

CONSOLIDATED BALANCE SHEETS**As at 31 December 2025 (Unless otherwise specified, all amounts are in RMB)**

Assets	Closing balance for the current period	Closing balance for the previous period
Current assets:		
Cash and bank balances	77,001,964.54	74,369,559.47
Held-for-trading financial assets		44,428,825.99
Derivative financial assets		
Notes receivable		
Accounts receivable	21,221,596.87	49,948,155.95
Financing with receivables		
Prepayments	16,083,321.10	20,202,229.50
Other receivables	10,883,677.70	20,788,645.85
Including: Interests receivable		
Dividends receivable		
Inventories	893,825,349.49	903,364,560.15
Including: Data resources		
Contract assets		
Assets held-for-sale		
Non-current assets due within one year		
Other current assets	47,759,846.58	3,995,286.66
Total current assets	1,066,775,756.28	1,117,097,263.57
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	12,773,256.41	14,900,280.48
Other equity instrument investments	12,800,000.00	11,968,000.00
Other non-current financial assets		
Investment properties		
Fixed assets	64,426,054.95	56,663,645.28
Construction in progress	1,974,284.49	1,445,547.34
Biological assets for production		
Oil and gas assets		
Right-of-use assets	28,014,511.62	39,116,953.79
Intangible assets	26,290,116.51	25,300,817.48
Including: Data resources		
Development expenses		
Including: Data resources		
Goodwill		
Long-term deferred expenses	6,452,766.58	9,087,036.12
Deferred income tax assets	38,377,171.25	82,045,690.60
Other non-current assets	187,000.00	13,947,580.98
Total non-current assets	191,295,161.81	254,475,552.07
Total assets	1,258,070,918.09	1,371,572,815.64

Liabilities and shareholders' equity	Closing balance for the current period	Closing balance for the previous period
Current liabilities:		
Short-term borrowings	154,287,900.91	189,800,000.00
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		37,000,000.00
Accounts payable	80,325,784.92	105,629,795.72
Receipts in advance		
Contract liabilities	8,737,754.67	26,209,132.36
Salaries payable	15,006,495.21	5,641,468.78
Taxes payable	7,667,208.98	6,427,571.98
Other payables	154,858,289.61	80,382,935.00
Including: Interests payable		
Dividends payable		
Liabilities held-for-sale		
Non-current liabilities due within one year	65,175,109.67	36,467,220.73
Other current liabilities	2,292,160.43	3,407,187.21
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Total current liabilities	488,350,704.40	490,965,311.78
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Non-current liabilities:		
Long-term borrowings	84,000,000.00	95,100,000.00
Debentures payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	40,696,562.53	77,075,891.29
Long-term payables		
Long-term salaries payable		
Projected liabilities	648,046.25	
Deferred income	8,640,157.50	9,801,847.11
Deferred income tax liabilities	2,120,682.14	25,899,994.20
Other non-current liabilities		
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Total non-current liabilities	136,105,448.42	207,877,732.60
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Total liabilities	624,456,152.82	698,843,044.38
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Liabilities and shareholders' equity	Closing balance for the current period	Closing balance for the previous period
Shareholders' equity:		
Share capital	150,000,000.00	126,000,000.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	428,746,561.76	400,510,891.69
Less: Treasury shares		
Other comprehensive income	6,035,000.00	5,327,800.00
Special reserves		
Surplus reserves	49,826,049.24	49,826,049.24
Undistributed profit	-804,689.10	90,200,417.03
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Total shareholders' equity attributable to the parent company	633,802,921.90	671,865,157.96
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Minority interests	-188,156.63	864,613.30
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Total shareholders' equity	633,614,765.27	672,729,771.26
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Total liabilities and shareholders' equity	1,258,070,918.09	1,371,572,815.64
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Consolidated Income Statement

As at 31 December 2025 (Unless otherwise specified, all amounts are in RMB)

Item	Amount for the current period	Amount for the previous period
I. Total operating revenue	218,676,470.93	361,328,110.74
Including: Operating revenue	218,676,470.93	361,328,110.74
II. Total operating costs		
Including: Operating costs	104,207,491.52	161,787,308.15
Taxes and surcharges	3,400,771.89	4,109,619.74
Selling expenses	88,491,456.13	171,796,891.15
Administration expenses	67,308,654.77	77,821,365.02
R&D expenses	3,778,415.09	2,906,977.63
Financial expenses	15,844,436.06	12,672,422.40
Including: Interest expense	11,506,036.37	9,812,034.85
Interest income	199,590.83	681,199.72
Add: Other income	3,018,031.65	2,932,277.63
Investment income (losses are indicated with "-")	-2,236,082.80	1,525,145.77
Including: Gains from investment in associated companies and joint ventures	-1,491,881.87	1,021,852.96
Gains from derecognition of financial assets at amortised cost		
Gains from net exposure to hedging (losses are indicated with "-")		
Gains from changes in fair value (losses are indicated with "-")	-2,607,144.56	1,787,259.43
Impairment losses on credit (losses stated with "-")	-29,070,038.81	-19,114,075.47
Impairment losses on assets (losses stated with "-")	-1,275,174.15	-211,092,288.91
Gains from disposal of assets (losses are indicated with "-")	27,021,627.66	1,466,281.20
III. Operating profit (losses are indicated with "-")	-69,503,535.54	-292,261,873.70
Add: Non-operating income	90,855.64	936,597.39
Less: Non-operating expenses	1,004,217.80	1,974,381.62
IV. Total profits (total losses are indicated with "-")	-70,416,897.70	-293,299,657.93
Less: Income tax expenses	21,201,201.49	15,285,508.43
V. Net profit (net losses are indicated with "-")	-91,618,099.19	-308,585,166.36
Including: Net profit realised by the combined party under common control before combination		
(I) Classified by the continuity of operation		
Net profit from continuing operations (net losses are indicated with "-")	-91,618,099.19	-308,585,166.36
Net profit from discontinued operations (net losses are indicated with "-")		
(II) Classified by the ownership attribution		
Net profit attributable to owners of the parent company (net losses are indicated with "-")	-91,005,106.13	-307,545,181.39
Profit and loss of minority shareholders (net losses are indicated with "-")	-612,993.06	-1,039,984.97

Item	Amount for the current period	Amount for the previous period
VI. Net other comprehensive income after taxes	707,200.00	2,087,600.00
Net other comprehensive income attributable to owners of the parent company after taxes	707,200.00	2,087,600.00
(I) Other comprehensive income that may not be reclassified to profit or loss	707,200.00	2,087,600.00
1. Net changes as a result of remeasurement of defined benefit plan		
2. Other comprehensive income under the equity method that cannot be reclassified to profit or loss		
3. Changes in fair value of other equity instruments investment	707,200.00	2,087,600.00
4. Changes in fair value of the enterprise's own credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss		
1. Other comprehensive income under the equity method that can be reclassified to profit or loss		
2. Changes in fair value of other debt investment		
3. Amount of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Exchange differences from retranslation of financial statements		
7. Investment income from a package disposal of subsidiaries before loss of control		
8. Conversion of other assets to investment properties measured at fair value		
9. Others		
Net other comprehensive income attributable to minority interests after taxes		
VII. Total comprehensive income	-90,910,899.19	-306,497,566.36
Total comprehensive income attributable to owners of the parent company	-90,297,906.13	-305,457,581.39
Total comprehensive income attributable to minority interests	-612,993.06	-1,039,984.97
VIII. Earnings per share:		
(I) Basic earnings per share (RMB per share)	-0.69	-2.44
(II) Diluted earnings per share (RMB per share)	-0.69	-2.44

Notes to the Financial Statements for the Year 2025

I. BASIC INFORMATION OF THE COMPANY

(I) Registration place, organizational form, and headquarters address of the Company

Pu'er Lancang Ancient Tea Co., Ltd. (the “Company”) was formerly known as Lancang County Ancient Tea Company Limited (瀾滄縣古茶有限公司) (“Ancient Tea Limited”). On 23 January 2018, as resolved by a shareholders’ resolution, it was agreed to convert Ancient Tea Limited into a joint stock company through an overall change. According to the sponsor agreement and the articles of association, the Company has registered capital of RMB49.68 million, which was contributed by the promoters through the conversion of net assets held by them as of 31 August 2017, into shares. The Company completed the industrial and commercial registration procedures and was converted into a joint stock company under the PRC laws on 13 February 2018. The H shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 22 December 2023, and it currently holds a business license with the unified social credit code 9153082862288455XW.

After distributions of bonus shares, placements of new shares, capitalization of capital reserves, and issuance of new shares over the years, as of 31 December 2025, the total number of issued shares of the Company was 150 million. The registered address is: Pingzhang Road, West Suburb Hot Spring Community, Menglang Town, Lancang Lahu Ethnic Autonomous County, Pu’er City, Yunnan Province, the PRC. The headquarters address is Pingzhang Road, West Suburb Hot Spring Community, Menglang Town, Lancang Lahu Ethnic Autonomous County, Pu’er City, Yunnan Province, the PRC. The actual controllers are Du Chunyi (杜春嶧) and Wang Juan (王娟).

(II) Nature of business and main operating activities of the Company

The Company operates in the manufacturing industry. Its main products and services include the purchase, production, and sale of Pu’er tea, black tea, and green tea, as well as the sale of tea ware and tea utensils.

II. PREPARATION BASIS OF FINANCIAL STATEMENTS

(I) Basis of preparation of financial statements

The Company recognizes and measures the actual transactions and events in accordance with the Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance and specific Accounting Standards for Business Enterprises, Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (hereinafter collectively referred to as “Accounting Standards for Business Enterprises”), and prepares the financial statements on this basis in combination with the provisions of the China Securities Regulatory Commission’s Rules for the Compilation and Reporting of Information Disclosure by Companies Issuing Securities to the Public No. 15 – General Provisions on Financial Reports (Revised in 2023).

(II) Going concern

As of 31 December 2025, the Company’s total interest-bearing liabilities to financial and non-financial institutions amounted to RMB380,282.7 thousand; 27 bank accounts were frozen, with frozen funds totaling RMB23,064.2 thousand. For the year 2025, the net profit was RMB-91,618.1 thousand, net cash flows from operating activities were RMB-91,696.5 thousand, and revenue decreased by 39.48% as compared to 2024.

In light of the aforesaid, the Company’s management has developed corresponding response plans, including: (1) conducting equity financing through the issuance of new shares to replenish working capital, which has been completed at the current stage; (2) further conducting cost reduction and efficiency enhancement initiatives, focusing on core profitable businesses, and diversifying income sources to improve operating cash flow; (3) strengthening communication and negotiation with creditors and local governments to seek debt extensions and policy support, and promoting the unfreezing of bank accounts. Non-repayment loan renewal contracts have been successively entered into with financial institutions.

Management believes that the gradual implementation of the above measures is expected to improve the Company's financial position, operating results, and cash flows. There is no material uncertainty regarding the Company's ability to continue as a going concern, and the financial statements have been prepared on a going concern basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(I) Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position, operating results, cash flows, and other relevant information during the reporting period.

(II) Changes in significant accounting policies and accounting estimates

1. Changes in accounting policies

Impact of the Implementation of the Notice on Financial Treatment Issues Following the Implementation of the Company Law and the Foreign Investment Law on the Company

The Company has implemented the Notice on Financial Treatment Issues Following the Implementation of the Company Law and the Foreign Investment Law (《關於公司法、外商投資法施行後有關財務處理問題的通知》) starting from 27 June 2025. The implementation of this Notice has no material impact on the financial statements for the reporting period.

2. Changes in accounting estimates

There was no change in the main accounting estimate during the period.

IV. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENT

(The following amounts are in RMB unless otherwise specified, the closing balances are all as of 31 December 2025, the opening balances are all as of 1 January 2025, the end of previous year refers to 31 December 2024.)

Note 1. Cash and bank balances

Items	Closing balance	Opening balance
Cash on hand	2,889.90	2,844.99
Cash in bank	76,169,215.10	73,467,883.83
Other cash and bank balance	829,859.54	898,830.65
Total	77,001,964.54	74,369,559.47

As of 31 December 2025, the breakdown of our restricted cash and bank balances are listed as follows:

Items	Closing balance	Opening balance
Bill deposit		9,000,000.00
Judicial frozen funds	23,064,163.39	
Total	23,064,163.39	9,000,000.00

Note 2. Accounts receivable

1. By age

The Group typically grants customers a credit period of 15 to 60 days. An aging analysis of total

3. Changes in provision for bad debts in current period

Categories	Opening balance	Accrual	Changes		Closing balance
			Recovery or reversal	Write-off	
Provision for bad debts made on an individual basis					
Provision for bad debts made on a collective basis	21,668,351.95	13,175,204.68		316,419.35	34,527,137.28
Including: Aging portfolio	21,668,351.95	13,175,204.68		316,419.35	34,527,137.28
Total	21,668,351.95	13,175,204.68		316,419.35	34,527,137.28

Note 3. Prepayments

1. By age

Age	Closing balance		Opening balance	
	Amount	Proportion to total (%)	Amount	Proportion to total (%)
Within 1 year	9,852,325.10	31.70	24,200,586.13	68.75
1-2 years	10,615,394.13	34.15	10,994,123.83	31.23
2-3 years	10,615,601.87	34.15	5,000.00	0.01
Over 3 years			2,519.54	0.01
Subtotal	31,083,321.10	100.00	35,202,229.50	100.00
Less: Provision for bad debts	15,000,000.00		15,000,000.00	
Total	16,083,321.10		20,202,229.50	

Note 4. Inventories

1. Classification of inventories

Items	Closing balance			Opening balance		
	Book balance	Provision for write-down	Carrying amount	Book balance	Provision for write-down	Carrying amount
Raw materials	102,669,191.15		102,669,191.15	117,877,479.49		117,877,479.49
Work in process	142,714,535.24		142,714,535.24	163,749,324.59		163,749,324.59
Semi-finished goods	207,529,984.50		207,529,984.50	182,442,832.15		182,442,832.15
Goods on hand	418,365,572.04	6,446,955.19	411,918,616.85	432,782,473.72	8,802,610.72	423,979,863.00
Delivered goods	16,103,378.23		16,103,378.23	115,655.00		115,655.00
Commissioned processing materials	4,801,424.77		4,801,424.77	3,022,884.57		3,022,884.57
Turnover materials	8,088,218.75		8,088,218.75	12,176,521.35		12,176,521.35
Total	900,272,304.68	6,446,955.19	893,825,349.49	912,167,170.87	8,802,610.72	903,364,560.15

Note 5. Accounts Payable

An aging analysis of trade payables and bills payables, based on invoice dates, is presented below:

Age	Closing balance	Opening balance
0-30 days	11,191,363.60	15,844,289.64
31-180 days	20,910,393.82	55,903,492.60
181-365 days	10,499,660.35	28,117,972.43
Over one year	37,724,367.15	5,764,041.05
Total	80,325,784.92	105,629,795.72

Note 6. Taxes Payable

Tax Items	Closing balance	Opening balance
Value-added tax	5,993,764.77	2,136,814.73
Enterprise income tax	293.96	2,152,180.42
Individual income tax	35,253.51	1,156,846.04
Urban maintenance & construction tax	377,134.59	98,075.92
Property tax	665,880.25	510,043.84
Land use tax	121,710.25	184,415.40
Resource tax	1,014.30	
Education surcharge	268,426.10	75,858.59
Stamp duty	125,667.16	113,337.04
Disability employment security funds	78,064.09	
Total	7,667,208.98	6,427,571.98

Note 7. Share Capital

Items	Opening balance	Changes during the period (“+” for increase and “-” for decrease)					Closing balance
		New shares issued	Share donation	Conversion of reserves into shares	Others	Sub-total	
Total shares	126,000,000.00	24,000,000.00				24,000,000.00	150,000,000.00

Description of changes in share capital:

On 25 July 2025, the Company entered into a share subscription agreement with four subscribers, namely Mr. YEUNG Hin Ming Bosco, DYCAPITALPTE.LTD, ONETREASURELIMITED, and FYGROUPLTD. On 25 July 2025, the Company convened a board meeting and approved the resolutions related to this issuance. The Company has issued 24,000,000 H shares to the aforementioned four subscribers via a private placement at a subscription price of HK\$2.46 per share, with the shares listed and issued on 30 September 2025. The difference of HK\$29,975,893.20 between the actual net proceeds from this issuance and the increase in registered capital has been credited to capital reserves – share premium.

Note 8. Operating Income/Operating Cost**1. Details of operating income and operating cost**

Items	Current period cumulative		Preceding period cumulative	
	Revenue	Cost	Revenue	Cost
Main operations	213,548,762.68	100,558,070.47	352,576,222.98	157,784,276.50
Other operations	5,127,708.25	3,649,421.05	8,751,887.76	4,003,031.65
Total	218,676,470.93	104,207,491.52	361,328,110.74	161,787,308.15

Note 9. Credit impairment loss

Items	Current period cumulative	Preceding period cumulative
Bad debts of accounts receivables	-13,175,204.68	-17,548,275.23
Losses on bad debts of other receivables	-15,894,834.13	-1,565,800.24
Total	-29,070,038.81	-19,114,075.47

Note 10. Assets impairment loss

Items	Current period cumulative	Preceding period cumulative
Inventory write-down loss	-793,405.08	-7,407,811.99
Impairment losses on prepayments		-15,000,000.00
Impairment losses on fixed assets		-79,888,117.54
Impairment losses on construction in progress		-2,038,027.30
Impairment losses on right-of-use assets		-58,230,772.58
Impairment losses on intangible assets		-35,670,748.99
Impairment losses on long-term prepayments		-12,856,810.51
Impairment losses on goodwill	-481,769.07	
Total	-1,275,174.15	-211,092,288.91

Note 11. Gains on assets disposal

Items	Current period cumulative	Preceding period cumulative
Gains/losses on disposal of fixed assets	-3,461.85	-210,012.93
Gains/losses on disposal of right-of-use assets	27,025,089.51	1,676,294.13
Total	27,021,627.66	1,466,281.20

V. DIVIDEND

Items	Amount for the current period	Amount for the previous period
Proposed final dividend	—	—

No dividend was proposed for ordinary shareholders of the Company during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period.

VI. EARNINGS PER SHARE

Item	Amount for the current period	Amount for the previous period
Net profit attributable to ordinary shareholders of the Company	-91,005,106.13	-307,545,181.39
Weighted average number of ordinary shares issued by the parent company	132,000,000.00	126,000,000.00
Basic earnings per share	-0.69	-2.44
Diluted earnings per share	-0.69	-2.44

The basic loss per share for the year ended 31 December 2025 was a loss of RMB0.69.

VII. FIRST-TIME ADOPTION ADJUSTMENTS FOR CONVERSION FROM HONG KONG FINANCIAL REPORTING STANDARDS TO CHINA ACCOUNTING STANDARDS

Since the Group's main operations are in the Chinese mainland, and to improve operational efficiency, the Board has resolved to use the Accounting Standards for Business Enterprises of China for preparing financial statements and disclosing related financial information, starting with the annual report for the year ended 31 December 2025. The adjustments to opening balances and comparative financial statements resulting from the conversion to the accounting standards consist solely of reclassifications of financial statement line items and do not affect the Group's net assets or total profit and net profit for the comparative periods.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

MARKET OVERVIEW

In 2025, the overall consumer market showed a “slow recovery” amid a complex global economic environment and rising geopolitical uncertainties, and consumer confidence will take time to improve. In 2025, China’s total retail sales of consumer goods reached approximately RMB50.1 trillion, representing a year-on-year increase of 3.7%, which was slightly slower than the growth recorded in 2024; the annual consumer price index (CPI) was flat year-on-year (0%), remaining basically unchanged from 2024, while prices of food, tobacco, and alcohol declined by 0.7% year-on-year.

Affected by macroeconomic factors such as weak consumer confidence and China’s structural economic transformation, the consumer market, particularly the tea consumption sector, has faced rising costs of online customer acquisition and intensified competition in offline channels, and the following new developments have emerged: First, the rapid rise of on-demand retail is reshaping the “people, goods, and venue” model, with an annual market size approaching RMB1 trillion. “Minute-level delivery” is becoming a consumer habit. Some key accounts (KA), such as membership-based supermarkets, have successfully attracted large numbers of consumers by offering high-quality products, differentiated services, and fast delivery. Second, driven by both service consumption and new consumption models, service retail sales increased by 5.5% year-on-year, accounting for over 46% of household consumption expenditure. Experience-based service sectors, such as cultural tourism, healthcare, and green consumption, performed particularly well, while new consumption formats, including new-style tea beverages and tea-themed cultural tourism, expanded rapidly. Third, the release of consumption potential among segmented consumer groups, such as the strong growth of the silver economy and the rise of China-chic culture, combined with increasing attention paid by other consumer groups to the health benefits and traditional cultural significance of tea, is creating new growth opportunities for the consumer market, particularly the tea market.

According to the China Tea Marketing Association, in 2024, total domestic sales in China’s tea market reached RMB325.755 billion, while export sales amounted to US\$1.419 billion. Overall, the market remained stable but showed signs of adjustment. Specifically, total domestic tea sales value decreased by RMB8.917 billion compared with 2023, representing a decline of approximately 2.66%, while total domestic sales volume increased by 0.35% year-on-year. The average domestic selling price across all tea categories fell by 3.01%, although the price of dark tea, including Pu’er tea, rose by 3.14% year-on-year. From a long-term perspective, underpinned by consumers’ growing focus on healthy living and the ongoing promotion and popularization of Chinese tea culture, as well as emerging drivers such as the robust growth of freshly brewed tea, the rapid expansion of ready-to-drink tea, the accelerated development of tea-themed tourism, and the coordinated advancement of the tea industry, China’s tea industry is expected to demonstrate significant market potential and promising growth prospects.

Note: Certain comparative figures for the year ended 31 December 2024 presented under the “Management Discussion and Analysis” section may differ from those previously disclosed in the Company’s 2024 annual results announcement and/or annual report. Such differences arise solely from the Group’s adoption of the China Accounting Standards for Business Enterprises with effect from the annual report for the year ended 31 December 2025, pursuant to which certain financial statement line items have been reclassified. For further details, please refer to “Notes to the Financial Statements for the Year 2025 – VII. FIRST-TIME ADOPTION ADJUSTMENTS FOR CONVERSION FROM HONG KONG FINANCIAL REPORTING STANDARDS TO CHINA ACCOUNTING STANDARDS” in this announcement.

OVERALL BUSINESS PERFORMANCE

With stringent quality requirements running through the entire industrial chain, the Company is among the very few tea companies in China experienced in raw material management, product development, production, end-customer reach, and membership services. The history of branding of the Company can be traced back to 1966, when the Jingmai Mountain Tea Workshop (景邁茶訓班) was established in Jingmai Mountain, and Ms. Du Chunyi, the Chairlady of the Board, was an important member of the tea workshop. Over the decades of dedicated cultivation and sustained development, the Company has developed strong and stable partnerships with key local raw material suppliers, and marketed Pu'er tea products made from rough tea leaves from Jingmai Mountain throughout China. By taking advantage of the opportunity of the Cultural Landscape of Old Tea Forests of Jingmai Mountain in Pu'er being inscribed onto the World Heritage list as the world's first tea-themed cultural heritage site, the Company will continue to drive the development of the tea industry and promote tea culture more effectively.

In 2025, the Company remained focused on its core business while actively promoting the tea industry and tea culture. During the year, it was designated as a “National Key Leading Enterprise in Agricultural Industrialization (農業產業化國家重點龍頭企業)” by the Ministry of Agriculture and Rural Affairs of China. It was also recognized as a “2025 Leading Enterprise in the Pu'er Tea Industry Contributing to Rural Revitalization (2025 普洱茶行業助力鄉村振興龍頭企業)” by the China Tea Marketing Association and received the “Award for Outstanding Contributions to the Chinese Red Cross Cause (對中國紅十字事業做出重要貢獻獎)” from the Red Cross Society of China. In the same year, the Company's products received the “STC Certified” Mark (STC優質“正”印認證), an international quality certification mark issued by the Hong Kong Certification Centre, and Dinghe Jingmai 001 (鼎和景邁001) was selected for inclusion in the “Panda Guide China High-quality Ingredients List (熊貓指南中國優質食材榜單)”. In addition, several outstanding employees received national, ministerial, and provincial-level honors, reflecting the government and society's recognition of the Company's active fulfillment of its social responsibilities.

In the 2025 Financial Year, the Group's operating revenue and net loss amounted to RMB218.7 million and RMB91.6 million, respectively, representing a decrease of 39.5% as compared to the operating revenue of RMB361.3 million and a decrease of 70.3% as compared to the net loss of RMB308.6 million for the 2024 Financial Year, respectively. Despite a decline in revenue for 2025, the Company reported a substantial reduction in net loss, primarily attributable to:

Firstly, the decline in revenue was attributable to the sluggish market recovery and the challenges faced by offline physical stores due to weak consumer spending.

Secondly, the reduction in net loss is attributable to: (i) a significant decrease in the Group's asset impairment loss, as confirmed by evaluation and audit procedures, which dropped from RMB211.1 million in 2024 to RMB1.3 million in 2025; (ii) a decrease in costs and expenses as a result of the Group's implementation of cost-reduction and efficiency-improvement measures. Despite the revenue decline in 2025, the Group implemented a series of cost-reduction and efficiency-improvement measures, which resulted in a 35.6% decline in operating costs and a concurrent reduction in overall expenses, including a 48.5% decrease in sales expenses. For details, please refer to the section headed “Overall Business Performance” under “Management Discussion and Analysis” of this announcement.

The decline in operating revenue was partly attributable to the sluggish market recovery and the challenges faced by offline physical stores due to weak consumer spending, particularly reflected in a decrease of 66.9% in revenue for the Company's offline physical distributors. On the other hand, the Company mainly relied on offline physical stores for product sales, and the rapid expansion of online e-commerce and live-streaming sales has significantly impacted the operations of offline physical stores. In recent years, white-label products have rapidly leveraged market supply chain resources and competitive pricing, successfully attracting some consumers and further undermining the operations and sales of branded products.

To address the aforementioned operational challenges, during the Reporting Period, the Company proactively adjusted its marketing strategy. In response to high online traffic conversion costs and competitive pressures from low-priced products, it gradually implemented differentiated product and pricing strategies for online and offline channels, while actively reducing online promotion expenses. Although online sales revenue declined by 30.3% in 2025, promotional and service costs decreased by 59.8% compared to the same period in 2024. For offline channels, considering the operational difficulties of offline physical stores, the Company provided more flexible support in the collection of accounts receivable and, through sales policies such as issuing pickup vouchers, encouraged inventory uptake and enhanced end-consumer promotions. These supportive sales policies partially eased stores' operating pressures. However, due to macroeconomic factors and industry adjustments, revenue from offline channels, particularly distributors' physical stores, still declined significantly.

It is worth mentioning that during the Reporting Period, the Company closely followed the development trend of KA customers, fully utilized its brand advantages, product design and development capabilities and abundant raw material reserves, and focused on acquiring membership-based supermarkets and well-known production enterprises of tea drinks. In the 2025 Financial Year, the total operating revenue from key account channels amounted to RMB55.0 million, representing an increase of 1.0% as compared to the same period in 2024.

BUSINESS PERFORMANCE OF SUBBRANDS AND PRODUCT LINES

The history of branding of Lan Cang Gu Cha (瀾滄古茶) can be traced back to 1966, making it 59 years old. Based on the core brand of Lan Cang Gu Cha, we have developed and structured three product lines, namely 1966, Tea Mama (茶媽媽) and Iland Tea (岩冷) to satisfy diversified consumption scenarios, ranging from daily drinking experience to business banquet, as well as solo drinking to sharing with friends.

Our classic 1966 series focused on the development, manufacturing and sales of classic Pu'er tea leaf products, under which we have a large number of successful product developments and continuous iterations. Serving as the bedrock of the business of the Company, in the 2025 Financial Year, 1966 series achieved operating revenue of RMB120.0 million, accounting for 54.9% of the operating revenue in 2025, representing a decrease of 47.3% as compared with the 2024 Financial Year. Tea Mama and Iland Tea are different from the classic 1966 series, which are more youthful, popular and portable. The Company has capitalised on its rich product development experience in Pu'er tea and applied it to other types of teas, such as black tea, white tea and flavored tea, enriching the product portfolio. In the 2025 Financial Year, Tea Mama and Iland Tea series achieved a total revenue of RMB68.4 million, accounting for 31.3% of the operating revenue in the 2025 Financial Year, representing a decrease of 41.6% as compared with the 2024 Financial Year. During the Reporting Period, the sales revenue of 1966, Tea Mama and Iland Tea decreased as compared with that of the 2024 Financial Year due to factors such as the slow recovery of the consumer market, among which the 1966 Series products were mainly sold through offline physical stores, and therefore were more significantly affected by the offline consumer market environment, resulting in a relatively larger decrease in revenue.

During the Reporting Period, in addition to the sales of 1966, Tea Mama and Iland Tea series, in light of the recent development trends in the tea industry, particularly the rapid growth of freshly made tea and ready-to-drink tea products, the Company effectively utilized its supply chain resources and integration capabilities to provide high-quality raw tea tailored to customer needs, assisting them in producing tea-related beverages. In the 2025 Financial Year, the Company's raw tea achieved sales revenue of RMB14.99 million.

BUSINESS PERFORMANCE OF OUR DISTRIBUTION NETWORK

The Company has developed a multi-level sales network that integrates both online and offline channels, promoting direct sales and distribution. For offline sales, we primarily sold products to end consumers through offline physical stores operated by distributors and our self-operated stores. In terms of online sales, we primarily sold products on platforms such as Tmall and JD.com, along with live-streaming e-commerce platforms such as Douyin. It is worth mentioning that the Company has recently expanded its sales network to include key account channels, which consist mainly of hypermarket chains, well-known tea beverage manufacturers, and platform-operated online stores. Hypermarket chains, particularly membership-based supermarkets, have attracted a larger consumer base with high consumer stickiness and increasing sales scale in recent years due to their advantages in product selection, service quality, and cost-effectiveness.

As of 31 December 2025, the Group had a total of 441 offline stores, among which 18 were self-operated stores and 423 were distributor-operated stores. In the 2025 Financial Year, our sales revenues from distributors, direct sale customers and key account channels were RMB60.0 million, RMB37.2 million and RMB66.3 million, respectively, achieving changes of -66.86%, -8.68% and 9.97%, respectively as compared with the 2024 Financial Year. Among them, the sales revenue from distributors decreased significantly, mainly because distributors sold products through offline physical stores, which were significantly impacted by the weak consumer spending and the operations of online channels; the Company's sales to direct sale customers were also accomplished through offline physical stores, facing similar sales problems to that of distributors, thus recorded a decrease in operating revenue for the Reporting Period.

In terms of online sales, on major e-commerce platforms such as Tmall, JD.com, Douyin, WeChat, etc., the Company not only built online stores, but also conducted live-streaming sales at the same time on major e-commerce platforms. In recent years, with the rapid development of e-commerce platforms and the live-streaming industry, many tea industry enterprises have continued to increase investment in online channels in order to enhance brand publicity and promote online sales growth, and online channels are fiercely competitive. At the same time, white brand enterprises in the tea industry have also quickly completed terminal sales through online channels, which has improved the overall publicity of the tea industry. However, the uneven product quality and extremely low product prices of individual white brand enterprises have further intensified the competition in the industry and affected the overall orderly development of the industry. In the 2025 Financial Year, the Company's online sales achieved operating revenue of RMB55.2 million, representing a decrease of 30.3% as compared to the same period last year. Due to the comprehensive impact of online competition, proactive reduction of costs and other factors, the operating and promotion expenses we invested in online e-commerce during the Reporting Period were RMB15.1 million, representing a decrease of 59.84% as compared to the same period last year.

Our key account channels mainly include hypermarket chains, well-known tea beverage manufacturers and platform-operated online stores, which have good reputations and large-scale operations. In particular, some membership-based supermarkets, due to their uniqueness and differentiation in product selection, display and member services, have resulted in high member stickiness and continued increase in sales scale. Since the introduction of key accounts in 2020, we have continuously expanded the sales scale to key accounts, benefitting from the Company's improving brand awareness, increasing product development capabilities, supply capabilities and supporting service capabilities. Thanks to the Company's abundant inventory reserves and outstanding raw material procurement capabilities, and the impact of positive events in the industry such as the success of Jingmai Mountain's application for inclusion in World Heritage Sites, the Company was able to provide high-quality raw leaf tea for large-scale beverage manufacturers during the Reporting Period to help them produce tea-related high-quality beverage products. In the 2025 Financial Year, the sales revenue from key accounts reached RMB66.3 million, representing an increase of 10.0% as compared with the 2024 Financial Year, showing a significant channel growth rate and a great development potential.

OUTLOOK AND FUTURE PLANS

China, with its time-honored tea culture, is now the world's largest producer and consumer of tea. In recent years, the industry has been innovating in products and consumption scenarios on the supply side, while consumers are increasingly focusing on healthy lifestyles. From a long-term development perspective, we remain optimistic about the growth of the Pu'er tea market and the Chinese tea industry. However, despite the significant expansion in the scale of China's tea market, it still faces challenges, including strong cyclicity, a fragmented market structure, low product standardization, high costs across online and offline channels, and instability in raw material supply and quality. Tea companies should seize future trends, including health and wellness, younger consumer engagement, and brand elevation, to build their core competitiveness in the new consumption era.

Based on our medium – to long-term outlook for the tea industry, and in response to the current weak, volatile market environment and consumption trends, management has taken proactive steps to refine our transformation strategy, further positioning the Company as a consumer-driven tea brand retailer and a solutions-oriented producer of tea-based industrial products, steadily advancing the development of our Lan Cang Gu Cha teahouses with a focus on ripe Pu'er tea as the core offering, and implementing systematic price stabilization measures, to create diversified growth pathways, help the Company navigate current challenges, and secure its sustainable long-term development.

In its strategic transformation toward becoming a consumer goods retailer, the Company will identify core target customer bases, including professional tea enthusiasts, general tea consumers, tea gift purchasers and bulk procurement clients, to address critical pain points such as non-specialized store operations, a fragmented market pricing system, overreliance on private-domain brand promotion with limited reach, high operating costs and low efficiency. Systematically, the Company will implement four key initiatives: first, specializing store operations and focusing on core product categories to enhance the consumer experience; second, developing an integrated promotion system that combines public – and private-domain traffic to broaden brand reach; third, executing a dual-brand differentiation strategy to more precisely meet diverse customer needs; and fourth, establishing a unified pricing framework across all channels to standardize market order and strengthen consumer trust. Leveraging four main marketing platforms, including offline specialty stores, e-commerce platforms and live-streaming matrices, core channel counters and bulk procurement channels, the Company will steadily advance its four major transformation objectives: achieving omnichannel price consistency, driving scalable growth in core categories such as ripe Pu’er tea, systematic brand building and improving cost-efficiency across the value chain, thereby reinforcing the foundation for its consumer retail transformation.

In its transformation toward becoming an industrial product manufacturer, the Company will precisely target four core customer segments, including general tea consumers, custom tea gift clients, reselling clients and raw material procurement clients, to address critical pain points such as high production costs, delays in sample delivery and suboptimal factory audit performance. Through measures including stringent quality control, optimized packaging systems, refined cost management and accelerated sample delivery, the Company will leverage three primary supply channels including self-operated retail stores, tea base supply for new-style tea beverage brands and raw material supply for bottled tea drinks to comprehensively upgrade and renovate the production system, reduce costs and improve efficiency across the process, establish a rapid sample delivery mechanism and intensify the development of core channels. With these efforts, the Company strive to effectively address key transformation challenges and steadily advance toward a standardized, scalable and efficient industrial manufacturing model.

On the product front, the Company will adopt a strategy centered on “precise customer alignment and synergistic product portfolio management”, and will establish a comprehensive product framework that covers collection, daily drinking, trendy and experiential scenarios. This will be achieved through differentiated positioning and supply models to enhance overall competitiveness. Specifically, the classic collection segment, anchored by the “Lan Cang Gu Cha 1966” brand, targets collectors with traditionally crafted Pu’er teas that “improve with age”, adopting a production-to-order model to control volume and stabilize prices, thereby supporting secondary market value appreciation and reinforcing its premium positioning; the mass drinking segment leverages core brands to serve general tea consumers with consumable teas supported by a demand-driven, flexible supply chain and stable pricing, while innovating around “Scientific Pu’er” concepts to deepen consumer engagement; the trendy diversified segment builds on brand influence to offer fashionable teas, herbal blends and peripheral merchandise, meeting the one-stop needs of trend-conscious consumers through agile product iteration that expands reach and complements core product offerings; and the experiential segment uses tea-tasting centers to build trust across customer groups through professional services, achieving self-sustaining operations that lower costs and create an “experience-trust-purchase” cycle that drives promotion of the full product portfolio. Together, these initiatives form a holistic development approach of iconic in premium, anchored in mass, complementary in trendy and driven by experience, enabling more precise customer alignment and strengthening the Company’s competitive edge.

Since the inception of the Lan Cang Gu Cha brand history in 1966, the Company and its team have been able to move forward in the face of numerous market fluctuations and risks. With the control of high-quality raw material resources, sufficient stock reserves and continuous innovation in production technology, as well as the adherence to the goal of providing consumers with high-quality and healthy products, Lan Cang Gu Cha has successfully broken through difficulties again and again. The year 2026 will usher in the important milestone of the brand's 60th anniversary. Based on the profound heritage and core competitiveness accumulated in the past, the Company firmly believes that the brand not only has a solid foundation for sustainable development, but also has the ability to stand out in the fierce market competition and win the trust and support of more consumers.

FINANCIAL REVIEW

REVENUE

REVENUE CONTRIBUTED FROM	Year ended December 31			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Lan Cang Gu Cha-1966	119,995	54.9%	227,596	63.0%
Lan Cang Gu Cha-Tea Mama and Iland Tea	68,407	31.3%	117,048	32.4%
Other services and products	30,274	13.8%	16,684	4.6%
Total revenue	218,676	100%	361,328	100%

In the 2025 Financial Year, the Group generated revenue of RMB218.7 million, representing a decrease of RMB142.6 million, as compared to RMB361.3 million in the 2024 Financial Year, with a decline rate of 39.5%. The decline was primarily due to the slow recovery of end-consumer demand and operational pressures on offline physical stores. The Group's core product, the Lan Cang Gu Cha – 1966 series, which relies on offline channels for sales, saw a significant year-over-year decline in revenue. During the Reporting Period, the Company completed the planning of online and offline product categorization and implemented comprehensive price controls across all channels, thereby stabilizing the market pricing system. Other business

Cost of sales

In the 2025 Financial Year, the Group's selling expenses amounted to RMB88.5 million, representing a decrease of RMB83.3 million as compared to RMB171.8 million in the 2024 Financial Year, with a decline rate of 48.5%. This was primarily due to the Company's comprehensive implementation of cost-cutting and efficiency-enhancing measures during the Reporting Period, including the optimization of marketing strategies, shifting from large-scale online advertising to targeted operations, which significantly reduced advertising, promotional, and e-commerce platform service expenses; Simultaneously, the optimization of the workforce structure led to a corresponding decrease in employee compensation, and the closure of unprofitable stores and optimization of leased premises resulted in a significant reduction in depreciation and amortization expenses. Additionally, various expenses such as tea product and tea board fees, as well as low-value consumables, were strictly controlled and reduced, collectively driving a significant decline in selling expenses.

Administrative expenses

In the 2025 Financial Year, the Group's administrative expenses amounted to RMB67.3 million, representing a decrease of RMB10.5 million from RMB77.8 million in the 2024 Financial Year, with a decline rate of 13.5%. This was primarily due to the Company's ongoing efforts to reduce costs and improve efficiency, including optimizing its workforce structure, which led to a corresponding decrease in employee compensation. Additionally, depreciation and amortization expenses decreased significantly, and the Company strictly controlled office expenses and various administrative expenditures, resulting in effective management of overall administrative expenses.

OTHER INCOME

In the 2025 Financial Year, the Group's other income amounted to RMB3.0 million, representing an increase of RMB0.1 million as compared to RMB2.9 million in the 2024 Financial Year, which shows a slight growth trend as a whole, primarily attributable to the amortization amount of deferred income related to assets has increased year-on-year and the addition of various government support funds such as patent subsidies, rewards for new enterprises above the designated level, and exhibition subsidies at the same time. All these related subsidies have remained stable overall, jointly driving a slight increase in the scale of other income.

INVESTMENT INCOME

In the 2025 Financial Year, the Group's investment income amounted to RMB-2.2 million, representing a shift from profit to loss as compared to RMB1.5 million in the 2024 Financial Year, primarily attributable to the decrease in relevant income and loss from investment disposal and debt restructuring.

CREDIT IMPAIRMENT LOSS

The Group's credit impairment loss increased by RMB10.0 million from RMB19.1 million in the 2024 Financial Year to RMB29.1 million in the 2025 Financial Year, primarily due to the year-on-year increase in accounts receivables and bad debts of accounts receivables.

ASSETS IMPAIRMENT LOSS

The Group's assets impairment loss decreased from a loss of RMB211.1 million in the 2024 Financial Year to a loss of RMB1.3 million in the 2025 Financial Year, primarily due to the fact that a number of asset impairment provisions were made based on the prudent judgment of the Company's future operating conditions in the Previous Period, and no large impairment loss was required after asset evaluation in the current Period.

GAINS ON ASSETS DISPOSAL

The Group's gains on assets disposal increased from RMB1.5 million for the year ended 31 December 2024 to RMB27.0 million for the year ended 31 December 2025, primarily due to the growth of disposal gains incurred by the termination of leasing relevant assets and derecognized use-of-rights assets in the current Period.

TOTAL PROFIT AND NET PROFIT

The Group's total profit was a loss of RMB293.3 million and net profit was a loss of RMB308.6 million in the 2024 Financial Year, narrowing to a loss of RMB70.4 million and a loss of RMB91.6 million in the 2025 Financial Year, primarily due to the significant decrease in impairment loss of assets, effective control of various costs and the implementation of increasing profitability through cost reduction.

CASH AND BANK BALANCES

The Group financed our operations principally with cash generated by our operating activities, bank borrowings and capital contributions. The Group's cash and bank balances increased from RMB74.4 million as at 31 December 2024 to RMB77.0 million as at 31 December 2025. The increase of RMB2.6 million was primarily due to the decrease in sales receipts as a result of revenue decrease and reducing cash inflows, strict control was exercised over procurement and various expense expenditures, ensuring that the scale of net cash outflow from operations was controllable; in terms of investment, significant reductions were made in the purchase and construction of long-term assets as well as external investments, resulting in a notable narrowing of the net cash outflow from investment; in terms of financing, achieving substantial net cash inflows through fund-raising and obtaining bank loans, which is the comprehensive effect of various cash flows.

RECEIVABLES

The Group's receivables decreased from RMB49.9 million as at 31 December 2024 to RMB21.2 million as at 31 December 2025. The decrease of RMB28.7 million was primarily due to the decrease in the balance of accounts receivable of the Group, while the scale of long-term accounts receivable increased, resulting in a corresponding increase in the provision for bad debts, which significantly reduced the net amount of accounts receivable.

PREPAYMENTS

The Group's prepayments decreased from RMB20.2 million as at 31 December 2024 to RMB16.1 million as at 31 December 2025. The decrease of RMB4.1 million was primarily due to the decrease in the balance of the Group's prepayments.

INVENTORIES

The Group's inventory decreased from RMB903.4 million as at 31 December 2024 to RMB893.8 million as at 31 December 2025. The decrease of RMB9.6 million was primarily due to the Group's decrease in purchasing raw materials as it focused on depleting inventory in the current Period.

CURRENT ASSETS

The Group's current assets decreased from RMB1,117.1 million as at 31 December 2024 to RMB1,066.8 million as at 31 December 2025. The decrease of RMB50.3 million was primarily due to the overall impact of the decrease in accounts payable, prepayments and other receivables and the slight decrease in inventory.

LIQUIDITY AND CAPITAL RESOURCES

The Group financed our operations principally with cash generated by its operating activities, bank borrowings and capital contributions. The Group's cash and bank balances decreased from RMB1,167.1 million as at 31 December 2024 to RMB1,167.1 million as at 31 December 2025. The decrease of RMB0.0 million was primarily due to the overall impact of the decrease in accounts payable, prepayments and other receivables and the slight decrease in inventory.

CONTINGENT LIABILITIES

Pending proceeding or arbitration of contingencies and their financial implications

In July 2025, Hebei Huaen Trading Co., Ltd. (河北華恩商貿有限公司) (hereinafter referred to as “**Hebei Company**”) sued Guangzhou Minghui Technology Co., Ltd. (廣州茗薈科技有限公司) (hereinafter referred to as “**Minghui Company**”) to the People’s Court of Yuhua District, Shijiazhuang for a dispute on the sales and purchase contract, requesting Minghui Company to pay a total of RMB35.24 million, including a product order payment of RMB30 million and liquidated damages. As Guangzhou Kangrui Lancang Ancient Tea Co., Ltd. (hereinafter referred to as “**Guangzhou Kangrui**”), a wholly-owned subsidiary of the Company, issued a power of attorney related to the product to Minghui Company in June 2024, and the Company is the sole shareholder of Guangzhou Kangrui, Guangzhou Kangrui and the Company were listed as one of the defendants to bear joint and several liability. Due to the lawsuit, certain bank accounts of the Company and its subsidiary, Guangzhou Kangrui, are still frozen. As of the date of approval for issuance of this financial statement, this case has not yet been heard in court.

Except for the above contingencies, as at 31 December 2025, the Company had no other significant contingencies that should be disclosed but has not been disclosed.

Significant Commitments

1. Lease contracts signed and implementing or proposed to implement and their financial impacts

As of 31 December 2025, the payable amount for the irrevocable operating lease under the property lease contract signed by the Company is RMB67,294,358.52.

2. Other significant financial commitments

Pledge of assets

As of 31 December 2025, the Company has obtained financing borrowings from financial institutions using inventory products with a carrying amount of RMB13,533,715.51, fixed assets of RMB60,483,390.50 and intangible assets of RMB8,372,122.76 as collateral.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As of 31 December 2025, the Company had no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of 31 December 2025, save as the section “Future Plans and Use of Proceeds” disclosed in the prospectus of the Company dated 14 December 2023, the Group has no other future plans for any other material investments or capital assets.

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2025, the Group had a total of 541 employees (2024 Financial Year: 730 employees). In the 2025 Financial Year, the Group’s staff cost amounted to RMB78.1 million (2024 Financial Year: approximately RMB98.3 million).

The Group’s employee remuneration policy is determined by taking into account factors such as the remuneration in the local market, the overall remuneration level in the industry, operating efficiency, position and employees’ performance. The Group conducts performance appraisals once every year for its employees, the results of which are taken into consideration in the annual salary review and promotion assessment. The Group’s employees are considered for annual bonuses based on certain performance criteria and appraisal results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations.

The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve the quality of customer service. At the same time, we have unions that protect the rights of our employees, help us achieve our economic goals and encourage employees to participate in management decisions. For the year ended 31 December 2025, the Group did not experience any major difficulties in recruitment, nor experience any substantial loss in manpower or any material labor dispute.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 12 February 2026, the Company (as borrower) entered into a working capital loan agreement with Agricultural Bank of China Limited (Lancang Lahu Ethnic Autonomous County Branch) (as lender, the “**Lender**”), pursuant to which the Lender has agreed to provide the Company with a general working capital loan of RMB45.80 million (the “**Loan**”). Details of the Loan are set out in the Group’s announcement dated 12 February 2026.

Save as disclosed above, the Group did not have any material subsequent event after the Reporting Period and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board recognises the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to formulating and implementing corporate governance practices appropriate to the Company's needs. The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "**Code**") in Part 2 of Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

Pursuant to code provision D.1.2 of the Code, the management should provide all members of the Board with monthly updates to enable the Board and each Director to discharge their duties under the Listing Rules. Although the management of the Company has not provided the Board with monthly updates during the year ended 31 December 2025, the financial department of the Company has provided Directors with consolidated financial statements from time to time based on business situation through email, WeChat and verbal means, and the Company also convenes Board meetings irregularly based on business development and updates on financial and business operations to each Director to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. The Company considers that such business information arising out of the ordinary business provided to the Board from time to time instead of monthly updates are sufficient for the Board to discharge its duties. In the event if there are any significant updates, the Company will update all the Directors as early as practicable for discussion and resolution.

As of 31 December 2025, the Company has complied with all applicable code provisions of the Code, except for the requirements under code provision C.2.1.

On 6 January 2025, the Board considered and approved the resolution in relation to the election of Ms. Du Chunyi ("**Ms. Du**"), the Chairlady of the Board and an executive Director of the Company, to temporarily act as the general manager, commencing from the date of consideration and approval by the Board until the appointment of a new general manager by the Company. Code provision C.2.1 of the Code requires that the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. The Board considers that such ad hoc arrangement is appropriate before the appointment of a new general manager by the Company without impairing the balance of power and authority between the Board and the management. On 13 May 2025, the Board considered and approved the resolution on the appointment of Mr. Zhou Xinzong ("**Mr. Zhou**") as the general manager of the Company, and Ms. Du ceased to act as the general manager of the Company from the date when Mr. Zhou assumed the position of general manager. For details, please refer to the announcement of the Company dated 6 January 2025 and the announcement dated 13 May 2025.

On 30 April 2025, a total of 19,944,899 domestic shares (representing approximately 13.30% of the total issued shares of the Company) held by Ms. Wang Juan ("**Ms. Wang**"), one of the controlling shareholders and a then non-executive Director of the Company, and Guangzhou Tiansu Information Technology Co., Ltd. (廣州天速信息科技有限公司) ("**Guangzhou Tiansu**", which is owned as to 60.0% and 40.0% by Ms. Wang and Mr. Zhang Muheng ("**Mr. Zhang**"), a then executive Director of the Company, respectively) has been pledged, in which Ms. Wang and Mr. Zhang breached the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") set forth in Appendix C3 to the Listing Rules. For details, please refer to the announcement dated on 13 May 2025. The Company has reminded all Directors, supervisors (the "**Supervisors**") of the Company and senior management of the Company of the trading restrictions during the black-out period (including the period of delayed publication of results) as set out in the Model Code before the commencement of the black-out period. The Company timely inquired with Ms. Wang and Mr. Zhang and published an announcement upon being aware of the pledge.

Save as disclosed above, during the Reporting Period and as of the date of this announcement, the Company has complied with the code provisions as set forth under the Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as a code of conduct for all securities transactions by the Directors, Supervisors and relevant employees of the Company. The Company confirmed that save as described below, all Directors and Supervisors always abided by the required standards as set out in the Model Code during the Reporting Period after making specific enquiries to all the Directors and Supervisors. During the above-mentioned period, the Board of the Company was not aware of any case of non-compliance with the Model Code by the relevant employees.

On 30 April 2025, Ms. Wang, one of the controlling shareholders and a then non-executive Director of the Company, and Mr. Zhang, a then executive Director breached the Model Code due to the share pledge. For details, please refer to the section headed “Compliance with the Corporate Governance Code” of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sales of treasury shares, if any) of the Company during the Reporting Period. As at 31 December 2025, the Company did not have any treasury shares.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be convened at an appropriate time, and the notice of convening the annual general meeting and relevant information will be dispatched to shareholders (if requested) and published on the respective websites of the Company and the Stock Exchange in due course.

FINAL DIVIDEND

In the 2025 Financial Year, the Group’s operating revenue and net loss amounted to RMB218.7 million and RMB91.6 million, respectively, representing a decline as compared to last year, loss at net profit level decreased, while it is still in loss status and considering the complex market environment and severe operational challenges at present, the Board resolved not to recommend the payment of final dividend for 2025, so as to strengthen the Group’s ability to deal with risks and maintain financial flexibility.

CLOSURE OF REGISTER OF MEMBERS

The date of closure of the register of members of the Company and its related information will be dispatched to the shareholders (if requested) and published on the respective websites of the Company and the Stock Exchange in due course.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in accordance with the requirements under Rules 3.21 and 3.22 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, reviewing and supervising the adequacy and effectiveness of the Group’s financial reporting system, internal control and risk management systems, as well as related procedures, and providing recommendations and advice to the Board.

As at the date of this announcement, the Audit Committee consists of three independent non-executive directors, namely Dr. Yang Kequan (chairman), Mr. Tang Zhangliang and Ms. Huang Lin. Dr. Yang Kequan possesses the appropriate professional qualifications required by Rule 3.10(2) of the Listing Rules. Upon enquiry, it was confirmed that none of the members of the Audit Committee is a former partner of the Company’s existing external auditors.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the Group’s annual results for the year ended 31 December 2025. The figures in respect of the Group’s consolidated balance sheets, consolidated income statement and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group’s auditor, Da Hua CPAs LLP, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 30 March 2026. The work performed by Da Hua CPAs LLP in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Da Hua CPAs LLP in this announcement.

EXTRACTS OF INDEPENDENT AUDITORS’ REPORT

The following is extracted from the independent auditors’ report on the consolidated financial statements of the Group for the year ended 31 December 2025.

Opinion

We have audited the accompanying financial statements of Pu’er Lancang Ancient Tea Co., Ltd. (Herein after “**Lancang Ancient Tea**”), which comprise the consolidated and the parent company’s balance sheet as at 31 December 2025, the consolidated and the parent company’s income sheet, the consolidated and the parent company’s cash flows statement, the consolidated and the parent company’s statement of changes in equity for the year then ended, and notes to the financial statements, which present fairly, in all material respects, the financial position of Lancang Ancient Tea as at 31 December 2025, and its operating results and cash flows for the year then ended in accordance with the requirements of China Accounting Standards for Business Enterprises.

Material Uncertainty Related to Going Concern

We draw attention to “Notes to the Financial Statements for the Year 2025 — II. PREPARATION BASIS OF FINANCIAL STATEMENTS — (II) Going concern” in this announcement, which states that Lancang Ancient Tea incurred a net loss of RMB91,618.1 thousand in 2025, with a net cash outflow from operating activities of RMB-91,696.5 thousand. The Company’s operating revenue decreased by 39.48% compared to the same period last year. As of 31 December 2025, Lancang Ancient Tea’s bank deposits of RMB23,064.2 thousand were frozen due to unresolved lawsuits, and total interest-bearing liabilities to financial and non-financial institutions amounted to RMB380,282.7 thousand. These circumstances indicate that there are significant uncertainties that may raise substantial doubts about the Company’s ability to continue operating. This matter does not affect the audited opinion already issued.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.lgcg.cn.

The Company's annual report for the year ended 31 December 2025 will be dispatched to the shareholders (if requested) and published on the above websites in due course.

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

Yunnan, the PRC, 30 March 2026

As at the date of this announcement, the Board of the Company comprises (i) Ms. Du Chunyi, Mr. Zhou Xinzong, 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.