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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

for the year ended 31 December 2025

*(Expressed in Renminbi)*

	<i>Note</i>	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
<b>Revenue</b>	2	<b>2,000,569</b>	2,050,000
Cost of sales		<u>(929,665)</u>	<u>(1,037,238)</u>
<b>Gross profit</b>		<b>1,070,904</b>	1,012,762
Other net income	3	<b>58,814</b>	39,462
Selling and distribution expenses		<b>(664,078)</b>	(670,774)
Administrative expenses		<b>(143,932)</b>	(139,343)
Research and development expenses		<b>(25,510)</b>	(28,544)
Impairment loss on goodwill		<u><b>(14,233)</b></u>	<u>–</u>
<b>Profit from operations</b>		<b>281,965</b>	213,563
Finance costs	4(a)	<u><b>(6,221)</b></u>	<u>(6,950)</u>
<b>Profit before taxation</b>	4	<b>275,744</b>	206,613
Income tax	5(a)	<u><b>(84,351)</b></u>	<u>(46,183)</u>
<b>Profit for the year</b>		<u><b>191,393</b></u>	<u>160,430</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>188,561</b>	156,295
Non-controlling interests		<u><b>2,832</b></u>	<u>4,135</u>
<b>Profit for the year</b>		<u><b>191,393</b></u>	<u>160,430</u>
<b>Earnings per share</b>			
Basic (RMB)	6(a)	<u><b>0.41</b></u>	<u>0.34</u>
Diluted (RMB)	6(b)	<u><b>0.41</b></u>	<u>0.34</u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025

(Expressed in Renminbi)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Profit for the year</b>	<u>191,393</u>	<u>160,430</u>
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>		
Items that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income (“FVOCI”) – net movement in fair value reserves (non-recycling)	(5,679)	13,933
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of operations outside Chinese Mainland	<u>(47)</u>	<u>(13)</u>
<b>Other comprehensive income for the year</b>	<u>(5,726)</u>	<u>13,920</u>
<b>Total comprehensive income for the year</b>	<u><u>185,667</u></u>	<u><u>174,350</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	182,849	170,221
Non-controlling interests	<u>2,818</u>	<u>4,129</u>
<b>Total comprehensive income for the year</b>	<u><u>185,667</u></u>	<u><u>174,350</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		250,200	282,421
Intangible assets		5,859	1,982
Goodwill		62,932	77,165
Equity securities designated at FVOCI		29,739	35,948
Financial assets measured at fair value through profit or loss ("FVPL")		991	991
Deferred tax assets		59,168	51,227
Other non-current assets		20,918	23,365
		<u>429,807</u>	<u>473,099</u>
<b>Current assets</b>			
Inventories		271,889	353,198
Trade and other receivables	7(a)	125,877	163,656
Prepayments	7(b)	64,974	75,996
Prepaid taxes		3,575	157
Restricted bank deposits		20,000	—
Cash and cash equivalents		636,067	420,508
		<u>1,122,382</u>	<u>1,013,515</u>
<b>Current liabilities</b>			
Trade and other payables	8	294,518	271,050
Dividend payables		554	—
Contract liabilities		244,602	254,075
Other current liabilities		28,826	32,348
Lease liabilities		27,002	25,267
Current taxation		34,495	28,732
		<u>629,997</u>	<u>611,472</u>
<b>Net current assets</b>		<u>492,385</u>	<u>402,043</u>
<b>Total assets less current liabilities</b>		<u>922,192</u>	<u>875,142</u>
<b>Non-current liabilities</b>			
Lease liabilities		84,643	105,048
Dividend payables		839	—
Deferred tax liabilities		518	1,850
		<u>86,000</u>	<u>106,898</u>
<b>NET ASSETS</b>		<u>836,192</u>	<u>768,244</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

at 31 December 2025

*(Expressed in Renminbi)*

	<i>Note</i>	<b>2025</b> <b><i>RMB'000</i></b>	2024 <i>RMB'000</i>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>9(b)</i>	<b>93,100</b>	93,100
Reserves		<b>717,262</b>	652,642
<b>Total equity attributable to equity shareholders of the Company</b>		<b>810,362</b>	745,742
<b>Non-controlling interests</b>		<b>25,830</b>	22,502
<b>TOTAL EQUITY</b>		<b>836,192</b>	768,244

## NOTES

*(Expressed in Renminbi unless otherwise indicated)*

### 1 Basis of preparation

#### *(a) Statement of compliance*

These financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

#### *(b) Basis of preparation of the financial statements*

The consolidated financial statements for the year ended 31 December 2025 comprise Xiamen Yan Palace Bird’s Nest Industry Co., Ltd. (the “Company”) and its subsidiaries (together referred to as the “Group”).

The measurement basis used in the preparation of the financial statements is the historical cost basis except for certain financial assets measured at their fair value.

The consolidated financial statements are presented in Renminbi (“

## 2 Revenue and segment reporting

### (a) Revenue

The principal activities of the Group are the development, production and sale of edible bird's nest products. Further details regarding the Group's principal activities are disclosed in note 2(b).

Disaggregation of revenue from contracts with customers by sales channel is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Offline channels		
– Sales to offline distributors	422,275	486,074
– Direct sales to offline customers	307,686	321,796
Online channels		
– Direct sales to online customers	931,337	911,729
– Direct sales to E-commerce platforms	290,970	294,612
– Sales to online distributors	48,301	35,789
	<u>2,000,569</u>	<u>2,050,000</u>

The revenue of the Group is mainly generated from sales of edible bird's nest products, which is recognised at a point in time. Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 2(b)(iii).

The Group's customer base is diversified and includes one customer with whom transactions have exceeded 10% of the Group's revenues. In 2025, revenue from sales of edible bird's nest products to the customer, including sales to entities which are known to the Group to be under common control with the customer, amounted to approximately RMB228,296,000 (2024: RMB243,241,000).

The Group has applied the practical expedient in paragraph 121(a) of IFRS15 to its sales contracts for edible bird's nest products that had an original expected duration of one year or less and does not disclose the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations.

### (b) Segment reporting

The Group manages its businesses by sales channel categories. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Direct sales to online customers: this segment engaged in sales of edible bird’s nest products to retail customers through online platform.
- Direct sales to offline customers: this segment engaged in sales of edible bird’s nest products to retail customers in brick-and-mortar stores.
- Sales to offline distributors: this segment engaged in sales of edible bird’s nest products to offline distributors.
- Direct sales to E-commerce platforms: this segment engaged in sales of edible bird’s nest products to online platforms.
- Sales to online distributors: this segment engaged in sales of edible bird’s nest products to online distributors.

(i) *Segment results*

For the purposes of assessing segment performance and allocating resources between segments, the Group’s most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and direct expenses incurred by those segments respectively. The measure used for reporting segment result is gross profit which is calculated based on revenue less cost of sales for the relevant segment. No intersegment sales have occurred during the year. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group’s other operating income and expenses, such as other net income, selling and distribution expenses, administrative expenses, research and development expenses, impairment loss on goodwill, finance costs, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, other operating income and expenses is presented.

Information regarding the Group’s reportable segments as provided to the Group’s most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below.

	<b>2025</b>					
	<b>Direct sales to online customers</b>	<b>Direct sales to offline customers</b>	<b>Sales to offline distributors</b>	<b>Direct sales to E-commerce platforms</b>	<b>Sales to online distributors</b>	<b>Total</b>
	<b>RMB’000</b>	<b>RMB’000</b>	<b>RMB’000</b>	<b>RMB’000</b>	<b>RMB’000</b>	<b>RMB’000</b>
Revenue	<u>931,337</u>	<u>307,686</u>	<u>422,275</u>	<u>290,970</u>	<u>48,301</u>	<u>2,000,569</u>
Gross profit	<u>467,913</u>	<u>212,243</u>	<u>220,312</u>	<u>151,694</u>	<u>18,742</u>	<u>1,070,904</u>

	2024					Total RMB'000
	Direct sales to online customers RMB'000	Direct sales to offline customers RMB'000	Sales to offline distributors RMB'000	Direct sales to E-commerce platforms RMB'000	Sales to online distributors RMB'000	
Revenue	<u>911,729</u>	<u>321,796</u>	<u>486,074</u>	<u>294,612</u>	<u>35,789</u>	<u>2,050,000</u>
Gross profit	<u>409,911</u>	<u>213,980</u>	<u>235,955</u>	<u>139,819</u>	<u>13,097</u>	<u>1,012,762</u>

(ii) *Reconciliation of reportable segment profit or loss*

	2025 RMB'000	2024 RMB'000
Total reportable segment gross profit	<b>1,070,904</b>	1,012,762
Other net income	<b>58,814</b>	39,462
Selling and distribution expenses	<b>(664,078)</b>	(670,774)
Administrative expenses	<b>(143,932)</b>	(139,343)
Research and development expenses	<b>(25,510)</b>	(28,544)
Impairment loss on goodwill	<b>(14,233)</b>	–
Finance costs	<b>(6,221)</b>	(6,950)
Consolidated profit before taxation	<u><b>275,744</b></u>	<u>206,613</u>

(iii) *Geographic information*

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets and goodwill ("specified non-current assets"). The geographical location of customers is based on the location at which the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

	Revenue from external customers		Specified non- current assets	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Chinese Mainland (place of domicile)	<b>1,999,109</b>	2,050,000	<b>315,193</b>	361,568
Hong Kong	<b>154</b>	–	<b>1,075</b>	–
Other countries	<b>1,306</b>	–	<b>2,723</b>	–
	<u><b>2,000,569</b></u>	<u>2,050,000</u>	<u><b>318,991</b></u>	<u>361,568</u>

### 3 Other net income

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net fair value changes on financial assets measured at FVPL	3,965	2,810
Interest income	1,912	4,601
Government grants ( <i>note (i)</i> )	43,280	32,518
Net gain on disposal of property, plant and equipment	587	314
Foreign exchange loss	(502)	(214)
Compensation from litigation	10,000	–
Others	(428)	(567)
	<u>58,814</u>	<u>39,462</u>

- (i) Government grants mainly represent grants received or receivable from several local government authorities as a recognition of the Group's contribution towards the local economic development.

### 4 Profit before taxation

Profit before taxation is arrived at after charging:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(a) <b>Finance costs</b>		
Interest on lease liabilities	<u>6,221</u>	<u>6,950</u>
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(b) <b>Staff costs<sup>#</sup></b>		
Salaries, wages and other benefits	268,025	277,596
Contributions to defined contribution retirement plan	16,878	15,219
Equity-settled share-based payment expenses	7,374	–
	<u>292,277</u>	<u>292,815</u>

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>(c) Other items</b>		
Amortisation of intangible assets	1,646	546
Depreciation charge <sup>#</sup>		
– owned property, plant and equipment	28,115	24,888
– right-of-use assets	32,403	30,982
Impairment loss of trade receivables	600	1,026
Impairment loss of other receivables	401	2,038
Auditors' remuneration		
– Audit services		
KPMG	2,230	2,300
Other auditors	28	27
– Other services		
KPMG	880	915
Cost of inventories <sup>#</sup>	825,762	937,133

<sup>#</sup> Cost of inventories includes RMB96,459,000 (2024: RMB107,563,000) relating to staff costs and depreciation, which amount is also included in the respective total amounts disclosed separately above or note 4(b) for each of these types of expenses.

## 5 Income tax in the consolidated statement of profit or loss

### (a) Taxation in the consolidated statement of profit or loss represents:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Current tax</b>		
PRC Corporate Income Tax (“CIT”) and income taxes of other tax jurisdictions	89,302	66,602
Under-provision in respect of prior years	2,429	890
	<u>91,731</u>	<u>67,492</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(7,380)	(21,309)
	<u>84,351</u>	<u>46,183</u>

(i) According to the PRC Corporate Income Tax Law and its implementation regulations, certain subsidiaries of the Group were qualified as “Small Low-profit Enterprise” and enjoyed a reduced corporate income tax rate of 20% and a 75% deduction of annual assessable profits for the years ended 31 December 2025 and 2024. All of the other Chinese Mainland subsidiaries of the Group and the Company are subject to CIT at a statutory rate of 25% for the years ended 31 December 2025 and 2024.

According to the relevant tax rules in Chinese Mainland, qualified research and development expenses are allowed for bonus deduction for income tax purpose, as a result, an additional 100% of the qualified research and development expenses could be deemed as deductible expenses for the years ended 31 December 2025 and 2024.

- (ii) According to the two-tiered profits tax rate regime introduced under the Inland Revenue (Amendment) (No.3) Ordinance 2018 (the “Ordinance”), the first HK\$2 million of assessable profits earned by a company will be taxed at 8.25% whilst the remaining assessable profits will continue to be taxed at 16.5%. There is an antifragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates. The Ordinance was first effective from the year of assessment 2018/2019.

Accordingly, the provision for Hong Kong Profits Tax for one subsidiary of the Company is calculated in accordance with the two-tiered profits tax rate regime, under which Profits Tax for the first HK\$2 million of assessable profits is calculated at 8.25% while the remaining is calculated at 16.5%.

**(b) Reconciliation between tax expense and accounting profit at applicable tax rates:**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Profit before taxation</b>	<b>275,744</b>	206,613
Notional tax on profit before taxation, calculated at the applicable rates in the jurisdictions concerned	69,262	51,036
Tax effect of non-deductible expenses	8,832	2,822
Tax effect of non-taxable income	(268)	(419)
Tax effect of additional deduction for qualified research and development expenses	(3,866)	(5,300)
Utilisation of previously unrecognised tax losses	(213)	(9)
Tax effect of unused tax losses not recognised	10,149	2,172
Tax effect of deductible temporary differences not recognised	2,044	–
Statutory tax concession	(4,018)	(5,009)
Under-provision in respect of prior years	2,429	890
Actual tax expense	<b>84,351</b>	46,183

**6 Earnings per share**

**(a) Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB188,561,000 (2024: RMB156,295,000) and the weighted average of 455,466,000 ordinary shares (2024: 461,012,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2025 <i>'000</i>	2024 <i>'000</i>
Ordinary shares in issue at 1 January	465,500	465,500
Effect of shares held for H Share Incentive Scheme	(9,294)	(4,488)
Effect of shares repurchased	(740)	–
Weighted average number of ordinary shares at 31 December	<b>455,466</b>	461,012

**(b) Diluted earnings per share**

For the year ended 31 December 2025, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB188,561,000 and the weighted average number of ordinary shares of 456,008,000 shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2025 '000
Weighted average number of ordinary shares at 31 December	455,466
Effect of deemed issue of shares under the H Share Incentive Scheme	542
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Weighted average number of ordinary shares (diluted) at 31 December	<b>456,008</b>
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For the year ended 31 December 2024, the effects of unvested shares held for H Share Incentive Scheme were not included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. The Company did not have other potential ordinary shares and therefore the amounts of diluted earnings per share were the same as basic earnings per share for the year ended 31 December 2024.

**7 Trade receivables, other receivables and prepayments**

**(a) Trade and other receivables**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables, net of loss allowance		
– third parties	91,332	92,367
Deposits	3,878	4,102
Amounts due from related parties	1,800	1,900
VAT recoverable	27,156	36,496
Government grants receivables	–	27,026
Other receivables	1,711	1,765
	<hr/>	<hr/>
	<b>125,877</b>	<b>163,656</b>
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All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

**Ageing analysis**

As of the end of the reporting period, the ageing analysis of trade receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current (not past due)	91,313	92,070
Over 3 months past due	19	297
	<hr/>	<hr/>
	<b>91,332</b>	<b>92,367</b>
	<hr/> <hr/>	<hr/> <hr/>

Trade debtors are due within 30 to 90 days from the date of billing.

**(b) Prepayments**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Prepayments for:		
– advertising expenses	45,755	58,076
– purchase of raw materials	2,034	2,455
– others	17,185	15,465
	<u>64,974</u>	<u>75,996</u>

**8 Trade and other payables**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	59,331	66,895
Receipts in advance	97,164	47,404
Salary and welfare payables	49,532	51,579
Other payables and accruals	35,495	42,086
	<u>241,522</u>	<u>207,964</u>
Financial liabilities measured at amortised cost		
Other tax payables	10,331	9,061
Refund liabilities:		
– arising from right of return	1,640	428
– arising from sales rebates	41,025	53,597
	<u>294,518</u>	<u>271,050</u>

All trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	57,238	65,191
Over 3 months but within 6 months	903	790
Over 6 months but within 1 year	1,099	914
Over 1 year but within 2 years	91	–
	<u>59,331</u>	<u>66,895</u>

## 9 Capital, reserves and dividends

### (a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of RMB26.6 cents per ordinary share (2024: RMB21.5 cents per ordinary share)	<b>122,810</b>	100,083
Less: dividend for shares for employee incentive scheme	<b>(599)</b>	(1,998)

(c) **Treasury share reserve**

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group. At 31 December 2025, the Group held 3,656,800 of the Company's shares (2024: nil).

During the year, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

<b>Month/year</b>	<b>Number of shares repurchased (<i>'000</i>)</b>	<b>Highest price paid per share <i>HK\$</i></b>	<b>Lowest price paid per share <i>HK\$</i></b>	<b>Aggregate price paid <i>HK\$'000</i></b>
July 2025	501	8.52	8.37	4,262
September 2025	596	7.98	6.78	4,668
October 2025	1,360	8.15	7.85	10,945
November 2025	600	7.38	7.15	4,381
December 2025	600	6.98	6.95	4,176
				<hr/>
				28,432
				<hr/> <hr/>

The repurchase was governed by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Codes on Takeovers and Mergers and Share Buy-backs and the Companies Law of the PRC. The total amount paid on the repurchased shares of HK\$28,432,000 (equivalent to approximately RMB25,971,000).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

In 2025, under the guidance of China’s macro policies on the healthcare industry, the nourishing industry steadily entered a new stage of standardized and high-quality development. The government continued deepening the implementation of “Healthy China” (健康中國) strategy, leveraging the Special Action Plan to Boost Health-related Consumption (《促進健康消費專項行動方案》) to promote the transformation of the industry from scale expansion to quality improvement. Under the guidance of the relevant policies, the bird’s nest sector is in line with the orientation of the healthcare industry. Relying on the implementation of the policies on upgrades of health-related consumption, the Company continued to advance standardization and brand development of the industry, enabling the bird’s nest products to meet the healthcare needs of the public and expand market shares.

Nevertheless, in 2025, China’s macro consumption entered into a phase of structural adjustment, leading to the slowdown in demand for high-end consumer goods, which inevitably affected the revenue growth of the Company. In addition, the intensifying market competition and the fragmentation of traffics on different platforms have called for higher demands for our channels and product innovation, with the market evolving towards greater diversification and fast-moving consumption.

In view of the above, according to the current economic environment and the characteristics of the healthcare industry, the Company took initiative to comply with the policy guidance and actively responded to market changes through various measures, which included strengthening the leading brand position, continuously deepening and optimizing sales channels, building benchmark-level

With the advancement of its overseas market strategy, the Company actively expanded its brand presence in the Singapore market. The Company not only invited actress Zoe Tay (鄭惠玉) from Mediacorp Pte. Ltd. in Singapore to act as its advertising ambassador, but also placed advertisements on local public transportation, including buses, metros, and taxis, further enhancing the Company's brand influence in the local market.

In addition, as of December 31, 2025, the Company has successfully registered 528 trademarks domestically and overseas, thereby establishing a robust legal protection for its brand assets. The Company secured final judgments in its favor or reached settlements in multiple cases of brand infringement, thereby protecting its brand assets and safeguarding consumers'

In 2025, the Company continued to optimize and upgrade its offline stores. During the Reporting Period, 13 Yan Palace 3.0 flagship stores officially commenced operations, including the store in Tianjin MixC, the store in Hefei MixC, the store in Deji Plaza of Nanjing, the flagship store in Xi'an, and the flagship store in Xiamen. By enriching the product matrix to suit consumption scenarios in county areas and effectively stimulating consumption demand among users from lower-tier markets, the penetration in lower-tier markets has witnessed an upward trend. Simultaneously, the Company further optimized product-channel alignment. In May 2025, the Company launched the offline-exclusive freshly stewed products to precisely meet the needs of offline stores and consumers.

### **(3) *Online Channels***

The Company's online sales network consists of self-operated online stores, distributor-operated online stores and e-commerce platforms. As of December 31, 2025, the Company had 51 self-operated online stores and 82 distributor-operated online stores on mainstream e-commerce or social media platforms such as JD, Tmall and Douyin, and the Company had 23 e-commerce platform customers. For the year ended December 31, 2025, the Company's total revenue from e-commerce business was RMB1,270.6 million, accounting for 63.51% of the total revenue of our Group and representing an increase of 2.29% compared to the same period in 2024.

In addition, the Company continued to expand its presence on interest-based e-commerce platforms such as Douyin and Xiaohongshu. Through in-depth cooperation with a number of artists and influencers, and through diversified content formats such as live streaming, factory visiting videos, and product recommendation videos, the Company strengthened the brand exposure and user engagement, enhanced customers' trust for products and purchase conversion rate, thus effectively driving revenue growth of online channels. The Company also advanced the implementation of its brand rejuvenation strategy by leveraging content formats that are popular among young people, such as vertical-screen short dramas, through which the Company enhanced product exposures and highlighted key selling points.

With the widespread adoption of e-commerce platforms and the rapid growth of the healthcare industry, the market size of the bird's nest sector has correspondingly experienced continuous expansion. Industry competition is increasingly fierce, characterized by the co-existence of high investment and low-price rivalry. Amidst the fierce competition, the Company, leveraging its leading position in the industry, actively guided the industry towards sustainable and healthy development.

### **(4) *Private Domain Channels***

As of December 31, 2025, the number of the Company's Golden Yan Club (金燕薈) members exceeded 580,000, and the cumulative number of registered members across all online platforms reached 8.95 million. To further enhance customer stickiness, the Company actively organized activities including golf tournaments, exclusive member salons, concert room services and trips to Xiamen.

During the Reporting Period, the Company successfully hosted 37 golf tournaments, and organized a golf carnival in the Shenzhou Peninsula, Hainan in December, contributing to increasing brand presence among high-net-worth individuals. Driven by the expansion of membership and the steady increase in repurchase rate of existing members, the sales to members achieved effective growth.

In September 2025, the Company officially launched its first global member hub in Shanghai, creating a novel high-quality experience space centered around EBN products. Relying on its member hub, the Company collaborated with leading domestic and international brands to host a number of private domain cross-industry cooperation salons. Through customized and diverse themed private salons, members were provided with exclusive social circles and a journey to elevating their taste, continuously enhancing members' loyalty and effectively driving repurchases of products.

In the future, the Company will continue to leverage activities such as golf tournaments and exclusive member salons, and collaborate with high-quality brands through its member hub to create a membership experience service system covering all scenarios, so as to further strengthen members' stickiness and increase the repurchase rate, and continue to build a high-end brand image to help usher in a new growth curve in the private domain.

#### **(5) *New Channels***

During the Reporting Period, the Company successively opened overseas stores in New York, the United States, Singapore and other locations, and developed operational models tailored for local cultural differences. Leveraging the local Chinese community, the Company gradually improved the operational system of its overseas stores to facilitate the overseas sales growth of EBN products.

With respect to the KA channel, the Company launched customized Freshly Stewed Bird's Nest and ready-to-eat EBN porridge, continuously accelerating the strategic layout of the KA channel and further expanding its market coverage. It has successfully entered numerous well-known supermarket systems such as Ole, Rainbow (天虹), CR Vanguard (華潤萬家), RT-Mart (大潤發), Wumart (物美), Yonghui Supermarket (永輝超市) and Sungiven (元初), effectively enhancing brand exposure and channel penetration. Notably, during the Reporting Period, it started to sell products through Yonghui Supermarket, where the EBN porridge gift boxes and EBN nourishing gift boxes launched during the 2026 Spring Festival achieved excellent sales performance, with over 70% of outlets selling out of these products.

With respect to the cultural tourism channel, our core businesses of industrial tourism and customized corporate procurement achieved revenue growth. For industrial tourism, the conversion rate of visits by high-end institutions and enterprises significantly improved, validating the feasibility of the model of high-end study tours for B-end customers. For customized corporate procurement, the Company implemented the innovative "B to M" model, which breaks down the intermediate links in traditional procurement and directly connects enterprises (B-end) with the manufacturer side (M-end), to build a full-process service based on customer needs, thereby providing customers with more personalized and suitable products and service experience.

In addition, the Company has cooperated with 28 restaurants and hotels to jointly launch “ENB Banquet” and “EBN Afternoon Tea”, including Michelin-starred restaurants such as Chao Shang Chao (潮上潮) and Lu Shang Lu (魯上魯), top luxury hotels such as Beijing Summer Palace Hotel (北京頤和賓館), and luxury residential complexes such as Maha Beijing (縵合北京). Some of such partner restaurants and hotels have signed annual agreements of raw material procurement with the Company. The foundation for the new business model has been established. In the future, the Company will further expand the scope and models of cooperation to enhance precise brand exposure and promote the entry of EBN raw materials and products into more high-end restaurants.

In order to thoroughly implement its brand rejuvenation strategy, the Company launched a pilot project through the new channel of “Yan Yu New Tea (燕嶼新茶)” to actively reach young consumers. Using tea drinks favored by young people as a vehicle, and leveraging an innovative product matrix combining “tea drinks + bird’s nest”, the Company is building a consumption ecosystem tailored for young consumers.

### **3. Building a Benchmark-level Smart Factory with Breakthroughs in Smart Manufacturing, and Cost Reduction and Efficiency Enhancement**

During the Reporting Period, the Company successively won honors such as “Fujian Province Benchmark Enterprise in Digitalization (福建省數字化標桿企業)” and “Enterprise Technology Center in Fujian Province (福建省企業技術中心)” by virtue of its Yan Palace EBN smart factory, and passed the “Smart Manufacturing Capability Maturity Level 3 Certification (智能製造能力成熟度三級認證)”, marking the preliminary completion of the digital transformation of its smart manufacturing factory.

#### ***(1) Becoming A Provincial Benchmark Enterprise in Digitalization and Boosting Profits Through Cost Reduction and Efficiency Enhancement***

The Yan Palace EBN smart factory has established an intelligent and digital structure system and applied industrial software such as MES, WMS and WES to comprehensively improve its production operation, quality control and operation management capabilities. The integration of the entire value chain, from manufacturing and quality control to warehousing, logistics, and marketing services, not only effectively improves the Company’s own production efficiency and quality control but also further enhances the overall operational efficiency of the supply chain. In December 2025, the Company was accredited as the “Enterprise Technology Center in Fujian Province”. Through technological and process innovation, the Company has improved product quality, reduced costs, and enhanced efficiency across the entire supply chain.

#### ***(2) Building A Modern Smart Manufacturing Platform to Improve Efficiency and Quality***

With respect to smart production operation, the Company has built a human-machine collaboration platform to achieve intelligent task allocation and precise analysis of work hours. Relying on the SCADA system to optimize process parameters on real time basis, the Company has significantly increased its production efficiency. With respect to quality control, by combining NIR technology with chemometrics methods, the Company has established an AI big data model to automatically and non-destructively test the sialic acid content in bird’s nest, enabling the monitoring of the accuracy of bird’s nest feeding volume and improving product quality. With respect to smart warehousing and logistics scenario, the smart linkage between automated palletizing systems and AGV robots dynamically optimizes the warehouse layout and picking routes, significantly improving logistics management efficiency.

#### **4. Leveraging Core Strengths in Scientific Research and Innovation to Build a High-quality Product Matrix and Lead the Innovative Development of the Industry**

The Company established the Yan Palace EBN Research Institute (燕之屋燕窩研究院) in 2008, which dedicated to the comprehensive research on EBN ingredients (ecosystem and origins), nutrition, health, process, products, quality and standard. It created the “1+7+N Research Platform” to connect top universities and research institutions, thereby facilitating the transition from academic research to product development. As of December 31, 2025, the Company held 223 valid authorized patents both domestically and internationally, including 31 invention patents, 74 utility model patents, and 118 design patents. It published a total of 67 papers on bird’s nest, including 22 SCI papers.

With respect to basic research, the Company led the compilation of the industry’s first “Core Information on the Nutritional Value of Bird’s Nest (燕窩營養素養核心信息)”, filling a gap in industry definitions. The structure of 271 proteins and glycans in bird’s nest was completely analyzed for the first time globally, providing a new research direction for the nutritional value of bird’s nest beyond sialic acid.

With respect to the development of standards, the Company, as the only drafting unit in the bird’s nest industry, participated in the formulation of national standard for food traceability, “General Rules for Evaluation of Food Traceability System (食品追溯體系評價通則)” (GB/T46453-2025), which was officially released in October 2025. In the meantime, the ISO international standard “Edible Bird’s Nest – Specification” initiated by the Company in conjunction with multiple institutions has been approved for development. As of December 31, 2025, the Company has led or participated in the formulation (and release) of one national standard, four industry standards, and 28 group standards, further enhancing its authority and brand credibility within the industry.

##### ***(1) Product Matrix of Pure EBN, EBN+ and +EBN***

During the Reporting Period, the Company also transformed a number of research results, building a comprehensive EBN product matrix through pure EBN, EBN+ and +EBN. The Company obtained market position certificates of “Pioneer of Finely Stewed EBN” and “Pioneer of Fresh and Hot EBN” from Shangpu Consulting Group (尚普諮詢集團) in May and June respectively. The Company completed a joint research on the structure and efficacy of sialic acid in EBN with Nanchang University (南昌大學) and Jiangnan University (江南大學). Together with Jiangnan University, the Company published a research paper on the blood pressure lowering effect of EBN. In collaboration with Xiamen University (廈門大學), the Company verified that bird’s nests can effectively increase the sialic acid content in the blood. In June, the Company leveraged its patented supercritical process to launch “Yan Palace – Supercritical Hot EBN (燕之屋•超臨界鮮熱燕窩)”. This patented technology unlocks the molecular activity of EBN, enabling consumers to enjoy fresh and hot EBN in just five minutes.

## (2) *EBN Peptide*

The Company has continued to expand the boundaries of EBN’s application, and conducted in-depth research on the core active ingredients of EBN peptide. During the Reporting Period, the Company collaborated with South China University of Technology (華南理工大學) to publish the research results of EBN peptide in an international SCI journal, revealing that EBN peptide has the biological activity of promoting dermal collagen synthesis and skin repair. Meanwhile, the collaboration with South China University of Technology successfully decoded the unique amino acid “QR code sequence” of EBN (peptide) for the first time, discovering that EBN peptide can be delivered across placental barrier. Based on this foundation, the Company also initiated the development of the standard “Nutritional EBN Products for Pregnancy and Lactation (孕期和哺乳期營養燕窩製品)” in partnership with the China Maternal and Child Health Research Association (中國婦幼健康研究會). This standard has been formally approved for development.

With respect to the preparation technology for EBN peptide, in light of the patent named “A type of bird’s nest peptides preparation method and application with the efficacy of promoting cellular repair and high moisturization and whitening (一種具有促進細胞修復、高保濕美白功效的燕窩肽製備方法及應用)”, the Company was certified by Shangpu Consulting Group in March 2025, and obtained the market position certificate of “the World’s First Independent Invention Patent Authorization for EBN Peptide With Clear Efficacy and Application (全球首個明確功效及應用的燕窩肽自主發明專利授權)”. During the Reporting Period, Yan Palace launched its independent brand, “YANPEP”, with the release of oral EBN peptide (high-glow bottle and focus-glow bottle), EBN peptide collagen essence drink, and EBN peptide natural strontium water, opening up new application scenarios for EBN. In June 2025, YANPEP oral EBN peptide completed the human clinical efficacy evaluation, further demonstrating its excellent performance in boosting energy, improving sleep and enhancing skin quality. Subsequently, in September 2025, it passed clinical evaluation and animal trials, proving that EBN peptide can significantly boost the human basal metabolic rate and immunity. Furthermore, the Company leveraged EBN peptide as its core ingredient, integrating diverse nutritional elements to expand into the plant-based protein beverage market. It has launched the “Yan Palace – Daily EBN Peptide Probiotic Powder (燕之屋•每日燕窩肽益生菌粉)”, “EBN Walnut Milk (燕窩核桃乳)” and “EBN Peptide Protein Powder (燕窩肽蛋白粉)”, establishing a “EBN Peptide+” product matrix.

## OUTLOOK

In 2025, the healthcare industry entered a new phase of strategic development, driven by the continued rollout of favourable policies, the increasingly stable market landscape, and the continuous rise in nationwide healthcare consumption demand. As a leading brand in the EBN sector, the Company steadily advances through the industry’s waves by virtue of its EBN smart factory, EBN research institute, omni-channel coverage and strong brand influence. To seize industry development opportunities, overcome development challenges, and strengthen and expand its leading position in the industry, the Company will continue to anchor its core direction of “tapping deeper into the value of bird’s nests and expanding the health ecosystem (深挖燕窩價值, 拓展健康生態)” in 2026 in light of its core competitiveness and the industry development trends, and persistently advance the implementation of strategies to achieve high-quality development.

In 2026, leveraging the brand's rich heritage and the outstanding advantages throughout the industrial chain, the Company will focus on the diverse and personalized nourishment needs of its consumer base. Supported by four key approaches, being “**brand enhancement, product innovation, channel expansion, and smart manufacturing** (品牌向上、產品向新、渠道向寬、智能製造)”, the Company will continuously reinforce the consumer perception that “When it comes to EBN, choose Yan Palace (吃燕窩，就選燕之屋)”. By collaborating with IPs like Disney, the Company will further expand consumer demographics and enhance brand influence. Simultaneously, the Company will focus on the core EBN category, deeply explore its value, and expand application scenarios. The Company will optimize existing channels, pioneer new consumption scenarios, and delve deeper into EBN's nutritional benefits and its cultural value of Chinese-style nourishment to transcend the limitations of conventional EBN consumption scenarios. The Company will leverage AI technology to develop formula innovation simulation R&D systems, and utilize AI's powerful data analytics to deliver superior formula and process solutions, in order to shorten R&D cycles and accelerate new product launches. The Company also strives to achieve cost reduction and efficiency gains through smart manufacturing. Additionally, the Company will further expand the following areas:

First, new retail channels. The Company will further integrate online and offline strengths. Leveraging e-commerce front-end warehouses and offline outlets, and utilizing traffic entry points from leading internet platforms like Taobao, JD, Douyin, and Meituan, the Company will establish new growth drivers for new retail channels. The Company will launch differentiated EBN products tailored for each platform's consumer profiles to build a product matrix better suited for new retail channels.

Second, KA channels. The Company will further expand its KA channel network. Yonghui Supermarket's strong performance during the 2026 Spring Festival demonstrates the promising development prospects for EBN products in KA channels. Moving forward, the Company will introduce customized EBN products tailored for KA channels to further boost revenue from KA channels.

Third, “Yan Yu New Tea”. By connecting with younger consumer groups, the Company cultivates their habit of consuming EBN products through the “tea beverages + EBN” model, while continuously launching diverse “+ EBN” beverages. In the future, the Company plans to upgrade “Yan Yu New Tea” into a EBN product collection store, building a channel network that appeals to a more diverse consumer base.

Fourth, EBN peptide products. The Company will also leverage its EBN peptide research and technology to connect with external resources. By applying EBN peptide in modern biotechnology, the Company will establish triple barriers of technology, resources and channels, and significantly enhance and consolidate its leading position in the industry through scientific innovation.

2026 marks a pivotal year for the high-quality development of the healthcare industry and a critical juncture for the Company. Facing both industry opportunities and market challenges, the Company will steadfastly anchor its core direction of “tapping deeper into the value of bird's nests and expanding the health ecosystem”, uphold its 28-year commitment to quality, strengthen innovation-driven growth, and advance coordinated upgrades across brand, products and channels. Through more targeted strategic initiatives and enhanced execution efficiency, the Company will overcome developmental hurdles, seize industry opportunities, achieve leapfrog growth in the vast blue ocean of health consumption, and contribute to the advancement of the EBN industry.

## FINANCIAL REVIEW

The following discussions are based on the financial information and notes set out in other sections of this announcement and should be read in conjunction with them.

### Revenue

Our revenue was mainly derived from sales and distribution of EBN products.

Our revenue decreased by 2.41% from RMB2,050.0 million for the year ended December 31, 2024 to RMB2,000.6 million for the year ended December 31, 2025, primarily attributable to the structural adjustment in macro consumption and the slowdown in demand for high-end consumer goods, which resulted in lower-than-expected revenue growth from offline stores. The following table set forth a breakdown of our revenues by product categories for the years ended December 31, 2024 and 2025.

	Year ended December 31,			
	2025		2024	
	RMB'000	%	RMB'000	%
Pure EBN products	1,771,161	88.5	1,795,365	87.6
EBN+ and +EBN products	215,644	10.8	231,874	11.3
Others <sup>(1)</sup>	13,764	0.7	22,761	1.1
<b>Total</b>	<b>2,000,569</b>	<b>100.0</b>	<b>2,050,000</b>	<b>100.0</b>

Note:

(1) Include non-EBN products such as moon cakes, snacks and rice dumplings etc.

- *Pure EBN products.* Revenue generated from pure EBN products mainly represents the revenue generated from sales of pure EBN products primarily consisting of *One Nest* (碗燕), Freshly Stewed Bird's Nest (鲜燉燕窩), other bottle-canned bird's nest and dried EBN. Our revenue generated from the sales of pure EBN products decreased by 1.35% from RMB1,795.4 million for the year ended December 31, 2024 to RMB1,771.2 million for the year ended December 31, 2025.
- *EBN+ and +EBN products.* Revenue generated from EBN+ and +EBN products mainly represents the revenue generated from sales of EBN+ and +EBN products. Our revenue generated from the sales of EBN+ and +EBN products decreased by 7% from RMB231.9 million for the year ended December 31, 2024 to RMB215.6 million for the year ended December 31, 2025, primarily because the outcome regarding the promotion of new EBN+ and +EBN products was not as expected.
- *Others.* Our revenue generated from the sales of other products decreased by 39.53% from RMB22.8 million for the year ended December 31, 2024 to RMB13.8 million for the year ended December 31, 2025, primarily due to the optimization and adjustment of non-core SKUs.

### ***Cost of sales***

Our cost of sales primarily consisted of cost of raw materials, employee benefits expenses, production costs and courier fees.

Our cost of sales decreased by 10.36% from RMB1,037.2 million for the year ended December 31, 2024 to RMB929.7 million for the year ended December 31, 2025, which was in line with the decrease in revenue. The decrease in cost of sales was attributable to the steady improvement of the production efficiency through the smart manufacturing upgrades and process improvements of the new factory, which has effectively promoted the optimization and upgrades of the cost structure.

### ***Gross profit and gross profit margin***

Our gross profit increased by 5.74% from RMB1,012.7 million for the year ended December 31, 2024 to RMB1,071.0 million for the year ended December 31, 2025. Our gross profit margin increased from 49.40% for the year ended December 31, 2024 to 53.53% for the year ended December 31, 2025. The increase in gross profit margin was attributable to the steady improvement of the production efficiency, which has effectively promoted the optimization and upgrades of the cost structure, and therefore resulting in a more significant decrease in the cost of sales than revenue in 2025.

### ***Selling and distribution expenses***

Our selling and distribution expenses primarily consisted of (i) advertising and promotion fees and (ii) employee benefits expenses. Our selling and distribution expenses decreased by 1.00% from RMB670.8 million for the year ended December 31, 2024 to RMB664.1 million for the year ended December 31, 2025, in line with the decrease of revenue in 2025.

### ***Administrative expenses***

Our administrative expenses primarily consisted of (i) employee benefits expenses and (ii) consulting service fee which primarily consisted of expenses in connection with strategic and management consulting services. Our administrative expenses increased by 3.29% from RMB139.3 million for the year ended December 31, 2024 to RMB143.9 million for the year ended December 31, 2025, which was primarily due to an increase in the equity-settled share-based payment expenses arising from the H Share Incentive Scheme adopted by the Company.

### ***Research and development expenses***

Our research and development expenses decreased by 10.63% from RMB28.5 million for the year ended December 31, 2024 to RMB25.5 million for the year ended December 31, 2025, as we optimized and streamlined our experimental design, reducing the expenses on materials for research and development.



### ***Cash flows***

As of December 31, 2025, our cash and cash equivalents primarily consisted of cash at banks and cash balances with payment platform and were denominated in RMB, USD and HKD. Our total cash and cash equivalents increased by 51.27% from RMB420.5 million as of December 31, 2024 to RMB636.1 million as of December 31, 2025. The increase was primarily attributed to an increase in the retained profits.

### ***Foreign exchange risk management***

Our functional currency is RMB. Our business is principally conducted in RMB, and substantially all of our assets are denominated in RMB. Foreign exchange risk arises when commercial transactions or recognized assets and liabilities are denominated in a currency that is not our functional currency. We are subject to foreign exchange risk arising from commercial transactions and recognized assets and liabilities which are denominated in non-RMB.

We recognized net foreign exchange losses of RMB0.5 million in the year ended December 31, 2025.

We have not implemented any hedging arrangements. We manage our foreign exchange risk by closely monitoring the movement of the foreign currency rates. We mitigate such a risk by constantly reviewing the economic situation and foreign exchange risk, and applying hedging measures when necessary.

### ***Capital expenditure***

For the year ended December 31, 2025, our total capital expenditure was approximately RMB28.2 million, compared to approximately RMB114.2 million for the year ended December 31, 2024. Our capital expenditure primarily consisted of payments for purchase of property, plant and equipment and purchase of intangible assets. We funded these expenditures with cash generated from our operations and financing activities.

### ***Capital commitments***

As of December 31, 2024 and 2025, we had capital commitments of RMB8.3 million and RMB5.3 million, respectively, primarily in connection with (1) the remaining amount of payments expected to be made in the future for the purchase of long-term assets; and (2) the amount of payments for short-term leases within the next year.

### ***Contingent liabilities***

As of December 31, 2025, we did not have any material contingent liabilities, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

### ***Future plans for material investments and capital assets***

Save as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus and in this announcement, as of December 31, 2025, we did not have detailed future plans for material investments or capital assets.

### ***Material acquisitions and disposals and significant investments***

We did not have any material acquisitions and disposals and significant investments during the year ended December 31, 2025.

### ***Pledge of assets***

As of December 31, 2025, we did not pledge any of our assets.

### ***Net current assets***

As of December 31, 2024 and 2025, our net current assets amounted to RMB402.0 million and RMB492.4 million, respectively. The increase in our net current assets was primarily attributable to an increase in the cash and cash equivalents.

### ***Borrowings and Indebtedness***

Our indebtedness consisted primarily of lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	<b>As of December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<i>(RMB in thousands)</i>	
<b>Current indebtedness</b>		
Lease liabilities	<u>27,002</u>	<u>25,267</u>
<b>Non-current indebtedness</b>		
Lease liabilities	<u>84,643</u>	<u>105,048</u>
<b>Total</b>	<u><u>111,645</u></u>	<u><u>130,315</u></u>

As of December 31, 2025, we had no outstanding balance of borrowings. In addition, we had banking facilities of RMB142.0 million, none of which was utilized.

## ***Key financial ratios***

The following table sets forth our key financial ratios as of the date and/or for the years indicated.

	<b>As of/for the year ended</b>	
	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Profitability ratios</b>		
Gross profit margin <sup>(1)</sup>	<b>53.5%</b>	49.4%
Net profit margin <sup>(2)</sup>	<b>9.6%</b>	7.8%
Return on equity <sup>(3)</sup>	<b>23.9%</b>	20.5%
<b>Liquidity ratios</b>		
Current ratio <sup>(4)</sup>	<b>1.8x</b>	1.7x
Gearing ratio <sup>(5)</sup>	<b>13.4%</b>	17.0%

### *Notes:*

- (1) The calculation of gross profit margin is based on gross profit for the year divided by revenue for the respective year and multiplied by 100%.
- (2) The calculation of net profit margin is based on profit for the year divided by revenue for the respective year and multiplied by 100%.
- (3) The calculation of return on equity is based on profit or loss for the year divided by average total equity as of the beginning and end of the year and multiplied by 100%.

	Net proceeds from the Global Offering <i>(HKD in millions)</i>	Equivalent to RMB <i>(RMB in millions)</i>	Unutilized proceeds as of January 1, 2025 <i>(RMB in millions)</i>	Utilization from January 1, 2025 to December 31, 2025 <i>(RMB in millions)</i>	Unutilized proceeds as of December 31, 2025 <i>(RMB in millions)</i>	Expected timeline for fully utilizing the unutilized amount
Research and development activities to expand our product portfolio and enrich our product features	25.6	23.32	8.41	8.41	0	N/A
Expand and consolidate our sales network	64.1	58.3	5.82	5.82	0	N/A
Strengthen our brand building and marketing promotion efforts	38.5	34.98	0	0	0	N/A
Strengthen our supply chain management capabilities	89.8	81.63	4.84	4.84	0	N/A
Strengthen our digital infrastructure	12.8	11.66	3.27	3.27	0	N/A
Working capital and other general corporate purposes	25.6	23.32	0	0	0	N/A
<b>Total</b>	<b>256.46</b>	<b>233.21</b>	<b>22.34</b>	<b>22.34</b>	<b>0</b>	

### Employees, Training and Remuneration Policies

As of December 31, 2025, we had 1,635 employees. The labour costs including Directors' and Supervisors' emoluments and share-based payment expenses were approximately RMB292.28 million in the year ended December 31, 2025.

Our employees' compensation includes basic salary, performance-based cash bonuses and other incentives. We determine our employees' compensation based on each employee's performance, qualifications, position and seniority. In order to improve the Company's incentive mechanism, retain key employees and promote the sustainable development of the Company's business, the Board proposed the H Share Incentive Scheme to the Shareholders' general meeting for consideration to incentivize the management personnel and core technical employees who play important roles in the Company's operating results and future development. The H Share Incentive Scheme was approved and adopted by the Company on March 25, 2024. For details of the H Share Incentive Scheme and related information, please refer to the announcements of the Company dated January 12, 2024, March 25, 2024, December 4, 2024, April 30, 2025 and May 30, 2025 and the circular of the Company dated March 7, 2024.

We recognize the importance of keeping the Directors updated with the latest information of duties and obligations of a director of a company whose shares are listed on the Stock Exchange and the general regulatory and environmental requirements for such listed company. To meet this goal, we are committed to the continuing education and development of the Directors.

The Directors, Supervisors and senior management receive remuneration from the Company in the form of fees, salaries, contributions to pension schemes, discretionary bonuses, allowances and other benefits in kind. The Board has established the Remuneration and Appraisal Committee to review and recommend the remuneration and compensation packages of the Directors, Supervisors and senior management of the Company, and the Board, with the advice from the Remuneration and Appraisal Committee, will review and determine the remuneration and compensation packages taking into account salaries paid by comparable companies, time commitment and responsibilities of the Directors, Supervisors and senior management and performance of the Group.

As required under the labor laws of PRC, Hong Kong and other jurisdictions where we operated, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. In compliance with PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans.

We believe that we have maintained a good working relationship with our employees and we had not experienced any material labor disputes or any difficulty in recruiting staff for our operations during the year ended December 31, 2025.

### **Purchase, Sale or Redemption of the Company's Listed Securities**

During the Reporting Period, the Company repurchased a total of 3,656,800 H Shares (the "Shares Repurchased") of the Company on the Stock Exchange at an aggregate consideration of approximately HK\$28,432,284 to enhance the shareholder value in the long run. As at December 31, 2025, the Company held 3,656,800 Treasury Shares, which may be used for supplementing the share incentive schemes or for other purposes permitted under laws and regulations.

Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Shares Repurchased	Price paid per share		Aggregate Consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
July 2025	501,200	8.52	8.37	<b>4,262,000</b>
September 2025	595,600	7.98	6.78	<b>4,667,792</b>
October 2025	1,360,000	8.15	7.85	<b>10,945,364</b>
November 2025	600,000	7.38	7.15	<b>4,381,128</b>
December 2025	600,000	6.98	6.95	<b>4,176,000</b>
<b>Total</b>	<b><u>3,656,800</u></b>			<b><u>28,432,284</u></b>

Save as disclosed above, neither the Company nor its subsidiary had purchased, sold or redeemed any of the Company's listed securities (including the sale of Treasury Shares) during the Reporting Period.

### **Sufficiency of Public Float**

According to the information that is publicly available to the Company and within the knowledge of the Board, the Company has maintained to comply with the minimum public float percentage requirement under Rule 8.08(1) of the Listing Rules at any time for the year ended December 31, 2025.

### **Compliance with Corporate Governance Code**

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code and the Company has adopted the CG Code as its own code of corporate governance.

For the year ended December 31, 2025, the Company has complied with all the applicable code provisions as set out in the CG Code.

### **Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code as its own code of conduct regarding the transactions of securities of the Company by its directors, supervisors and the relevant employees who would likely possess inside information of the Company. Specific enquiry has been made to all directors and supervisors of the Company and all of them have confirmed that they have complied with the Model Code during the Reporting Period.

### **Review of Annual Results**

The Audit Committee of the Company (the "Audit Committee") has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company and to assist the Board to fulfill its responsibilities over the audit.

As of the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely, Mr. XIAO Wei, Mr. CHEN Aihua and Mr. LAM Yiu Por, and Mr. CHEN Aihua serves as the chairman of the Audit Committee.

The Audit Committee has reviewed and confirmed the accounting principles and policies adopted by the Group and discussed the auditing, internal control and financial reporting matters of the Group. The annual results of the Group for the year ended December 31, 2025 have also been reviewed by the Audit Committee.

### **Scope of Work of the Auditor**

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in this annual results announcement have been agreed by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2025 as required under Rule 13.49(2) of the Listing Rules. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by KPMG on this annual results announcement.

### **Events after the Reporting Period**

On January 15, 2026, the Company repurchased a total of 150,000 H Shares on the Stock Exchange at a total consideration of HK\$927,328.

On March 17, 2026, the Directors proposed a final dividend. For details, please refer to "Other Information – Final Dividend" in this announcement and note 9(a) to the financial statements.

As of the Reporting Period of 2025, the Company's auditor, KPMG, has expressed its opinion on the financial statements for the year ended December 31, 2025.

## **Closure of Register of Members**

### ***In relation to the AGM***

For determining the entitlement of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, May 6, 2026 to Monday, May 11, 2026, both days inclusive, during which period no transfer of Shares will be registered. The record date will be Monday, May 11, 2026.

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 Tuesday, May 5, 2026.

### ***In relation to the final dividend***

For determining the entitlement of Shareholders to receive the final dividend, the register of members of the Company will be closed from Monday, May 18, 2026 to Thursday, May 21, 2026, both days inclusive, during which period no transfer of Shares will be registered. The record date will be Thursday, May 21, 2026.

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 Friday, May 15, 2026.

## **Publication of the Annual Results Announcement and the Annual Report**

This announcement was published on the HKEXnews website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.yanzhiwu.com](http://www.yanzhiwu.com)). The 2025 annual report containing all the information required by the Listing Rules will be published on the HKEXnews website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.yanzhiwu.com](http://www.yanzhiwu.com)), and will be despatched to the Shareholders in accordance with the Listing Rules in due course.

## **Appreciation**

On behalf of the Board, I would like to express our sincere gratitude to customers and business partners for their trust in the Company, our staff and management team for their diligence, dedication, loyalty and integrity, and the Shareholders for their continuous support.

## DEFINITIONS

“AGM”	the forthcoming annual general meeting of the Company to be held on Monday, May 11, 2026
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“Board Secretary”	secretary to the Board
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Company”	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, the H shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EBN”	nests created by swiftlets with their saliva. EBN is highly valued in Chinese culture and has been a renowned delicacy in Chinese cuisine for over 400 years. It is known for its nutritional profile, which includes, among others, sialic acid, amino acid, collagen, glycoprotein, antioxidants, calcium, potassium, iron, magnesium and hormones. Traditional Chinese medicine attributes various health benefits to EBN, such as promoting overall wellness, boosting the immune system, enhancing focus and concentration, increasing energy and metabolism and regulating circulation. Modern scientific studies conducted by authoritative sources have further validated the perceived health benefits of EBN products
“EBN+ products”	ready-to-serve EBN products (with an EBN feed rate of 1% or above and up to 5%) enhanced with other ingredients and/or nutrients, such as ginseng and gamma-aminobutyric acid
“Global Offering”	has the meaning ascribed to it under the Prospectus
“Group”, “Yan Palace”, “our”, “we” or “us”	the Company and its subsidiary from time to time
“H Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB0.2 each, which is/are listed on the Stock Exchange and traded in Hong Kong dollars

“H Share Incentive Scheme”	the 2024 H Share Incentive Scheme adopted by the Company at the extraordinary general meeting on March 25, 2024, the rules of which are set out in Appendix I to the circular of the Company dated March 7, 2024
“H Share Shareholder(s)”	holder(s) of H Shares
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS Accounting Standards”	Includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“ <b>IASs</b> ”) and Interpretations issued by the International Accounting Standards Board (“ <b>IASB</b> ”)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus issued by the Company on November 30, 2023 in connection with the Hong Kong public offering of the H Shares
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Reporting Period”	twelve months from January 1, 2025 to December 31, 2025
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the issued capital of the Company with a nominal value of RMB0.20 each
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Treasury Shares”	has the meaning ascribed to it under the Listing Rules

“+EBN products” include certain food and skincare products that contain EBN or EBN extracts as an enhancement for elevated nutrition or other benefits. +EBN food products are products that use EBN (with an EBN feed rate of less than 1%) and other food ingredients as raw materials, such as EBN porridge. +EBN skincare products are products that contain EBN or EBN extracts, such as EBN facial masks and EBN essence

“%” per cent

By order of the Board  
**Xiamen Yan Palace Bird's Nest Industry Co., Ltd.**  
廈門燕之屋燕窩產業股份有限公司  
**HUANG Jian**  
*Chairman and Executive Director*

Hong Kong, March 17, 2026

*As of the date of this announcement, the Board comprises (i) Mr. HUANG Jian, Mr. ZHENG Wenbin, Mr. LI Youquan and Ms. HUANG Danyan as executive Directors; (ii) Mr. LIU Zhen and Mr. WANG Yalong as non-executive Directors; and (iii) Mr. XIAO Wei, Mr. CHEN Aihua and Mr. LAM Yiu Por as independent non-executive Directors.*