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ESR GROUP LIMITED

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

GRANT OF RESTRICTED SHARE UNITS AND GRANT OF PERFORMANCE SHARE UNITS UNDER LONG TERM INCENTIVE SCHEME

1. INTRODUCTION

On 23 January 2025, the Company granted the Awards under the Long Term Incentive Scheme to certain directors and employees of the Company and its subsidiaries. This announcement is made pursuant to Rule 17.06A of the Listing Rules.

Reference is made to the announcement dated 4 December 2024 issued jointly by the Offeror and the Company in relation to, among other things, the proposed privatisation of the Company by the Offeror by way of the Scheme and the implementation of the Option Offers and the Award Proposal (the “**Rule 3.5 Announcement**”). Unless otherwise defined, capitalised terms used in this announcement have the same meanings as those defined in the Rule 3.5 Announcement.

2. GRANT OF AWARDS

The Company granted Awards of PSUs and RSUs in respect of an aggregate of 8,724,054 underlying Shares (as further described below) to participants on 23 January 2025 pursuant to the Long Term Incentive Scheme.

The Awards set out in this announcement comprise the 8,724,054 new allocated (but ungranted at the time of the Rule 3.5 Announcement) Awards under the Long Term Incentive Scheme the grant of which the Offeror has provided its consent to in the Implementation Agreement for the purposes of Rule 4 of the Takeovers Code.

Details of the Awards granted are set out below:

Date of grant:	23 January 2025
Number of Awards granted:	4,923,847 Shares underlying 4,923,847 PSUs ⁽¹⁾ and 3,800,207 Shares underlying 3,800,207 RSUs
Purchase price of Awards:	Nil
Market price of the Shares on the date of grant:	Market value of approximately HK\$104,514,167, based on the closing price of HK\$11.98 per Share as quoted on the Stock Exchange on 23 January 2025
Vesting period:	Please refer to “— (c) <i>Vesting of Awards</i> ” below
Performance targets:	Please refer to “— (c) <i>Vesting of Awards</i>” below for the performance conditions of the PSUs. The remuneration committee of the Company believes that the grant of the RSUs is aligned with the purpose of the Long Term Incentive Scheme 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.
Clawback mechanism:	Malus and clawback provisions are in place to allow the Board the discretion, in the event of serious misconduct, a material misstatement in the Company’s financial statements or other circumstances, to reduce the number of shares underlying the Awards before they are vested or exercised; and/or to reduce or clawback any Shares which have already been transferred to the participant upon vesting or exercise.

Details of the participants and the corresponding number of Shares underlying the PSUs and RSUs granted are set out below:

Participants	Name/Position	Number of Shares underlying the PSUs⁽¹⁾/RSUs granted
Connected Grantee	Jinchu SHEN (<i>Co-founder, Co-CEO and Executive Director</i>)	561,820 Shares underlying PSUs
Connected Grantee	Stuart GIBSON (<i>Co-founder, Co-CEO and Executive Director</i>)	561,820 Shares underlying PSUs
Connected Grantees	Certain directors of subsidiaries of the Company (excluding insignificant subsidiaries of the Company under Rule 14A.09 of the Listing Rules)	1,525,850 Shares underlying PSUs and 1,525,850 Shares underlying RSUs
Non-connected Grantees	Employees of the Group who are not directors or chief executives of the Group	2,274,357 Shares underlying PSUs and 2,274,357 Shares underlying RSUs

Note:

- (1) The number of Shares underlying PSUs in this announcement is based on 100% of the initial number of Shares subject to the PSUs. The vesting of the PSUs is subject to fulfilment of relevant performance conditions applicable to the PSUs and the final number of Shares subject to the PSUs can vary from 0% to 150% of the initial number of Shares subject to the PSUs. As disclosed in the Rule 3.5 Announcement, the Board has determined that if the Scheme is approved by the Scheme Shareholders at the Court Meeting, all of the then still outstanding unvested Awards will vest (and with respect to PSUs which had a variable performance factor, these will vest up to 100%) on the Effective Date.

As of the date of this announcement, the number of Options and Awards available for grant under the Scheme Mandate Limit is 219,688,481 and the number of Options and Awards available for grant under the service provider sublimit is 43,937,696. However, the Company has undertaken in the Implementation Agreement that it will not grant any further Options or Awards (other than the 8,724,054 Awards set out in this announcement) between the Announcement Date and the Effective Date. Please refer to the Rule 3.5 Announcement for further details.

(a) Grants of Awards to Connected Grantees

In respect of the 2,649,490 Shares and 1,525,850 Shares underlying the PSUs and RSUs granted to the Connected Grantees, respectively, the Board has appointed a professional trustee to assist with the administration and vesting of such PSUs and RSUs. If the Proposal is not implemented, the trustee will make purchases of Shares to satisfy such PSUs and RSUs upon vesting. The Company will provide sufficient funds to the trustee as the Board may in its absolute discretion determine to enable the trustee to satisfy its obligations in connection with the administration and vesting of such PSUs and RSUs granted.

The 2,649,490 Shares underlying the PSUs and 1,525,850 Shares underlying the RSUs granted to the Connected Grantees represent approximately 0.098% of the issued share capital of the Company as at the date of this announcement and have a market value of approximately HK\$50,020,573, based on the closing price of HK\$11.98 per Share as quoted on the Stock Exchange on 23 January 2025.

In accordance with the Long Term Incentive Scheme, the grants of Awards to the Connected Grantees have been approved by the remuneration committee of the Company.

(b) Grants of Awards to Non-connected Grantees

In respect of the 2,274,357 Shares and 2,274,357 Shares underlying the PSUs and RSUs granted to the Non-connected Grantees, respectively, Shares may be allotted and issued or transferred by the Company pursuant to the Scheme Mandate Limit and the terms of the Long Term Incentive Scheme and if the Proposal is not implemented. All Non-connected Grantees are employees of the Group but are not directors or chief executives of the Group. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Non-connected Grantees is a connected person of the Company.

The 2,274,357 Shares underlying the PSUs and 2,274,357 Shares underlying the RSUs granted to the Non-connected Grantees represent approximately 0.1071% of the issued share capital of the Company as at the date of this announcement and (assuming new Shares are allotted and issued) approximately 0.1070% of the total number of Shares in issue as enlarged by such allotment and issue. The 2,274,357 Shares underlying the PSUs and 2,274,357 Shares underlying the RSUs granted to the Non-connected Grantees have a market value of approximately HK\$54,493,594, based on the closing price of HK\$11.98 per Share as quoted on the Stock Exchange on 23 January 2025. If the Proposal is not implemented, an application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the 2,274,357 Shares underlying the PSUs and 2,274,357 Shares underlying the RSUs granted.

(c) Vesting of Awards

The PSUs will vest in favour of the relevant participants in three equal tranches in the second quarter of 2026, 2027 and 2028, respectively, subject to fulfilment of relevant performance conditions over the three year period commencing from 1 January 2023 to 31 December 2025 (both dates inclusive). A payout multiplier (0% to 150%), tied to the achievement level of the pre-determined targets by reference to certain financial metrics such as the Group's EBITDA, will be applied.

The RSUs will vest in favour of the relevant participants in four equal tranches on the first quarter of 2025, 2026, 2027 and 2028, respectively, subject to fulfilment of relevant vesting conditions.

As disclosed in the Rule 3.5 Announcement, all of the outstanding Awards that vest after the Announcement Date but before the Effective Date in accordance with their original vesting schedules will be cash settled. The Board has determined that if the Scheme is approved by the Scheme Shareholders at the Court Meeting, all of the then still outstanding unvested Awards will vest (and with respect to performance share units which had a variable performance factor, these will vest up to 100%) on the Effective Date. The Award Proposal will be made to the holders of the outstanding Awards (including Mr. Shen and Mr. Gibson) in respect of their outstanding Awards (which have not otherwise lapsed or been cancelled or exercised under the rules of the Long Term Incentive Scheme) in accordance with Rule 13 of the Takeovers Code to cancel every outstanding Award on the Effective Date, subject to the Scheme becoming effective. Taking into consideration the Board's determination and the Award Proposal, the remuneration committee of the Company is of the view that a shorter vesting period is appropriate with respect to any Awards vesting in less than 12 months of the date of grant pursuant to the terms of the Award Proposal.

Please refer to the Rule 3.5 Announcement for further details.

(d) Listing Rules Implications

As each of the Connected Grantees is a connected person of the Company, the grant of Awards to each of them constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the grant of Awards to each of the Connected Grantees forms part of the remuneration package under their respective service contracts with the Company, such grants are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.95 of the Listing Rules.

Save as disclosed herein, (i) none of the Grantees is a director, chief executive or substantial shareholder of the Company and its subsidiaries or an associate (as defined under the Listing Rules) of any of them; (ii) none of the Grantees is a participant with the Awards granted and to be granted exceeding the 1% individual limit under Rule 17.03(D)(1) of the Listing Rules; and (iii) none of the Grantees is a related entity participant or a service provider (as defined under the Listing Rules).

3. DEFINITIONS

“Award”	an award of RSUs and/or PSUs granted to a participant under the Long Term Incentive Scheme
“Board”	the board of Directors of the Company
“Company”	ESR Group 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
“Long Term Incentive Scheme”	the Long Term Incentive Scheme adopted by the Company on 2 June 2021 as amended by ordinary resolution of the shareholders on 7 June 2023
“Post-IPO Share Option Scheme”	the share option scheme which was adopted by the Company on 12 October 2019 as amended by ordinary resolution of the shareholders on 7 June 2023
“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
“RSU”	a restricted share unit, being a contingent right to receive a Share (or a cash payment) subject to certain terms and conditions (including time-based vesting conditions) as set out in the Long Term Incentive Scheme and the relevant grant letter

“Scheme Mandate Limit”	the maximum aggregate number of Shares which may be allotted and issued or transferred by the Company under the Post-IPO Share Option Scheme and the Long Term Incentive Scheme
“Share(s)”	ordinary share(s) of US\$0.001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
ESR Group Limited
Jinchu Shen
Director

Hong Kong, 23 January 2025

As at the date of this announcement, the Board of the Company comprises Mr. Jinchu Shen and Mr. Stuart Gibson as Executive Directors, Mr. Jeffrey David Perlman, Mr. Charles Alexander Portes, Mr. Rajeev Veeravalli Kannan and Ms. Joanne Sarah McNamara as Non-executive Directors, Mr. Brett Harold Krause as the Chairman and Independent Non-executive Director, and Mr. Simon James McDonald and Ms. Serene Siew Noi Nah as Independent Non-executive Directors.