



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah, The Most Gracious, The Most Merciful

4 December 2023 | 21 Jml. 1445 AH

SHARIAH STATUS FOR INITIAL PUBLIC OFFERING (IPO) OF XIAMEN YAN PALACE BIRD'S NEST INDUSTRY CO., LTD (1497)

We, Sharlife Sdn Bhd, a Registered Shariah Advisers (Corporation) under the Securities Commission Malaysia, focusing on Islamic Capital Market products, alternative assets as well as Islamic Social Finance, we hereby acknowledge as follows:

- Name: **Xiamen Yan Palace Bird's Nest Industry Co., Ltd**
- Stock Code: **1497**
- IPO: Global Offering
- Exchange: Hong Kong Exchange
- Financial Statement Year Ended: 2022

We have conducted a comprehensive Shariah Screening of **Xiamen Yan Palace Bird's Nest Industry Co., Ltd** to determine the Shariah Status of its IPO. Due to the absence of a localized Shariah Screening Methodology in the region, we have adopted the Shariah Screening Methodology of the Shariah Advisory Council of the Securities Commission Malaysia which adopts a two-tier quantitative approach, which applies the business activity benchmarks and financial ratio benchmarks.

Based on our assessment conducted on the publicly available prospectus and to the best of our knowledge, we are of the opinion that the IPO of **Xiamen Yan Palace Bird's Nest Industry Co., Ltd (1497)** is **Non-Compliance with Shariah**.

Details of our assessment can be reviewed in **Appendix I**.

والله أعلم

Issued by,
Sharlife Sdn. Bhd.

A handwritten signature in black ink, appearing to read 'Arham', is written over a horizontal line.

Ustaz Arham Merican
Shariah Officer

Business Activity Benchmark Assessment

The contribution of Shariah non-compliant (SNC) activities to the Group revenue before taxation of the company will be computed and compared against the relevant business activity benchmarks.

Xiamen Yan Palace Bird's Nest Industry Co., Ltd is a leading brand in China's edible bird's nest ("EBN") product market, dedicated to the development, production and marketing of high-quality modern EBN products. They currently have primarily three major product categories, i.e., pure EBN products, EBN+ products and +EBN products.

Operating Revenue

Segment	Segment Revenue (RMB '000)	SNC Revenue	% SNC	Classification	Results
Pure EBN products	1,638,127	0	0.00%	Consist of one nest, freshly stewed bird's nest, other bottle-canned bird's nest and dried EBN	Passed
EBN+ and +EBN product	73,103	0	0.00%	EBN-based products with additional tonic ingredients to create enhanced flavors and cater to different consumption scenarios	Passed
Others	18,715	0	0.00%	Include non-EBN products, promotional gifts to customers, and products for internal sales.	Passed
TOTAL	1,711,230	0	0.00%	Edible bird's nest product market	Passed

Non-Operating Revenue

Segment	Segment Revenue (RMB '000)	SNC Revenue	% SNC	Classification	Results
Government grant	24,553	0	0.0%	N/A	Passed
Interest income	1,950	1,950	100.0%	Subject to 5% benchmark	Failed
Net fair value changes on financial asset measured at FVPL	1,455	0	0.0%	N/A	Passed
Gain on disposal of interest in an associate	380	0	0.0%	N/A	Passed
TOTAL	28,338	1,950	6.9%	-	Failed

Revenue Classification	SNC Revenue
SNC Operating Revenue	0
SNC Non-operating Revenue	1,950
Total SNC Revenue	1,950
Total Revenue (Gross)	1,739,568
% SNC Revenue	0.11%
STATUS	PASSED

Financial Ratio Benchmark Assessment

Cash over total assets: Cash in Conventional Account or any prohibited Financial Instrument

Segment	Segment Amount (RMB '000)	Total Assets	% Ratio	Result
Cash and cash equivalents	350,818	978,354	35.9%	Within 33% limits
Restricted bank deposits	1,600			
Financial assets measured at FVPL	4,996			
TOTAL	350,818			FAILED

Debt over total assets: Interest-Bearing Debt

Segment	Segment Amount (RMB in thousand)	Total Assets	% Ratio	Result
Lease liabilities	26,921	978,354	2.8%	Within 33% limits
TOTAL	26,921			PASSED

IPO Shariah Status

Segment		Status
Business Activity Benchmark		PASSED
Financial Ratio Benchmark	Cash	FAILED
	Debt	PASSED
Result		FAILED

Disclosure

This research is free to our clients and is grounded in presently available public information that we deem reliable. It is crucial to note that this research does not constitute an offer to sell or a solicitation of an offer to buy any security, particularly in jurisdictions where such actions would be considered illegal. Furthermore, it does not serve as a personalized recommendation and does not consider the individual investment objectives, financial situations, or needs of specific clients.

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