

Directors' Report

The Board is pleased to present this report together with the Consolidated Financial Statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Group is APAC's largest real asset manager powered by the New Economy and the third largest listed real estate investment manager globally. The Group's fully integrated development and investment management platform extends across key APAC markets, including Greater China, Japan, South Korea, Australia, Singapore, India, New Zealand and Southeast Asia, and also includes an expanding presence in Europe and the U.S.. In the course of the year ended 31 December 2022, the Group was principally engaged in (i) the development, construction and sale of completed properties; (ii) the management of the underlying assets on behalf of its capital partners via the funds and investment vehicles it managed; and (iii) the investment in completed properties, co-investment in the funds and investment vehicles and the public REITs it managed, and other investments. The activities of its principal subsidiaries, associates and joint ventures are set out in notes 1 and 15 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company and the shares issued during the reporting year are disclosed in note 41 to the Consolidated Financial Statements.

BUSINESS REVIEW

A fair review of the Group's business, a discussion about the principal risks and uncertainties facing the Group, and an indication of likely future development in the ESR Group's FY2022 business are detailed in the sections headed "Operations Overview" on pages 28 to 35, "Financial Review" on pages 36 to 38, "Message from Chairman" and "Message from Group Co-founders & Co-CEOs" on pages 18 to 23, and an analysis using key financial performance indicators are set out in "Financial Highlights" on pages 24 to 25 of this annual report.

An analysis using key performance indicators of the ESR Group are set out in the "Operations Review" on pages 28 to 35 of this annual report.

RESULTS

The financial results of the Group for the year ended 31 December 2022 are set out in the Consolidated Financial Statements of the Group on pages 121 to 239 of this annual report.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 December 2022 are set out in note 25 to the Consolidated Financial Statements.

DIVIDENDS

The Board has recommended a final dividend of HK\$12.5 cents (2021: nil) per share for the year ended 31 December 2022 ("Proposed Dividend"), payable on Friday, 30 June 2023, to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 16 June 2023, being the record date for determining shareholders' entitlement to the proposed final dividend, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Wednesday, 7 June 2023 (the "2023 AGM"). Combined with the interim dividend of HK\$12.5 cents per share, the full year dividend amounts to HK\$25 cents per share (2021: nil). Details are set out in note 11 to the Consolidated Financial Statements.

Directors' Report

CLOSURE OF REGISTER OF MEMBERS 2023 AGM

For determining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Friday, 2 June 2023 to Wednesday, 7 June 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 1 June 2023.

Final Dividend

Subject to the approval of the shareholders at the AGM to be held on Wednesday, 7 June 2023, the Proposed Dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company after the close of business on Friday, 16 June 2023 and the register of members of the Company will be closed from Wednesday, 14 June 2023 to Friday, 16 June 2023 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for a final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. Tuesday, 13 June 2023.

DIVIDEND POLICY

The Board approved and adopted the dividend policy on 13 July 2022 (the "Dividend Policy"), please refer to the announcement dated 13 July 2022 for details.

Under the Dividend Policy, the Company proposed 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.

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FIVE-YEAR FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years is set out on pages 240 to 242 of this annual report. The summary does not form part of the audited Consolidated Financial Statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is devoted to delivering a better and sustainable environment for the future of the society and the development of the Company. Details of our environmental policies and performance are disclosed in the "ESG Performance" on pages 44 to 50 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has put in place practices and policies to monitor compliance with the legal and regulatory requirements applicable to its operations, such as companies, foreign investment and securities laws in the jurisdictions in which the Group operates. During the year ended 31 December 2022, the Group had complied with the relevant laws and regulations that have a significant impact on the Group.

KEY RELATIONSHIPS WITH STAKEHOLDERS

The Group cares for the interests of its employees, customers and suppliers while pursuing its business growth strategies in a sustainable manner.

The Group had 2,237 employees spanning 14 locations, namely Australia, the PRC, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Singapore, South Korea, Thailand, United Kingdom, United States of America and Vietnam, as at 31 December 2022. The Group provided competitive remuneration package to its employees and encouraged training programs to improve their knowledge and skills, and promoted cross-market and cross-cultural cooperation to nurture their sense of belonging to the Group.

The Group's customers are composed of tenants that require logistics and distribution facilities, funds and investment vehicles. The Group's leading market positions enable it to provide its tenants with seamless regional solutions, and connecting its capital partners with a single interface to assess investment opportunities in the region.

The Group's suppliers primarily consist of construction contractors, property management companies, interior designers and commercial real estate brokers. The Group maintained close collaboration with its suppliers in delivering exceptional quality of facilities and services to its customers.

In formulating and implementing its environmental, social and governance strategies, the Group engaged the stakeholders through various communication channels and activities. Further details are available in the "ESG Performance" on pages 44 to 50 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the financial year ended 31 December 2022, the five largest customers of the Group accounted for less than 30% of the Group's total revenue from sale of goods or rendering of services.

During the financial year ended 31 December 2022, the largest supplier and the five largest suppliers accounted for 13% and 38%, respectively of the Group's total purchases.

None of the directors, their associates nor any shareholders (which to the knowledge of the directors own more than 5% of the number of issued shares of the Company) had any interests in any of the five largest suppliers of the Group.

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DISTRIBUTABLE RESERVES

Details of the movement in the reserves of the Company during the year ended 31 December 2022 are set out in note 44 to the Consolidated Financial Statements of this annual report.

As at 31 December 2022, the reserves available for distribution to Shareholders by the Company amounted to US\$5,639,911,000 (2021: US\$1,438,916,000).

DIRECTORS

Directors of the Company during the year ended 31 December 2022 and up to the date of this report are as follows:

Executive Directors	Date of Appointment
Mr Jinchu SHEN (Group Co-founder, Co-CEO)	30 June 2011
Mr Stuart GIBSON (Group Co-founder, Co-CEO)	20 January 2016
Non-executive Directors	
Mr Jeffrey David PERLMAN (Chairman of the Board)	14 June 2011
Mr Charles Alexander PORTES (Group Co-founder)	20 January 2016
Mr Wei HU	2 February 2021
Mr David Alasdair William MATHESON (retired at the AGM held on 1 June 2022)	30 March 2021
Mr Hwee Chiang LIM	20 January 2022
Dr Kwok Hung Justin CHIU	20 January 2022
Mr Rajeev Veeravalli KANNAN	20 January 2022
Independent Non-executive Directors	
Mr Brett Harold KRAUSE	20 May 2019 (effective on 22 October 2019)
The Right Honourable Sir Hugo George William SWIRE, KCMG (retired at the AGM held on 1 June 2022)	20 May 2019 (effective on 22 October 2019)
Mr Simon James MCDONALD	20 May 2019 (effective on 22 October 2019)
Ms Jingsheng LIU	20 May 2019 (effective on 22 October 2019)
Mr Robin Tom HOLDSWORTH (retired at the AGM held on 1 June 2022)	14 October 2019 (effective on 22 October 2019)
Ms Serene Siew Noi NAH	19 April 2022
Ms Wei-Lin KWEE	25 May 2022

During the reporting year, and up to the date of this report, with effect from 20 January 2022, Mr Hwee Chiang Lim, Dr Kwok Hung Justin Chiu and Mr Rajeev Veeravalli Kannan were appointed as Non-executive Directors. Ms Serene Siew Noi Nah and Ms Wei-Lin Kwee were appointed as Independent Non-executive Directors with effect from 19 April 2022 and 25 May 2022 respectively. Mr David Alasdair William Matheson as Non-executive Directors, The Right Honourable Sir Hugo George William Swire, KCMG and Mr Robin Tom Holdsworth as Independent Non-executive Directors retired at the AGM held on 1 June 2022. Saved as aforesaid, there was no other change of Directors of the Company during the year.

Biographical details of the Directors and senior management of the Company are set out in the sections headed "Board of Directors" and "Group Leadership Team & Business Leadership Team" respectively on pages 51 to 58 of this annual report.

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In accordance with article 108(a) of the Articles of Association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a director retires may fill the vacated office.

Article 108(b) of the Articles of Association of the Company also provides that the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The Company will advise the shareholders on the directors to rotate and offer for re-election in the forthcoming AGM circular.

Pursuant to Article 112 of the Articles, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. As the appointment of Ms Wei-Lin Kwee as a Director was made by the Board on 25 May 2022 and 1 June 2022, she will hold office until the forthcoming AGM and being eligible, she has offered herself for re-election at the forthcoming AGM.

DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

None of the Directors has a service contract or letter of appointment with the Company that is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save with regards to provision of a loan facility to Redwood Consulting (Cayman) Ltd. owned as to 50% each by Mr Stuart Gibson and Mr Charles Alexander Portes ("**Loan Facility**"), who are Directors of the Company, further details of which were set out in the announcements of the Company dated 24 October 2022 and 12 December 2022, there was no transaction, arrangement or contract of significance entered into in the financial year ended 31 December 2022 or subsisted at any time during the financial year in which a Director or an entity connected with a Director was materially interested, either directly or indirectly. All amounts outstanding pursuant to the Loan Facility had been repaid as of 31 December 2022.

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COMPETING BUSINESS

Mr Jeffrey David Perlman, a non-executive Director is an employee of Warburg Pincus Private Equity X, L.P. (a substantial shareholder of the Company up to 27 November 2020) and its affiliates, which have other investments in the real-estate sector in APAC, some of which may have business overlaps and potential competition with the Company. In connection with his employment, he may hold directorships in such businesses. Prior to the acquisition of ARA Asset Management Holdings Pte. Ltd. ("ARA") by the Company on 20 January 2022, Mr Jeffrey David Perlman, was a non-executive director of ARA. Since then, ARA became the Company's wholly-owned subsidiary. ARA is a real estate fund management and REIT manager. ARA or its affiliates are the REIT manager of Fortune REIT, listed on the Hong Kong Stock Exchange (Stock Code: 0778), Suntec REIT, listed on the Singapore Stock Exchange (Stock Code: T82U), and Hui Xian REIT, listed on Hong Kong Stock Exchange (Stock Code: 87001) and Prosperity REIT, listed on Hong Kong Stock Exchange (Stock Code: 0808).

Ms Serene Siew Noi Nah, an independent non-executive Director is a managing director and head of Asia Pacific of Digital Realty, which owns, acquires, develops and operates data centres in APAC that may have business overlaps and potential competition with the Company. Digital Realty also has data centres in Singapore, Japan, Malaysia, Korea, Hong Kong and India.

None of our Directors has an interest in any of the Company's primary competition.

The Board is of the view the Company is capable of carrying on its business independently of and at arm's length from the businesses mentioned in the preceding paragraphs, and that the relevant Directors have acted and will continue to act in the best interest of the Group, during their performance of their duties as Directors of the Company.

MANAGEMENT CONTRACTS

During the year ended 31 December 2022, the Company did not enter into any contract by which a person undertook the management and administration of the whole or any substantial part of any business of the Company.

EMOLUMENT POLICY

The emolument of the Directors and senior management were paid in the form of remuneration, salaries, equity settled share options, long term incentive scheme ("LTIS"), allowances, contributions to pension schemes, employee benefits, discretionary bonuses and fees. The remuneration package of employees includes salary, discretionary bonuses, equity-settled share options, LTIS, contributions to pension schemes and other cash elements. In general, the Company determines employee salaries based on each employee's qualifications, experience, position and seniority. It has designed an annual review system to assess the performance of employees, which forms the basis to determine salary raises, bonuses and promotions. The Group is subject to social insurance contribution plans organised by relevant local governments. The Company believes that the salaries and benefits that its employees receive are competitive with market standards in each country where it conducts business.

The Company also has in place long-term incentive schemes with details set out in paragraphs headed "KM ESOP, Tier 1 ESOP, Post-IPO Share Option Scheme and the Long Term Incentive Scheme" in this report.

The Company has established a Remuneration Committee to review the policy and structure of the remuneration for the Directors and senior management and make recommendations on the remuneration packages of individual executive Directors and senior management. In general, the Company determines the emolument payable to its Directors based on each Director's qualifications, experience, time commitment and responsibilities, remuneration paid by comparable companies as well as the performance of the Company.

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CHANGES OF INFORMATION IN RESPECT OF DIRECTORS

Changes in the information of directors required to be disclosed under Rule 13.51B(1) of the Listing Rules since the date of interim report 2022 of the Company are set out as follows:

Mr Jeffrey David Perlman was appointed as a non-executive director of Suntec Real Estate Investment Trust (listed in Singapore) since 15 April 2022.

Mr Brett Harold Krause resigned duties from FunPlus in August 2022. He has been a chairperson of Xterio (a global cross-platform play-and-earn developer and publisher) since May 2022. Mr Brett has joined Transcend Fund (a venture capital firm) in August 2022 and currently is a general partner.

Ms Serene Siew Noi Nah has joined Digital Realty (listed on New York Stock Exchange) in January 2023 and currently is a managing director and head of Asia Pacific.

Dr Kwok Hung Justin Chiu has been an independent non-executive of Deyun Holdings Limited (listed on Hong Kong Stock Exchange) since September 2022.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) (i) as recorded in the register required to be kept under section 352 of the SFO; or (ii) as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") are as follows:

Interests in the Company

Name of Director	Capacity/nature of interest	Number of Shares held (Note 1)	Approximate percentage of shareholdings as at 31 December 2022
Mr Jinchu Shen	Interest of controlled corporations (Note 2)	319,658,645 (L) (Note 3)	
	Beneficial owner (Notes 5 & 6)	1,171,500 (L)	
		320,830,145 (L)	7.25%
Mr Stuart Gibson	Interest of controlled corporations (Note 4)	449,783,103 (L)	
		149,644,368 (S) (Note 8)	
	Interest of spouse	73,000 (L)	
	Beneficial owner (Notes 5 & 6)	1,171,500 (L)	
		451,027,603 (L) 149,644,368 (S)	10.20% 3.38%

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Name of Director	Capacity/nature of interest	Number of Shares held (Note 1)	Approximate percentage of shareholdings as at 31 December 2022
Mr Charles Alexander Portes	Interest of controlled corporations (Note 4)	449,783,103 (L)	10.17%
		149,644,368 (S) (Note 8)	3.38%
Mr Hwee Chiang Lim	Interest of controlled corporations (Note 7)	203,969,969 (L)	
	Beneficial owner	8,402,959 (L)	
		212,372,928 (L)	4.80%
Mr Brett Harold Krause	Beneficial owner	145,000 (L)	0.00%
Ms Jingsheng Liu	Beneficial owner	69,200 (L)	0.00%
Ms Wei Lin Kwee	Beneficial owner	8,000 (L)	0.00%
Mr Robin Tom Holdsworth (retired on 1 June 2022)	Beneficial owner	8,000 (L)	0.00%

Notes:

- The Letters "L" and "S" denote the long position and the short position in the Shares respectively.
- Laurels Capital Investments Limited directly holds the Shares of the Company and is wholly owned by The Shen Trust. In respect of The Shen Trust, the settlor is Rosy Fortune Limited (the sole shareholder of which is Mr Jinchu Shen). Mr Jinchu Shen has a deemed interest under the SFO in the Shares held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust.
- Inclusive of the interest in 7,799,856 Shares underlying the share options pursuant to the Tier 1 ESOP.
- Redwood Investment Company, Ltd. directly holds 448,933,103 Shares of the Company and is owned as to 42% and 58% by Kurmasana Holdings, LLC and Redwood Investor (Cayman) Limited respectively, of which Kurmasana Holdings, LLC is wholly-owned by Redwood Investor (Cayman) Limited, Redwood Investor (Cayman) Limited is wholly owned by Redwood Investor II (Cayman) Ltd. and the voting rights of Redwood Investor II (Cayman) Limited are controlled as to 45.87% and 45.87% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes, Mr Stuart Gibson, Redwood Investor II (Cayman) Ltd., Redwood Investor (Cayman) Limited and Kurmasana Holdings, LLC will be deemed to be interested in the Shares held by Redwood Investment Company, Ltd.. Besides, as at 31 December 2022, 850,000 Shares were held by Redwood Consulting (Cayman) Limited ("**Redwood Consulting**") as beneficial owner. Redwood Consulting is owned as to 50% and 50% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes and Mr Stuart Gibson are deemed to be interested in Shares held by Redwood Consulting (Cayman) Limited.
- This represents 192,000 options to subscribe for Shares granted under the Post-IPO Share Option Scheme to each of Mr Jinchu Shen and Mr Stuart Gibson. The options granted to Mr Jinchu Shen are physically settled unlisted derivatives, and the options granted to Mr Stuart Gibson are unlisted derivatives which are not physically or cash settled.
- This represents 979,500 Shares underlying the PSUs under the Long Term Incentive Scheme granted to each of Mr Jinchu Shen and Mr Stuart Gibson. All the Shares granted to Mr Jinchu Shen and Mr Stuart Gibson are unlisted derivatives which are not physically or cash settled. The number of shares underlying the PSUs is based on 150% of the initial number of Shares subject to the PSUs. The vesting of the PSUs is subject to fulfilment of relevant performance conditions 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.
- JL Investment Group Limited and JL Investment Group II Limited directly holds 101,984,984 Shares and 101,984,985 Shares respectively, and both companies are 100% controlled by Mr Hwee Chiang Lim.
- The short position represents Redwood Investor II (Cayman) Ltd. became the holder of, wrote or issued equity derivatives under which are under an obligation to pay another person an amount if the price of the underlying shares is above a certain level.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executives of the Company has any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) (i) as recorded in the register required to be kept under section 352 of the SFO; or (ii) as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

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DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the information disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions In Shares, Underlying Shares and Debentures" above and with regards to the acquisition of ARA Asset Management Limited and its subsidiaries as disclosed in the announcements of Company dated 4 August 2021, 24 August 2021, 12 October 2021, 3 November 2021 and 20 January 2022 and the circular issued by the Company dated 18 October 2021, at no time during the year ended 31 December 2022 and up to the date of this report was the Company or any of its subsidiaries, holding company or a subsidiary of the Company's holding company a party to any arrangement whose objects were, or one of whose objects was, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors of the Company (including their spouses or children under the age of 18) had any interest in or was granted any rights to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, so far as the Directors and chief executives of the Company are aware, other than the interests of the Directors and chief executives of the Company as disclosed in the section titled "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures", the following persons had, or were deemed to have, interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number of Shares/underlying Shares held <i>(Note 1)</i>	Approximate percentage of shareholdings
Warburg Pincus & Co.	Interest of controlled corporations <i>(Note 2)</i>	591,440,160 (L)	13.37%
Warburg Pincus China GP, L.P.	Interest of controlled corporations <i>(Note 2)</i>	591,440,160 (L)	13.37%
Warburg Pincus China, L.P.	Interest of controlled corporations <i>(Note 2)</i>	591,440,160 (L)	13.37%
Warburg Pincus Partners GP LLC	Interest of controlled corporations <i>(Note 2)</i>	591,440,160 (L)	13.37%
Warburg Pincus Partners II, L.P.	Interest of controlled corporations <i>(Note 2)</i>	591,440,160 (L)	13.37%
Warburg Pincus Private Equity XII, L.P.	Interest of controlled corporations <i>(Note 2)</i>	591,440,160 (L)	13.37%
Warburg Pincus XII, L.P.	Interest of controlled corporations <i>(Note 2)</i>	591,440,160 (L)	13.37%
WP Global LLC	Interest of controlled corporations <i>(Note 2)</i>	591,440,160 (L)	13.37%
Alexandrite Athena GroupCo Ltd	Interest of controlled corporations <i>(Note 2)</i>	591,440,160 (L)	13.37%
Alexandrite Gem Holdings Limited	Beneficial owner <i>(Note 2)</i>	503,733,253 (L)	11.39%
Alexandrite Gem TopCo Ltd	Interest of controlled corporations <i>(Note 2)</i>	503,733,253 (L)	11.39%
OMERS Administration Corporation	Beneficial owner	456,221,943 (L)	10.32%
Mr Stuart Gibson	Interest of controlled corporations, interest of spouse and beneficial owner <i>(Notes 3, 5, 6, 8)</i>	451,027,603 (L) 149,644,368 (S)	10.20% 3.38%
Mr Charles Alexander Portes	Interest of controlled corporations <i>(Note 3, 8)</i>	449,783,103 (L) 149,644,368 (S)	10.17% 3.38%
Redwood Investor II (Cayman) Ltd.	Interest of controlled corporations <i>(Note 3)</i>	448,933,103 (L) 149,644,368 (S)	10.15% 3.38%
Redwood Investor (Cayman) Limited	Interest of controlled corporations <i>(Note 3)</i>	448,933,103 (L)	10.15%
Kurmasana Holdings, LLC	Interest of controlled corporation <i>(Note 3)</i>	448,933,103(L)	10.15%
Redwood Investment Company, Ltd.	Beneficial owner <i>(Note 3)</i>	448,933,103(L)	10.15%

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Name of Shareholder	Capacity/nature of interest	Number of Shares/underlying Shares held (Note 1)	Approximate percentage of shareholdings
Mr Jinchu Shen	Interest of controlled corporations and beneficial owner (Notes 4, 5, 6)	320,830,145 (L)	7.25%
Rosy Fortune Limited	Founder of a discretionary trust (Note 4)	319,658,645 (L)	7.23%
Tricor Equity Trustee Limited	Trustee (Note 4)	319,658,645 (L)	7.23%
Laurels Capital Investments Limited	Beneficial owner (Note 4)	319,658,645 (L)	7.23%
The Capital Group Companies, Inc.	Interest of controlled corporations (Note 7)	230,275,553 (L)	5.21%

Notes:

- The Letters "L" and "S" denote the long position and the short position in the Shares respectively.
- Alexandrite Gem Holdings Limited ("Gem Holdings") and Athena Logistics Holdings Ltd. ("Logistics Holdings") held as to 503,733,253 and 87,706,907 Shares respectively.
Gem Holdings and Logistics Holdings are wholly owned subsidiary of Alexandrite Gem TopCo Ltd ("Gem TopCo") and Athena Logistics TopCo Ltd. ("Logistics TopCo") respectively. Both Gem TopCo and Logistics TopCo are wholly owned subsidiary of Alexandrite Athena GroupCo Ltd. ("Alexandrite Athena GroupCo"). Alexandrite Athena GroupCo is owned as to 41.46% and 35.19% by Warburg Pincus China, L.P. ("WP China") and Warburg Pincus Private Equity XII, L.P. ("WPP Equity") respectively. WP China and WPP Equity are wholly owned subsidiary of Warburg Pincus China GP, L.P. ("WP China GP") and Warburg Pincus XII, L.P. ("WP XII") respectively. Both WP China GP and WP XII are wholly owned by WP Global LLC. The managing member of WP Global LLC is Warburg Pincus Partners II, L.P. ("WPP II"). The general partner of WPP II is Warburg Pincus Partners GP LLC ("WPP GP"), the managing member of which is Warburg Pincus & Co. Accordingly, each of Gem TopCo, Logistics TopCo, Alexandrite Athena GroupCo, WP China, WPP Equity, WP China GP, WP XII, WP Global LLC, WPP II, WPP GP and Warburg Pincus & Co. are deemed to be interested in the underlying Shares held by Gem Holdings and Logistics Holdings.
- Redwood Investment Company, Ltd. directly holds 448,933,103 Shares of the Company and is owned as to 42% and 58% by Kurmasana Holdings, LLC and Redwood Investor (Cayman) Limited respectively, of which Kurmasana Holdings, LLC is wholly-owned by Redwood Investor (Cayman) Limited, Redwood Investor (Cayman) Limited is wholly owned by Redwood Investor II (Cayman) Ltd. and the voting rights of Redwood Investor II (Cayman) Ltd. are controlled as to 45.87% and 45.87% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes, Mr Stuart Gibson, Redwood Investor II (Cayman) Ltd., Redwood Investor (Cayman) Limited and Kurmasana Holdings, LLC will be deemed to be interested in the Shares held by Redwood Investment Company, Ltd.. Besides, as at 31 December 2022, 850,000 Shares were held by Redwood Consulting (Cayman) Limited ("Redwood Consulting") as beneficial owner. Redwood Consulting is owned as to 50% and 50% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes and Mr Stuart Gibson are deemed to be interested in Shares held by Redwood Consulting (Cayman) Limited.
- Laurels Capital Investments Limited is wholly owned by The Shen Trust. The settlor of The Shen Trust is Rosy Fortune Limited, the sole shareholder of which is Mr Jinchu Shen. The trustee of The Shen Trust is Tricor Equity Trustee Limited. Rosy Fortune Limited has a deemed interest under the SFO in the Shares held by The Shen Trust in its capacity as settlor of The Shen Trust, Mr Jinchu Shen has a deemed interest under the SFO in the Shares held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust and Tricor Equity Trustee Limited has a deemed interest under the SFO in the Shares held by The Shen Trust in its capacity as trustee of The Shen Trust. As at 30 June 2022, 319,658,645 Shares of the total issued shares of the Company (inclusive of the interest in 7,799,856 Shares underlying the share options pursuant to the Tier 1 ESOP) were held by Laurels Capital Investments Limited as the beneficial owner.
- The Shares held as beneficial owner represented the 192,000 options to subscribe for Shares which are granted under the Post-IPO Share Option Scheme to each of Mr Jinchu Shen and Mr Stuart Gibson. The options granted to Mr Jinchu Shen are physically settled unlisted derivatives, and the options granted to Mr Stuart Gibson are unlisted derivatives which are not physically or cash settled.
- The Shares held as beneficial owner represented the 979,500 Shares underlying the PSUs under the Long Term Incentive Scheme granted to each of Mr Jinchu Shen and Mr Stuart Gibson. All the Shares granted to Mr Jinchu Shen and Mr Stuart Gibson are unlisted derivatives which are not physically or cash settled.
- Capital International Limited, Capital International Sarl and Capital International, Inc., which are wholly owned subsidiaries of Capital Group International, Inc., were the beneficial owner of 802,400 Shares, 4,615,400 Shares and 619,400 Shares respectively. Capital Group International, Inc. is a wholly owned subsidiary of Capital Research and Management Company, which in turn is a wholly owned subsidiary of The Capital Group Companies, Inc.. Besides, Capital Research and Management Company was the beneficial owner of 224,238,353 Shares. By virtue of the SFO, Capital Research and Management Company is deemed to have beneficial ownership over the Shares held by Capital International Limited, Capital International Sarl and Capital International, Inc.; and The Capital Group Companies, Inc. is deemed to be interested in the Shares held by Capital Research and Management Company.
- The short position represents Redwood Investor II (Cayman) Ltd. became the holder of, wrote or issued equity derivatives under which are under an obligation to pay another person an amount if the price of the underlying shares is above a certain level.

Save as disclosed above, as at 31 December 2022, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register of the Company referred to therein.

Directors' Report

EQUITY-LINKED AGREEMENTS

Save as the information disclosed in paragraphs headed "KM ESOP, Tier 1 ESOP and Post-IPO Share Option Scheme and the Long Term Incentive Scheme" in this report, the Company did not enter into any equity-linked agreement for the year ended 31 December 2022, nor was there any equity-linked agreement entered into by the Company subsisting as at 31 December 2022.

KM ESOP, TIER 1 ESOP, POST-IPO SHARE OPTION SCHEME AND THE LONG TERM INCENTIVE SCHEME

1. KM ESOP

Below is a summary of the principal terms of the KM ESOP of the Company. The terms of the KM ESOP are not subject to the provisions of Chapter 17 of the Listing Rules.

(i) Purpose

The purpose of the KM ESOP is to incentivise or reward eligible participants for their contribution towards our Company's operations, so as to: (a) motivate and encourage recipients to continue to perform well; (b) to retain the services of recipients whose work is vital to the growth and continued success of our Company; and (c) to link the personal interests of members of the Board and the employees with those of the Shareholders.

(ii) Who may join

The Board may, at its discretion, grant an option to any director or employee of our Group, or any director or employee of any company which is under the control of our Company (an "Eligible Person").

(iii) Classes of shares that may be issued

Under the KM ESOP, ordinary shares may be issued. For the year ended 31 December 2022, the Company has issued 1,545,384 ordinary shares under the KM ESOP. The shares were issued at nominal value of US\$0.001.

(iv) Maximum number of shares

At the date of this report, the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the KM ESOP at any time shall not exceed 18,125,237 Shares (approximately 0.41% of the issued share capital of the Company as at the date of this report).

(v) Maximum entitlement of each participant

The scheme does not set a limit of maximum entitlement of each participant under the scheme.

(vi) Period within which the securities must be taken up under an option

An option shall lapse automatically (to the extent not already exercised and subject always to the terms and conditions upon which the option was granted) on the earliest of:

- (a) the tenth anniversary of the date of grant;
- (b) the expiry of three months from the date on which the participant ceases to be an Eligible Person;
- (c) If the participant ceases to be an employee by reason of his death, the options may be exercised by his personal representatives within twelve months from the date of death. If the participant ceases to be an employee by reason of his injury, ill-health or disability, the options may be exercised, to the extent it is vested, within six months from the date of cessation of employment. ("**Rights on Death, Retirement, Injury and Disability**")

Directors' Report

- (d) If a participant's employment with our Company or any member of our Group is terminated by way of: (a) his voluntary resignation within three months from the date of grant; (b) fundamental breach of his employment agreement or a material breach of his non-disclosure undertaking; or (c) his serious misconduct, the option will lapse and cease to be exercisable immediately. If a participant ceases to be employed by our Company by reason of redundancy or dismissal other than by summary dismissal, the option may be exercised to the extent that it is vested within three months from the date of cessation of employment. ("**Effect of Dismissal or Ceasing Employment**")
 - (e) the date on which a participant ceases to be an Eligible Person in any circumstances other than those referred to in "Rights on Death, Retirement, Injury, Disability" and "Effect of Dismissal or Ceasing Employment" above;
 - (f) If a notice is given by our Company to its shareholders to convene a general meeting for the purposes of considering or approving a resolution to voluntarily wind-up our Company, to the extent that an option is vested, it may be exercised at any time to the extent that it is vested, before the relevant resolution has been passed or defeated or the meeting adjourned indefinitely, conditionally on the resolution being passed. If our Company is wound up by the court, to the extent that an option is vested and permissible by law, it may be exercised within one month of the winding-up order and will then lapse. This sub-clause does not apply if the winding-up is for the purpose of a reconstruction or amalgamation. ("**Rights on Winding-up**")
 - (g) subject to the paragraph headed "Rights on Winding-Up" above, the passing of an effective resolution for the voluntary winding-up of the Company (except where the winding-up is for the purpose of a reconstruction or amalgamation);
 - (h) subject to the paragraph headed "Rights on Winding-Up" above, the expiry of one month following the making of an order by the court for the winding-up of the Company (except where the winding-up is for the purpose of a reconstruction or amalgamation);
 - (i) the participant being declared bankrupt;
 - (j) the participant transferring, assigning, charging or otherwise disposing of the options unless in breach of the terms of the KM ESOP;
 - (k) as soon as any condition of exercise imposed can no longer in the opinion of the Board be met; or
 - (l) the participant, who is a Shareholder: (A) being deemed unable or admits inability to pay its debts as they fall due; or (B) there has been a material breach of the provisions of the Articles of Association by the participant which is not capable of remedy, or which is capable of remedy but is not remedied within 30 days after the occurrence of such material breach.
- (vii) **Minimum period for which an option must be held before it can be exercised**
Subject to other conditions of the KM ESOP being satisfied, the options which have been granted shall be vested in accordance with the period as may be determined by our Board and set out in the vesting schedule in the KM ESOP.

Directors' Report

(viii) Subscription price for the shares, consideration for the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

An option may be exercised in full or in part in accordance with the terms of the KM ESOP by delivering to the address of the Company a written notice of exercise in the prescribed form. The participant may, to the extent permitted by the Company and any applicable laws or regulations, also elect one of the following:

- (a) provide evidence to the satisfaction of our Company that it has received or will receive as soon as practicable payment in full of the Exercise Price for the aggregate number of Shares over which the option is to be exercised; or
- (b) deliver a written notice to our Company to confirm use of either the net share settlement (i.e. in lieu of the participant paying the exercise price, the participant will receive the greatest number of whole shares as determined by the formula set out in the KM ESOP) or net cash settlement arrangement (i.e. in lieu of the participant paying the exercise price to exercise an option, the participant will receive a payment in cash equal to the value of the shares in respect of which the option is being exercised less the exercise price otherwise payable for those shares).

(ix) Basis of determining the exercise price

The Board decided the option price which was stated at the date of grant. The option price may be nil unless the shares subject to the option are to be subscribed, when the option price cannot be less than the nominal value of a share. The total amount payable on the exercise of an option is the relevant option price multiplied by the number of shares in respect of which the option is exercised.

(x) The remaining life of the scheme and details of exercise of the options

The term of the KM ESOP will terminate on the tenth anniversary of the commencement date being 24 November 2017 or at any earlier time determined by the Board. Termination of the KM ESOP will not affect options granted before termination.

Directors' Report

(xi) Exercise price, grant date and vesting schedule

Exercise price (USD)	Grant date	Vesting Period	Number of options (Note 1)			
			held at 1 January 2022	exercised during the Year (Note 2)	cancelled during the Year	held at 31 December 2022
Management and employees (other than Directors) (Note 3)						
0.2520	February 2014	All vested	-	-	-	-
0.4722	December 2017	Varies from 3 to 4 years and all vested	100,020	-	-	100,020
0.9445	December 2017	4 years	5,194,760	(1,022,292)	-	4,172,468
0.9445	January 2018	4 years	10,285,138	(800,000)	-	9,485,138
1.1453	August 2018	4 years	873,103	-	-	873,103
0.4722	February 2019	3 years	-	-	-	-
0.9445	February 2019	3 years	-	-	-	-
1.3655	February 2019	4 years	948,494	-	-	948,494
1.5172	February 2019	4 years	2,447,524	(512,592)	(32,956)	1,901,976
0.9445	May 2019	Varies from 3 to 4 years and all vested	179,769	(71,250)	-	108,519
1.5172	May 2019	4 years	626,146	(90,627)	-	535,519
			20,654,954	(2,496,761)	(32,956)	18,125,237

Note:

(1) No share options were granted or lapsed during the year ended 31 December 2022.

(2) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$24.36.

(3) No share options under the KM ESOP were granted to the Directors or Co-CEOs.

No further share options under the KM ESOP have been granted since the listing.

Since all options holders opted for net share settlement method in lieu of paying in full the exercise price for the number of shares over which the option was exercised, only a net total of 1,545,384 ordinary shares were issued by the Company for the year ended 31 December 2022 in satisfaction of the 2,496,761 options so exercised. The shares issued at nominal value of US\$0.001 were credited as fully paid.

2. Tier 1 ESOP

Below is a summary of the principal terms of the Tier 1 ESOP of the Company. The terms of the Tier 1 ESOP are not subject to the provisions of Chapter 17 of the Listing Rules.

(i) Purpose

The Tier 1 ESOP is intended to provide our Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to selected participants. By aligning the interests of selected participants with those of the Shareholders, participants will be encouraged and motivated to continue their efforts towards enhancing the value of the Company. The options were granted based on the performance of the option holders who have made important contributions to and are important to the long term growth and profitability of the Group.

(ii) Selected participants

WP OCIM One LLC ("WP OCIM"), Laurels Capital Investments Limited ("Laurels"), and Redwood Consulting (Cayman) Limited ("Redwood Consulting").

Directors' Report

(iii) Administration

The Board has full authority to administer the Tier 1 ESOP, including authority to interpret and construe any of its provisions and to adopt any regulations and any documents it thinks necessary or appropriate. The Board's decision on any matter connected with the Tier 1 ESOP will be final and binding on all parties.

(iv) Term of the Tier 1 ESOP

The Tier 1 ESOP will not be terminated while options are outstanding.

(v) Classes of shares that may be issued under the Tier 1 ESOP

Under the Tier 1 ESOP, ordinary shares may be issued. For the year ended 31 December 2022, under the Tier 1 ESOP 13,410,571 ordinary shares were issued.

(vi) Maximum number of shares

The number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Tier 1 ESOP at any time shall not exceed 7,799,856 Shares as at the date of this report. (approximately 0.18% of the issued share capital of the Company as at the date of this report).

(vii) Exercise price

The Exercise Price is US\$0.46 per option which was determined by reference to the then valuation and future prospect of the Company.

(viii) Straight-line vesting

36.91% of the options (the "**Vested Percentage**") vested on the date of grant, and the remainder of the options vest daily on a straight line basis until 20 January 2021 (the "**Vesting Period**").

(ix) Conditions of exercise

Conditions are attached to the grant of the options to each participant, which contain specific conditions in the event of a default or other leaver event which apply to the particular participant.

(x) Vesting events

If the following events occur, the options will vest in full:

- (a) a strategic competitor acquires more than 29% of the fully diluted share capital or becomes the largest shareholder in our Company;
- (b) except where a successor company obtains control and exchanges the options under Tier 1 ESOP for new options on economically equivalent terms, any person obtains control of our Company (i.e. acquires the right to exercise more than 50% of the controlling rights in the Company);
- (c) there is a sale of all or substantially all of the shares in our Company by way of a trade sale or by way of a sale to a third party;
- (d) there is a disposal by one or more transactions of all or substantially all of the business of the Company;
- (e) there is a sale of all or substantially all of the shares in a project company or member of the Group to which a senior manager provides services or by which a senior manager is employed, as appropriate, by way of trade sale or by way of sale to a third party or there is a disposal of all or substantially all of the business of the project company or a member of the Group to which a senior manager provides services or by which the relevant senior manager is employed; or
- (f) there is a solvent winding-up of the Company.

Directors' Report

(xi) Lapse of an option

Subject to the date specified in any specific conditions to which the option is subject, an option will lapse to the extent not exercised on the earliest of the following:

- (a) the tenth anniversary of 20 January 2016, being the completion date of the merger between e-Shang Cayman Limited, ESR Singapore Pte. Ltd. and Redwood Asian Investments Ltd., pursuant to the Merger Agreement in January 2016;
- (b) the expiry of six months following the occurrence of the date on which a court sanctions a compromise or arrangement between our Company and its Shareholders which permits exercise of the option;
- (c) the passing of an effective resolution for the voluntary winding-up of our Company (except where the winding-up is for the purpose of a reconstruction or amalgamation or other specified situation);
- (d) the expiry of one month following the making of an order by the court for the winding-up of our Company (except where the winding-up is for the purpose of a reconstruction or amalgamation or other specified situation);
- (e) the participant being deprived of the legal or beneficial ownership of the option by operation of law, or doing or omitting to do anything which causes the participant to be so deprived or being declared bankrupt; or
- (f) the participant having breached the restrictions on transfer contained in the Tier 1 ESOP.

In relation to the options granted to Laurels (the "**Laurels Options**") and in relation to the options granted to Redwood Consulting (the "**Redwood Options**"), if during the Vesting the relevant directors or employees of the Group (in each case the "**Relevant Employee**"):

- (a) resigns within 3 years of the date of grant of the Laurels Options or the part of the Redwood Options which are attributed to the relevant Director (the "**Relevant Options**") or ceases to be employed other than in circumstances specified below, the relevant option holder will retain the Relevant Options to the extent vested as at the date of termination;
- (b) is dismissed for cause, or other specified events occur (including breaches of their relevant service agreements), the Relevant Options will be forfeited to the extent unexercised with certain exceptions; or
- (c) ceases to be employed due to dismissal without cause, the Relevant Options will vest in full.

(xii) Rights on death or ill-health

If the Relevant Employee dies or ceases to be employed by our Company or its affiliates due to ill health, the Relevant Options that are vested as at the date of cessation may be exercised.

(xiii) Rights on a compromise or arrangement

If the court sanctions a compromise or arrangement between the Company and its Shareholders, provided an option is not to be exercised under the paragraph headed "Rights on Reorganisation or Merger" in this section below, the option can be exercised up to 20 days before and during the period of six months commencing on the date when the court sanctions the compromise or arrangement.

Directors' Report

(xiv) Rights on winding up

If a notice is given by our Company to its Shareholders to convene a general meeting for the purposes of considering or approving a resolution to voluntarily wind-up our Company, to the extent that an option is vested, it may be exercised at any time to the extent that it is vested, before the relevant resolution has been passed or defeated or the meeting adjourned indefinitely, conditionally on the resolution being passed. If our Company is wound up by the court, to the extent that an option is vested and exercise is permissible by law, it may be exercised within one month of the winding-up order and will then lapse. This sub-clause does not apply if the winding-up is for the purpose of a reconstruction or amalgamation.

(xv) Rights on reorganisation or merger

If there is a variation in equity share capital of our Company or upon any consolidation, amalgamation or merger of our Company, the Board may adjust the terms of the Tier 1 ESOP or the option price for outstanding options with effect from the date of the relevant event, so that the value of the shares subject to the options is equal to the value of those shares immediately before the occurrence of the event; and the exercise price payable to exercise an option will be the same as that immediately before the occurrence of the event. No such adjustment can reduce the option price to less than the nominal value of a Share.

(xvi) Outstanding options granted under the Tier 1 ESOP

As at 31 December 2022, options to subscribe for an aggregate of 7,799,856 Shares, representing approximately 0.18% of the issued shares of the Company, are outstanding. Details of the holders are set out below:

Name of Participant	held at 1 January 2022	Number of options exercised during the Year (Note e)	held at 31 December 2022 (Note d)
Executive Director			
Mr Jinchu Shen (Notes a, c)	7,799,856	—	7,799,856
Mr Charles Alexander Portes and Mr Stuart Gibson (Notes b, c)	16,899,687	(16,899,687)	—
	24,699,543	(16,899,687)	7,799,856

Notes:

- (a) The options are granted to Laurels Capital Investments Limited. Laurels Capital Investments Limited is wholly owned by The Shen Trust. In respect of The Shen Trust, the settlor is Rosy Fortune Limited (the sole shareholder of which is Mr Jinchu Shen). Mr Jinchu Shen has a deemed interest under the SFO in the options held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust.
- (b) The options are granted to Redwood Consulting (Cayman) Limited. Redwood Consulting (Cayman) Limited is owned as to 50.0% and 50.0% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence each of Mr Charles Alexander Portes and Mr Stuart Gibson is deemed to be interested in options held by Redwood Consulting (Cayman) Limited.
- (c) The options are granted on 20 April 2017 at exercise price of US\$0.46. The vesting period of above outstanding options is vested daily on a straight line basis to 20 January 2021.
- (d) No share options were granted, lapsed or were cancelled for the year ended 31 December 2022.
- (e) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$16.46.

No further share options under the Tier 1 ESOP have been granted since the listing.

Directors' Report

3. Post-IPO Share Option Scheme

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally adopted by the resolutions of our Shareholders passed at an extraordinary general meeting held on 12 October 2019.

(i) Purpose of the Post-IPO Share Option Scheme

The purpose of the Scheme is to provide incentives to participants to contribute to the Company and to enable the Company to recruit high caliber employees and attract or retain human resources that are valuable to the Group.

(ii) Selected participants to the Post-IPO Share Option Scheme

Any individual, being an employee, executive Director and non-executive Director (including independent non-executive Director), agent or consultant of our Company or its subsidiary who the Board or its delegate(s) considers, at their sole discretion, to have contributed or will contribute to our Group is entitled to be granted options. However, no individual who is resident in a place where the grant, acceptance or exercise of options pursuant to the Post-IPO Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

(iii) Classes of shares that may be issued under the Post-IPO Share Option Scheme

Ordinary shares

(iv) Maximum number of shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme is 303,658,464, being no more than 10% of the Shares in issue on completion of the Global Offering. As at the date of this report, the total number of shares available for issue under the Post-IPO Share Option Scheme is 18,418,824, representing approximately 0.42%, of the issued share capital of the Company as at the date of this report.

(v) Maximum entitlement of a grantee

Unless approved by our Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "Individual Limit").

(vi) Performance target

The Post-IPO Share Option Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

(vii) Subscription price

The amount payable for each Share to be subscribed for under an option ("Subscription Price") in the event of the option being exercised shall be determined by the Board but shall be not less than the greatest of:

- (a) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- (c) the nominal value of the Shares.

Directors' Report

(viii) Grant of options

An offer of the grant of an option shall be made to a participant by letter or in such form as the Board may from time to time determine specifying the number of Shares, the subscription price, any condition (including but not limited to imposition of any performance target(s) and/or vesting scale), the Period in respect of which the offer is made, the date by which the option must be applied for being a date not more than 28 days after the offer date (the “**Acceptance Date**”) and further requiring the Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the scheme. Such offer shall be personal to the participant concerned and shall not be transferable.

An option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter or such other form constituting acceptance of the offer of the grant of the option duly signed by the Grantee together with a remittance in favor of the Company of HK\$1.00 (or such equivalent in other currency as the Board may specify) by way of consideration for the grant thereof is received by the Company on or before the relevant Acceptance Date.

Any offer may be accepted in respect of less than the number of options for which it is offered provided that it is accepted in respect of options representing Shares constituting a board lot for dealing in Shares or a multiple thereof. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that selected participant, it shall be deemed to have been irrevocably declined.

(ix) Time of exercise of an option

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

(x) Duration

The Post-IPO Share Option Scheme shall be valid and effective for the period of 10 years commencing on the date of adoption of the Post-IPO Share Option Scheme. The remaining life of the Post-IPO Share Option Scheme is about 6 years and 7 months as at the date of this report.

Directors' Report

(xi) Exercise price, grant date and vesting schedule

Date of grant	Exercise price	Closing price immediately preceding the date of grant	Vesting period	Exercise period	Number of options					Held at 31 December 2022
					Held at 1 January 2022	Granted during the year (Note)	Exercised during the year	Cancelled during the year	Lapsed during the year	
Directors 8 June 2022	HK\$22.78	HK\$22.50	vest in three equal tranches on each of 8 June 2022, 8 June 2023 and 8 June 2024	8 June 2022 to 7 June 2032						
Mr Jinchu Shen Mr Stuart Gibson					-	192,000	-	-	-	192,000
					-	192,000	-	-	-	192,000
			Subtotal		-	384,000	-	-	-	384,000
Management other than Directors and employees 28 December 2020	HK\$27.30	HK\$27.10	vest in three equal tranches on each of 28 December 2021, 28 December 2022 and 28 December 2023	28 December 2021 to 27 December 2030	6,650,000	-	-	-	-	6,650,000
23 August 2021	HK\$24.50	HK\$23.80	vest in three equal tranches on each of 23 August 2021, 23 August 2022 and 23 August 2023	23 August 2021 to 22 August 2031	11,485,600	-	-	(53,400)	-	11,432,200
			Subtotal		18,135,600	-	-	(53,400)	-	18,082,200
			Grand total		18,135,600	384,000	-	(53,400)	-	18,466,200

Note: During the year ended 31 December 2022, a total of 384,000 Share Options were granted to directors under the Post-IPO Share Option scheme with a fair value on the date of grant of approximately HK\$8.88 (approximately US\$1.13) per Share Option. Details of the fair value are set out in Note 42 of the Consolidated Financial Information.

There were no awards granted to service provider or any participants in excess of the 1% individual limit during the year.

4. Long Term Incentive Scheme

The following is a summary of the principal terms of the long term incentive scheme (the “**Long Term Incentive Scheme**”) adopted and approved by our Shareholders at an annual general meeting held on 2 June 2021 (the “**Adoption Date**”).

(i) Purpose

The purpose of the Long Term Incentive Scheme is 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.

Directors' Report

(ii) Who may join

Those eligible to participate in the Long Term Incentive Scheme include 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 ("**Participants**"). Participants may receive, at the absolute discretion of the Board, Awards under the Long Term Incentive Scheme. Each Participant who accepts the offer of the grant of an award ("**Award**", an award of RSUs and/or PSUs to be granted to a Participant under the Long Term Incentive Scheme (where a performance share unit ("**PSU**"), 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; a restricted share unit ("**RSU**"), 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) under the Long Term Incentive Scheme is a "Grantee".

(iii) Administration

The Long Term Incentive Scheme will be subject to the administration of the Board (or a duly authorised committee of the Board). The Board's decision as to all matters arising in relation to the Long Term Incentive Scheme or its interpretation or effect shall be final and binding on all parties.

The Company may also appoint a professional trustee to assist with the administration and vesting of the Awards. The Company may to the extent permitted by the Companies Law and the Listing Rules: (a) allot and issue Shares to the trustee to be held by the trustee pending the vesting of Awards granted and which will be used to satisfy Awards upon vesting; and/or (b) direct and procure the trustee to make on-market purchases of Shares to satisfy Awards upon vesting. The Company shall to the extent permitted by the Companies Law provide sufficient funds to the trustee by whatever means 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 Awards.

(iv) Term

The Long Term Incentive Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Awards will be offered but the provisions of the Long Term Incentive Scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any Awards already granted. Awards granted during 10 year term shall continue to be valid in accordance with their terms of grant after the end of the term.

(v) Grant of awards

The Board may grant an Award to a Participant by a notice ("**Grant Letter**") in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Award on the terms and conditions on which it is to be granted and to be bound by the terms of the Long Term Incentive Scheme. The Grant Letter shall specify, among other things, any vesting conditions, the relevant vesting schedule and applicable vesting date(s). The Company may require the grantee to remit HK\$1.00 (or such equivalent in another currency as the Board may specify) to the Company as consideration for the grant.

(vi) Timing restrictions

The Company may not grant any Award to any Participant after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published or disclosed in accordance with the requirements of the Listing Rules. In particular, the Company may not grant any Award during the period commencing one month immediately before the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

Directors' Report

- (b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the actual publication of the results announcement, and where a grant is made to a Director:

- (a) notwithstanding paragraphs (vi-a) and (vi-b) above, no Award shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(vii) Grant to connected persons

Any grant to any Director, chief executive or substantial Shareholder (other than an independent non-executive Director), of the Company, or any of their respective associates, shall be subject to the prior approval of the Remuneration Committee of the Company (excluding the independent non-executive Director who is the proposed Grantee of the grant in question) and all grants to connected persons shall be subject to compliance with the requirements of the Companies Law and the Listing Rules, including where necessary the prior approval of the Shareholders.

(viii) Satisfaction of awards

Subject to and in accordance with the terms of the Long Term Incentive Scheme and the specific terms applicable to each Award, an Award shall vest on the date(s) specified in the Grant Letter (the "**Vesting Date**"). If the vesting of an Award is subject to the satisfaction of performance-based, time-based and/or other conditions and such conditions are not satisfied, the Award shall lapse automatically in respect of such proportion of the underlying Shares as have not vested.

The Board may in its absolute discretion, determine whether the whole or any part of the Award granted or to be granted under the Long Term Incentive Scheme shall be satisfied upon vesting by the allotment and issue or transfer of Shares or by a cash payment ("**Cash Payment**", for the purpose of the Long Term Incentive Scheme, means a payment in cash made by the Company to Participant upon the vesting of an Award in lieu of Shares, based on the formula of $A \times B$, where: A = the number of Shares in respect of which the Award has vested, and B = the closing price of a Share as stated in the daily quotation sheets issued by the Stock Exchange of a Share on the relevant Vesting Date.) Any such determination may be made on a case-by-case basis or generally at any time on or around the grant date or relevant Vesting Date of the Award in question, and the Board shall notify the relevant Grantees of such determination. Awards shall be satisfied as soon as practicable on or after the relevant Vesting Date and in any event no later than 30 days following the relevant Vesting Date, at the Company's absolute discretion by:

- (a) the Company allotting and issuing the relevant number of Shares to the Grantee credited as fully paid; or
- (b) the Company directing and procuring the trustee to transfer to the Grantee the relevant number of Shares; or
- (c) the Company paying or procuring the payment of a Cash Payment (and the Company may in its discretion pay or procure the payment of the Cash Payment in Hong Kong dollars or the equivalent in the Grantee's local currency (converted on such basis of exchange rate as the Company may in its discretion determine).

Directors' Report

(ix) Rights attached to the shares

A Grantee shall have no rights in respect of any Shares granted until such Shares have been allotted and issued or transferred to the Grantee, including in relation to any dividends or distributions in respect of such Shares.

(x) Corporate events

x.i. In the event of:

- (a) a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), the Company shall use its best endeavours to procure that such offer is extended to all Grantees (on the same terms mutatis mutandis, and assuming that they will become Shareholders). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Awards shall, subject to paragraph x.ii. below, vest in whole or in part on a date specified by the Board. All parts of an Award which have not vested shall lapse immediately; or
- (b) a notice is given by the Company to its members to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company or an order of the court is made for the winding-up of the Company, the Company shall give notice thereof to all Grantees on the same day as such resolution is passed or order is made. At the sole and absolute discretion of the Board, any part of an Award which has not yet vested shall be accelerated in whole or in part (as specified in the Grantee's notice) immediately before the passing of such resolution, whereupon the Grantee will be entitled to receive out of the assets available in the liquidation *pari passu* with the Shareholders such sum as would have been received in respect of the Shares the subject of such election. Any part of an Award which has not been accelerated shall lapse immediately;
- (c) a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies pursuant to the Companies Ordinance [(Chapter 622 of the Laws of Hong Kong) as amended from time to time] or the Companies Act of Cayman Islands (as amended from time to time) (the "**Companies Act**"), the Company shall give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph x) on the same day as it dispatches to each member or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon any part of an Award which has not yet vested may be accelerated in whole or in part at any time prior to the day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement. Upon such compromise or arrangement becoming effective, all Awards shall, to the extent that they have not accelerated, lapse immediately. The Board shall endeavour to procure that the Shares issued as a result of the vesting of Awards (or any part thereof) under this paragraph x.i(c) shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of Grantees shall with effect from the date of the making of the order by the court be restored in full

Directors' Report

and all prior acceleration and lapse of the Awards shall be reversed and the Awards shall continue to vest in accordance with the original vesting schedule (but subject to the other terms of the Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid acceleration, lapse and reversal.

- x.ii. The number of Shares in respect of which any Award is accelerated or vests pursuant to this paragraph x (if any) and the date or dates on which any such vesting will occur shall be determined by the Board in its absolute discretion by reference to factors which may include (a) the extent to which any performance or other conditions to vesting have been satisfied as at the relevant event and (b) the proportion of the period from the date of the grant to the normal Vesting Date that has elapsed as at the relevant event.

(xi) Maximum number of shares

The maximum number of shares in respect of which Awards may be granted under the Long Term Incentive Scheme (the “**Maximum Number**”) when aggregated with the maximum number of Shares in respect of any share options to be granted under the Post-IPO Share Option Scheme is that number which is equal to 10% of the total number of Shares in issue on the Adoption Date (i.e. up to total of 306,004,506 shares). As at the date of this report, the total number of shares available for issue under the Long Term Incentive Scheme is 8,867,333, representing approximately 0.20% of the issued share capital of the Company as at the date of this report.

(xii) Renewal of maximum number of shares

xii.i. The Maximum Number of Shares may be increased or “refreshed”, with the approval of the Shareholders in general meeting, up to a maximum of 10% of the Shares in issue at the date of such Shareholders’ approval, inclusive of the maximum number of Shares in respect of which share options may be granted under the Post-IPO Share Option Scheme; and the Company may obtain a separate approval from its Shareholders in general meeting to permit the granting of Awards which will result in the number of Shares in respect of all Awards granted exceeding the then Maximum Number of Shares provided that such Awards are granted only to Participants specifically identified by the Company before Shareholders’ approval is sought.

xii.ii. For the avoidance of doubt, (a) in calculating whether the Maximum Number of Shares has been exceeded, Awards under the Long Term Incentive Scheme and share options granted under the Post-IPO Share Option Scheme which have lapsed in accordance with the terms of the relevant scheme or which have been satisfied by the making of a Cash Payment shall not be counted, and (b) if the Maximum Number of Shares is increased or refreshed pursuant to this paragraph xii, Awards granted under the Long Term Incentive Scheme or share options granted under the Post-IPO Share Option Scheme (including without limitation those outstanding, cancelled in accordance with the relevant scheme and those which have vested) prior thereto shall not be counted for the purpose of calculating whether the new Maximum Number of Shares has been exceeded.

(xiii) Transfer restrictions

An Award shall be personal to the Grantee and shall not be assignable and the Grantee shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to the Award (save that, for the avoidance of doubt, the Grantee may nominate a nominee to hold the Shares to be issued pursuant to the vesting of an Award on trust for the sole benefit of such Grantee provided that evidence of such trust arrangement between the Grantee and the nominee shall be provided to the satisfaction of the Company). However, following the Grantee’s death, Awards may be transferred by will or by the laws of testacy and distribution.

Directors' Report

(xiv) Lapse of awards

- xiv.i. Unless otherwise determined by the Board in its sole and absolute discretion, Awards (or any part thereof) which have not vested shall lapse automatically on the earliest of:
- (a) the date on which the Grantee ceases to be an employee, Director, agent or consultant of the Company or any Subsidiary by reason of the termination of his employment, office, agency or consultancy on any one or more grounds of serious misconduct by the Grantee, or if the Grantee has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board or the board of directors of the relevant Subsidiary (as the case may be)) on any other grounds on which an employer or principal would be entitled to summarily terminate his employment, office, agency or consultancy at common law or pursuant to any applicable laws or under the Grantee's service contract, terms of office, or agency or consultancy agreement or arrangement with the Company or the relevant Subsidiary (as the case may be);
 - (b) the date on which the Grantee ceases to be a Participant on or after becoming bankrupt or insolvent or making any arrangements or composition with his creditors generally;
 - (c) the date on which the Board shall exercise the Company's right to cancel an Award (or any part thereof) at any time after the Grantee commits a breach of paragraph xiii or the Award (or any part thereof) is cancelled in accordance with paragraph xiv.iv below; or
 - (d) in respect an Award which is subject to performance or other vesting condition(s), the date on which the condition(s) to vesting of the Award is not satisfied (save that the Award shall lapse only in respect of such proportion of underlying Shares as have not vested because of the application of such performance or other vesting condition(s); or
 - (e) the date on which the Award is not accelerated or vested (and therefore lapse) pursuant to paragraph x.i above.
- xiv.ii. The Board shall have the right to determine whether the Grantee's employment, office, agency, or consultancy has been terminated the reasons set out in paragraph xiv.i(a) above, the effective date of such termination and such determination by the Board shall be final and conclusive.
- xiv.iii. If the Grantee's employment, service or engagement with a member of the Group is terminated for any reason other than the reasons set out in paragraph xiv.i(a) above (including due to resignation, retirement, death, disability or non-renewal of the employment or service agreement (or equivalent) upon its expiration) prior to the vesting of any Award, the Board shall determine in its absolute discretion whether any unvested Award shall vest, the extent to which it shall vest and when such Award (or part thereof) shall vest. If no such determination is made, the Award shall lapse with effect from date on which the Grantee's employment, service or engagement is terminated. To the extent that the Board determines that such Award shall not vest, such Award shall lapse automatically with effect from such termination date.
- xiv.iv. The Board may at any time cancel any Award previously granted but which have not yet vested and may, at its discretion, make a grant of new Award to the same Grantee. Where an Award is cancelled and a new Award is intended to be granted to the same Participant, the Scheme must have available unissued Shares (excluding the cancelled Shares(s)) within the Maximum Number as mentioned in paragraph xii. ii.

Directors' Report

(xv) Adjustments

In the event of an alteration in the capital structure of the Company by way of a capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party) whilst any Awards has not vested or has vested but has not yet been satisfied, such corresponding adjustments (if any) shall be made to the nominal value or number of Shares subject to Awards and/or the Maximum Number of Shares. Subject to the foregoing, any adjustment shall be made on the basis that the Grantee shall have the same proportion of the issued share capital of the Company for which any Grantee would have been entitled to had the Award held by him vested immediately prior to such adjustments but not greater than that to which he was entitled before such adjustment, but so that no such adjustment shall be made to the effect of which would be to enable any Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of the Company for which any Grantee would have been entitled to had the Award held by him vested immediately prior to such adjustments.

In respect of any such adjustments, the auditors of the Company from time to time or an independent financial adviser to the Company (as the case may be) must confirm to the Board in writing that the adjustments are in their opinion fair and reasonable.

(xvi) Alteration

Save as provided below, the Board may alter any of the terms of the Long Term Incentive Scheme at any time. The Board may amend any performance and/or other conditions that applies to an Award if there is an event that causes it to consider that the performance and/or other conditions should be amended. The Long Term Incentive Scheme so altered must comply with the requirements of the Companies Law and the Listing Rules.

(xvii) Cancellation

The Board may at any time cancel Awards previously granted but which have not yet vested. Where the Company cancels Awards and offers new Awards to the same Grantee, the offer of such new Awards may only be made with available unissued Shares (excluding the cancelled Share(s)) within the Maximum Number within the limits set out in paragraph xi above.

(xviii) Termination

The Company by ordinary resolution in general meeting or the Board may at any time terminate the Long Term Incentive Scheme and in such event, no further Awards may be offered but in all other respects the terms of the Long Term Incentive Scheme shall remain in force to the extent necessary to give effect to the vesting of Awards which are granted during the term of the Long Term Incentive Scheme and which remain unvested immediately prior to the termination of 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/PSUs, an ordinary resolution was approved at the annual general meeting held on 1 June 2022 for the granting of a mandate to the Directors to grant Awards under the Long Term Incentive Scheme in respect of a maximum of 20,000,000 new Shares (the "**Scheme Mandate**"), representing 0.45% of the total number of Shares in issue as at the date of passing of such ordinary resolution during the period ("**Relevant Period**", until whichever is the earlier of (i) the conclusion of the next annual general meeting of the Company; (ii) the revocation or variation of the mandate given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; or (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law of the Cayman Islands or any other applicable law to be held), and 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.

Directors' Report

Date of grant	Connected/ non-connected	Name/position	Closing price immediately preceding the date of grant	Vesting Period	Number of shares					
					At 1 January 2022	Granted during the year ^{Note (5)}	Vested during the year	Lapsed/ cancelled during the year	At 31 December 2022	
PSUs ^{Note (5)(8)}										
8 June 2022		Directors								
	Connected Grantee	Mr Jinchu Shen	22.5	Note (3)	–	979,500	–	–	979,500	
	Connected Grantee	Mr Stuart Gibson	22.5	Note (3)	–	979,500	–	–	979,500	
					–	1,959,000	–	–	1,959,000	
23 February 2022	Connected Grantee	Certain directors of subsidiaries of the Company	25	Note (2)	–	839,400	–	–	839,400	
23 February 2022	Non-connected Grantee	Employees of the Group who are not directors or chief executive of the Group	25	Note (2)	–	3,265,300	–	(89,700)	3,195,600	
					–	4,124,700	–	(89,700)	4,035,000	
					–	6,083,700	–	(89,700)	5,994,000	
RSUs ^{Note (5)(8)}										
23 February 2022	Connected Grantee	Certain directors of subsidiaries of the Company	25	Notes (1)(7)	–	386,800	(257,867)	–	128,933	
23 February 2022	Non-connected Grantee	Employees of the Group who are not directors or chief executive of the Group	25	Notes (1)(6)	–	309,400	(206,267)	–	103,133	
					–	696,200	(464,134)	–	232,066	
8 June 2022	Connected Grantee	Certain directors of subsidiaries of the Company	22.5	Notes (4)(7)	–	2,039,500	(129,833)	–	1,909,667	
8 June 2022	Non-connected Grantee	Employees of the Group who are not directors or chief executive of the Group	22.5	Note (4)	–	5,586,600	–	–	5,586,600	
					–	7,626,100	(129,833)	–	7,496,267	
					–	8,322,300	(593,967)	–	7,728,333	
					–	14,406,000	(593,967)	(89,700)	13,722,333	

Notes:

- Subject to the vesting conditions being met, the RSUs will vest between the Date of Grant to 1 April 2023. In respect of the 386,800 Shares underlying RSUs to be granted to the Connected Grantees, the trustee shall make on-market purchase of the relevant Shares to satisfy the portion of RSUs that have been vested promptly following the public disclosure of the Company's announcement of final results for the year ended 2021.
- In respect of the PSUs, the PSUs granted will vest in favour of the relevant Participants in three equal tranches over a period of three years commencing from 1 April 2023 based on fulfillment of relevant performance conditions over a two-year period commencing from 1 January 2021 to 31 December 2022 (both dates inclusive).
- The PSUs granted will vest in favour of the relevant participants in three equal tranches over a period of three years commencing from 1 April 2023 based on fulfilment of relevant performance conditions over a two year period commencing from 1 January 2021 to 31 December 2022 (both dates inclusive). As disclosed in the Company's annual general meeting circular dated 29 April 2022, the Company would seek to motivate and reward eligible participants in the Long Term Incentive Scheme for optimising their performance in areas including, but not limited to, total shareholder returns, total assets under management and making contributions to the Group.
- In respect of the aggregate of 7,626,100 RSUs granted to the relevant participants, subject to the vesting conditions being met:
 - 389,500 of the RSUs granted to Connected Grantees and 311,600 of the RSUs granted to Non-connected Grantees will vest in three equal tranches on the Date of Grant, 8 June 2023 and 8 June 2024; and
 - 1,650,000 of the RSUs granted to Connected Grantees and 5,275,000 of the RSUs granted to Non-connected Grantees will vest in four equal tranches on 8 June of each of 2023, 2024, 2025 and 2026.
- Please refer to note 42 to the Consolidated Financial Statements for the fair value of awards at the date of grant and the accounting standard and policy adopted.
- The weighted average closing price of the shares immediately before the dates on which the awards vested is HK\$23.95 per share.
- The average purchase price of the shares on which the awards vested is HK\$23.28 per share.
- The purchase price for the shares underlying the PSUs/RSUs is nil.

There were no awards granted to service provider or any participants in excess of the 1% individual limit during the year.

Directors' Report

Shares available for issue under the Long Term Incentive Scheme and the Post-IPO Share Option Scheme

As at the date of this report, (a) Awards in the form of RSUs/PSUs have been granted by the Company under the Long Term Incentive Scheme in respect of a total of initially 12,378,100 Shares (or up to a maximum of 14,406,000 Shares if the performance targets relating to certain Awards of PSUs granted are achieved which would entitle the grantee to receive 150% of the initial number of Shares subject to the Award) and (b) share options have been granted by the Company under the Post-IPO Share Option Scheme in respect of a total of 18,519,600 Shares. Accordingly, as at the date of this report, a total of up to 273,078,906 Shares in the form of RSUs/PSUs under the Long Term Incentive Scheme and in the form of options under the Post-IPO Share Option Scheme remain available under the Scheme Limit to be granted by the Company, representing 6.20% of the total number of Shares in issue.

(xix) Appointment of Trustee

The Company has appointed Computershare Hong Kong Trustees Limited as the trustee to assist with the administration of the Long Term Incentive Scheme. The role of the trustee is to, among other things, (i) purchase Shares as directed by the Company for the purpose of satisfying the Awards on vesting and (ii) hold the Shares in trust on behalf of the grantees until such time as the relevant Awards vest or lapse. Under the terms of the trust deed appointing the trustee, the trustee will not exercise the voting rights attached to the Shares held by it on trust and any dividend or other distributions received by the trustee on the Shares held by it on trust will form part of the trust fund.

Save as disclosed above, no other share schemes were entered into by the Company.

The number of Shares that may be issued in respect of options and awards granted under Post-IPO Share Option Scheme and Long Term Incentive Scheme of the Company divided by the weighted average number of ordinary Shares in issue for the year ended 31 December 2022 is 0.60%.

For the options and awards ("**Grants**") granted during the year with less than 12 months of vesting period, the Remuneration Committee considered it appropriate to award the Grants with vesting period of less than 12 months as those Grants would have been granted earlier but for administrative or compliance reasons, those were made in a subsequent batch with a view to putting the relevant grantees in the same position as they would have been in had the Grants been made earlier.

Directors' Report

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Shares Repurchase

During the financial year ended 31 December 2022, the Company had repurchased, under the Repurchase Mandate, a total of 69,739,200 shares of the Company (the "Shares") on market ranging from HK\$13.08 to HK\$23 per share, representing approximately 1.58% of the issued Shares as at 31 December 2022 for a consideration of approximately US\$169.3 million (approximately HK\$1,324.3 million, excluding transaction cost). At the date of this annual report, the repurchased Shares have been cancelled. Details of Shares repurchased are as follows:

Month	Number of shares repurchased	Purchase price per share		Aggregate consideration HK\$ million
		Highest HK\$	Lowest HK\$	
May 2022	5,836,000	23.00	22.15	131.9
June 2022	11,248,600	23.00	19.80	240.6
July 2022	10,799,200	21.80	19.00	217.2
August 2022	735,000	21.25	20.20	15.1
September 2022	8,758,400	22.15	19.62	181.9
October 2022	16,920,000	20.75	13.08	287.9
November 2022	6,152,000	17.50	13.36	95.0
December 2022	9,290,000	17.90	15.84	154.7
	69,739,200			1,324.3

The share repurchase reflects the Company's confidence in its financial position, business fundamentals and prospects, and would, ultimately, benefit the Company and create value to the Shareholders. The share repurchase was financed by the Company with its existing available cash. The Board believes that the current financial resources of the Company would enable it to implement the share repurchase while maintaining a solid and healthy financial position for the continued growth of the Group's operations.

Redemption And Cancellation Pursuant To The US\$2,000,000,000 Multicurrency Debt Issuance Programme

Reference is made to the S\$350,000,000 in aggregate principal amount of 6.75 per cent. fixed rate notes due 2022 (ISIN Code: SGXF43834302) (the "S\$350m Notes") and the US\$425,000,000 in aggregate principal amount of 7.875 per cent. fixed rate notes due 2022 (ISIN Code: XS1970560451) ("US\$425m Notes") issued by the Company, pursuant to its US\$2,000,000,000 Multicurrency Debt Issuance Programme, scheduled to mature on 1 February 2022 and 4 April 2022 respectively.

As 1 February 2022 was not a business day (as defined in the terms and conditions of the S\$350m Notes), the Company has made payment on 3 February 2022 and 4 April 2022 for the redemption in full of all the outstanding S\$350m Notes and US\$425m respectively at 100.0 per cent. of its principal amount respectively. Following the full redemption of all the outstanding S\$350m Notes and US\$425m Notes, the S\$350m Notes and US\$425m Notes were cancelled in accordance with the terms and conditions of the S\$350m Notes and US\$425m Notes and, following such cancellation, there were no outstanding S\$350m Notes on 3 February 2022 and US\$425m Notes on 4 April 2022 respectively.

Please refer to the details in the Company's announcements dated 3 February 2022 and 4 April 2022.

Shares Purchased By Trustee Under The Long Term Incentive Scheme

During the financial year ended 31 December 2022, the Trustee of the Long Term Incentive Scheme of the Company adopted on 2 June 2021 (the "LTIS"), pursuant to the rules and trust deed of the LTIS, purchased on the Stock Exchange a total of 387,700 Shares of the Company at a total consideration of approximately US\$1.15 million (approximately HK\$9.02 million).

Directors' Report

Saved as disclosed above, during the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

ORDINARY SHARES ISSUED

During the year ended 31 December 2022, a total of 1,545,384 and 13,410,571 ordinary shares were issued by the Company in satisfaction of the 2,496,761 and 16,899,687 options exercised under KM ESOP and Tier 1 ESOP respectively, since all options holders opted for net share settlement method in lieu of paying in full the exercise price for the number of shares over which the option was exercised. The shares issued at nominal value of US\$0.001 each were credited as fully paid.

During the year ended 31 December 2022, a total of 206,267 ordinary shares were issued by the Company in satisfaction of 593,967 shares vested under the Long Term Incentive Scheme. These shares issued at nominal value of US\$0.001 each were credited as fully paid.

Save as disclosed above in this annual report, during the year ended 31 December 2022, there was no other issue of equity securities (including securities convertible into equity securities) of the Company.

Details of the movements in the share capital of the Company and the shares issued during the reporting year are disclosed in note 41 to the Consolidated Financial Statements.

CONVERTIBLE BONDS ISSUED

In September 2020, the Company completed the issuance of US\$350 million 1.50 per cent convertible bonds due 2025 (the "Bonds") to professional and institutional investors. The Bonds may be converted into ordinary shares of the Company at the conversion price of HK\$32.13 per share (subject to adjustment) and assuming full conversion of the Bonds, the Bonds will be converted into 84,427,015 shares, representing approximately 2.77% of the then issued share capital of the Company and approximately 2.69% of the then issued share capital of the Company as enlarged by the issue of such conversion shares (assuming that there is no other change to the issued share capital of the Company). The Bonds are listed and traded on the Singapore Exchange Securities Trading Limited.

The net proceeds from the Bond Issue, after deducting fees, commission and expenses payable in connection with the Bond Issue, was approximately US\$345.0 million, which the Company is using for refinancing of existing borrowings, financing of potential acquisition and investment opportunities as well as the working capital requirements and the general corporate purposes of the Group. Based on the net proceeds and assuming the full conversion of the Bonds, the net price per share is approximately HK\$31.67. The net proceeds have been fully utilised in year 2021 for the purposes as disclosed in the Company's announcement dated 10 September 2020.

The Directors believe that the Bond Issue will bring about a diversification of funding sources and expansion of investor base. This is the first convertible bond issue for the Company, and is in line with its capital management strategy. For the year ended 31 December 2022, there is no conversion of the Bonds into ordinary shares of the Company. Details of the convertible bonds balance as of 31 December 2022 is disclosed in note 31 to the Consolidated Financial Statements.

COMPLETION OF THE ACQUISITION OF ARA ASSET MANAGEMENT LIMITED

Reference is made to (i) the announcements of the Company dated 4 August 2021, 24 August 2021, 12 October 2021, 3 November 2021 and 20 January 2022 and (ii) the circular issued by the Company dated 18 October 2021 in relation to the business combination of ARA Asset Management Limited and its subsidiaries with the Group (the "ARA Acquisition").

The ARA Acquisition was completed on 20 January 2022. The total consideration of US\$4,859 million was satisfied with US\$519 million in cash and issuance of 1,345,898,078 new Shares, determined based on the prevailing share price on completion of HK\$25.15 per Share.

Directors' Report

Save as disclosed above, during the year ended 31 December 2022, there were no other material acquisitions and disposals of subsidiaries, associates and joint ventures.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Cayman Companies Law, which would oblige the Company to offer new Shares on a pro rata basis to the existing Shareholders.

CONNECTED TRANSACTIONS (INCLUDING CONTINUING CONNECTED TRANSACTIONS)

Save as the connected transactions disclosed below, the Company did not have any transaction with connected persons of the Group that were subject to the reporting, announcement or independent shareholders' approval requirements as required under the Listing Rules during the year ended 31 December 2022. All connected transactions are subject to the review and approval by the Board of Directors. The Company has complied with the applicable requirements of Chapter 14A of the Listing Rules for the year ended 31 December 2022.

Continuing Connected Transactions Pursuant To Rule 14A.60 Of The Listing Rules

Reference is made to (i) the announcements of the Company dated 4 August 2021, 24 August 2021, 12 October 2021, 3 November 2021 and 20 January 2022 and the circular issued by the Company dated 18 October 2021 in relation to the ARA Acquisition, which was completed on 20 January 2022; and (ii) the announcement of the Company dated 23 January 2022, with regards to the continuing connected transaction pursuant to Rule 14A.60 of the Listing Rules.

Following the completion of the ARA Acquisition, Alexandrite Gem and Athena Logistics together held approximately 13.2% of the shareholding interest in the Company. Each of Alexandrite Gem and Athena Logistics was an investment holding company indirectly wholly owned by funds managed or advised by Warburg Pincus LLC or its affiliates.

Prior to the completion of the ARA Acquisition, on 17 January 2022, ESR V Investment Holding Pte. Ltd ("**ESR V Investment**"), a wholly-owned subsidiary of the Company, entered into management agreements with each of BW Industrial Development Thoi Hoa One Member Limited Liability Company and BW Industrial Development Thoi Hoa (Project 02) One Member Limited Liability Company (each, a "**BW JV**") pursuant to which that BW JV had appointed ESR V Investment to provide certain management services to that BW JV in relation to the business of that BW JV (each, a "**BW Management Agreement**").

As each BW JV was 51% indirectly owned by Cong Ty Co Phan Sao Hoa Toan Quoc ("**BW**"), which in turn is controlled by entities managed or advised by Warburg Pincus LLC or its affiliates, as are Alexandrite Gem and Athena Logistics, each BW JV became a connected person of the Company upon the completion of the ARA Acquisition. Therefore, following the completion of the ARA Acquisition, the transactions under each BW Management Agreement became continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The BW Management Agreements have been terminated on 12 January 2023 (after trading hours) as ESR V Investment entered into the Termination Agreements with each of the BW JVs. There was no transaction effected under the BW Management Agreements during the year ended 31 December 2022 and up to 12 January 2023.

For detailed information, please refer to the Company's announcements dated 23 January 2022 and 12 January 2023.

Connected Transaction In Relation To The Provision Of A Loan Facility

By reference to the announcement of the Company dated 24 October 2022 and 11 December 2022, the Company (as lender), Redwood Consulting (Cayman) Ltd. (as borrower) (the "**Borrower**"), and Mr Charles Alexander Portes and Mr Stuart Gibson (both being Directors of the Company) as guarantors (together, the "**Guarantors**") entered into a standby facility agreement (the "**Loan Agreement**") on the terms described below.

Directors' Report

As the Borrower is an associate of certain Directors of the Company, the Borrower is a connected person of the Company under Listing Rule 14A.07. As the highest applicable percentage ratio in respect of the Loan when aggregated with the unsecured interest-bearing loans provided by the Company to the Guarantors in 2020 is more than 0.1% but less than 5%, the provision of the Loan (as defined below) constitutes a connected transaction of the Company which is exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Listing Rule 14A.76(2).

The Company, the Borrower and the Guarantors entered into the Loan Agreement on 24 October 2022 pursuant to which the Company agreed to lend to the Borrower a loan (the "Loan") in the principal amount of up to US\$50 million at an interest-rate equal to LIBOR plus 4.0% per annum. The Loan will be available to the Borrower for its working capital purposes from the date of the Loan Agreement for a maximum period of 18 months after the date on which the Loan is made. The Loan is guaranteed by the Guarantors and will be subject to security over the shares in the Borrower and an undertaking to seek additional security over the shares in an affiliate of the Borrower, in favour of the Company. The Company may use 50% of any amounts due from the Company to the Guarantors under any agreement to repay the principal amount of the Loan.

The terms of the Loan Agreement were arrived at after arm's length negotiations between the Company and the Borrower. The Loan was funded by the Group's internal resources.

On 11 December 2022, the Borrower submitted a formal notice to the Company that the Borrower will repay all amounts outstanding under the Loan Agreement, in full and final settlement of all amounts outstanding pursuant to the Loan Agreement, on or prior to 31 December 2022. Following such repayment made prior to 31 December 2022, the Loan Agreement was terminated on 31 December 2022 accordingly.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of the Company's key management and their close family member are also considered as related parties. For a discussion of related party transactions, see note 40 to the Consolidated Financial Statements. Directors believe that the related party transactions were carried out on an arm's length basis and will not distort our results during the year ended 31 December 2022 or make such results not reflective of our future performance. All the related party transactions described in this note are exempt from the reporting, announcement or independent shareholders' approval requirements under Rules 14A.76(1)(a) and (b) of the Listing Rules.

CHARITABLE DONATIONS

The charitable and other donations made by the Group for the year ended 31 December 2022 amounted to US\$772,000 (2021: US\$130,000).

IMPORTANT EVENT AFTER THE REPORTING PERIOD

Save for the information disclosed in note 48 to the Consolidated Financial Statements, there was no important event after the year ended 31 December 2022 and up to the date of this report.

Directors' Report

PERMITTED INDEMNITY PROVISION

According to article 191 of the Articles of Association of the Company, the Directors and other officers for the time being of the Company and the trustees (if any) for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty, and none of them shall be answerable for the acts, receipts, neglects or defaults of any other of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any moneys or effects of the Company shall be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any moneys of the Company shall be placed out or invested, or for any other loss, misfortune or damage which may arise in the execution of their respective offices or trusts, or in relation thereto, except as the same shall happen by or through their own fraud, dishonest, or recklessness. The Company may take out and pay the premium and other moneys for the maintenance of insurance, bonds and other instruments for the benefit either of the Company or the Directors (and/or other officers) or any of them to indemnify the Company and/or Directors (and/or other officers) named therein for this purpose against any loss, damage, liability and claim which they may suffer or sustain in connection with any breach by the Directors (and/or other officers) or any of them of their duties to the Company.

The Company has arranged for appropriate directors' liability insurance coverage for the Directors during the year ended 31 December 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float under the Listing Rules, was held by the public as at the latest practicable date prior to the issue of this annual reports of the date of this report.

AUDIT COMMITTEE

The Company's consolidated annual results for the year ended 31 December 2022 has been reviewed by the Audit Committee of the Company. Information on the work of Audit Committee and its composition are set out in the Corporate Governance Report on page 74.

AUDITOR

Ernst & Young, Certified Public Accountants, who was re-appointed as the auditor of the Company since the last AGM, has acted as the auditor of the Company for the year ended 31 December 2022.

The Consolidated Financial Statements for the year ended 31 December 2022 have been audited by Ernst & Young who shall retire at the forthcoming AGM and, being eligible, will offer themselves for re-appointment. A resolution will be proposed at the forthcoming AGM to re-appoint Ernst & Young as the auditor of the Company.

Save as otherwise stated, all references above to other sections, reports or notes in this annual report form part of this Directors' Report.

On behalf of the Board

Mr Jeffrey David Perlman
Chairman

Hong Kong, 22 March 2023