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)

SUPPLEMENTAL ANNOUNCEMENT ON ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Reference is made to the annual report (the "**2024 Annual Report**") of Pu'er Lancang Ancient Tea Co., Ltd. (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") for the year ended 31 December 2024 (the "**Reporting Period**") published on 1 July 2025. Unless otherwise defined, capitalized terms used herein shall have the same meaning as those defined in the 2024 Annual Report.

The Company hereby provides the following supplemental information, which should be read in conjunction with the 2024 Annual Report.

The following table sets out the details and specific reasons for the Company's material asset impairment as at 31 December 2024:

Impairment losses on property, plant and equipment (the "Property, Plant and Equipment"), right-of-use assets (the "Right-of-use Assets") and trade receivables (the "Trade Receivables")

Reasons and circumstances leading to recognition of impairment loss for 2024

I. Impairment losses on the Property, Plant and Equipment and the Right-of-use Assets

When it is determined that indicators of impairment of a cash-generating unit (the "**CGU**") exist, the management of the Company assesses the value in use of the CGU by preparing a discounted cash flow forecast and that value in use is compared with the carrying value of the CGU to determine if any provision of impairment is required. The Company assesses the Property, Plant and Equipment and the Right-of-use Assets at the end of each year to determine whether there are any indications of impairment.

Regarding the impairment losses recorded on the Property, Plant and Equipment, in October 2024, when the finance department reported the Company's operating performance for September 2024, it first indicated that the operating loss was recorded. As described in the relevant disclosures of the 2024 Annual Report, such operating loss was primarily attributable to (i) a decline in the overall revenue for the Reporting Period as compared with that of the previous year; and (ii) the relevant operating fees and expenses for the year have not been adjusted and optimized in a timely manner, including but not limited to the promotion and service expenses, brand marketing expenditures and business sample invested in brand promotion and business development by the Company. Accordingly, the management of the Company, upon being aware of the operating loss for the first nine months ended 30 September 2024 on 5 October 2024, initially concluded that there may be a change in the value in use of the Property, Plant and Equipment and the Right-of-use Assets of the Company in the future. Therefore, the Company engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited (仲量聯行企業評估及諮詢有限公司), an independent external valuer (the "**Valuer**"), registered in Hong Kong with international experience on valuation and advisory services, and risk management, in February 2025 to calculate the value in use of the CGU, and provided for the corresponding impairment based on the difference between the value in use and carrying amount.

The impairment losses recorded on the Right-of-use Assets were mainly related to an office leased by the Group in Guangzhou. As of 31 December 2024, the amount of impairment arising from early return of the office rental property by the expiry of lease term was RMB3.1 million, representing 1.6% of the impairment amount of long-term assets of the Group in 2024. The impairment arose because the relevant Right-of-use Asset no longer generates economic benefits after the termination, and therefore the management of the Company considered that such Right-of-use Asset has no value in use. In light of the existence of specific impairment indicators and the availability of sufficient observable inputs, no further judgements of the assumptions and inputs were required from the perspective of the management of the Company. Accordingly, the carrying amount of such Right-of-use Asset was written down to zero. According to the relevant lease agreement, the rental term of such office shall expire on 14 April 2026. Considering the actual operating needs of the Company, including: (i) the low utilization rate of the office in Guangzhou Liby Center; (ii) other existing offices can meet the requirements of daily work of the Company; and (iii) in order to further reduce operating expenses, the Company held an internal meeting on 9 January 2025, and resolved to early terminate such lease, and entered into a termination agreement with the landlord on 16 April 2025. The early termination of the lease of Guangzhou office will reduce annual rental expenses (including tax) by RMB3.3 million. In contrast, the early return of the office rental property will only result in an impairment amount of RMB3.1 million, which accounts for 1.6% of the impairment amount of long-term assets in 2024. Therefore, the Company believes that this early termination will not only further reduce operating expenses and rationally utilize other office space, but it also does not lead to a significant asset impairment of the Company. As such, the decision is in the interests of the Company.

Apart from the aforementioned impairment arising from early return of the office rental property by the expiry of lease term, the Group carried out a review of the recoverable amount of the remaining Property, Plant and Equipment and Right-of-use Assets during the year ended 31 December 2024. Arising from the review, impairment losses of approximately RMB94.7 million and RMB91.6 million were recognised in profit or loss to reduce the carrying amounts of Property, Plant and Equipment and Right-of-use Assets to their recoverable amounts respectively. The key assumptions and inputs used in calculating the impairment losses on the remaining Property, Plant and Equipment and Right-of-use Assets are same as those adopted in the VIU Valuation (as defined below). For details, please refer to "Details of the key assumptions and basis used in determining the impairment amount – Determination of impairment losses on the Property, Plant and Equipment and the Right-of-use Assets" of this announcement.

II. Impairment losses on the Trade Receivables

The Company accounts for its credit risk by appropriately providing for expected losses on a timely basis at the end of the year. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of receivables, and adjusts for forward looking macroeconomic data. The Company calculates the corresponding expected loss rate based on the expected aging days of the Trade Receivables, to recognize the appropriate loss provision.

The Company tracks the real-time balance of the Trade Receivables from customers through the information system. At the end of each month, the finance department of the Company will report details of major customers with outstanding payments to the general manager and will focus on the collection of such outstanding payments. At the end of 2024, the finance department provided for corresponding amount of losses.

The balance of the Trade Receivables of the Company by customer amounted to RMB71.6 million as of 31 December 2024, and the corresponding impairment provision balance was RMB21.7 million, the details of which are as follows:

Name of Debtor	**Ending Outstanding Amount as of the end of 31 December 2024** *(RMB'000)*	**Impairment Amount** *(RMB'000)*	**Credit Period**	**Aging**	**Whether Connected Person or not**
Customer 1	13,258.6	65.3	60 days	Within 90 days	No
Customer 2	6,566.3	2,101.2	30 days	Within 240 days	No
Customer 3	5,065.2	1,005.8	30 days	Within 210 days	No
Customer 4	3,660.7	1,837.5	30 days	Within 360 days	No
Customer 5	3,057.5	895.6	30 days	Within 270 days	No
Customer 6	2,369.5	432.9	30 days	Within 210 days and over 1 year	No
Customer 7	1,758.8	306.4	30 days	Within 240 days	No
Customer 8	1,937.6	22.5	45 days	Within 30 days	No
Customer 9	1,654.6	1,559.7	30 days	Within 360 days and over 1 year	No
Customer 10	1,473.0	750.8	30 days	Within 330 days	No
Customer 11	1,459.4	339.9	30 days	Within 240 days	No
Customer 12	1,292.0	275.9	30 days	Within 180 days	No
Customer 13	1,197.4	883.5	30 days	Within 360 days and over 1 year	No
Customer 14	1,194.4	86.2	30 days	Within 240 days	No
Customer 15	1,135.2	780.1	30 days	Within 360 days	No
Customer 16	992.8	522.3	30 days	Within 360 days and over 1 year	No
Customer 17	990.9	946.2	30 days	Within 360 days and over 1 year	No
Customer 18	813.0	314.0	30 days	Within 360 days and over 1 year	No
Customer 19	758.7	487.9	30 days	Within 360 days and over 1 year	No
Customer 20	742.2	539.7	30 days	Within 360 days and over 1 year	No
Customer 21	536.9	102.5	30 days	Within 360 days and over 1 year	No
Customer 22	501.6	307.5	30 days	Within 360 days and over 1 year	No
Customer 23	497.5	400.6	30 days	Within 360 days	No
Customer 24	446.0	31.1	30 days	Within 90 days	No
Customer 25	445.7	9.3	30 days	Within 120 days	No
Customer 26	438.4	15.9	30 days	Within 120 days	No
Customer 27	431.1	1.2	30 days	Within 150 days	No
Customer 28	408.3	351.0	30 days	Within 360 days and over 1 year	No
Customer 29	400.0	358.6	30 days	Within 360 days and over 1 year	No
Customer 30	395.6	338.6	30 days	Within 360 days and over 1 year	No

Name of Debtor	Ending Outstanding Amount as of the end of 31 December 2024 *(RMB'000)*	Impairment Amount *(RMB'000)*	Credit Period	Aging	Whether Connected Person or not
Customer 31	394.7	57.3	7 days	Within 300 days	No
Customer 32	364.6	–	30 days	Within 60 days	No
Customer 33	356.0	149.9	30 days	Within 210 days	No
Customer 34	349.0	29.1	30 days	Within 150 days	No
Customer 35	309.2	309.2	30 days	Within 360 days and over 1 year	No
Details of customers with balances below RMB300,000 *(Note 1)*	10,898.9	5,053.0	0-30 days	Within 360 days	No
	3,065.0		0-30 days	Over 1 year	No
Total	71,616.5	21,668.4			

Note 1: The details of customers with balances below RMB300,000, due to their large number, small amount, and their amount in aggregate representing only 19.5% of the total amount, are presented separately by aging over 1 year and within 360 days.

As of 31 October 2025, the Company had recovered a total of RMB33.0 million, accounting for 46.1% of the balance of account receivables. The Board considers that diversified and targeted actions are required to recover overdue Trade Receivables. As of the date of this announcement, the measures adopted by the Company include but are not limited to issuing reconciliation letters, collection letters, signing repayment commitment letters with customers, and taking corresponding legal actions (such as issuing lawyer's letters and legal proceedings) as appropriate. The basis for each action and the reasons for handling special cases are as follows:

Basis for conventional actions: Issue of a reconciliation letter may clarify the amount of creditor's rights and debts of both parties, avoid account disputes, and lay the foundation for subsequent collection; the collection letter serves as a formal reminder notice to strengthen the customer's awareness of repayment; and the repayment commitment letter determines the customer's repayment willingness and specific plan in writing, which has a certain binding effect. The Company mainly considers the following factors to distinguish between the "no legal action" and the "legal action taken" based on whether the cooperation period has reached three years or above, the outstanding amount has reached more than RMB300,000, and whether it is still subject to the statute of limitations:

(1) long-term cooperation value of customers (based on whether cooperation has lasted for more than three years and whether cooperation is still ongoing);

(2) the customer's solvency (i.e., by evaluating the customer's business reputation (such as payment collection records in previous years), assets and operating conditions (based on relevant information regularly collected by the Market Management Department, Finance Department and Legal Department)); and

(3) the cost and benefit of taking legal action (based on whether the customer's debts exceed RMB300,000 and whether it can cover the cost of legal action) and the statute of limitations for overdue Trade Receivables.

For overdue Trade Receivables with a cooperation period of less than three years, due to the low weight of strategic considerations for long-term cooperation between the two parties, in order to quickly withdraw funds and reduce the risk of bad debts, the Company has established a "stepped" legal collection system. The first level refers to the collection through a lawyer's letter. A lawyer's letter shall be issued against payments that are more than 90 days overdue, to clarify the consequences and legal responsibilities of overdue payments; the second level refers to the pre-litigation mediation. If the customer does not respond substantively within 15 days after the lawyer's letter is sent, the Legal Department will jointly conduct mediation with the third-party mediation institution to strive to reach a mediation agreement with customer; and the third level refers to the civil litigation. If the mediation fails or the customer refuses to cooperate, a lawsuit shall be filed with the people's court with jurisdiction.

Reasons for not taking legal actions against overdue Trade Receivables with a cooperation period of more than three years: On the one hand, the current overall consumption environment is sluggish, and customers may face periodic operational difficulties. Enforceable legal actions at this stage could exacerbate operational pressure on the customers, and even lead them to lose their repayment capacity, which would ultimately be counterproductive to the recovery of the debt. On the other hand, long-term cooperative customers hold value in terms of market resources and cooperation stability. To preserve the possibility of future continuous collaboration and maintain the long-term strategic partnership between both parties, the Company has not directly initiated litigation proceedings. For new orders from such customers, the Company implements a cash-on-delivery policy to mitigate transaction risks, while continuing its collection efforts on the overdue amounts.

In March 2025, the Company initiated a special civil lawsuit against some overdue Trade Receivables, involving an amount of RMB2.3159 million, and subsequently will initiate legal proceedings in due course according to the collection of overdue Trade Receivables. Except for the overdue Trade Receivables that have been resorted to legal proceedings, the Company has not yet filed a lawsuit against other overdue Trade Receivables for the following reasons:

(1) the current overall consumption environment is sluggish, and customers may face periodic operational difficulties. Enforceable legal actions at this stage could exacerbate operational pressure on the customers, and even lead them to lose their repayment capacity, which would ultimately be counterproductive to the recovery of the debt;

(2) long-term cooperative customers hold value in terms of market resources and cooperation stability. To preserve the possibility of future continuous collaboration and maintain the long-term strategic partnership between both parties, the Company has not directly initiated litigation proceedings;

(3) the above-mentioned overdue Trade Receivables are still within the statute of limitations; and

(4) for new orders from such customers who still have overdue Trade Receivables, the Company implements a cash-on-delivery policy to mitigate transaction risks, while continuing its collection efforts on the overdue amounts.

The following tables further set out the differentiated recovery action plans and key timelines for the recovery of overdue Trade Receivables:

(I) Recovery schedule for overdue Trade Receivables with a cooperation period of less than three years

Action category	Specific measures	Timeline	Responsible department
Basic collection	Dispatching the reconciliation letter for previous month	Full dispatching completed by the 15th of each month	Market Management Department
	Dispatching the formal collection letter	Issue for outstanding payments by the 15th of each month	Market Management Department + Finance Department
	Entering into the repayment commitment letter	Complete within the same month upon the customer expressed his/her repayment intention	Market Management Department + Legal Department
Legal collection	Dispatching a lawyer's letter	Complete within 120 days overdue	Legal Department
	Pre-litigation mediation	Initiate within 15 days after the lawyer's letter being dispatched	Legal Department + Third-party Mediation Institution
	Civil litigation and property preservation	Case materials shall be submitted within 30 days after the conclusion of the mediation	Legal Department

(II) Recovery schedule for overdue Trade Receivables with a cooperation period of more than three years

Action category	Specific measures	Timeline	Responsible department
Routine collection and risk control	Dispatching reconciliation and collection letter	Reconciliation letter shall be issued by the 15th of each month, and collection letter shall be issued by the 25th of each month	Market Management Department
	Entering into repayment commitment letter and following up	Sign within 20 working days upon mutual agreement, and follow up the performance at the end of each month	Market Management Department + Legal Department
	New order risk control	Check with historical debts when consider and approve the orders, and confirm full payment has been received before shipment	Market Management Department + Finance Department
Special incentives and legal plans	Implementation of the policy of "pay in full for the last shipment to receive 90% of the next order (回十發九)"	Implemented from 1 October 2025, goods delivery and debts offset shall be completed within 3 working days after collection	Market Management Department + Finance Department
	Legal risk checking & contingency plan[1] initiation	Risk checking shall be completed by the end of each quarter; Contingency plan shall be initiated within 3 working days if triggering conditions[2] are met	Legal Department

Notes:

1. The plan includes: To develop clear standards and establish an emergency response mechanism for the above-mentioned triggering scenario. The Legal Department, Market Management Department, Finance Department and other departments that need to participate in shall provide assistance based on their respective responsibilities to jointly complete the collection and provision of evidence, risk assessment and report approval, etc., and preserve evidence for relevant debtors. They shall conduct negotiation through lawyer's letter first, and initiate litigation or arbitration procedures if negotiation fails, so as to safeguard the legitimate rights and interests of the Company, and the Finance Department shall adjust the bad debt accrual proportion according to the recovery of the debt. If disclosure is required under the Listing Rules, the Securities Department shall perform the disclosure obligation.

2. Triggering conditions include following four types of situations: "the customer has failed to perform in accordance with the repayment commitment letter for four consecutive months", "there are indications of evading debt obligations by customers, such as asset transfer or business deregistration", "the customer explicitly refuses repayment" and "the statute of limitations is about to expire".

(III) Overall payment collection targets, timeline and safeguard measures

Timeline	Core objectives	Completion	Responsible subject
As of 30 September 2025	Preliminary collection	The payment collected amounted to RMB32.3 million, accounting for 45.2%	Finance Department, Sales Department
31 December 2025	New collection ≥ RMB39 million	–	Sales Department, Legal Department, Finance Department
31 December 2026	Collection ≥RMB50 million	–	Company Management and Sales Department, Legal Department, Finance Department

Details of the key assumptions and basis used in determining the impairment amount

Determination of impairment losses on the Property, Plant and Equipment and the Right-of-use Assets

The Company engaged the Valuer to conduct the valuation on the value in use of selected assets (including the Property, Plant and Equipment and the Right-of-use Assets) of the Company (the "**VIU Valuation**") as of 31 December 2024 (the "**Reference Date**"). The VIU Valuation was performed in accordance with the Hong Kong Accounting Standards ("**HKAS**") 36 – Impairment of Assets, and with reference to the International Valuation Standards issued by the International Valuation Standards Council ("**IVSC**").

According to HKAS 36, a cash-generating unit is "the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets". In this valuation, the cash-generating unit of the Company was identified by the management as the Property, Plant and Equipment, Right-of-use Assets and intangible assets employed in the business of the development, manufacturing and sales of classic Pu'er tea products (the "**CGU of Lancang Tea**").

According to HKAS 36, the VIU Valuation was carried out on a value in use basis, pursuant to which value in use is defined as "the present value of the future cash flows expected to be derived from an asset or cash-generating unit (CGU)". The value in use of the CGU of Lancang Tea was assessed by applying discounted cash flow method under income approach, based on the budget prepared and approved by the management.

According to Articles 4 and 6 of Accounting Standards for Business Enterprises No. 8 – Asset Impairment, an enterprise shall assess at the balance sheet date whether there is an indication that an asset may be impaired. If there is an indication of impairment of an asset, the recoverable amount shall be estimated. In 2023, the Company did not find any evidence of impairment of relevant assets, and did not conduct impairment calculation test on corresponding assets separately. Therefore, there is no corresponding key assumption and input data for the CGU asset portfolio recognition and relevant calculation test in 2023.

The key assumptions and inputs adopted in the VIU Valuation are illustrated as below:

- the CGU of Lancang Tea is assumed to be terminated on 31 January 2042, based on the weighted average of remaining useful life of the selected assets employed;

- the management prepared the five-year cash flow projection (the "**Projection Period**") based on the most recent financial budget, and the cash flow projections beyond the five-year period is extrapolated by applying 2% growth rate for the subsequent years;

- the revenue growth rate ranges from -28.7% to 20.8% during the Projection Period based on management expectation of future business performance and prospects of the CGU of Lancang Tea;

- the net profit margin ranges from -5.7% to 22.1% for the Projection Period, which was determined by the management based on the most recent financial budget and operational and market information in relation to the business of the CGU of Lancang Tea; and

- a pre-tax discount rate of 14.45% was adopted to reflect the business risks including intrinsic and extrinsic uncertainties in relation to the operation of the CGU of Lancang Tea.

Determination of impairment losses on the Trade Receivables

The Valuer has assessed the expected credit loss (ECL) of the Trade Receivables of the Company as of the Reference Date (the "**ECL Assessment**"). The ECL Assessment was performed in accordance with the principles outlined under Hong Kong Financial Reporting Standards 9 — Financial Instruments, which mandates the use of the ECL model, which is forward-looking and incorporates both historical and prospective information to estimate potential losses.

The provision matrix method was adopted in the ECL Assessment of third party trade receivables and other receivables with short-term maturities and sufficient historical transaction data. Under this method, entities typically use a provision matrix, which segments receivables based on aging band and apply historical default rates to each segment, meanwhile, it shall be adjusted according to current and forward-looking macroeconomic conditions. The result therefrom is a forward-looking, risk-adjusted estimate of credit losses, and such estimate shall be systematically applied across the receivables portfolio. As of 31 December 2024, the expected credit losses of the Company are as follows:

Age of Account Receivables	**Trade Receivables as at 31 December 2024 (RMB)**	**Expected Credit Loss (RMB)**
Current	17,036,104	238,267
Up to 90 days past due	16,465,194	1,469,637
Up to 180 days past due	17,300,945	4,840,978
More than 180 days past due	20,814,264	15,119,470
Total	71,616,508	21,668,352

The key assumptions and inputs adopted in the ECL calculation process and valuation are illustrated as below:

(1) Bad debts written off

The provision matrix method involves the definition of an appropriate period of time to analyze the proportion of account receivables written off as bad debts. Based on the best estimation of the management, account receivables unpaid for over 300 days as of the Reference Date have been defined as bad debts in this valuation.

(2) Historical default rate

Based on the provision matrix method, the Valuer has analyzed the historical default rates for the past 5 years based on information provided by the Company, the amount of outstanding account receivables at the end of each time segment could then be determined until the bad debts are written off.

(3) Forward-looking adjustment

Forward-looking adjustment has been applied to the historical loss given default to reflect changes in, among others, economic, regulatory, and technological environments. The forward-looking adjustment factor applied in 2024 was 0.94, which was based on a regression analysis by using Moody's all-rating weighted average probability of default from Moody's Annual Default Study 2024, and GDP & M2 index from Bloomberg's Economic Forecasts of 2025 as key macroeconomic indicators to derive forward-looking adjustment factor.

(4) Specific assumptions as at the Reference Date

As advised by the management, the Group has collected account receivables amounting to RMB19,236,165 between the Reference Date and the reporting date. Thus, the probability of default for this subsequent account receivables recovery is assumed to be 0. The management has provided and reviewed the amount of account receivables after deducting the recoverable amounts, details of which are as below:

Age of Account Receivables	**Trade Receivables as at 31 December 2024 (RMB)**	**Adjusted amount as at 31 December 2024 (RMB)**
Current	17,036,104	9,489,942
Up to 90 days past due	16,465,194	9,912,677
Up to 180 days past due	17,300,945	15,586,627
More than 180 days past due	20,814,264	17,391,098
Total	71,616,508	52,380,343

As of 31 December 2024, the expected credit loss and the loss given default percentage adjusted for the subsequent account receivables recovery and forward-looking estimates are as below:

Age of Trade Receivables	**Expected Credit Loss (RMB)**	**Default Loss Percentage**
Current	238,267	1.4%
Up to 90 days past due	1,469,637	8.9%
Up to 180 days past due	4,840,978	28.0%
More than 180 days past due	15,119,470	72.6%

In determining the recoverable amount and impairment amount of the Group's Trade Receivables as at 31 December 2024 (the Reference Date), the key inputs and assumptions used in the assessment did not experience any material changes as compared with the previous period. The assessment method for the Company's Trade Receivables as at 31 December 2024 (the Reference Date) also did not experience any material changes as compared with the previous period.

The supplemental information set out above does not affect any other information contained in the 2024 Annual Report. Save as disclosed above, all other information contained in the 2024 Annual Report remains unchanged.

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, 15 January 2026

As at the date of this announcement, the Board comprises (i) Ms. Du Chunyi, Mr. Zhou Xinzhong, Ms. Shi Yijing and Mr. Fu Gang as executive Directors; (ii) Mr. Liu Jiajie as a non-executive Director; and (iii) Ms. Huang Lin, Mr. Tang Zhangliang and Dr. Yang Kequan as independent non-executive Directors.