
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Prinx Chengshan (Cayman) Holding Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Prinx Chengshan (Cayman) Holding Limited****浦林成山（開曼）控股有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 1809)**

- (1) DECLARATION OF FINAL DIVIDEND**
(2) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
(3) RE-ELECTION OF RETIRING DIRECTORS
(4) RE-APPOINTMENT OF AUDITORS
(5) PROPOSED CHANGE OF COMPANY NAME
(6) TERMINATION OF THE 2019 SHARE OPTION SCHEME AND
PROPOSED ADOPTION OF THE 2021 SHARE OPTION SCHEME
AND
(7) NOTICE OF THE ANNUAL GENERAL MEETING
-

A notice convening an annual general meeting of Prinx Chengshan (Cayman) Holding Limited to be held at the meeting room A202 of Prinx Chengshan (Shandong) Tire Company Limited, No.98, Nanshan North Road, Rongcheng City, Shandong Province, the PRC, on Monday, May 17, 2021 at 10:00 a.m. is set out on pages 34 to 39 of this circular. A proxy form for use at the annual general meeting is enclosed with the notice of the annual general meeting.

Such proxy form is also published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.prinxchengshan.com>). Whether or not you are able to attend the annual general meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the completed proxy form to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the annual general meeting (i.e. not later than 10:00 a.m. on Saturday, May 15, 2021) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish and in such event, the proxy form shall be deemed to be revoked.

April 16, 2021

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
APPENDIX I — Explanatory statement on the Share Repurchase Mandate	17
APPENDIX II — Details of retiring directors proposed to be re-elected	21
APPENDIX III — Summary of the principal terms of the 2021 Share Option Scheme	25
APPENDIX IV — Notice of annual general meeting	34

DEFINITIONS

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

“2019 Share Option Scheme”	the share option scheme adopted by the Company on July 5, 2019
“2021 Share Option Scheme”	the new share option scheme to be conditionally adopted by the Company pursuant to the ordinary resolution referred to in the notice convening the AGM in its present or any amended form
“Adoption Date”	May 17, 2021, being the date on which the 2021 Share Option Scheme is to be considered and, if thought fit, to be conditionally adopted by the Shareholders at the AGM
“AGM” or “2021 AGM”	an annual general meeting of the Company to be convened and held at the meeting room A202 of Prinx Chengshan (Shandong) Tire Company Limited, No.98, Nanshan North Road, Rongcheng City, Shandong Province, the PRC on Monday, May 17, 2021 at 10:00 a.m. or any adjournment thereof
“Articles”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“Che Family”	Che Hongzhi, Li Xiuxiang, Che Baozhen and Bi Wenjing, each being one of the Controlling Shareholders
“Chengshan Group”	Chengshan Group Company Limited (成山集團有限公司), a limited liability company established in the PRC on January 8, 1976 and one of the Controlling Shareholders
“close associate(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Company”	Prinx Chengshan (Cayman) Holding Limited (浦林成山(開曼)控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Computershare”	Computershare Hong Kong Investor Services Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlled Entities”	refer to the entities ultimately controlled by the Che Family, being Rongcheng Dongsheng Property Rental Company Limited* (榮成東晟房屋租賃有限公司), Shanghai Chengzhan Information and Technology Center* (上海成展信息科技中心), Beijing Zhongmingxin Investment Company Limited* (北京中銘信投資有限公司), Rongcheng Chengshan Biological Food Technology Research & Development Company Limited* (榮成成山海洋食品技術開發有限公司), Rongcheng Chengyuan Shareholding Investment Centre* (榮成成源股權投資中心), Rongcheng Hongsheng Shareholding Investment Centre* (榮成鴻昇股權投資中心), Rongcheng Chengda Shareholding Investment Centre* (榮成成大股權投資中心), Rongcheng Chenghai Shareholding Investment Centre* (榮成成海股權投資中心), Rongcheng Pucheng Shareholding Investment Centre* (榮成浦成股權投資中心) and Rongcheng Haocheng Shareholding Investment Centre* (榮成浩成股權投資中心) and each a Controlling Shareholder
“Controlling Shareholders”	Chengshan Group, the Che Family and the Controlled Entities
“Director(s)”	the director(s) of the Company
“Eligible Participant”	any employee or proposed employee (whether full time or part time) of any member of the Group or any Invested Entity, excluding any independent non-executive Directors and provided that the proposed employee is actually employed by the Group and passes the stipulated probation period

DEFINITIONS

“General Mandates”	the Share Issue Mandate and the Share Repurchase Mandate
“Grantee(s)”	any Eligible Participant(s) who accept the Offer in accordance with the terms of the 2021 Share Option Scheme or (where the context so permits) his legal personal representative(s)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which the Group holds any equity interest
“Latest Practicable Date”	April 8, 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Committee”	the Listing Committee of Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	an offer for the grant of an Option made in accordance with the 2021 Share Option Scheme
“Option”	an option to subscribe for Shares granted pursuant to the 2021 Share Option Scheme and for the time being subsisting
“Option Period”	in respect of any particular Option, a period of time to be notified by the Board to each Grantee, which the Board may in its absolute discretion determine, save that such period must expire not more than eight (8) years from the date on which the Option is granted to Eligible Participants

DEFINITIONS

“Proposed Change of Company Name”	the dual foreign name of the Company in Chinese from “浦林成山(開曼)控股有限公司” to “浦林成山控股有限公司” and the name of the Company in English from “Prinx Chengshan (Cayman) Holding Limited” to “Prinx Chengshan Holdings Limited”
“Scheme Period”	a period of eight (8) years commencing on the Adoption Date
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of US\$0.00005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Issue Mandate”	the proposed general and unconditional mandate to be granted to the Directors to exercise the power of the Company to allot, issue and deal with additional Shares not exceeding 20% of the total number of issued Shares as at the date of the passing of the relevant resolution granting such mandate
“Share Repurchase Mandate”	the proposed general and unconditional mandate to be granted to the Directors to exercise the power of the Company to repurchase Shares on the Stock Exchange of up to a maximum of 10% of the total number of issued Shares as at the date of the passing of the relevant resolution granting such mandate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price at which each Share underlying an Option may be subscribed for on the exercise of that Option, subject to adjustments in accordance with the 2021 Share Option Scheme

DEFINITIONS

“Takeovers Code” the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong, as amended from time to time

“%” per cent

* *For identification purposes only.*

LETTER FROM THE BOARD



Prinx Chengshan (Cayman) Holding Limited

浦林成山（開曼）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1809)

Executive Directors:

Mr. Che Baozhen
Mr. Shi Futao
Ms. Cao Xueyu

Non-executive Directors:

Mr. Che Hongzhi
Mr. Wang Lei
Mr. Shao Quanfeng

Independent non-executive Directors:

Mr. Zhang Xuehuo
Mr. Choi Tze Kit, Sammy
Mr. Wang Chuansheng

Registered Office:

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Principal Place of Business in the PRC:

No. 98, Nanshan North Road
Rongcheng City
Shandong Province
the PRC

Principal Place of Business in Hong Kong:

Unit A-1, 19/F
Tower A, Billion Centre
1 Wang Kwong Road
Kowloon Bay, Kowloon
Hong Kong

April 16, 2021

To the Shareholders

Dear Sir or Madam,

- (1) DECLARATION OF FINAL DIVIDEND**
(2) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
(3) RE-ELECTION OF RETIRING DIRECTORS
(4) RE-APPOINTMENT OF AUDITORS
(5) PROPOSED CHANGE OF COMPANY NAME
(6) TERMINATION OF THE 2019 SHARE OPTION SCHEME AND
PROPOSED ADOPTION OF THE 2021 SHARE OPTION SCHEME
AND
(7) NOTICE OF THE ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with the relevant information in respect of, among other matters, (i) declaration of final dividend; (ii) the Share Issue Mandate; (iii) the Share Repurchase Mandate; (iv) the re-election of the retiring Directors; (v) the re-appointment of auditors; (vi) proposed change of company name; and (vii) termination of the 2019 Share Option Scheme and proposed adoption of the 2021 Share Option Scheme and to give you notice of the AGM relating to, among other matters, these matters.

LETTER FROM THE BOARD

DECLARATION OF FINAL DIVIDEND

Reference is made to the annual results announcement for the year ended December 31, 2020 of the Company dated March 31, 2021. The Board has recommended a final cash dividend for the year ended December 31, 2020 of HK\$0.2 per Share, and will be paid around June 9, 2021 to those Shareholders whose names appear on the Company's register of members on May 25, 2021 which is subject to the approval of Shareholders at the AGM and compliance with the Articles and the Companies Law (2018 Revision) of the Cayman Islands. An ordinary resolution will be proposed at the AGM to approve the declaration of the final dividend. Please refer to the Company's annual results announcement dated March 31, 2021 for the withholding and payment of enterprise income tax for non-resident enterprises in respect of the proposed final dividend.

GENERAL MANDATE TO ISSUE NEW SHARES

At the AGM, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to exercise the power of the Company to allot, issue and deal with additional Shares representing up to 20% of the total number of the issued Shares as at the date of passing of the resolution. As at the Latest Practicable Date, the total number of issued Shares was 636,342,500. Assuming that there is no change in the total number of issued Shares between the period from the Latest Practicable Date and the date of passing the resolution approving the Share Issue Mandate, the maximum number of Shares which may be issued pursuant to the Share Issue Mandate will be 127,268,500 Shares, representing 20% of the total number of issued Shares.

The Share Issue Mandate will end on the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required pursuant to the Articles or any applicable laws to be held; or (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.

Subject to the passing of the following ordinary resolution regarding the Share Repurchase Mandate, an ordinary resolution will also be proposed at the AGM to authorise the Directors to exercise the power of the Company to issue new Shares in an amount not exceeding the total number of the Shares repurchased by the Company pursuant to the Share Repurchase Mandate.

The Directors wish to state that they have no immediate plan to issue any Shares pursuant to the Share Issue Mandate.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to exercise the powers of the Company to repurchase issued Shares subject to the criteria set forth in this circular. In particular, Shareholders should note that the maximum number of Shares that may be repurchased pursuant to the Share Repurchase Mandate will be such number which represents 10% of the total number of issued Shares as at the date of passing of the resolution subject to the Listing Rules. The Share Repurchase Mandate will end on the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required pursuant to the Articles or any applicable laws to be held; or (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in the general meeting. As at the Latest Practicable Date, the total number of issued Shares was 636,342,500. Assuming that there is no change in the total number of issued Shares between the period from the Latest Practicable Date and the date of passing the resolution approving the Share Repurchase Mandate, the maximum number of Shares which may be repurchased pursuant to the Share Repurchase Mandate on the date of passing the resolution approving the Share Repurchase Mandate will be 63,634,250 Shares, representing 10% of total number of issued Shares.

An explanatory statement, as required under Rule 10.06(1)(b) of the Listing Rules to provide the requisite information in connection with the Share Repurchase Mandate, is set forth in Appendix I to this circular.

RE-ELECTION OF RETIRING DIRECTORS

Mr. Che Baozhen, Mr. Shi Futao and Mr. Zhang Xuehuo shall retire pursuant to Article 108 of the Articles.

All retiring Directors, being eligible, will offer themselves for re-election at the forthcoming AGM. The nomination and remuneration committee of the Board (the “**Nomination and Remuneration Committee**”) assesses the candidate or incumbent based on criteria set out in the nomination policy adopted by the Company including but not limited to their integrity, achievement and experience, time to devote, and interests of the industry which the candidate is in and the diversity brought to the Board by candidate and other standards. It has evaluated Mr. Che Baozhen, Mr. Shi Futao and Mr. Zhang Xuehuo.

The Nomination and Remuneration Committee is of the view that Mr. Che Baozhen, Mr. Shi Futao and Mr. Zhang Xuehuo will continued to bring to the Board perspectives, skills and experience. During their office in the Company, Mr. Che Baozhen, Mr. Shi Futao and Mr. Zhang Xuehuo actively participated in the Board meetings, the meetings of the committees of the Board

LETTER FROM THE BOARD

and/or the general meetings, and offer their independent opinion, enquiry and advice for the Company's business, operation, future development and strategies. The Nomination and Remuneration Committee believes that personality, character, professional knowledge, ability and experience of Mr. Che Baozhen, Mr. Shi Futao and Mr. Zhang Xuehuo will continue to enable them to effectively discharge their duties.

Based on the board diversity policy adopted by the Company, Mr. Zhang Xuehuo's integrity, achievement and experience, time to devote, and interests of the industry which he is in, the Nomination and Remuneration Committee considers that the appointment of Mr. Zhang Xuehuo as independent non-executive Director will contribute to the diversity of the Board. In particular, his expertise, experience and skills in investment field, and extensive experience in overseas mining resources, energy, real estate, biomedical, and health industries should allow him to provides valuable professional advice for the business development and investment strategies of the Group. In addition, the Nomination and Remuneration Committee had assessed and reviewed the annual written confirmation of Mr. Zhang Xuehuo based on the independence criteria as set out in Rule 3.13 of the Listing Rules, and is satisfied that he remains independent in accordance with Rule 3.13 of the Listing Rules.

Therefore, the Board, with the recommendation of the Nomination and Remuneration Committee, is of the view that Mr. Che Baozhen, Mr. Shi Futao and Mr. Zhang Xuehuo are suitable to continue to act as Directors and supports their re-elections as Directors at AGM.

Biographical details of the retiring Directors who are proposed to be re-elected at the AGM are set forth in Appendix II to this circular.

LETTER FROM THE BOARD

RE-APPOINTMENT OF AUDITORS

PricewaterhouseCoopers, which has audited the consolidated financial statements of the Company for the year ended December 31, 2020, will retire as the auditors of the Company at the AGM and, being eligible, offer themselves for re-appointment.

The Board, upon the recommendation of the audit committee of the Board, proposed to re-appoint PricewaterhouseCoopers as the auditors of the Company and to hold office until the conclusion of the next annual general meeting of the Company and authorize the Board to fix its remuneration.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the dual foreign name of the Company in Chinese from “浦林成山(開曼)控股有限公司” to “浦林成山控股有限公司” and the name of the Company in English from “Prinx Chengshan (Cayman) Holding Limited” to “Prinx Chengshan Holdings Limited” (the “**Proposed Change of Company Name**”).

Conditions of the Proposed Change of Company Name

The Proposed Change of Company Name is subject to the fulfilment of the following conditions:

- (a) the passing of a special resolution by the Shareholders at the AGM to approve the Proposed Change of Company Name; and
- (b) the Proposed Change of Company Name being registered with the Registrar of Companies in the Cayman Islands.

Subject to the fulfillment of the above conditions, the Proposed Change of Company Name will take effect from the date of the relevant special resolution. The Company will then carry out the necessary filing procedures with the Companies Registry in Hong Kong in accordance with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Reasons for the Proposed Change of Company Name

Since the initial public offering, the customer base of the Group has expanded from China to various overseas markets. In order to reflect the development of the Company’s business, adapt to changes in the external market environment and meet the needs of sustainable development, the

LETTER FROM THE BOARD

Group is committed to becoming an international enterprise. The Board believes that the Proposed Change of Company Name can better reflect the Company's current business network and provide a more appropriate corporate identity and image.

As such, the Board believes that the new names will create an international image for the Company and facilitate the business development of the Company as well as its communication with relevant Shareholders, which is in the best interests of the Company and Shareholders as a whole.

Effect of the Proposed Change of Company Name

The Proposed Change of Company Name will not affect the rights of any Shareholder or the Company's daily business operation and its financial position. All existing share certificates of the Company in issue bearing the existing names of the Company will, upon the Proposed Change of Company Name becoming effective, continue to be valid evidence of legal title to the shares of the Company and will continue to be valid for trading, settlement, registration and delivery purposes.

Accordingly, there will not be any arrangement for the free exchange of the existing share certificates for new certificates bearing the new names of the Company. Upon the Proposed Change of Company Name becoming effective, any issue of share certificates thereafter will bear the new names of the Company and the securities of the Company will be traded on the Stock Exchange under the new names.

In addition, subject to confirmation by the Stock Exchange, the Company has no intention to change the Chinese and English stock short names of the Company for the purpose of trading of its shares on the Stock Exchange after the Proposed Change of Company Name becomes effective. The stock code of the Company will remain as "1809".

TERMINATION OF THE 2019 SHARE OPTION SCHEME AND PROPOSED ADOPTION OF THE 2021 SHARE OPTION SCHEME

Termination of the 2019 Share Option Scheme

The 2019 Share Option Scheme was adopted by the Company on July 5, 2019. The Board proposes to terminate the 2019 Share Option Scheme and adopt the 2021 Share Option Scheme. Other than the 2019 Share Option Scheme, the Company had no other subsisting share option scheme as at the Latest Practicable Date.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the issued share capital of the Company comprised 636,342,500 Shares. The number of Shares issuable pursuant to the 2019 Share Option Scheme was 16,000,000 Shares, representing 2.5% of the total number of Shares in issue of the Company as at the date of the adoption of the 2019 Share Option Scheme. As at the Latest Practicable Date, a total of 15,235,500 options were granted, among which a total of 1,342,500 Shares had been allotted and issued and 985,700 options granted were cancelled or lapsed. As at the Latest Practicable Date, 12,907,300 options had been granted and remained outstanding under the 2019 Share Option Scheme, representing 2.03% of the total number of Shares in issue. According to the terms of the 2019 Share Option Scheme, the 2019 Share Option Scheme would have expired on July 4, 2025.

According to the terms of the 2019 Share Option Scheme, the Company may by resolution in general meeting at any time terminate the 2019 Share Option Scheme and in such event, no further offer to grant an option nor further option shall be made but in all other respects the provisions of the 2019 Share Option Scheme shall remain in force and effect. All options granted and accepted and remained unexpired immediately prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the 2019 Share Option Scheme.

It is proposed that subject to the fulfilment of the conditions of the 2021 Share Option Scheme set out in the section headed “Conditions of the 2021 Share Option Scheme” below, the operation of the 2019 Share Option Scheme shall be terminated and the 2021 Share Option Scheme will take effect.

Adoption of the 2021 Share Option Scheme

Subject to the termination of the operation of the 2019 Share Option Scheme, the Board proposes the adoption of the 2021 Share Option Scheme, which shall be valid for eight years from the date of its adoption.

The purpose of the 2021 Share Option Scheme is to replace the 2019 Share Option Scheme and to enable the Board to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high caliber eligible persons and attract human resources that are valuable to the Group. Proposed employees are included as Eligible Participants to enable the Company to offer a competitive remuneration package to recruit high caliber candidates. As at the Latest Practicable Date, the remaining number of Shares available for issue pursuant to the 2019 Share Option Scheme was only 764,500, representing 0.12% of the total number of Shares in issue. The Company considers that the adoption of the 2021 Share Option Scheme will continue to have the benefit of expanding the scope of Eligible Participants and aligning the interests of Eligible Participants with that of the

LETTER FROM THE BOARD

Group, thus encouraging such persons to continue to contribute positively to the Group in accordance with the Group's mid-term strategic planning and enabling the Group to foster long term co-operation with such persons.

In order to achieve the aforementioned purposes and maintain the value of the Company, the Directors have specified at the time of the Offer, the minimum period for which an Option must be held, the performance targets that must be achieved before the Option can be exercised as well as the minimum Subscription Price.

Assuming that there is no change in the total number of Shares in issue for the period from the Latest Practicable Date up to the Adoption Date, the number of Shares issuable pursuant to the 2021 Share Option Scheme will be 50,000,000 Shares, being approximately 7.9% of the total number of Shares in issue on the Adoption Date, which together with the number of Shares which may fall to be allotted and issued upon exercise in full of the 12,907,300 options granted under the 2019 Share Option Scheme, are within the overall limit of 30% prescribed under the Listing Rules.

The 2021 Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules and the adoption of the 2021 Share Option Scheme is subject to the approval of the Shareholders at the AGM.

Principal Terms of the Options

A summary of the principal terms of the 2021 Share Option Scheme is set out in the Appendix III to this circular. A copy of the terms of the 2021 Share Option Scheme is available for inspection during normal business hours at Unit A-1, 19/F, Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong from the date of this circular to the date of the AGM (both dates inclusive) and also at the AGM.

The 2021 Share Option Scheme is to be administered by the Board. None of the Directors is a trustee of the 2021 Share Option Scheme or has a direct or indirect interest in the relevant trustee (if any). With respect to the operation of the 2021 Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder had a material interest in the proposed adoption of the 2021 Share Option Scheme and no Shareholder was required to abstain from voting at the AGM for approving the 2021 Share Option Scheme.

LETTER FROM THE BOARD

The Directors consider that it is not appropriate to state the value of all Options that can be granted under the 2021 Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the value of the Options have not been determined. Such variables include but are not limited to the Subscription Price, Option Period, lock-up period and performance targets. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

Conditions of the 2021 Share Option Scheme

The 2021 Share Option Scheme is conditional upon:

- (i) the passing of the necessary resolution by the Shareholders at the AGM to terminate the 2019 Share Option Scheme, adopt the 2021 Share Option Scheme and authorize the Board to grant the Options and allot and issue Shares pursuant to the exercise of any Options granted; and
- (ii) the Listing Committee granting the listing of, and the permission to deal in, the new Shares which may be allotted and issued pursuant to the exercise of the Options.

Application will be made to the Listing Committee for the granting of the listing of, and the permission to deal in, the new Shares which may be allotted and issued pursuant to the exercise of the Options to be granted under the 2021 Share Option Scheme.

AGM

Set forth on pages 34 to 39 of this circular is a notice convening the AGM at which, among other things, resolutions will be proposed to approve the declaration of final dividend, the Share Issue Mandate, the Share Repurchase Mandate, the re-election of the retiring Directors, the re-appointment of auditors and the Proposed Change of Company Name, the termination of the 2019 Share Option Scheme and the proposed adoption of the 2021 Share Option Scheme.

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.prinxchengshan.com>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Computershare Hong Kong

LETTER FROM THE BOARD

Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the AGM (i.e. not later than 10:00 a.m. on Saturday, May 15, 2021).

VOTING BY POLL

The forthcoming AGM will be held by voting of Shareholders taken by poll pursuant to Rule 13.39(4) of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, May 12, 2021 to Monday, May 17, 2021 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM to be held on Monday, May 17, 2021, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, May 11, 2021.

Subject to the approval of shareholders at the AGM, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company on Tuesday, May 25, 2021, being the record date for determination of entitlement to the final dividend. The register of members of the Company will be closed from Monday, May 24, 2021 to Tuesday, May 25, 2021 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, May 21, 2021.

RECOMMENDATION

The Directors consider that (i) declaration of final dividend; (ii) the Share Issue Mandate; (iii) the Share Repurchase Mandate; (iv) the re-election of retiring Directors; (v) the re-appointment of the auditors; (vi) the Proposed Change of Company Name; and (vii) the termination of the 2019 Share Option Scheme and the proposed adoption of the 2021 Share Option Scheme are in the best interests of the Company, the Group and the Shareholders as a whole, and would recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other material matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,

For and on behalf of the Board

PRINX CHENGSHAN (CAYMAN) HOLDING LIMITED

Che Hongzhi

Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide all the information in relation to the Share Repurchase Mandate for your consideration.

1. LISTING RULES RELATING TO THE SHARE REPURCHASE MANDATE

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their securities subject to certain restrictions.

All proposed repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by a specific approval of a particular transaction and that the shares to be repurchased must be fully paid up. A maximum of 10% of the total number of issued Shares as at the date of passing the relevant resolution may be repurchased on the Stock Exchange.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were 636,342,500 Shares in issue. Subject to the passing of the resolution granting the Share Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 63,634,250 Shares, representing 10% of the total number of issued Shares as at the Latest Practicable Date.

3. REASONS FOR REPURCHASES

The Directors believe that the Share Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws and regulations of the Cayman Islands.

It is presently proposed that any repurchase of the Shares would be made out of profits of the Company or the proceeds of a fresh issue made for the repurchase or out of capital provided that on the day immediately following the date of repurchase the Company is able to pay its debts as they fall due in the ordinary course of business.

5. IMPACT OF REPURCHASES

On the basis of the financial position of the Company as at December 31, 2020 (being the date of its latest audited accounts), the Directors consider that there is no material adverse impact on the working capital or gearing position of the Company if the Share Repurchase Mandate is exercised in full during the proposed repurchase period. However, the Directors do not intend to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level (as compared with the position disclosed in its most recent published audited accounts) which in the opinion of the Directors are from time to time appropriate for the Company.

6. GENERAL INFORMATION

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or any of its subsidiaries, if the Share Repurchase Mandate is approved by the Shareholders.

No core connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have any present intention to sell any Shares to the Company, or have undertaken not to do so, if the Share Repurchase Mandate is approved by the Shareholders.

7. UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the Share Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong, the Articles and the applicable laws of the Cayman Islands.

8. TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in

concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 or Rule 32 of the Takeovers Code.

As at the Latest Practicable Date, according to the public record, and to the best of the knowledge and belief of the Directors, Chengshan Group directly held 436,600,000 Shares and indirectly, through a wholly-owned subsidiary, held 5,259,500 Shares, representing a total of 69.44% of the total number of issued Shares. The Che Family and the Controlled Entities control an aggregate of 76.76% of the equity interest in Chengshan Group. On July 9, 2019, Mr. Che Baozhen was granted 580,000 options under the 2019 Share Option Scheme. He is deemed to be the beneficial owner of 580,000 Shares (representing 0.09% of the total number of issued Shares). Accordingly, under the SFO, the Che Family and the Controlled Entities are deemed to be interested in 441,859,500 Shares, representing 69.44% of the total number of issued Shares, held by Chengshan Group and its subsidiary (assuming no Shares were granted and issued in accordance with the Share Option Scheme). In the event that the Directors exercise in full the power to buy back Shares in accordance with the Repurchase Mandate, the shareholding of Chengshan Group and its subsidiary would be increased to 77.15% of the total number of the issued Shares. Such increase would not give rise to an obligation on the part of the Che Family, the Controlled Entities and parties acting in concert (as defined in the Takeovers Code) with them to make a mandatory offer under Rule 26 of the Takeovers Code.

On the basis that the issued share capital of the Company remains the same, the Directors are not aware of any consequences which may arise under Rules 26 and 32 of the Takeovers Code. The Directors do not intend to exercise the Repurchase Mandate to an extent which would, in the circumstances, trigger any potential consequences under the Takeovers Code.

9. SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares had been made by the Company during the six months prior to the Latest Practicable Date.

10. SHARE PRICES

The highest and lowest prices per Share at which Shares had been traded on the Stock Exchange since March 1, 2020 up to and including the Latest Practicable Date were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2020		
March	8.000	7.080
April	7.330	6.920
May	7.320	6.880
June	7.950	6.950
July	8.200	7.740
August	8.300	7.970
September	8.260	8.000
October	9.680	8.000
November	8.760	7.980
December	8.720	7.900
2021		
January	8.730	7.980
February	8.530	8.060
March	8.500	8.050
April (up to the Latest Practicable Date)	8.880	8.130

Details of the retiring Directors proposed to be re-elected at the AGM are set out as follows:

Mr. Che Baozhen (車寶臻先生), aged 38, was appointed as the Director on May 22, 2015. He was also appointed as a member of the Nomination and Remuneration Committee. He has also been the General Manager of one of our subsidiaries, Prinx (Shandong) Tire since April 2017. Mr. Che joined the Group in December 2005. He is a director of all of the Group's subsidiaries except Prinx Chengshan (Qingdao) Industrial Research & Design Company Limited* (浦林成山(青島)工業研究設計有限公司), Shenzhen Zhianda Tire Technology Service Co., Ltd.* (深圳市智安達輪胎科技服務有限公司), Shanghai Zhianda Rubber Technology Co., Ltd.* (上海智安達橡膠科技有限公司), Prinx Chengshan Europe GmbH and Prinx Chengshan Tire North America Inc.* (浦林成山輪胎北美公司). Mr. Che is also the Group's chief executive officer. He has over 15 years of experience in automotive tire industry and is responsible for the overall day-to-day operations, management, administration and strategic planning of the Group. Prior to joining the Group, Mr. Che was a staff in Chengshan Group Company Limited* (成山集團有限公司, “**Chengshan Group**”) from December 2003 to May 2010. He was responsible for handling external relations with external parties and asset management. In June 2010, Mr. Che was appointed as the assistant of general manager in Shandong Haizhibao Ocean Technology Company Limited* (山東海之寶海洋科技有限公司). In December 2010, Mr. Che was appointed as the chairman of Rongcheng Chengshan Construction Property Limited Company (榮成成山建設置業有限公司).

Mr. Che obtained undergraduate bachelor degree in computer sciences and technology from the University of Science and Technology Beijing (北京科技大學) in Beijing, the PRC in July 2003. He further obtained a master degree in business administration from Bond University, Queensland, Australia in October 2015.

Mr. Che is the son of Mr. Che Hongzhi, who is the Chairman of the Board and non-executive Director.

Save as disclosed above, Mr. Che Baozhen does not have any other relationships with any other Directors, senior management or substantial or controlling shareholders of the Company nor did Mr. Che Baozhen hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas during the last three years preceding the Latest Practicable Date.

Mr. Che is a member of the Che Family and is deemed to be interested in the 441,859,500 Shares held by Chengshan Group and its subsidiaries, representing approximately 69.44% of the total number of issued Shares.

On July 9, 2019, Mr. Che was granted 580,000 options under the 2019 Share Option Scheme and is deemed to be interested in an additional 580,000 Shares (representing approximately 0.09% of the total number of issued Shares) as at the Latest Practicable Date.

Save as disclosed above, Mr. Che did not have any other interests in the Shares and underlying shares of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Mr. Che entered into a service contract with the Company for a term of three years commencing on September 10, 2018 which may be terminated by either party giving to the other not less than six months' written notice. Under the service contract, Mr. Che's emoluments for the year ended December 31, 2020 included directors' fees, salaries and other benefits of approximately RMB2,113,000, which were determined with reference to his experience and qualification.

Save as disclosed above, Mr. Che confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Shi Futao (石富濤先生), aged 51, was appointed as the Director on October 28, 2015. Mr. Shi joined the Group in December 2005 as a financial director and was promoted to a director in November 2014 and vice-general manager of Prinx (Shandong) Tire in September 2015. He is a director of our subsidiaries including Prinx Investment Holding Limited, Prinx Chengshan (Hong Kong) Tire Limited, Prinx (Hong Kong) Rubber Co., Limited, Jinan Zhianda Tire Service Co., Ltd., Prinx Chengshan Tire North America, Inc. and Prinx Thailand. He has over 30 years of experience in accounting and financial management in the PRC. Mr. Shi is responsible for the overall financial management of the Group.

Mr. Shi obtained a master degree in company finance from the University of Salford in Manchester, the United Kingdom in December 2002. He was admitted as a non-practicing certified accountant by the Chinese Institute of Certified Public Accountants ("CICPA") in 1995. Mr. Shi was recognized as a Senior International Finance Manager ("SIFM") by the International Financial Management Association in December 2011. He was awarded with the first stage of Shandong high-end accounting personnel training engineering enterprises certificate (山東省高端會計人才培養工程企業一期證書) by Shandong Provincial Party Committee Organization Department, the Shandong Province Finance Bureau and the Shanghai National Accounting Institute (山東省委組織部、山東財政廳和上海國家會計學院) in April 2014. Since January 2016, Mr. Shi has been a

fellow member of the Chartered Institute of Management Accountants (“CIMA”) in the United Kingdom and a Chartered Global Management Accountant of the American Institute of Certified Public Accountants in the United States, respectively.

Save as disclosed above, Mr. Shi has no other relationships with any other Directors, senior management of the Company or substantial or controlling Shareholders nor did Mr. Shi hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas during the last three years preceding the Latest Practicable Date.

On July 9, 2019, Mr. Shi was granted 512,000 options under the 2019 Share Option Scheme and is deemed to be interested in 512,000 Shares (representing approximately 0.08% of the total number of issued Shares) as at the Latest Practicable Date. In addition, Mr. Shi was interested in 30,000 Shares (representing approximately 0.00% of the total number of issued Shares) as at the Latest Practicable Date.

Save as disclosed above, Mr. Shi did not have any other interests in the Shares and underlying shares of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Mr. Shi entered into a service contract with the Company for a term of three years commencing on September 10, 2018 which may be terminated by either party giving to the other not less than six months’ written notice. Under the service contract, Mr. Shi’s emoluments for the year ended December 31, 2020 included directors’ fees, salaries and other benefits of approximately RMB1,535,000, which were determined with reference to his experience and qualification.

Save as disclosed above, Mr. Shi confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Zhang Xuehuo (張學伙先生), aged 58, was appointed as the independent non-executive Director and the chairman of Nomination and Remuneration Committee, a member of each of the Audit Committee and Development Strategy and Risk Management Committee with effect from September 10, 2018. Mr. Zhang has been the chairman of China Mineral Ventures Limited (中國礦業投資有限公司) (“**China Mineral Ventures**”) since 1997. He was the founder of China Mineral Ventures. Mr. Zhang founded China Gold Development Group (H.K.) Limited (中國黃金開發集團(香港)有限公司) (“**China Gold**”), a subsidiary of Zijin Mining Group Co., Ltd., the shares of which were listed on the Hong Kong Stock Exchange (Stock Code: 2899) in 1999. He was its

chairman from 2003 to 2006. Since 2006, Mr. Zhang has been a director of China Gold. Mr. Zhang was the chairman of Guoda Gold Company Limited* (山東國大黃金股份有限公司) (“**Shandong Guoda Gold**”) from 2003 to 2011. Mr. Zhang is currently a director of Shandong Guoda Gold. Mr. Zhang has engaged in investment industry for nearly 30 years, and has extensive experience in overseas mining resources, energy, real estate, biomedical, and health industries.

Mr. Zhang obtained a bachelor’s degree in international trade from the School of International Trade, Xiamen University, the PRC in 1985.

Save as disclosed above, Mr. Zhang has no other relationships with any other Directors, senior management of the Company or substantial or controlling Shareholders nor did Mr. Zhang hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas during the last three years preceding the Latest Practicable Date.

Mr. Zhang did not have any other interests in the Shares and underlying shares of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Mr. Zhang entered into a service contract with the Company for a term of three years commencing on September 10, 2018 which may be terminated by either party giving to the other not less than six months’ written notice. Under the service contract, Mr. Zhang’s emoluments for the year ended December 31, 2020 included directors’ fees, salaries and other benefits of approximately RMB133,000, which were determined with reference to his experience and qualification.

Save as disclosed above, Mr. Zhang confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

* *For identification purpose only*

1. PURPOSE OF THE 2021 SHARE OPTION SCHEME

The 2021 Share Option Scheme aims to attract, retain and provide incentives to senior and mid-level management and key employees of the Company, to provide them with the opportunity to obtain shares of the Company and to link their interests closely to the operating results and share performance of the Company with a view to increasing the value of the Company and to attracting human resources that are valuable to the Group in accordance with the Group's mid-term strategic planning.

2. WHO MAY JOIN

The basis of eligibility of any of the class of Eligible Participants to the grant of any Option shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group and any Invested Entity. The grant of Options to proposed employees is based on, among other things, the Company's objective of attracting them to join the Group and the proposed employees' contribution during their probation period. For avoidance of any doubt,

- (a) the grant of any option by the Company for the subscription of Shares or other securities of the Group to any person who fall within any of the classes of Eligible Participants shall not, by itself, unless the Board otherwise determined, be construed as a grant of Option under the 2021 Share Option Scheme; and
- (b) no person shall be an Eligible Participant only because of his or her being an Eligible Participant under any previous share option scheme adopted by the Company.

Eligible Participants means: any employee or proposed employee (whether full time or part time) of any member of the Group or any Invested Entity, excluding any independent non-executive Directors and provided that the proposed employee is actually employed by the Group and passes the stipulated probation period.

3. SUBSCRIPTION PRICE OF SHARES

The Subscription Price in respect of any Option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option (and shall be stated in the letter containing the Offer) but in any case the Subscription Price shall not be lower than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation

sheet on the date of grant, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and (c) the nominal value of a Share on the date of grant.

4. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (i) With respect to the maximum number of Shares available for subscription under the 2021 Share Option Scheme,
 - (a) the aggregate number of Shares which may be issued upon the exercise of all Options to be granted under the 2021 Share Option Scheme and all options to be granted under any other share option scheme(s) of the Company shall not, subject to terms relating to effects of alterations of capital structure under the 2021 Share Option Scheme, in aggregate exceed 10% of the total number of Shares in issue on the Adoption Date unless the Company seeks the approval of the Shareholders in general meeting for refreshing the 10% limit under the 2021 Share Option Scheme provided that Options lapsed in accordance with the terms of the 2021 Share Option Scheme or any other share option scheme(s) of the Company will not be counted for the purpose of calculation of the 10% limit under this subparagraph;
 - (b) the Company may seek approval of the Shareholders in general meeting for refreshing the 10% limit such that total number of Shares in respect of which Options may be granted under the 2021 Share Option Scheme and any other share option scheme(s) of the Company as "refreshed" shall not exceed 10% of the total number of Shares in issue as at the date of the approval of the Shareholders provided that Options previously granted under the 2021 Share Option Scheme or any share option scheme(s) of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the 2021 Share Option Scheme or any other share option scheme(s) of the Company) will not be counted for the purpose of calculating the limit as "refreshed". The Company shall send a circular to the Shareholders containing the information required by the Listing Rules;
 - (c) the Company may seek separate approval by the Shareholders in general meeting for granting Options beyond the 10% limit provided that the Grantee(s) of such Option(s) must be specifically identified by the Company before such approval is sought. The Company shall send a circular to the Shareholders containing the information required by the Listing Rules; and

- (d) notwithstanding anything to the contrary herein, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted under the 2021 Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the total number of Shares in issue from time to time. No Option may be granted under the 2021 Share Option Scheme or any other share option scheme(s) of the Company if this will result in the limit set out in this sub-paragraph being exceeded.

- (ii) With respect to the maximum entitlement of each Grantee under the 2021 Share Option Scheme,
 - (a) subject to sub-paragraph 4(ii)(b), no Eligible Participant shall be granted an Option if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the Options granted to such Eligible Participant (including both exercised and outstanding Options) in the 12-month period exceeding 1% of the total number of Shares in issue; and

 - (b) where any further grant of Options to an Eligible Participant, if exercised in full, would result in the total number of Shares already issued or to be issued upon exercise of all Options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant exceeding 1% of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her associates abstaining from voting. The Company must send a circular to the Shareholders containing the information required by the Listing Rules. The number and terms (including the Subscription Price) of the Options to be granted to such Eligible Participant must be fixed before the Shareholders' approval and the date of the meeting of the Board for proposing such further grant of Option should be taken as the date of grant for the purpose of calculating the Subscription Price.

5. GRANT OF OPTIONS TO CONNECTED PERSONS

Any grant of Options to a Director (excluding any independent non-executive Directors), chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors.

Where any Option is proposed to be granted to a substantial shareholder of the Company or associates, and the proposed grant of Options would result in the Shares issued and to be issued upon exercise of all Options already granted (including Options exercised, cancelled and outstanding) and to be granted to such person in the 12-month period up to and including the date of the grant of such options to (i) represent in aggregate over 0.1% of the total issued Shares for the time being, and (ii) have an aggregate value (based on the closing price of a Share at each date of the grant of these Options) exceeding HK\$5 million, the proposed grant shall be subject to the approval of the Shareholders in a general meeting in accordance with the requirements of the Listing Rules. The Company will issue a circular to the Shareholder which will contain all the information required under the Listing Rules (if applicable). The proposed Grantee, his or her associates and all core connected persons will abstain from voting in favour at such general meeting. Any change in the terms of options granted to a substantial shareholder of the Company or his or her associates must be approved by the Shareholders in general meeting.

6. RANKING OF SHARES

The Shares to be allotted upon the exercise of the Options will be subject to the requirements of the articles of association of the Company for the time being and will rank *pari passu* with the fully paid Shares in issue on the exercise date, including participating in dividends and other distributions paid or made on or after the exercise date other than dividend or other distribution declared or recommended or resolved to be paid or made prior to the exercise date. The Shares allotted upon the exercise of the Options shall not carry voting rights prior to the Grantee being registered as a Shareholder.

7. RESTRICTIONS ON THE TIME OF GRANT OF SHARE OPTIONS

Grant of Options may not be made after inside information has come to the knowledge of the Company until such inside information has been announced in accordance with the relevant requirements of the Listing Rules. Furthermore, no Option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the Company's interim or annual results; and (ii) the deadline for the Company to publish its interim or annual results announcement, and ending on the date of the results announcements.

In addition to the above, the Board may not grant any Option to an Eligible Participant who is a Director during the period:

- (i) when he or she possesses inside information in relation to the securities of the Company;

- (ii) 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
- (iii) of 30 days immediately preceding the publication date of the quarterly results 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.

8. EXERCISE PERIOD OF SHARE OPTIONS

The Grantee may subscribe for Shares during such period as may be determined by the Directors (which shall not be more than eight years from the date of grant of the relevant Share Option and include the minimum period, for which an Option must be held before it can be exercised).

9. PERFORMANCE TARGET

Performance targets with reference to, among other appropriate factors, the overall annual performance of the Group and the individual annual performance of the Eligible Participants shall be specified at time of the grant.

10. PERIOD OF THE 2021 SHARE OPTION SCHEME

According to the requirements of the 2021 Share Options Scheme, the Board shall be entitled to grant Eligible Participants Options to subscribe for a certain number of Shares at the Subscription Price within eight years from the Adoption Date.

11. RIGHTS ARE PERSONAL TO GRANTEE

An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee.

12. RIGHTS ON DISMISSAL

In case the Grantee has a job title change because he or she is not qualified for his or her job, violates laws, disobeys professional ethics, reveals confidential information of the Company, fails to discharge his or her duties or has wilful misconduct, causing damages to the interest or

reputation of the Company; or the Company terminates his or her employment contract for any of the above reasons, the unvested parts of his or her Options shall lapse immediately; Options vested but not yet exercised shall lapse immediately; the exercised parts shall not be effected, in case of causing damages to the Company, the Company shall be entitled to claim related amounts of loss from the Grantee.

13. RIGHTS ON CESSATION OF EMPLOYMENT, DEATH AND UNDERPERFORMANCE

In case the Grantee leaves the Company because of resignation with the Company's approval or redundancy, the unvested parts of his or her Options shall lapse immediately; Options vested but not yet exercised shall lapse immediately; the exercised parts shall not be effected.

In case the Grantee is demoted due to underperformance, the Grantee receives unsatisfactory performance assessment, or the total number of leave days (other than annual leave provided under the relevant employment contract) taken by the Grantee in a given year exceeds one month, the unvested parts of his or her Options shall lapse immediately; Options vested but not yet exercised shall not be effected; the exercised parts shall not be effected.

In case the Grantee retires in accordance with the terms of his or her employment, the unvested parts of his or her Options shall be vested on a pro rata basis with reference to the actual months of employment of the relevant vesting period(s) if performance target(s) are satisfied; Options vested but not yet exercised shall lapse immediately if the Grantee renounces his or her right to exercise upon notification; the exercised parts shall not be effected.

In case the Grantee dies, or the Grantee ceases employment due to disability or incapacity, the unvested parts of his or her Options shall be vested on a pro rata basis with reference to the actual months of employment of the relevant vesting period(s) if performance target(s) are satisfied; Options vested but not yet exercised shall be exercisable by the Grantee (or his or her legal personal representative(s) or designated nominee(s) upon notification) in accordance with the terms thereof; the exercised parts shall not be effected.

14. EFFECT OF ALTERATIONS TO CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the Company whilst the 2021 Share Option Scheme is still subsisting or any Option remains exercisable, whether by way of capitalization issue, rights issue, subdivision, reduction or consolidation of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), the Subscription Price or the number of Shares subject to the Options (so far as such Option remains unexercised) and to the 2021 Share Option Scheme shall be adjusted with corresponding alterations by the Board (having received a statement in writing from the auditors of

the Company that in their opinion the adjustments proposed satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules), provided always that a Grantee shall have the same proportion of the equity capital of the Company as that to which he or she was entitled before such adjustments but no such adjustments may be made to the extent that a Share would be issued at less than its nominal value.

15. RIGHTS ON A GENERAL OR PARTIAL OFFER

If a general offer is made to the Shareholders and the offer becomes or is declared unconditional during the Option Period, each Grantee shall be entitled to exercise any Option to the extent that it has not been so exercised but whether vested or not, any Option at any time before the expiry of the period of 14 days following the date on which the offer becomes or is declared unconditional.

16. RIGHTS ON WINDING-UP

In the event that notice is given of a general meeting of the Company at which a resolution will be proposed for the voluntary winding-up of the Company, the Company shall forthwith give notice thereof to all Grantees and each Grantee shall be entitled, at any time not later than four business days prior to the proposed general meeting of the Company to exercise his or her outstanding Options in whole or in part. The Company shall as soon as possible and in any event no later than one business day prior to the date of such general meeting, allot and issue such number of Shares to the Grantees which fall to be issued on such exercise. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up.

Options vested but not yet exercised and the exercised parts shall not be effected.

17. RIGHTS ON A COMPROMISE OR ARRANGEMENT

In the event that a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to the Shareholders and the Company's creditors, and thereupon each Grantee shall be entitled, at any time not later than two business days prior to the proposed meeting of the Company, to exercise his or her outstanding Options in whole or in part.

The Company shall as soon as possible and in any event no later than one business day prior to the date of such general meeting, allot and issue such number of Shares to the Grantees which fall to be issued on such exercise. Subject thereto, all Options then outstanding shall lapse and determine upon such compromise or arrangement becoming effective.

18. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraphs 12 and 13 above;
- (c) the date on which a Grantee ceases to be an Eligible Participant by reason of the termination of his or her contract of employment or service on any one or more grounds that he or she has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty; or
- (d) the date on which the Directors cancel any outstanding Option or part thereof on the ground the Grantee commits a breach of the above regulation.

19. CANCELLATION OF OUTSTANDING OPTIONS

The Company may cancel an Option granted under the 2021 Share Option Scheme but not exercised with the approval of the Grantee. If the Company cancels such Options and issues new ones to the same Grantee, the issue of such new Options may only be made under the 2021 Share Option Scheme with available unissued Options (excluding the cancelled Options) within the limit approved by the Shareholders as mentioned in the paragraph headed “4. Maximum number of Shares available for subscription” above.

20. VARIATION

- (i) The provisions of the 2021 Share Option Scheme may be waived or altered in any respect by resolution of the Board as it deems desirable except that the specific provisions of the 2021 Share Option Scheme as to matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of the Eligible Participants except with the prior approval of the Shareholders in general meeting.
- (ii) Any alteration to the terms or conditions of the 2021 Share Option Scheme which are of a material nature or any change to the terms of Options granted under the 2021 Share Option Scheme, except where the alteration takes effect automatically under the existing terms of the 2021 Share Option Scheme, must be approved by the Shareholders in general meeting.
- (iii) The amended terms of the 2021 Share Option Scheme or the Options must comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (iv) Any change to the authority of the Board in relation to any alteration to the terms of the 2021 Share Option Scheme must be approved by the Shareholders in general meeting.
- (v) The Directors may terminate the 2021 Share Option Scheme at any time, but Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the rules of the 2021 Share Option Scheme.

21. TERMINATION

The Company, by resolution in general meeting, may at any time terminate the 2021 Share Option Scheme and, in such event, no further offer to grant an Option nor further Option shall be made but in all other respects the provisions of the 2021 Share Option Scheme shall remain in force and effect. All Options granted and accepted and remained unexpired immediately prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the 2021 Share Option Scheme.



Prinx Chengshan (Cayman) Holding Limited

浦林成山（開曼）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1809)

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of Prinx Chengshan (Cayman) Holding Limited (the “**Company**”) will be held at the meeting room A202 of Prinx Chengshan (Shandong) Tire Company Limited, No.98, Nanshan North Road, Rongcheng City, Shandong Province, the PRC, on Monday, May 17, 2021 at 10:00 a.m. for the following purposes:

AS ORDINARY RESOLUTIONS

1. To receive and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors (the “**Director(s)**”) and the independent auditors (the “**Auditors**”) for the year ended December 31, 2020.
2. To approve and declare a final dividend of HK\$0.2 per ordinary share in the issued share capital of the Company for the year ended December 31, 2020 payable to the shareholders whose names appear on the register of members of the Company as at the close of business on May 25, 2021.
3. To consider and approve, each as a separate resolution, if thought fit, the following resolutions:
 - (a) to re-elect Mr. Che Baozhen as an executive Director;
 - (b) to re-elect Mr. Shi Futao as an executive Director; and
 - (c) to re-elect Mr. Zhang Xuehuo as an independent non-executive Director.
4. To authorise the board of Directors of the Company (the “**Board**”) to determine the Directors’ remuneration.
5. To re-appoint PricewaterhouseCoopers as the Auditors and to authorise the Board to fix their remuneration.

6. “THAT:

- (i) subject to paragraph (iii) of this resolution, and pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as hereinafter defined) on all the powers of the Company to allot, issue or otherwise deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers, be and the same is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) of this resolution shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (i) of this resolution, otherwise than by way of (a) a Rights Issue (as hereinafter defined); or (b) the exercise of or the grant of any option under any share option scheme of the Company or similar arrangement for the time being adopted for the issue or grant to officers and/or employees of the Company and/or any of its subsidiaries of shares or options to subscribe for or rights to acquire shares of the Company; or (c) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company in force from time to time, shall not exceed 20% of the total number of issued Shares of the Company in issue as at the date of passing of this resolution and the said approval be limited accordingly; and
- (iv) for the purpose of this resolution:
 - (a) “**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) 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 or any applicable laws to be held; and

(iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders in general meeting.

(b) “**Rights Issue**” means an offer of shares in the share capital of the Company or an offer or issue of warrants or options or similar instruments to subscribe for shares in the share capital of the Company open for a period fixed by the Directors to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares in the Company (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange applicable to the Company).”

7. “**THAT:**

(i) subject to paragraph (ii) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares in the share capital of the Company on the Stock Exchange or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong (the “**SFC**”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange or of any other stock exchange as amended from time to time and all applicable laws in this regard, be and the same is hereby generally and unconditionally approved;

(ii) the aggregate nominal amount of issued shares of the Company which may be repurchased by the Company pursuant to the approval in paragraph (i) of this resolution during the Relevant Period shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution and the said approval shall be limited accordingly; and

(iii) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

- (b) 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 or any applicable laws to be held; and
 - (c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders in general meeting.”
- 8. Upon resolutions No. 6 and No. 7 above being passed, the general mandate granted to the Directors to allot, issue or otherwise deal with additional shares pursuant to resolution No. 6 be and is hereby extended by the addition thereto the total number of shares of the Company repurchased by the Company under the authority granted pursuant to resolution No. 7.
- 9. **“THAT:**
 - (a) Subject to the conditions of the share option scheme to be adopted (the **“2021 Share Option Scheme”**) by the Company becoming fulfilled, the rules of the 2021 Share Option Scheme are hereby approved and adopted and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2021 Share Option Scheme including without limitation:
 - (i) administering the 2021 Share Option Scheme and granting options under the 2021 Share Option Scheme;
 - (ii) modifying and/or amending the rules of the 2021 Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2021 Share Option Scheme relating to modification and/or amendment and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**);
 - (iii) allotting and issuing from time to time such number of shares in the capital of the Company (the **“Shares”**) as may be required to be issued pursuant to the exercise of the options granted under the 2021 Share Option Scheme;
 - (iv) making application at appropriate time or times to the Stock Exchange for the listing of and permission to deal in, any Shares or any part thereof that may from time to time be issued and allotted pursuant to the exercise of the options granted under the 2021 Share Option Scheme; and

- (b) subject to and conditional upon the 2021 Share Option Scheme becoming unconditional, the existing share option scheme of the Company which was adopted by the Company on July 5, 2019 (the “**2019 Share Option Scheme**”) is hereby terminated except that the provisions of the 2019 Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior to its termination, or otherwise as may be required in accordance with the provisions of the 2019 Share Option Scheme.”

AS A SPECIAL RESOLUTION

And to consider and, if thought fit, approve the following resolution as a special resolution, with or without amendment:

10. “**THAT:**

- (a) subject to the approval of the Registrar of Companies in the Cayman Islands, the dual foreign name of the Company in Chinese shall be changed from “浦林成山(開曼)控股有限公司” to “浦林成山控股有限公司” and the name of the Company in English shall be changed from “Prinx Chengshan (Cayman) Holding Limited” to “Prinx Chengshan Holdings Limited” (the “**Proposed Change of Company Name**”) with effect from the date of passing of the special resolution; and
- (b) authorise any Director or the Company Secretary of the Company to do all such acts and things, sign all such documents and take all such steps as he may in his absolute discretion deem necessary, desirable or expedient to effect and/or cause to be effected the Proposed Change of Company Name.”

By Order of the Board

PRINX CHENGSHAN (CAYMAN) HOLDING LIMITED

Che Hongzhi

Chairman

Shandong, China, April 16, 2021

Notes:

- (1) All resolution (except for procedural and administrative matters) at the AGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Listing Rules.
- (2) Any shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the AGM. A proxy need not be a shareholder of the Company. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
- (3) In order to be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be lodged by post or by hand at the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 48 hours before the time appointed for the AGM (i.e. not later than 10:00 a.m. on Saturday, May 15, 2021) or any adjournment thereof.
- (4) Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the AGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (5) The register of members of the Company will be closed from Wednesday, May 12, 2021 to Monday, May 17, 2021 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM to be held on Monday, May 17, 2021, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, May 11, 2021.
- (6) Subject to the approval of shareholders at the AGM, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company on Tuesday, May 25, 2021, being the record date for determination of entitlement to the final dividend. The register of members of the Company will be closed from Monday, May 24, 2021 to Tuesday, May 25, 2021, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, May 21, 2021.

As at the date of this notice, the executive Directors are Mr. Che Baozhen, Mr. Shi Futao, and Ms. Cao Xueyu, the non-executive Directors are Mr. Che Hongzhi, Mr. Wang Lei and Mr. Shao Quanfeng and the independent non-executive Directors are Mr. Zhang Xuehuo, Mr. Choi Tze Kit Sammy and Mr. Wang Chuansheng.