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ESR GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1821)

ADOPTION OF DIVIDEND POLICY

Reference is made to the circular to shareholders of ESR Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 17 October 2021 and the Company’s announcement of its final results for the year ended 31 December 2021 dated 24 March 2022. As previously announced, the board of directors (the “**Board**”) would review the Company’s dividend policy in the second quarter of 2022.

The Board is pleased to announce that the Board has reviewed and approved the Company’s dividend policy (the “**Dividend Policy**”) with effect from 13 July 2022.

In formulating the Dividend Policy, the Company remains committed to investing in its growth given the strong secular trends underpinning its business while also delivering on its long-term objective to generate returns to shareholders that are sustainable and in line with the long-term growth of the Company.

In view of the Dividend Policy, the Board intends to commence paying an interim dividend for the financial year ending 31 December 2022 in August 2022 when the interim results of the Company for the six months ending 30 June 2022 are approved. The Company will make an announcement of such interim dividend as and when it has been approved by the Board.

The Dividend Policy

Under the Dividend Policy, the Company proposes to commence paying a dividend in each financial year to shareholders of the Company, the amount of which will be determined by the Board after taking into account the factors set out below over the next few years. Thereafter, the Company will likely seek to adopt a dividend payout ratio based on its core earnings, details of which will be announced by the Company as and when appropriate.

While the Company intends to declare and pay dividend in the future, the amount of any dividend payment for any financial year will be subject to, among other things:

- (a) the Company maintaining an optimal capital structure to ensure that adequate capital resources are available for business growth and investment opportunities;

- (b) the actual and expected financial performance of the Group;
- (c) the availability of dividends received by the Company from its subsidiaries;
- (d) the Group's cash flow and liquidity position; and
- (e) prevailing economic and market conditions and other factors that may impact the business or financial performance of the Group.

In addition, the declaration and payment of dividends by the Company is further subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the Company's articles of association.

The Board will take the above factors into account when it evaluates the merits, amount and timing of future dividend payments.

The Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

The Dividend Policy will be reviewed by the Board from time to time and there is no assurance that dividends will be proposed or declared in any particular amount for any given period.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
ESR Group Limited
Jinchu Shen
Director

Hong Kong, 13 July 2022

As at the date of this notice, the Board of Directors of the Company comprises Mr. Jinchu Shen and Mr. Stuart Gibson as Executive Directors, Mr. Jeffrey David Perlman as the Chairman and Non-executive Director, Mr. Charles Alexander Portes, Mr. Wei Hu, Mr. Hwee Chiang Lim, Dr. Kwok Hung Justin Chiu and Mr. Rajeev Veeravalli Kannan as Non-executive Directors, Mr. Brett Harold Krause, Mr. Simon James McDonald, Ms. Jingsheng Liu, Ms. Serene Siew Noi Nah and Ms. Wei-Lin Kwee as Independent Non-executive Directors.