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## **PU'ER LANCIANG 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)**

### **PROFIT WARNING**

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 on The Stock Exchange of Hong Kong Limited (the **"Listing Rules"**) 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).

The board (the **"Board"**) of directors (the **"Directors"**) of the Company would like to inform the shareholders of the Company (the **"Shareholders"**) and potential investors that, based on the preliminary assessment on the unaudited consolidated management accounts of the Group for the year ended 31 December 2024 (the **"Year 2024"** or the **"Reporting Period"**) and the information currently available to the Board, it is expected that the Group will record revenue of approximately RMB360.0 million to RMB370.0 million for the Year 2024, representing a decrease of approximately 30% to 32% as compared to the revenue of RMB527.3 million for the year ended 31 December 2023 (the **"Year 2023"**); and will record a loss attributable to owners of the Company of RMB96.5 million to RMB120.0 million, as compared with a profit attributable to owners of the Company of RMB80.1 million for the Year 2023.

The Board considers that the main reasons for the above changes include: (i) the decline in the Group's revenue, and the relevant fees and expenses have not been adjusted and optimized in a timely manner; (ii) taking into account the financial performance and relevant market environment during the Reporting Period and upholding the prudence principle, the Group increased the provision for impairment of related assets and credits in accordance with the Accounting Standards for Business Enterprises and accounting policies and considered not to recognize the losses of the subsidiaries as deferred income tax assets.

In terms of revenue, due to the slow recovery of terminal consumption resulting in the difficulties in operating offline physical stores, the Group's sales revenue mainly from offline channels was deeply affected by the market environment. In addition, the rapid development of e-commerce and live streaming sales have a great impact on the operation of offline physical stores. In order to balance the comprehensive development of online and offline channels, the Group invested a large amount of resources in online channels during the Reporting Period. In 2024, online promotion and service expenses increased by more than 50% as compared with the same period of last year. However, due to the lack of classification planning and price control of online and offline products, online channels have not achieved significant sales growth, which has further impacted the operation of offline stores. During the Reporting Period, the Group made full use of its brand

advantages and supply chain capabilities to achieve a year-on-year growth of over 150% in sales revenue through the KA channel, and achieved significant breakthroughs in the raw material tea business. However, it was still unable to withstand the slow recovery of the overall market and the impact of online sales, ultimately resulting in a year-on-year decrease of approximately 30% to 32% in the Group's revenue for the Year 2024. In terms of expenses, during the Reporting Period, the Group still maintained a relatively large investment in sales activities such as brand marketing, and investment in marketing promotions and business samples increased by more than 15% year-on-year, but the relevant investment did not yield satisfactory revenue returns.

Taking into account the financial performance and the relevant market environment for the Year 2024 and in accordance with Accounting Standards for Business Enterprises and the relevant accounting policies, upholding the prudence principle, the Group expects to increase the provision for impairment of related assets and credits, including an increase in the Group's provision for bad debts impairment of receivables due to slowdown in the collection of the Group's receivables as a result of a slow recovery in terminal consumption. Concurrently, it will result in the inability to deduct the income tax expenses if no deferred income tax assets for the losses of subsidiaries are recognized. The above-mentioned provision for impairment and non-recognition of deferred income tax assets (if implemented) and other related matters are expected to have an impact on the Group's performance of approximately RMB47.0 million to RMB67.0 million. The Group hereby states that the relevant provision for impairment and non-recognition of deferred income tax assets are both non-cash flow accounting items and do not represent direct cash outflows. The relevant provision for impairment and the financial treatment of deferred income tax assets for the Year 2024 will be recognized in light of the Group's actual condition and under the guidance of the relevant accounting standards and accounting policies.

The Board hereby emphasizes that the information contained in this announcement is only based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the Year 2024 and the information currently available to the Board and has not been reviewed or audited by the audit committee of the Company and independent auditors of the Company.

The results of the Group for the Year 2024 are expected to be announced by the end of March 2025, which may differ from the information provided in this announcement.

**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, 10 March 2025

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