

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this announcement, 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 announcement.



ESR CAYMAN LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

**PROPOSED ADOPTION OF LONG TERM INCENTIVE SCHEME
AND
PROPOSED GRANT OF SCHEME MANDATE TO ISSUE SHARES
UNDERLYING AWARDS TO BE GRANTED UNDER THE LONG
TERM INCENTIVE SCHEME**

On 20 April 2021, the Board proposed that the Company adopt a new Long Term Incentive Scheme and for the Scheme Mandate to be granted by Shareholders to the Directors to grant Awards under the Long Term Incentive Scheme and to issue, allot or otherwise to deal with the new Shares underlying the Awards granted under the Long Term Incentive Scheme. It is proposed that the Shareholders consider and, if thought fit, approve the foregoing matters at the AGM to be convened on 2 June 2021.

The Board believes that the adoption of the Long Term Incentive Scheme which would allow the Company to grant different types of share-based awards, such as RSUs and PSUs, would enable the Group to continue to attract skilled and experienced personnel, to incentivise them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

Details of the Long Term Incentive Scheme and the proposed grant of the Scheme Mandate will be set out in the circular to be despatched to the Shareholders on 23 April 2021.

1. BACKGROUND

The Company currently operates share option plans (the “**Plans**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Plans include the Directors, senior management and other eligible participants. The Plans comprise the Tier 1 ESOP (which is valid until 20 January 2026), the KM ESOP (which is valid until 24 November 2027) and the Post-IPO Share Option Scheme (which is valid until 12 October 2029).

2. PROPOSED ADOPTION OF LONG TERM INCENTIVE SCHEME

On 20 April 2021, the Board proposed that the Company adopt a new Long Term Incentive Scheme.

The Board believes that the adoption of the Long Term Incentive Scheme which would allow the Company to grant different types of share-based awards, such as RSUs and PSUs, will enable the Group to continue to attract skilled and experienced personnel, to incentivise them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. The Board believes that having the right talent is the key to the Group’s continued success.

The adoption of the Long Term Incentive Scheme is conditional upon (1) the passing of the resolution of the Shareholders at the AGM to adopt and approve the Long Term Incentive Scheme and to authorise the Board to grant Awards pursuant to the Long Term Incentive Scheme and to allot and issue or otherwise deal with Shares in connection with the Long Term Incentive Scheme and (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the vesting of Awards under the Long Term Incentive Scheme.

The Long Term Incentive Scheme (if adopted) will be valid for a term of 10 years from the Adoption Date, unless terminated earlier.

3. SUMMARY OF THE PRINCIPAL TERMS OF THE LONG TERM INCENTIVE SCHEME

(a) Participants

Participants of the Long Term Incentive Scheme will comprise employees, executive Directors and non-executive Directors (including independent non-executive Directors), agents or consultants of the Company or its subsidiary who the Board considers, in its absolute discretion, have contributed or will contribute to the Group.

(b) Awards which may be granted under the Long Term Incentive Scheme

Under the Long Term Incentive Scheme, the Board may grant RSUs and PSUs which are contingent rights of the grantee to receive Shares when the RSUs and/or PSUs vest. The grantees are not required to pay for the Shares upon vesting of an Award of RSUs and/or PSUs.

The Long Term Incentive Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules as the Awards of RSUs and/or PSUs do not involve any options over new Shares.

(c) Maximum number of Shares

During the term of the Long Term Incentive Scheme, the total number of Awards in the form of RSUs and/or PSUs which may be granted under the Long Term Incentive Scheme together with the total number of share options which may be granted under the Post-IPO Share Option Scheme shall not exceed 10% of the total number of Shares in issue on the Adoption Date (i.e. up to a total of 306,004,506 Shares on the basis that there is no change in the number of issued Shares as at the date of this announcement) (the “**Maximum Number of Shares**”).

The Maximum Number of Shares may be renewed by the Board, provided that the total number of Shares in respect of which Awards may be granted following such renewal will not exceed 10% of the total number of Shares in issue as at the renewal date.

(d) Other Information

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares which may be issued pursuant to the vesting of the Awards which may be granted under the Share Award Scheme.

As at the date of this announcement, the Board has not approved or resolved to approve the grant of any Award and no Award had been granted or agreed to be granted by the Company under the Long Term Incentive Scheme.

4. PROPOSED GRANT OF SCHEME MANDATE TO ISSUE SHARES UNDERLYING AWARDS TO BE GRANTED UNDER THE LONG TERM INCENTIVE SCHEME

In order to implement the Long Term Incentive Scheme described above and to facilitate the granting of Awards of RSUs and/or PSUs, an ordinary resolution will be proposed at the AGM to approve the granting of a mandate to the Directors to grant Awards under the Long Term Incentive Scheme in respect of a maximum of 10,000,000 new Shares (the “**Scheme Mandate**”), representing 0.33% of the total number of Shares in issue as at the date of passing of such ordinary resolution (on the basis that there is no change in the number of issued Shares as at the date of this announcement) during the Relevant Period, and to allot, issue and deal with Shares underlying the Awards granted under the Long Term Incentive Scheme during the Relevant Period as and when such Awards vest.

5. GENERAL

A circular containing, among other things, details of the Long Term Incentive Scheme, the proposed grant of the Scheme Mandate and the notice convening the AGM will be despatched to the Shareholders on 23 April 2021.

6. DEFINITIONS

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

“Adoption Date”	the date on which the Long Term Incentive Scheme is adopted by a resolution of the Shareholders at the AGM
“AGM”	the annual general meeting of the Company to be convened at Harbour View Ballrooms II and III, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong on Wednesday, 2 June 2021 at 10:00 a.m., or where the context so admits, any adjournment thereof
“Award”	an award of RSUs and/or PSUs to be granted to a Participant under the Long Term Incentive Scheme
“Board”	the board of Directors of the Company

“Cash Payment”	a payment in cash made by the Company to a participant upon the vesting of an Award in lieu of Shares, based on the formula as set out in the Long Term Incentive Scheme
“Company”	ESR Cayman Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1821)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Term Incentive Scheme”	the long term incentive scheme proposed to be adopted and approved by Shareholders at the AGM
“Post-IPO Share Option Scheme”	the share option scheme which was adopted by the Company on 12 October 2019
“PSU”	a performance share unit, being a contingent right to receive a Share (or a Cash Payment) subject to certain terms and conditions (including performance-based vesting conditions) as set out in the Long Term Incentive Scheme and the relevant grant letter
“Relevant Period”	the period from the date of the AGM to the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the end of the period within which the Company is required by any applicable laws or by the articles of association of the Company to hold the next annual general meeting of the Company; and (iii) the variation or revocation of the Scheme Mandate by an ordinary resolution of the Shareholders in a general meeting

“RSU”	a restricted share unit, being a contingent right to receive a Share (or a Cash Payment) subject to certain terms and conditions (including performance-based vesting conditions) as set out in the Long Term Incentive Scheme and the relevant grant letter
“Scheme Mandate”	the annual mandate proposed to be granted by Shareholders to the Directors at the AGM to grant Awards under the Long Term Incentive Scheme
“Share(s)”	ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
ESR Cayman Limited
Jinchu Shen
Director

Hong Kong, 20 April 2021

As at the date of this announcement, 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 and Mr. David Alasdair William Matheson as Non-executive Directors, Mr. Brett Harold Krause, The Right Honourable Sir Hugo George William Swire, KCMG, Mr. Simon James McDonald, Ms. Jingsheng Liu and Mr. Robin Tom Holdsworth as Independent Non-executive Directors.