Sichuan Baicha Baidao Industrial Co., Ltd.
四川百茶百道實業股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2555)

PROFIT WARNING

This announcement is made by Sichuan Baicha Baidao Industrial Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the "**Board**") of the Company wishes to inform the shareholders (the "**Shareholders**") and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended June 30, 2024 (the "**First Half of 2024**") and the information currently available to the Board, it is expected that: (i) the Group will record an adjusted net profit within a range from approximately RMB380 million to RMB410 million in the First Half of 2024, representing a decrease of no more than 36.45% as compared to the adjusted net profit of approximately RMB598 million for the six months ended June 30, 2023 (the" **First Half of 2023**"); and (ii) the Group will record a net profit within a range from approximately RMB220 million to RMB250 million in the First Half of 2024, representing a decrease of no more than 63.03% as compared to the net profit of approximately RMB595 million in the First Half of 2023.

Based on the information currently available to the Board, the Board is of view that the main reasons for the aforesaid decrease in the adjusted net profit include that considering the impact on us caused by the shift in consumer habits as affected by changes in the external environment, in the First Half of 2024, our Company has increased the policy support for franchisees as well as strengthened discounts in selling goods and equipment to them, and also increased its overall marketing expense.

The Board wishes to highlight that the "adjusted net profit" is not defined under the International Financial Reporting Standards (IFRS). It is defined by the Group as the net profit adjusted by adding back (i) listing expenses charged in profit or loss; (ii) equity-settled share-based payment expenses; and (iii) loss on fair value change of redeemable shares with other preferential rights (collectively, the "**Adjusted Items**"). The Company believes that this non-IFRS measure eliminates the potential impact of Adjusted Items that are non-operational and do not indicate the actual operating performance of the Group, and facilitates the comparison of operating performance from period to period and from company to company.

At this stage, the Group's business operation remains stable, and the business operation is progressing in an orderly manner. Based on the preliminary assessment of the Group's unaudited consolidated management accounts for the First Half of 2024 and the information currently available, the Board is of the view that the Group's overall financial position and operation remain sound and the Board is confident in the long-term growth and development of the Group.

As of the date of this announcement, the Group is still in the process of finalizing the results for the First Half of 2024. The Board wishes to point out that the information contained in this announcement is only based on the Company's preliminary assessment of the information currently available to the Group, which has not been audited or reviewed by the Company's auditors and has not been reviewed by the audit committee of the Board. The interim results for the First Half of 2024 of the Group may be subject to further adjustment and confirmation, which may differ from those disclosed in this announcement. Shareholders and potential investors are advised to refer to the Group's interim results announcement for the First Half of 2024 to be published by the end of August 2024.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Sichuan Baicha Baidao Industrial Co., Ltd.
Mr. WANG Xiaokun
Executive Director and Chairman of the Board

Chengdu, the PRC, August 9, 2024

As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Xiaokun, Mr. Wang Hongxue, Ms. Dai Li and Mr. Chen Keyuan as executive directors; Dr. Chen Da as non-executive director; and Mr. Yeung Chi Tat, Dr. Tang Yong and Ms. Cheng Li as independent non-executive directors.