	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<i>Other Minority Shareholders</i>				
Jackson Chik Sum Ng ⁽⁸⁾	30,000	0.00%	—	—
Other Shareholders ⁽⁹⁾	222,954,583	15.12%	—	—
Total	1,474,968,200	100.00%	1,474,968,200	100.00%

Notes:

- (1) Based on the information available to Offeror and the Company as at Latest Practicable Date; percentages are based on the total issued and outstanding share capital of the Company, which excludes 1,996,691 Treasury Shares. Percentages are subject to rounding.
- (2) As at Latest Practicable Date and until immediately prior to completion of the Offeror Corporate Restructuring (being also completion of the Share Offer), Offeror is and will remain a wholly-owned subsidiary of LOG. See “Appendix IV” (*General information of Offeror*) and “Appendix VI” (*Summary of Rollover Shares*) for a simplified corporate structure chart of Offeror immediately following completion of the Offeror Corporate Restructuring.

The sole ultimate controlling shareholder of LOG is Mr. Reinold Geiger. Mr. Geiger is the Chairman of the Board and an executive Director; he is also a director and chairman of the board of directors of LOG and the sole director of Offeror. Mr. Geiger is the ultimate beneficial owner of the entire issued share capital of Cime S.C.A., which has 100% interest in Société d’Investissements CIME S.A., which in turn controls 73.31% (as at Latest Practicable Date) and will control 75.25% (following Offer Unconditional Date and immediately following the LOG Corporate Restructuring) of the total issued and outstanding share capital of LOG. Mr. Geiger is therefore deemed under the SFO to be also interested in all the Shares registered in the name of LOG. Accordingly, Mr. Geiger is deemed to be interested in 1,067,587,391 Shares beneficially owned by LOG and 1,996,691 Treasury Shares that are held by the Company. Mr. Geiger is also the beneficial owner of 1,148,750 Shares.

Mr. André Hoffmann is an executive Director and a director of LOG. Mr. Hoffmann wholly-owns Lavender Investments Limited, which in turn is a substantial shareholder of LOG, controlling 18.78% (as at Latest Practicable Date) and 17.41% (following Offer Unconditional Date and immediately following the LOG Corporate Restructuring) of the total issued and outstanding share capital of LOG. Mr. Hoffmann, through Lavender Investments Limited, is also the beneficial owner of 2,495,250 Shares.

- (3) Executive Director and director of LOG, who also holds 166,300 Vested Options as at Latest Practicable Date.
- (4) J.P. Morgan is the exclusive financial adviser to Offeror in respect of the Offers. Accordingly, J.P. Morgan and persons controlling, controlled by or under the same control as J.P. Morgan (except exempt principal traders and exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with Offeror in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code.

4. LETTER FROM THE BOARD

As at Latest Practicable Date, members of the J.P. Morgan group do not legally or beneficially own, control or have direction over any Shares (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the J.P. Morgan group). Notwithstanding that connected exempt principal traders within the J.P. Morgan group are not acting in concert with Offeror, Shares held by any such connected exempt principal traders must not be assented to the Share Offer until the Share Offer becomes or is declared unconditional as to acceptances in accordance with the requirements of Rule 35.3 of the Takeovers Code, unless (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients, and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any discretion over the relevant Shares, and all instructions shall originate from the client only, and if no instructions are given, then no action shall be taken on the relevant Shares held by the relevant connected exempt principal trader.

- (5) Blackstone Investor is an original subscriber under the paid-in-kind (PIK) loan note financing for Holdco. Accordingly, Blackstone Investor and the various participating funds ultimately controlled by Blackstone Inc. and managed by Blackstone Inc. and its affiliates (“**Participating Blackstone Funds**”, and together with Blackstone Investor, the “**Blackstone Entities**”) who are providing finance or financial assistance (directly or indirectly) to Offeror in connection with the Offers are presumed to be acting in concert with Offeror in accordance with class 9 of the definition of “acting in concert” under the Takeovers Code.

As at Latest Practicable Date, none of the Blackstone Entities legally or beneficially own, control or have direction over any Shares.

- (6) Goldman Sachs International has been appointed by Holdco as a bookrunner in connection with the paid-in-kind (PIK) loan note financing for Holdco. Accordingly, Goldman Sachs International and persons controlling, controlled by or under the same control as Goldman Sachs International (except exempt principal traders and exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code) are presumed to be acting in concert with Offeror in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code.

As at Latest Practicable Date, members of the Goldman Sachs group do not legally or beneficially own, control or have direction over any Shares (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the Goldman Sachs group). Notwithstanding that connected exempt principal traders within the Goldman Sachs group are not acting in concert with Offeror, Shares held by any such connected exempt principal traders must not be assented to the Share Offer until the Share Offer becomes or is declared unconditional as to acceptances in accordance with the requirements of Rule 35.3 of the Takeovers Code, unless (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients, and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any discretion over the relevant Shares, and all instructions shall originate from the client only, and if no instructions are given, then no action shall be taken on the relevant Shares held by the relevant connected exempt principal trader.

- (7) Pleasant Lake Partners has given an Irrevocable Undertaking over these 47,956,250 Shares. See the section headed “Letter from J.P. Morgan and Offeror — Irrevocable Undertakings and Non-binding Letter of Support” for more information.

As at Latest Practicable Date, ACATIS controls 90,114,000 Shares, of which 63,079,800 Shares are the subject of an Irrevocable Undertaking and an additional 27,034,200 Shares are the subject of a Non-binding Letter of Support. See the section headed “Letter from J.P. Morgan and Offeror — Irrevocable Undertakings and Non-binding Letter of Support” for more information.

4. LETTER FROM THE BOARD

As at Latest Practicable Date, Global Alpha controls 42,584,376 Shares, which are the subject of an Irrevocable Undertaking. Additionally, Global Alpha advises and has investment discretion over an additional 11,704,731 Shares for its clients. See the section headed “Letter from J.P. Morgan and Offeror — Irrevocable Undertakings and Non-binding Letter of Support” for more information.

Southeastern Asset Management, Inc. (“**Southeastern**”) had given a Non-binding Letter of Support to LOG over 10,363,000 Shares. LOG has since been informed that as of Latest Practicable Date, Southeastern had disposed of all of its Shares and as at Latest Practicable Date, Southeastern is no longer a Shareholder.

- (8) Independent non-executive Director.
- (9) This includes 105,300 Shares transferred from the Company’s treasury account to settle Vested Options that were exercised on or before 20 May 2024 (being the “Last Exercise Date” specified in the Initial Announcement). See the announcement dated 28 May 2024 published by the Company for more information on these Options.

3.3. **Interests in Awards.** As at Latest Practicable Date, the Company had 1,241,031 Awards, in which the following Directors have an interest:

	Position	Number of Vested Options	Number of Unvested Awards
Laurent Marteau	Executive Director, Chief Executive Officer, Group Managing Director	—	205,200 Options ⁽¹⁾ 808,531 Free Shares ⁽²⁾
Karl Guénard	Executive Director, Company Secretary; director of Offeror	166,300 Options ⁽³⁾	61,000 Options ⁽¹⁾

Notes:

- (1) The vesting date for these Options is: 27 October 2025. The exercise price is HK\$20.67 and exercise period is between 27 October 2025 and 26 October 2029
- (2) The vesting date for these Free Shares is: 30 June 2027.
- (3) For these Vested Options, the exercise prices and exercise periods were: (i) for 83,700 Options, an exercise price of HK\$15.16 per Option, exercisable between 10 February 2021 and 10 February 2025; and (ii) for 82,600 Options, an exercise price of HK\$14.50 per Option, exercisable between 29 March 2022 and 29 March 2026, all of which are subject to the Share Incentive Notice.

4. LETTER FROM THE BOARD

4. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Independent Board Committee

- 4.1. The Independent Board Committee has been established in accordance with Rules 2.1 and 2.8 of the Takeovers Code to, among others, give a recommendation to the Disinterested Shareholders and Award Holders as to whether the Offers are fair and reasonable and as to acceptance and, in the case of the Share Offer, election between the Cash Alternative and Share Alternative thereof. The Independent Board Committee comprises independent non-executive Directors, Mrs. Christèle Hiss Holliger and Ms. Betty Liu, who have no direct or indirect interest in the Offers and the GA Disposal.
- 4.2. (i) Mr. Thomas Levilion (non-executive Director) was a former executive Director; (ii) Mr. Jackson Chik Sum Ng (independent non-executive Director) holds 30,000 Shares and 400 free shares of LOG (vesting on 1 July 2024); and (iii) Mr. Charles Mark Broadley (independent non-executive Director) holds 400 free shares of LOG (vesting on 1 July 2024), and as such, they are not members of the Independent Board Committee.

Independent Financial Adviser

- 4.3. Somerley Capital Limited has been appointed as the Independent Financial Adviser (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with, among others, whether the Offers are fair and reasonable and as to acceptance and, in the case of the Share Offer, election between the Cash Alternative and Share Alternative thereof.

5. ADDITIONAL INFORMATION

- 5.1. Your attention is drawn to the sub-sections headed “Intention of Offeror regarding the Group” and “Reasons for and benefits of the Offers” in the section headed “Letter from J.P. Morgan and Offeror” for information on the intention of Offeror regarding the Group and reasons for and benefits of the Offers.
- 5.2. The Board (other than Mr. Reinold Geiger, Mr. André Hoffmann and Mr. Karl Guénard being executive Directors, and also directors of the Offeror and/or LOG, who have abstained from participating on Board matters in respect of the Offers) notes the intention of Offeror and welcomes, in particular, that the existing business of the Group shall continue unaffected, notwithstanding the Offers or the completion thereof, and that Offeror intends to retain the existing employees of the Group, and existing employment and hiring practices will remain unaffected (with usual personnel changes in the ordinary course of business). Subject to the Group’s business needs and prevailing market conditions, it is noted that the Offeror may explore various business opportunities to further develop the existing business of the Group, improve efficiency and create shareholder value.
- 5.3. See “Appendix II” (*Financial information*) and “Appendix III” (*General information of the Company*) for more information about the Group.

4. LETTER FROM THE BOARD

6. RECOMMENDATION

- 6.1. Your attention is drawn to the sections headed “Letter from the Independent Board Committee” and “Letter from the Independent Financial Adviser”, which contain, among others, their advice and recommendations in respect of the Offers and acceptance thereof.
- 6.2. Each of the Directors who holds Offer Shares or Awards has expressed their intention to accept the Offers.
- 6.3. **PLEASE NOTE: In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.**

Yours faithfully,
By order of the Board
L’Occitane International S.A.
Mr. Laurent Marteau
Director and Chief Executive Officer

5. LETTER FROM THE INDEPENDENT BOARD COMMITTEE

**Groupe
L'OCCITANE
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)

2 July 2024

To Disinterested Shareholders, Qualifying Shareholders (with respect to the Share Alternative), and Award Holders

Dear Sirs/Mesdames,

**(1) CONDITIONAL VOLUNTARY GENERAL OFFERS BY
J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED ON BEHALF OF OFFEROR
TO ACQUIRE ALL ISSUED AND OUTSTANDING SHARES IN THE COMPANY
(OTHER THAN SHARES ALREADY OWNED BY LOG) AND TO CANCEL
ALL VESTED OPTIONS; AND (2) LIQUIDITY ARRANGEMENT WITH RESPECT TO
UNVESTED AWARDS**

1. BACKGROUND

- 1.1. We, being members of the Independent Board Committee, refer to the composite document of Offeror and the Company dated 2 July 2024 (“**Composite Document**”), of which this letter forms part. Unless the context otherwise indicates, terms defined in the Composite Document shall have the same meanings when used herein.
- 1.2. We, Mrs. Christèle Hiss Holliger and Ms. Betty Liu, have been appointed as the Independent Board Committee to consider, among others, the terms of the Offers and to give a recommendation to Disinterested Shareholders and Award Holders as to whether the Offers are fair and reasonable so far as the Disinterested Shareholders and Award Holders are concerned and as to acceptance, and in the case of the Share Offer, as to election between the Cash Alternative and Share Alternative thereof.
- 1.3. We also wish to draw your attention to the contents of: (a) the letter from the Board set out in the section headed “Letter from the Board” in the Composite Document; and (b) the letter from the Independent Financial Adviser set out in “Letter from Independent Financial Adviser” in the Composite Document containing advice from the Independent Financial Adviser in respect of the Offers and as to acceptance, and in the case of the Share Offer, as to election between the Cash Alternative and Share Alternative thereof.

5. LETTER FROM THE INDEPENDENT BOARD COMMITTEE

2. RECOMMENDATION

- 2.1. Having considered the details, including the terms and conditions, of the Offers, and taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and recommendation:
- (a) we consider the terms of the Offers (including the Offer Price and the Award Cancellation Price) to be fair and reasonable so far as the Disinterested Shareholders and Award Holders are concerned;
 - (b) we recommend the Disinterested Shareholders and Award Holders to accept the Offers; and
 - (c) with respect to the Share Offer, between the Cash Alternative and the Share Alternative, the Disinterested Shareholders should note that the estimate of value of each batch of 10 Rollover Shares is HK\$34.00. The estimate of value of each batch of 10 Rollover Shares, however, does not include the key risks of holding the Rollover Shares (which are set out in the section headed “Letter from J.P. Morgan and Offeror — B. Share Alternative under Share Offer” in the Composite Document) and a discount rate of 30% for lack of marketability and liquidity of the Rollover Shares (recommended by the Independent Financial Adviser in the section headed “Letter from Independent Financial Adviser” in the Composite Document), which would reduce the value of the Share Alternative to less than the Offer Price. Additionally, the election of the Cash Alternative allows the Disinterested Shareholders to realise their investment in the Company and obtain cash, while the Share Alternative will result in the Disinterested Shareholders remaining indirect investors in the Company and being exposed to uncertainties and fluctuations in the value of Offeror, the Company and the Rollover Shares going forward, as well as inherent risks assumed with being a minority shareholder of a private company incorporated in Luxembourg. As such, we recommend the Disinterested Shareholders to elect the Cash Alternative.
- 2.2. Disinterested Shareholders and Award Holders are strongly advised to consult with their own professional advisers for further considerations applicable to their own individual situation, including legal and tax advice. Disinterested Shareholders who are Qualifying Shareholders and wish to elect the Share Alternative should carefully read the Composite Document, and in particular, the sections headed “Important notices” and “Letter from J.P. Morgan and Offeror — B. Share Alternative under Share Offer” and the relevant Election Documents before electing the Share Alternative.

5. LETTER FROM THE INDEPENDENT BOARD COMMITTEE

2.3. The procedures for acceptance and settlement of the Offers are set out in “Appendix VIII” (*Further information on Offer Period procedures*) to the Composite Document and the Election Documents. Disinterested Shareholders and Award Holders are urged to read the timetable set out in the Composite Document and any revised timetable (if any) that may be announced by Offeror and to carefully act accordingly if they wish to accept the Offers.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mrs. Christèle Hiss Holliger

Ms. Betty Liu

Independent Non-executive Directors

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

Set out below is the letter of advice from Somerley Capital Limited, the Independent Financial Adviser to the Independent Board Committee, regarding the Offers, which has been prepared for the purpose of incorporation in this Composite Document.



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

2 July 2024

To: the Independent Board Committee

Dear Members,

**(1) CONDITIONAL VOLUNTARY GENERAL OFFERS
BY J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED
ON BEHALF OF OFFEROR TO ACQUIRE ALL ISSUED
AND OUTSTANDING SHARES IN THE COMPANY (OTHER THAN
SHARES ALREADY OWNED BY LOG)
AND TO CANCEL ALL VESTED OPTIONS;
AND
(2) LIQUIDITY ARRANGEMENT
WITH RESPECT TO UNVESTED AWARDS**

I. INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the Offers. Details of the Offers are set out in the Composite Document dated 2 July 2024, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 8 April 2024 (after trading hours), LOG informed the Board that, among other matters, LOG intended to make a firm conditional voluntary general offer for all Offer Shares pursuant to the Share Offer, as well as make appropriate arrangements for all Awards in accordance with Rule 13 of the Takeovers Code (being the Vested Option Offer and the Liquidity Arrangement). On 17 June 2024, LOG informed the Board that LOG intended to exercise the right to offer the Share Alternative as described in the Initial Announcement, as an additional settlement method for the Share Offer.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established for the purpose of making a recommendation to the Disinterested Shareholders and Award Holders as to whether the Offers are fair and reasonable and as to acceptance and its recommendation as to whether to accept Cash Alternative or Share Alternative. The Independent Board Committee comprises independent non-executive Directors, Mrs. Christèle Hiss Holliger and Ms. Betty Liu, who have no direct or indirect interest in the Offers as at the Latest Practicable Date. (i) Mr. Thomas Levilion (non-executive Director) was a former executive Director; (ii) Mr. Jackson Chik Sum Ng (independent non-executive Director) holds 30,000 Shares and 400 free shares of LOG (vesting on 1 July 2024); and (iii) Mr. Charles Mark Broadly (independent non-executive Director) holds 400 free shares of LOG (vesting on 1 July 2024), and as such, they are not members of the Independent Board Committee. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise the Independent Board Committee in this regard.

We, Somerley Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offers. We are not connected with the Company, LOG, the Offeror, Mr. Reinold Geiger or any of their respective close associates, associates or core connected persons (as defined in the Listing Rules) or any party acting, or presumed to be acting, in concert with any of them and accordingly, are considered suitable to give independent advice on the Offers. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, LOG, the Offeror, Mr. Reinold Geiger or any of their respective close associates, associates or core connected persons or any party acting, or presumed to be acting, in concert with any of them. In addition, save for the current engagement for the Offers and the special deal as contained in the Company's circular dated 5 June 2024, no other services were provided by Somerley to the Company during the past two years.

In formulating our opinion, we have reviewed, among other things, the Initial Announcement, the Second Announcement, the annual report of the Company for the year ended 31 March 2023 (the “**FY2023 Annual Report**”), the annual results announcement of the Company for the year ended 31 March 2024 (the “**FY2024 Annual Results Announcement**”), estimate of value of Offeror Shares set out in Appendix V to the Composite Document and information set out in the Composite Document. We have sought and received confirmation from the Directors and management of the Company (collectively, “**Management**”) that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendations set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group, LOG, the Offeror or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Composite Document were true at the time they were made and as at the Latest Practicable Date, and Disinterested Shareholders will be informed as soon as possible if we become aware of any material change to such information or if there is any change to our opinion thereon.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

We have not considered the tax or regulatory implications on the Disinterested Shareholders of acceptance or non-acceptance of the Offers, as the case may be, since these are particular to their individual circumstances. In particular, the Disinterested Shareholders who are overseas residents or subject to overseas taxation or regulatory requirements on securities dealings should consider their own tax position and observe applicable legal or regulatory requirements and, if in any doubt, should consult their own professional advisers.

II. OFFEROR AND THE TERMS OF THE OFFERS

1. Information on Offeror Group

Offeror is a company incorporated in Luxembourg on 10 June 2024 with limited liability. Offeror is an investment holding company and has no independent business operations and was established for the purposes of making the Offers and issuing new shares under the Share Alternative and Offeror Corporate Restructuring. As at the Latest Practicable Date, the Offeror is a wholly-owned subsidiary of LOG. Please refer to Appendix IV and Appendix VI to the Composite Document for more information. As at Latest Practicable Date, the sole director is Mr. Reinold Geiger.

LOG is a company incorporated in Luxembourg with limited liability. It is an investment holding company and has no independent business operations. LOG holds interests in Offeror, the Company and other companies in, among other industries, retail and consumer products, and hotels and resorts. Offeror is ultimately controlled by Mr. Reinold Geiger. LOG has been, prior to the Share Offer, and will remain after the Share Offer, a controlling shareholder of the Company (as defined under the Takeovers Code and the Listing Rules). As at the Latest Practicable Date, the directors of LOG are Mr. Reinold Geiger (Chairman), Mr. André Hoffmann, Mr. Karl Guénard, Mr. Olivier Baussan, Mr. Christopher Braden, Mr. Sylvain Desjonqueres, Mr. Adrien Geiger, Mr. Maximilien Geiger and Mr. Nicolas Geiger.

Mr. Reinold Geiger is the Chairman of the Board and an executive Director; as well as a director and chairman of the board of directors of LOG and the sole director of Offeror. Mr. Geiger, through his wholly-owned controlled corporations (being investment holding companies) — Société d'Investissements CIME S.A., Cime S.C.A., and Cime Management S.à.r.l. — is the sole ultimate controlling shareholder of LOG and Offeror. Mr. Geiger is also a 0.08% direct Shareholder.

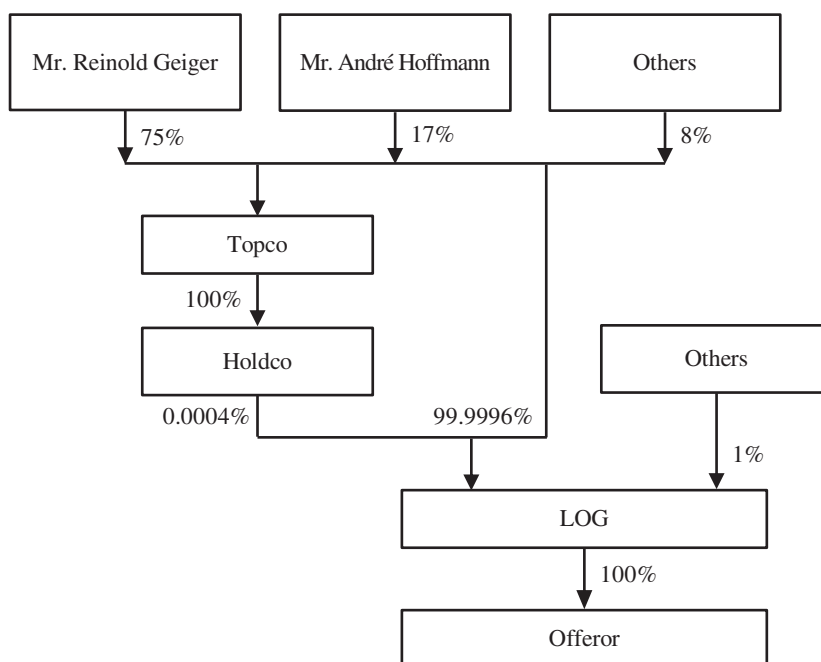
Lavender Investments Limited is wholly-owned by Mr. André Hoffmann, who is an executive Director and director of LOG. Lavender Investments Limited is also a 0.17% direct Shareholder.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

Topco is a special purpose vehicle established to hold 100% of Holdco, which in turn will control LOG following the Offer Unconditional Date (immediately following the LOG Corporate Restructuring). The sole ultimate controlling shareholder of Topco is Mr. Reinold Geiger, who controls Topco through his wholly-owned controlled corporations. Mr. André Hoffmann is a substantial shareholder of Topco.

Holdco is a special purpose vehicle established to hold: (a) as at Latest Practicable Date 0.0004%; and (b) following Offer Unconditional Date 99%, interest in LOG. Holdco is wholly-owned by Topco. The remaining 1% interest in LOG is primarily held by LOG group's employees and management who were awarded shares in LOG under LOG share incentive plans.

Set out below is a corporate structure chart illustrating a simplified shareholding structure of TopCo, Holdco, LOG and Offeror as at the Latest Practicable Date:



2. The Offers

As the Latest Practicable Date, the total issued share capital of the Company comprises 1,476,964,891 Shares, of which 1,996,691 are Treasury Shares.

2.1. Share Offer to Minority Shareholders

J.P. Morgan, on behalf of Offeror, is making the Share Offer to Minority Shareholders for all Offer Shares, in exchange for either:

Cash Alternative HK\$34.00 in cash for each Offer Share; or

Share Alternative..... 10 Rollover Shares for each Offer Share

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

The Company has confirmed that, as of Latest Practicable Date, it has (a) not declared any dividend or distribution which remains unpaid; and (b) no plan to declare, recommend, or pay any dividends or make any other distributions until the close of the Share Offer.

If any dividend or other distribution or return of capital (whether in cash or in kind) is declared, made or paid in respect of the Offer Shares from the Initial Announcement Date and until the Offer Closing Date (both dates inclusive), and such dividend right or amount is not transferred to Offeror with the Offer Shares, the Offer Price for each Offer Share (or in the case of the Share Alternative, the value of the total Rollover Shares exchanged for such Offer Shares) in respect of acceptances received during this period will be reduced by an amount equal to the amount or value of such dividend, distribution and/or return of capital, on a gross basis; and any reference in the Composite Document or any other announcement or document to the Offer Price (or the value of Rollover Shares offered under the Share Alternative) will be deemed to be a reference to the Offer Price (or the value of Rollover Shares offered under the Share Alternative) as so reduced.

The Share Offer is extended to all holders of Offer Shares (being the Minority Shareholders) in accordance with the Takeovers Code. For the avoidance of doubt, the Treasury Shares will not be subject to the Share Offer.

Please refer to section III.7 below for information on the Share Alternative and Part B to the Letter from J.P. Morgan and Offeror of the Composite Document for more information on, among others, further terms and settlement arrangements.

The Offer Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders, Award Holders and potential investors should be aware that, following the making of this statement, the Offeror is not permitted to increase the Offer Price.

2.2. Vested Option Offer to Vested Option Holders

In accordance with Rule 13 of the Takeovers Code and Practice Note 6 to the Takeovers Code, J.P. Morgan, on behalf of Offeror, is making the Vested Option Offer to Vested Option Holders to cancel their Vested Options at the Award Cancellation Price, calculated as the “see-through” price (being the Offer Price less the exercise price of each such Vested Option), as follows:

	Number of Vested Options	Exercise price per Vested Option	Award Cancellation Price per Vested Option
(a)	1,045,200 Options	HK\$14.50	HK\$19.50 in cash
(b)	594,150 Options	HK\$15.16	HK\$18.84 in cash

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

For the avoidance of doubt, by accepting the Vested Option Offer, the relevant Vested Option Holder agrees that each Vested Option held by them will be canceled in exchange for the relevant Award Cancellation Price. Please refer to Part C to the Letter from J.P. Morgan and Offeror of the Composite Document for more information on, among others, further terms and settlement arrangements.

If Vested Option Holders do not accept the Vested Option Offer on or between the Composite Document Date and the Offer Closing Date, their Vested Options will automatically and immediately lapse after the Offer Closing Date.

2.3. Liquidity Arrangement to Unvested Award Holders

Unvested Awards will not be accelerated for vesting and all Unvested Awards will remain to be vested under the existing schedule and conditions of grant under the relevant Share Incentive Plans.

Offeror proposes to enter into a Liquidity Agreement with each Unvested Award Holder pursuant to which Offeror will, in accordance with Rule 13 of the Takeovers Code and Practice Note 6 to the Takeovers Code, pay to the Unvested Award Holder the Award Cancellation Price to cancel each Award following its vesting in accordance with the existing schedule and conditions of grant under the relevant Share Incentive Plan; with the Award Cancellation Price calculated as: (i) the “see-through” price (being the Offer Price less the exercise price of each such vested Option); or (ii) the equivalent of the Offer Price (for each vested Free Share), as follows:

	Exercise price per Vested Option	Award Cancellation Price per Vested Option
(a)	For each Option following vesting with exercise price of HK\$20.67	HK\$13.33 in cash
(b)	For each Free Share following vesting	HK\$34.00 in cash

Please refer to Part D to the Letter from J.P. Morgan and Offeror of the Composite Document for more information on, among others, further terms and settlement arrangements.

If Unvested Award Holders do not enter into a Liquidity Agreement on or before the Offer Closing Date, each of them will become a Shareholder of a private company upon vesting and exercise (in the case of Options) or allocation (in the case of Free Shares) of the Awards (assuming that the Offers become or are declared unconditional in all respects and the Shares are delisted from the Stock Exchange).

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

2.4. Conditions of the Offers

Conditions of the Share Offer

On 21 June 2024, the Special Deal EGM was held and the resolution in respect of the GA Disposal was approved by the Disinterested Shareholders. As at the Latest Practicable, the Executive's consent regarding the Special Deal has been obtained and thus the Condition (f) to the Share Offer has been fulfilled. The Share Offer remains subject to fulfillment of the following major Condition:

- (a) valid acceptances of the Share Offer having been received (and not withdrawn) by 4:00 p.m. on Offer Closing Date (or such later time or date as Offeror may decide, subject to the rules of the Takeovers Code) in respect of such number of Offer Shares which, together with purchases, would result in Offeror holding not less than 90% of the Offer Shares held by Disinterested Shareholders.

Other than this Condition (a), Offeror reserves the right to waive, in whole or in part, all or any of the remaining Conditions.

As at the Latest Practicable Date, other than the above mentioned Condition (f), none of the Conditions have been fulfilled in full. If any of the Conditions are not fulfilled or waived (if waivable) on or before the Long Stop Date, the Share Offer will lapse unless the Share Offer is extended by Offeror in accordance with the Takeovers Code. The Offeror will issue an announcement in relation to the revision, extension or lapse of the Share Offer or fulfilling or waiving (if waivable) the Conditions in accordance with the Takeovers Code and the Listing Rules. In accordance with Rule 15.5 of the Takeovers Code, the latest time at which the Share Offer may become or may be declared unconditional as to acceptances is 7:00 p.m. on the 60th day after Composite Document Date (or such later date to which the Executive may consent).

Conditions of the Vested Option Offer and the Liquidity Arrangement

The Vested Option Offer and the Liquidity Arrangement are each conditional upon the Share Offer becoming or being declared unconditional in all respects.

Shareholders and potential investors of the Company should note that the Share Offer is subject to the Conditions. Additionally, Award Holders should note that the Vested Option Offer and the Liquidity Arrangement are each subject to the Share Offer becoming or being declared unconditional in all respects. The Conditions may or may not be fulfilled and/or waived and accordingly the Share Offer may or may not proceed (and the Vested Option Offer and the Liquidity Arrangement may or may not take effect). Shareholders, Award Holders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares and other securities of the Company, and if they are in doubt about their positions, they should consult their professional advisers.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

2.5. Irrevocable Undertakings and Non-Binding Letters of Support

a. Irrevocable Undertakings

As at the Latest Practicable Date, LOG has received Irrevocable Undertakings from certain Shareholders to accept the Share Offer in cash, recommend the Share Offer in cash or accept the Share Offer, as the case may be. Key information on the Irrevocable Undertakings is set out in the table below:

Table 1: Irrevocable Undertakings

Shareholder	Number of Offer Shares involved	Percentage of Offer Shares involved to the issued and outstanding share capital	Percentage of Offer Shares involved to the Offer Shares held by Disinterested Shareholders
<i>Irrevocable Undertakings to accept Share Offer in cash:</i>			
ACATIS Investment KVG mbH	63,079,800	4.28%	15.63%
Global Alpha Capital Management Limited (“ Global Alpha ”)	42,584,376	2.89%	10.55%
<i>Irrevocable Undertakings to recommend Share Offer in cash:</i>			
Global Alpha’s clients	11,704,731	0.79%	2.90%
<i>Irrevocable Undertakings to accept Share Offer:</i>			
Pleasant Lake Partners LLC	47,956,250	3.25%	11.88%
Total	165,325,157	11.21%	40.96%

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

b. Non-binding Letter of Support

As at the Latest Practicable Date, LOG has received a Non-binding Letter of Support from a Shareholder to confirm the intention to accept the Share Offer and to receive the Offer Price in cash. Key information on the Non-binding Letter of Support is set out in the table below:

Table 2: Non-binding Letter of Support

Shareholder	Number of Offer Shares involved	Percentage of Offer Shares involved to the issued and outstanding share capital	Percentage of Offer Shares involved to the Offer Shares held by Disinterested Shareholders
ACATIS Investment KVG mbH	<u>27,034,200</u>	<u>1.83%</u>	<u>6.70%</u>

The Non-binding Letter of Support indicates the supporting party's support of, and intention to accept, the Share Offer, but is provided instead of an irrevocable undertaking to enable the supporting party to maintain a level of liquidity prior to or during the Offer Period, such that the supporting party has flexibility to sell some or all of that portion of Shares prior to or during the Offer Period (rather than accepting the Share Offer, which would only be settled following the Offer Unconditional Date).

For more details of the Irrevocable Undertakings and the Non-binding Letter of Support, please refer to section 7 of the Letter from J.P. Morgan and Offeror of the Composite Document.

2.6. Possible Compulsory Acquisition and Withdrawal of Listing of Shares

Under Article 18, the Offeror will be entitled to exercise a compulsory acquisition right once the Offeror has acquired not less than 90% in value of the Shares for which the Share Offer is made (by virtue of acceptances of the Share Offer or otherwise) during the period of 4 months beginning on the Composite Document Date (being the date the Share Offer commences); following which, the Offeror has within a period of 5 months after Composite Document Date to issue a compulsory acquisition notice to Shareholders, to acquire on a compulsory basis, the remaining Shares (being those Shares subject to the Share Offer not already owned or acquired by Offeror or Shares in respect of which valid acceptances have not been received under the Share Offer).

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Under Rule 2.11 of the Takeovers Code, in addition to satisfying any requirements imposed by law, and except with the consent of the Executive, the Offeror may only exercise such compulsory acquisition right if the Offeror Concert Group obtains acceptances of the offer and purchases (in each case of the Offer Shares held by Disinterested Shareholders) on or between Announcement Date and the date ending 4 months following the Composite Document Date totaling 90% of the Offer Shares held by Disinterested Shareholders.

Subject to the satisfaction of the Conditions and requirements under Article 18 and Rule 2.11 of the Takeovers Code, the Offeror will privatise the Company by exercising the right to which it is entitled under Article 18 to compulsorily acquire all remaining Offer Shares not already owned by Offeror under the Share Offer in cash at the Offer Price, following which listing of the Shares will be withdrawn from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules. The Company will comply with the relevant requirements of the Listing Rules in this regard, and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules.

If the abovementioned threshold under Article 18 required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied on or before Offer Closing Date, dealings in the Shares may be suspended from Offer Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules.

Whilst it is the intention of Offeror to privatise the Company, Offeror's ability to exercise rights of compulsory acquisition in respect of the Offer Shares is dependent on the prescribed threshold required for compulsory acquisition under Article 18 and on the requirements of Rule 2.11 of the Takeovers Code being satisfied.

In the event that Condition (a) is not met, Offeror will not be able to effect the compulsory acquisition, in which case the Share Offer will not become unconditional and will lapse and the Shares will remain listed on the Stock Exchange.

3. Intentions of Offeror regarding the Group

It is the intention of the Offeror that the existing business of the Group shall continue unaffected, notwithstanding the Offers or the completion thereof. Additionally, the Offeror intends to retain the existing employees of the Group, and existing employment and hiring practices will remain unaffected (with usual personnel changes in the ordinary course of business). The Offeror has no intentions to introduce major changes to the business operations or structure of the Group, including no plans to redeploy fixed assets of the Group. Subject to the Group's business needs and prevailing market conditions, the Offeror may explore various business opportunities to further develop the existing business of the Group, improve efficiency and create shareholder value.

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III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations with regard to the Offers, we have taken into account the following principal factors and reasons:

1. Information of the Group

1.1. Background information of the Group

The Group is an international group that manufactures and retails beauty and well-being products that are rich in natural and organic ingredients. As a global leader in the premium beauty market, the Group has more than 3,000 retail outlets, including approximately 1,300 owned stores, and is present in 90 countries. Through its brands — L'OCCITANE en Provence, Melvita, Erborian, L'OCCITANE au Brésil, LimeLife by Alcone, ELEMIS, Sol de Janeiro and Dr. Vranjes Firenze, the Group offers beauty experiences using high quality products that respect nature, the environment and the people who surround it.

1.2. Financial information of the Group

(i) Financial performance

The following table sets out the summarised consolidated income statements of the Group for the year ended 31 March 2022 (“FY2022”), the year ended 31 March 2023 (“FY2023”) and the financial year ended 31 March 2024 (“FY2024”) as extracted from the FY2023 Annual Report and FY2024 Annual Results Announcement:

Table 3: Summarised Consolidated Income Statements of the Group

€ ('000)	FY2024 <i>(audited)</i>	FY2023 <i>(audited)</i>	FY2022 <i>(audited)</i>
Net sales	2,541,941	2,134,689	1,781,358
Gross profit	2,016,311	1,718,141	1,463,415
<i>% of net sales</i>	<i>79.3%</i>	<i>80.5%</i>	<i>82.2%</i>
Profit attributable to Shareholders	93,893	115,110	242,034
Dividend per Share (€)	—	0.03129	0.06585

a. Net sales and gross profit margins

The Group’s net sales increased by 19.8% from €1.8 billion in FY2022 to €2.1 billion in FY2023. Such increase was mainly due to strong positive growth of the Group’s newer brands, ELEMIS and Sol de Janeiro. The improvement in the core L'OCCITANE en Provence brand in the 4th quarter of FY2023 benefited from the dynamic travel retail channel and the early positive signs in China after the lifting of COVID-19 restrictions. The Group recorded net

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sales of €2.5 billion in FY2024, representing an increase of 19.1% as compared to the corresponding period in FY2023, mainly driven by the strong performance of Sol de Janeiro and stable performance of L'OCCITANE en Provence.

The Group's gross profit margin dropped from 82.2% in FY2022 to 80.5% in FY2023 and further to 79.3% in FY2024. The decrease in gross profit margins was mainly due to the brand mix resulting in particular from the inclusion and increase in share of Sol de Janeiro brand which has a higher wholesale mix, unfavourable channel mix, the increase in production costs and the increase in obsolescence costs.

Set out below is the segment revenue information of the Group by major brands for FY2022, FY2023 and FY2024 as extracted from the FY2023 Annual Report and FY2024 Annual Results Announcement.

Table 4: Summarised Operating Segment Information by Major Brands

€ ('000)	FY2024			FY2023			FY2022		
	Net sales	% of net sales	Gross profit margin	Net sales	% of total net sales	Gross profit margin	Net sales	% of net sales	Gross profit margin
L'OCCITANE en Provence	1,388,910	54.6%	84.5%	1,421,214	66.6%	84.5%	1,360,991	76.4%	84.8%
ELEMIS	252,987	10.0%	73.8%	255,945	12.0%	73.0%	226,317	12.7%	74.0%
Sol de Janeiro	686,051	27.0%	73.4%	266,989	12.5%	71.3%	26,081 <i>(Note)</i>	1.5% <i>(Note)</i>	69.7%

Note: As Sol de Janeiro has been consolidated to the Group since 1 January 2022, only Sol de Janeiro's net sales from January 2022 to March 2022 were recorded for FY2022.

The Group's core L'OCCITANE en Provence brand's contribution to the Group's net sales dropped from 76.4% in FY2022 to 66.6% in FY2023 and further to 54.6% in FY2024, as the aggregate net sales contributed by the Group's newer brands increased. In particular, the net sales contributed by Sol de Janeiro, which was acquired by the Group in FY2022, amounted to €267.0 million in FY2023 and made Sol de Janeiro the second largest brand contributor to the Group. It carried its strong growth momentum to FY2024 and further achieved an 157.0% increase in its net sales. As advised by the Management, the exceptional increases in FY2023 and FY2024 were mainly attributable to increased popularity of Sol de Janeiro's iconic bestsellers, new launches of products and continued strategic expansion of distributions including the entrance into a significant multi-brand partner in the United States and outperformance of the wholesale channels.

The gross profit margin of L'OCCITANE en Provence was 84.5% in FY2023 and FY2024, close to that in FY2022 and well above the Group's overall gross profit margin in corresponding periods. For the newer brands ELEMIS and Sol de Janeiro, gross profit margins

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were below that of the Group’s overall gross profit margin due to their different manufacture modes as well as their different distribution mix, although there has been some moderate improvement in Sol de Janeiro’s gross profit margin.

Set out below is the segment revenue information of the Group by major regions for FY2022, FY2023 and FY2024 as extracted from the FY2023 Annual Report and FY2024 Annual Results Announcement and based on the information provided by the Management:

Table 5: Summarised Operating Segment Information by Major Regions

€ ('000)	FY2024		FY2023		FY2022	
	Net sales	% of net sales	Net sales	% of net sales	Net sales	% of net sales
Asia Pacific	884,221	34.8%	896,231	42.0%	875,420	49.1%
— China	327,076	12.9%	298,096	14.0%	327,994	18.4%
Americas	1,092,529	43.0%	695,016	32.6%	343,306	19.3%
—The United States	966,201	38.0%	581,267	27.2%	251,725	14.1%
EMEA ^(Note)	565,191	22.2%	543,443	25.5%	562,632	31.6%

Note: Europe, Middle East and Africa.

In FY2022 and FY2023, Asia Pacific was the Group’s largest regional market despite its contribution to net sales of the Group dropping from 49.1% in FY2022 to 42.0% in FY2023. The Asia Pacific market recorded a slight year-on-year increase in net sales of 2.4% in FY2023, despite the decline in net sales in China due to certain COVID-19 related restrictions. Contribution from Asia Pacific in FY2024, which maintained similar net sales level to that in FY2023, further reduced to 34.8% of the Group’s total net sales to become the second largest regional market of the Group due to the strong growth in other regions’ net sales. China accounted for 30%–40% of contribution from Asia Pacific market in FY2022–FY2024.

By contributing 32.6% of the Group’s net sales in FY2023 and 43.0% of the Group’s net sales in FY2024, the Americas surpassed (i) the EMEA to become the Group’s second largest regional market in FY2023; and (ii) Asia Pacific to become the Group’s largest regional market in FY2024. This was primarily attributable to significant 130.9% and 66.2% positive growth in net sales from the United States in FY2023 and FY2024 respectively. The Group’s net sales in EMEA were relatively stable in FY2022–FY2024.

The United States’ contribution to the Americas market had been increasing from 73.3% for FY2022 to 88.4% for FY2024 and reached €966.2 million for FY2024 from €251.7 million for FY2022. This was mainly due to the strong contribution from Sol de Janeiro and majority of the Group’s major brands being sold in the United States.

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b. Profit attributable to Shareholders

The Group's profit attributable to Shareholders dropped from €242.0 million in FY2022 to €115.1 million in FY2023 and further to €93.9 million in FY2024, representing year-on-year decreases of 52.4% and 18.4%, respectively. Such declines were mainly due to (i) significant increase in marketing expenses, impairment loss incurred on LimeLife's and Melvita's goodwill and significant increase in finance expenses for FY2023 and (ii) significant increase in marketing expenses for FY2024 which was in line with the Group's plan to step up marketing investments significantly in key markets such as China, the United States and Japan as disclosed in the section headed "Outlook" under the "Management Discussion & Analysis" of FY2023 Annual Report.

c. Dividend

The Group maintained a dividend payout ratio of 40% in FY2022–FY2023. Dividend per Share for each of FY2022 and FY2023 was €0.06585 and €0.03129, respectively. As disclosed in the Initial Announcement, the Company has no plan to declare, recommend, or pay any dividends or make any other distributions until the close of the Share Offer. As such, no dividend is declared or recommended for FY2024.

(ii) Financial position

The following table sets out the summarised consolidated financial position of the Group as at 31 March 2022, 2023 and 2024 as extracted from the FY2023 Annual Report and FY2024 Annual Results Announcement:

Table 6: Summarised Consolidated Financial Position of the Group

€ ('000)	As at 31 March		
	2024 <i>(Unaudited)</i>	2023 <i>(Audited)</i>	2022 <i>(Audited)</i>
Total assets	3,115,035	2,816,428	3,009,074
Total liabilities	2,203,523	1,629,427	1,694,468
Total equity attributable to Shareholders ("NAV")	856,678	1,138,964	1,270,028
NAV per Share (€) ^(Note)	0.58	0.77	0.86

Note: Calculated based on the NAV of the respective year divided by the number of Shares in issue (excluding Treasury Shares) as at the end of the respective year.

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a. Assets

The Group's total assets as at 31 March 2023 decreased by 6.4% as compared to 31 March 2022, mainly due to (i) a decrease in cash and cash equivalents after repayment of borrowings of €151 million; and (ii) impairment loss related to the goodwill of Melvita for €22.8 million and LimeLife for €52.5 million and reduction in goodwill after the divestment of the Group's business in Russia. The Group's total assets recorded an increase of 10.6% as at 31 March 2024 as compared to 31 March 2023, principally attributable to the increase in inventories and trade receivables driven by the rapid expansion of Sol de Janeiro.

b. Liabilities

The Group's total liabilities as at 31 March 2023 were €1.6 billion, representing a decrease of 3.8% as compared to 31 March 2022. The decrease was largely due to the decrease in borrowings partially offset by the increase in other financial liabilities related to put options on the equity of certain subsidiaries granted by the Group to non-controlling interests. Due to the increase in fair value of the put option on equity of Sol De Janeiro granted by the Group to non-controlling interests, the Group's total liabilities as at 31 March 2024 increased by 35.2% as compared to 31 March 2023.

c. NAV

As a result, the NAV of the Group decreased from €1.3 billion as at 31 March 2022, to €1.1 billion as at 31 March 2023 and further to €0.9 billion as at 31 March 2024. NAV per Share as at 31 March 2022, 2023 and 2024 were €0.86, €0.77 and €0.58, respectively.

The decrease in the Group's NAV as at 31 March 2023 was due to a net result of comprehensive income for the year, payment of dividends declared for last financial year, decrease in other reserves from the change in estimates in the valuation of the exercise price of put options granted to non-controlling interests and new put options granted to non-controlling interests of Grown Alchemist.

The further decrease in the Group's NAV as at 31 March 2024 was due to a net result of comprehensive income for the period, payment of dividends declared for last financial year and decrease in other reserves from the change in estimates in the valuation of the exercise price of put options granted to non-controlling interests.

Comment

The Group achieved its highest profitability in FY2022 since its listing and recorded profit attributable to Shareholders of €242.0 million. Although the Group continued to record positive growth in its net sales in FY2023 and FY2024, affected by a combination of factors including changing brand mix, increase in costs and unfavourable channel mix, its gross profit margin was squeezed. Furthermore, significant expenditure, in particular marketing expenses incurred in key markets resulted in gradual drop in its profitability to €93.9 million for FY2024. The Group's largest market has also shifted from Asia Pacific to the Americas, thanks to the robust growth in its United States' net sales. Net sales in China were 30% higher than

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that in the United States in FY2022 but declined to only one-third of the United States level in FY2024. It is also noted that the Group's NAV decreased from €1.3 billion as at 31 March 2022 to €0.9 billion as at 31 March 2024, mainly due to the decrease in other reserves from the change in estimates in the valuation of the exercise price of put options granted to non-controlling interests.

2. Prospects of the Group

The Group is a global beauty group that offers a diverse range of beauty and well-being products and has more than 3,000 retail outlets in 90 countries. As discussed in section III.1.2 above, (i) in terms of regional market, Asia Pacific, Americas and EMEA are three major regional markets for the Group; and (ii) in terms of single country market, the United States and China are the Group's top two markets.

According to "The State of Fashion — Beauty" jointly published by the Business of Fashion (a world recognised media company with a focus on the global fashion and beauty industry) and McKinsey & Company (an international management consulting firm) in May 2023 (the "**Beauty Report**"), the global beauty industry recorded retail sales of US\$427 billion in 2022 and is estimated to reach US\$583 billion in 2027, representing a compound annual growth rate ("**CAGR**") of 6%. In 2022, Asia Pacific (excluding China), North America, Western Europe and China were the four largest beauty markets in the world, accounting for 26%, 20%, 17% and 15% of the global beauty retail sales, respectively. For 2022–2027, the beauty retail sales in (i) Asia Pacific (excluding China), North America and China are expected to increase at CAGR of 7%, 6% and 8%, same as or higher than the global average; and (ii) Western Europe is expected to increase at CAGR of 4%, lower than the global average. In addition, according to the Beauty Report, it is estimated that (i) the United States will continue to be the biggest beauty market over the next few years; and (ii) China will surpass Western Europe to become the third largest beauty market in 2026. Nevertheless, according to the Beauty Report, the two markets have witnessed some changes in both consumer behaviours and market conditions in post-pandemic era. Consumers tend not to associate quality with price as they once did. Furthermore, (i) in China, the number of homegrown brands has increased, carving out market share with targeted digital strategies and affordable prices and promotions; and (ii) in the United States, the number of small and mid-sized boutique brands continues to rise and major brands face intensified competition due to the low barriers to entry and trend-conscious consumers.

In FY2024, 43.0%, 34.8% and 22.2% of the Group's net sales were contributed by Americas, Asia Pacific and EMEA, respectively. The United States and China, the Group's top two markets in terms of single country market accounted for 38.0% and 12.9% of the Group's net sales for FY2024, respectively. In FY2022–FY2024, the Group's net sales in the Americas grew at 57.2%–102.4%, far exceeding the estimated growth rate for North America as mentioned in the Beauty Report. The Group's net sales in China and EMEA, however, experienced an overall stagnant growth over FY2022–FY2024. As advised by the Management, the decrease or overall slower growth in China was mainly due to the slow economic recovery in China and intensified competition in the skincare market in EMEA was primarily due to the rising geopolitical tensions in EMEA. Despite the stagnant growth of China market and EMEA market being countered by the outstanding positive growth in Americas, the Group's profit

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attributable to Shareholders was on a decreasing trend in FY2022–FY2024 mainly due to significant increases in marketing expenses and impairment losses incurred on LimeLife’s and Melvita’s goodwill.

In recent years, the Group has been expanding its portfolio of leading premium beauty and fragrance brands through merger and acquisition. ELEMIS and Sol de Janeiro, acquired in FY2019 and FY2022 respectively, proved to be successful and became the second and third largest contributors to the Group’s net sales. Sol de Janeiro performed strongly and reported operating profit of €161.6 million for FY2024, higher than L’OCCITANE en Provence, as its sales were mainly driven through its online and wholesale channels and thus relatively less distribution cost incurred. Nevertheless, the Group also experienced setbacks in newly acquired brands. For example, LimeLife, acquired in FY2018, needed impairment losses on goodwill in FY2023–FY2024 due to its non-performance. In March 2024, the Group acquired the Italian luxury home fragrance brand Dr. Vranjes Firenze.

Given the intensified competition in major beauty markets, the newer brand ELEMIS has accelerated marketing expenditures to implement its premiumisation strategy and Sol de Janeiro will require continued investment in manufacturing, distribution, and logistics in order to maintain its growth track record, while the bulk of the Company’s incremental marketing investments has recently been allocated to boosting the visibility and relevance of the core brand L’OCCITANE en Provence to maintain and invigorate its market share. Based on the Group’s brand strategies, the Group’s additional investments in marketing, store refurbishment, IT infrastructure and attracting talent to its core and newer brands is likely to continue to weigh on its profit margin in the near future.

3. Reasons for and benefits of the Offers

The following reasons and benefits have been extracted from Letter from J.P. Morgan and Offeror of the Composite Document.

3.1. Reasons for and benefits of the Offers for the Company

The Management considers that the Offers could (i) provide greater flexibility to the Company in making longer-term business focused decisions and long-term sustainable growth; (ii) consolidate the Company’s independence and reduce market risk; and (iii) support talent retention by the Liquidity Arrangement.

3.2. Reasons for and benefits of the Share Offer for Minority Shareholders and the Vested Option Offer for Vested Option Holders

The Management considers that the Offer could (i) unlock shareholder value at a compelling premium; (ii) provide a unique opportunity to fully monetise investment with limited liquidity as well as realise gains amidst current uncertain market conditions; and (iii) provide immediate and high certainty value realisation for all shareholders compared to other strategic options. In addition, there is low likelihood of an alternative general offer as the Offeror Concert Group collectively holds 72.63% of the total issued and outstanding share capital of the Company as at the Latest Practicable Date. For Qualifying Shareholders, the Share Offer will allow Minority Shareholders who have confidence in the long-term prospects

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of the Company, through election of the Share Alternative, to remain invested in the Company's business operations, subject to the Share Alternative Cap and the risk factors of holding Rollover Shares as specified in the section III.7 below and Part B to the Letter from J.P. Morgan and Offeror of the Composite Document.

3.3. Additional benefit of the Liquidity Arrangement for Unvested Award Holders

The Management considers that the Offers provide an exit opportunity to Unvested Award Holders at the same price and on comparable terms as the Cash Alternative. Unvested Award Holders will have the same opportunity to realise their equity interests in the Company and be entitled to the "see-through" offer price (in the case of vested Options) or the equivalent of the Offer Price (in the case of vested Free Shares), as all other Minority Shareholders when their Unvested Awards vest in accordance with the existing schedule and subject to conditions of grant under the relevant Share Incentive Plans.

Comment

As discussed in the section III.1 above, the Group has faced declining profitability since FY2022 when profits peaked. The drop in profitability was mainly due to the impairment loss incurred on two non-performing brands and increases in marketing expenses. After significant marketing investments, the Group registered double-digit growth in overall net sales in FY2023-FY2024. Sol de Janeiro, which was acquired by the Group in FY2022, was the key driver. In order to capitalise on the potential of its brands in the long term, as discussed in section III.2, the Group expects to continue to invest further for development of its core brand in key markets and channels and for the global expansion of its newer brands.

The Offeror has set the Cash Alternative at HK\$34.00 per Offer Share, which, as detailed below, is at a considerable premium over market prices over the Undisturbed Period and presents an opportunity for the Minority Shareholders to exit their investments in the Company at a fixed cash price. In addition to the Cash Alternative, the Offeror is also making the Share Alternative available to Minority Shareholders. The Share Alternative, in our view, is designed for sophisticated Minority Shareholders who are attracted by the background of the Offeror, are optimistic about the future prospects and profitability of the Group and are prepared to hold an illiquid investment. The Offeror intends to continue the existing business of the Group. Subject to the Group's business needs and prevailing market conditions, the Offeror may explore various business opportunities to further develop the existing business of the Group, improve efficiency and create shareholder value but no detailed plan has been provided.

Vested Option Holders are offered the "see-through prices" (being the Offer Price less the exercise price of each such Vested Option). Unvested Award Holders are offered the opportunities to enter into the Liquidity Arrangement whereby they are entitled to exit at the same "see-through prices" following vesting in accordance with the existing schedule and conditions of grant under the relevant Share Incentive Plan.

Our discussion of the market price and liquidity of the Shares is set out in section III.4 below and comparisons of valuation with the Company's peers and with the Privatisation Precedents (as defined below) are set out in sections III.5 and III.6.

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4. Analysis on price performance and trading liquidity of the Shares

4.1. Historical price performance of the Shares

Set out below is the movement of the closing prices of the Shares during the period from 1 January 2021 up to and including the Latest Practicable Date (the “**Review Period**”), and the major announcements of the Company published during the Review Period. The Review Period, which covers the period since the beginning of 2021, represents, in our view, sufficient time to provide a fair overview of the recent market performance of the Shares for the purpose of this analysis. A comparison with the Hang Seng Index (“**HSI**”) is also shown:

Figure 1: Share Price Performance



Source: Bloomberg and websites of the Stock Exchange and the Company

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Reference No.	Date	Event
<i>Phase 1: January 2021–January 2022</i>		
A	26 January 2021	Quarterly update–third quarter of FY2021 (3QFY2021)
B	4 May 2021	Quarterly update–fourth quarter of FY2021 (4QFY2021)
C	28 June 2021	FY2021 annual results announcement
D	9 August 2021	Quarterly update–first quarter of FY2022 (1QFY2022)
E	26 October 2021	Quarterly update–second quarter of FY2022 (2QFY2022)
F	15 November 2021	Acquisition of Sol de Janeiro
G	29 November 2021	FY2022 interim results announcement
<i>Phase 2: January 2022–January 2023</i>		
H	25 January 2022	Quarterly update–third quarter of FY2022 (3QFY2022)
I	24 March 2022	Acquisition of Grown Alchemist
J	26 April 2022	Quarterly update–fourth quarter of FY2022 (4QFY2022)
K	27 June 2022	FY2022 annual results announcement
L	26 July 2022	Quarterly update–first quarter of FY2023 (1QFY2023)
M	25 October 2022	Quarterly update–second quarter of FY2023 (2QFY2023)
N	28 November 2022	FY2023 interim results announcement

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Reference No.	Date	Event
<i>Phase 3: January 2023–Latest Practicable Date</i>		
O	31 January 2023	Quarterly update–third quarter of FY2023 (3QFY2023)
P	4 May 2023	Quarterly update–fourth quarter of FY2023 (4QFY2023)
Q	26 June 2023	FY2023 annual results announcement
R	25 July 2023	Quarterly update–first quarter of FY2024 (1QFY2024)
S	27 July 2023	Clarification announcement in relation to possible privatisation proposal from controlling shareholder (the “Possible Offer”)
T	11 August 2023	Rule 3.7 announcement in relation to the Possible Offer
U	4 September 2023	Rule 3.7 announcement in relation to termination of the Possible Offer
V	24 October 2023	Quarterly update–second quarter of FY2024 (2QFY2024)
W	28 November 2023	FY2024 interim results announcement
X	30 January 2024	Quarterly update–third quarter of FY2024 (3QFY2024)
Y	2 April 2024	Announcement of the GA Disposal
Z	29 April 2024	Initial Announcement
AA	17 June 2024	Second Announcement
AB	21 June 2024	Approval of GA Disposal at the Special Deal EGM
AC	24 June 2024	FY2024 Annual Results Announcement

The Company has been listed on Main Board of the Stock Exchange since 7 May 2010 with an initial public offer price of HK\$15.08 (the “**IPO Price**”). The Offer Price of HK\$34.00 represents a premium of 125.5% over the IPO Price.

The Company has been announcing quarterly updates on the Group’s sales performance as well as the interim and annual results. During the Review Period, the Company announced the Possible Offer in July 2023 and the Offers in April 2024. During the Review Period, the Share closed between HK\$17.82 and HK\$33.60, with an average closing price of HK\$24.84. The Offer Price is higher than all the closing prices of the Shares during the Review Period.

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Phase 1 (January 2021–January 2022):

While HSI generally moved downward during the Phase 1, the Shares exhibited an upward trend possibly supported by the Group's business development and financial performance.

The Share price surged approximately 25% following the announcement of 3QFY2021 quarterly update on 26 January 2021. Despite the worldwide pandemics, the Group managed to improve its net sales momentum in 3QFY2021 which mainly benefitted from double-digit growth in China and Taiwan. On 4 May 2021, the Company announced that the Group achieved encouraging growth of 12.5% in its net sales in 4QFY2021. Among its major markets, China recorded an exceptional 58.2% growth in 4QFY2021 and ended FY2021 with net sales of €263.6 million and became the largest single country market of the Group. The closing price of the Share increased by 16% from HK\$23.25 on 4 May 2021 to HK\$27.00 on 6 May 2021. The subsequent releases of FY2021 annual results, 1QFY2022 quarterly update and FY2022 interim results seemed to have limited impact on the Share price performance. The Share, however, rose by 16% from HK\$24.9 on 26 October 2021 to HK\$28.85 on 4 November 2021 after the release of 2QFY2022 quarterly update which announced the Group's continued positive sales momentum with China contributing the most as a result of successful online and offline sales promotions. On 12 January 2022, the closing price of the Share reached its highest during the Review Period at HK\$33.60.

Phase 2 (January 2022–January 2023):

During the Phase 2, the Shares generally moved in line with HSI and tended to trend downward against the backdrop of resurgences of pandemics caused by COVID-19 new variants. FY2022 annual results announcement of the Company, which reported a 60% increase in profit attributable to Shareholders, failed to lift the Share price significantly further. Meanwhile, the Group's net sales growth in China seemed to run out of steam, from double-digit positive growth at the beginning of the Phase 2 to negative growth at the end of the Phase 2. According to the Group's 1QFY2023 and FY2023 annual results, the Group's net sales in China were severely impacted by the lockdowns and restrictive measures in Shanghai and other major cities of China in April and May 2022 as (i) its retail stores had to be closed due to the lockdown and restrictive measures; and (ii) its store replenishments nationwide were disrupted due to the close of its warehouse in Shanghai.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

Phase 3 (January 2023–Latest Practicable Date):

Due to a combination of factors including fluctuations in the Group's business performance, the Possible Offer and the Offers, the Shares did not closely track the movement of HSI in the Phase 3.

The growth of the Group's net sales slowed down in 3QFY2023 as announced on 31 January 2023. The core brand L'OCCITANE en Provence suffered a 5% year-on-year decline in its net sales in 3QFY2023, partly due to the divestiture of the Russian business and partly due to the persistent macroeconomic challenges in key markets such as China and Japan. The Share closing price dropped by 15% from HK\$21.75 on 31 January 2023 to HK\$18.56 on 13 February 2023. On 4 May 2023, the Company announced that the sales performance of all key brands improved in 4QFY2023 as compared to 3QFY2023. In particular, the core brand L'OCCITANE en Provence returned to positive growth in its net sales in 4QFY2023 after the lifting of all the pandemic related restrictions in China. The Shares recorded a 20% increase in closing price from HK\$19.58 on 4 May 2023 to HK\$23.55 on 15 May 2023. However, after the release of FY2023 annual results announcement, which reported a 52.4% decrease in profit attributable to Shareholders, on 26 June 2023, the Share price erased the previous gain. From early July 2023 to early September 2023, the Share price surged significantly, from HK\$18.32 on 6 July 2023 to reach HK\$27.80 on 4 September 2023. During that period, the Company announced the Possible Offer from the controlling Shareholder on 26 July 2023. The Share price trended downward following the termination of the Possible Offer on 4 September 2023 and closed at HK\$18.12 on 29 November 2023, the lowest level of Phase 3. The Share price then surged again from early December 2023 to early April 2024. On 5 February 2024, being the Undisturbed Date subsequent to which there were irregular trading volumes and price movements in the Shares, the Shares closed at HK\$26.00. The Company announced the disposal of Grown Alchemist on 2 April 2024 and the trading in Shares was halted during the period from 9 April 2024 to and including 29 April 2024 pending the release of the Initial Announcement. The GA Disposal was approved by Disinterested Shareholders at the Special Deal EGM held on 21 June 2024. FY2024 Annual Results Announcement was released on 24 June 2024.

The Initial Announcement and the Second Announcement were released on 29 April 2024 and 17 June 2024, respectively. After the release of the Initial Announcement and up to the Latest Practicable Date, the Share price closed between HK\$31.60 and HK\$33.25, with an average closing price of HK\$32.49. The Share closed at HK\$33.20 as at the Latest Practicable Date.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

4.2. Trading liquidity of the Shares

Set out in the table below are the monthly total trading volumes of the Shares and the percentages of the monthly total trading volumes of the Shares to the total issued Shares and public float respectively during the Review Period:

Table 7: Trading Liquidity

	Monthly total trading volume of the Shares	Percentage of the monthly total trading volume of the Shares to the total issued Shares <i>(Note 1)</i>	Percentage of the monthly total trading volume of the Shares to the public float <i>(Note 2)</i>
2021			
January	12,376,964	0.85%	3.26%
February	21,267,455	1.45%	5.55%
March	13,124,718	0.89%	3.41%
April	5,911,333	0.40%	1.53%
May	14,832,600	1.01%	3.84%
June	13,849,255	0.94%	3.54%
July	16,213,473	1.10%	4.13%
August	10,069,275	0.68%	2.56%
September	8,896,822	0.61%	2.29%
October	11,551,568	0.79%	2.97%
November	11,420,097	0.78%	2.94%
December	19,691,711	1.34%	5.07%
2022			
January	10,679,570	0.73%	2.75%
February	9,409,805	0.64%	2.43%
March	14,624,500	0.99%	3.73%
April	7,306,490	0.50%	1.86%
May	7,481,309	0.51%	1.91%
June	11,546,875	0.79%	2.94%
July	8,769,295	0.60%	2.23%
August	6,867,626	0.47%	1.74%
September	10,117,759	0.69%	2.57%
October	8,824,335	0.60%	2.24%
November	13,552,781	0.92%	3.44%
December	8,621,437	0.59%	2.18%

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

	Monthly total trading volume of the Shares	Percentage of the monthly total trading volume of the Shares to the total issued Shares <i>(Note 1)</i>	Percentage of the monthly total trading volume of the Shares to the public float <i>(Note 2)</i>
2023			
January	12,493,518	0.85%	3.17%
February	43,532,244	2.96%	11.03%
March	22,799,302	1.55%	5.77%
April	11,826,239	0.80%	2.99%
May	35,635,780	2.42%	9.02%
June	41,067,492	2.79%	10.39%
July	26,430,494	1.80%	6.69%
August <i>(Note 3)</i>	26,716,837	1.81%	6.75%
September <i>(Note 4)</i>	24,298,091	1.65%	6.13%
October	10,973,927	0.75%	2.77%
November	29,375,318	2.00%	7.42%
December	27,352,723	1.86%	6.90%
2024			
January	26,783,804	1.82%	6.75%
February	51,427,431	3.49%	12.88%
March	35,764,374	2.42%	8.91%
April <i>(Note 5)</i>	33,587,834	2.28%	8.37%
May	74,412,038	5.05%	18.53%
June <i>(Note 6)</i>	37,201,762	2.52%	9.27%

Source: Bloomberg

Notes:

1. The calculation is based on the monthly total trading volumes of the Shares divided by the total issued share capital in issue (excluding the Share held in treasury) as at the end of each month or the Latest Practicable Date, as applicable.
2. The calculation is based on the monthly total trading volumes of the Shares divided by the total number of Shares held by the public as at the end of each month or the Latest Practicable Date, as applicable, based on the information provided by the Company.
3. Trading in the Shares was suspended during the period from 9 August 2023 up to and including 13 August 2023.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

4. Trading in the Shares was suspended on 4 September 2023.
5. Trading in the Shares was suspended during the period from 9 April 2024 up to and including 29 April 2024.
6. Trading in the Shares was suspended during the morning session on 17 June 2024.

From January 2021 to January 2024 (the “**Undisturbed Period**”), the monthly turnover of the Shares stayed between 0.40%–2.00% of the total issued Shares (excluding the Shares held in treasury) and 1.53%–7.42% of the public float save for February, May and June 2023. Surges in trading turnover of the Shares were seen in those months, coupled with fluctuations of Share closing prices. We have discussed this with the Management and they are unaware of the reason for such surge save for the Company’s quarterly updates. Irregular trading volume and price movements in the Shares were noted since the Undisturbed Date. The monthly turnover of the Shares in February 2024 increased to 3.49% of the total issued Shares (excluding the Shares held in treasury) and 12.88% of the public float. The trading in the Shares was suspended during most of the trading days in April 2024. Following the publication of the Initial Announcement in late April 2024 and resumption of trading in the Shares, the monthly turnover of the Shares further increased to 2.52%–5.05%% of the total issued Shares (excluding the Share held in treasury) and 9.27%–18.53%% of the public float from May 2024 to June 2024.

The Company’s market capitalisation is HK\$43.5 billion as at 8 April 2024, being the last trading day prior to the Initial Announcement (the “**Last Trading Day**”). We have reviewed other companies listed on the Stock Exchange with a market capitalisation ranging from HK\$40 billion to HK\$50 billion (the “**Market Cap Peers**”) and noted that the average of their total monthly trading volume of shares to public float during the Review Period ranged from 1.15% to 23.50%. As such, the liquidity of the Shares during most of the Undisturbed Period (i.e. 2021–2022) has been, in our view, generally thin. The relatively higher monthly turnover (i) in certain months of 2023, which is ahead of the Possible Offer, is rather unusual and (ii) in February and May 2024 is in our view principally related to investors’ positive expectation regarding the Offers, and may not continue if the Offers lapse. Disinterested Shareholders, especially those with significant stakes, should note that if they wish to exit their investments in the Company, they might not be able to dispose of the Shares in the market without exerting a downward pressure on the market price of the Shares. On this basis, the Offers provide an opportunity for the Disinterested Shareholders (especially those with relatively sizeable shareholdings) to dispose of the Shares at a fixed cash price substantially higher than the average Share price during the Undisturbed Period without disturbing the market price of the Shares.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

4.3. Offer Price comparison

A comparison of the Offer Price of HK\$34.00 per Share with the recent closing prices of the Shares and NAV per Share is set out as follows:

Table 8: Share Price Comparison

	Closing price or average closing price of the Shares	Premium represented by the Offer Price
Latest Practicable Date	33.20	2.41%
Last Trading Day	29.50	15.25%
Undisturbed Date	26.00	30.77%
5 trading days ⁽¹⁾	24.98	36.11%
10 trading days ⁽¹⁾	24.19	40.55%
30 trading days ⁽¹⁾	22.68	49.91%
60 trading days ⁽¹⁾	21.14	60.83%
	NAV per Share ⁽²⁾	Premium represented by the Offer Price
As at 31 March 2024	HK\$4.87	598.53%

Source: Bloomberg and the website of the Stock Exchange

Notes:

1. Up to and including the Undisturbed Date.
2. Calculated based on the Group's NAV as at 31 March 2024 and the number of Shares in issue (excluding the Treasury Shares) as at 31 March 2024 and converted to HK\$ at the rate of €1=HK\$8.3920 on 25 April 2024 (last trading day prior to the Second Announcement) as announced by European Central Bank.

The Offer Price of HK\$34.00 represents premiums of approximately 30.77%–60.83% over the closing price of the Share on the Undisturbed Date and the average closing prices of the Shares for the 5, 10, 30 and 60 trading days (up to and including the Undisturbed Date) before the irregular trading volumes and price movements in the Share were noted. We consider these premiums represented by the Offer Price over the closing price of the Share on the Undisturbed Date and the average closing prices of the Share for various periods up to and including the Undisturbed Date are significant. Furthermore, the Offer Price represents a premium of 598.53% over the latest NAV per Share as at 31 March 2024.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

On the Last Trading Day and Latest Practicable Date, the Offer Price represents premiums of 15.25% and 2.41%, respectively. The Share price movement following the publication of the Initial Announcement is likely to be influenced by the Offer Price. As such, we consider that there is no assurance that the Share price will remain at the current levels should the Offers lapse.

Comments

The Offer Price of HK\$34.00 per Share has been higher than all the closing prices of the Share during the Review Period which range from HK\$17.82 to HK\$33.60, as well as the IPO Price of HK\$15.08.

From January 2021 to January 2022, the Share significantly outperformed HSI, mainly attributable to the Group's strong and resilient business development and financial performance against the backdrop of the outbreak and resurgence of the pandemics. In particular, among its major markets, China recorded an exceptional 58.2% growth in 4QFY2021 and ended FY2021 with net sales of €263.6 million and became the largest market of the Group due to successful online and offline sales promotions. From January 2022 to January 2023, the Group's net sales growth in China seemed to run out of steam, impacted by the lockdowns and restrictive measures in Shanghai and other major cities of China. During that period, the Shares generally moved in line with HSI and tended to trend downwards. Starting from January 2023, the Share did not closely follow the movement of HSI due to a combination of factors including fluctuations in the Group's business performance, the Possible Offer and the Offers. Despite the outstanding performances of the Group's newer brands such as Sol de Janeiro, the core brand L'OCCITANE en Provence, which has contributed the majority of the Group's net sales, saw some fluctuations in its net sales. The Possible Offer announced in July 2023 lifted the Share price to a high level but the Share price declined following its termination. Similarly, the current high level of the Share price in our view is likely to be influenced by the Offer Price and may not continue should the Offers lapse.

Taking into consideration the above and given the relatively thin liquidity of the Shares during most of the Undisturbed Period as compared to those of the Market Cap Peers, the Offers present a solid opportunity for the Disinterested Shareholders (especially those with relatively sizeable shareholdings) to exit their investments in the Company if they are uncertain about the Group's future business performance and would like to dispose of their Shares at a fixed cash price without disturbing the market price of the Share.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

5. Peer companies

The Group is an international group that manufactures and retails beauty and well-being products and has more than 3,000 retail outlets, including approximately 1,300 owned stores, and is present in 90 countries. The Company is listed on the Main Board of the Stock Exchange with a market capitalisation of HK\$43.5 billion as at the Last Trading Day. We employed Bloomberg's equity screening tool to identify companies listed on Main Board of the Stock Exchange that (i) generate over 50% of their revenue from manufacture and sales of skincare and cosmetic products; (ii) have a market capitalisation of approximately or over HK\$20 billion; (iii) are profitable in the last financial year; and (iv) are in a positive net asset position as at the year end of last financial year ("**Hong Kong Comparable Companies**"). However, in terms of geographical market, it is noted that the Hong Kong Comparable Companies mainly operate in one single country. We therefore expanded the scope to identify companies listed on other stock exchanges that fulfil criteria (i) to (iv) and which operate in multiple countries ("**Global Comparable Companies**"). The Hong Kong Comparable Companies and Global Comparable Companies (together, the "**Comparable Companies**"), so far as we are aware, are exhaustive based on the above selection criteria.

In conducting our analysis, we have compared the price-to-earning ratio ("**PER**") and price-to-book ratio ("**PBR**") of the Company implied by the Offer Price with those of the Comparable Companies, which we consider are widely accepted multiples to evaluate a company. Set out below are our findings:

Table 9: Comparable Companies

Company (stock code)	Place of listing	Market Capitalisation ⁽¹⁾ (HK\$ billion)	PER ⁽²⁾ (times)	PBR ⁽³⁾ (times)
<i>Hong Kong Comparable Companies:</i>				
Giant Biogene Holding Co Ltd (2367.HK)	Hong Kong	42.5	27.00	8.99
Shanghai Chicmax Cosmetic Co Ltd (2145.HK)	Hong Kong	19.9	39.80	9.14
<i>Global Comparable Companies:</i>				
L'Oréal S.A. (OR.FP)	Paris	1,865.4	35.56	7.56
The Estée Lauder Companies Inc. (EL.US)	New York	408.4	81.35	9.08
Beiersdorf AG (BEI.GR)	Frankfurt	249.0	39.88	3.53
Shiseido Company, Limited (4911.JP)	Tokyo	84.4	167.21	2.60
e.l.f Beauty Inc (ELF.US)	New York	72.1	72.13	14.33
AMOREPACIFIC Corporation (090430.KS)	Korea	47.7	48.11	1.68

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

Company (stock code)	Place of listing	Market Capitalisation ⁽¹⁾ (HK\$ billion)	PER ⁽²⁾ (times)	PBR ⁽³⁾ (times)
Proya Cosmetics Co., Ltd. (603605.CH)	Shanghai	40.9	29.30	8.40
		Highest	167.21	14.33
		Lowest	27.00	1.68
		Average	60.04	7.26
		Median	39.88	8.40
The Company (973.HK)	Hong Kong	43.5	62.95 ⁽⁴⁾	6.90 ⁽⁴⁾

Notes:

1. The market capitalisation of the Comparable Companies and the Company are calculated based on the closing price of the respective companies as at the Last Trading Day multiplied by the latest number of issued and outstanding shares (excluding shares held in treasury) available from their latest public filings.
2. The PERs of the Comparable Companies are calculated based on their respective market capitalisation as at the Last Trading Day divided by their respective profit attributable to the shareholders for the latest trailing 12-month period as referenced from their respective latest published annual/interim/quarterly reports/results.
3. The PBRs of the Comparable Companies are calculated based on their respective market capitalisation as at the Last Trading Day divided by their respective net assets attributable to the shareholders as referenced from their respective latest published annual/interim/quarterly reports/results.
4. The PER and PBR implied by the Offer Price are calculated based on the Offer Price of HK\$34.00.

A total of 2 Hong Kong Comparable Companies and 7 Global Comparable Companies have been identified. The PER implied by the Offer Price of 62.95 times (i) is higher than those of the Hong Kong Comparable Companies; and (ii) falls within the range of and exceeds the average and median of those of the Comparable Companies. The PBR implied by the Offer Price of 6.90 times falls within the range of, but somewhat below the average and median of, those of the Comparable Companies.

Comments

The Company is listed on the Main Board of the Stock Exchange and operates businesses around the world. On this basis, a combination of Hong Kong Comparable Companies and Global Comparable Companies, in our view, provides a comprehensive view of the market ratings of companies of this type in the Hong Kong market and other markets. Both the PER and PBR implied by the Offer Price fall within the range of those of the Comparable Companies. Furthermore, the PER implied by the Offer Price is higher than those of Hong Kong Comparable Companies and the average and median of those of the Comparable Companies. Given that (i) the Group is profitable in its last financial year; and (ii) skincare/beauty industry is not an asset-intensive industry, we consider PER the most appropriate valuation multiple to assess a profitable company of this type. On this basis, we are of the view that the Offer Price of HK\$34.00 to be fair and reasonable.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

6. Privatisation precedents

As part of the assessment of the fairness and reasonableness of the Offer Price, we have researched approved privatisation proposals of companies listed on the Main Board of the Stock Exchange that were announced and completed since 1 January 2023 (the “**Privatisation Precedents**”). The Privatisation Precedents, in our view, give a comprehensive overview of the recent pricing of recent transactions of this type and the premium or discount that most of the independent shareholders are willing to accept for tendering their shares in a privatisation transaction. The Privatisation Precedents represent an exhaustive list of privatisation proposals meeting the said criteria, a summary of which is set out in the table below.

Table 10: Privatisation Precedents

Date of initial announcement ⁽²⁾	Company name (stock code)	Last full trading day ⁽³⁾	Premium or (discount) represented by offer/cancellation price over/to closing share price/average share price on/over ⁽¹⁾				Premium or (discount) represented by offer/cancellation price over/to latest NAV per share/adjusted NAV per share ⁽⁵⁾
			5-trading day ⁽⁴⁾	10-trading day ⁽⁴⁾	30-trading day ⁽⁴⁾	60-trading day ⁽⁴⁾	
9 February 2024	IntelliCentrics Global Holdings Ltd. (6819) ⁽⁶⁾	20.5%	20.4%	19.3%	13.6%	11.4%	NA ⁽⁷⁾
26 January 2024	Bank of Jinzhou Co., Ltd. (416)	0.0%	(0.6)%	(1.0)%	0.3%	15.4%	(71.9)%
14 December 2023	Sinosoft Technology Group Limited (1297)	29.4%	30.4%	31.2%	31.1%	22.5%	(78.9)%
4 December 2023	Weiqiao Textile Company Limited (2698)	104.7%	104.9%	102.7%	111.1%	142.9%	(78.3)%
28 November 2023	CIMC Vehicles (Group) Co., Ltd. (1839)	16.5%	17.9%	21.0%	25.4%	19.1%	(6.3)%
20 November 2023	Vinda International Holdings Limited (3331)	20.1%	19.7%	21.4%	21.3%	25.7%	145.2%
6 October 2023	Haitong International Securities Group Limited (665)	114.1%	111.1%	108.2%	126.5%	122.2%	(39.3)%
6 October 2023	Pine Care Group Limited (1989)	(1.1)%	0.7%	0.9%	1.5%	8.9%	(7.9)%

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

Date of initial announcement ⁽²⁾	Company name (stock code)	Last full trading day ⁽³⁾	Premium or (discount) represented by offer/cancellation price over/to closing share price/average share price on/over ⁽¹⁾					Premium or (discount) represented by offer/cancellation price over/to latest NAV per share/adjusted NAV per share ⁽⁵⁾
			5-trading day ⁽⁴⁾	10-trading day ⁽⁴⁾	30-trading day ⁽⁴⁾	60-trading day ⁽⁴⁾	60-trading day ⁽⁴⁾	
15 September 2023	Lansen Pharmaceutical Holdings Limited (503)	26.8%	24.1%	22.5%	20.0%	15.4%	22.1%	
1 September 2023	CST Group Limited (985)	61.3%	24.4%	21.4%	36.6%	(1.4)%	(60.7)%	
27 June 2023	Dali Foods Group Company Limited (3799)	37.9%	36.4%	39.4%	30.2%	21.8%	151.7%	
27 June 2023	Poly Culture Group Corporation Limited (3636)	77.6%	112.5%	125.2%	133.1%	129.8%	(30.9)%	
23 June 2023	Yongsheng Advanced Materials Company Limited (3608)	58.7%	55.8%	61.0%	52.9%	38.5%	(46.5)%	
11 June 2023	Mason Group Holdings Limited (273)	20.7%	20.7%	19.4%	19.0%	16.2%	(60.1)%	
28 May 2023	Golden Eagle Retail Group Limited (3308)	63.4%	66.6%	61.5%	55.3%	49.9%	(47.4)%	
8 May 2023	Hailan Holdings Limited (2278)	5.0%	5.0%	5.0%	5.0%	5.0%	(60.2)%	
29 March 2023	Inner Mongolia Yitai Coal Co., Ltd. (3948)	54.9%	58.7%	63.7%	67.3%	64.2%	(6.0)%	

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

Date of initial announcement ⁽²⁾	Company name (stock code)	Premium or (discount) represented by offer/cancellation price over/to closing share price/average share price on/over ⁽¹⁾					Premium or (discount) represented by offer/cancellation price over/to latest NAV per share/adjusted NAV per share ⁽⁵⁾
		Last full trading day ⁽³⁾	5-trading day ⁽⁴⁾	10-trading day ⁽⁴⁾	30-trading day ⁽⁴⁾	60-trading day ⁽⁴⁾	
21 February 2023	Jiangnan Group Limited (1366)	83.5%	100.0%	106.2%	107.3%	102.0%	(63.8)%
17 February 2023	AAG Energy Holdings Limited (2686)	10.1%	10.1%	9.3%	10.8%	24.2%	(27.5)%
	Highest	114.1%	112.5%	125.2%	133.1%	142.9%	151.7%
	Lowest	(1.1)%	(0.6)%	(1.0)%	0.3%	(1.4)%	(78.9)%
	Average	42.3%	43.1%	44.1%	45.7%	43.9%	(20.4)%
	Median	29.4%	24.4%	22.5%	30.2%	22.5%	(42.9)%
29 April 2024	The Company (973)	30.8%	36.1%	40.6%	49.9%	60.8%	598.5%

Source: Bloomberg and the website of the Stock Exchange

Notes:

1. The figures are quoted from the respective offer/scheme document or if such data is not available, calculated based on the offer/cancellation price divided by the closing price per share on the last full trading day or average closing price per share during various periods.
2. The date of the Takeovers Code Rule 3.5 announcement or Rule 3.7 announcement, whichever is earlier.
3. The last undisturbed full trading day as disclosed in the respective offer/scheme document or last full trading day prior to the release of the initial announcement.
4. Up to and including the last undisturbed full trading day.
5. It represents the premium or (discount) represented by the offer/cancellation price over the NAV per share (or adjusted NAV per share, if available) quoted from the respective offer/scheme document.
6. We consider the proposal relating to the delisting of IntelliCentrics Global Holdings Ltd. (stock code: 6819) is akin to privatisation of companies listed in Hong Kong and thus include it as one of the Privatisation Precedents and treat the interim dividend involved as the cancellation price.
7. Not applicable as the subject offeree company was in net liability position.
8. Subject to rounding differences.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

(a) Premiums or (discounts) over/to the prevailing share prices

The premiums or (discounts) represented by the offer/cancellation price of the Privatisation Precedents are (i) (1.1)%–114.1%, with an average of 42.3% and median of 29.4% over/to their respective share closing price on the last undisturbed full trading day; (ii) (0.6)%–112.5%, with an average of 43.1% and median of 24.4% over/to their respective 5-trading day average share closing price; (iii) (1.0)%–125.2%, with an average of 44.1% and median of 22.5% over/to their respective 10-trading day average share closing price; (iv) 0.3%–133.1%, with an average of 45.7% and median of 30.2% over/to their respective 30-trading day average share closing price; and (v) (1.4)%–142.9%, with an average of 43.9% and median of 22.5% over/to their respective 60-trading day average share closing price.

The premiums of 30.8%–60.8% represented by the Offer Price over the closing Share price on the Undisturbed Date and average closing prices of the Shares for various trading periods fall within the ranges of those of the Privatisation Precedents with its premiums over 10-, 30- and 60-trading day average higher than the medians of those of the Privatisation Precedents.

(b) Premiums or (discounts) over/to the NAV per share

The premiums or (discounts) represented by the offer/cancellation price of the Privatisation Precedents over/to their respective NAV per share range from (78.9)% to 151.7%. The Offer Price representing a premium over the NAV per Share of 598.5% is higher than those of all the Privatisation Precedents.

Comments

Having considered that (i) the premiums represented by the Offer Price over the closing Share price on the Undisturbed Date and average Share closing prices for various trading periods fall within the ranges of those of the Privatisation Precedents with premiums over 10-, 30- and 60-trading day average higher than the medians of those of the Privatisation Precedents; and (ii) the premium represented by the Offer Price over the NAV per Share is higher than those of all Privatisation Precedents, we consider the Offer Price to be fair and reasonable.

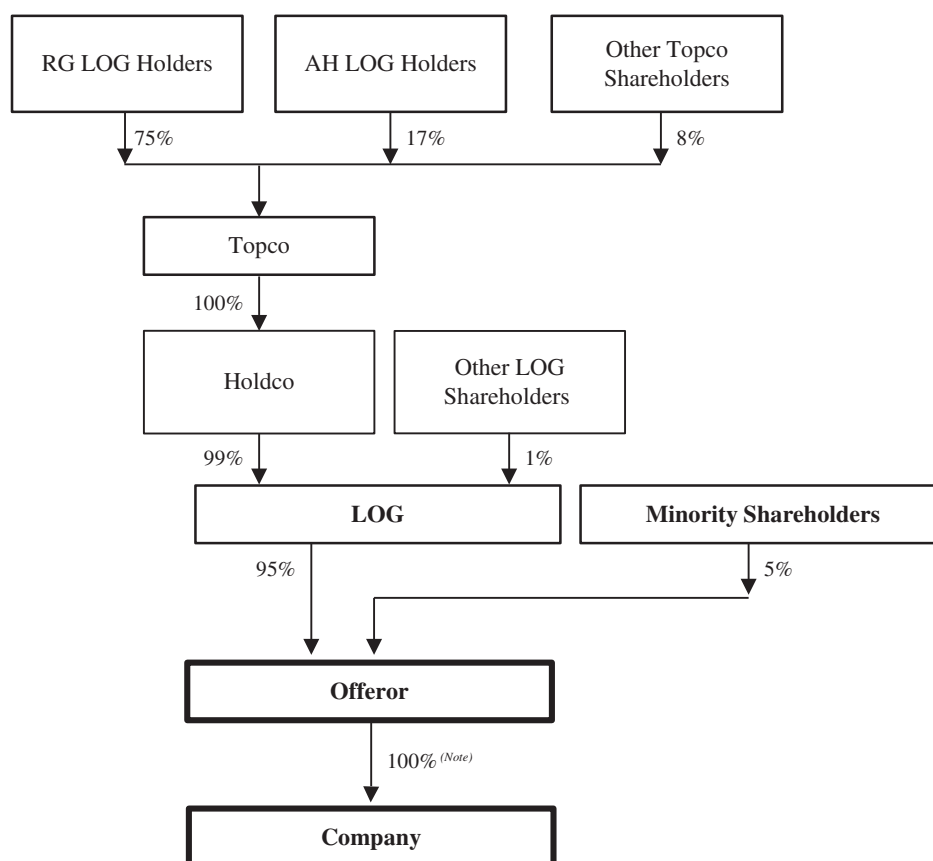
6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

7. The Share Alternative and the Offeror

7.1. The Share Alternative

Under the Share Alternative, Minority Shareholders are offered 10 Rollover Share for each Offer Share. The Rollover Shares are new shares of the Offeror. **The maximum number of Offer Shares to be exchanged for Rollover Shares pursuant to valid acceptances of the Share Offer electing to receive the Share Alternative shall not exceed the Share Alternative Cap (being 73,743,145 Offer Shares, representing 5% of the total issued and outstanding shares of the Company as at Initial Announcement Date exchangeable for 737,431,450 Rollover Shares). Only Offer Shares held by registered holders will be eligible for the Share Alternative.**

Set out below is a diagram illustrating the shareholding structure of the Company upon completion of the Offeror Corporate Restructuring, Share Offer and compulsory acquisition by the Offeror assuming the Share Alternative Cap is reached immediately after the close of the Share Offer:



Note: 1,996,691 Treasury Shares, which are not subject to the Share Offer, have been and will continue to be held by the Company immediately after completion of the Share Offer. Therefore, the Offeror will effectively hold 100% interest in the Company after the close of the Share Offer.

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Assuming the Share Alternative Cap is reached after the close of the Share Offer, the Offeror will issue 737,431,450 Rollover Shares in exchange for 73,743,145 Offer Shares and the Company will be held as to 99.86% by the Offeror with the remaining interest held by the Company as Treasury Shares. Therefore, the effective interest in the Company (via the Offeror) held by each of Minority Shareholders validly electing the Share Alternative upon the close of the Share Offer will be the same as their interests as at the Latest Practicable Date.

7.2 Information on the Offeror

The Offeror is a company incorporated in Luxembourg on 10 June 2024 with limited liability. Offeror is an investment holding company and has no independent business operations and was established for the purposes of making the Offers and issuing new shares under the Share Alternative and Offeror Corporate Restructuring. As at the Latest Practicable Date, the Offeror has 300,000 shares in issue. The actual number of Rollover Shares to be made available for allotment and issuance under the Share Alternative will be determined, and settlement of the consideration payable by Offeror in respect of acceptances of the Share Alternative will be made as soon as possible, and in any event not more than 14 business days (in Hong Kong), after Offer Closing Date.

Upon completion of the Offers and the compulsory acquisition, the Offeror is expected to have the following assets and liabilities:

Assets: 1,474,968,200 Shares (equivalent to all Shares in issue less the Treasury Shares) and cash and cash equivalents of HK\$1,020,000 (being the initial capital contribution to the Offeror at the time of its corporation) ⁽¹⁾

Liabilities: Nil ⁽²⁾

Notes:

- (1) It is assumed that all Award Holders receive the Award Cancellation Price in full and stamp duty arising from the Share Offer on the part of the Offeror has been fully settled.
- (2) The Offeror Shareholder Loan of up to HK\$14,040,077,290, being the sum of value of Share Offer, the Vested Option Offer, the Liquidity Arrangement and certain transaction expenses assuming all Shareholders elect Cash Alternative, will be capitalised in one or more instalments.

Under the Offeror Corporate Restructuring, as soon as possible after the Offer Closing Date, (i) LOG will contribute all of its Shares to Offeror in exchange for 10,675,873,910 Offeror Shares; (ii) Offeror will issue 737,431,450 Rollover Shares if the Share Alternative Cap is reached; and (iii) Offeror will issue to LOG 10 Offeror Shares for every HK\$34.00 of capitalised shareholder loan (being the amount drawn down for the cash portion of the Offers and related expenses), subject to adjustments for rounding and issuing whole Offeror Shares.

In respect of (iii) above, the Offeror Shareholder Loan is expected to be drawn down for settlement of Cash Alternative (i.e. HK\$34 per Offer Share) and related expenses as well as the Vested Option Offer and Liquidity Arrangement after Offer Closing Date. Assuming the Share Alternative Cap is reached, the maximum number of Offeror Shares in issue immediately following the Offers will be 14,804,870,975 Offeror Shares (see Table 11 below). Therefore,

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

the Minority Shareholders' aggregate shareholding in the Offeror (being 737,431,450) will be diluted to 4.98% upon completion of the Offers and Liquidity Arrangement assuming all Award Holders receive the Award Cancellation Price.

7.3 Restriction and rights of Rollover Shares

Rollover Shares are shares of an unlisted company in Luxembourg and are illiquid with no ready market. Shareholders of the Offeror will not benefit from the protections afforded by the Listing Rules and the Takeovers Code (assuming the Offeror is not determined by the Executive to be a "public company in Hong Kong" as defined in the Takeovers Code). The rights and obligations of shareholders in relation to the Offeror will be governed by the provisions of the articles of association of the Offeror, which are available as a document on display.

Rollover Shares are subject to certain no competition, no encumbrances and transfer restrictions set out in Appendix VI to the Composite Document. Further details relating to the Offeror and its shares are set out in the Letter from J.P. Morgan and Offeror of and Appendices IV and V to the Composite Document. If Minority Shareholders wish to consider the Share Alternative, they are recommended to read this information carefully, particularly Part B to the Letter from J.P. Morgan and Offeror of the Composite Document. Risks which Minority Shareholders should bear in mind in evaluating the Share Alternative are set out in section III.7.5 below.

7.4 Valuation of the Rollover Shares

J.P. Morgan, the financial adviser to the Offeror, has been appointed to draw an estimate of value of Offeror Shares (which for the avoidance of doubt, includes Rollover Shares). The full text of the estimate of value of Offeror Shares ("**Offeror Shares Valuation**") is set out in Appendix V to the Composite Document. Under the Share Alternative, each Minority Shareholder is entitled to receive ten Rollover Shares for every Offer Share held, subject to the Share Alternative Cap. On the basis of, and subject to, the assumptions and methodology set out in the Offeror Shares Valuation, an estimate of the value of Offeror Shares (the "**Estimated Value**") would be within a range between HK\$2.38 and HK\$3.40 for each Offeror Share. Minority Shareholders should note that, as stated in the Offeror Shares Valuation, such Estimated Value is not necessarily indicative of, among others, the price at which Offeror Shares might actually trade as at the date hereof or at any future date.

We have reviewed and discussed with J.P. Morgan the methodology used, and the bases and assumptions adopted, for the Estimated Value. In providing the Estimated Value, J.P. Morgan has made a number of assumptions, including (i) as at the Latest Practicable Date, the Share Offer has become or been declared unconditional in all respects and the Company is a wholly-owned subsidiary of the Offeror, (ii) the Offeror Shares that may be issued in connection with the Offers as part of the Offeror Corporate Restructuring, together with the 300,000 Offeror Shares held by LOG as of the Latest Practicable Date, comprise the entire issued share capital of Offeror and no person has any right to acquire or subscribe for any share or loan capital of the Offeror; (iii) the Offeror Shareholder Loan capitalisation has been completed at 10 Offeror Shares for every HK\$34.00 of capitalised shareholder loan, subject to adjustments for rounding and issuing whole Offeror Shares; (iv) the Offeror was established

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for the sole purpose of the Offers and as such, it is assumed that immediately following the Share Offer becomes effective or is declared unconditional in all respects, Offeror's turnover, profits, assets and liabilities (on a consolidated basis) will be in all material respects the same as those of the Company, save for the cash and cash equivalents of HK\$1,020,000 (being the initial capital contribution to the Offeror as at the time of its incorporation), interest-free Offeror Shareholder Loan to the extent and not capitalised and outstanding, any costs and expenses incurred by Offeror in connection with the Offers and any cash balance that may remain in Offeror that was not required to finance the amount payable in cash to Shareholders and Award Holders under the Offers; and (v) there is no change to the issued share capital of the Company from the Latest Practicable Date up to and including the completion of the Offers. There are no dilutive equity instruments and, assuming the cancellation of the Awards, no person other than Offeror has any right to acquire or option to subscribe for any share or loan capital of the Company and no share capital of the Company is disposed of nor any right granted over or in respect of it at any future date.

Set out below is a summary of two scenarios illustrating the calculations of the Estimated Value:

Table 11: Estimated Value

	Scenario 1 Assuming (i) all Minority Shareholders elect the Cash Alternative in full; and (ii) all Award Holders receive the Award Cancellation Price in full	Scenario 2 Assuming (i) 73,743,145 Offer Shares (being the Share Alternative Cap) elect the Share Alternative; (ii) all other Offer Shares are tendered for the Cash Alternative in full; and (iii) all Award Holders receive the Award Cancellation Price in full
(a) the estimated value of all of the outstanding Shares (HK\$)	50,324,197,636	50,324,197,636
(b) the Offeror Shareholder Loan (HK\$)	nil	nil
(c) any cash that may remain in Offeror immediately following the Offers (HK\$) ⁽¹⁾	14,870,948	12,363,681
Total value of the Offeror Shares (HK\$)	50,339,068,584	50,336,561,317
Number of Offeror Shares in issue immediately following the Offers ⁽²⁾	14,805,608,407	14,804,870,975
Top end value per Offeror Share (HK\$)	3.40	3.40
Bottom end value per Offeror Share (Assuming a 30% discount for non-marketability of the Offeror Shares) (HK\$)	2.38	2.38

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Notes:

1. Based on the Offeror Shares Valuation, majority of the cash that may remain in the Offeror immediately following the Offers under both scenarios will be used to settle relevant transaction costs. It is expected that the Offeror will have cash and cash equivalents of HK\$1,020,000 after payment of Hong Kong stamp duty by the Offeror. For the relevant amounts of Offeror Shareholder Loan and Hong Kong stamp duty, please refer to Appendix V to the Composite Document.
2. The number of Offeror Shares in issue immediately following the Offers under the above two scenarios are different due to the additional Hong Kong stamp duty payable by the Offeror under scenario 1 and no Hong Kong stamp duty is payable by the Offeror for acceptance of the Share Offer electing the Share Alternative under scenario 2. Details of the aforesaid calculations are set out in Appendix V to the Composite Document.

We have discussed with J.P. Morgan on the above calculations. As set out in the section III.7.1 above, upon completion of the Share Offer, the Offeror is expected to effectively hold 100% interest in the Company.

As shown in the table above, the two scenarios resulted in the same range of Estimated Value. The main difference between the low end and the top end is the assumption on discount for the lack of marketability and shareholders' rights of an unlisted share, particularly around the fact that the holders of Rollover Shares will not be able to nominate a director or approve reserved matters of the Offeror until certain ownership thresholds are reached. For the low end, a 30% discount on the value of Rollover Shares is assumed, while for the top end no discount was assumed. J.P. Morgan believes that such a discount range is an appropriate assumption to use for this purpose as it is consistent with the approach taken in recent market privatisation precedents in Hong Kong which involves similar unlisted shares being offered as an alternative transaction consideration and which, in turn, adopts an illiquidity discount methodology to assess the value of the unlisted shares. For details of the privatisation precedents J.P. Morgan has referred to for determining the discount range applied in the Offeror Shares Valuation, please refer to Appendix V to the Composite Document. Based on the above, the Estimated Value would be within a range between HK\$2.38 and HK\$3.40 for each Offeror Share.

We consider it reasonable to apply a discount to the value of an illiquid share with limited shareholders' rights from the independent shareholders' perspective. In evaluating the level of discount applied, we have identified from the Stock Exchange website the following exhaustive list of successful privatisation cases of companies listed on the Main Board of the Stock Exchange involving valuation of unlisted shares since 2021 and noted that a lack of marketability/shareholders' rights discount of 30% was applied to derive the low-end. We consider that the review period which covers almost four years is sufficient, fair and representative as it provides an overview of general market practice as regards to the valuation of unlisted shares in those successful privatisation cases in Hong Kong.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

Date of scheme/composite document	Company (stock code)	Discount applied
4 May 2022	Suchuang Gas Corporation Limited (1430)	30%
3 August 2021	Clear Media Limited (100)	30%
27 January 2021	Huifu Payment Limited (1806)	30%

Given the nature of Rollover Shares (unlisted) under the Share Alternative, we consider that the methodology set out in the Offeror Shares Valuation is a reasonable approach in establishing the Estimated Value and is in line with commonly adopted approaches in similar cases in Hong Kong. We also consider that it is not practicable to estimate a discount to reflect lack of marketability and limited shareholders' rights (from the independent shareholders' perspective) very precisely, as it depends on differing circumstances. On the basis of the above, we are of the view that a range of 0% and 30% adopted by J.P. Morgan in its estimate to be acceptable.

For further details of the methodology, basis, assumptions and computations of the Estimated Value, please refer to Appendix V to the Composite Document which should be read in its entirety.

7.5 Risk factors of holding the Rollover Shares

Offer Shareholders should bear in mind the risk factors associated with holding the Rollover Shares as set out in the Part B to the Letter from J.P. Morgan and Offeror, in particular the following:

- (i) **the Rollover Shares are securities in a private and unlisted company** incorporated in and governed by the laws of Luxembourg. As of Latest Practicable Date, the Offeror has no intention for these securities to be listed or admitted to trading on any exchange or market, or be quoted on any inter-dealer system; accordingly, these securities will be illiquid and the Offeror believes that it is unlikely that an active trading market will develop for the Rollover Shares;
- (ii) a minority shareholder's interest in Offeror will have **limited shareholder protection rights** and will not have the benefits and protections of the Listing Rules in terms of disclosure of material information, appointment of directors (including independent non-executive directors) and restrictions on connected or notifiable transactions of Offeror group;
- (iii) there is no dividend policy in respect of the Rollover Shares; and **dividend payments in respect of the Rollover Shares will not be guaranteed or secured**. Payment of dividends on the Rollover Shares (if any) would solely depend on whether such payment is recommended or declared by Offeror's board of directors; and

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

(iv) LOG or Offeror may pledge, or otherwise encumber, part or all of the Shares, or the Company may pledge, or otherwise encumber, part or all of its securities in members of the Group, from time to time, in connection with financing arrangements, in which case, the rights attached to, or value of, the Rollover Shares may be affected.

Minority Shareholders who wish to elect Share Alternative should note that their aggregate interest in the Company through Offeror upon completion of the Offers and the Liquidity Arrangement will be slightly reduced as discussed in section III.7.2 above.

Minority Shareholders should note that given the nature of the Rollover Shares, the risks and restriction associated with them as set out in Part B to the Letter from J.P. Morgan and Offeror and Appendix VI to the Composite Document and highlighted in this section, we consider the Share Alternative to be suitable principally for sophisticated Shareholders only, and we do not consider it suitable for Minority Shareholders who are not accustomed to holding unlisted shares.

In the event that the total number of Offer Shares in respect of which valid acceptances of the Share Offer electing the Share Alternative are received exceeds the Share Alternative Cap, the number of Offer Shares to be exchanged for Rollover Shares for each Share Alternative Holder shall be reduced on a *pro rata* basis, and the consideration for the remaining portion of each such Share Alternative Holder's respective Offer Shares will be settled in cash at the Offer Price.

Only Offer Shares held by registered holders will be eligible for the Share Alternative. Minority Shareholders who wish to elect the Share Alternative are required to withdraw the relevant portion of their Offer Shares deposited in CCASS, if any, from CCASS and enter into the Company's Hong Kong share register, on or before the date that such Minority Shareholder delivers its acceptance for the Share Offer where the Share Alternative is elected. Minority Shareholders who accept the Share Offer but make an invalid election will receive the Cash Alternative by default. Minority Shareholders are advised to read carefully the terms of the Share Offer set out in Part A and Part B to the Letter from J.P. Morgan and Offeror of the Composite Document and consult their professional advisers if in doubt.

8. Vested Option Offer and Liquidity Arrangement

In accordance with Rule 13 of the Takeovers Code and Practice Note 6 to the Takeovers Code, Vested Option Holders are offered the "see-through prices" (being the Offer Price less the exercise price of each such Vested Option) and Unvested Award Holders are offered to enter into the Liquidity Arrangement whereby they are entitled to exit at the same "see-through prices" following vesting in accordance with the existing schedule and conditions of grant under the relevant Share Incentive Plan. Given (i) it is a common market practice to adopt "see-through prices" based on the underlying exercise prices per subject option as the minimum cancellation price for a convertible instrument in conjunction with a general offer/privatisation proposal; and (ii) in view of benefits for Award Holders as discussed under section III.3, we consider the terms of the Vested Option Offer and the Liquidity Arrangement to be fair and reasonable so far as the Award Holders are concerned.

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If Vested Option Holders do not accept the Vested Option Offer on or between Composite Document Date and Offer Closing Date, their Vested Options will automatically and immediately lapse after Offer Closing Date.

If Unvested Award Holders do not enter into a Liquidity Agreement on or before Offer Closing Date, each of them will become a Shareholder of a private company upon vesting and exercise (in the case of Options) or allocation (in the case of Free Shares) of the Awards (assuming that the Offers become or are declared unconditional in all respects and the Shares are delisted from the Stock Exchange).

IV. DISCUSSION OF PRINCIPAL REASONS AND FACTORS

In forming our opinion and recommendations below, we have taken into account the factors set out under the section III above, none of which can be considered in isolation. We would like to draw the attention of the Disinterested Shareholders and Award Holders in particular to the points summarised below:

(a) L'Occitane — a group with core brands but experiencing decreasing profitability

The Company holds a portfolio of diversified brands, including through acquisitions over the last couple of years. Its core brand L'OCCITANE en Provence, with the highest gross profit margin, has consistently been the largest revenue contributor but its net sales growth has recently slowed down, from 15% in FY2022 to 4.4% in FY2023 and further deteriorated to (2.3)% in FY2024. Newer brands, ELEMIS and Sol de Janeiro, took their turn to become the growth engine and in aggregate made up nearly a quarter for FY2023, and more than one-third for FY2024, of the Group's total net sales. Sol de Janeiro, which was acquired in FY2022, doubled its sales in FY2024 as compared to FY2023 and has become the second largest brand of the Group. As a result, the Group's overall net sales registered a year-on-year increase of almost 20% for each of FY2023 and FY2024 while the overall gross profit margin gradually reduced from 82.2% in FY2022 to 79.3% in FY2024 due to (i) slowdown in the core brand's net sales being bolstered by rapid growth in the newer brands' net sales; but (ii) the newer brands' gross profit margins being 10 points lower than L'OCCITANE en Provence. Profit attributable to Shareholders dropped from €242.0 million for FY2022 to €115.1 million for FY2023 and further to €93.9 million for FY2024 mainly due to impairment losses on goodwill in respect of LimeLife and Melvita and significantly higher marketing investments for its core brand in key markets and channels and for the global expansion of newer brands.

Given (i) significant resources have been allocated to boost the visibility and relevance of its core brand, L'OCCITANE en Provence, mostly in China, and; (ii) newer brands need higher expenditure in various aspects to incubate but some of them (e.g. LimeLife and Dr. Vranjes Firenze) might not prove to be fruitful very soon, it is expected that such expenditure will continue to be significant in the near term and therefore it is uncertain when the Group will return or come close to its FY2022 profitability.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

(b) The Offer Price is fair and reasonable

We consider the Offer Price of HK\$34.00 to be fair and reasonable. The Offer Price is higher than the Share closing prices since its listing on 7 May 2010 and represents a premium of 125.5% over the IPO Price.

The Share closing price reached its highest at HK\$33.60 on 12 January 2022 when the Group announced encouraging sales growth momentum (despite the resurgence of COVID-19) in certain key markets through quarterly updates for FY2022. At such time, the Group's core L'OCCITANE en Provence brand registered a 15% growth in net sales and China, being its then largest single country market, recorded 24.4% growth. The Group achieved its highest profitability in FY2022 since its listing. Thereafter, the Share closing price declined, which was, in our view, in line with its operating and financial performance as discussed in (a) above, and moved largely in line with HSI.

In 2023, the Share price performance and its liquidity saw some fluctuations and no longer moved in line with, but outperformed, HSI. Unusual increases in liquidity of the Shares were noted for some months, coupled with fluctuations of Share closing price, ahead of the Possible Offer. Share price dropped after termination of the Possible Offer on 11 September 2023 but resumed its uptrend from HK\$20 in December 2023 to HK\$26 on the Undisturbed Date when there was unusual increase in trading volume. The Offer Price of HK\$34.00 represents a premium of approximately 30%–60% over the average closing price of the Share during the 60-trading day period on and prior to the Undisturbed Date, which falls within the range of, and higher than the median for 5-, 10-, 30- and 60-trading days of, the Privatisation Precedents.

The Offer Price will not be increased.

(c) Challenging market conditions

According to the Beauty Report, the United States and China, the biggest markets of the Group, both saw some changes in consumers' preferences and operating environment after the pandemic. In the United States, major brands face intensified competition with the number of small and mid-sized boutique brands continuing to grow. In China, more home-grown brands have entered the market, carving out market share with affordable prices and promotions. The Group's expenditures in various aspects may continue to rise in near term to counter these trends, which might weigh on its profitability.

(d) Premium over NAV per Share

The NAV of the Group decreased from €1.3 billion as at 31 March 2022, to €1.1 billion as at 31 March 2023 and further to €0.9 billion as at 31 March 2024, mainly due to the decrease in other reserves from the change in estimates in the valuation of the exercise price of put options granted to non-controlling interests. The Offer Price is about 6 times the Group's NAV per Share as at 31 March 2024, which is higher than all the Privatisation Precedents.

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(e) The Cash Alternative vs the Share Alternative

The Share Offer comprises the Cash Alternative and the Share Alternative. The Cash Alternative is HK\$34.00 per Offer Share. The Share Alternative will enable the Minority Shareholders to remain indirect shareholders in the Company on the basis of ten Rollover Shares (which are new shares of the Offeror) for each Offer Share subject to the Share Alternative Cap (being elections for the Share Alternative in respect of 73,743,145 Offer Shares, representing 5% of the total issued share capital of the Company and 18.3% of the Shares held by the Minority Shareholders). In the event of the total number of Offer Shares under valid acceptances to elect Share Alternative exceeding the Share Alternative Cap, the Rollover Shares will be allotted to such accepting Shareholders on *pro rata* basis and the remaining portion of such acceptances will be settled in cash at the Offer Price.

Offeror will undergo a corporate restructuring after Offer Closing Date, pursuant to which, amongst others, the Offeror Shareholder Loan, which will be needed to satisfy the consideration under Cash Alternative, the Vested Option Offer and the Liquidity Arrangement and received transaction expenses, will be capitalised in exchange for 10 Offeror Shares to be issued to LOG for every HK\$34.00 of capitalised shareholder loan. It is assumed that when the Offers become effective, the Offeror's turnover, profits, assets and liabilities (on a consolidated basis) will be substantially the same as those of the Company. Minority Shareholders who wish to elect Share Alternative should note that their aggregate interest in the Company through Offeror upon completion of the Offers and the Liquidity Arrangement will be slightly reduced as discussed in section III.7.2 above.

The estimated value of the Offeror Share is HK\$2.38 (if a 30% discount for non-marketability is applied) or HK\$3.40 (equivalent to HK\$34.00 per 10 Offeror Shares, the same as the Offer Price). The Rollover Shares that the Minority Shareholders who validly elect the Share Alternative will receive are subject to certain risks and restrictions. In particular, (i) the Rollover Shares are unlisted with no ready market; (ii) the holders of Rollover Shares, being minority shareholders of the Offeror, will only have limited shareholder protection rights; and (iii) dividends on the Rollover Shares will not be guaranteed. On this basis, we consider the Share Alternative to be suitable for sophisticated Minority Shareholders only, and we do not consider it suitable for Minority Shareholders without experience in, for example, investing as minorities in unlisted investment vehicles.

6. LETTER FROM INDEPENDENT FINANCIAL ADVISER

(f) Share Incentive Plans

Vested Option Holders are offered the “see-through prices” (being the Offer Price less the exercise price of each such Vested Option). **In the event the Share Offer becomes unconditional, the Vested Option Holders should note that such options will lapse after Offer Closing Date.** In order to support talent retention, Unvested Award Holders are offered the opportunity to enter into the Liquidity Arrangement whereby they are entitled to exit at the same “see-through prices” (being the Offer Price less the exercise price of each such Unvested Awards, if any) following its vesting in accordance with the existing schedule and conditions of grant under the relevant Share Incentive Plan. **In the event the Share Offer becomes unconditional and the Unvested Option Holders do not enter into a Liquidity Agreement on or before Offer Closing Date, each of them will become a shareholder of a privately-operated company upon vesting or exercise.** Given it is both a regulatory requirement and a common market practice to adopt “see-through prices” and in view of the benefits the Vested Option Offer and the Liquidity Arrangement will bring to the Award Holders, we consider the terms of the Vested Option Offer and the Liquidity Arrangement to be fair and reasonable so far as the Award Holders are concerned.

(g) Cross check against the comparable companies

Two Hong Kong Comparable Companies have been identified but they mainly operate in one single market. In addition, 7 Global Comparable Companies, which operate in multiple markets, have been identified. Given the skincare/beauty industry is not asset-intensive in nature, we have looked at PERs for comparison purposes. In terms of PERs, the Offer Price compares favourably with the Hong Kong Comparable Companies and is within the range of, and higher than the average and median of, the Comparable Companies.

V. OPINION AND RECOMMENDATIONS

(i) Basic recommendation to Disinterested Shareholders and Award Holders — accept the Offers

Based on the above principal factors and reasons, we consider the terms of the Offers, including the Offer Price and “see-through prices” calculated thereon, are fair and reasonable so far as the Disinterested Shareholders and Award Holders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Disinterested Shareholders and Award Holders to accept the Offers, subject to our comments in (iii) below.

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(ii) Whether to accept the Cash Alternative or the Share Alternative

We recommend Disinterested Shareholders (other than sophisticated Shareholders as mentioned below) to accept the Cash Alternative of HK\$34.00 and not to take the Share Alternative, which we consider to be suitable only for sophisticated Shareholders who have knowledge of and experience in investing as minority shareholders of privately held companies. In our opinion, only those Disinterested Shareholders who are particularly attracted by the background of the Offeror and are optimistic about the future prospects and profitability of the Group and have carefully studied the specific features of the Share Alternative and the associated risks of holding Rollover Shares (as discussed in the section III.7 above) should consider taking the Share Alternative.

(iii) Market price factors

The closing Share price as at the Latest Practicable Date was HK\$33.20 per Share, slightly below the Offer Price of HK\$34.00 per Offer Share. From the date of the Initial Announcement to the Latest Practicable Date, the closing Share price has not exceeded the Offer Price. In these circumstances, as there are still Conditions to the Share Offer unfulfilled or waived, those Disinterested Shareholders who are risk averse may consider selling in the market if a price discount is acceptable to them. There also is still a possibility that the Share price may exceed the Offer Price during the Offer Period. Although in our view this possibility is not high, the Disinterested Shareholders should monitor the trading price and liquidity of the Shares during this period and, having regard to their own circumstances, consider selling their Shares in the open market if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds expected to be received under the Offers.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED

M. N. Sabine
Chairman

Mr. M. N. Sabine is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over forty years of experience in the corporate finance industry.

Unless otherwise defined, capitalised terms used in this Composite Document (which includes all Parts and Appendices annexed to this Composite Document) and the Election Documents, shall have the meanings defined below.

“ acting in concert ”	has the meaning ascribed to it in the Takeovers Code
“ AH LOG Holders ”	Mr. André Hoffmann and Lavender Investments Limited
“ Article 18 ”	article 18 of the Articles
“ Articles ”	the articles of association of the Company currently in force, a copy of which is available on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk)
“ associates ”	has the meaning ascribed to it in the Takeovers Code
“ Award(s) ”	outstanding, whether vested or unvested, Options or Free Shares as of Initial Announcement Date
“ Award Cancellation Price ”	being the price payable by Offeror in cash to: (i) Vested Option Holders under the Vested Option Offer, calculated as the “see-through” price of each vested Option, as set out in the section headed “Letter from J.P. Morgan and Offeror — The Offers — Vested Option Offer”; and (ii) Unvested Award Holders under the Liquidity Arrangement, calculated as the “see-through” price for each vested Option or the equivalent of the Offer Price for each vested Free Share, as set out in the section headed “Letter from J.P. Morgan and Offeror — The Offers — Liquidity Arrangement”
“ Award Holder ”	a holder of an Award; and (i) if such holder holds a Vested Option, the “ Vested Option Holder ”, and (ii) if such holder holds an Unvested Award, the “ Unvested Award Holder ”
“ Award Share ”	the Share underlying each Award
“ Board ”	the board of directors of the Company
“ business day ”	has the meaning ascribed to it in the Takeovers Code
“ Cash Alternative ”	settlement of the Share Offer in cash at the Offer Price, as further set out in the sections headed “Letter from J.P. Morgan and Offeror — The Offers — Share Offer” and “Letter from J.P. Morgan and Offeror — Part A. Cash Alternative under Share Offer”

“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CCASS Holder”	Minority Shareholders whose Offer Shares are deposited in CCASS and registered under the name of HKSCC Nominees
“CCASS Participant”	the CCASS Participant (or custodian/nominee) through which a CCASS Holder holds Offer Shares
“Company”	L’Occitane International S.A., a public limited liability company (<i>société anonyme</i>), incorporated and existing in the Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B80359, having its registered office at 49, boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 973)
“Composite Document”	this composite document, together with all Parts and Appendices annexed hereto
“Composite Document Date”	2 July 2024, being the date of this Composite Document
“Condition(s)”	the condition(s) of the Share Offer, as set out under the section headed “Letter from J.P. Morgan and Offeror — Conditions of the Offers — Conditions of the Share Offer”
“Contribution Agreement”	the contribution agreement for Share Alternative Holders to contribute their Offer Shares to Offeror under the Share Alternative
“Director(s)”	director(s) of the Company
“Disinterested Shareholders”	with respect to the Offers, Shareholders other than Offeror Concert Group
“€” or “EUR”	Euros, the single currency of participating members of the European Union
“Election Documents”	the Forms of Acceptance and the Qualifying Shareholder Questionnaire

“Evidence of Title”	in respect of a Minority Shareholder, satisfactory evidence of title showing that the Minority Shareholder has title over their Offer Shares, being original share certificate(s), original transfer receipt(s), or satisfactory indemnity/indemnities, or a combination thereof
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong from time to time or any delegate of such Executive Director
“First Closing Date”	23 July 2024, being the 21st calendar day after Composite Document Date, stipulated as the first closing date of the Offers under Rule 15.1 of the Takeovers Code
“Forms of Acceptance”	the forms of acceptance: (a) for Minority Shareholders electing the Cash Alternative under the Share Offer, the “Share Offer Acceptance Form — Cash Alternative”; (b) for Qualifying Shareholders electing the Share Alternative under the Share Offer, the “Share Offer Acceptance Form — Share Alternative”; and (c) for Vested Option Holders, the “Vested Option Offer Acceptance Form”
“Free Share”	a free share unit, representing one Share, granted under the Free Share Plan from time to time
“Free Share Plan”	the free share plan of the Company, being the Free Share Plan 2021
“FY”	financial year ended
“GA Disposal”	the disposal of Grown Alchemist, the details of which are set out in “Letter from J.P. Morgan and Offeror — Other arrangements — GA Disposal”
“Group”	the Company and its subsidiaries
“Grown Alchemist”	14 Groupe S.A., a public limited liability company (<i>société anonyme</i>), incorporated and existing in the Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B256682, having its registered office at 49, boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg, and its subsidiaries (including Group Fourteen Holdings Pty. Ltd., a company incorporated in Australia with limited liability), which together operate the “Grown Alchemist” brand
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Holdco”	Schuss S.à.r.l, a private limited liability company (<i>société à responsabilité limitée</i>), incorporated and existing in the Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B285665, having its registered office at 49, boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Share Register”	the register of members of the Company kept by the Hong Kong Share Registrar
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Independent Board Committee”	the independent board committee of the Company formed for the purpose of advising and giving recommendation to: (i) Disinterested Shareholders and Award Holders in respect of the terms of Offers (and acceptance thereof, and in respect of the Share Offer, the election between the Cash Alternative and Share Alternative); and (ii) Disinterested Shareholders in respect of the GA Disposal, pursuant to the requirements of the Takeovers Code
“Independent Financial Adviser”	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed for the purpose of advising the Independent Board Committee in respect of the terms of Offers (and acceptance thereof, and in respect of the Share Offer, the election between the Cash Alternative and the Share Alternative) and the GA Disposal
“Initial Announcement”	the announcement dated 29 April 2024 jointly published by LOG and the Company pursuant to Rule 3.5 of the Takeovers Code
“Initial Announcement Date”	29 April 2024, being the date of the Initial Announcement

“Irrevocable Undertakings”	the irrevocable undertakings given by Pleasant Lake Partners LLC (“Pleasant Lake Partners”), ACATIS Investment KVG mbH, (“ACATIS”), Global Alpha Capital Management Limited (“Global Alpha”), to LOG as of Latest Practicable Date as further set out in the section headed “Letter from J.P. Morgan and Offeror — Irrevocable Undertakings and Non-binding Letter of Support”
“J.P. Morgan”	J.P. Morgan Securities (Asia Pacific) Limited, a registered institution under the SFO, licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO; as the exclusive financial adviser to Offeror in respect of the Offers
“Latest Practicable Date”	28 June 2024
“Liquidity Agreement”	agreement to be entered into between Offeror and each Unvested Award Holder under the Liquidity Arrangement
“Liquidity Arrangement”	the liquidity arrangement offered by Offeror to each Unvested Award Holder and as further detailed in the sections headed “Letter from J.P. Morgan and Offeror — The Offers — Liquidity Arrangement” and “Letter from J.P. Morgan and Offeror — Part D. Liquidity Arrangement”
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LOG”	L’Occitane Groupe S.A., a public limited liability company (<i>société anonyme</i>), incorporated and existing in the Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B125718, having its registered office at 49, boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg
“LOG Corporate Restructuring”	corporate restructuring of LOG as further set out in the section headed “Letter from J.P. Morgan and Offeror — Other arrangements — LOG Corporate Restructuring”
“Long Stop Date”	26 August 2024 (or such other date as Offeror and the Company may agree, and as permitted by the Executive), being the latest date for the Offers to become unconditional in all respects

“Luxembourg Share Register”	the register of members of the Company kept by the Company at its Luxembourg office
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Minority Shareholders”	all holders of Offer Shares other than LOG; for the avoidance of doubt, this excludes Vested Option Holders with respect to their Vested Options and Unvested Award Holders with respect to the Unvested Awards
“Non-binding Letter of Support”	the non-binding letter of support given by ACATIS to LOG as of Initial Announcement Date as further set out in the section headed “Letter from J.P. Morgan and Offeror — Irrevocable Undertakings and Non-binding Letter of Support”
“Non-qualifying Shareholder”	a Minority Shareholder who is not a Qualifying Shareholder and therefore not eligible for the Share Alternative, which is further described in the section headed “Important notices — Eligibility of Minority Shareholders for Share Alternative — Non-qualifying Shareholders”
“Offer Closing Date”	the First Closing Date, or any subsequent offer closing date of the Offers as may be extended or revised in accordance with the Takeovers Code
“Offeror”	L’Occitane Holding S.A., a public limited liability company (<i>société anonyme</i>), incorporated and existing in the Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B286921, having its registered office at 49, boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg, established for the purposes of making the Offers and issuing new shares under the Share Alternative and Offeror Corporate Restructuring; as at Latest Practicable Date, Offeror is a wholly-owned subsidiary of LOG

“Offeror Concert Group”	Offeror and parties acting in concert with Offeror, including LOG, J.P. Morgan, Blackstone Entities, and Goldman Sachs International (except members of the J.P. Morgan group and Goldman Sachs group, which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code), Offeror Group, and persons who are presumed to be acting in concert with Offeror and to the extent that such presumption has not been rebutted
“Offeror Corporate Restructuring”	corporate restructuring of Offeror as further set out in the section headed “Letter from J.P. Morgan and Offeror — Other arrangements — Offeror Corporate Restructuring”
“Offeror Group”	Offeror, LOG, RG LOG Holders, AH LOG Holders, Holdco, Topco
“Offeror Share”	a share in the share capital of Offeror; which, for the avoidance of doubt, includes a Rollover Share
“Offeror Shareholder Loan”	up to HK\$14,040,077,290.00 in an interest-free borrowing that is convertible in issuance of Offeror Shares to LOG for the purpose of funding the Offers, as mentioned in the section headed “Letter from J.P. Morgan and Offeror — Value of the Offers and funding — Funding for the Offers” and “Letter from J.P. Morgan and Offeror — Other arrangements — Offeror Corporate Restructuring”, which will be capitalised by the latest date for settlement of the Share Alternative under the Share Offer for the amount drawn down by Offeror to fund the cash portion of the Offers as part of the Offeror Corporate Restructuring
“Offer Period”	has the meaning ascribed to it in the Takeovers Code
“Offer Price”	the price for each Offer Share under the Share Offer, being HK\$34.00 per Offer Share
“Offers”	the Share Offer, the Vested Option Offer and the Liquidity Arrangement
“Offer Shares”	all Shares in the total issued and outstanding share capital of the Company which are subject to the Share Offer, but which excludes Shares held by LOG
“Offer Unconditional Date”	the date on which the Share Offer becomes or is declared unconditional in all respects

“Option”	a share option, representing one Share, granted under the Share Option Plans from time to time
“PRC”	People’s Republic of China, but for the purpose of this Composite Document, excludes Hong Kong, Macau and Taiwan
“Pro Rata Downward Adjustment Mechanism”	the <i>pro rata</i> downward adjustment mechanism applicable to the Share Alternative in the manner set out in the section headed “Letter from J.P. Morgan and Offeror — Part B. Share Alternative under Share Offer — Details of the Share Alternative”
“Qualifying Shareholder”	a Minority Shareholder who is eligible for the Share Alternative, as further described in the section headed “Important notices — Eligibility of Minority Shareholders for Share Alternative — Qualifying Shareholders”
“Qualifying Shareholder Questionnaire”	the questionnaire for overseas Minority Shareholders who wish to elect the Share Alternative to first complete, sign and return to the Hong Kong Share Registrar, as further detailed in the sections headed “Important notices” and “Letter from J.P. Morgan and Offeror — Part B. Share Alternative under Share Offer”
“Registered Holder”	Minority Shareholders who hold Offer Shares directly in their name with Offer Shares registered on the Hong Kong Share Register or Luxembourg Share Register
“RG LOG Holders”	Mr. Reinold Geiger, Société d’Investissements CIME S.A., Cime S.C.A., and Cime Management S.à.r.l.
“Rollover Share”	a new Offeror Share to be issued under the Share Alternative, subject to the Share Alternative Cap
“Second Announcement”	the announcement dated 17 June 2024 jointly published by Offeror and the Company pursuant to Rule 3.5 of the Takeovers Code
“Second Announcement Date”	17 June 2024, being the date of the Second Announcement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share”	an ordinary share in the issued share capital of the Company (unless specified otherwise, all references to (i) “total issued share capital” of the Company shall be inclusive of the Treasury Shares; (ii) “total issued and outstanding share capital” of the Company shall be exclusive of the Treasury Shares)
“Share Alternative”	settlement of the Share Offer by the issuance of Rollover Shares, as further set out in the sections headed “Letter from J.P. Morgan and Offeror — The Offers — Share Offer” and “Letter from J.P. Morgan and Offeror-Part B. Share Alternative under Share Offer”
“Share Alternative Cap”	73,743,145 Offer Shares, being the maximum number of Offer Shares that will be exchanged for Rollover Shares (being a maximum of 737,431,450 Rollover Shares) under the Share Alternative; the Share Alternative Cap represents 5% of the total issued and outstanding Shares as at Initial Announcement Date
“Share Alternative Holder”	(i) before settlement of the Share Alternative, a Qualifying Shareholder who validly accepts the Share Offer and validly elects the Share Alternative; and (ii) following settlement of the Share Alternative, a holder of a Rollover Share under the Share Alternative
“Share Alternative Over-election”	the event where the aggregate number of Offer Shares held by all Share Alternative Holders exceed the Share Alternative Cap and the <i>Pro Rata</i> Downward Adjustment Mechanism is applied
“Shareholder”	a holder of Shares, including (i) Registered Holders; (ii) CCASS Holders; and (iii) Award Holders after exercise or allocation (as the case may be) of their Awards and upon registration of the Award Shares in their name on the Hong Kong Share Register or Luxembourg Share Register
“Share Incentive Notice”	written notice sent by the Company to all Award Holders under the relevant Share Incentive Plans, informing Award Holders of the treatment of Vested Options and Unvested Awards
“Share Incentive Plans”	the Share Option Plans and the Free Share Plan

“Share Offer”	the voluntary conditional offer by J.P. Morgan on behalf of Offeror to acquire all of the Offer Shares in accordance with the terms and conditions set out in this Composite Document, and any subsequent revision or extension of such offer; which for the avoidance of doubt, may be settled, at the election of the Minority Shareholder, by either: (i) the Cash Alternative; or (ii) where the Minority Shareholder is a Qualifying Shareholder, the Share Alternative, but not a combination of both
“Share Option Plans”	the share option plans of the Company, being the Share Option Plan 2013, Share Option Plan 2016 and Share Option Plan 2020, collectively, and each a “Share Option Plan”
“Single Settlement Election Measures”	the measures implemented for the purpose of ensuring that Minority Shareholders only make a single settlement election, for either the Cash Alternative or Share Alternative, under the Share Offer (and not a combination of both), as further described in the section headed “Part B. Share Alternative under Share Offer — Single settlement election measures”
“Special Deal Circular”	the circular dated 5 June 2024 published by the Company in relation to the GA Disposal
“Special Deal EGM”	the extraordinary general meeting of Shareholders convened by the Company at 4:00 p.m. (Hong Kong time) on Friday, 21 June 2024 for Disinterested Shareholders to consider, and if thought fit, approve the GA Disposal
“Stock Connect”	Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers as in force and as amended from time to time
“Topco”	Nolde S.à.r.l, a private limited liability company (<i>société à responsabilité limitée</i>), incorporated and existing in the Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B285590, having its registered office at 49, boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg

“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“Treasury Shares”	Shares held in a treasury account on behalf of the Company, and which do not count towards the issued and outstanding share capital of the Company
“Undisturbed Date”	5 February 2024, being the last trading day prior to when there were irregular trading volumes and price movements in the Shares
“Unvested Awards”	Awards which have not vested on or before Initial Announcement Date
“U.S.” or “United States”	the United States of America
“Vested Option Offer”	the voluntary conditional cash offer by J.P. Morgan on behalf of Offeror to cancel all Vested Options in accordance with the terms and conditions set out in this Composite Document, and any subsequent revision or extension of such offer, at the Award Cancellation Price
“Vested Options”	Awards (being all Options) which have vested on or before Initial Announcement Date

In this Composite Document:

- (a) amounts denominated in Euros have been translated into Hong Kong dollars at the rate of €1 = HK\$8.3920. Such conversion rate is for illustration purpose only and should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.*
- (b) all percentages are approximations and subject to rounding.*
- (c) definitions in the plural, also refer to the singular based on the context, and vice versa.*

The English version of this Composite Document, and all accompanying documents (including the Election Documents) shall be the official version of these documents; and in the event of inconsistency between the English version of these documents and a version of these documents in a language other than English, the English version of these documents shall prevail.

Unless otherwise specified, figures in this “Appendix II” are rounded to the nearest thousand.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group

1.1. *Overview of financial information.* A summary of the audited consolidated financial information of the Company for the three years ended 31 March 2022, 2023 and 2024 is set out below:

	Year ended 31 March		
	2022	2023	2024
Net sales (€ thousands)	1,781,358	2,134,689	2,541,941
Operating profit (€ thousands)	310,714	239,132	233,086
Profit for the period (€ thousands)	241,909	118,193	101,823
Profit before income tax (€ thousands)	295,884	179,617	189,210
Profit attributable to equity owners (€ thousands)	242,034	115,110	93,893
Profit/(loss) attributable to non-controlling interests (€ thousands)	(125)	3,083	7,930
Comprehensive income attributable to equity owners (€ thousands)	287,901	122,924	107,316
Comprehensive income attributable to non-controlling interests (€ thousands)	4,364	4,353	8,081
Tax expenses (€ thousands)	53,975	61,424	87,387
Dividends paid to equity owners and non-controlling interests (€ thousands)	54,141	97,248	46,359
Dividend per share (€)	0.03687	0.06585	0.03129
Basic earnings per share (€)	0.165	0.078	0.064
	As at 31 March		
	2022	2023	2024
Total assets (€ thousands)	3,009,074	2,816,428	3,115,035
Net assets (€ thousands)	1,314,606	1,187,001	911,512

1.2. **Audited financial statements of the Group.** The audited consolidated financial statements of the Company (and significant accounting policies and notes) for the three years ended 31 March 2022, 2023 and 2024 are available on the websites of the Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>), the Company (group.loccitane.com), and also accessible at the links below:

FY2022: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0729/2022072900934.pdf> (at pages 83 to 211).

FY2023: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0731/2023073101612.pdf> (at pages 79 to 207).

FY2024: <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0624/2024062400273.pdf> (at pages 2 to 21).

1.3. **No material change.** The Directors confirm that, as of Latest Practicable Date, there had been no material change in the financial or trading position, or the outlook, of the Group since 31 March 2024, being the date up to which the latest published audited accounts of the Company were made.

1.4. **Qualified or modified opinions.** PricewaterhouseCoopers, Société cooperative, incorporated and existing under the laws of the Grand Duchy of Luxembourg, registered with Luxembourg Trade and Companies Register under number B65477, having its registered office at 2, rue Gerhard Mercator, L-2182 Luxembourg, Grand Duchy of Luxembourg, the Company's auditor, did not issue any qualified or modified opinion, or emphasise any matter or material uncertainty related to the going concern in respect of the Group's audited consolidated financial statements as of and for each of the three years ended 31 March 2022, 2023 and 2024.

Statement of indebtedness of the Group

Indebtedness

1.5. As at 31 March 2024, being the latest practicable date for the purpose of assessing the indebtedness of the Group, the Group had total indebtedness of EUR1,561,006 thousands comprising borrowings for EUR574,062 thousands and lease liabilities for EUR302,105 thousands. This amount also includes put option arrangements for EUR684,839 thousands.

1.6. As at 31 March 2024, the Group had cash and cash equivalents amounting to EUR139,519 thousands as compared to EUR147,255 thousands as at 31 March 2023, as follows:

<i>(EUR thousands)</i>	31 March 2024	31 March 2023
Cash at bank and on hand	138,952	146,266
Cash equivalents	<u>567</u>	<u>990</u>
Total ended 31 March	<u><u>139,519</u></u>	<u><u>147,255</u></u>

Borrowings

1.7. The following table sets forth the borrowings as at 31 March 2024 and 31 March 2023:⁽¹⁾

<i>(EUR thousands)</i>	31 March 2024	31 March 2023
FY 2022 Term Loan	300,155	300,031
FY 2021 Revolving Facility	11	11,132
FY 2020 NEU CP Facility	232,000	187,000
FY 2019 Long-term loan	11,551	13,587
FY 2012 bank borrowing	2,145	2,860
Other bank borrowings	6,210	4,245
Bank overdraft ⁽²⁾	<u>21,990</u>	<u>4</u>
Total	<u>574,062</u>	<u>518,859</u>
<i>Less, current position:</i>		
FY 2022 Term Loan	300,155	31
FY 2021 Revolving Facility	11	5
FY 2020 NEU CP Facility	232,000	187,000
FY 2019 Long-term loan	2,056	2,038
FY 2012 bank borrowing	717	717
Other bank borrowings	5,199	4,245
Bank overdraft ⁽²⁾	<u>21,990</u>	<u>4</u>
Total current	<u>562,128</u>	<u>194,040</u>
Total non-current	<u>11,934</u>	<u>324,819</u>

1.8. The outstanding borrowings had the following maturity as at 31 March 2024: ⁽¹⁾

<i>(EUR thousands)</i>	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	TOTAL
FY 2022 Term Loan	300,155	—	—	—	300,155
FY 2021 Revolving Facility	11	—	—	—	11
FY 2020 NEU CP Facility	232,000	—	—	—	232,000
FY 2019 Long-term loan	2,056	2,074	6,345	1,076	11,551
FY 2012 bank borrowing	717	714	714	—	2,145
Other bank borrowings	5,199	1,011	—	—	6,210
Bank overdraft ⁽²⁾	<u>21,990</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>21,990</u>
TOTAL	<u>562,128</u>	<u>3,799</u>	<u>7,059</u>	<u>1,076</u>	<u>574,062</u>

Notes:

- (1) The FY 2019 Long-Term Loan was secured by a pledge over business assets related to the 86 Champs-Élysées flagship store in Paris.

The FY 2012 bank borrowing was secured by a pledge over the land and building acquired by Laboratoires M&L to build the new logistics platform in Manosque, France.

The FY 2023 Bilateral Cash Pooling Facility was secured by a parent company guarantee. As at 31 March 2024, this facility remains undrawn.

The FY 2022 Term Loan, FY 2021 Revolving Facility, the FY 2020 NEUCP Facility, the other bank borrowings, the bank overdraft and the lease liabilities were not secured.

- (2) The bank overdraft arose in the ordinary course of business and include proceeds on the FY2023 Cash Pooling Facility for EUR15,350 thousands.

Pledge of assets

1.9. Other than those disclosed in this section above, there was no other pledged asset.

Lease liabilities

1.10. Lease liabilities were mainly related to stores, offices and warehouses and were EUR302,105 thousands as at 31 March 2024 as compared to EUR275,702 thousands as at 31 March 2023.

1.11. The maturity of the lease liabilities was as follows:

<i>(EUR thousands)</i>	31 March 2024	31 March 2023
Within 1 year	89,017	82,393
Between 1 and 2 years	65,659	66,993
Between 2 and 5 years	93,402	92,925
Over 5 years	<u>54,027</u>	<u>33,391</u>
Total	<u>302,105</u>	<u>275,702</u>
Total current portion	<u>89,017</u>	<u>82,393</u>
Total non-current portion	<u>213,088</u>	<u>193,309</u>

Commitment

1.12. The Group committed to invest up to EUR20,000 thousands in an investment fund named Truffle Capital (fund duration of 10 years with a 2-year renewal option) and up to EUR3,000 thousands in an investment fund named Karista (fund duration of 10 years with a 2-year renewal option). The Group had already invested a cumulative amount of EUR19,500 thousands in Truffle Capital and EUR1,806 thousands in Karista.

1.13. In 2022, the Group also committed to invest in Livihoods Carbon fund Sicav for a total amount of EUR5,000 thousands. In return, it is expected to receive carbon offsets under the form of dividends in-kind until 2030. As at 31 March 2024, an amount of capital calls of EUR266 thousands was recorded in the Group non-current assets.

1.14. In 2023, the Group committed to invest in the Mirova fund Sicav for a total amount of EUR40,000 thousands. In return, it is expected to receive carbon offsets under the form of dividends in-kind until 2030. As at 31 March 2024, an amount of capital calls of EUR4,378 thousands was recorded in the Group non-current assets.

Put option arrangements

1.15. As at 31 March 2024, the Group had several put options on non-controlling interests resulting from business combinations and other transactions with non-controlling shareholders amounting to EUR684,839 thousands as compared to EUR338,650 thousands as at 31 March 2023. The amount of put options were as follows:

<i>(EUR thousands)</i>	% non- controlling shareholders with put options	31 March 2024	31 March 2023
Sol de Janeiro non-controlling interests ⁽¹⁾	17.30%	666,921	285,138
14 Groupe SA non-controlling interests ⁽²⁾	50.76%	—	23,400
Grown Alchemist non-controlling interests ⁽³⁾	35.00%	—	10,036
ELEMIS non-controlling interests	1.40%	10,640	13,771
Symbiose France non-controlling interests	2.20%	5,462	4,357
L'Occitane GmbH non-controlling interests	30.00%	<u>1,816</u>	<u>1,948</u>
Total		<u><u>684,839</u></u>	<u><u>338,650</u></u>

Notes:

- (1) The Group management revised the amount of the put options for Sol de Janeiro non-controlling interests based on the new business plan proposed by the local management and approved by the Group management.
- (2) On 28 March 2024, the Company sold its shares in Group Fourteen Holdings Pty Ltd under the GA Disposal resulting in the extinction of the put option.
- (3) On 1 April 2022, a put option was granted to the non-controlling shareholders of Grown Alchemist Holdings Pty Ltd for an amount of EUR17,632 thousands. As at 31 March 2023, the fair value of the put option corresponded to the purchase price of the shares. On 4 May 2023, the Board approved the acquisition of the shares held by the non-controlling shareholders for an amount of EUR10,036 thousands.

Contingent liabilities and guarantees

1.16. As at 31 March 2024, the Group did not have any material contingent liabilities or guarantees. The Group had contingent liabilities in respect of bank, other guarantees and other matters arising in the ordinary course of business.

- 1.17. The Group is subject to legal proceedings, claims, taxes, custom, employee-related and other disputes arising in the ordinary course of business. The Group's management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on the Group's consolidated financial position, statement of income or cash flows.
- 1.18. Except items disclosed above and apart from intra-group liabilities and trade payables, as at 31 March 2024, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance, acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

2. SUMMARY OF FINANCIAL INFORMATION OF OFFEROR

Financial information of Offeror

- 2.1. Offeror is a limited liability company incorporated in Luxembourg on 10 June 2024 and does not have published audited accounts. Offeror is an investment holding company established for the sole purpose of implementing the Offers. Since its establishment, Offeror has not engaged in, and is not intended to engage in, any business activities. Accordingly, assuming the Share Offer becomes unconditional in all respects, the major assets of Offeror following completion of the Share Offer and Offeror Corporate Restructuring are the Shares to be contributed by LOG, and the Offer Shares acquired under the Share Offer.

Statement of indebtedness of Offeror

- 2.2. As at Latest Practicable Date, Offeror had cash and cash equivalents of HK\$1,020 thousands as initial capital contribution, and had incurred no other liabilities.
- 2.3. Under the Offeror Shareholder Loan, Offeror anticipates to incur between Offer Closing Date and completion of settlement of the Share Alternative under the Share Offer, up to HK\$14,040,077,290.00 in an interest-free borrowing that is convertible to the issuance of Offeror Shares to LOG. See the section headed "Letter from J.P. Morgan and Offeror — Other arrangements — Offeror Corporate Restructuring" for more information.
- 2.4. Other than the Offeror Shareholder Loan, which is an "equity-tainted" convertible loan and the share pledge by Offeror (as set out in "Appendix IV" (*General information of Offeror*)), as at the Latest Practicable Date, Offeror did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under credit, debentures, mortgages, charges, hire-purchase commitments, guarantees or other material contingent liabilities.
- 2.5. The Offeror Shareholder loan is interest-free and is unsecured. Repayment of the Offeror Shareholder Loan is not dependent on, to any significant extent, the business of the Company.

3. SUMMARY OF FINANCIAL INFORMATION OF LOG

3.1. The following financial information about LOG group is provided for further information to Shareholders.

Financial information of LOG group

3.2. *Overview of financial information.* A summary of the audited consolidated financial information of the LOG group as of and for the three years ended 31 March 2021, 2022 and 2023 is set out below:

	Year ended 31 March		
	2021	2022	2023
	<i>*Restated</i>		
Net sales (€ thousands)	1,540,880	1,787,114	2,134,693
Operating profit (€ thousands)	207,423	311,947	236,847
Profit for the year (€ thousands)	133,626	208,881	101,931
Profit before income tax (€ thousands)	175,636	263,033	163,769
Profit attributable to equity owners (€ thousands)	91,793	143,510	67,885
Profit attributable to non-controlling interests (€ thousands)	41,833	65,371	34,046
Comprehensive income attributable to equity owners (€ thousands)	66,783	176,661	73,533
Comprehensive income attributable to non-controlling interests (€ thousands)	26,915	82,577	37,482
Income tax expense (€ thousands)	42,010	54,152	61,838
	As at 31 March		
	2021	2022	2023
	<i>*Restated</i>		
Total assets (€ thousands)	2,563,316	3,097,530	2,946,991
Total equity (€ thousands)	640,132	539,440	468,246

3.3 *Audited financial statements of LOG group.* The audited consolidated financial statements of LOG (and significant accounting policies and notes) as of and for the three years ended 31 March 2021, 2022 and 2023 are accessible at the links below:

FY2021: <https://gd.lu/rcsl/714rld> (at pages 14 to 93).

FY2022: <https://gd.lu/rcsl/f0PV7W> (at pages 11 to 99).

FY2023: <https://gd.lu/rcsl/dstV47> (at pages 11 to 96).

3.4 *Qualified or modified opinions.* PricewaterhouseCoopers, Société cooperative, incorporated and existing under the laws of the Grand Duchy of Luxembourg, registered with Luxembourg Trade and Companies Register under number B65477, having its registered office at 2, rue Gerhard Mercator, L-2182 Luxembourg, Grand Duchy of Luxembourg, LOG's independent auditor, did not issue any qualified or modified opinion, or emphasise any matter or material uncertainty related to the going concern in respect of the LOG group's audited consolidated financial statements as of and for each of the three years ended 31 March 2021, 2022 and 2023.

1. RESPONSIBILITY STATEMENT

- 1.1. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offers and Offeror Concert Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the sole director of Offeror in his capacity as director of Offeror, and the directors of LOG in their capacity as directors of LOG) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

- 2.1. **Shareholding structure of the Company.** The authorised share capital of the Company is EUR1,500,000,000 divided into 50,000,000,000 Shares. As at Latest Practicable Date: (a) the total issued share capital of the Company comprises 1,476,964,891 Shares, of which 1,996,691 are Treasury Shares; and (b) there are 1,639,350 Vested Options, and 8,196,677 Unvested Awards (with each Vested Option and Unvested Award representing one Share). See the section headed “Letter from the Board-Information on the Group” for further information on the Group and the shareholding structure of the Company. All issued Shares rank *pari passu* with each other in respect of capital, dividends and voting.
- 2.2. **Share issuance since 31 March 2024.** Between and including 31 March 2024 and Latest Practicable Date: (a) the Company did not issue any new Shares; and (b) 105,300 Shares were transferred out of the Company’s treasury account to satisfy exercised vested Options.

3. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES

- 3.1. **Disclosure of interests.** See the section headed “Letter from the Board — Information on the Group” for details of the interests in the Company held by Directors, Offeror Concert Group and Minority Shareholders who have given an Irrevocable Undertaking or Non-binding Letter of Support.
- 3.2. **Dealings during the relevant period.** See “Appendix VII” (*Further information on dealings in Shares*) for further dealings by Directors, Offeror Concert Group and Shareholders who have given an Irrevocable Undertaking.
- 3.3. **Additional dealings confirmation.** During the Offer Period and up to and including Latest Practicable Date, none of the following categories of persons had dealt for value in Shares or Offeror Shares, or in convertible securities, warrants, options or derivatives in respect of the Shares or Offeror Shares: (a) the Group, a pension fund of the Group, or a person presumed to be acting in concert with the Company under class (5) or an associate of the Company under class (2) (excluding principal traders and exempt fund managers) of the Takeovers Code; (b) a person who has an arrangement of the kind under Note 8 to Rule 22 of the Takeovers Code with the Company or any person acting in concert with the

Company under classes (1), (2) (3) and (5) or associate of the Company under classes (2), (3) and (4) of the Takeovers Code; or (c) discretionary fund managers (other than exempt fund managers) connected with the Company.

4. OTHER CONFIRMATIONS

4.1. As at Latest Practicable Date:

- (a) the Company does not have any shareholding in Offeror;
- (b) save for the Treasury Shares (which are Shares held on behalf of the Company), none of the Group, a pension fund of the Group, or a person presumed to be acting in concert with the Company under class (5) or an associate of the Company under class (2) (excluding exempt principal traders and exempt fund managers) of the Takeovers Code owned or controlled any Shares or any Offeror Shares, or any convertible securities, warrants, options or derivatives in respect of Shares or the Offeror Shares;
- (c) save as disclosed in the section headed “Letter from the Board — Information on the Group-Shareholdings in the Company”, none of the Directors was interested in any Shares or any Offeror Shares or any convertible securities, warrants, options or derivatives in respect of Shares or Offeror Shares;
- (d) save as disclosed under the section headed “Letter from J.P. Morgan and Offeror — Irrevocable Undertakings and Non-binding Letter of Support”, no person who has an arrangement of the kind under Note 8 to Rule 22 of the Takeovers Code with the Company or any person presumed to be acting in concert with the Company under classes (1), (2) (3) and (5) or associate of the Company under classes (2), (3) and (4) of the Takeovers Code owned or controlled any Shares or any Offeror Shares, or any convertible securities, warrants, options or derivatives in respect of Shares or the Offeror Shares;
- (e) neither the Company nor a Director has borrowed or lent any relevant securities in the Company or Offeror (as defined in Note 4 to the Rule 22 of the Takeovers Code);
- (f) there are no shareholdings in the Company or Offeror which are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (g) save as disclosed under the sections headed “Letter from the Board — Information on the Group”, there is no outstanding derivative in respect of the securities in the Company that has been entered into by the Directors;
- (h) no benefit (other than statutory compensation) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;

- (i) save as disclosed in the section headed “Letter from J.P. Morgan and Offeror — Other arrangements” and the Forms of Acceptance, there are no agreements or arrangement between any Director and any other person which is conditional on or depend upon the outcome of the Offers or otherwise connected to the Offers;
- (j) there is no material contract to which Offeror is a party in which any Director has a material personal interest; and
- (k) save as disclosed under the sections headed “Letter from J.P. Morgan and Offeror — Irrevocable Undertakings and Non-binding Letter of Support” and “Letter from J.P. Morgan and Offeror — Other arrangements”, there is no agreement, arrangement or understanding or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder, on the one hand, and (ii) the Company, its subsidiaries or associated companies, on the other hand.

5. DIRECTORS’ SERVICE CONTRACTS

- 5.1. As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force that: (a) (including both continuous and fixed term contracts) had been entered into or amended in the six-month period prior to the Offer Period; or (b) was a continuous contract with a notice period of 12 months or more; or (c) is a fixed term contract that has more than 12 months to run irrespective of the notice period.

6. EXPERTS AND CONSENTS

- 6.1. The following is the qualification of the experts who have given opinion or advice contained in this Composite Document:

Name	Qualification
Sommerley Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.

- 6.2. Sommerley Capital Limited has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letters, and references to its name in the form and context in which they respectively appear.
- 6.3. As at Latest Practicable Date, Sommerley Capital Limited: (a) had no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2024, being the date to which the latest published audited accounts of the Company were made up.

7. MATERIAL LITIGATION

7.1. As at Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

8.1. The Group had not, within the two years prior to the Offer Period and up to and including Latest Practicable Date, entered into any contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which is or may be material.

9. MISCELLANEOUS

9.1. The key general corporate information of the Company are as follows:

Registered office:	49, boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg.
Principle place of business in Hong Kong:	20th Floor, K11 ATELIER, King's Road, 728 King's Road, Quarry Bay, Hong Kong.
Hong Kong Share Registrar:	Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
Company Secretary:	Mr. Karl Guénard.

10. DOCUMENTS ON DISPLAY

10.1. With respect to the Company, the following documents are available for viewing on the websites of the Company (group.loccitane.com); and the Securities and Futures Commission (www.sfc.hk) from this Composite Document Date until the end of the Offer Period:

- (a) the memorandum and articles of association of the Company;
- (b) the annual report of the Company for the years ended 31 March 2022 and 2023;
- (c) the announcement of annual results of the Company for the year ended 31 March 2024;
- (d) the Letter from the Board (the text of which is set out in the section headed “**Letter from the Board**”);
- (e) the Letter from the Independent Board Committee (the text of which is set out in the section headed “Letter from the Independent Board Committee”);

- (f) the Letter from the Independent Financial Adviser (the text of which is set out in the section headed “Letter from the Independent Financial Adviser”); and
- (g) the letter of consent referred to in the sub-section headed “— Experts and consents”.

1. RESPONSIBILITY STATEMENTS

1.1. The sole director of Offeror, and the directors of LOG, jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

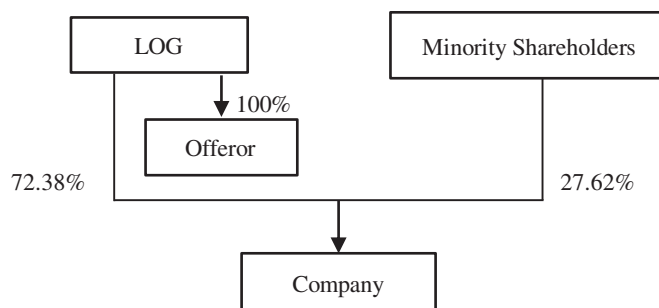
2. SHARE CAPITAL OF OFFEROR

2.1. **Share capital of Offeror.** As at Latest Practicable Date, Offeror has an authorised share capital of HK\$16,000,000,000 divided into 16,000,000,000 ordinary shares with a nominal value of HK\$1.00 each. The total issued share capital of Offeror is 300,000 Offeror Shares, all of which were issued to Société d'Investissements CIME S.A. on 10 June 2024 for HK\$1 and which were subsequently transferred to LOG on 15 June 2024 for HK\$1. As at Latest Practicable Date, all issued Offeror Shares are held by LOG.

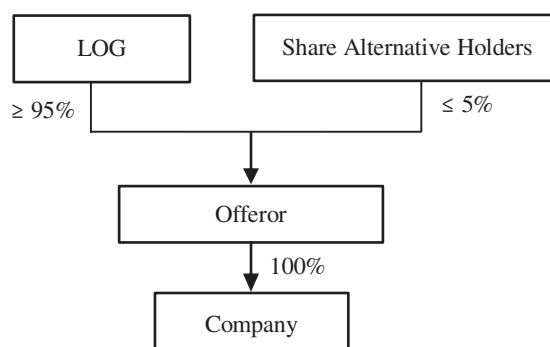
2.2. Since Offeror's incorporation and up to and including Latest Practicable Date, there has been no other change to the issued share capital of Offeror. See the section headed "Letter from J.P. Morgan and Offeror — Other arrangements — Offeror Corporate Restructuring" for information on the proposed issuance of Offeror Shares as part of and in parallel to the Offers.

2.3. **Shareholding of Offeror.** The following corporate structure charts depict a simplified shareholding structure of Offeror in the Company during Offer Period:

As at Latest Practicable Date



Following Offer Closing Date (upon completion of the Offeror Corporate Restructuring)⁽¹⁾



Note:

(1) Assuming acceptance of the Offers in full.

2.4. See “Appendix VI” (*Summary of Rollover Shares*) for more information on the terms and conditions attached to the Rollover Shares.

3. DISCLOSURE OF INTERESTS AND DEALINGS IN OFFEROR SHARES

3.1. **Disclosure of interests.** As at Latest Practicable Date, Offeror is wholly-owned by LOG. The sole ultimate controlling shareholder of LOG is Mr. Reinold Geiger. Mr. Geiger is the Chairman of the Board and an executive Director; he is also a director and chairman of the board of directors of LOG and the sole director of Offeror. Mr. Geiger is the ultimate beneficial owner of the entire issued share capital of Cime S.C.A., which has 100% interest in Société d’Investissements CIME S.A., which in turn controls 73.31% (as at Latest Practicable Date) and will control 75.25% (following Offer Unconditional Date and immediately following the LOG Corporate Restructuring) of the total issued and outstanding share capital of LOG. Mr. Geiger is therefore deemed under the SFO to be also interested in all of Offeror Shares and LOG shares.

3.2. **Dealings during the relevant period.** Save as disclosed in the sub-section “— Share capital of Offeror”, no person (including the Company, Directors, Offeror Concert Group, and any Shareholder who has given an Irrevocable Undertaking) had dealt for value in any Offeror Shares, convertible securities, warrants or options convertible securities, warrants, options or derivatives in respect of Offeror Shares or any other relevant securities (as defined in Note 4 to Rules 22 of the Takeovers Code) of Offeror during the six months period immediately prior to Initial Announcement Date and up to and including Latest Practicable Date.

3.3. **Share pledge by Offeror:** On 15 June 2024, Offeror has given a share pledge in favour of Crédit Agricole Corporate and Investment Bank, as pledgee, over all the Shares to be owned by Offeror under the Offers and following the Offeror Corporate Restructuring. As at Latest Practicable Date, Offeror does not own any Shares. As mentioned above, Crédit Agricole Corporate and Investment Bank is an authorised institution within the meaning

of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), and therefore, a qualified lender under section 308 of the SFO. The key enforcement events of this pledge are as follows:

- (a) an event of default having occurred and is continuing under certain clauses of the external debt facilities for funding the Offers relating to non-payment, cross default, insolvency proceedings;
- (b) an event of default which is continuing in respect of which a notice has been served; or
- (c) the filing of petition for, or the commencement of, a judicial reorganisation proceeding (*procédure de réorganisation judiciaire*) in respect of Offeror under the Luxembourg law of 7 August 2023 on business preservation and modernisation of bankruptcy law, as amended from time to time.

3.4. **Share pledge by LOG.** LOG has similarly given a share pledge on 15 June 2024 in favour of Crédit Agricole Corporate and Investment Bank, as pledgee, over all of its Offeror Shares, owned and to be owned. The key enforcement events of this pledge are the same as those under the share pledge by Offeror, except with respect to Offeror Shares and Offeror. Under the external debt facilities between LOG and Crédit Agricole Corporate and Investment Bank, LOG, as borrower, has borrowed: (a) a term loan facility in an aggregate principal amount of up to EUR375,000,000 (“**Facility A**”); (b) a term loan facility in an aggregate amount of up to EUR185,000,000 (“**Facility B**”) and (c) a revolving loan facility in an aggregate principal amount of up to EUR800,000,000 (“**Revolving Facility**”). Facility A is to be repaid in three instalments, with 15% of the loan to be repaid in 2027, 40% of the loan to be repaid in 2028, and all remaining outstanding amounts to be repaid in 2029. Facility B is to be repaid in a single instalment in 2027. Amounts drawn under the Revolving Facility will be repaid or rolled over at the end of each interest period (being either 1, 3 or 6 months at the election of LOG), and the Revolving Facility will terminate in 2029.

4. OTHER CONFIRMATIONS

4.1. As at Latest Practicable Date:

- (a) save as disclosed under the section headed “Letter from the Board — Information on the Group” and sub-section “— Disclosure of interests and dealings in Offeror Shares”, Offeror Concert Group does not own, control or have direction over any voting rights in any Shares or Offeror Shares nor own, control or have direction over any other rights or interests in the issued and outstanding share capital or voting rights of the Company or Offeror;
- (b) save for the Offeror Shareholder Loan and as disclosed under the section headed “Letter from the Board — Information on the Group” and sub-section “— Disclosure of interests and dealings in Offeror Shares”, Offeror Concert Group does not hold any warrants, options, derivatives or other securities convertible or exchangeable into shares or other types of equity interest in the Company or Offeror;

- (c) save as disclosed under the section headed “Letter from J.P. Morgan and Offeror — Irrevocable Undertakings and Non-binding Letter of Support”, Offeror Concert Group has not received any irrevocable commitment to accept or reject the Offers or to vote for or against the GA Disposal;
- (d) save as disclosed under the sections headed “Letter from J.P. Morgan and Offeror- Irrevocable Undertakings and Non-binding Letter of Support”, “Letter from the Board — Information on the Group” and sub-section “— Disclosure of interests and dealings in Offeror Shares”, there are no shareholdings in the Company or Offeror owned or controlled a Shareholder who has given an Irrevocable Undertaking;
- (e) there is no outstanding derivative in respect of the securities in the Company that has been entered into by Offeror Concert Group;
- (f) save as disclosed under the section headed “Letter from J.P. Morgan and Offeror — Irrevocable Undertakings and Non-binding Letter of Support”, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code between Offeror Concert Group and any other person in relation to the Shares or other securities in the Company or Offeror which might be material to the Offers;
- (g) save as disclosed under the section headed “Letter from J.P. Morgan and Offeror — Other arrangements — GA Disposal”, there is no agreement or arrangement to which Offeror is a party that relates to circumstances in which it may or may not invoke or seek to invoke any Conditions;
- (h) Offeror Concert Group has not borrowed or lent any relevant securities in the Company or Offeror (as defined in Note 4 to the Rule 22 of the Takeovers Code);
- (i) save as disclosed under the sections headed “Letter from J.P. Morgan and Offeror — Irrevocable Undertakings and Non-binding Letter of Support” and “Letter from J.P. Morgan and Offeror — Other arrangements”, there is no agreement, arrangement, understanding or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder, on the one hand, and (ii) Offeror Concert Group, on the other hand;
- (j) save for the Offer Price, the Rollover Shares, Award Cancellation Price, and as disclosed under the section headed “Letter from J.P. Morgan and Offeror — Other arrangements”, there is no other consideration, compensation or benefit in whatever form paid or to be paid by Offeror Concert Group, on the one hand, to any Shareholder (or Award Holder) or parties acting in concert with any of them, on the other hand, in connection with the Offers;

- (k) save as disclosed under the sections headed “Letter from J.P. Morgan and Offeror — Irrevocable Undertakings and Non-binding Letter of Support” and “Letter from J.P. Morgan and Offeror-Other arrangements”, there is no agreement, arrangement or understanding (including any compensation) existing between (i) Offeror Concert Group, on the one hand; and (ii) any Directors, recent Directors, Shareholders or recent Shareholders or Award Holders, having any connection with or dependent upon the Offers, on the other hand; and
- (l) save as disclosed under the sub-section headed “— Disclosure of interests and dealings in Offeror Shares”, there has been no change in shareholding of Offeror or other options, warrants or conversion rights affecting Offeror Shares.

5. EXPERTS AND CONSENTS

- 5.1. The following is the qualification of the experts who have given opinion or advice contained in this Composite Document:

Name	Qualification
J.P. Morgan Securities (Asia Pacific) Limited	A registered institution under the SFO, licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO.

- 5.2. J.P. Morgan, as the expert mentioned above, has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letters, and references to its name in the form and context in which they respectively appear.
- 5.3. As at Latest Practicable Date, J.P. Morgan: (a) had no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, save for as disclosed in the section headed “Letter from the Board-Information on the Group”; and (b) was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2024, being the date to which the latest published audited accounts of the Company were made up.

6. MATERIAL LITIGATION

- 6.1. As at Latest Practicable Date, Offeror was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the sole director of Offeror to be pending or threatened by or against Offeror.

7. MATERIAL CONTRACTS

7.1. The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by Offeror) entered into by Offeror since the date of its incorporation and until and including Latest Practicable Date:

- (a) Offeror Shareholder Loan under the Offeror Corporate Restructuring (see the section headed “Letter from J.P. Morgan and Offeror — Other arrangements — Offeror Corporate Restructuring”);
- (b) share pledge agreement dated 27 April 2024 as amended and restated on 15 June 2024 entered into by LOG, Offeror and Crédit Agricole Corporate and Investment Bank in relation to a pledge over the Shares (see the sub-section headed “— Disclosure of interests and dealings in Offeror Shares — Share pledge by Offeror”);
- (c) share pledge agreement dated 15 June 2024 entered into by LOG, Offeror and Crédit Agricole Corporate and Investment Bank in relation to a pledge over Offeror Shares (see the sub-section headed “— Disclosure of interests and dealings in Offeror Shares — Share pledge by LOG”); and
- (d) contribution agreement dated 15 June 2024 entered into by LOG and Offeror in relation to the contribution of Shares owned by LOG to Offeror under the Offeror Corporate Restructuring (see the section headed “Letter from J.P. Morgan and Offeror — Other arrangements — Offeror Corporate Restructuring”).

8. MISCELLANEOUS

8.1. The key general corporate information of Offeror is as follows:

Registered office:	49, boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg.
Principle place of business in Hong Kong:	20/F, K11 ATELIER, King’s Road, 728 King’s Road, Quarry Bay, Hong Kong.

8.2. The key corporate information of J.P. Morgan is as follows:

Name:	J.P. Morgan Securities (Asia Pacific) Limited
Principle place of business in Hong Kong:	23/F–29/F Chater House, 8 Connaught Road Central, Hong Kong.

8.3. The names and addresses of principal Offeror Concert Group members are as follows:

Principal members:	LOG, Mr. Reinold Geiger, Mr. André Hoffmann
Address:	49, boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg.

- 8.4. There will be no effect on the emoluments of the sole director of Offeror by the Offers.
- 8.5. No immediate and material adverse effect on the assets, liabilities, profits and business of Offeror is expected from the full acceptance of the Offers. See “Appendix V” (*Estimate of value of Offeror Shares*) for more information.

9. DOCUMENTS ON DISPLAY

- 9.1. With respect to Offeror, the following documents are available for viewing on the websites of the Company (**group.loccitane.com**); and the Securities and Futures Commission (**www.sfc.hk**) from this Composite Document Date until the end of the Offer Period:
- (a) the amended articles of association of Offeror;
 - (b) the Letter from J.P. Morgan and Offeror (the text of which is set out in the section headed “Letter from J.P. Morgan and Offeror”);
 - (c) the Estimate of value of Offeror Shares (the text of which is set out in “Appendix V” (*Estimate of value of Offeror Shares*));
 - (d) the letter of consent referred to in the sub-section headed “— Experts and consents”;
 - (e) the material contracts referred to in the sub-section headed “— Material contracts”;
 - (f) each Irrevocable Undertaking (for the Irrevocable Undertaking from Global Alpha, this includes the full list of dealings on which disclosure on an aggregate basis have been made in “Appendix VII”);
 - (g) the Non-binding Letter of Support;
 - (h) the form of Liquidity Agreement;
 - (i) contribution agreement and share purchase agreement with RG LOG Holders and AH LOG Holders under the LOG Contribution Arrangement;
 - (j) Qualifying Shareholder Questionnaire;
 - (k) the form of Contribution Agreement; and
 - (l) the audited accounts of LOG for the years ended 31 March 2022 and 2023.

The sole director
L'Occitane Holding S.A.
49, boulevard Prince Henri
L-1724 Luxembourg
Grand Duchy of Luxembourg

J.P.Morgan

2 July 2024

**(1) CONDITIONAL VOLUNTARY GENERAL OFFERS BY
J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED ON BEHALF OF OFFEROR
TO ACQUIRE ALL ISSUED AND OUTSTANDING SHARES IN THE COMPANY
(OTHER THAN SHARES ALREADY OWNED BY LOG) AND
TO CANCEL ALL VESTED OPTIONS; AND
(2) LIQUIDITY ARRANGEMENT WITH RESPECT TO UNVESTED AWARDS**

ESTIMATE OF VALUE OF OFFEROR SHARES

Dear Sirs/Mesdames,

We refer to the document of even date jointly issued by L'Occitane Holding S.A. and L'Occitane International S.A. (the "**Composite Document**") of which this letter forms part. Capitalised terms used in this letter will, unless otherwise stated, have the same meaning as defined in the Composite Document.

Pursuant to the requirements of the Takeovers Code, you have requested us to provide you with an estimate of value of the Offeror Shares (the "**Estimate of Value**"). Under the Share Offer, Minority Shareholders may elect to receive (i) the **Cash Alternative**: cash of HK\$34.00 for each Offer Share; or (ii) the **Share Alternative**: 10 Rollover Share for each Offer Share. The Offeror Shares are unlisted and there is therefore no reference for a publicly traded price.

PURPOSE

The Estimate of Value has been provided to Offeror solely for the purposes of Paragraph 30 of Schedule I to the Takeovers Code, and shall not be used or relied upon for any other purpose whatsoever, and is not made on behalf of, and shall not confer rights or remedies upon, any third party. It is to be emphasized that the Estimate of Value contained herein is an estimated value of each Offeror Share based on certain assumptions and therefore does not necessarily reflect the actual value of the Offeror Shares. This letter is not addressed to any third party and the contents of this letter may not be used or relied upon by any third party for any purpose whatsoever; and J.P. Morgan expressly disclaims any duty or liability to any third party with respect to the contents of this letter. Except for its inclusion in the Composite Document, this letter may not be quoted or referred to, in whole or in part, nor may any other public reference to J.P. Morgan be made, without our prior written consent.

This letter sets out an Estimate of Value of each Offeror Share assuming the Share Offer has become or has been declared unconditional in all respects and such Offeror Share is in issue as at the date of this letter.

The Estimate of Value does not represent the value that a holder of an Offeror Share may realise on any future sale — and such a value may be higher or lower than the figure in this letter. The Estimate of Value is necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the Latest Practicable Date. It should be understood that subsequent developments may affect the Estimate of Value expressed herein. J.P. Morgan assumes no obligation to update, revise or reaffirm the Estimate of Value based upon circumstances or events occurring after the Latest Practicable Date.

Additionally, the Estimate of Value is based on the announced value of HK\$34.00 per Offer Share under the Cash Alternative on which J.P. Morgan expresses no opinion and gives no representation. In providing the Estimate of Value, J.P. Morgan expresses no opinion and makes no recommendation to any person as to whether they should accept the Offers or whether they should make any election to choose the Cash Alternative or the Share Alternative. Further, J.P. Morgan expresses no opinion as to the fairness of the amount of the Cash Alternative and/or the Award Cancellation Price, the number and nature of Offeror Shares comprised in the Share Alternative as referenced in the Offers and/or the financial terms of the Liquidity Arrangement, nor does J.P. Morgan express any opinion as to the underlying decision by Offeror to engage in the Offers. Shareholders are urged to carefully review the terms and conditions attached to the issuance and receipt of Rollover Shares (including the rights of the shareholders of Offeror) and the risk factors of holding Rollover Shares as set out in the Composite Document, together with Offeror's amended articles of association. J.P. Morgan expresses no opinion and expressly disclaims any duty or liability with respect to the terms and conditions of Rollover Shares, and the impact (if any) to the value of Rollover Shares arising from the shareholder rights attached to such shares.

ASSUMPTIONS

For the purposes of our analysis, we have made the following assumptions:

- (i) There exists a willing buyer and seller, neither being under any compulsion to buy or sell, dealing on an arm's length basis, each having knowledge of all relevant facts;
- (ii) As at the date of this letter, the Share Offer has become or has been declared unconditional in all respects and the Company is a wholly-owned subsidiary of Offeror;
- (iii) The Offeror Shares that may be issued in connection with the Offers as part of the Offeror Corporate Restructuring, together with the 300,000 Offeror Shares held by LOG as of the Latest Practicable Date, comprise the entire issued share capital of Offeror and no person has any right to acquire or subscribe for any share or loan capital of Offeror. Such shares have been issued pursuant to the terms of the Offers free from all encumbrances, credited as fully-paid, non-assessable, and ranking pari passu with all issued shares in Offeror, including the right to receive in full all dividends and other distributions (if any) declared, made or paid on or after the date of their issue;

- (iv) Offeror was established for the sole purpose of the Offers and as such, we have assumed that immediately following the Share Offer becomes or is declared unconditional in all respects, Offeror's turnover, profits, assets and liabilities (on a consolidated basis), nature of business, business prospects and operations will be in all material respects the same as the Company, save for the cash and cash equivalents of HK\$1,020,000 (being the initial capital contribution to Offeror at the time of its incorporation), interest-free Offeror Shareholder Loan to the extent not capitalised and outstanding, any costs and expenses incurred by Offeror in connection with the Offers and any cash balance that may remain in Offeror that was not required to finance the amount payable in cash to Shareholders and Award Holders under the Offers;
- (v) The Offeror Shareholder Loan capitalisation has been completed at 10 Offeror Shares for every HK\$34.00 of capitalised shareholder loan (i.e. at the same exchange ratio of 10 Offeror Shares for each Offer Share under the Share Alternative), subject to adjustments for rounding and issuing whole Offeror Shares;
- (vi) Up to HK\$14,040,077,290 Offeror Shareholder Loan is made available from LOG to Offeror, which is in turn funded by (i) external debt facilities provided by Crédit Agricole Corporate and Investment Bank to LOG; and (ii) a shareholder's loan from Holdco to LOG that is funded by paid-in-kind (PIK) loan note financing from (a) Blackstone Rio Holdings (CYM) L.P.; and (b) the West Street Strategic Solutions funds or other investment vehicles or accounts that are managed or advised by Goldman Sachs Asset Management International or its affiliates. In the event that there are Minority Shareholders electing the Share Alternative, the Offeror Shareholder Loan will be reduced accordingly by the amount of the Offer Price and the Hong Kong stamp duty payment that would otherwise be payable by Offeror if such Minority Shareholders elect the Cash Alternative;
- (vii) Any Shares in the issued share capital of the Company acquired by Offeror under the Offers have been acquired free from all liens, options and third-party rights and together with the right to receive in full all dividends and other distributions (if any) declared, made or paid on or after the date of this letter, and all Awards have been cancelled;
- (viii) There is no change to the issued share capital of the Company from the Latest Practicable Date up to and including the completion of the Offers. There are no dilutive equity instruments and assuming the cancellation of the Awards, no person other than Offeror has any right to acquire or option to subscribe for any share or loan capital of the Company and no share capital of the Company is disposed of nor any right granted over or in respect of it at any future date;
- (ix) No dividend or other distribution (whether in cash or in kind) shall be declared, made or paid by the Company to the Shareholders between Initial Announcement Date and completion of the Offers, and any further dividend or distribution shall be subject to the approval of Offeror;

- (x) Offeror and the Company exist on a continuing basis and the valuation is assumed on this basis and not assuming any sale of shares of Offeror or the Company at any future date;
- (xi) Offeror Shares are unlisted and are valued on this basis. Whilst it is not possible to give a precise measure of the discount to reflect, among other things, the lack of marketability and the rights of the shareholders of Offeror and no methodological analysis can be undertaken for the purpose of estimating such a discount, for the purpose of calculating our range of Estimate of Value we have assumed a range of discounts of 0–30% to an equivalent listed security to reflect, among other things, the lack of marketability and such shareholders' rights. We believe such range of discounts is an appropriate assumption to use for this purpose as it is consistent with the approach taken in recent market privatisation precedents in Hong Kong which involves unlisted offeror shares being offered as an alternative transaction consideration and which adopts an illiquidity discount methodology to assess the value of the unlisted offeror shares. In evaluating the level of discount applied, we have identified the following general offer/privatisation cases since 2013 which involved valuation of unlisted shares, and noted that a discount of 30% for lack of marketability/shareholders' rights was applied to derive the low-end value of the unlisted shares under the share alternative in each of the respective cases:

Date of scheme/composite document	Company (stock code)	Discount applied
22 September 2023	Trigiant Group Limited (1300)	30%
4 May 2022	Suchuang Gas Corporation Limited (1430)	30%
10 November 2021	Lee Hing Development Limited (68)	30%
3 August 2021	Clear Media Limited (100)	30%
27 January 2021	Huifu Payment Limited (1806)	30%
20 June 2019	China Power Clean Energy Development Company Limited (735)	30%
5 September 2016	Nirvana Asia Ltd (1438)	30%
23 July 2013	Yashili International Holdings Ltd (1230)	30%

- (xii) We have relied on and assumed, without independent verification, the accuracy and completeness of the information reviewed by us (including but not limited to the management accounts of Offeror, which specify the amount of cash, assets, indebtedness and liabilities that are expected to remain in Offeror immediately following the Offers) for the purposes of the Estimate of Value; and we have not assumed and do not assume any responsibility or liability in relation thereto. We have not made any independent valuation or appraisal of the assets and liabilities of the Company, nor have we sought or been provided with any such valuation or appraisal. The Estimate of Value is necessarily based on financial, economic, market,

regulatory and other conditions in effect, and the information made available to us, as at the date of this letter. It should be understood that subsequent developments may affect the Estimate of Value contained in this letter;

- (xiii) The taxation of individual shareholders will vary and we have not taken account of the effects of any taxation exemptions, allowances or reliefs available for the purposes of income, capital gains, inheritance or any other applicable tax, duty or levy, notwithstanding these may be significant in the case of some shareholders;
- (xiv) No account has been taken of any potential transaction costs that a holder of the Shares or Awards or may incur in regard to accepting the Offers, or in any attempted or actual sale of Offeror Shares; and
- (xv) The Group will continue to operate in the ordinary course as a going concern and are not subject to any material adverse event; the assets and liabilities of the Company (on a consolidated basis) are fairly reflected in the Company's annual results comprising its audited consolidated accounts for the financial year ended 31 March 2024 which was published on 24 June 2024 (the "**Last Accounts**"); Neither the Company nor any of its subsidiaries disposes of any asset for less than its fair value (as reflected in the Last Accounts) nor suffers or incurs any liability, other than in the ordinary course of business.

METHODOLOGY

In our Estimate of Value, we derive ranges of value for Offeror Shares which reflect the estimated value of such shares hypothetically assuming for the purpose of calculating the top end of the range that they are listed and freely tradable, and for the purpose of calculating the bottom end of the range we have assumed a discount of 30% to reflect, among other things, the lack of marketability and shareholders' rights.

The estimated value of the Offeror Shares is equal to the total estimated value of the Shares (including the Awards and any cash balance that may remain in Offeror) rounded to the nearest Hong Kong dollar. As such, at the top end of our range, the total value of the Offeror Shares is calculated as:

$$(a) - (b) + (c)$$

Where (a), (b) and (c) are defined as follows:

"(a)" = *the estimated value of all of the outstanding Shares (including the Awards, assuming a "see-through" value), which represents the value of the Shares that Offeror will own;*

"(b)" = *the outstanding Offeror Shareholder Loan; and*

"(c)" = *any cash that may remain in Offeror immediately following the Offers.*

Following the implementation of the Offers, Offeror will not own any other assets or any other liabilities except for the Shares, the Offeror Shareholder Loan (which will be capitalised by the latest date for settlement of the Share Alternative under the Share Offer) and the cash that may remain in Offeror immediately following the Offers. As a result, the estimated value of the Offeror Shares is equal to “ $(a) - (b) + (c)$ ”.

Value for “ (a) ” at the top end of the range is HK\$50,324,197,636, equivalent to the total value of Shares, Vested Options and Unvested Awards (in each case equivalent to the “see-through” value) as set out as below:

	Number of Shares/Vested Options/ Unvested Awards	Value per Share/Vested Option/ Unvested Award	Total Value
(i)	1,474,968,200 Shares issued and outstanding	HK\$34.00	HK\$50,148,918,800
(ii)	594,150 Vested Options with exercise price of HK\$15.16	HK\$18.84	HK\$11,193,786
(iii)	1,045,200 Vested Options with exercise price of HK\$14.50	HK\$19.50	HK\$20,381,400
(iv)	6,530,400 Unvested Options with exercise price of HK\$20.67	HK\$13.33	HK\$87,050,232
(v)	1,666,277 Free Shares with nil issue price	HK\$34.00	HK\$56,653,418
	Total		HK\$50,324,197,636

Value for “ (b) ” is nil assuming capitalisation of the Offeror Shareholder Loan has been completed.

Value for “ (c) ” is estimated to be: (i) approximately HK\$14,870,948, where all Minority Shareholders elect the Cash Alternative in full and assuming all Award Holders receive the Award Cancellation Price in full in respect of their Awards; and (ii) approximately HK\$12,363,681, where 73,743,145 Offer Shares (being the Share Alternative Cap) elect the Share Alternative and all other Offer Shares are tendered for the Cash Alternative in full and assuming all Award Holders receive the Award Cancellation Price in full in respect of their Awards.

As stated above, we have derived the lower end of the range for the estimate of value for each Offeror Share, by assuming a 30% discount to the value calculated above to reflect the lack of marketability and shareholders’ rights, of an unlisted share.

The valuation of non-publicly traded securities is inherently imprecise and is subject to certain uncertainties and contingencies, including, but not limited to, the above qualitative factors, the effects of which are difficult to predict. Consequently, the view expressed in this letter is not necessarily indicative of: (i) the price at which the Offeror Shares might actually

trade as at the date hereof or at any future date; (ii) the amount which might be realised upon a sale of an Offeror Share to a third party; or (iii) the amount that might be realized by a holder of an Offeror Share on liquidation of Offeror. Our Estimate of Value may differ substantially from estimates available from other sources. In addition, our view would be expected to fluctuate with changes in prevailing market conditions, the financial conditions and prospects of Offeror and other factors which generally influence the valuation of companies and securities. As a result, there can be no assurance that the actual price of an Offeror Share will not be higher or lower than the Estimate of Value.

	Assuming (i) all Minority Shareholders elect the Cash Alternative in full; and (ii) all Award Holders receive the Award Cancellation Price in full	Assuming (i) 73,743,145 Offer Shares (being the Share Alternative Cap) elect the Share Alternative; (ii) all other Offer Shares are tendered for the Cash Alternative in full; and (iii) all Award Holders receive the Award Cancellation Price in full
(a) the estimated value of all of the outstanding Shares (including the Awards, assuming a “see-through” value)	HK\$50,324,197,636	HK\$50,324,197,636
(b) the Offeror Shareholder Loan*	nil	nil
(c) any cash that may remain in Offeror immediately following the Offers**	HK\$14,870,948	HK\$12,363,681
Total value of the Offeror Shares	HK\$50,339,068,584	HK\$50,336,561,317
Number of Offeror Shares in issue immediately following the Offers***	14,805,608,407	14,804,870,975
Top end value per Offeror Share	HK\$3.40	HK\$3.40
Bottom end value per Offeror Share (Assuming a 30% discount for non-marketability of the Offeror Shares)	HK\$2.38	HK\$2.38

Notes:

* For the avoidance of doubt, in the event that the Offeror Shareholder Loan is not capitalised, the total value of Offeror Shares would decrease by the amount of the Offeror Shareholder Loan (being HK\$14,040,077,290 and HK\$11,530,303,093 respectively under the above two scenarios); and the total number of Offeror Shares in issue immediately following the Offers would be reduced by 4,129,434,497 and 3,391,265,615 respectively, resulting in the same value per Offeror Share.

** Cash that may remain in Offeror immediately following the Offers is calculated as:

- (a) under the first scenario, the Offeror Shareholder Loan of HK\$14,040,077,290, plus the initial capital contribution to Offeror of HK\$1,020,000, minus the maximum value of the Offers of HK\$14,026,226,342; and
- (b) under the second scenario, the Offeror Shareholder Loan of HK\$11,530,303,093 (being the maximum value of the Offeror Shareholder Loan of HK\$14,040,077,290, minus HK\$34 per Offer Share for 73,743,145 Offer Shares that elect the Share Alternative and 0.1% Hong Kong stamp duty on the value of such shares that would otherwise be payable by Offeror), plus the initial capital contribution to Offeror of HK\$1,020,000, minus the maximum value of the Offers of HK\$11,518,959,412 (being the maximum value of the Offers of HK\$14,026,226,342, minus HK\$34 per Offer Share per share for 73,743,145 Offer Shares that elect the Share Alternative).

Cash that may remain in Offeror immediately following the Offers will primarily be used to pay transaction costs (including stamp duty of approximately HK\$13,850,948 and HK\$11,343,681 under above two scenarios respectively).

*** In connection with the Offers, the Offeror Shares will be issued to Minority Shareholders upon election of the Share Alternative at 10 Offeror Shares for each Offer Share (subject to the Share Alternative Cap). The number of Offeror Share in issue immediately following the Offers is calculated as: 300,000 Offeror Shares held by LOG as of the Latest Practicable Date, plus 10,675,873,910 Offeror Shares issued to LOG in exchange for LOG's contribution of all of its Shares to Offeror, plus (a) under the first scenario, 4,129,434,497 Offeror Shares upon capitalisation of the Offeror Shareholder Loan of HK\$14,040,077,290; or (b) under the second scenario, 3,391,265,615 Offeror Shares upon capitalisation of the Offeror Shareholder Loan of HK\$11,530,303,093 (being the maximum value of Offeror Shareholder Loan of HK\$14,040,077,290 as reduced by the amount of the Offer Price and the Hong Kong stamp duty payment that would otherwise be payable by Offeror if such Minority Shareholders elect the Cash Alternative) and 737,431,450 Offeror Shares issued under the Share Alternative.

Under both scenarios above, each of the Offeror Shares has an estimated value of HK\$3.40 at the top end of the range and an estimated value of HK\$2.38 at the bottom end of the range. For all scenarios in between the two scenarios above, where a proportion of Minority Shareholders elect either of the Cash Alternative or the Share Alternative, the Estimate of Value for each Offeror Share remains the same at HK\$3.40 at the top end of the range, and an estimated value of HK\$2.38 at the bottom end of the range.

In determining the Estimate of Value, we have not taken into account, among other things, any financial projections of the Company.

No account has been taken of any potential transaction costs that a holder of the Shares or Awards or may incur in regard to accepting the Offers, or in any attempted or actual sale of Offeror Shares.

No account has been taken of any potential transaction costs that a holder of Offeror Shares may incur, or any potential costs that might be associated with a sale of Offeror to a third party or a liquidation of Offeror, which might be expected to reduce any return to a holder of an Offeror Share upon the occurrence of such an event.

We have produced the Estimate of Value using these methodologies and taken into account the information, factors, assumptions and limitations set out above.

ESTIMATE OF VALUE

On the basis of the above assumptions and methodology adopted by us and subject to the foregoing, the Estimate of Value as defined in this letter is within a range of HK\$2.38 to HK\$3.40 for each Offeror Share. This Estimate of Value does not represent a formal opinion by J.P. Morgan of the value of an Offeror Share or a Share, and is subject to the assumptions set out above.

Under the Share Alternative, each Minority Shareholder is entitled to receive 10 Offeror Share for every Offer Share held. For illustrative purposes, a Minority Shareholder with 1,000 Offer Shares valued at HK\$34.00 each is entitled to receive 10,000 Offeror Share (subject to the *Pro Rata* Downward Adjustment Mechanism) valued at (a) HK\$3.40 each at the top end of range assuming hypothetically that the Offeror Shares are listed and freely tradable; and (b) HK\$2.38 each at the bottom end of the range assuming a discount of 30% to reflect, among other things, the lack of marketability and shareholders' rights.

GENERAL

J.P. Morgan is acting as the financial adviser to Offeror in relation to the Offers and no one else in connection with the Offers. J.P. Morgan will not be responsible to anyone other than Offeror for providing advice in relation to the Offers, the contents of the Composite Document or any other matters referred to in the Composite Document.

Shareholders are urged to read carefully all the information contained in the Composite Document.

The value of an Offeror Share may be impacted by the factors described in this letter.

Further, in providing the Estimate of Value, J.P. Morgan expresses no opinion or recommendation to any person as to whether they should accept the Offers or whether they should make any election to choose the Cash Alternative or the Share Alternative. Shareholders are recommended to seek their own independent financial advice. Further, J.P. Morgan expresses no opinion as to the fairness of the amount of the Cash Alternative and/or the Award Cancellation Price, the number and nature of Offeror Shares comprised in the Share Alternative as referenced in the Offers and/or the financial terms of the Liquidity Arrangement.

Yours faithfully,
For and on behalf of
J.P. Morgan Securities (Asia Pacific) Limited
Sanjeev Malkani
Managing Director

1. KEY CORPORATE GOVERNANCE DETAILS OF OFFEROR

1.1. After completion of the Offeror Corporate Restructuring:

- (a) **Board composition.** Offeror's board of directors will comprise no less than 3 directors. The initial Chairperson of Offeror's board is Mr. Reinold Geiger, and going forward, the Chairperson shall be appointed from time to time by the executive directors of Offeror. An Offeror director may be appointed (together with approval of their remuneration) or removed from the board by ordinary resolution of the shareholders of Offeror.
- (b) **General meeting of shareholders.** Offeror directors may call a general meeting of shareholders at any time. Offeror directors or Offeror's auditor may also call a general meeting if a requisition in writing is given by one or more shareholders of Offeror who, in aggregate, hold not less than 10% of the right to vote at such general meeting, in which event, Offeror directors or Offeror's auditor shall have one month from the date of receipt of such requisition to call a general meeting. General meetings of shareholders will be convened through announcements filed with the Luxembourg Trade and Companies Register and published at least 15 days before the meeting, on the *Recueil électronique des sociétés et associations* and in a Luxembourg newspaper. In such case, notices by mail shall be sent at least 8 days before the meeting to the registered shareholders by ordinary mail (*lettre missive*). Alternatively, the convening notices may be exclusively made by registered mail in case Offeror has only issued registered shares or if the addressees have individually agreed to receive the convening notices by another means of communication ensuring access to the information, by such means of communication.

The following key items will require the approval of shareholders of Offeror:

Key items	Quorum	Approval threshold	Type of meeting
Increasing the capital commitments of Offeror shareholders.	Unanimous attendance of all Offeror shareholders whose capital commitment is proposed to be increased.	Unanimous consent of all Offeror shareholders whose capital commitment is proposed to be increased.	Extraordinary general meeting.
Change of share capital of Offeror.	At least a majority of the issued share capital.	At least a 2/3 majority.	Extraordinary general meeting.
Dissolution of Offeror.	At least a majority of the issued share capital.	At least a 2/3 majority.	Extraordinary general meeting.

Key items	Quorum	Approval threshold	Type of meeting
Amending Offeror's articles of association (including, amongst others, (i) the change of corporate name, (ii) the change of financial year, (iii) the change of currency, (iv) the change of corporate purpose, and (v) the change of corporate form).	At least a majority of the issued share capital.	At least a 2/3 majority.	Extraordinary general meeting.
Merger, division (demerger), and change of nationality.	At least a majority of the issued share capital.	At least a 2/3 majority.	Extraordinary general meeting.
Transfer of professional assets (<i>transferts d'actifs, de branche d'activité et d'universalité; transferts du patrimoine professionnel</i>).	At least a majority of the issued share capital.	At least a 2/3 majority.	Extraordinary general meeting.
Appointment and removal of statutory and independent auditor	None.	At least a simple majority.	Ordinary general meeting.
Appointment, removal and discharge of directors	None.	At least a simple majority.	Ordinary general meeting.
Approval of annual financial statements and report of the independent auditor	None.	At least a simple majority.	Ordinary general meeting.

(c) **Entitlements of Offeror Share.** Each issued Offeror Share (including each issued Rollover Share): (a) will rank *pari passu* with one another; (b) will be entitled to dividends declared by Offeror; and (c) is entitled to 1 voting right at a general meeting of Offeror. In the event of liquidation, any surplus capital (including assets) shall be distributed among all Offeror shareholders in proportion to the number of Offeror Shares held by them.

1.2. **Evidence of title in Offeror Shares.** Offeror is a company incorporated in Luxembourg and does not require issuance of physical share certificates. Evidence of title is shown by recording the holders name and shareholding details in Offeror's register of members kept at Offeror's registered office in Luxembourg.

- 1.3. **KYC documentation.** Share Alternative Holders shall promptly (in the manner set out in this Composite Document and Forms of Acceptance, and to be delivered to Offeror before issuance of the Rollover Shares) complete all applicable “know your client” checks as reasonably required by J.P. Morgan and/or Offeror or their respective associates.
- 1.4. A copy of the amended articles of association of Offeror is made available as a document on display in accordance with the Takeovers Code at the same time as despatch of this Composite Document.

2. TERMS AND CONDITIONS OF ROLLOVER SHARES

- 2.1. A summary of the key terms and conditions attached to the issuance and receipt of Rollover Shares, which are recorded in the amended articles of association of Offeror, are set out below:
- (a) **Qualifying Shareholder.** Share Alternative Holders shall ensure, and warrant to Offeror, that they are Qualifying Shareholders, and that all regulatory approvals (if any) required by such person to receive Rollover Shares have been obtained. Offeror’s board of directors may, from time to time, make requests to a Share Alternative Holder to provide reasonable evidence of such Share Alternative Holder being a Qualifying Shareholder (including evidence of obtaining appropriate regulatory approvals (if any) required for such person to hold Rollover Shares). The foregoing requirements shall cease to apply following enforcement of any pledge granted by LOG on its Offeror Shares.
 - (b) **Voting rights and right to attend shareholder meetings.** Each Share Alternative Holder shall be entitled to attend, and vote at, general meetings of shareholders convened by Offeror. Each Rollover Share shall entitle its holder to one vote at general meetings of shareholders.
 - (c) **No competition.** Share Alternative Holders must not be considered by Offeror’s board of directors (acting reasonably and without delay) to be a Competitor of Offeror or its associates (as defined in the Listing Rules), where: “**Competitor**” means any person that (directly or indirectly) carries on, or is concerned in, any business that is competitive, or would reasonably be considered to be competitive, with any Competitive Business, provided that a person shall not be regarded as a Competitor solely by being a passive investor (whether directly or indirectly) holding not more than 5% (together with its affiliates) of the issued share capital of any company whose shares are publicly traded or listed; and “**Competitive Business**” means any and all of the businesses carried on by Offeror and its subsidiaries (“**Offeror group**”) from time to time, excluding any individual business representing less than 5% of Offeror group’s consolidated revenues for the last financial year.

- (d) **Right of first refusal.** Other than in respect of any “permitted transfers” (see paragraph (g) below), any proposed transfer of a Rollover Share shall be subject to a right of first refusal by LOG (or any person designated by, or a successor to, LOG pursuant to the enforcement of any pledge granted by LOG on Offeror Shares or otherwise).
- (e) **Transfer restrictions.** Subject to the permitted transfers set out below, the following transfers of Rollover Shares shall not be permitted:
- (i) transfers to a Competitor; and
 - (ii) transfers to any sanctioned transferees.
- (f) **No encumbrances.** No encumbrances (including charges or creation of any security or equitable mortgage) on the Rollover Shares shall be permitted.
- (g) **Permitted transfers.** The following transfers of Rollover Shares will be permitted: (1) transfers to and from LOG (including any of its successors pursuant to the enforcement of any pledge granted by LOG on Offeror Shares or otherwise); (2) transfers pursuant to the tag-along or drag-along rights (set out below); and (3) transfers to affiliates of the holders of Rollover Shares (provided that the transferee complies with the transfer restrictions described above).
- (h) **Tag-along rights.** In the event of a direct or indirect change of control of Offeror to the benefit of a *bona fide* third-party, through a single transfer or a series of transfers (“control” means, for the purpose of the tag-along and drag-along rights, by reference to the control of 50% or more of the share capital and/or voting rights of Offeror), each Share Alternative Holder (or its successor or assignee) shall have a right, but not an obligation, to sell, on conditions that are no less favourable than those offered by the *bona fide* third-party, all (but not part of) their then-held Rollover Shares to the *bona fide* third-party or such other person designated by LOG. In addition, in the event of a direct transfer by LOG (or any successor) of Offeror Shares representing 25% or more of the total issued Offeror Shares which does not result in a change of control of Offeror, each Share Alternative Holder (or its successor or assignee) shall have a right, but not an obligation, to sell on conditions (including consideration) that are no less favourable than those offered by the *bona fide* third-party, a number of Offeror Shares proportional to the stake transferred by LOG (or its successor). Neither tag-along right shall apply, however, in case of enforcement of any pledge granted by LOG on Offeror Shares.
- (i) **Drag-along rights.** In the event of a direct or indirect change of control of Offeror to the benefit of a *bona fide* third-party, through a single transfer or a series of transfers, LOG (or any of its successors pursuant to the enforcement of any pledge granted by LOG on Offeror Shares or otherwise) has a right, but not an obligation, to require all Share Alternative Holders (or their successors or assignee) to transfer all of their then-held Rollover Shares for cash, on conditions (including consideration) that are no less favourable than those offered by the *bona fide* third-party to LOG, to the *bona fide* third-party or such other person designated by LOG.

- (j) **Call option.** All Share Alternative Holders (and their successors) shall grant a call option to LOG (and to any successor thereto pursuant to the enforcement of any pledge granted by LOG on Offeror Shares or otherwise) entitling LOG (or such successor) the right, but not the obligation to require such holder to transfer all of their then-held Rollover Shares to LOG (or such other person designated by, or successor to, LOG) at 80% of the fair market value of those Rollover Shares; with the call option to be exercisable within 6 months after the date that Offeror's board of directors, acting reasonably, issues a decision that (i) the holder is a sanctioned person; or (ii) the holder is a Competitor.
- (k) **Priority right and registration rights.** Additionally, in case of occurrence of a listing, on a stock exchange or another market index, of Offeror or the Company, and if any pledge granted by LOG on Offeror Shares has not been enforced pursuant thereto, the holders of Rollover Shares holding 1.5% or more of Offeror's share capital shall have the right, subject to customary lock-ups and requirements by relevant regulators, stock exchange authorities and financial advisors, to sell the Rollover Shares as part of the listing application, if an opportunity to sell is available, in priority to the Offeror Shares held by LOG. If the listing is made on stock exchange or market index in the United States, Qualifying Shareholders shall be entitled to request customary registration rights as appropriate for the purpose of giving effect to their priority right.
- (l) **Dividends.** Holders of Rollover Shares shall be entitled to receive their pro rata share of any distribution of dividends by Offeror made in respect of ordinary shares of Offeror, as may occur from time to time.
- (m) **Preemptive rights.** Holders of Rollover Shares shall have a preemptive right (*droit préférentiel de souscription*) in accordance with Luxembourg laws, save for issuances made (i) pursuant to management incentive plans, employee share incentive plans and other such plans up to an aggregate amount of 10% of all Offeror Shares in issue, or (ii) for the purposes of Emergency Funding, subject to customary catch-up rights and “**Emergency Funding**” means funding required urgently to (a) prevent an insolvency event or breach of applicable law, (b) avoid or cure a breach of any debt facility or other financing (including an event of default), (c) avoid or cure breach of any third party contract (other than any related-party contract), or (d) avert or mitigate unforeseen events which would cause significant immediate damage to the Offeror or any of its assets.
- (n) **Information rights.** Holders of Rollover Shares shall be entitled to receive the information due to any holder of ordinary shares in a Luxembourg *société anonyme*, including the annual audited accounts of Offeror. In addition, holders of Rollover Shares holding 1.5% or more of Offeror's share capital shall be entitled to receive, upon request, the half-yearly audited or unaudited (as the case may be) accounts of Offeror.
- (o) **Governance.** The board of directors of Offeror shall be responsible for the overall direction, supervision and management of Offeror and its subsidiaries.

- (p) ***Amendment of articles.*** Any amendment of any provision of the articles of Offeror or otherwise of the rights of the Rollover Shares which would have a disproportionate and detrimental impact on the rights or obligations of one or more holders of Rollover Shares or on the rights or obligations attached to the Offeror Shares held by any holder of Rollover Shares as compared to its impact on any other holder of Offeror Shares shall require the positive vote of any such affected holder of Rollover Shares.
- (q) ***Governing law and dispute.*** The governing law of Offeror's articles of association and with respect to the Offeror Shares shall be the laws of the Grand Duchy of Luxembourg; disputes in respect of Offeror Shares or in respect of the articles of association of Offeror shall be settled by a court of competent jurisdiction in Luxembourg.

APPENDIX VII	FURTHER INFORMATION ON DEALINGS IN SHARES
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1. DEALINGS WITHIN THE RELEVANT PERIOD

1.1. Other than as set out below, none of the Directors, Offeror Concert Group or Shareholders who have given an Irrevocable Undertaking had dealt for value in any Shares, convertible securities, warrants, options or derivatives in respect of the Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the six months period immediately prior to Initial Announcement Date and up to and including Latest Practicable Date:

Dealings by Offeror Concert Parties:

Holder	Date	Dealings	Highest Price per Share (HK\$)	Price per Share (HK\$)
Mr. Thomas Levilion, non-executive Director	2 February 2024	Exercised 413,000 Options ⁽¹⁾	14.50	14.50
	2 February 2024	Sold 413,000 Shares on-market for cash	25.45	25.45
Mr. Karl Guénard, executive Director	22 December 2023	Exercised 97,600 Options ⁽¹⁾	14.36	14.36

Note:

(1) The table below sets out further details on these options:

	Date of grant	Number of underlying Shares	Exercise period	Exercise price	Consideration paid for exercise (no grant price payable)
Thomas Levillion	29 March 2018	413,000	29 March 2022 to 29 March 2026	HK\$14.50	HK\$14.50
Karl Guénard	23 March 2016	97,600	23 March 2020 to 22 March 2024	HK\$14.36	HK\$14.36

APPENDIX VII	FURTHER INFORMATION ON DEALINGS IN SHARES
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Dealings by Shareholders who have given an Irrevocable Undertaking (on a per dealing basis):

Holder	Date	Dealings	Highest Price per Share (HK\$)	Price per Share (HK\$)
ACATIS Investment KVG mbH	12 February 2024	Sold 1,000,000 Shares	27.56	27.56
	16 February 2024	Sold 2,000,000 Shares	28.13	28.13
	23 February 2024	Sold 2,000,000 Shares	28.56	28.56
	4 March 2024	Sold 1,843,500 Shares	29.25	29.25
	12 March 2024	Sold 3,000,000 Shares	29.67	29.67
	18 March 2024	Sold 2,000,000 Shares	30.77	30.77
	28 March 2024	Sold 2,000,000 Shares	31.43	31.43
	5 April 2024	Sold 886,000 Shares	29.53	29.53
	Pleasant Lake Partners LLC	22 December 2023	Purchased 3,250 Shares on-market for cash	20.75
27 December 2023		Purchased 363,000 Shares on-market for cash	21.54	21.54
28 December 2023		Purchased 361,000 Shares on-market for cash	21.64	21.64
29 December 2023		Purchased 350,000 Shares on-market for cash	22.35	22.35
3 January 2024		Purchased 353,000 Shares on-market for cash	22.17	22.17
4 January 2024		Purchased 360,000 Shares on-market for cash	21.74	21.74
9 January 2024		Purchased 355,000 Shares on-market for cash	22.06	22.06
10 January 2024		Purchased 353,000 Shares on-market for cash	22.13	22.13
11 January 2024		Purchased 357,000 Shares on-market for cash	21.93	21.93
12 January 2024		Purchased 350,000 Shares on-market for cash	22.39	22.39

APPENDIX VII
FURTHER INFORMATION ON DEALINGS IN SHARES

Holder	Date	Dealings	Highest Price per Share (HK\$)	Price per Share (HK\$)
	16 January 2024	Purchased 346,000 Shares on-market for cash	22.59	22.59
	17 January 2024	Purchased 349,000 Shares on-market for cash	22.43	22.43
	18 January 2024	Purchased 103,750 Shares on-market for cash	22.74	22.74
	19 January 2024	Purchased 350,000 Shares on-market for cash	23.28	23.28
	22 January 2024	Purchased 340,000 Shares on-market for cash	22.71	22.71
	23 January 2024	Purchased 340,000 Shares on-market for cash	22.78	22.78
	24 January 2024	Purchased 340,000 Shares on-market for cash	22.90	22.90
	25 January 2024	Purchased 324,750 Shares on-market for cash	23.73	23.73
	26 January 2024	Purchased 319,000 Shares on-market for cash	23.60	23.60
	29 January 2024	Purchased 475,000 Shares on-market for cash	23.93	23.93
	30 January 2024	Purchased 675,000 Shares on-market for cash	23.42	23.42
	31 January 2024	Purchased 1,600,000 Shares on-market for cash	24.8	24.8
	1 February 2024	Purchased 503,750 Shares on-market for cash	24.79	24.79
	2 February 2024	Purchased 621,250 Shares on-market for cash	25.76	25.76

APPENDIX VII
FURTHER INFORMATION ON DEALINGS IN SHARES

Holder	Date	Dealings	Highest Price per Share (HK\$)	Price per Share (HK\$)
	5 February 2024	Purchased 500,000 Shares on-market for cash	26.1	26.1
	6 February 2024	Purchased 775,000 Shares on-market for cash	28.67	28.67
	7 February 2024	Purchased 550,000 Shares on-market for cash	27.87	27.87
	8 February 2024	Purchased 607,750 Shares on-market for cash	27.79	27.79
	9 February 2024	Purchased 742,250 Shares on-market for cash	27.86	27.86
	14 February 2024	Purchased 500,000 Shares on-market for cash	27.63	27.63
	15 February 2024	Purchased 500,000 Shares on-market for cash	27.56	27.56
	16 February 2024	Purchased 500,000 Shares on-market for cash	28.01	28.01
	19 February 2024	Purchased 500,000 Shares on-market for cash	27.96	27.96
	20 February 2024	Purchased 500,000 Shares on-market for cash	28.3	28.3
	21 February 2024	Purchased 500,000 Shares on-market for cash	28.19	28.19
	22 February 2024	Purchased 500,000 Shares on-market for cash	28.19	28.19
	23 February 2024	Purchased 500,000 Shares on-market for cash	28.3	28.3
	23 February 2024	Purchased 276,000 Shares on-market for cash	28.34	28.34

APPENDIX VII
FURTHER INFORMATION ON DEALINGS IN SHARES

Holder	Date	Dealings	Highest Price per Share (HK\$)	Price per Share (HK\$)
	26 February 2024	Purchased 500,000 Shares on-market for cash	28.88	28.88
	27 February 2024	Purchased 500,000 Shares on-market for cash	28.33	28.33
	28 February 2024	Purchased 524,000 Shares on-market for cash	29.34	29.34
	29 February 2024	Purchased 263,000 Shares on-market for cash	29.8	29.8
	29 February 2024	Purchased 500,000 Shares on-market for cash	29.77	29.77
	1 March 2024	Purchased 500,000 Shares on-market for cash	29.81	29.81
	1 March 2024	Purchased 131,000 Shares on-market for cash	29.86	29.86
	4 March 2024	Purchased 531,000 Shares on-market for cash	29.9	29.9
	5 March 2024	Purchased 275,000 Shares on-market for cash	29.05	29.05
	6 March 2024	Purchased 250,000 Shares on-market for cash	29.42	29.42
	7 March 2024	Purchased 268,000 Shares on-market for cash	29.26	29.26
	8 March 2024	Purchased 232,000 Shares on-market for cash	29.44	29.44
	11 March 2024	Purchased 250,000 Shares on-market for cash	29.25	29.25
	12 March 2024	Purchased 250,000 Shares on-market for cash	29.25	29.25

APPENDIX VII
FURTHER INFORMATION ON DEALINGS IN SHARES

Holder	Date	Dealings	Highest Price per Share (HK\$)	Price per Share (HK\$)
	13 March 2024	Purchased 144,500 Shares on-market for cash	30.5	30.5
	14 March 2024	Purchased 290,750 Shares on-market for cash	30.33	30.33
	15 March 2024	Purchased 131,4750 Shares on-market for cash	30.73	30.73
	21 March 2024	Purchased 1,000,000 Shares on-market for cash	30.75	30.75
	22 March 2024	Purchased 493,000 Shares on-market for cash	31.32	31.32
	25 March 2024	Purchased 972,50 Shares on-market for cash	31.43	31.43
	26 March 2024	Purchased 859,750 Shares on-market for cash	31.83	31.83
	27 March 2024	Purchased 1,529,750 Shares on-market for cash	31.44	31.44
	28 March 2024	Purchased 155,762 Shares on-market for cash	31.67	31.67
	28 March 2024	Purchased 844,238 Shares on-market for cash	31.51	31.51
	28 March 2024	Purchased 100,464 Shares on-market for cash	31.51	31.51
	28 March 2024	Purchased 18,536 Shares on-market for cash	31.67	31.67
	28 March 2024	Purchased 194,702 Shares on-market for cash	31.67	31.67
	28 March 2024	Purchased 1,055,298 Shares on-market for cash	31.51	31.51

APPENDIX VII**FURTHER INFORMATION ON DEALINGS IN SHARES**

Holder	Date	Dealings	Highest Price per Share (HK\$)	Price per Share (HK\$)
	2 April 2024	Purchased 249,250 Shares on-market for cash	31.88	31.88
	3 April 2024	Purchased 355,750 Shares on-market for cash	31.35	31.35
	5 April 2024	Purchased 126,000 Shares on-market for cash	30.84	30.84
	27 May 2024	Purchased 1,056,500 Shares on-market for cash	31.95	31.95
	28 May 2024	Purchased 120,500 Shares on-market for cash	31.95	31.95
	29 May 2024	Purchased 805,250 Shares on-market for cash	32.11	32.11
	30 May 2024	Purchased 2,060,750 Shares on-market for cash	32.21	32.21
	31 May 2024	Purchased 23,500 Shares on-market for cash	32.49	32.49
	3 June 2024	Purchased 1,810,000 Shares on-market for cash	32.78	32.78

APPENDIX VII	FURTHER INFORMATION ON DEALINGS IN SHARES
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Dealings by Shareholders who have given an Irrevocable Undertaking (on an aggregated basis in accordance with Note 4 to Paragraph 4 of Schedule II to the Takeovers Code):

Holder	Date	Dealings	Highest per Share (HK\$)	Lowest Price per Share (HK\$)
Global Alpha Capital Management Limited	Week starting 30 October 2023	Purchased 239,500 Shares	20.13	20.09
		Sold 75,500 Shares	19.88	19.88
	Week starting 6 November 2023	Sold 46,000 Shares	19.22	19.22
	Week starting 13 November 2023	Sold 52,000 Shares	19.07	19.07
	Week starting 20 November 2023	Purchased 940,250 Shares	19.80	19.43
	Week starting 27 November 2023	Purchased 757,000 Shares	20.21	20.21
		Sold 823,750 Shares	19.59	19.59
	Week starting 4 December 2023	Purchased 14,250 Shares	19.76	19.76
		Sold 61,000 Shares	20.00	20.00
	Week starting 11 December 2023	Sold 1,398,750 Shares	20.01	19.86
	Week starting 18 December 2023	Purchased 39,000 Shares	20.62	20.62
		Sold 1,657,000 Shares	20.10	20.02
	Week starting 1 January 2024	Purchased 63,250 Shares	22.16	22.16
	Week starting 8 January 2024	Sold 78,250 Shares	21.37	21.37
	Week starting 22 January 2024	Sold 99,750 Shares	23.61	23.61
	31 January 2024	Sold 56,250 Shares	24.68	24.68
	7 February 2024	Sold 436,000 Shares	27.94	27.94
	8 February 2024	Sold 2,534,750 Shares	27.82	27.56
	9 February 2024	Sold 1,558,500 Shares	27.86	27.74
	14 February 2024	Sold 548,250 Shares	27.77	27.64
	15 February 2024	Sold 1,817,000 Shares	27.76	27.51
	21 February 2024	Sold 78,500 Shares	28.25	28.25
	22 February 2024	Sold 97,500 Shares	28.28	28.28
	23 February 2024	Sold 309,750 Shares	28.34	28.34
	26 February 2024	Sold 351,750 Shares	28.80	28.15
	27 February 2024	Sold 843,250 Shares	28.32	28.31
	28 February 2024	Sold 182,250 Shares	29.11	29.11
	02 April 2024	Sold 38,250 Shares	31.97	31.97
	05 April 2024	Sold 22,750 Shares	30.58	30.58

APPENDIX VII

FURTHER INFORMATION ON DEALINGS IN SHARES

Holder	Date	Dealings	Highest per Share (HK\$)	Lowest Price per Share (HK\$)
	03 May 2024	Purchased 15,750 Shares	32.25	32.25
	16 May 2024	Purchased 3,000 Shares	32.24	32.24
	16 May 2024	Purchased 52,500 Shares	32.24	32.24
	26 June 2024	Purchased 4,500 Shares	33.27	33.27
	26 June 2024	Purchased 5,250 Shares	33.27	33.27
	26 June 2024	Purchased 5,750 Shares	33.27	33.27
	26 June 2024	Purchased 5,750 Shares	33.27	33.27
	26 June 2024	Purchased 11,750 Shares	33.27	33.27
	26 June 2024	Purchased 15,000 Shares	33.27	33.27
	26 June 2024	Purchased 17,250 Shares	33.27	33.27
	26 June 2024	Purchased 32,500 Shares	33.27	33.27
	26 June 2024	Purchased 34,750 Shares	33.27	33.27
	26 June 2024	Purchased 49,250 Shares	33.27	33.27
	26 June 2024	Purchased 78,500 Shares	33.27	33.27
	27 June 2024	Purchased 5,750 Shares	33.21	33.21
	27 June 2024	Purchased 6,750 Shares	33.21	33.21
	27 June 2024	Purchased 7,250 Shares	33.21	33.21
	27 June 2024	Purchased 7,250 Shares	33.21	33.21
	27 June 2024	Purchased 15,250 Shares	33.21	33.21
	27 June 2024	Purchased 19,500 Shares	33.21	33.21
	27 June 2024	Purchased 22,250 Shares	33.21	33.21

APPENDIX VII**FURTHER INFORMATION ON DEALINGS IN SHARES**

Holder	Date	Dealings	Highest per Share (HK\$)	Lowest Price per Share (HK\$)
	27 June 2024	Purchased 42,250 Shares	33.21	33.21
	27 June 2024	Purchased 45,000 Shares	33.21	33.21
	27 June 2024	Purchased 63,500 Shares	33.21	33.21
	27 June 2024	Purchased 101,250 Shares	33.21	33.21

1. ACCEPTANCE PERIOD AND REVISIONS

First Closing Date

- 1.1. The Offers will be open for not less than 21 calendar days after Composite Document Date (being First Closing Date). Acceptances for the Offers should be received by **4:00 p.m. (Hong Kong time) on First Closing Date**.
- 1.2. If the Share Offer does not become unconditional in all respects by First Closing Date, the Offers may be extended, in which case, Offeror and the Company will make an announcement stating the extension of the Offers and the next closing date (“**Offer Extended Date**”).
- 1.3. The Offers must remain open for not less than 14 calendar days after the Share Offer becomes unconditional in all respects (i.e., 14 calendar days after Offer Unconditional Date) to give remaining Minority Shareholders and Award Holders an opportunity to accept the Offers during this time.
- 1.4. There is no obligation to extend the Offer Period if the Offers do not become unconditional in all respects by First Closing Date or Offer Extended Date.

Long Stop Date

- 1.5. Offeror has set a Long Stop Date for the Share Offer becoming unconditional in all respects on 26 August 2024. If the Share Offer does not become unconditional in all respects by this date, this date can only be extended with the consent of the Executive, the Company and Offeror.
- 1.6. Offeror has indicated its intention to exercise the compulsory acquisition right under Article 18 if the Share Offer is accepted with respect to at least 90% of the Offer Shares held by Disinterested Shareholders (being Condition (a) to the Share Offer). Accordingly, under Rules 2.11 and 15.6 of the Takeovers Code, the Share Offer may not remain open for acceptance for more than 4 months after Composite Document Date.

Revision of terms

- 1.7. The Offer Price cannot be revised. However, if Offeror revises any other terms of the Offers, Minority Shareholders and Award Holders, whether or not they have already tendered acceptances, will be entitled to the revised terms of the Offers. The Offers will be open for not less than 14 calendar days after any revision of terms of the Offers.

APPENDIX VIII FURTHER INFORMATION ON OFFER PERIOD PROCEDURES

Important takeaways:

- 1.8. Acceptance should be received by the following persons by **4:00 p.m. (Hong Kong time) on First Closing Date, or if extended, by any subsequent Offer Extended Date:**

	Deliver to:	Address:
<p>Share Offer</p> <p><i>* By completed, signed and dated Form of Acceptance</i></p>	<p><i>Registered Holders:</i> Computershare Hong Kong Investor Services Limited</p> <p><i>Directors and employees of the Group:</i> The Company</p> <p><i>CCASS Holders:</i> Please contact your CCASS Participant(s)</p>	<p><i>Lodge:</i> Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong</p> <p><i>Email:</i> longtermincentives@loccitane.com</p> <p>Follow the instructions of your CCASS Participant(s).</p>
<p>Vested Option Offer</p> <p><i>* By completed, signed and dated Form of Acceptance</i></p>	<p>L’Occitane Holding S.A./ L’Occitane International S.A.</p>	<p><i>Email:</i> longtermincentives@loccitane.com</p>
<p>Liquidity Arrangement</p> <p><i>* By signed and dated Liquidity Agreement</i></p>	<p>L’Occitane Holding S.A./ L’Occitane International S.A.</p>	<p><i>Email:</i> longtermincentives@loccitane.com</p>

Enquiry hotline and email

- 1.9. If you have any queries of an administrative and procedural nature regarding the Offers, please reach out via the following ways:

<p>Phone: +852 2592 5946</p> <p>Email: Loccitane@investor.morrowsodali.com</p>	<p>Office hours: 9:00 a.m. to 5:00 p.m. Mondays to Fridays (excluding weekends and public holidays in Hong Kong)</p>
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- 1.10. This hotline is managed by an external service provider, Morrow Sodali Hong Kong Limited, engaged by Offeror. For the avoidance of doubt, the designated phone line or email account cannot and will not: (i) provide any information not available in the public domain nor any advice on the merits or risks of the Offers; or (ii) give any financial or legal advice. **If you are in doubt as to any aspect of this Composite Document or**

APPENDIX VIII FURTHER INFORMATION ON OFFER PERIOD PROCEDURES

action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

2. ANNOUNCEMENT ON LEVEL OF ACCEPTANCES

- 2.1. Offeror and the Company will make an announcement by 7:00 p.m. (Hong Kong time) on First Closing Date (“**First Closing Announcement**”), stating: (a) whether the Offers are extended, revised or expired; (b) the level of acceptances received as of 4:00 p.m. (Hong Kong time) on such date; (c) the total number of Shares (and voting percentage) controlled by Offeror Concert Parties before Offer Period; (d) the total number of Shares (and voting percentage) acquired or agreed to be acquired by Offeror Concert Parties during the Offer period; and (e) details of any securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company in which Offeror Concert Parties have borrowed or lent (other than securities that have been on-lent or sold) (“**Results Announcement Content**”).
- 2.2. Similarly, if the Offers are extended past First Closing Date, Offeror and the Company will make an announcement by 7:00 p.m. (Hong Kong time) on each Offer Extended Date containing the Results Announcement Content.
- 2.3. Levels of acceptances will be as of 4:00 p.m. (Hong Kong time) on the date of each such results announcement.

3. RIGHT OF WITHDRAWAL

- 3.1. Acceptances of the Share Offer tendered by Minority Shareholders are irrevocable and cannot be withdrawn, except: (a) after 21 calendar days following First Closing Date (being Tuesday, 13 August 2024) if the Share Offer has not become unconditional as to acceptance by such date; or (b) if a First Closing Announcement is not made, if so permitted by the Executive to allow withdrawal of acceptances until an announcement containing the required details of the First Closing Announcement is published.
- 3.2. If acceptances are withdrawn, Offeror shall, as soon as possible and within 7 business days after receipt of a withdrawal request, return by ordinary post the Evidence of Title lodged with the Form of Acceptance for the withdrawal request.

4. SETTLEMENT OF THE OFFERS

- 4.1. *For Cash Alternative.* See the section headed “Letter from J.P. Morgan and Offeror — A. Cash Alternative under Share Offer — Details of the Cash Alternative”.
- 4.2. *For Share Alternative.* See the section headed “Letter from J.P. Morgan and Offeror — B. Share Alternative under Share Offer — Details of the Share Alternative”.
- 4.3. *For Vested Option Offer.* See the section headed “Letter from J.P. Morgan and Offeror — C. Vested Option Offer — Details of the Vested Option Offer”.

APPENDIX VIII FURTHER INFORMATION ON OFFER PERIOD PROCEDURES

4.4. *For Liquidity Arrangement.* See the section headed “Letter from J.P. Morgan and Offeror — D. Liquidity Arrangement — Details of the Liquidity Arrangement”.

5. OVERSEAS MINORITY SHAREHOLDERS

5.1. See the section headed “Important notices” for more information on overseas Shareholders.

PLEASE NOTE: Shareholders, Award Holders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares and other securities of the Company, and if they are in doubt about their positions, they should consult their professional advisers (including legal and tax advisers).