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The Board considers that such an expected decrease in net profit is mainly attributable to the following reasons:

1. In order to implement the dual brand ambassadors strategy, the Company officially announced Ms. Gong Li (鞏俐) and Mr. Wang Yibo (王一博) as the new brand ambassadors in January 2024 and May 2024, respectively. The advertising and promotion fees in relation to the publication of the new brand ambassadors were mainly incurred in the first half of the year, the effect of which will continue to manifest in the future in terms of brand power enhancement and sales promotion;
2. In order to build up the supply chain capacity for the Company's development in the next five to ten years, according to the Company's plan for the use of proceeds, the Company constructed a new green intelligent factory in the first half of the year and completed the relocation and production of the new green intelligent factory in May 2024. The construction of the new factory led to a slight increase in production cost, which will gradually return to the normal level with the gradual release of production capacity of the new factory and the improvement of production efficiency in the future; and
3. The growth rate of revenue from offline channel was lower than expected due to the trend of conservative spending by offline customers.

The results of the Group for the 2024 Interim Period are subject to finalization and the actual results of the Group for the 2024 Interim Period will be disclosed in the interim results announcement in accordance with the Listing Rules.

The Company would like to remind the Shareholders and potential investors of the Company that the information set out in this announcement is based on a preliminary assessment with reference to the information currently available to the Board and has not been reviewed by the audit committee of the Company and the independent auditor of the Company, respectively, and may differ with the actual interim results for the 2024 Interim Period of the Group. Should there be other matters that will have any further material impact on the estimated net profit of the Group for the 2024 Interim Period, further announcement(s) will be made as and when appropriate.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and read carefully the interim results announcement of the Company for the 2024 Interim Period, which is expected to be published in August 2024.**

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, July 16, 2024

*As at 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.*