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

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

(Stock Code: 6911)

INSIDE INFORMATION
KEY FINDINGS OF INDEPENDENT INVESTIGATION REPORT

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).

References are made to the announcements of the Company dated 22 April 2025, 30 May 2025, 27 July 2025, 20 August 2025, 28 October 2025, 22 December 2025 and 2 July 2026 in relation to the inventory shortfall of a subsidiary of the Company, the freezing of certain bank accounts of the Group and the receipt of arbitration award by a subsidiary of the Company; and the announcement of the Company dated 27 February 2026 (collectively with the aforementioned announcements, the "**Announcements**") in relation to, among other things, the Company's decision to appoint Peng Sheng Certified Public Accountants (Special General Partnership) (the "**Independent Investigation Consultant**") to conduct an independent investigation and internal control review in respect of the Litigation, the Frozen Accounts, the Award and other relevant matters. Unless otherwise defined, capitalized terms used herein shall have the same meanings ascribed to them in the Announcements.

The Company wishes to update the shareholders of the Company (the "**Shareholders**") that the Independent Investigation Consultant has completed the investigation and issued an independent investigation report (the "**Report**") setting out its findings. The key findings of the investigation are set out below.

SUMMARY OF THE KEY FINDINGS OF THE INDEPENDENT INVESTIGATION CONSULTANT

(a) Background of the Investigation

The Company was listed on the Stock Exchange in December 2023. Following the listing, the wholly-owned subsidiary of the Company, Guangzhou Kangrui (廣州康瑞), together with relevant key management personnel (being Ms. Wang, the then general manager of the Company (the "**General Manager**") and Mr. Zhang, the then director of the Company (the "**Director**") and legal representative of Guangzhou Kangrui), were successively involved in three material matters, namely private lending disputes, litigation and bank account freezing, and warehouse inventory shortage (collectively, the "**three major matters**"), which triggered enquiries from the Stock Exchange and drew market attention. For the purpose of fully and thoroughly investigating the complete context and inter-relationships of the three major matters, verifying whether Ms. Wang, Mr. Zhang and Guangzhou Kangrui have committed any other irregularities or undisclosed matters since the listing of the Company in December 2023, and safeguarding the legitimate rights and interests of investors and stakeholders, an independent investigation is hereby conducted and a corresponding Report issued.

(b) Scope of the Investigation

1. The core factual context, causes, impact and post-rectification status of the three major matters, namely the private lending dispute involving Guangzhou Kangrui, the freezing of bank accounts and litigation involving the Company, and the inventory shortage at Guangzhou Kangrui's warehouse.

2. The direct subjects of verification in respect of the three major matters are matters relating to the misappropriation of seals, unauthorized execution of loan contracts and authorization letters, litigation matters relating to the frozen bank accounts, matters relating to the inventory shortage, and the tracing of fund flows and verification of compliance in fund management.

3. To be further ascertained: (1) whether the documents, such as authorization letters, sealed without authorization have caused the Company to assume additional legal liabilities, debt risks, or operating losses; whether there is any instance of relevant personnel exploiting unauthorized use of seals for personal gain. (2) whether the frozen accounts are directly related to unauthorized use of seals; whether funds in the frozen accounts have been irregularly transferred out, misappropriated, or preserved by others; and to verify the transfer of certain businesses from Guangzhou Kangrui to Pu'er Renhe, so as to confirm the relevance between such business transfer and the freezing of bank accounts, as well as the specific impact on the Company's daily operations and cash flows. (3) specific causes of inventory loss, such as poor management, theft, improper storage conditions, expiration, etc.; whether internal control deficiencies exist in the inventory counting process; whether there is any instance of relevant personnel embezzling the Company's assets by fabricating inventory losses. (4) whether there exist undisclosed related party transactions, related party fund occupation, or other financial fraud; whether there exist other violations involving management override of internal controls.

4. Verification of other irregularities on the part of Ms. Wang, Mr. Zhang and Guangzhou Kangrui during the period from December 2023 to 31 December 2025, including but not limited to unauthorized use of seals, non-compliant contract execution, irregularities in fund management, and violation of internal control approval procedures.

5. Identify material matters that the above-mentioned parties failed to disclose in accordance with the Listing Rules and the policies of the Company during the same period, including but not limited to connected transactions, legal disputes and financial anomalies.

(c) Investigation Methodology

1. Document review: comprehensive review of the special investigation reports, arbitral awards, litigation materials, contracts and agreements, bank deposit slips, company announcements, the Stock Exchange's enquiry letters and replies, internal management systems, personnel interview records, undertaking letters and other written and electronic documents relating to the three major matters, to ensure the authenticity, legality and completeness of the basis for the investigation.

2. Personnel interviews: reference to the special interview records with Ms. Wang, Mr. Zhang and the responsible persons of relevant departments, to cross-verify key factual details and examine the decision-making process of the irregularities and the relevant circumstances of undisclosed matters.

3. Evidence verification and logical analysis: cross-verification of the signing procedures, seal usage records, and fund flows in respect of the documents involved, and collation of the interrelationships among the matters by reference to the timelines, to analyze the commonalities and specificities of the irregularities.

4. Compliance verification: Assess the compliance of the conduct of Ms. Wang, Mr. Zhang and Guangzhou Kangrui in accordance with the Listing Rules, applicable laws and regulations and internal policies of the Company, and identify any undisclosed matters.

(d) Investigation Limitations

In the course of the investigation and review, the Independent Investigation Consultant encountered certain limitations beyond the control of the Company, which may result in the Independent Investigation Consultant being unable to identify all information relevant to the matters under review. The principal limitations include:

(1) In respect of the inventory shortage matter, the then warehouse supervisor, who has retired and left the Company, refused to participate in direct interviews.

(2) In respect of the private lending dispute matter, the lender, who is not a connected party of the Company and Guangzhou Kangrui, could not be contacted and was unable to participate in the interview.

(3) In respect of the litigation and bank account freeze matter, the plaintiff (Hebei Company) has no connected relationship with the Company and Guangzhou Kangrui, and could not be contacted or participate in the interview.

(e) Integrated Analysis of the Three Major Matters

(I) Core Facts

1. Private lending dispute involving Guangzhou Kangrui

(1) On 6 December 2024, Mr. Zhang on the pretext of going out to attend to business, borrowed the company seal of Guangzhou Kangrui from the administrative department of Guangzhou Kangrui. He completed the registration procedures for the borrowing of the seal, but did not go through the approval process for the use of the seal. The Board, legal department and the seal custodian of the administrative department of Guangzhou Kangrui were all unaware of the Loan Contract.

(2) On 8 December 2024, Ms. Wang directly instructed Mr. Zhang to sign the Loan Contract and affix the seal of Guangzhou Kangrui, and expressly informed him in advance that the loan was for her personal temporary funding turnover and that she would be solely responsible for full repayment. As the lender, Liu Cunzhi (劉存芝), required that the borrowing be made in the name of the company with which Ms. Wang maintained her employment relationship, with Ms. Wang herself acting as guarantor, the Loan Contract had to be entered into in the name of Guangzhou Kangrui. On the same day, Guangzhou Kangrui and Liu Cunzhi entered into the Loan Contract (No. 20241208 Jie), and Ms. Wang separately executed the Guarantee Letter (《擔保書》) on the same day, voluntarily providing a joint and several guarantee for the loan.

(3) Between 9 and 11 December 2024, Liu Cunzhi disbursed a total of RMB10 million in six instalments through her China Construction Bank account. Records existed in respect of each receipt showing that the funds were received through personal accounts designated by Guangzhou Kangrui. Guangzhou Kangrui also issued six Loan Receipts (《借款借據》) in respect of the respective transfers, expressly acknowledging receipt of the corresponding loan principal. Although the aforesaid receipt records appeared to evidence that Guangzhou Kangrui had received the loan, in fact the funds were received through three personal accounts designated by Ms. Wang, of which Guangzhou Kangrui was unaware. After receipt, the funds were not transferred to Guangzhou Kangrui's corporate bank account, nor were they used for Guangzhou Kangrui's business operations or working capital.

(4) Between 10 December 2024 and 10 February 2025, three interest payments of RMB200,000 each, totalling RMB600,000, were transferred from personal accounts to Liu Cunzhi, one of which was marked with the payment reference "first month's interest", and the remaining two payments were monthly interest payments. Upon review of Guangzhou Kangrui's financial records and after an interview with Ms. Wang, it was confirmed that the proceeds of the personal loan advanced by Liu Cunzhi ultimately flowed into Ms. Wang's personal account for her personal funding turnover, and that the interest was also borne and paid by Ms. Wang personally.

(5) On 8 March 2025, the term of the Loan Contract expired. Guangzhou

2. Bank Account Freezing and Litigation Matters Involving the Company

(1) On 1 June 2024, Guangzhou Kangrui issued a Power of Attorney to Guangzhou Minghui (廣州茗薈), expressly authorizing it to take full responsibility for the entire chain of business activities, including the procurement, processing and sales of the "Shiguangcang" products for 2024. This authorization document was signed and sealed by Mr. Zhang in violation of regulations, without going through the internal approval procedures for the use of the company seal of Guangzhou Kangrui. The Board, legal department and the seal custodian of the administrative department were all unaware of such authorization.

(2) Guangzhou Minghui first reached a business cooperation intention with the Hebei Company in respect of the "Lancang Ancient Tea" "Shiguangcang" products. After the cooperation intention was reached, the Hebei Company required Guangzhou Minghui to obtain the full authorization from the Company. Based on the Power of Attorney issued by Guangzhou Kangrui on 1 June 2024, Guangzhou Minghui, claiming to have obtained such authorization, facilitated the execution of a formal cooperation agreement between the two parties.

(3) On 6 June 2024, the Hebei Company and Guangzhou Minghui entered into the "Lancang Ancient Tea" "Shiguangcang" Product Purchase Contract, pursuant to which the Hebei Company agreed to order 150 tonnes of ripe tea from Guangzhou Minghui at a unit price of RMB200/kg, for a total consideration of RMB30 million. Guangzhou Minghui was responsible for the procurement of raw materials, processing and sale of finished products, and undertook to complete the sale of all products by July 2027 at a minimum selling price of RMB400/kg. The parties would share the proceeds based on actual sales on a 5:5 basis. If the minimum selling price was not achieved, Guangzhou Minghui would make up the difference at the agreed spread.

(4) On the same day, the Hebei Company entered into a Pledge and Guarantee Contract with Ms. Wang, Mr. Zhang, and Guangzhou Tiansu (廣州天速), a company jointly held by Ms. Wang and Mr. Zhang, pursuant to which Ms. Wang, Mr. Zhang and Guangzhou Tiansu agreed to provide pledge and unlimited joint and several guarantee for the above business cooperation between Guangzhou Minghui and the Hebei Company. Ms. Wang and Guangzhou Tiansu also undertook not to reduce, pledge or transfer their shareholdings without the prior written consent of the Hebei Company. Such guarantee was a personal act of Ms. Wang, Mr. Zhang and an independent act of Guangzhou Tiansu. Neither the Company nor Guangzhou Kangrui participated in the execution of the contract, and the Company was completely unaware of the matter beforehand and did not issue any consent or ratification document.

(5) In July 2025, Guangzhou Minghui failed to perform its procurement and processing obligations under the "Lancang Ancient Tea" "Shiguangcang" Product Purchase Contract. On 30 April 2025, Ms. Wang and Guangzhou Tiansu had pledged 19,944,899 unlisted domestic shares of the Company, to Guangzhou Yunhong Investment Co., Ltd. (廣州雲紅投資有限公司). The Hebei Company determined that Guangzhou Minghui had defaulted in its performance of the contract and that Ms. Wang and Guangzhou Tiansu had breached their pledge guarantee undertakings. After failed negotiations, the Hebei Company filed a lawsuit with the local court in Shijiazhuang, with claims including: rescission of the Product Purchase Contract with Guangzhou Minghui; an order that Guangzhou Minghui refund the purchase price of RMB30 million, pay interest of RMB4.24 million (provisionally calculated up to 12 June 2025) and liquidated damages of RMB1 million, totalling RMB35.24 million; and an order that the Company, Guangzhou Kangrui and others bear joint and several liability.

(6) On 22 July 2025, the Company became aware of the above litigation for the first time through the litigation materials served by the court and immediately activated its risk emergency response procedures.

(7) On the afternoon of 7 August 2025, the cashiers of the Company and Guangzhou Kangrui received SMS notifications from the bank regarding the freezing of their accounts. The account freezing was enforced by the local court in Shijiazhuang, based on the property preservation application filed by the Hebei Company in the litigation. In addition to the freezing of bank accounts, this property preservation also involved the sealing of warehouses and factory workshops. Prior to the sealing, the assets in question had been pledged as collateral to financial institutions for financing, and the sealed assets did not affect Guangzhou Kangrui's business operations. It should further be noted that although the Company and Guangzhou Kangrui became aware of the bank account freezing in August, the property preservation notice containing the full list of frozen assets was not served until October.

(8) Upon confirmation with the Company and Guangzhou Kangrui, neither of them has ever had any business dealings or fund receipts or payments with the Hebei Company. The subject amount of RMB35.24 million involved in the litigation did not flow into any bank account of the Company and the Group, nor did they participate in any aspect of the business cooperation in question.

(9) On 20 August 2025, the Company disclosed the bank account freezing and litigation matters to the public by way of an "inside information" announcement. On 21 August 2025, the Stock Exchange issued an enquiry letter to the Company in relation to this matter, requesting a detailed explanation of key issues, including the background of the matter, the account freezing situation, and the scope of the Company's liability. On 11 September 2025, the Company submitted a written submission to the Stock Exchange.

(10) Following a comprehensive review by the Company's finance department, as of 31 December 2025, the total amount of the Company's frozen bank accounts was RMB23,064,163.39, representing 29.95% of the Group's cash balance and 1.83% of the Company's total assets as of 31 December 2025. The freezing covered all bank accounts of Guangzhou Kangrui and certain core operating accounts of the Company. Upon review, there was no abnormal outward transfer, misappropriation, or preservation by other parties in respect of the funds in the Company's frozen bank accounts. Upon review of Guangzhou Kangrui's bank accounts, there were no abnormal large-sum fund receipts or payments, and no abnormal fund transfers from corporate to personal accounts or from personal to corporate accounts were observed. The freezing period is 12 months (7 August 2025 to 6 August 2026).

(11) The hearing of this case was originally scheduled for 1 September 2025, but was later adjourned upon the plaintiff's application for an extension. A second hearing date was set for 10 December 2025, and the plaintiff applied for a second extension. The case was heard on 15 April 2026, and Guangzhou Kangrui had received the civil judgment on 30 June 2026. For further details, please refer to the Company's announcement dated 2 July 2026.

3. Inventory Shortfall Matter of Guangzhou Kangrui's Warehouse

(1) On 5 December 2024, Mr. Zhang, as the legal representative of Guangzhou Kangrui, signed a Memorandum of Inventory Cooperation (《貨物合作備忘錄》) on behalf of Guangzhou Kangrui together with a business representative of Guangdong Puwei Group Co., Ltd. (廣東普偉集團有限公司) (hereinafter referred to as "**Puwei Group**"), and Wang Jian (王健), the legal representative of Guangzhou Minghui. Pursuant to the memorandum, Guangzhou Kangrui would exchange 35 tonnes of new tea for aged tea held by Guangzhou Minghui, with the cooperation formally implemented in 2025. The memorandum specified that, based on an exchange ratio of 1 kg of new tea for 2 to 2.5 kg of aged tea, Guangzhou Kangrui would use 35 tonnes of new tea (2023 "0085" and 2023 "Wujin" new tea) to exchange for not less than 70 to 87.5 tonnes of aged tea (10 to 15-year-old ripe tea) from Guangzhou Minghui.

(2) On 3 January 2025, an announcement was made regarding the proposal to add a motion to the 2025 first extraordinary general meeting to remove Ms. Wang from her position as an executive director. On 4 January 2025, after regular working hours when the warehouse staff had left, Ms. Wang accompanied personnel from Puwei Group to retrieve stored goods. The personnel from Puwei Group pried open the lock of the Guangzhou Kangrui warehouse and withdrew the goods without authorization. When retrieving their own stored goods, the personnel from Puwei Group, based on the previously signed Memorandum of Inventory Cooperation, additionally removed 35 tonnes of new tea products from Guangzhou Kangrui's own inventory (being the subject inventory shortfall). In her interview response, Ms. Wang stated that she was unaware that the personnel from Puwei Group had removed the 35 tonnes of new tea from Guangzhou Kangrui's own inventory.

(3) On 5 January 2025, an employee of the storage and transportation department of Guangzhou Kangrui discovered that the warehouse lock had been deliberately damaged and immediately initiated the alarm procedure. Ms. Wang instructed Mr. Zhang to assist the public security authorities in handling the matter of the withdrawn inventory. Both of them characterized the incident as a business dispute and failed to promptly report it to the board of directors and management in accordance with the Company's reporting system for material matters.

(4) From late January to early February 2025, due to the extended holidays for the Lunar New Year and the Lantern Festival, the verification of the inventory shortfall was temporarily suspended, and no substantive investigation or disposal actions were carried out.

(5) In early March 2025, the finance department of the Company conducted the monthly inventory check in accordance with regulations and identified preliminary signs of inventory shortfall for certain new tea products. Upon review of the internal financial documents, outbound records, and business processes, no compliant business approval records or outbound vouchers corresponding to such goods were found. The finance department then formally reported the matter to the management of the Company, specifying the detailed particulars and quantities of the products involved in the shortage. The management of the Company immediately instructed the legal department to issue a written notice to Mr. Zhang, the person in charge of Guangzhou Kangrui, requiring him to verify the causes of the inventory shortfall within a specified period and propose a resolution.

(6) Following detailed verification, it was confirmed that the inventory shortfall

(9) On 24 May 2025, in order to properly resolve the inventory shortfall, and under the overall coordination of the Board, Guangzhou Kangrui and Guangzhou Minghui formally entered into a Product Exchange Agreement. The contract specified that the 35 tonnes of new tea products involved in the inventory shortfall would be exchanged for 160 tonnes of aged tea products held by Guangzhou Minghui (including 70 tonnes of 2014 "Shiguangcang" tea disc and 90 tonnes of "Baiyu Linglong" raw materials). By the end of May 2025, Guangzhou Kangrui and Guangzhou Minghui had completed the physical delivery of all goods, and the inventory shortfall matter was substantially resolved through the product exchange. (160 tonnes of tea were received in exchange, of which 70 tonnes were received at the Guangzhou Kangrui warehouse and 90 tonnes at the Yunnan warehouse. The goods were received at the Guangzhou warehouse on 23 May 2025, and at the Yunnan warehouse on 23 May and 24 May). On 30 May 2025, the market appraised value of the tea involved in this exchange was RMB19.50 million. The Company received the Tea Review and Assessment Evaluation Report issued by Yunnan Tea Evaluation, Testing and Traceability Center Co., Ltd. (雲南茶葉評價檢測溯源中心有限公司), which confirmed that the 160 tonnes of aged tea products exchanged in this exchange met the relevant quality standards, the market reference pricing was fair, and the exchange consideration was fair and reasonable.

(10) On 30 June 2025, the Company published an announcement regarding the planned convening of a Board meeting to review the annual results for 2024 and to fulfil the publication procedures. On 27 July 2025, the Stock Exchange made an oral enquiry regarding the processing progress and sales status of the exchanged products, and the Company provided a special explanation on the relevant circumstances.

(II) Key Connections

(1) The direct triggers leading to the three major matters were the unauthorized execution and issuance of the Loan Contract and the Power of Attorney in the name of Guangzhou Kangrui by Ms. Wang and Mr. Zhang in violation of regulations, and the counterparties involved in these matters included Guangzhou Minghui and Wang Jian, the legal representative of Guangzhou Minghui.

(2) The relevant parties involved are Liu Cunzhi, Wang Jian, Guangzhou Minghui, Puwei Group, the Hebei Company and certain individuals whose personal accounts were designated by Ms. Wang for the receipt and/or payment of funds in connection with the private lending dispute.

(3) Upon verification, neither the Company nor Guangzhou Kangrui has any connected relationship with the aforementioned relevant parties. Neither the Company nor Guangzhou Kangrui has engaged in any business transactions with Liu Cunzhi, Wang Jian, Puwei Group, the Hebei Company or the aforesaid other individuals in connection with the private lending dispute. Prior to the occurrence of the three major matters, Guangzhou Kangrui and Guangzhou Minghui had a small amount of normal business transactions. It has been confirmed that Ms. Wang and Wang Jian have been close friends for many years.

(f) Determination of Liability and Disciplinary Measures

The Independent Investigation Consultant has set out in the Report the allocation of responsibilities among the personnel involved in the three major matters and the internal accountability measures already taken by the Company. The details of which are as follows:

The Board, with respect to the two senior executives of the Company, namely Ms. Wang, the then General Manager, and Mr. Zhang, the then Director, who violated the Code of Corporate Governance for Listed Companies (《上市公司治理準則》) (the "**Code**") and the Company's internal control systems, misappropriated seals without authorization, and illegally signed loan contracts and authorization documents, thereby causing the Company to become involved in three major matters, namely private lending disputes, litigation and judicial freeze of bank accounts, and inventory shortages, has made the following determinations of responsibility and accountability actions:

(I) Determination of Responsibilities

1. Ms. Wang: As the then General Manager, she placed personal demands above the Company's responsibilities, instructing subordinates to illegally sign the Loan Contract and authorization documents, thereby resulting in the Company being involved in three major matters, namely private lending disputes, litigation and judicial freeze of bank accounts and inventory shortages; and failed to timely report key information in respect of the three major matters. Ms. Wang bears direct responsibility for the three major matters.

2. Mr. Zhang: As the then executive Director and the legal representative of Guangzhou Kangrui, he failed to follow the approval procedures and irregularly affixed seals to execute a number of material documents; illegally participated in fund flow operations; failed to timely report material risk events such as the inventory shortage; and participated in irregular fund operations. Mr. Zhang bears primary responsibility for the three major matters.

(II) Disciplinary Measures

The Board, having taken into account the investigation findings, strictly enforced accountability in respect of the irregularities of the relevant responsible persons:

(1) In respect of the economic losses caused to the Company by Ms. Wang for personal reasons, she was required to resign from her positions within the Company — first resigning as executive Director and General Manager and being re-designated as non-executive Director, and subsequently resigning as non-executive Director, ceasing to hold any position within the Company; in view of the adverse impact caused to the Company by her conduct, she was required to provide an undertaking letter to compensate for the losses; and with regard to the actual losses already incurred by the Company, the Company issued a notification letter demanding compensation for the losses, urging her to settle with the plaintiff as soon as possible, while reserving the right of the Company to pursue further legal liabilities against her depending on the actual losses incurred.

(2) In respect of Mr. Zhang's misconduct in seal usage and the handling of matters as well as the impact caused thereby, the Board has issued a formal reprimand to him. As announced on 24 October 2025, Mr. Zhang voluntarily resigned as Director and vice president of the Company on the same day. As Mr. Zhang is required to continue handling legacy issues, he temporarily serves as the general manager of Guangzhou Kangrui.

(3) Accountability has been imposed on other personnel involved in irregular conduct. The former heads of the internal audit department and legal department have left their positions. The management has conducted disciplinary caution talks with other responsible department heads and staff members concerned, and withheld their performance bonuses and annual bonuses, among others.

(g) Status of Rectification

The Independent Investigation Consultant further stated in the Report the rectification measures already taken by the Company in respect of the three major matters, as well as the progress of the implementation of the rectifications and the effectiveness of the internal control operations after the rectifications. The details of which are as follows:

1. Post-rectification effectiveness of internal control operations

Pursuant to the overall plan for the implementation of rectification measures, the majority of the rectification measures had been implemented by December 2025, and all rectification measures were fully completed by April 2026, yielding significant results as detailed below:

Inventory management upgrade: established a mechanism for the regular review and updating of policies, implemented a tiered reporting system and standardized inventory-related operational procedures to guard against management risks;

Warehouse security enhancement: standardized the warehouse system authorization process and defined the requirements for external personnel entry to safeguard warehouse security;

Implementation of stocktaking mechanism: conducted stocktakes at a strict frequency, and established a system for book-to-physical reconciliation and stocktaking review to ensure consistency between book records and physical inventory;

Contract management standardization: formulated policies for the management of memoranda and agreements, and strengthened signature authorization controls to eliminate unauthorized execution;

Strengthened distributors control: entered into formal delivery agreements with distributors, clearly delineating the rights and responsibilities of both parties to ensure traceability of cooperation;

Emergency security upgrade: upgraded the surveillance system with alarm linkage, established an emergency management and surveillance backup mechanism, and conducted employee safety training; and

Improvement of the internal control system: strengthen controls over key processes, enhance disclosure and internal audit functions, and establish a comprehensive compliance control system.

(The above rectification measures are collectively referred to as "**the Rectification**")

(h) Verification Results

The Independent Investigation Consultant has, within the scope of this independent investigation, reviewed the three major matters and related matters. The details are as follows:

(I) Results of the verification of irregularities

1. Whether any relevant personnel obtained personal gains through unauthorized use of seals.

   (1) Unauthorized use of seals of a serious nature: in respect of the three acts of issuing a Power of Attorney on 1 June 2024 (involving a business amount of RMB30 million), signing a Loan Contract on 8 December 2024 (in the amount of RMB10 million) and entering into a Memorandum of Inventory Cooperation on Goods on 5 December 2024 (involving a swap of goods valued at over RMB10 million), Ms. Wang and Mr. Zhang failed to follow the internal seal usage approval procedures in each case, and such acts involved material amounts and carried far-reaching implications. Although the seal borrowing registration procedures were completed, the use of the seals was not subject to any supervision in the course of their use, and the relevant documents were not filed in a timely manner as required after the seals were affixed, constituting a serious violation of the Company's core management policies such as the Seal Management Measures.

   (2) Serious confusion between personal conduct and the Company's business: taking advantage of her position as the then General Manager, Ms. Wang addressed her personal short-term liquidity needs by arranging borrowings in the name of Guangzhou Kangrui, requiring Guangzhou Kangrui to act as the borrower and herself as the guarantor, thereby directly binding her personal interests with the liabilities of Guangzhou Kangrui and exposing Guangzhou Kangrui to substantial debt risks. Concurrently, she and Mr. Zhang provided pledges and unlimited joint and several guarantees in their personal capacity for the business cooperation of Guangzhou Minghui, without prior reporting to the Board or management of the Company, resulting in the Company being passively drawn into unrelated litigation, in breach of the senior management's duty of diligence and loyalty and the principle of independent operations of the Company.

   (3) Save for the irregularities involved in the above matters, no circumstances were identified in which any relevant personnel obtained personal gains through unauthorized use of seals.

2. The Company was not involved in any irregularities such as misappropriation of funds, embezzlement, non-operating occupation of funds or off-balance-sheet fund circulation.

3. The Company did not have any other irregularities such as undisclosed connected transactions, occupation of funds by connected parties or other financial fraud.

4. The Company did not have any irregularities involving relevant personnel misappropriating the assets of the Company through the fabrication of inventory losses.

5. Based on the review of the documents and interview records of the Company from December 2023 to 31 December 2025, save for the irregularities involved in the three major matters, no other direct or indirect irregularities committed by Ms. Wang, Mr. Zhang and Guangzhou Kangrui have been identified.

(II) Verification results on undisclosed matters

Based on the review of the announcements of the Company, disclosure documents published on the website of the Stock Exchange, submissions and responses submitted to Stock Exchange and internal records, no other undisclosed material matters were identified in respect of Ms. Wang, Mr. Zhang and Guangzhou Kangrui. However, the following issue of insufficient information disclosure was noted:

1. Delayed disclosure of the progress of rectification of irregularities: Although the Company made reference to the rectification measures in its submissions to the Stock Exchange, it failed to disclose the implementation status of the rectification in a timely and continuous manner, including the progress of the construction of the electronic seal approval system, the specific initiatives and implementation results of the optimization of the contract approval process, and the upgrade of the inventory management system, resulting in investors being unable to fully understand the actual progress of the improvement of the Company's risk management and control.

(III) Progress on recovery of losses by Guangzhou Kangrui

1 The Board has clearly determined that all losses shall be borne personally by Ms. Wang and Mr. Zhang, and has required Ms. Wang and Mr. Zhang to provide undertaking letters undertaking to bear all losses caused to Guangzhou Kangrui as a result of their irregularities.

2. The Board has pursued accountability separately based on the losses incurred by the Group as a result of the three major matters. The warehouse inventory shortage matter has been substantially resolved with no losses incurred. For the litigation case involving the Hebei company, the plaintiff applied for postponement twice. The case was heard on 15 April 2026, and Guangzhou Kangrui had received the civil judgment on 30 June 2026. For further details, please refer to the Company's announcement dated 2 July 2026. In respect of the actual economic losses caused by the private lending arbitration case, the Group has issued a demand letter to Ms. Wang for payment, and reserves the right of the Company to pursue further legal liabilities against Ms. Wang depending on the actual losses. As at the date of the Report, save as disclosed above, there has been no material change in such circumstances as compared with the relevant circumstances set out in the Announcements.

(i) Follow-up Matters

According to the Report, the Independent Investigation Consultant has made several follow-up recommendations regarding the three major matters. The details of which are as follows:

1. Debt repayment and litigation response follow-up:

   (1) Urge Ms. Wang and Mr. Zhang to fulfil their loss compensation obligations as undertaken, formulate a clear repayment plan and disclose the progress regularly; follow up on the repayment progress of the private lending arbitration award, proactively negotiate a repayment arrangement with Ms. Liu Cunzhi to avoid enforcement.

   (2) Actively organize the legal team to respond to the litigation relating to the freezing of bank accounts, gather sufficient evidence, and focus the defense on the grounds that "the Company did not participate in the cooperation and bears no guarantee liability"; apply to the court for the release of bank accounts not directly connected with the litigation to minimize the impact on operations.

2. Ongoing identification of legal and compliance risks:

   (1) Risk of enforcement: The Award has become legally effective. Should Ms. Wang fail to fulfil the repayment obligations on time, Ms. Liu Cunzhi may apply to the court for enforcement, resulting in impairment of assets for Guangzhou Kangrui. The amount of loss as confirmed by the financial statement audit is RMB9,876,653.64, exclusive of interest calculated based on the loan principal of RMB9,700,424.44.

   (2) Risk of losing the litigation: Although the matters relating to the freezing of bank accounts and litigation are not directly attributable to Guangzhou Kangrui, there remains a potential risk of losing the case due to insufficient evidence or differences in judicial determination, and the Company may be required to bear partial or full joint and several liability.

   (3) Risk of regulatory accountability: The Stock Exchange has issued multiple enquiries. The internal control and information disclosure issues of Guangzhou Kangrui may trigger further regulatory investigations, and the Company may face penalties such as public censure, fines, and delisting risk warning.

   (4) Conduct regular special inspections on unauthorized use of seals and unauthorized execution of agreements within the Group, focusing on the verification of all contracts, authorization documents, memoranda, etc., since December 2023, to ensure that no other undisclosed irregularities exist.

(5) Conduct regular examination of the business dealings between Guangzhou Kangrui and Guangzhou Minghui and other parties connected with the incidents to guard against any new risks of non-compliant cooperation; and continuously monitor whether the personal indebtedness and share pledges of Ms. Wang and Mr. Zhang may have any indirect impact on the interests of Guangzhou Kangrui.

3. Information disclosure and investor communication:

   In accordance with the requirements of the Stock Exchange, disclose information such as the progress of rectification, litigation progress and debt repayment status in a timely manner; address market concerns and rebuild investor confidence through investor briefings, online communication sessions and other means.

As disclosed in the announcement of the Company dated 27 February 2026, upon completion of the independent investigation, the Independent Investigation Consultant will determine a more targeted and focused scope for the internal control review based on the investigation results, and will propose specific enhancement measures where appropriate. The Company will also make further disclosure(s) in relation to the above matters as and when appropriate.

OPINION OF THE BOARD

The Board has reviewed the Report and has considered certain recommendations made by the Independent Investigation Consultant. The Board concurs with the opinion of the Independent Investigation Consultant, and also concurs with the recommendations made by the Independent Investigation Consultant.

The Board, with the assistance of the audit committee and the management of the Company, has conducted a comprehensive review of the internal control evaluation report and relevant documents, and has verified the effectiveness of the risk management and internal control systems (including financial, operational and compliance controls). The rectification measures adopted in the Rectification and the implementation timeline for addressing the internal control deficiencies identified have been reviewed and confirmed by the internal control consultants engaged by the Company. The Board is of the view that the frequency and the period covered by the Company's review of its internal control system are reasonable, and that the overall internal control system is sufficient, sound and effective without any material deficiencies, which can effectively prevent the recurrence of similar matters and safeguard the normal operations and legitimate rights and interests of the Company.

By Order of the Board
Pu'er Lancang Ancient Tea Co., Ltd.
Du Chunyi
Chairlady and Executive Director

Hong Kong, 7 July 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.