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

“2024 Annual Report”	the annual report of the Company for the year ended December 31, 2024, which has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yanzhiwu.com)
“AGM” or “Annual General Meeting”	the annual general meeting of the Company for the year ended December 31, 2024 to be held on Friday, May 9, 2025
“Articles of Association” or “Articles”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board of Directors” or “Board”	the board of directors of our Company
“Board Secretary”	secretary to the Board
“China,” “Mainland China” or “PRC”	People’s Republic of China, excluding, for the purposes of this annual report and for geographical reference only and except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company,” “our Company,” “Group,” “our Group,” “we” or “us”	Xiamen Yan Palace Bird’s Nest Industry Co., Ltd. (廈門燕之屋燕窩產業股份有限公司) (formerly known as Xiamen Yan Palace Bioengineering Co., Ltd. (廈門燕之屋生物工程股份有限公司), a joint stock company established in the PRC with limited liability on December 23, 2020, or, where the context requires (as the case may be), its predecessor, Xiamen Yan Palace Biological Engineering Development Co., Ltd. (廈門燕之屋生物工程發展有限公司), a company established in the PRC with limited liability on October 31, 2014
“Company Law” or “PRC Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time

“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Huang, Mr. Zheng, Mr. Li, Ms. Xue, Xiamen Suntama and Jinyan Tengfei LP
“Director(s)”	the director(s) of our Company
“H Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB0.20 each, which is/are listed on the Stock Exchange and traded in Hong Kong dollars
“H Share Shareholder(s)”	holder(s) of H Shares
“Issue Mandate”	subject to the conditions set out in the proposed resolution approving the Issue Mandate at the AGM, the general mandate to be given to the Board to, among others, exercise the power of the Company to allot, issue or deal with new Unlisted Shares and/or H Shares (which include the sale or transfer of treasury shares, if any) not more than 20% of the total number of Shares in issue (excluding treasury shares, if any) as at the date of passing the relevant resolution at the AGM. Details of the Issue Mandate are set out in special resolution numbered 10 in the notice convening the AGM dated April 16, 2025
“Jinyan Tengfei LP”	Xiamen Jinyan Tengfei Equity Investment Partnership (Limited Partnership) (廈門金燕騰飛股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 14, 2020 and an employee incentive platform of our Group and one of our Controlling Shareholders
“Latest Practicable Date”	April 9, 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Mr. Huang”	Mr. HUANG Jian (黃健), our chairman of the Board of Directors, executive Director and one of our Controlling Shareholders

“Mr. Li”	Mr. LI Youquan (李有泉), our general manager, executive Director and one of our Controlling Shareholders
“Mr. Zheng”	Mr. ZHENG Wenbin (鄭文濱), our vice chairman of the Board of Directors, executive Director and one of our Controlling Shareholders
“Ms. Xue”	Ms. XUE Fengying (薛鳳英), one of our Controlling Shareholders and the spouse of Mr. Zheng
“Nomination Committee”	the nomination committee of the Board
“PBOC”	the People’s Bank of China, the central bank of the PRC
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated November 30, 2023
“Renminbi” or “RMB”	the lawful currency of the PRC
“Repurchase Mandate”	subject to the conditions set out in the proposed resolution approving the Repurchase Mandate at the AGM, the general mandate to be given to the Board to exercise the power of the Company to repurchase H Shares of up to a maximum of 10% of the total number of H Shares (excluding treasury shares, if any) in issue as at the date of passing such resolution. Details of the Repurchase Mandate are set out in special resolution numbered 11 in the notice convening the AGM dated April 16, 2025
“SAFE”	State Administration of Foreign Exchange of the PRC and its branches
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of RMB0.20 each
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of our Company
“Supervisory Committee”	the supervisory committee of the Company

“Takeovers Code”	The Code on Takeovers and Mergers approved by the Securities and Futures Commission as amended from time to time
“treasury shares”	has the meaning ascribed thereto under the Listing Rules
“Unlisted Share(s)”	unlisted ordinary share(s) with a nominal value of RMB0.20 each, which are subscribed for and fully paid up in Renminbi
“Unlisted Share Shareholder(s)”	holder(s) of Unlisted Share(s)
“Xiamen Suntama”	Xiamen Shuangdanma Industrial Development Co., Ltd. (廈門市雙丹馬實業發展有限公司), a limited liability company established in the PRC on November 11, 1997 and one of our Controlling Shareholders

1. T D C

The purpose of this circular is to provide you with all the information reasonably necessary to enable you to make an informed decision on voting in respect of the relevant resolutions at the AGM. The AGM of the Company will be held at 22/F, Caizihui No. 188, Qianpu Road, Lianqian Street, Siming District, Xiamen City, Fujian Province, PRC on Friday, May 9, 2025.

The resolutions to be proposed at the AGM for the Shareholders' approval include: (1) resolution on the report of the Directors for 2024; (2) resolution on the report of the independent non-executive Directors for 2024; (3) resolution on the report of the Supervisors for 2024; (4) resolution on the 2024 annual report; (5) resolution on the profit distribution for 2024; (6) resolution on the budget plan for 2025; (7) resolution on the audited consolidated financial statements for 2024; (8) resolution on the proposed re-appointment of auditor for 2025; (9) resolution on the proposed bank credit limit and related authorization; (10) resolution on the proposed granting of general mandate to issue additional Shares and sale or transfer of treasury shares; and (11) resolution on the proposed general mandate to repurchase H Shares.

Except for resolutions numbered (9), (10) and (11), all of the other resolutions are ordinary resolutions. Resolutions numbered (9), (10) and (11) are special resolutions.

2. DE TA F E T

(1) D 2024

The full text of the report of the Directors for 2024 is set out in the section headed "Report of the Directors" in the 2024 Annual Report.

The report of the Directors for 2024 will be proposed at the AGM for consideration and approval.

(2) D 2024

The full text of the report of the independent non-executive Directors for 2024 is set out in Appendix 1 to this circular.

The report of the independent non-executive Directors for 2024 will be proposed at the AGM for consideration and approval.

(3) 2024

The full text of the report of the Supervisors for 2024 is set out in the section headed "Report of the Supervisors" in the 2024 Annual Report.

The report of the Supervisors for 2024 will be proposed at the AGM for consideration and approval.

(4) **2024 Annual Report**

The 2024 Annual Report will be proposed at the AGM for consideration and approval.

(5) **Final Dividend for 2024**

Final dividend distribution plan for the year of 2024

The final dividend distribution plan of the Company for the year ended December 31, 2024 was considered and approved by the Board on March 14, 2025 and will be proposed at the AGM for consideration and approval, the specific details of which are as follows:

The aggregate amount of the dividends to be distributed by the Company for 2024 (the “**Final Dividend**”) is proposed to be approximately RMB100,082,500 (inclusive of applicable tax) in cash. Based on the total number of 465,500,000 Shares outstanding, being the total share capital of the Company as at December 31, 2024, the Final Dividend of RMB2.15 per every ten Shares (inclusive of applicable tax) shall be payable in cash to all Shareholders.

The Final Dividend will be denominated and declared in Renminbi. H Share Shareholders will be paid in Hong Kong dollars. The exchange rate for the Final Dividend to be paid in Hong Kong dollars will be the average of the exchange rates of Renminbi to Hong Kong dollars as announced by the PBOC during the five business days preceding the date of approval of the Final Dividend at the AGM.

The Company will appoint a receiving agent in Hong Kong and will pay to such receiving agent the Final Dividend (after deductions of relevant tax, if applicable) declared for payment to H Share Shareholders. The Final Dividend will be paid by the receiving agent on or before Thursday, June 5, 2025. The cheques will be dispatched to H Share Shareholders by ordinary post at their own risks. An ordinary resolution will be proposed at the AGM to consider and approve the above final dividend distribution plan. The payment of the Final Dividend is subject to the Shareholders’ approval at the AGM.

The 2024 Profit Distribution will be proposed at the AGM for consideration and approval.

Closure of Register of Members

The Final Dividend will be paid on or before Thursday, June 5, 2025 to all Shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, May 21, 2025. For determining the entitlement of Shareholders to receive the Final Dividend, the register of members of the Company will be closed from Friday, May 16, 2025 to Wednesday, May 21, 2025, both days inclusive, during which period no transfer of Shares will be registered.

In order to qualify for the Final Dividend, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on Thursday, May 15, 2025.

Taxation

In accordance with the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) and its implementation regulations, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise Shareholders whose names appear on the register of members for H Shares when distributing the cash dividends. Any H Shares not registered under the name of an individual Shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organisations or groups, shall be deemed as Shares held by non-resident enterprise Shareholders. Therefore, enterprise income tax shall be withheld from dividends payable to such Shareholders. If H Shareholders intend to change their shareholder status, please enquire about the relevant procedures with their agents or trustees. The Company will strictly comply with the law or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant Shareholders based on the register of members for H Shares as at

As of March 10, 2025, the Company's valid credit limit was approximately RMB137 million.

The Company's chairman of the Board, vice chairman of the Board, and the general manager shall be authorized to sign the relevant legal documents with the banks on behalf of the Company within the period from the date of approval by the Shareholders at the AGM to the date of the annual general meeting next year. The aforementioned credit terms shall be subject to the actual credit limit approved by the banks.

The Board considers that the Guarantees are conducive to improve the overall financing efficiency of the Group, and the proposed Bank Credit Limit is estimated based on the Company's business development plan and the operating needs of its subsidiaries. Given the Guarantees are provided for the Group's subsidiaries rather than external parties, the Board considers that risks associated with such Bank Credit Limit and Guarantees are manageable. The Company considers that it is in the best interests of the Company and its Shareholders taken as a whole that the Company renews the proposed Bank Credit Limit and provides the Guarantees and that the aforementioned related authorization is granted, such that the Group would be able to obtain the financing for the business development and operation of the subsidiaries. The Company will monitor the balance and the performance ability of the subsidiaries, strengthen management and control measures to control the associated risks.

A special resolution will be proposed at the AGM in relation to the proposed Bank Credit Limit and related authorization, details of which are set out in special resolution numbered (9) of the notice of the AGM.

(10) 授权董事会、总经理、副总经理、财务总监、高级管理人员、
及所有员工发行、出售、转让、赎回、购回、抵押、质押、

In order to satisfy the needs of business development and further increase the capital strength and comprehensive capability of the Company, the Board intends to propose the Shareholders to, on the premise of compliance with the securities regulatory requirements of the place where the Shares of the Company are listed, authorize the Board and its authorized persons, on a general and unconditional basis, to decide to separately or concurrently allot, issue and deal with new Unlisted Shares and/or H Shares (which include the sale or transfer of treasury shares, if any) not more than 20% of the total number of Shares in issue (excluding treasury shares, if any) of the Company as at the date of this resolution being considered and approved at the AGM according to the provisions of the Company Law of the PRC and the Articles of Association. The details of such general mandate are set out in special resolution numbered (10) in the notice convening the AGM.

As at the Latest Practicable Date, there were 465,500,000 H Shares in issue, and there was no Share which is held as treasury shares. Subject to the passing of the proposed special resolution approving the grant of the Issue Mandate to the Board and on the basis that no Shares will be issued (including no treasury shares will be sold or transferred) by the Company

prior to the AGM, a maximum of 93,100,000 Shares, can be allotted, issued and/or dealt with by the Board pursuant to the Issue Mandate to be granted by the Shareholders (which include the sale or transfer of treasury shares, if any). The Issue Mandate will expire upon the earliest of:

- (a) the conclusion of the next annual general meeting of the Company following the passing of the relevant resolution;
- (b) the expiration of a 12-month period following the passing of the relevant resolution at the AGM; or
- (c) the date on which the authority set out in this resolution is revoked or varied by a special resolution of the Shareholders in a general meeting.

Special resolution will be proposed at the AGM in relation to the granting of the Issue Mandate to the Directors to issue, allot and/or deal with additional Shares (which include the sale or transfer of treasury shares, if any), details of which are set out in special resolution numbered (10) of the notice of the AGM.

(11) Authority to Repurchase H Shares

The Company Law (to which the Company is subject to) provides that a joint stock limited company incorporated in the PRC may not repurchase its shares unless such repurchase is effected for the purpose of (a) reducing its registered capital; (b) in connection with a merger between itself and another entity that holds its shares; (c) granting shares as rewards to the staff of the company; (d) the repurchase is made at the request of its shareholders who disagree with shareholders' resolutions in connection with a merger or division of the company; (e) the repurchased shares are used for the corporate bonds convertible into shares of the listed company; or (f) the repurchase is necessary for maintaining the value of the listed company and the interests of its shareholders. The Articles of Association provides that subject to the approval of the relevant regulatory authorities and compliance with the Articles of Association, share repurchase may be effected by the Company for the purposes of reducing its share capital; merging with other companies holding the shares of the Company; using the shares as an employee stock ownership plan or equity incentive plan; at the request of its shareholders who disagree with shareholders' resolutions in connection with a merger or division of the Company; using the shares for conversion of convertible corporate bonds issued by the Company; maintaining the Company's value and protecting the shareholders' interests; or in circumstances permitted by law or administrative regulations.

The Listing Rules permit shareholders of a joint stock limited company duly incorporated in the PRC to grant a general mandate to its directors to repurchase H shares of such company that are listed on the Stock Exchange. Such mandate is required to be given by way of a special resolution passed by shareholders in general meeting.

As the H Shares are traded on the Stock Exchange in Hong Kong dollars, the amount payable by the Company upon any repurchase of its H Shares will, therefore, be paid in Hong Kong dollars.

In accordance with the requirements of Article 188 of the Articles of Association applicable to capital reduction, the Company is required to prepare a balance sheet and an inventory of assets upon the reduction of its registered capital. The Company will have to notify its creditors of the passing of such special resolution and the reduction of the registered capital of the Company that would occur should the Company decide to exercise the Repurchase Mandate. Such notification should be given in writing to the Company's creditors and be published by way of an announcement within 10 days and 30 days after the passing of such special resolution, respectively. Creditors then have a period of up to 30 days after receipt of the Company's written notification or if no such notification has been received, up to 45 days after the publication of the announcement to require the Company to repay amounts due to them or to provide guarantees thereof. The registered capital of the Company after the capital reduction shall not be lower than the statutory minimum level required by laws.

In order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to repurchase any H Shares, approval is proposed to be sought from the Shareholders for the Repurchase Mandate. In accordance with the legal and regulatory requirements described above, the Directors have given notices to convene the AGM. At the AGM, a special resolution will be proposed to grant to the Directors the Repurchase Mandate, i.e. a conditional general mandate to repurchase H Shares up to a maximum of 10% of the total number of H Shares (excluding treasury shares, if any) in issue as at the date of passing such special resolution on the Stock Exchange.

The Repurchase Mandate will be conditional upon:

- (a) the passing of the special resolution approving the grant of the Repurchase Mandate at the AGM;
- (b) the obtaining of the approvals of the relevant regulatory authorities as required by the laws, rules and regulations of the PRC (if applicable); and
- (c) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure under Article 188 of the Articles of Association.

If the Company determines to repay any amount to any of its creditors in the circumstances described under condition (c) above, it expects to do so out of its internal generated fund. If the conditions are not fulfilled, the Repurchase Mandate will not be exercised by the Directors.

The Repurchase Mandate, if approved at the AGM, would expire on the earliest of:

- (a) the conclusion of the next annual general meeting of the Company following the passing of the relevant resolution; or
- (b) the expiration of a 12-month period following the passing of the relevant resolution at the AGM; or
- (c) the date on which the authority set out in the relevant resolutions approved at a general meeting is revoked or varied by special resolutions of the Shareholders in a general meeting.

The Directors wish to state that they have no immediate plan to repurchase any H Shares pursuant to the Repurchase Mandate.

An explanatory statement containing all relevant information relating to the Repurchase Mandate is set out in Appendix 2 to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate.

A special resolution will be proposed at the AGM in relation to the grant of the Repurchase Mandate of H Shares to the Directors, details of which are set out in special resolution numbered (11) of the notice of the AGM.

3. C E F E G T E F E B E

For determining the entitlement to attend and vote at the AGM, the register of members of H Shares of the Company will be closed from Tuesday, May 6, 2025 to Friday, May 9, 2025 both days inclusive, during which period no transfer of H Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents of H shares accompanied by the relevant shares certificates must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Friday, May 2, 2025.

4. T C E F A A G E E A E E T G

Set out on pages 23 to 28 of this circular is the notice of the AGM at which, inter alia, ordinary and special resolutions will be proposed to the Shareholders to consider and approve the resolutions ascribed in details in “– 2. Details of Resolutions” section in this letter.

5. F

A form of proxy is enclosed for use at the AGM. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yanzhiwu.com). Whether or not you intend to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for holding the AGM (i.e. before 10 a.m. on Thursday, May 8, 2025) or any adjournment thereof (for the H Share Shareholders). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof if they so wish. In such event, the form of proxy shall be deemed to be revoked.

6. T G B

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable inquiries, no Shareholder will be required to abstain from voting at the AGM.

Pursuant to Rule 13.39(4) of the Listing Rules, at any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions set out in the notice of AGM will be decided by way of a poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorized representative shall have one vote for every fully paid Share of which he is the holder. A Shareholder entitled to more than one vote needs not use all his votes or cast all the votes he uses in the same way.

An announcement on the poll results will be published by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

7. EC | E DA

The Board considers that each of the matters to be put to the Shareholders for voting at the AGM are in the interests of the Company and its shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of all the resolutions at the AGM as set forth in the notice of the AGM.

8. E B T STATE E T

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purposes of giving information with regard to the Company. 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 respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

9. ADD T A P A T

Your attention is drawn to the additional information set out in the appendices to this circular.

By Order of the Board

B ' y C.,
廈門燕之屋燕窩產業股份有限公司

H A G

Chairman and Executive Director

廈門燕之屋燕窩產業股份有限公司
(THE COMPANY)
INDEPENDENT NON-EXECUTIVE DIRECTORS
2024

We, as independent non-executive directors of the Company (the “Independent Non-Executive Directors”), leveraged on our independent status and professional expertise and honestly, diligently, responsibly and faithfully performed the duties of Independent Non-Executive Directors with our sense of responsibility towards all the shareholders of the Company (the “Shareholders”) in compliance with the Company Law, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and other relevant rules as well as the provisions and requirements of the articles of association of the Company (the “Articles of Association”). We have actively attended the relevant meetings, expressed our independent opinions in an objective, fair and impartial manner on significant matters of the Company, played an important role as Independent Non-Executive Directors and safeguarded the legitimate rights and interests of the Shareholders taken as a whole, especially the minority Shareholders. The duty performance for the year ended December 31, 2024 is set out as follows:

一、 背景資料

(1) 本報告的編制及審核

The biographical details of the Independent Non-Executive Directors are consistent with those set out in the “Directors, Supervisors and Senior Management” in the 2024 annual report of the Company (the “2024 Annual Report”). For details, please refer to relevant contents in the 2024 annual report of the Company published on websites of The Stock Exchange of Hong Kong Limited and the Company on April 16, 2025.

(2) 獨立性

We are qualified as Independent Non-Executive Directors. As Independent Non-Executive Directors, we did not hold any position in the Company other than as Independent Non-Executive Directors, nor did we hold any position in the substantial shareholders of the Company. There was no relationship between us and the Company and its substantial shareholders that might have impact on our independent and objective judgments.

二、 自 2024 年 1 月 1 日以來，我們履行獨立非執行董事職責的情況

Since our appointment as Independent Non-Executive Directors, we performed our duties as Independent Non-Executive Directors and safeguarded the interests of the Company and its Shareholders, especially minority Shareholders, with the principle of being independent and objective and with diligent and responsible attitude.

(1) A y 31, 2024

Attendance at meetings for the year ended December 31, 2024 is consistent with those set out in the “Corporate Governance Report” in the 2024 Annual Report.

(2) E/

The Independent Non-Executive Directors have reviewed the continuing connected transactions mentioned in the section “Continuing Connected Transactions” in the 2024 Annual Report pursuant to Rule 14A.55 of the Listing Rules and confirmed that the aforesaid continuing connected transactions:

- (i) were entered into in the ordinary and usual course of business of the Group;
- (ii) were on normal commercial terms or better to the Group; and
- (iii) were in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

(3) C y’ w -E/ D

The Company provided us with the following necessary supports to perform our duties according to the Company Law of the People’s Republic of China, the Listing Rules and other relevant rules as well as the provisions and requirements of the articles of association of the Company:

- (i) The management of the Company provided us with updates on, among others, the operation, management and financial information of the Company from time to time;
- (ii) When we attended the meetings, the Company was able to provide relevant materials and information in a timely manner and answered the relevant questions raised at the meetings, thus protecting the information rights of the Independent Non-Executive Directors;
- (iii) Prior to giving our independent opinions, the Company was able to provide the intermediaries’ professional opinions (if applicable) on related matters as well as special instructions and other materials (if applicable) issued by the responsible department of the Company as we requested, thus providing the corresponding reference for our independent opinions;
- (iv) The Company delivered us the information of general meetings, meetings of the board of directors of the Company (the “Board”) and meetings of special committees in a timely manner for our review;

(v) The Company promptly notified us of significant events and material information via telephone, emails, WeChat and other various manners, which enabled us to keep abreast of the Company's condition and provided us with important reference for our decision-making.

(4) **B.**

In 2024, we, as Independent Non-Executive Directors, did not propose the convening of any Board meetings or appointment or removal of auditors, nor did we, as Independent Non-Executive Directors, independently appoint any external auditors or advisors.

(5) **0**

During the term of office in 2024, as Independent Non-Executive Directors, we could be in compliance with the relevant provisions of laws, regulations and the articles of association of the Company, attended the Board meetings and meetings of the special committees of the Company, conscientiously reviewed and verified all relevant matters considered by the Board, made use of our professional expertise and experience to provide independent, objective and reasonable opinions and recommendations on the operation, management, finance and relevant matters of the Company, performed the function of independence of Independent Non-Executive Directors, and effectively safeguarded the legitimate rights and interests of all Shareholders, especially of the minority Shareholders. Our independent performance of duties28(duties283.6(of)

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the special resolution to be proposed at the AGM in relation to the granting of the Repurchase Mandate.

1. HA E CA TA

As at the Latest Practicable Date, the issued share capital of the Company comprised 465,500,000 H Shares with a nominal value of RMB0.20 each, and there was no Share which is held as treasury Shares.

2. EA E CHA E F H HA E

The Directors believe that it is in the best interests of the Company and its Shareholders for the Directors to seek a mandate from the Shareholders to enable the Company to repurchase H Shares in the market. Such repurchase may, depending on the market conditions and funding arrangement 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 its Shareholders taken as a whole.

3. E E C E F THE E CHA E A DATE

Subject to the passing of the relevant special resolution set out in the respective notices of the AGM, the Directors will be granted the Repurchase Mandate until the end of the Relevant Period (as defined in the notice of the AGM). In addition, the exercise of the Repurchase Mandate is subject to the approvals of the applicable laws, regulations and rules and/or requirements of the Stock Exchange or any other governmental or regulatory body being obtained and to the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure under Article 188 of the Articles of Association.

As at the Latest Practicable Date, assuming the Repurchase Mandate is approved at the AGM, the exercise in full of the Repurchase Mandate would result in up to 46,550,000 H Shares (assuming there is no issue of additional H Shares nor if applicable, sale or transfer of treasury shares from the Latest Practicable Date up to the date of the AGM) being repurchased by the Company during the Relevant Period (as defined in the notice of the AGM).

4. F D G F E CHA E F H HA E

The Company may only apply funds legally available for share repurchase in accordance with its Articles of Association, the laws of PRC and/or any other applicable laws, as the case may be.

In accordance with the requirements of PRC applicable laws or administrative regulations, and subject to the approval of relevant authority, the Company is entitled by its Articles of Association to purchase its H Shares. The Company may not repurchase H Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Based on the financial position disclosed in the recently published audited accounts for the year ended December 31, 2024, the Directors consider that there will not be any material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regarded to the circumstances then prevailing and in the best interests of the Company.

5. T A T F E C H A E D H H A E

The Listing Rules provide that the listing of all the H Shares repurchased by the Company shall be held as treasury shares or cancelled. The Company may cancel any H Shares it repurchased and/or hold them as treasury shares subject to market conditions and its capital management needs at the relevant time of the repurchases as well as applicable laws and regulations. Should the H Shares repurchased by the Company be cancelled, all the relevant share certificates shall be cancelled and destroyed and the Company will ensure that the documents of title of the repurchased H Shares are cancelled and destroyed as soon as practicable following settlement of any such repurchase. Should the H Shares repurchased by the Company be held as treasury shares, the listing of all H Shares which are held as treasury shares shall be retained, and the Company will ensure that the treasury shares are appropriately identified, segregated and retained in accordance with applicable laws and regulations.

6. A E T C E F H H A E

The highest and lowest prices per H Share at which H Shares have traded on the Stock Exchange during each of the previous 12 months up to and including the Latest Practicable Date were as follows:

	H HK\$	W HK\$
2024		
April	9.600	8.280
May	9.700	8.030
June	9.660	7.850
July	15.340	9.080
August	15.080	13.000
September	14.660	12.360
October	13.960	11.360
November	11.900	9.300
December	9.590	7.800

	H	W
	HK\$	HK\$
2025		
January	7.310	8.500
February	8.300	6.000
March	7.200	6.170
April (<i>up to the Latest Practicable Date</i>)	6.400	5.000

7. GENERAL PRINCIPLES

The Directors consider that there would not be a material adverse impact on the working capital or on the gearing position of the Company in the event that the Repurchase Mandate is exercised in full at any time during the proposed repurchase period (as compared with the position disclosed in the latest published audited accounts of the Company for the year ended December 31, 2024). The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels of the Company. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Board at the relevant time having regard to the circumstances then prevailing, in the best interests of the Company.

The Directors will exercise the powers of the Company to make repurchases under the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws, rules and regulations of the PRC. The Company has confirmed that neither the Explanatory Statement nor the proposed share repurchase has any usual features.

To the best of the knowledge of the Directors having made all reasonable enquiries, none of the Directors or any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any H Shares to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders. The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any H Shares to the Company, or that they have undertaken not to sell any H Shares held by them to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

8. EFFECT OF THE TAKEOVER CODE

If as a result of a repurchase of H Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, our Controlling Shareholders are entitled to exercise approximately 38.56% of the voting rights of the Company. In the event that the Directors exercise the proposed Repurchase Mandate in full, our Controlling Shareholders would be entitled to exercise approximately 42.84% of the voting rights of the Company.

The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code and/or result in the aggregate number of H Shares held by the public shareholders falling below the prescribed minimum percentage required by the Stock Exchange. The Directors are not aware of any other consequences which will arise under the Takeovers Code and/or any similar applicable law, as a result of any purchases to be made under the Repurchase Mandate. The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any H shares to the Company, or that they have undertaken not to sell any H Shares held by them to the Company in the event that the Repurchase Mandate is approved and the conditions (if any) to which the Repurchase Mandate are fulfilled.

9. HA E E CHA E ADE B THE C A

The Company had not repurchased any of its H Shares (whether on the Stock Exchange or otherwise).

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YAN PALACE

By way of special resolutions, to consider and, if thought fit, pass with or without amendments, the following resolutions as special resolutions:

9. the resolution on the proposed bank credit limit and related authorization
10. the resolution on the proposed granting of general mandate to issue additional Shares and sale or transfer of treasury shares
 - (a) the Board be and is hereby granted an unconditional general mandate to separately or concurrently issue, allot and deal with additional Shares (which includes the sale or transfer of treasury shares, if any) in the share capital of the Company and to make any proposals, enter into any agreement or grant any conversion rights in respect thereof, subject to the following terms:
 - a. such mandate shall not extend beyond the Relevant Period save that the Board may during the Relevant Period make any proposals, enter into any agreement or grant any conversion rights which might require the exercise of such powers after the end of the Relevant Period;
 - b. the number of new Shares to be allotted or agreed conditionally or unconditionally to be allotted and issued (which includes the sale or transfer of treasury shares, if any) (whether or not by way of an exercise of conversion rights or by any other means) by the Board shall not exceed 20% of the total number of Shares in issue (excluding treasury shares, if any) as at the date of passing this resolution, being 93,100,000 Shares; and
 - c. the Board will only exercise its power under such mandate in accordance with the Company Law of the PRC and the Rules Governing the Listing

(b) for the purpose of this resolution:

“*the Listing Rules*” has the meaning ascribed thereto under the Listing Rules;

“*the Relevant Period*” means the period from the passing of this resolution until the earliest of the three periods below:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution;
- (ii) the expiration of a 12-month period following the passing of this resolution; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by a special resolution of the Shareholders of the Company in a general meeting.

(c) contingent on the Board’s resolving to issue Shares (which includes the sale or transfer of treasury shares, if any) pursuant to paragraph (a) of this resolution, the Board or its authorized person be and is hereby authorized to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider relevant in connection with the issue of such new Shares (which includes the sale or transfer of treasury shares, if any), including, but not limited to, determining the time and place of issue (which includes the sale or transfer of treasury shares, if any), making all necessary applications to the relevant authorities and entering into an underwriting agreement (or any other agreement), to determine the use of proceeds and to make all necessary filings and registrations with the relevant PRC, Hong Kong and other authorities, and to make such amendments to the Articles of Association as it thinks fit so as to reflect the increase in registered capital of the Company and to reflect the new share capital structure of the Company under the intended allotment and issue of the Shares of the Company (which includes the sale or transfer of treasury shares, if any) pursuant to the resolution under paragraph (a) of this resolution.

11. the resolution on the proposed general mandate to repurchase H Shares

(a) subject to paragraphs (b) and (c) below, the Board be and is hereby authorized to exercise all the powers of the Company to repurchase the H Shares in issue of the Company on the Stock Exchange during the Relevant Period (as defined in paragraph 13(b) above), subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the PRC, the Stock Exchange or any other governmental or regulatory bodies.

- (b) the total number of H Shares of the Company authorized to be repurchased subject to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the total number of the H Shares in issue (excluding treasury shares, if any) of the Company as at the date of the passing of this resolution.

- (c) the approval in paragraph (a) above shall be conditional upon:
 - a. the passing of a special resolution at the AGM of the Company to be held on May 9, 2025;
 - b. the approval of the relevant PRC regulatory authorities as may be required by laws, rules and regulations of the PRC being obtained by the Company (if applicable); and
 - c. the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure set out in Article 188 of the Articles of Association of the Company.

- (d) subject to approval of all relevant PRC regulatory authorities for the repurchase of such H Shares being granted (if applicable), and contingent on the Board's resolving to repurchase H Shares pursuant to paragraph (a) of this resolution, the Board or its authorized person be and is hereby authorized to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider relevant in connection with the repurchase, including but not limited:
 - (a) formulate and implement the specific repurchase plans, including but not limited to repurchase price and number of repurchased H Shares, and determine the time and duration of repurchase, etc.;
 - (b) notify creditors and issue announcements in accordance with the requirements of the relevant laws, regulations, normative documents and the Articles of Association;
 - (c) open overseas share accounts and carry out the related changes of foreign exchange registration procedures;
 - (d) carry out the relevant approval and filing procedures as required by regulatory authorities and the stock exchanges in the place where the H Shares are listed;

Notes:

1. Unless the context requires otherwise, the terms used in this notice of AGM shall have the meaning same as those used in the Circular.
2. For determining the entitlement of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, May 6, 2025 to Friday, May 9, 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all H Share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Friday, May 2, 2025.

For determining the entitlement of Shareholders to receive the final dividend, the register of members of the Company will be closed from Friday, May 16, 2025 to Wednesday, May 21, 2025, both days inclusive, during which period no transfer of Shares will be registered. To qualify for the final dividend, all share transfer documents accompanied by the corresponding share certificates must be lodged with the Company's branch H Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on Thursday, May 15, 2025.

3. H Share Shareholders and Unlisted Share Shareholders who have the right to attend and vote at the AGM are entitled to appoint one or more proxies (whether or not a Shareholder) to attend and vote on his/her/its behalf. For those Shareholders who appoint more than one proxy, such proxies can only exercise their voting rights by way of poll.
4. In order to be valid, the proxy form must be completed and signed in accordance with the instructions printed thereon and return it to the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the AGM (for the H Share Shareholders).
5. If a proxy is appointed to attend the AGM on behalf of a Shareholder, the proxy must produce a proxy form which is signed by the appointer or his/her agent so authorized in writing, or if the appointer is a legal person, sealed by the stamp of the legal person or signed by its director or agent so officially authorized. The proxy form shall specify the number of shares represented by the proxy of the Shareholder. Where a Shareholder appoints more than one proxy, he/she shall specify the number of shares represented by each proxy.
6. All persons who are registered holders of shares of the Company at the close of business (Hong Kong time) on Friday, May 2, 2025 will be entitled to attend and vote at the meeting.
7. References to time and dates in this notice are to Hong Kong time and dates.
8. Pursuant to qto463(on21o-z43.2(to)-35h.)-321o-zLeøfqtotototo thto ar21o-z-363(be21o-zb3(ar21o-zd)-3d63(to21o-zby(to21o-z)TJ2