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PU'ER LANCANG ANCIENT TEA CO., LTD.

普洱瀾滄古茶股份有限公司

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

(Stock Code: 6911)

INSIDE INFORMATION

ANNOUNCEMENT

ON

PROGRESS REGARDING INVENTORY SHORTFALL OF A SUBSIDIARY

This announcement is made by Pu'er Lancang Ancient Tea Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROGRESS REGARDING INVENTORY SHORTFALL OF A SUBSIDIARY

Reference is made to the inside information announcement of the Company dated 22 April 2025 (the "**Announcement**"). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Board hereby announces that, as verified by the special working group of the Company and as confirmed by relevant parties, the details of the Relevant Matter are as follows: (i) on 5 December 2024, Guangzhou Kangrui, a customer of the Group from Foshan (the "**Foshan Customer**"), and a trader engaged in mid-aged and aged tea trading in Guangzhou (the "**Guangzhou Trader**") conducted business discussions, after which the representatives of the three parties jointly signed a memorandum of inventory cooperation (the "**Memorandum**"). Pursuant to the Memorandum, Guangzhou Kangrui intended to exchange 35 tonnes of new tea for not less than 70 to 87.5 tonnes of aged tea held by the Guangzhou Trader for the purpose of sale, thereby leveraging their respective inventory advantages. Upon receipt of the new tea, the Guangzhou Trader would collaborate with the distribution channels of the Foshan Customer to acquire new customers and complete the sales together; and (ii) on 4 January 2025, the Foshan Customer had retrieved an additional 35 tonnes of new tea products held by Guangzhou Kangrui while retrieving its own inventory stored at Guangzhou Kangrui, resulting in the shortfall of the relevant inventory.

After considering the current market environment and the Company's overall business strategy, the Board has endorsed the cooperation model under the Memorandum and agreed that the business departments shall continue to proceed with the relevant cooperation. On 24 May 2025, Guangzhou Kangrui entered into a product exchange agreement (the "**Product Exchange Agreement**") with the Guangzhou Trader. Pursuant to which, Guangzhou Kangrui exchanged a total of 35 tonnes of new tea products for a total of 160 tonnes of aged tea products held by the Guangzhou Trader. As of the date of this announcement, the product exchange had been completed. The Company also appointed Yunnan Tea Evaluation, Testing and Traceability Center Co., Ltd. (雲南茶葉評價檢測溯源中心有限公司)(the "**Testing and Traceability Center**") to conduct sampling tests on the 160 tonnes of aged tea products. On 30 May 2025, the Company received the Tea Review and Assessment Evaluation Report issued by the Testing and Traceability Center, further confirming that the subject tea products comply with the relevant standards and requirements and obtaining corresponding market reference pricing.

The Board is of the view that the signing of the Product Exchange Agreement will strengthen the Company's competitiveness in the current slow-to-recover consumer market, meet increasingly diversified consumer demand, and facilitate the clarification and resolution of the Relevant Matter, and is therefore beneficial to the interests of the Company and its shareholders (the "**Shareholders**") as a whole.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries and confirmed by the former senior management, as at the date of this announcement, the Guangzhou Trader and its ultimate beneficial owners are third parties independent of the Company and its connected persons, and the transactions contemplated under the Product Exchange Agreement do not constitute transactions of the Company under Chapter 14 of the Listing Rules.

The Company is currently actively reviewing its internal inventory management system with the assistance of third-party internal control consultants. The Company will continue to review and refine (if necessary) the relevant internal control management methods and enhance its internal control management system.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on Tuesday, 1 April 2025 until the publication of the 2024 annual results of the Company.

The Board will make further announcement(s) as and when appropriate to inform the Shareholders of any updates.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
PU'ER LANCANG ANCIENT TEA CO., LTD.
普洱瀾滄古茶股份有限公司

Ms. Du Chunyi
Chairlady and Executive Director

Hong Kong, 30 May 2025

As at the date of this announcement, the Board of the Company comprises (i) Ms. Du Chunyi, Mr. Zhou Xinzong, Mr. Zhang Muheng, Ms. Shi Yijing, Mr. Fu Gang and Mr. Liu Jiajie as executive Directors; and (ii) Dr. Xie Xiaoyao, Mr. Tang Zhangliang and Dr. Yang Kequan as independent non-executive Directors.