燕之屋
YAN PALACE

XIAMEN YAN PALACE BIRD'S NEST INDUSTRY CO., LTD.
廈門燕之屋燕窩產業股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1497)

CONTINUING CONNECTED TRANSACTIONS
PRODUCT SALES AND PURCHASE FRAMEWORK AGREEMENT

PRODUCT SALES AND PURCHASE FRAMEWORK AGREEMENT

On September 14, 2026, the Company and Shenzhen Yan Palace entered into the Product Sales and Purchase Framework Agreement in relation to the sales of EBN related products.

Pursuant to the Product Sales and Purchase Framework Agreement, the annual caps for the provision of EBN related products to Shenzhen Yan Palace for the year ended December 31, 2026, 2027 and 2028 are RMB6.0 million, RMB25.0 million and RMB55.0 million, respectively.

BACKGROUNDS AND LISTING RULES IMPLICATIONS

On September 14, 2026, the Company, Aidehui Investment and Mr. HUANG Junhao entered into the Capital Increase Agreement with Shenzhen Yan Palace to make additional contributions to the registered capital of Shenzhen Yan Palace. Prior to entering into the Capital Increase Agreement, Shenzhen Yan Palace was owned by the Company, Aidehui Investment and Mr. HUANG Junhao as to 80%, 11% and 9%, respectively. Upon completion of the capital increase contemplated under the Capital Increase Agreement, Shenzhen Yan Palace will be owned by the Company, Aidehui Investment and Mr. HUANG Junhao as to 70%, 10% and 20%, respectively. Mr. HUANG Junhao is a family member of Mr. Huang, one of the controlling Shareholders of the Company. Accordingly, Mr. HUANG Junhao is a connected person of the Company under Rule 14A.07(4) of the Listing Rules, and upon completion of the capital increase contemplated under the Capital Increase Agreement, Shenzhen Yan Palace will become a connected person of the Company by virtue of being a connected subsidiary of the Company under Rule 14A.07(5) of the Listing Rules. The transactions contemplated under the Product Sales and Purchase Framework Agreement will therefore constitute the continuing connected transactions under Chapter 14A of the Listing Rules.

The capital contribution made by Mr. HUANG Junhao under the Capital Increase Agreement is de minimis under Rule 14A.76(1) of the Listing Rules. As one or more of the applicable percentage ratios in respect of the annual caps are more than 0.1% but lower than 5%, the transactions contemplated under the Product Sales and Purchase Framework Agreement are subject to the reporting, annual review and announcement requirements, but exempt from the independent Shareholders' approval requirement, under Chapter 14A of the Listing Rules.

BACKGROUNDS

On September 14, 2026, the Company, Aidehui Investment and Mr. HUANG Junhao entered into the Capital Increase Agreement with Shenzhen Yan Palace, pursuant to which, the Company, Aidehui Investment and Mr. HUANG Junhao agreed to make additional contributions of RMB2.5 million, RMB0.4 million and RMB2.1 million to the registered capital of Shenzhen Yan Palace, respectively, to strengthen the capital base of Shenzhen Yan Palace. Prior to entering into the Capital Increase Agreement, Shenzhen Yan Palace was owned by the Company, Aidehui Investment and Mr. HUANG Junhao as to 80%, 11% and 9%, respectively. Upon completion of the capital increase contemplated under the Capital Increase Agreement, Shenzhen Yan Palace will be owned by the Company, Aidehui Investment and Mr. HUANG Junhao as to 70%, 10% and 20%, respectively.

Mr. HUANG Junhao is a family member of Mr. Huang, one of the Controlling Shareholders of the Company. Accordingly, Mr. HUANG Junhao is a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Upon completion of the capital increase contemplated under the Capital Increase Agreement, Shenzhen Yan Palace will become a connected person of the Company by virtue of being a connected subsidiary of the Company under Rule 14A.07(5) of the Listing Rules.

Shenzhen Yan Palace has been a subsidiary of the Company and a sales channel of EBN peptide related products purchased from the Company since 2025. Upon completion of the capital increase contemplated under the Capital Increase Agreement, the transactions between the Company and Shenzhen Yan Palace will constitute continuing connected transactions under Chapter 14A of the Listing Rules. To ensure that the continuing sales to Shenzhen Yan Palace are in compliance with the applicable requirements under Chapter 14A of the Listing Rules, on September 14, 2026, the Company entered into the Product Sales and Purchase Framework Agreement with Shenzhen Yan Palace in relation to the sales of EBN related products.

PRODUCT SALES AND PURCHASE FRAMEWORK AGREEMENT

The principal terms of the Product Sales and Purchase Framework Agreement are set out below:

Date: September 14, 2026

Parties:

(1) The Company; and

(2) Shenzhen Yan Palace

Term:	From September 14, 2026 to December 31, 2028. Subject to the compliance with the Listing Rules and other applicable laws and regulations, the Company and Shenzhen Yan Palace may renew the term of the Product Sales and Purchase Framework Agreement.
Transaction description:	Pursuant to the Product Sales and Purchase Framework Agreement, the Company may from time to time sell to Shenzhen Yan Palace various types of EBN related products.

Pricing Policies

Before entering into any sales contract pursuant to the Product Sales and Purchase Framework Agreement, the Company will assess the selling price of the EBN related products to Shenzhen Yan Palace with reference to the prevailing market condition. In addition, the Company will take into account a number of factors, including but not limited to (1) the selling price offered to independent third parties, (2) the cost for manufacturing the relevant products, (3) the consumers' purchasing power and demand for the relevant products, and (4) the prevailing selling prices of comparable products in the same industry. The Company will only enter into a sales contract with Shenzhen Yan Palace if the terms and conditions are fair and reasonable and based on normal or no less favorable commercial terms than those offered by other independent third parties.

In addition, the Company has adopted internal control procedures in determining and monitoring the price of the continuing connected transaction, including but not limited to:

(i) for the purposes of standardizing the Company's product pricing process and clarifying the responsibilities of different departments of the Company in the pricing process, the Company has codified and implemented the Product Pricing Process Management Measures (產品定價流程管理辦法), regulating the procedures such as project initiation, cost control and product pricing. In the meantime, the sales department and the finance department retain the sales records in the Company's ERP system;

(ii) upon the initiation process of new products, according to the Product Pricing Process Management Measures, the product managers of the Company will (1) sort out the selling price of at least two to three benchmark core key competing products offered by industry peers or the Company's comparable products, (2) analyze the cost of the Company's products, (3) evaluate the pricing strategy, profit margin and other factors with the sales department, (4) determine the product standard retail price and (5) submit the relevant product standard retail price for internal approval;

(iii) the Company may determine the selling price of different products on different basis. With respect to the EBN products, the relevant selling price is calculated based on a discount rate of the standard retail price, which is in line with those the Company provides to all the comparable independent distributors. With respect to the EBN peptide products, the relevant selling price is calculated based on the cost of the EBN peptide products and a mark-up rate. The Company conducts a preliminary survey into the average industry profit margin range and determines the mark-up rate accordingly, ensuring that the mark-up rate falls within the relevant range; and

(iv) the Board and the finance department of the Group will monitor the connected transactions on a monthly basis and the management will review the pricing policies to ensure connected transactions to be performed in accordance with the relevant agreements, including the agreed pricing terms on an annual basis.

Historical Transaction Amounts

The actual amounts of the transactions incurred under the Product Sales and Purchase Framework Agreement are RMB1.2 million and RMB1.6 million for the year ended December 31, 2025 and the six months ended June 30, 2026, respectively.

Annual Caps

Pursuant to the Product Sales and Purchase Framework Agreement, the relevant annual caps for the provision of EBN related products to Shenzhen Yan Palace for the year ended December 31, 2026, 2027 and 2028 are RMB6.0 million, RMB25.0 million and RMB55.0 million, respectively.

Basis for Annual Caps

In determining the annual caps, the Directors have considered the following factors:

(i) the healthcare industry in the PRC has enormous market potential, driven by national strategic policies, evolving functional demands of consumers and the rise of functional medicine as a discipline;

(ii) leveraging approximately two years of market research and exploration, Shenzhen Yan Palace has formulated a clear business plan targeting female consumers aged 31 to 40 in first-tier cities in the PRC with a focus on promoting the awareness of anti-aging functions of EBN peptide products;

(iii) Shenzhen Yan Palace has established a comprehensive operation team and launched online stores on major e-commerce platforms, aiming to accelerate its marketing efforts through KOL collaborations and live-streaming sales channels, which are expected to facilitate rapid sales conversion. In addition, Shenzhen Yan Palace plans to further expand its sales channels through operating cross-border e-commerce online stores in Hong Kong and developing new channels in Shanghai by the end of 2026; and

(iv) the bird's nest peptide business segment of Shenzhen Yan Palace is expected to achieve rapid growth based on the industry potential, product innovation, purchasing power of the target consumer groups, current operating conditions and business plans. In particular, the Company is expected to launch new EBN peptide related products, which will enrich the product offerings available to Shenzhen Yan Palace and further drive its business growth.

Reasons and Benefits for Entering into the Product Sales and Purchase Framework Agreement

The Company has been actively exploring new channels and innovating to enrich the product matrix. The sales of EBN peptide related products by Shenzhen Yan Palace will not only enable the Company to expand the market for its EBN peptide products, but also facilitate the Company to further conduct innovative research on the application of EBN peptide and develop EBN peptide compound formula products. The past business synergies between the Company and Shenzhen Yan Palace have demonstrated that Shenzhen Yan Palace has potential for development and the Board is confident in the future development of Shenzhen Yan Palace.

Mr. HUANG Junhao (黃俊豪) is responsible for the management and operation of Shenzhen Yan Palace. He has rich experience in sales channel construction and corporate management.

In light of the above, the Directors (including the independent non-executive Directors) have, after due and careful consideration, determined that terms of the Product Sales and Purchase Framework Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms (or better for the Company), have been entered into in the ordinary and usual course of business, and are in the interests of the Company and its Shareholders as a whole.

Mr. Huang and Ms. HUANG Danyan (黃丹艷), both of whom are family members of Mr. HUANG Junhao, are deemed as having material interests in the transactions contemplated under the Product Sales and Purchase Framework Agreement and the Capital Increase Agreement, and therefore they were required to abstain from voting on the relevant Board resolutions approving such transactions.

INTERNAL CONTROL MEASURES

The Group will adopt the following internal control and corporate governance measures to closely monitor connected transactions and ensure future compliance with the Listing Rules:

(i) the Group has adopted and implemented a management system on connected transactions, and the Board and various internal departments of the Company will be responsible for the control and daily management in respect of the continuing connected transactions;

(ii) the Board and various internal departments of the Company will be jointly responsible for evaluating the terms of the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps (if applicable) of the transactions;

(iii) the Board and the finance department of the Group will regularly monitor the connected transactions, and the management will regularly review the pricing policies to ensure connected transactions to be performed in accordance with the relevant agreements;

(iv) the Group shall engage the auditors to, and the independent non-executive Directors will, conduct annual review on the connected transactions to ensure that the transactions contemplated thereunder have been conducted pursuant to the requirements of the Listing Rules and have fulfilled the relevant disclosure requirements; and

(v) the Group will comply with the relevant requirements under Chapter 14A of the Listing Rules for the continuing connected transactions.

INFORMATION ON THE PARTIES TO PRODUCT SALES AND PURCHASE FRAMEWORK AGREEMENT

The Company

The Company is a leading brand in China's EBN product market, dedicated to the development, production and marketing of high-quality modern EBN products.

Shenzhen Yan Palace

Shenzhen Yan Palace is a subsidiary of the Company established in the PRC, which is principally engaged in the sales of EBN peptide related products. Prior to entering into the Capital Increase Agreement, Shenzhen Yan Palace was owned by the Company, Aidehui Investment and Mr. HUANG Junhao as to 80%, 11% and 9%, respectively. Upon completion of the capital increase contemplated under the Capital Increase Agreement, Shenzhen Yan Palace will be owned by the Company, Aidehui Investment and Mr. HUANG Junhao as to 70%, 10% and 20%, respectively.

To the best knowledge of the Company, Aidehui Investment is an independent third party (except for its interest in Shenzhen Yan Palace).

LISTING RULES IMPLICATIONS

The capital contribution made by Mr. HUANG Junhao under the Capital Increase Agreement is de minimis under Rule 14A.76(1) of the Listing Rules. As one or more of the applicable percentage ratios in respect of the annual caps are more than 0.1% but lower than 5%, the transactions contemplated under the Product Sales and Purchase Framework Agreement are subject to the reporting, annual review and announcement requirements, but exempt from the independent Shareholders' approval requirement, under Chapter 14A of the Listing Rules.

The Company will disclose the information in relation to the Product Sales and Purchase Framework Agreement in its subsequent published annual reports and accounts in accordance with Rule 14A.49 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings set out below unless the context requires otherwise:

"Aidehui Investment"	Aidehui (Shenzhen) Investment Co., Ltd. (艾德匯(深圳)投資有限公司), a limited liability company incorporated in the PRC on August 24, 2023
"Board"	the board of directors of the Company
"Capital Increase Agreement"	the capital increase agreement dated September 14, 2026 entered into among the Company, Aidehui investment, Mr. HUANG Junhao and Shenzhen Yan Palace, the content of which is disclosed in the section headed "Backgrounds" of this announcement

"Company," or "Yan Palace"	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
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"controlling shareholder"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the directors of the Company
"EBN"	edible bird's nest
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Mr. Huang"	Mr. HUANG Jian (黃健), the chairman of the Board, an executive Director and one of the controlling Shareholders of the Company
"PRC"	the People's Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Product Sales and Purchase Framework Agreement"	the product sales and purchase framework agreement dated September 14, 2026 entered into between the Company and Shenzhen Yan Palace, the content of which is disclosed in the section headed "Product Sales and Purchase Framework Agreement" of this announcement
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the share capital of the Company with a par value of RMB0.20 each
"Shareholder"	holder(s) of the Share(s)

"Shenzhen Yan Palace"	Shenzhen Yan Palace Bird's Nest Peptide Bioengineering Development Co., Ltd. (深圳燕之屋燕窩肽生物工程發展有限公司), a limited liability company incorporated in the PRC on January 26, 2025 and a subsidiary of our Company
"%"	percent

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, September 14, 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.