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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)

PROPOSED CHANGE IN USE OF PROCEEDS

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References are made to (i) the prospectus of the Company dated 14 December 2023 (the “**Prospectus**”) in relation to the future plans and use of proceeds (the “**Use of Proceeds**”) from global offering of the Company (the “**Global Offering**”) and (ii) the announcement dated 30 December 2024 and the circular dated 30 December 2024 of the Company in relation to the change in use of unutilised proceeds at the time (the “**Previous Change in Use of Proceeds**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Prospectus and the circular on Previous Change in Use of Proceeds.

USE OF PROCEEDS AS DISCLOSED IN THE PROSPECTUS AND AS AMENDED BY THE PREVIOUS CHANGE IN USE OF PROCEEDS

As set out in the Prospectus, after deducting the underwriting commission and other estimated expenses payable by the Company in connection with the Global Offering, the total net proceeds from the Global Offering amounted to RMB141.4 million (the “**Net Proceeds**”). The original allocation of Net Proceeds is disclosed in the section of “FUTURE PLANS AND USE OF PROCEEDS” in the Prospectus.

As mentioned in the announcement and the circular on Previous Change in Use of Proceeds, the Company has made certain changes in use of the unutilised Net Proceeds of approximately RMB57.6 million as of 30 November 2024, the allocation of the Net Proceeds after the Previous Change in Use of Proceeds is set out in the paragraphs headed “PLAN FOR CHANGE IN USE OF PROCEEDS” below.

PLAN FOR CHANGE IN USE OF PROCEEDS

As of 30 April 2025, approximately RMB23.5 million of the Net Proceeds remained unutilised. Taking into consideration of the reasons set out in the paragraphs headed “REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS” below, the board of the Company (the “**Board**”) has resolved to reallocate a total of RMB14.0 million of the Net Proceeds for working capital and other general corporate purposes (the “**Change in Use of Proceeds**”), which includes:

- (i) To reallocate RMB10.3 million from the unutilised Net Proceeds of RMB13.3 million, which is originally allocated for the sales channel building, for working capital and other general corporate purposes. The remaining of RMB3.0 million will continue to be invested in optimizing the sales network; and
- (ii) To reallocate RMB3.7 million from the unutilised Net Proceeds of RMB4.3 million, which is originally allocated for upgrading our information technology infrastructure and strengthening our research and development capabilities, for working capital and other general corporate purposes. The remaining of RMB0.6 million will continue to be invested in upgrading our information technology infrastructure.

The use of Net Proceeds after the Change in Use of Proceeds is as follows:

Use of Proceeds	Planned use of Net Proceeds after previous change		Amount of Change in Use of Proceeds (RMB million)	Use of Net Proceeds after the Change in Use of Proceeds		Utilised Net Proceeds as of 30 April 2025 (RMB million)	Unutilised Net Proceeds as of 30 April 2025 following the Change in Use of Proceeds (RMB million)	Expected timeline for full utilisation
	Amount of approximate Net Proceeds (RMB million)	Approximate percentage of the total Net Proceeds		Amount of approximate Net Proceeds (RMB million)	Approximate percentage of the total Net Proceeds			
Building modernised logistics and warehousing centers, building new production facilities and upgrading current production facilities	11.7	8.3%	–	11.7	8.3%	11.7	–	2025
Sales channel building	19.3	13.6%	-10.3	9.0	6.4%	6.0	3.0	2025
Brand building and product marketing	25.4	18.0%	–	25.4	18.0%	22.1	3.3	2025
Upgrading our information technology infrastructure and strengthening our research and development capabilities	7.1	5.0%	-3.7	3.4	2.4%	2.8	0.6	2025
Working capital and other general corporate purposes	21.9	15.5%	14.0	35.9	25.4%	21.9	14.0	2025
Investment in the Shanquan Fermentation Project	30.0	21.2%	–	30.0	21.2%	27.4	2.6	2025
Repayment of the borrowings	26.0	18.4%	–	26.0	18.4%	26.0	–	2025
Total	141.4	100.0%	–	141.4	100.0%	117.9	23.5	

Save as disclosed in this announcement, there are no other changes in the use of remaining unutilised Net Proceeds.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The Change in Use of Proceeds is mainly to adjust the total amount of RMB14.0 million from “sales channel building” and “upgrading our information technology infrastructure and strengthening our research and development capabilities” to “working capital and other general corporate purposes”, with the adjusted amount accounting for 9.9% of the Net Proceeds of RMB141.4 million.

The “sales channel building” project was originally planned to be mainly used for the establishment and investment of self-operated stores. As of 30 April 2025, the Company had invested RMB6.0 million from the Net Proceeds in the sales channel building project, which was mainly used for the establishment and operation of self-operated stores. Taking an overall look at the Company’s operation in 2024 and the slow recovery of the consumer market in 2025 so far, and taking into account the fact that self-operated stores require relatively large investment in terms of funds and human resources, the Company believes that further large-scale investment in self-operated stores at this stage is not in line with the Company’s actual needs, and that the use of part of the funds designated for the “sales channel building” project to replenish the “working capital and other general corporate purposes” will help the Company to alleviate the pressure on funds due to the impact of the market environment, and will also be conducive to the Company’s further improvement of the efficiency of fund utilization and the enhancement of the Company’s financial flexibility and soundness. With respect to the sales channel building, the Company will consider investing in such project using its own funds, bank loans, or other methods deemed appropriate based on market conditions and its development.

The “upgrading our information technology infrastructure and strengthening our research and development capabilities” project mainly plans to enhance the level of information technology by upgrading the information system, etc. and to strengthen the product development and iteration capabilities by purchasing research and development equipment and materials, etc. As of 30 April 2025, the Company had invested RMB2.8 million from the Net Proceeds in the project. The Company is well aware of the significance of enhancing the level of information technology and strengthening the research and development capabilities to the long-term development of enterprises; however, the development of information technology and strengthening of research and development capabilities are characterized by long-term investment and gradual adjustments and changes, and at this stage when the Company’s business development is affected by the slow recovery of the consumer market, the adjustment of a portion of the Net Proceeds from the project to working capital is more urgent for the Company’s operating activities. With respect to the enhancement of the level of information technology and research and development capabilities, the Company will consider investing in such project using its own funds, bank loans, or other methods deemed appropriate based on market conditions and its development.

The proceeds intended to be used for “working capital and other general corporate purposes” will be fully utilized for production and operating activities related to the Company’s principal business, and the Board will ensure that the funds are used in a lawful and compliant manner to effectively serve the Company’s core business development.

The use of Net Proceeds is subject to combined effects of macro economy, industrial development, actual operation performance of the Company and other factors. The Board will continue to assess such evolving situations and if necessary, revise or modify such plans in respond to risks associated with evolving market conditions and changes in the Company’s own operations, to ensure a sustainable growth of the Company for a long term.

OTHER MATTERS

According to the articles of association of the Company and the relevant laws and regulations, the proposed Change in Use of Proceeds is subject to the approval of the shareholders by way of an ordinary resolution at the general meeting of the Company. A circular containing, among other things, the details of the resolution in respect of the proposed Change in Use of Proceeds and a notice of the extraordinary general meeting will be published in due course.

CONTINUED SUSPENSION OF TRADING

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

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, 13 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.