林清轩
Forest Cabin

SHANGHAI FOREST CABIN COSMETICS GROUP CO., LTD.
上海林清軒化妝品集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2657)

(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2025; (2) RESIGNATION OF DIRECTORS; (3) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR; AND (4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The board (the "**Board**") of directors (the "**Directors**") of Shanghai Forest Cabin Cosmetics Group Co., Ltd. (the "**Company**") hereby announces the consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2025 (the "**Reporting Period**"), together with the comparative figures for the corresponding period of 2024. These annual results are extracted from the consolidated financial statements of the Company and have been reviewed by the audit committee of the Board (the "**Audit Committee**").

In this announcement, "we" and "Forest Cabin" refers to the Company and (if the context otherwise indicates) the Group.

HIGHLIGHTS OF FINANCIAL RESULTS

	Year ended December 31,		
	2025	2024	**Year-on-year change**
	(RMB'000)		
Revenue	**2,449,537**	1,209,641	102.5%
Gross profit	**2,008,818**	997,656	101.4%
Profit before tax	**429,300**	218,293	96.7%
Profit for the year	**360,367**	186,833	92.9%

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Overview

We are a premium domestic skincare brand in China with a focus on the anti-wrinkle and firming skincare market, distinguished by our longstanding commitment to premium skincare solutions rooted in camellia-based ingredients under our flagship brand "Forest Cabin". Since embarking on our camellia-based skincare research journey in 2012, we have pioneered the "oil-based skincare" philosophy and the camellia facial essence oil, and remain committed to providing safe and effective skincare products. Our inaugural Camellia Essence Oil was launched in 2014, serving as the foundational product that established our signature oil-based skincare product line.

Business Review

Our products

With alpine red camellia as the core ingredient, our products use proprietary extraction technology to provide safe, efficient, and culturally resonant skincare solutions.

During the Reporting Period, Forest Cabin offered 246 SKUs, encompassing mainstream skincare categories such as essence oils, face creams, toners, serums, facial masks and sunscreens, and catering to diverse consumer needs for anti-wrinkle, firming, and repair. Our product portfolio centers on the signature product, Camellia Essence Oil, and continues to expand into multiple market segments, solidifying our leading position among premium domestic skincare brands.

Camellia Anti-Wrinkle Repairing Essence Oil (山茶花抗皺修護精華油)

Our Camellia Anti-Wrinkle Repairing Essence Oil, the fifth-generation of our signature product initially launched in 2014, is designed to address signs of aging by promoting skin rejuvenation and repair. With over 55 million bottles sold cumulatively since its launch as of December 31, 2025, the product ranked first in China by total retail sales across all sales channels among all facial essence oil products for 12 consecutive years since 2014. We have leveraged over 22 years of expertise in combining natural ingredients and innovative technology, along with a decade of focused research into alpine camellia flowers, to create this signature product. The Camellia Anti-Wrinkle Repairing Essence Oil is formulated with fermented camellia seed oil using Molecular Recombination Bio-Fermentation Technology. This advanced formulation promotes deep cellular-level rejuvenation, delivering targeted anti-wrinkle, firming and skin repair benefits. In 2025, Camellia Essence Oil 5.0 was awarded the Silver Winner of the American Muse Design Awards, a world-renowned design award, for its bottle design.

Forest Cabin Camellia Anti-Wrinkle Peptide Dewy Essence Toner (林清軒山茶花抗皺肽微珠精華水)

In July 2025, Forest Cabin Camellia Anti-Wrinkle Peptide Dewy Essence Toner, an essence-grade toner, was launched. As the pioneer of camellia oil microbeads, each bottle contains approximately 4,300 camellia oil microbeads, utilizing our proprietary microfluidic suspension techniques to deliver both water-and oil-based nourishment. The formula incorporates six types of low-molecular peptides designed to support skin firmness and reduce the appearance of fine lines, together with edelweiss extract sourced from high-altitude regions. These actives work to improve skin elasticity, brightness and overall texture. The product also applies our dual-adhesion formulation approach, which targets type VII and type XVII collagen to help reinforce the skin's basement membrane and provide structural support. Our Forest Cabin Camellia Anti-Wrinkle Peptide Dewy Essence Toner recorded revenue of RMB204.2 million in 2025, and has become one of the representative products in the toner category shortly after its debut.

Camellia Black Gold Rejuvenate Peptide Anti-Wrinkle Brightening Essential Cream (山茶花黑金時光肽抗皺煥亮精華霜)

In January 2025, the Company launched the "Forest Cabin Black Gold Cream 2.0 (林清軒黑金霜2.0)". The upgraded Camellia Black Gold Rejuvenate Peptide Anti-Wrinkle Brightening Essential Cream targets wrinkle reduction at the cellular level, and is designed to address skin issues such as collagen loss, dullness and sagging. The product includes a complex aimed at increasing the levels of NAD+ within cells and enhancing adenosine triphosphate production. The cream features different types of micro-peptides and other key ingredients to support the synthesis of proteins that maintain skin firmness and elasticity. It also includes technology to protect against thermal aging and environmental stressors, helping to prevent collagen degradation.

The cream is available in two textures to suit different skin types. In 2025, the Camellia Rejuvenate Cream achieved revenue of RMB128.6 million, rising to become one of our best-selling products.

UV Protection Cream (高倍隔離防曬霜)

In February 2025, the Company launched the new generation of essence-grade sunscreen "400 Little Golden Umbrella 2.0 (400小金傘2.0版本)", which deeply integrates "high-performance UV protection" with "anti-wrinkle repair" to directly address skin aging issues caused by photodamage.

Our high-performance UV Protection Cream is an advanced sunscreen product (essence-grade sunscreen) focusing on comprehensive UV protection and wrinkle smoothing. With eight layers of protection, it efficiently guards against both UVB and UVA rays with high SPF 50 PA++++. Designed to prevent photoaging and maintain skin health, this sunscreen incorporates over 60% skin-nourishing ingredients and 13 plant extracts, locking in 92.49% of collagen to robustly counteract photoaging.

Research and development

Forest Cabin attaches great importance to R&D and innovation, regarding it as the cornerstone of the brand's core competitiveness. Our R&D services, primarily driven by independent R&D and complemented by strategic collaborations, focus on in-depth exploration and application of camellia-based ingredients and related skincare technologies, and continuously iterate product development to cater to consumer needs. As of December 31, 2025, we have 139 experienced R&D personnel, with team members covering multiple disciplines including botany, biology, dermatology, and applied chemistry. Over 55% of them hold a master's degrees or higher, ensuring the professionalism and farsightedness of our R&D activities. In terms of R&D investment, we have continued to increase financial support. The research and development costs were RMB46.8 million in 2025, demonstrating our long-term commitment to technological innovation.

Ingredients

In 2025, we completed the filing for three new ingredients, namely CAMELLIA CHEKIANGOLEOSA seed oil, fermentation product of candida globosa/CAMELLIA CHEKIANGOLEOSA seed oil, and fermentation product lysate filtrate of Saccharomyces cerevisiae/CAMELLIA CHEKIANGOLEOSA flower/leaf. These proprietary new ingredients will be used as key ingredients in core products in the future to keep building of ingredient barriers of the Company.

Scientific influence

In 2025, we hosted the Second Skin Cellular-Level Anti-Wrinkle Research Conference and released the industry's first China Cellular-Level Anti-Wrinkle Skincare Blue Book (《中國細胞級抗皺護膚藍皮書》), which reveals the current opportunities and pain points in China's anti-wrinkle market, and proposed the "cellular-level anti-wrinkle" solution as well as the direction of technological iteration.

Meanwhile, the Company established a joint research laboratory for cellular-level anti-wrinkle and a mitochondrial anti-wrinkle research platform with Shanghai Jiao Tong University for the in-depth research on the aging mechanism at the cellular level. It developed targeted anti-wrinkle technologies and products to provide consumers with more efficient and scientific skincare solutions, leading the skincare industry into a new era of precision anti-aging.

In terms of standard development, in 2025, the Company, in conjunction with relevant industry departments, associations and leading enterprises, participated in the formulation and release of several group standards, covering ingredient requirements, efficacy evaluation methods, testing methods and finished product quality control. These mainly include 12 group standards such as the General Requirements for Testing Polydeoxyribonucleotide (PDRN) Raw Materials for Cosmetics (《化妝品用多聚脱氧核糖核苷酸(PDRN)原料檢測通用要求》), the Efficacy Evaluation Methods for Whitening Cosmetics Suitable for Sensitive Skin (《敏感肌適用型美白化妝品功效評價方法》), the Test Methods for Anti-Photoaging Performance of Cosmetics (《化妝品抗光老化性能測試方法》), and Plant-Based Skincare Creams (《植物護膚面霜》), as well as the industry standard for Non-woven Fabric Molded Sheets for Facial Masks (《面膜用非織造布成型片材》). In addition, the Company also participated in the drafting of the group standard Technical Specifications for Essential Oils in Oil-Based Skincare Products (《以油養膚功效型護膚產品精華油技術規範》), continuously promoting the standardized development of the "oil-based skincare" segment.

Product design and development

Our product design and development process are structured to ensure product quality, efficacy and market readiness.

In 2025, the Company continued to optimize its organizational structure. It gradually shifted from a vertical management system to a matrix management model, and established project teams for functions such as scientific research, product development, production, sales, marketing and after-sales service of several flagship products. Such change has successfully replicated the successful development experience of the Camellia Essence Oil, thus improving cross-departmental collaboration efficiency and market responsiveness.

During the year, the Company successfully launched a new product – Forest Cabin Camellia Anti-Wrinkle Peptide Dewy Essence Toner, which was well received by the market and has become one of the representative products in the toner category shortly after its debut. It has gained widespread attention in the industry, further consolidating the market position of the Company in the core skincare category. During the period from July to December 2025, Forest Cabin Camellia Anti-Wrinkle Peptide Dewy Essence Toner recorded revenue of RMB204.2 million.

Sales network

We have established an integrated sales network that strategically combines diversified online channels with a strong offline presence through deep integration of online and offline channels. The online-merge-offline strategy not only enhances the in-depth interaction between the brand and consumers, but also drives sustainable growth across all channels.

Offline channels

Our offline channels are essential for building long-term consumer trust and loyalty. By strategically positioning in major cities across the country, we have built a broad and deep offline network, providing a solid foundation for in-depth interaction between the brand and users. Our offline channels consist of offline stores, including directly-operated stores and store partners, as well as sales to offline retailers, enterprise customers and distributors.

We prioritize the strategic expansion of our offline stores as a cornerstone of our brand development. Most of our stores are located in premium, commercially vibrant shopping malls, which enhances brand recognition and reinforces our premium market positioning. In addition, we enhance customer experience while demonstrating our product efficacy firsthand by offering in-store experiential skincare services. Through authenticity and personalized services, we are able to continuously strengthen customer relationships in interaction, thereby converting product value into customer trust in our brand. As of December 31, 2025, we had 580 stores nationwide, with over 95% located in shopping malls.

We operate the majority of our stores through direct operations, at which high-standard services are provided, helping us to build a good brand image. As of December 31, 2025, a total of 390 stores were directly operated.

Our store network in China is dispersed across various tiers of cities. While maintaining our presence in top-tier cities to enhance our brand identity and stay abreast of market trends, we have continued to penetrate lower-tier cities with promising potential for consumption growth. While income levels in lower-tier cities remain lower in absolute terms compared to those in first-tier and new first-tier cities, income growth in these markets has outpaced that of higher-tier cities in recent years. This robust income growth is supporting increasing affordability and spending power among households in lower-tier cities, driving demand for premium skincare products. Consumers in these markets are increasingly willing to pay for high-quality products with trusted efficacy and strong brand reputation. This balanced layout strategy ensures we reach a broad spectrum of consumers and establish brand visibility across all city tiers. The following table sets forth a breakdown of our store coverage by city tier in China as of the dates indicated:

	As of December 31,	
	2025	2024
First-tier cities	**65**	55
New first-tier cities	**189**	159
Second-tier cities	**90**	78
Third-tier cities	**146**	136
Other lower-tier cities	**90**	78
Total	**580**	506

Our revenue from all city tiers in China demonstrated steady growth during the Reporting Period. The following table sets forth a breakdown of our revenue from offline stores by city tier in China for the periods indicated:

	Year ended December 31,			
	2025		2024	
	Amount	**Percentage of total revenue**	Amount	Percentage of total revenue
	(RMB in thousands, except for percentage)			
First-tier cities	**78,087**	**13.6**	61,585	13.9
New first-tier cities	**207,062**	**35.9**	155,223	35.0
Second-tier cities	**75,559**	**13.1**	69,118	15.6
Third-tier cities	**147,670**	**25.6**	103,566	23.3
Other lower-tier cities	**68,098**	**11.8**	54,597	12.3
Total revenue from offline stores	**576,476**	**100.0**	444,089	100.0

Our online channels

Leveraging our strong brand image, product advantages and consumer trust cultivated through our offline channels, and in order to adapt to the evolution of consumers' digital consumption habits, we are rapidly expanding our online channels centered on online direct sales and retailers, aiming to provide customers with more convenient and diversified consumption channels.

Our online direct sales channel comprises sales to end customers through self-operated stores across major e-commerce and social commerce platforms.

The following table sets forth a breakdown of our revenue from online direct sales by channel for the periods indicated:

	Year ended December 31,			
	2025		2024	
	Amount	**Percentage of total revenue**	Amount	Percentage of total revenue
	(RMB in thousands, except for percentage)			
Tmall	**235,791**	**15.0**	248,749	39.2
Douyin	**957,295**	**61.0**	218,434	34.4
WeChat	**194,261**	**12.4**	90,054	14.2
JD.com	**20,943**	**1.3**	16,678	2.6
Others[1]	**161,396**	**10.3**	60,922	9.6
Total revenue from online direct sales	**1,569,686**	**100.0**	634,837	100.0

Note:

(1) Others primarily include social media and e-commerce platform, such as Aikucun, Jinglinggou, Pinduoduo and Kuaishou.

Marketing and branding

We have built an omni-channel marketing system driven by both online and offline channels, emphasizing both traffic conversion and brand building. We continue to enhance brand awareness and customer loyalty via diversified touchpoints and differentiated user experiences.

Online marketing: short video + livestreaming synergy for efficient traffic conversion

We have adopted an integrated online promotion strategy to "create synergies between short-video and livestreaming". By leveraging the synergy created from the content seeding of short videos and instant conversions via live streaming, we have achieved efficient traffic accumulation and conversion. As of December 31, 2025, we had accumulated over 7.96 million and 2.85 million followers on Tmall and Douyin platforms, respectively.

- In-depth creation of short video content: We produce and disseminate short video with content showcasing our brand philosophy, product efficacy, and skincare knowledge, ensuring both content quality and message effectiveness. Our content strategy for short videos is characterized by two key features. One of them is the in-depth creation of specialized content, which centers on core products to create immersive efficacy demonstrations and skincare tutorial content. Furthermore, we collaborate with content creators across various social media platforms to publish scientifically validated content based on test reports from third-party authoritative testing institutions, thereby strengthening the brand's professional credibility. The other is the personalized content strategy. We have established the Forest Cabin IP matrix (林清軒IP矩陣) to attract diverse user groups, which serves as a crucial platform for brand content dissemination. For instance, our founder, Sun Laichun, joined Douyin in March 2024, sharing brand stories and skincare philosophies with an authentic and down-to-earth personal image, amassing over 600,000 followers on the platform to date. Sun Fuchun, the co-founder, also set up his personal account at the end of 2024, consistently delivering brand value content through the "founder brothers (創始人兄弟檔)". Furthermore, family member "Younger President Sun (小孫總)" attracts younger users with his "daily life about a second-generation entrepreneur + full of mirth" style. These efforts have formed the "Forest Cabin IP Matrix" that covers different age groups and interest circles, effectively achieving differentiated audience reach and emotional connection across various user segments.

- Livestreaming matrix layout: We have established a live-streaming system encompassing category-matrix livestreaming studios, brand IP matrix livestreaming studios, and collaborations with KOLs/KOCs. We have developed vertical livestreaming studios based on our core product categories, while simultaneously encouraging our founder, family members, and core employees to form an IP matrix for the brand. By cultivating personalized and differentiated public impression, we have strengthened the brand visibility, deepened emotional connections with target audiences, and enhanced brand affinity. At the same time, we have increased our collaborative livestreaming efforts with KOLs/KOCs, leveraging top-tier KOLs to establish brand authority and mid-tier KOLs to broaden audience reach.

- Full coverage of all social platforms: We have been active in operating official accounts on mainstream social platforms including WeChat, Weibo, Douyin and Xiaohongshu, reinforcing brand storytelling and strengthening connections with consumers through consistent content dissemination and interactions.

Offline marketing: experience as a service to deepen customer relationships

Our offline stores serve not only as sales points but also as main sites for brand experience. Through skincare experience service, we transform in-store customer traffic into loyal brand advocates.

- Personalized skincare experience: When customers express interest in our products, our store staff will provide personalized services, including facial cleaning and product demonstrations, and offer guidance on proper usage techniques and skincare routines to enhance absorption of the product and maximize its usage value.

- Immersive brand perception: This hands-on experience not only imparts professional skincare knowledge but also allows consumers to intuitively perceive the brand's professionalism and product efficacy, thereby effectively enhancing conversion rates and fostering repurchase intentions.

Membership operations: comprehensive life time value management

We have established a unified membership system covering both online and offline channels, enhancing customer lifetime value through refined operations:

- Tiered benefits system: Customized benefits and services are provided based on membership levels to enhance the sense of belonging of members. By the end of 2025, the Company had over 6.1 million active customers, with an annual repurchase rate of 34.2%. We have established direct connections with our members by delivering exclusive content and personalized offers to enhance user stickiness.

- In-depth provenance experience: Members are invited to participate in activities such as "Factory Provenance Tours", the "Camellia Art Festival", "member salons", and "New Product Experience and Launch Events", which enable them to visit camellia planting bases and production facilities, and allow members to experience the sustainable practices and artisanal craftsmanship of our products up close during visits, thereby deepening their appreciation of our brand values.

Brand momentum building: celebrity endorsements and industry influence

We have enhanced our market reputation through multi-dimensional brand exposure:

- Artistic collaborations: We further reinforce brand positioning through initiatives such as the Camellia Art Festival, artist collaborations, member salons, cross-industry co-branding, pop-up store activations and celebrity endorsements. These efforts contribute to the refinement and elevation of our brand image, enhance consumer identification with the brand, and strengthen its artistic appeal and establish a premium brand image.

- Industry exploration: We actively participate in and sponsor beauty expos, industry forums and awards ceremonies to maintain keen insights into market trends and create value with industry peers.

Through our four-in-one marketing system comprising of "online traffic generation + offline experience + member retention + brand empowerment", we continuously reinforce our brand moat in the highly competitive beauty and cosmetics market, enabling high-quality user growth and value conversion.

OUTLOOK AND PLANNING

We believe that our continued success ahead lies in the following strategic planning.

To capitalize on opportunities arising from the upgrade of beauty and cosmetics consumption and the rise of domestic brands, the Company adheres to pursuing long-term, high-quality development. With premiumization, multi-brand development, and globalization as its core brand development direction, it takes "1+4+N" signature product portfolio as its core pillars and "strengthening offline channels, expanding online channels" as its channel strategy to build a comprehensive, multi-tiered, and sustainable strategic development system underpinned by seven core competencies and corporate culture, continually consolidating Forest Cabin's leading position in the premium skincare sector.

I. Brand strategy:

1. *Premiumization:* solidify the brand's position as a benchmark for premium domestic products and enhance brand value

   We continue to deepen the premium positioning to break the stereotype of domestic products as "affordable alternatives", create a domestic benchmark which is comparable to international premium brands, and drive the upgrade of brand value towards technological and cultural value.

   1) **Premium product upgrade:** Leveraging the production capacity advantages of the Shanghai factory, we strictly control product quality and reinforce core efficacy endorsements such as "cellular-level anti-wrinkle", so as to extend the leading position of core products in the premium essence oil market.

   2) **Premium channel consolidation:** We optimize omni-channel strategies and focus on mid-to-high-end consumer scenarios. For offline channels, we continuously enhance single store performance, while delivering an exceptional skincare experience. For online channels, we deepen cooperation with core platforms such as Tmall and Douyin, while conveying a premium brand image. These efforts drive channel synergy between online and offline models and achieve precise reach and retention of targeted consumers.

   3) **Shaping premium brand value:** We have increased R&D investments and enhanced in-depth cooperation with renowned research institutions to establish joint laboratories, breaking through core technological bottlenecks and underpinning premium positioning with technical strength. At the same time, we have entered into cooperation with industry partners such

as Chenshan Botanical Garden (辰山植物園) to cultivate new varieties of camellia, enhancing active ingredients at source, thereby improving product efficacy. With upgrades in both technology and ingredients, we create products that meet premium skincare requirement.

2. *Multi brands:* breaking through the growth boundaries of single brand to cover market segments and enhance risk resilience

We have formed a multi-brand portfolio featuring "flagship brand for the premium market, sub-brands for market segments" to create a variety of sub-brands with clear positioning and target customer groups. Such initiative aims to empowering the Company's gradual transit from "product-driven" to "multi-brand success", adding new paths and injecting driving forces to our long-term performance growth.

1) Strengthening the core leadership role of the flagship brand

Forest Cabin continues to focus its flagship brand on the premium oriental plant-based skincare segment. Taking Camellia Essence Oil as its signature product, it deepens its core positioning such as "oil-based skincare" and "cellular-level anti-wrinkle", increases investment in R&D and brand culture dissemination, creating a domestic benchmark comparable to international premium brands, thereby providing brand endorsement, resource support, and management experience for sub-brands. The flagship brand will focus on performing the functions of "establishing a premium image, accumulating core resources, and driving technological innovation". It will continue to increase brand value and market influence, promoting the synergistic development of the entire brand portfolio.

2) Incubating sub-brands for market segments

Based on market demand and its resource strengths, the Company internally incubates sub-brands to create differentiated products covering more segment needs. Meanwhile, the Company explores mergers and acquisitions opportunities in the market for acquiring brands with strong cultural compatibility, with an aim to accelerating expansion in segments by leveraging the acquired brands' pipeline and reputation, thereby achieving a dual-engine multi-brand development model of "internal incubation + external mergers and acquisitions".

3. *Globalization:* steadily advancing brand globalization for culture and market presences

   With the core principle of "brand globalization rather than capacity globalization", we adopt a strategy of "small steps for expanding presence with precision (小步慢跑、精準布局)" to gradually expand to global markets and promote China's alpine red camellia culture for establishing a global brand footprint.

   In the future, Forest Cabin will gradually implement the above brand strategy by consolidating market position through premium positioning, exploring market segments with multi brands, and expanding room for growth through globalization. This approach balances short-term operational efficiency with long-term brand value enhancement, contributing to the Company's progress toward high-quality sustainable development.

II. *Product strategy:*

The Company adopts a product development approach, which features a signature product, full-category synergy and comprehensive coverage of all scenarios, that aims at building "1+4+N" category matrix. Adhering to the principles of breaking through boundaries of our signature product, making stable contributions from main categories, and complemented and extended by innovative categories, we strive to build a category matrix system with clear structure, rational tiers, and sustainable growth.

1. *Strengthening "1" signature product:*

   Focusing on our Camellia Essence Oil as the brand's principal strategic product, we continue to iterate and upgrade its formula and process to reinforce core concept such as "cellular-level anti-wrinkle" and "oil-based skincare", expand its leading advantages in the facial essence oil segment. Leveraging this signature product to deeply educate users and capture market mindshare, we will drive overall brand recognition and repurchase growth, thereby forming a positive cycle of strong product, strong brand, and strong channel.

2. *Developing "4" core category products:*

   Centering on our signature product, we are committed to developing four pillar categories, including facial creams, essence lotions, sunscreens, and facial masks, forming a systematic skincare solution designed to be used with the essence oil.

3. *Expanding "N" innovative and extended products:*

   We will expand N supplementary products around demographic segments and scenarios to enrich consumer scenarios, fill market gaps, and enhance brand resilience and growth flexibility.

III. Channel strategy:

The Company adheres to an omni-channel development strategy of "strengthening offline channels, expanding online channels". Taking premium scenarios as the carrier, digital operations as the driver, and user experience as the core, we are building a channel system which can drive in-depth integration, efficient synergy, and sustainable growth both online and offline.

1. *Strengthening offline channels: consolidating channel foundation and enhancing store quality and user experience*

   Guiding by premiumization, experience, and refinement, we will reinforce our major offline markets and strengthen brand image and user stickiness.

   1) We will optimize the structure of store layout to maintain the leading position of domestic premium skincare brands both in terms of scale and quality of our offline stores. By upgrading store aesthetics, service standards, and experiential scenarios, we will create an ultimate experiential space and strengthen perception of premium brand.

   2) We will enhance the refined operation of our stores and optimize the online traffic generation and offline conversion model to promote new customer acquisition and improve conversion rate, thereby achieving "quality growth and store efficiency enhancement".

2. *Expanding online channels: building an omni-channel growth engine for synergistic scale and branding*

   Taking content-driven, brand-oriented, and refined operations as the core, we will expand our online business scale and improve the quality of growth.

   1) We will enhance the operations on mainstream e-commerce platforms such as Douyin, Tmall, and JD.com, by strengthening brand live streaming, influencer co-creation, and targeted advertising to boost online brand awareness and sales conversion, building a stable, healthy, and sustainable online growth curve.

   2) We will optimize the diversified structure of the platforms, actively deploying high-end vertical channels of cosmetics products, private domain operations, and official brand mini-programs to form a closed-loop system of "public domain traffic generation + private domain retention + omni-channel conversion", enhancing user lifetime value.

   3) We will strengthen the output of premium content and science-based education on its efficacy, and remain committed to capturing the market with product value, so as to achieve simultaneous growth in both online scale and brand value.

IV. Organizational support:

To ensure the efficient implementation of its strategy, the Company takes seven core competencies as its backbone and corporate culture as its soul to construct a modern governance system and organizational support system with clear responsibilities and strong execution, providing solid support for high-quality development in the long run.

1. *Forging seven core competencies to build an efficient operation management system*

   The Company will continue to enhance its seven core competencies – strategic capability, product capability, marketing capability, store operation capability, cost capability, organizational capability, and internal control capability – to form an integrated operational capability characterized by "strategic leadership, product-driven growth, marketing breakthroughs, retail efficiency improvement, cost refinement, organizational support, and closed-loop internal control".

2. *Upholding the core of corporate culture to foster spiritual strength for long-term development*

   Corporate culture is the root and soul of the Company's development. Forest Cabin always takes vision, mission, and values as its guide when unifying thinking, building consensus, and driving action, the results of which have formed the shared value principle and code of conduct for all employees.

   Mission: To decode the secret of glowing skin using modern technology and natural botanical extracts.

   Vision: To make the skin of humanity and the Earth more beautiful.

   Values: To stay on customer-centric approach; be guided by business results; emphasize teamwork; learn from benchmarks, thereby embracing self-reflection and replicating success.

   In the future, the Company will continue to leverage its strong organizational capabilities and exceptional corporate culture as the foundation to ensure the steady implementation and efficient execution of its strategies, driving Forest Cabin's leapfrog from a benchmark in China's premium skincare sector to a leading brand in the world.

FINANCIAL REVIEW

Revenue

Revenue by product category

The following table sets forth the breakdown of our revenue by product category during the Reporting Period:

	Year ended December 31,			
	2025		2024	
	Amount	**%**	Amount	%
	(RMB in thousands, except for percentage)			
Essence oil	**1,023,560**	**41.8**	447,600	37.0
Face cream	**360,052**	**14.7**	190,402	15.7
Lotion and toner	**395,263**	**16.1**	128,836	10.7
Serum	**226,055**	**9.2**	121,436	10.0
Facial mask	**197,196**	**8.1**	147,558	12.2
Sunscreen	**53,582**	**2.2**	36,396	3.0
Other cosmetic products[(1)]	**192,645**	**7.9**	136,490	11.3
Others[(2)]	**1,184**	**0.0**	923	0.1
Total	**2,449,537**	**100.0**	1,209,641	100.0

Notes:

(1) Other cosmetic products primarily consisted of eye cream, cleanser, body care and color cosmetics.

(2) Others primarily represent brand licensing fees income.

We recorded a revenue of RMB2,449.5 million for the year ended December 31, 2025, representing an increase of 102.5% from RMB1,209.6 million for the year ended December 31, 2024, primarily due to increase in revenue from essence oil, face cream, and lotion and toner. The increase was primarily due to the launch of new SKUs driving product sales growth and upgrades to existing signature products.

Revenue by sales channel

The following table sets forth a breakdown of our revenue by sales channel during the Reporting Period:

	Year ended December 31,			
	2025		2024	
	Amount	**%**	Amount	%
	(RMB in thousands, except for percentage)			
Offline channels	**724,519**	**29.6**	494,368	40.8
Offline stores	**576,476**	**23.6**	444,089	36.7
– Directly-operated stores	**514,698**	**21.1**	398,332	32.9
– Store partners	**61,778**	**2.5**	45,757	3.8
Sales to offline retailers and enterprise customers	**20,459**	**0.8**	17,153	1.4
Distributors	**127,584**	**5.2**	33,126	2.7
Online channels	**1,723,834**	**70.4**	714,350	59.1
Online direct sales	**1,569,686**	**64.1**	634,837	52.5
Sales to online retailers	**154,148**	**6.3**	79,513	6.6
Others[(1)]	**1,184**	**0.0**	923	0.1
Total	**2,449,537**	**100.0**	1,209,641	100.0

Note:

(1) Others primarily consisted of brand licensing fees paid by joint operators and franchisees.

Revenue from our offline channels increased from RMB494.4 million in 2024 to RMB724.5 million in 2025, primarily due to (i) the continued growth in revenue from offline stores resulting from the expansion of our offline store network through the establishment of new directly-operated stores and collaborations with new store partners, as well as increased sales per store; and (ii) the continued growth in revenue from distributors resulting from the initiation and expansion of our collaborations with them.

Revenue from our online channels increased from RMB714.4 million in 2024 to RMB1,723.8 million in 2025, primarily due to our intensified sales and marketing activities on e-commerce platforms.

Cost of Sales

Our cost of sales primarily consisted of (i) cost of inventories sold, (ii) logistics and transportation costs, (iii) labor costs, (iv) taxes and surcharges, and (v) other cost of sales.

Our cost of sales increased by 107.9% from RMB212.0 million for the year ended December 31, 2024, to RMB440.7 million for the year ended December 31, 2025, primarily due to increases in the cost of inventories sold, logistics and transportation expenses and labor costs as our business grew.

Gross Profit and Gross Profit Margin

Our gross profit represents our total revenue less our total cost of sales, and gross profit margin represents gross profit divided by total revenue, expressed as a percentage.

Gross profit and gross profit margin by product category

The following table sets forth our gross profit and gross profit margin by product category during the Reporting Period:

	Year ended December 31,			
	2025		2024	
	Gross profit	**Gross profit margin (%)**	Gross profit	Gross profit margin (%)
	(RMB in thousands, except for percentage)			
Essence oil	**882,006**	**86.2**	381,620	85.3
Face cream	**297,499**	**82.6**	162,594	85.4
Lotion and toner	**317,537**	**80.3**	101,791	79.0
Serum	**188,386**	**83.3**	106,813	88.0
Facial mask	**150,379**	**76.3**	116,623	79.0
Sunscreen	**40,228**	**75.1**	29,747	81.7
Other cosmetic products(1)	**131,599**	**68.3**	97,545	71.5
Others(2)	**1,184**	**100.0**	923	100.0
Total	**2,008,818**	**82.0**	997,656	82.5

Notes:

(1) Other cosmetic products primarily consisted of eye cream, cleanser, body care and color cosmetics.

(2) Others primarily consisted of brand licensing fees paid by joint operators and franchisees.

Gross profit and gross profit margin by sales channel

The following table sets forth the breakdown of our gross profit and gross profit margin shown by sales channel during the Reporting Period:

	Year ended December 31,			
	2025		2024	
	Gross profit	**Gross profit margin (%)**	Gross profit	Gross profit margin (%)
	(RMB in thousands, except for percentage)			
Offline channels	**582,419**	**80.4**	409,543	82.8
Offline stores	**486,512**	**84.4**	375,435	84.5
– Directly-operated stores	**442,299**	**85.9**	342,713	86.0
– Store partners	**44,213**	**71.6**	32,722	71.5
Sales to offline retailers and enterprise customers	**13,400**	**65.5**	11,510	67.1
Distributors	**82,507**	**64.7**	22,598	68.2
Online channels	**1,425,215**	**82.7**	587,190	82.2
Online direct sales	**1,308,376**	**83.4**	525,830	82.8
Sales to online retailers	**116,839**	**75.8**	61,360	77.2
Others[1]	**1,184**	**100.0**	923	100.0
Total	**2,008,818**	**82.0**	997,656	82.5

Note:

(1) Others primarily consisted of brand licensing fees paid by joint operators and franchisees.

Our gross profit increased from RMB997.7 million in 2024 to RMB2,008.8 million in 2025, primarily due to growth in sales revenue. Our gross profit margin remained relatively stable at 82.5% and 82.0% respectively in 2024 and 2025.

Other income and gains

Our other income and gains primarily consisted of (i) government grants, which mainly represented subsidies granted by local governments for the purpose of encouraging industry development, which were mainly one-off in nature, and had no condition or contingencies attached or were recognized upon compliance with the attached conditions; (ii) investment income from financial assets at fair value through profit or loss, which mainly represented our investment income from wealth management products; (iii) foreign exchange gains; (iv) bank interest income; and (v) other income primarily comprising insurance claims and revenue related to the closure of stores operated by retail partners, which represent income generated from the early termination of store operations by joint operators and franchisees, including forfeited security deposits and penalties arising from breaches of contract.

Our other income and gains increased by 58.1% from RMB20.5 million for the year ended December 31, 2024 to RMB32.4 million for the year ended December 31, 2025, primarily due to increase in government grants.

Selling and distribution expenses

Our selling and distribution expenses primarily consisted of (i) marketing and promotion expenses, (ii) labor costs, (iii) depreciation and amortization, (iv) store operation fees, and (v) others primarily comprising logistics service fees, entertainment and travel expenses and office expenses.

Our selling and distribution expenses increased by 102.9% from RMB688.5 million for the year ended December 31, 2024 to RMB1,396.8 million for the year ended December 31, 2025, primarily due to increases in marketing and promotional expenses and labor costs. In particular, (i) marketing and promotion expenses increased by 148.7% from RMB365.0 million for the year ended December 31, 2024 to RMB907.8 million for the year ended December 31, 2025, primarily due to increased brand exposure, intensified brand promotion efforts, and investments in channel development; (ii) labor costs increased by 56.4% from RMB189.4 million for the year ended December 31, 2024 to RMB296.2 million for the year ended December 31, 2025, primarily due to an increase in the number of sales personnel in 2025 in line with the Group's business expansion.

Administrative expenses

Our administrative expenses primarily consisted of (i) labor costs, (ii) depreciation and amortization, (iii) professional and consulting fees mainly related to consulting services from external experts primarily including management training, audit and business strategy consulting, (iv) listing expenses, (v) software service fees, (vi) office, property management and utilities expenses, (vii) travel and business entertainment expenses, and (viii) bank charges.

Our administrative expenses increased by 96.7% from RMB77.8 million for the year ended December 31, 2024 to RMB153.0 million for the year ended December 31, 2025, primarily due to increased listing expenses related to the global offering; increased employee benefit expenses; and increased sales taxes and surcharges as our revenue grew.

Research and development costs

Our research and development expenses primarily consisted of (i) labor costs, (ii) testing expenses, (iii) direct material costs, and (iv) depreciation and amortization.

Our research and development expenses increased by 53.8% from RMB30.4 million for the year ended December 31, 2024 to RMB46.8 million for the year ended December 31, 2025, primarily due to increased new product development and R&D activities.

Other expenses

Other expenses primarily include write-downs of inventory, foreign exchange losses, and losses on the disposal of property, plant, and equipment. In 2024 and 2025, our other expenses were RMB1.3 million and RMB7.5 million, respectively, primarily due to increased write-downs of packaging materials resulting from our name change and foreign exchange losses.

Finance costs

Finance costs include interest expense on lease liabilities and interest expense on interest-bearing bank borrowings. In 2024 and 2025, our finance costs were RMB2.5 million and RMB5.5 million, respectively, primarily due to (i) an increase in interest expense on lease liabilities due to an increase in lease liabilities; and (ii) an increase in interest expense on interest-bearing bank borrowings, as interest expense on bank borrowings used for the construction of new production facilities was no longer capitalized but was recognized as finance costs upon completion of construction.

(Impairment losses)/reversal of impairment losses on financial assets

Impairment losses or reversals of impairment losses on financial assets primarily refer to credit losses or reversals of credit losses on trade receivables and other receivables. In 2024, our reversal of impairment losses on financial assets was RMB0.6 million, compared to impairment losses on financial assets of RMB2.4 million in 2025, primarily due to an increase in expected credit losses on trade receivables.

Income tax expense

In 2024 and 2025, we recorded income tax expense of RMB31.5 million and RMB68.9 million, respectively, primarily due to an increase in profit before tax.

Profit and total comprehensive income for the year

As a result of the above, our profit and total comprehensive income for the year increased by 92.9% from RMB186.8 million for the year ended December 31, 2024 to RMB360.4 million for the year ended December 31, 2025.

Non-IFRS measures

To supplement our consolidated statement of profit or loss and other comprehensive income which are presented under IFRS Accounting Standards, we also use adjusted profit for the year as non-IFRS measures, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that the presentation of non-IFRS measures, together with the presentation of corresponding IFRS measures, provides useful information to investors and our management, which facilitates comparisons of our operating performance from period to period by eliminating certain non-operating or non-recurring expenses that do not affect the ongoing operating performance of the Company (including listing expenses and share-based payments).

We define adjusted profit for the year (non-IFRS measure) as profit for the year adjusted by adding back listing expenses and share-based payments. Our adjusted profit for the year amounted to RMB400.8 million for the year ended December 31, 2025, representing an increase of 100.1% as compared with RMB200.2 million for the year ended December 31, 2024.

	Year ended December 31,	
	2025	2024
	(RMB'000)	*(RMB'000)*
Profit for the year	**360,367**	186,833
Add:		
Listing expenses	**30,219**	8,284
Share-based payments	**10,166**	5,125
Adjusted profit for the year	**400,752**	200,242

From time to time in the future, there may be other items that we may exclude from reviewing our financial results. The use of such non-IFRS measures has limitations as analytical tools, and shareholders and potential investors of the Company should not consider them in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards. In addition, the definition of such non-IFRS measures may be different from similar terms used by other companies, and therefore may not be comparable to similarly-titled measures of other companies.

Inventory

Our inventory consists of raw materials, work in progress and finished goods. The table below provides the breakdown of our inventory as of the end of the Reporting Period:

Item	**As of December 31, 2025** ***(RMB'000)***	As of December 31, 2024 *(RMB'000)*
Raw materials	**54,566**	57,778
Finished goods	**231,237**	70,205
Work in progress	**20,334**	15,920
Write-down of inventories	**(1,405)**	(2,664)
Total	**304,732**	141,239

Our inventory increased by 115.8% from RMB141.2 million as of December 31, 2024 to RMB304.7 million as of December 31, 2025, primarily due to the production of finished goods to meet anticipated increasing procurement demand in view of projected sales growth.

Our inventory turnover days increased from 173 days in 2024 to 186 days in 2025, primarily due to the production of finished goods to meet anticipated increasing procurement demand in view of projected sales growth.

Trade and bills payables

Our trade and bills payables primarily consist of trade and bills payables to suppliers for packaging materials and raw materials. Trade and bills payables are generally settled within 30 to 90 days. Our trade and bills payables increased by 58.0% from RMB106.0 million as of December 31, 2024, to RMB167.5 million as of December 31, 2025, primarily due to an increase in purchases of packaging materials and raw materials to support increase in product sales.

Other payables and accruals

Our other payables and accruals increased by 55.0% from RMB168.7 million as of December 31, 2024 to RMB261.6 million as of December 31, 2025, primarily due to (i) an increase in headcount in 2025 in line with the Group's business expansion, resulting in higher wages and benefits payable; and (ii) intensified brand promotion efforts in 2025, resulting in more accruals for advertising and promotional services.

Liquidity and capital resources

Sources of liquidity and working capital

Our primary use of cash is to fund our working capital needs and other recurring expenses. During the Reporting Period, we financed our operations primarily through cash generated from our operating activities and financing activities. After listing, our liquidity needs will be satisfied with a combination of cash flow generated from our operating activities, the net proceeds received from the global offering, debt financing and other funds raised from the capital markets from time to time. We will closely monitor our working capital levels, prudently review future cash flow requirements and adjust our operation and expansion plans when necessary to ensure that we maintain sufficient working capital to support our business operations. We had cash and cash equivalents of RMB1,541.5 million as of December 31, 2025, compared to RMB440.3 million as of December 31, 2024.

Cash flows

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,	
	2025	2024
	(RMB'000)	*(RMB'000)*
Net cash generated from operating activities	**410,447**	306,505
Net cash used in investing activities	**(74,592)**	(88,585)
Net cash generated from/(used in) financing activities	**766,939**	(63,490)
Cash and cash equivalents at the beginning of the year	**440,322**	285,729
Effect of foreign exchange differences, net	**(1,569)**	163
Cash and cash equivalents at the end of the year	**1,541,547**	440,322

Net cash from operating activities

For the year ended December 31, 2025, our net cash from operating activities was RMB410.4 million, primarily due to profit before tax of RMB429.3 million, and was adjusted for: (i) non-cash and non-operating items, primarily comprising depreciation of right-of-use assets of RMB69.0 million and depreciation of property, plant, and equipment of RMB35.3 million; (ii) changes in working capital, primarily comprising an increase of RMB35.6 million in prepayments, other receivables and other assets, and an increase of RMB163.3 million in inventories.

Net cash used in investing activities

For the year ended December 31, 2025, net cash used in investing activities was RMB74.6 million, primarily due to (i) purchases of property, plant, and equipment of RMB73.2 million; and (ii) purchases of other intangible assets of RMB4.8 million.

Net cash generated from/(used in) financing activities

For the year ended December 31, 2025, net cash from financing activities was RMB766.9 million, primarily consisting of (i) cash inflows of RMB952.7 million from proceeds of the listing; and (ii) dividends paid of RMB95.0 million.

Indebtedness

The table below sets out the details of our indebtedness as of the dates indicated:

	As of December 31, 2025 *(RMB'000)*	As of December 31, 2024 *(RMB'000)*
Current		
Interest-bearing bank borrowings	**23,432**	–
Lease liabilities	**50,509**	37,765
Non-current		
Interest-bearing bank borrowings	**38,952**	77,955
Lease liabilities	**40,884**	13,105
Total	**153,777**	128,825

Bank borrowings

As of December 31, 2025, we obtained financing from banks with effective fixed interest rate from 2.9% to 3.5% per annum. As of December 31, 2024 and December 31, 2025, we had a total of bank borrowings of RMB78.0 million and RMB62.4 million, respectively. During the Reporting Period, our borrowings were primarily used to replenish working capital.

Contingent liabilities

As of December 31, 2025, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

Commitments

During the Reporting Period, our capital commitments consisted primarily of property, plant, and equipment, as well as other intangible assets. Our total capital commitments decreased by 36.7% from RMB11.2 million as of December 31, 2024 to RMB7.1 million as of December 31, 2025.

Capital expenditures

During the Reporting Period, our capital expenditures primarily consisted of purchases of property, plant, and equipment, as well as other intangible assets. For the year ended December 31, 2025, our capital expenditures amounted to RMB77.9 million. We intend to fund future capital expenditures through a combination of operating cash flow, equity and debt financing, and net proceeds from the global offering.

Key financial ratios

The table below sets forth the key financial ratios for the year ended December 31, 2025 and the year ended December 31, 2024:

Item	**For the year ended December 31, 2025**	For the year ended December 31, 2024
Gross profit margin (%) (1)	**82.0%**	82.5%
Net profit margin (%)(2)	**14.7%**	15.4%
Return on total assets (%)(3)	**20.2%**	20.6%
Current ratio(4)	**3.5**	1.9
Quick ratio(5)	**3.0**	1.5
Gearing ratio (%) (6)	**3.4%**	12.7%

Notes:

(1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin equals profit for the year divided by revenue and multiplied by 100%.

(3) Return on total assets equals profit for the year divided by the average of the beginning and ending total assets multiplied by 100%.

(4) Current ratio is calculated by dividing current assets by current liabilities.

(5) Quick ratio is calculated by dividing current assets less inventories by current liabilities.

(6) Gearing ratio equals total interest-bearing bank borrowings divided by total equity and multiplied by 100%.

Significant investments held

As of December 31, 2025, the Group did not hold any significant investments representing 5% or more of the Group's total assets.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the Reporting Period, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Pledge of assets

As of December 31, 2025, the Group's bank loans were secured by certain of the Group's property, plant, and equipment, as well as right-of-use assets. The carrying amounts of these assets as of December 31, 2025 were RMB171,357,000 and RMB13,823,000, respectively.

Save as disclosed above, as of December 31, 2025, we had no other encumbered assets.

Future plans for material investments and capital assets

Save as disclosed in this announcement and the prospectus of the Company dated December 18, 2025 (the "**Prospectus**"), as of the date of this announcement, we have no specific future plan for material investments and acquisition of capital assets.

Currency and exchange rate fluctuation risk

We receive most of our revenue in RMB and most of the expenditures as well as capital expenditures are also denominated in RMB, which is the functional currency of the Company's subsidiaries. Our exposure to foreign currency risk arises mainly from certain bank balances, which are denominated in foreign currencies. Except for the above items denominated in foreign currencies, we did not have any other monetary assets or liabilities denominated in foreign currencies as of December 31, 2025.

The foreign exchange risk exposure of the Group mainly arises from the risk of exchange of United States dollars and Hong Kong dollars to Renminbi. We managed our foreign exchange risk by regularly reviewing net foreign exchange exposures and conducting risk management. The management of the Group continued to pay attention to the market environment and the Group's own foreign exchange risk profile, and to consider taking appropriate hedging measures when necessary. During the Reporting Period, the Group did not enter into any hedging transaction against foreign currency risks.

Employees and remuneration policies

As of December 31, 2025, the Group had 2,840 employees. The number of employees employed by the Group varies from time to time depending on needs. The staff costs including Directors' and Supervisors' emoluments were approximately RMB457.3 million for the year ended December 31, 2025.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary, bonuses and share incentive scheme. We have a unified salary management system and employee internal transfer management methods to ensure the fairness of salary and promotion, and the salary and promotion decisions stipulated in the system are based on the employees' position and performance. In addition to salary, employees also receive welfare benefits, including medical insurance, retirement benefits, work-related injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide retirement, medical, work-related injury, maternity and unemployment benefits. We also provide training and development plans to our employees to improve their technical skills.

Subsequent events

The over-allotment option described in the Prospectus has been fully exercised by the overall coordinators (for themselves and on behalf of the international underwriters) on January 22, 2026, in respect of an aggregate of 2,094,950 H shares, representing approximately 15% of the total number of the offer shares initially available under the global offering before any exercise of the over-allotment option, at an offer price of HK$77.77 per H share (exclusive of brokerage of 1.0%, Securities and Futures Commission transaction levy of 0.0027%, Accounting and Financial Reporting Council transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%). The listing of and dealings in the relevant H shares commenced on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on January 27, 2026. For details, please refer to the announcement of the Company dated January 22, 2026.

On March 16, 2026, the Board has considered and approved the proposed implementation of conversion of 33,570,658 domestic unlisted shares of the Company held by certain shareholders of the Company into H shares of the Company (the "**H Share Full Circulation**"), representing approximately 23.6815% of the total issued share capital of the Company. The H Share Full Circulation will be subject to the filing with the China Securities Regulatory Commission and approvals from the Stock Exchange. For details, please refer to the announcement of the Company dated March 16, 2026.

On March 16, 2026, the Board has considered and approved the proposed adoption of the H Share Award (Existing Shares) Scheme (the "**H Share Award Scheme**"). The H Share Award Scheme is established for the purpose of further improving and refining the Company's incentive mechanism, motivating the enthusiasm of the Company's employees, effectively aligning the interests of the Company's shareholders (the "**Shareholders**"), the interests of the Company and the personal interests of the Company's employees, and jointly driving the sustainable and healthy development of the Company. For details, please refer to the announcement dated March 16, 2026 and the circular dated March 18, 2026 of the Company.

Save as disclosed in this announcement, there were no material events that have occurred in the Group from the end of the Reporting Period and up to the date of this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2025

	Notes	**2025** *RMB'000*	2024 *RMB'000*
REVENUE	*3*	**2,449,537**	1,209,641
Cost of sales		**(440,719)**	(211,985)
Gross profit		**2,008,818**	997,656
Other income and gains		**32,417**	20,500
Selling and distribution expenses		**(1,396,815)**	(688,476)
Administrative expenses		**(152,975)**	(77,761)
Research and development costs		**(46,769)**	(30,404)
Other expenses		**(7,474)**	(1,295)
Finance costs	*5*	**(5,467)**	(2,479)
(Impairment losses)/reversal of impairment losses on financial assets		**(2,435)**	552
PROFIT BEFORE TAX	*4*	**429,300**	218,293
Income tax expense	*6*	**(68,933)**	(31,460)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**360,367**	186,833
Attributable to:			
Owners of the parent		**360,367**	186,833
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted *(RMB)*	*8*	**2.87**	1.49 (restated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	**2025**	2024
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**254,315**	229,077
Right-of-use assets		**110,190**	70,065
Other intangible assets		**8,005**	7,652
Deferred tax assets		**80,794**	72,166
Other non-current assets		**2,806**	897
Total non-current assets		**456,110**	379,857
CURRENT ASSETS			
Inventories	*9*	**304,732**	141,239
Trade receivables	*10*	**96,646**	45,903
Prepayments, other receivables and other assets		**100,233**	64,602
Restricted cash		**1,007**	2,031
Cash and cash equivalents		**1,541,547**	440,322
Total current assets		**2,044,165**	694,097
CURRENT LIABILITIES			
Trade and bills payables	*11*	**167,499**	106,014
Other payables and accruals		**261,579**	168,737
Contract liabilities		**40,829**	26,254
Interest-bearing bank borrowings		**23,432**	–
Lease liabilities		**50,509**	37,765
Tax payable		**41,546**	32,050
Total current liabilities		**585,394**	370,820
NET CURRENT ASSETS		**1,458,771**	323,277
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,914,881**	703,134
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**38,952**	77,955
Lease liabilities		**40,884**	13,105
Total non-current liabilities		**79,836**	91,060
NET ASSETS		**1,835,045**	612,074
EQUITY			
Equity attributable to owners of the parent			
Share capital		**27,933**	25,140
Reserves		**1,807,112**	586,934
Total equity		**1,835,045**	612,074

1. CORPORATE AND GROUP INFORMATION

Shanghai Forest Cabin Cosmetics Group Co., Ltd. is a joint stock limited company established in the People's Republic of China (the "**PRC**") on 22 December 2011. The registered office of the Company is located at Room 201, Area A, 2F, Building 1, No. 1177 Xinmiao 3rd Road, Xinqiao Town, Songjiang District, Shanghai, PRC. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 30 December 2025 (the "**Listing**") by way of initial public offering ("**IPO**").

During the year, the Company and its subsidiaries (together as the "**Group**") were involved in research and development, manufacture and sale of skincare products.

In the opinion of the directors of the Company, the ultimate controlling shareholder of the Company is Mr. Sun Laichun.

As at the date of this announcement, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies. The particulars of the principal subsidiaries are set out below:

Name*	Place of establishment/ registration and business	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hangzhou Dongdongqi E-commerce Co., Ltd. (杭州洞洞柒電子商務有限公司)	PRC/Chinese mainland 26 March 2025	RMB10,000,000	100	–	Sale of skincare products
Shanghai Senqingxuan Industrial Co., Ltd. (上海森清軒實業有限公司)	PRC/Chinese mainland 17 November 2016	RMB1,000,000	100	–	Sale of skincare products
Shanghai Chun Chun Cosmetics Sales Co., Ltd. (上海春椿化妝品銷售有限公司)	PRC/Chinese mainland 5 December 2016	RMB10,000,000	–	100	Sale of skincare products
Shanghai Qiyuan E-commerce Co., Ltd. (上海柒淵電子商務有限公司)	PRC/Chinese mainland 15 December 2016	RMB10,000,000	–	100	Sale of skincare products
Shanghai Qitan Biotechnology Co., Ltd. (上海柒潭生物科技有限公司)	PRC/Chinese mainland 26 May 2017	RMB5,000,000	–	100	Production of core raw materials
Nantong Qilingqi Electronic Commerce Co., Ltd. (南通柒零柒電子商務有限公司)	PRC/Chinese mainland 11 June 2021	RMB5,000,000	–	100	Sale of skincare products

* The English names of these entities registered in the PRC represent the management's best efforts in translating their Chinese names as no official English names have been registered.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 Lack of Exchangeability for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosure of management-defined performance measures in a note and introduces new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and disclosures of the Group's financial performance. So far, the Group considers that the new and revised standards are unlikely to have a significant impact on the Group's results of operations and financial position.

3. REVENUE

An analysis of revenue is as follows:

	2025	2024
	RMB'000	*RMB'000*
Revenue from contracts with customers	**2,449,537**	1,209,641

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025	2024
	RMB'000	*RMB'000*
Types of goods or services		
Sale of products	**2,448,353**	1,208,718
Others	**1,184**	923
Total	**2,449,537**	1,209,641

	2025	2024
	RMB'000	*RMB'000*
Timing of revenue recognition		
Goods transferred at a point in time	**2,448,353**	1,208,718
Services transferred over time	**1,184**	923
Total	**2,449,537**	1,209,641

The following table shows the amounts of revenue recognised that were included in the contract liabilities at the beginning of the reporting period:

	2025	2024
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	**25,565**	21,669
Others	**534**	650
Total	**26,099**	22,319

The following table shows the breakdown of revenue by sales channel:

	2025	2024
	RMB'000	*RMB'000*
Online channels		
Online direct sales	**1,569,686**	634,837
Sales to online retailers	**154,148**	79,513
Offline channels		
Offline stores	**576,476**	444,089
Sales to offline retailers and enterprise customers	**20,459**	17,153
Distributors	**127,584**	33,126
Others	**1,184**	923
Total	**2,449,537**	1,209,641

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The Group primarily sells its products to customers through offline channels such as direct sales via directly operated stores, joint operation stores, franchised stores, offline retailers, enterprise customers and distributors and online channels such as direct online sales and online retailers.

Others

Others mainly represent the revenue from brand licensing fees paid by joint operators and franchisees. The performance obligation is satisfied over time when services are rendered. Generally, brand licensing contracts are for periods ranging from one to two years.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025	2024
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within 1 year	**40,552**	26,099
After 1 year	**277**	155
Total	**40,829**	26,254

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2025	2024
	RMB'000	*RMB'000*
Cost of inventories sold*	**300,917**	149,702
Depreciation of property, plant and equipment	**35,258**	14,322
Depreciation of right-of-use assets	**69,024**	61,175
Less: Capitalised in construction in progress	**–**	(665)
Depreciation charged to profit or loss	**69,024**	60,510
Loss on disposal of items of property, plant and equipment and intangible assets	**340**	157
Gain on termination of leases	**(1,455)**	(27)
Amortisation of other intangible assets	**1,897**	1,666
Research and development costs	**46,769**	30,404
Auditor's remuneration	**2,500**	800
Listing expenses	**30,219**	8,284
Employee benefit expense (including directors', chief executive's and supervisors' remuneration):		
Wages and salaries	**389,358**	229,171
Equity-settled share-based payment expenses	**10,166**	5,125
Pension scheme contributions, social welfare and other welfare**	**57,814**	39,350
Total	**457,338**	273,646
(Reversal of write-down)/write-down of inventories	**(232)**	715
Impairment losses/(reversal of impairment losses) on financial assets	**2,435**	(552)
Variable lease payments not included in the measurement of lease liabilities	**3,326**	1,767
Expenses relating to short-term leases and low-value leases	**2,446**	594
Foreign exchange differences, net	**1,569**	(163)

* The amount of cost of inventories sold as stated herein excludes those included in the employee benefit expense, logistics and transportation costs, taxes and surcharges, write-down of inventories, depreciation of property, plant and equipment and depreciation of right-of-use assets.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2025	2024
	RMB'000	*RMB'000*
Interest expenses on lease liabilities	**3,195**	1,797
Interest expenses on interest-bearing bank borrowings	**2,272**	2,340
Total interest expenses	**5,467**	4,137
Less: Interest capitalised	**–**	1,658
Total	**5,467**	2,479

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

PRC enterprise income tax

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate of the Group's PRC subsidiaries is 25%, except for the Company which is entitled to tax exemption set out below.

The Company is accredited as a "High and New Technology Enterprise" and was therefore entitled to a preferential income tax rate of 15% during the years ended 31 December 2025 and 2024. Such qualification is subject to review by the relevant tax authority in the PRC for every three years.

	2025	2024
	RMB'000	*RMB'000*
Current income tax		
Charge for the year	**77,561**	49,719
Deferred income tax	**(8,628)**	(18,259)
Total	**68,933**	31,460

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	2025	2024
	RMB'000	*RMB'000*
Profit before tax	**429,300**	218,293
Tax at the statutory income tax rate of 25%	**107,325**	54,573
Effect of different tax rates	**(30,945)**	(21,772)
Expenses not deductible for tax	**2,188**	2,182
Deductible temporary differences not recognised	**–**	3,757
Recognition of deductible temporary differences brought forward from previous years	**(2,620)**	(3,051)
Additional deductible allowance for research and development costs	**(7,015)**	(4,229)
Tax charge at the Group's effective rate	**68,933**	31,460

7. DIVIDENDS

	2025	2024
	RMB'000	*RMB'000*
Dividends	**95,028**	50,000

On 26 January 2024, the Company declared dividends of RMB50,000,000 to its shareholders and the dividends were paid in April 2024.

On 5 August 2025, the Company declared final dividends for 2024 of approximately RMB95,028,000 to its shareholders, of which approximately RMB94,174,000 was paid in August 2025 and the remaining RMB854,000 was paid in December 2025.

The proposed final dividend for the year 2025 of RMB0.95 per ordinary share to the Company's shareholders is based on the total number of shares of the Group as of 31 January 2026, which is 141,759,235 shares, amounting to a total of approximately RMB134,671,000, and is subject to the approval by the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 125,774,363 (2024:125,697,835) outstanding during the year, as adjusted to reflect the share conversion. The weighted average number of shares outstanding for the years ended 31 December 2025 and 2024 presented has been adjusted retrospectively to reflect the impact of the conversion into a joint stock limited company and share subdivision as if they had occurred at the beginning of the earliest comparative period (1 January, 2024).

The calculations of basic and diluted earnings per share are based on:

	2025	2024
Earnings		
Profit attributable to owners of the parent *(RMB'000)*	**360,367**	186,833
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**125,774,363**	125,697,835 (restated)

The Group had no dilutive potential ordinary shares in issue, and accordingly, the diluted earnings per share for the year was the same as the basic earnings per share.

9. INVENTORIES

	2025	2024
	RMB'000	*RMB'000*
Raw materials	**54,566**	57,778
Finished goods	**231,237**	70,205
Work in progress	**20,334**	15,920
	306,137	143,903
Write-down of inventories	**(1,405)**	(2,664)
Total	**304,732**	141,239

10. TRADE RECEIVABLES

	2025	2024
	RMB'000	*RMB'000*
Trade receivables	**101,789**	48,642
Impairment	**(5,143)**	(2,739)
Net carrying amount	**96,646**	45,903

The Group's trade receivables are usually generated from sales through offline stores and online platforms which help collect sales proceeds. The Group usually grants a credit period of approximately 30 days to the stores and online platforms, extending up to 60 days for major customers. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing. As at the end of each reporting period, there were no receivables from related parties.

An ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025	2024
	RMB'000	*RMB'000*
Within 1 month	**79,214**	33,186
1 to 3 months	**16,814**	11,889
3 to 6 months	**283**	519
6 to 12 months	**166**	133
1 to 2 years	**165**	128
2 to 3 years	**4**	48
Total	**96,646**	45,903

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025	2024
	RMB'000	*RMB'000*
At beginning of year	**2,739**	3,286
Impairment losses, net	**2,419**	(540)
Amount written off as uncollectible	**(15)**	(7)
At end of year	**5,143**	2,739

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The Group considers the characteristics of the shared credit risk and the ageing of the trade receivables to measure the expected credit losses. The majority of the receivables were neither past due nor impaired and related to diversified customers.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Forward-looking information was also incorporated. The expected credit loss rate was 5.05% as at 31 December 2025 (31 December 2024: 5.63%).

11. TRADE AND BILLS PAYABLES

An ageing analysis of the Group's trade and bills payables as at the end of each reporting period, based on the invoice date, is as follows:

	2025	2024
	RMB'000	*RMB'000*
Within 1 month	**94,339**	54,120
1 to 3 months	**71,121**	47,470
3 to 6 months	**534**	3,457
6 months to 1 year	**792**	697
Over 1 year	**713**	270
Total	**167,499**	106,014

The trade and bills payables are non-interest-bearing and are normally settled on 90-day terms after issuance of the invoices.

AUDIT COMMITTEE

The Audit Committee comprises Mr. Zhu Qian (朱乾先生), Ms. Jing Aimei (景愛梅女士) and Mr. Liu Yuliang (劉玉亮先生). The Chairperson of the Audit Committee is Mr. Zhu Qian.

The Audit Committee has reviewed the consolidated annual results of the Group for the year ended December 31, 2025 with the management and the auditor of the Company. The Audit Committee considered that the consolidated annual results of the Group for the year ended December 31, 2025 are in compliance with the applicable accounting standards, laws and regulations. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and issues in relation to internal control, risk management and financial reporting with the management of the Company.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in this annual results announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for 2025. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Ernst & Young on this annual results announcement.

FINAL DIVIDEND

The Board has resolved to recommend the declaration of a final dividend of RMB0.95 per share for the year ended December 31, 2025, amounting to approximately RMB134,671,000 in total, subject to the approval of the Shareholders at the 2025 annual general meeting of the Company (the "**2025 AGM**"). Such dividend is expected to be paid on or before July 15, 2026. The proposed final dividend will be paid in Hong Kong dollars to the holders of H shares of the Company. The final dividend paid in Hong Kong dollars will be converted from RMB to Hong Kong dollars based on the average selling price of foreign exchange published by the People's Bank of China on the calendar week preceding the 2025 AGM. The final dividend to be paid to the holders of the Company's domestic unlisted shares will be paid in RMB. As of the date of this announcement, the Group is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

2025 AGM AND CLOSURE OF REGISTER OF MEMBERS

The Company will announce the date of the 2025 AGM and the period during which register of members will be closed in due course.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the period from date on which the H shares of the Company were listed on the Main Board of the Stock Exchange on December 30, 2025 (the "**Listing Date**") to December 31, 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares). As of December 31, 2025, the Company did not hold any treasury shares.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. The principles of the Company's corporate governance are to promote effective internal control measures, enhance transparency of the work of the Board, and strengthen accountability of the Board to all the Shareholders.

The Company has adopted the corporate governance code (the "**CG Code**") set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance since the listing date.

Save as disclosed below, since the Listing Date and up to the date of this announcement, the Company has complied with all applicable code provisions set out in the corporate governance code. The Board will continue to regularly review the effectiveness of our corporate governance structure and practices.

Pursuant to code provision C.2.1 of Part 2 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman of the Board and president should be separate and should not be performed by the same individual. The Company does not have a separate chairman of the Board and president, and Mr. Sun Laichun currently performs these two roles. The Board also believes that vesting the roles of both chairman of the Board and president in the same person has the benefit of ensuring consistent leadership within the Group, enabling more effective and efficient overall strategic planning of the Group, and facilitating the communication between the Group's management and the Board. In particular, Mr. Sun Laichun has over 20 years of corporate management experience. He founded the brand of Forest Cabin in September 2003 and later founded the Company in December 2011. His deep industry insight as well as extensive corporate management experience are invaluable to the Group's strategic planning and effective internal management. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. In addition, there is sufficient check and balance in the Board as the decision to be made by the Board requires approval by at least a majority of the Directors and the Board has three independent non-executive Directors out of the six Directors. The Board will continue to review and consider separating the roles of chairman of the Board and president at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the corporate governance code, and maintain a high standard of corporate governance practices of the Company.

SECURITIES TRANSACTIONS BY DIRECTORS

Since its listing, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**") as the code of conduct regulating dealings in securities of the Company by its Directors and employees who are in possession of inside information in relation to the Group or the Company's securities.

In response to specific enquiries made by the Board, all Directors confirmed that they have complied with the provisions of the Model Code since the Listing Date and up to the date of this announcement. The Company was not aware of any incidents of non-compliance with the Model Code by employees.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.forest-cabin.com). The annual report of the Company for the year ended December 31, 2025 containing all the information required by the Listing Rules will be published on the aforementioned websites in due course.

RESIGNATION OF DIRECTORS

Due to a change in personal business priorities and a desire to devote more time to other business matters, Ms. Jing Aimei ("**Ms. Jing**"), a non-executive Director of the first session of the Board, tendered a resignation in writing to the Board on March 24, 2026, to resign from her positions as a non-executive Director and a member of the Audit Committee. Ms. Jing will continue to perform her duties as a non-executive Director and the member of the Audit Committee until the date on which a new director is elected at the Company's shareholders' meeting.

Ms. Jing confirmed that she had no disagreement with the Company and the Board, nor are there other matters relating to her resignation that are required to be brought to the attention of the Shareholders or the Stock Exchange. The Company expresses its sincere gratitude to Ms. Jing for her contribution to the development of the Company during her tenure.

Due to a desire to devote more time to his personal business, Mr. Gao Hongqi ("**Mr. Gao**"), an executive Director of the first session of the Board, tendered a resignation in writing to the Board on March 24, 2026, to resign from his position as an executive Director. Mr. Gao will continue to perform his duties as executive Director until the date on which a new director is elected at the Company's employee representative assembly.

Mr. Gao confirmed that he had no disagreement with the Company and the Board, nor are there other matters relating to his resignation that need to be brought to the attention of the Shareholders or the Stock Exchange. The Company expresses its sincere gratitude to Mr. Gao for his contribution to the development of the Company during his tenure.

PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR

In accordance with the provisions of the Company Law of the People's Republic of China (the "**Company Law**") and the articles of association of the Company (the "**Articles of Association**"), the Board proposes to appoint Mr. Sun Fuchun ("**Mr. Sun**") as an executive Director of the first session of the Board. His tenure shall commence on the date of approval by the shareholders' meeting until the expiry of the first session of the Board.

The above proposed appointment of executive Director will take effect upon approval by the Shareholders by an ordinary resolution at the 2025 AGM.

Biographical details of Mr. Sun are set out as follows:

Mr. Sun Fuchun, aged 52, is the deputy general manager of the Company. He is primarily responsible for the sales and sales training of the Group.

Mr. Sun joined the Group in June 2015 and successively served as the sales supervisor and deputy general manager and general manager of sales since then. He also serves as a director in several subsidiaries of the Company. Prior to joining the Group, Mr. Sun served as the general manager of Orion Co., Ltd. (奥里昂有限責任公司) from April 2001 to November 2011, and served as the general manager of Shenyang Danbo Fang Cosmetics Co., Ltd. (瀋陽淡泊坊化妝品有限公司) from December 2011 to May 2015.

Mr. Sun obtained a diploma in computer science and technology from Jilin University of Finance and Economics (吉林財經大學) in the PRC in January 2011 through correspondence learning and an EMBA certificate from Liaoning University (遼寧大學) in the PRC in October 2014. He also graduated from international business retail president class at Shanghai Jiao Tong University (上海交通大學國際商業零售總裁班) in the PRC in June 2021. Mr. Sun Fuchun holds the title of corporate coach-trainer (Phase 1) from China Corporate Coach Union (中國企業教練聯合會) in June 2018; and a title of senior marriage counsellor from China National Personnel Talents Training Net (中國國家人事人才培訓網) in August 2021. He has been a member of the Shanghai Committee of China Democratic National Construction Association (中國民主建國會上海市委員會) since June 2023. Mr. Sun is the brother of Mr. Sun Laichun, the Chairman of the Board, executive Director and president and controlling shareholder of the Company. As at the date of this announcement, Mr. Sun was deemed to be interested in 1,250,000 H shares of the Company as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**").

As at the date of this announcement, save as disclosed above, Mr. Sun does not (i) have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company; (ii) hold any position in the Company or any of its subsidiaries; (iii) hold any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; and (iv) have any interest in shares of the Company or its associated corporations within the meaning of the SFO.

As at the date of this announcement, save as disclosed above, there are no other matters relating to the proposed appointment of Mr. Sun that are required to be brought to the attention of the Shareholders and the Stock Exchange, nor is there any information regarding Mr. Sun that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Subject to the approval of the proposed appointment of Mr. Sun at the 2025 AGM, the Company will enter into a service contract with him. Mr. Sun's remuneration as a Director will be determined and reviewed annually by the Board with the recommendation of the remuneration committee of the Board and by reference to the prevailing market practice, the remuneration policy of the Company, his experience, and duties and responsibilities within the Company. Mr. Sun is entitled to receive an annual salary of RMB1.20 million as the deputy general manager of the Company. Also, Mr. Sun may receive bonus, discretionary bonus and other benefits in kind, subject to the recommendation of the remuneration committee of the Board and approval of the Board.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In accordance with the relevant provisions of the Company Law and in light of the Company's actual circumstances, the Company proposes to amend the Articles of Association and its appendix, the Rules of Procedure for Shareholders' Meetings and the Rules of Procedure for Board Meetings (the "**Proposed Amendments**"). The Proposed Amendments mainly include: (i) deleting the provisions regarding the review and approval of the annual financial budgetary plans and final accounting plans of the Company from the functions and powers of the shareholders' meeting; (ii) deleting the provisions regarding the annual financial budgetary plans and final accounting plans from the powers of the Board; and (iii) other textual amendments.

The Proposed Amendments are subject to the consideration and approval by the Shareholders at a shareholders' meeting of the Company. Prior to that, the existing Articles of Association, the Rules of Procedure for Shareholders' Meetings and the Rules of Procedure for Board Meetings will continue to be valid.

A circular of 2025 AGM containing, among other things, details of the proposed appointment of executive Director and the Proposed Amendments, a notice of 2025 AGM and a form of proxy will be published on the websites of the Stock Exchange and the Company as soon as practicable.

GLOSSARY OF TECHNICAL TERMS

This glossary contains certain technical terms used in this announcement in connection with our Company. Such terms and their meanings may not correspond to standard industry definitions or usage.

"active customer(s)"	customers who have placed at least one purchase order in the period from 2023 to 2025
"anti-wrinkle"	the ability to reduce the appearance of fine lines and wrinkles
"camellia"	a shrub or small tree native to China, typically found in southeastern areas at altitudes of 300 to 1,100 meters. It includes varieties such as the red camellia with red flowers, and the white camellia with white blooms. The alpine camellia is adapted to higher altitudes and has distinct floral features
"Camellia Anti-Wrinkle Repairing Essence Oil"	the fifth generation of Camellia Essence Oil

"Camellia Black Gold Rejuvenate Peptide Anti-Wrinkle Brightening Essential Cream"	the second generation of Camellia Rejuvenate Cream
"Camellia Essence Oil"	all generations of our signature essence oil, collectively known as Camellia Essence Oil
"Camellia Rejuvenate Cream"	all generations of our rejuvenate cream, collectively known as Camellia Rejuvenate Cream
"cellular-level"	the processes, actions, or phenomena that occur at the scale of individual cells
"collagen"	structural protein found in the human body, particularly in the skin, tendons and bones, which provides strength, elasticity and support to various tissues
"color cosmetics"	products that can emphasize or alter the appearance of the face or body, which mainly include eyeliner, lipstick, foundation and other makeup products
"cosmetics products"	products that are applied by means of smearing, spraying or other similar methods on any part of the human body's surface, such as the skin, hair, finger and toenails, lips and teeth, etc., in order to achieve the purpose of cleansing, maintaining, beautifying, modifying and altering the appearance of the human's face and body, or correcting the body's odor to keep it in good condition; which include skincare, personal care, color cosmetics, perfume and others
"dullness"	a lack of radiance, vibrancy and overall glow in the skin
"First-tier cities"	Shanghai, Beijing, Guangzhou and Shenzhen
"KOC(s)"	key opinion customer(s)
"KOL(s)"	key opinion leader(s)
"lower-tier cities"	including third- and other lower-tier cities
"NAD+"	Nicotinamide Adenine Dinucleotide, a coenzyme found in all living cells, which plays an important role in cellular metabolism by facilitating redox reactions, carrying electrons from one reaction to another
"New first-tier cities"	Nanjing, Wuhan, Suzhou, Hefei, Chengdu, Hangzhou, Zhengzhou, Tianjin, Ningbo, Dongguan, Changsha, Qingdao, Xi'an, Chongqing, Wuxi and Changshu

"OMO"	"Online-merge-Offline", a marketing strategy that seamlessly combines customer interactions and shopping experiences from both the online and offline realms
"PA++++"	the highest level of sun protection factor, indicating exceptional broad-spectrum ultraviolet radiation shielding capabilities
"peptides"	short chains of amino acids that play a crucial role in various biological processes, including skin rejuvenation and collagen synthesis
"photoaging"	the premature aging of the skin caused by prolonged exposure to ultraviolet radiation from the sun
"premium skincare brand"	skincare brands positioned to meet the demands of consumers for prestige, high quality and exclusivity through perceived-value products
"R&D"	research and development
"repurchase rate"	calculated by dividing the number of consumers who purchased our products for two or more times during a specific period of time by the number of consumers who made at least one purchase during the same period of time
"retail sales"	the monetary value paid by final consumers on purchasing finished goods
"Second-tier cities"	Foshan, Shenyang, Nanchang, Lanzhou, Kunming, Xiamen, Shaoxing, Wenzhou, Zhuhai, Jiaxing, Zhongshan, Changzhou, Jinhua, Taizhou, Nantong, Jinan, Quanzhou, Fuzhou, Dalian, Yantai, Huizhou, Taiyuan, Weifang, Guiyang, Harbin, Xuzhou, Shijiazhuang, Nanning, Changchun, Baoding, Lanzhou, Jingjiang and Kunshan
"skin repair"	the ability to actively help the skin restore, rejuvenate and replenish its natural functions and structures
"skincare products"	product that can improve skin integrity, provide relief to skin conditions, and address specific skin concerns such as wrinkle, dryness, etc.
"SKU(s)"	stock keeping unit(s), to help identify and track inventories; in connection with which, "new SKU(s)"refers to the SKUs launched in the specified year/period for the first time with revenue recognized for such year/period during their first 12-month launch period

"SPF"	sun protection factor, a metric that measures a sunscreen's ability to protect the skin from the harmful effects of ultraviolet radiation
"thermal aging"	premature deterioration of the skin's structure and function due to prolonged exposure to heat
"Third-tier cities"	Wuhu, Sanya, Lishui, Jiujiang, Linyi, Huzhou, Zhenjiang, Weihai, Taizhou, Zhuzhou, Zibo, Yangzhou, Urumqi, Hohhot, Tangshan, Langfang, Yancheng, Jiangmen, Haikou, Yinchuan, Putian, Huai'an, Zhangzhou, Tai'an, Hengyang, Liuzhou, Mianyang, Yichang, Bengbu, Lianyungang, Xiangyang, Jining, Ningde, Yueyang, Shantou, Shangrao, Luoyang, Zhaoqing, Guilin, Suqian, Handan, Jinzhou, Changde, Cangzhou, Yichun, Chuzhou, Nanchong, Zunyi, Xinxiang, Zhanjiang, An'qing, An'yang, Ganzhou, Xianyang, Dezhou, Xingtai, Nanyang, Liu'an, Fuyang, Liaocheng, Xinyang, Heze, Jieyang, Shangqiu, Zhoukou, Baotou, Ma'anshan, Ordos, Dongying, Zaozhuang, Zhumadian, An'qiu, Jiangyin, Liyang and Zhangjiagang
"top-tier cities"	including first-, new first- and second-tier cities
"UVA"	ultraviolet A, which refers to the longer wavelength range of ultraviolet radiation, typically between 315-400 nanometers
"UVB"	ultraviolet B, which refers to the shorter wavelength range of ultraviolet radiation, typically between 280-315 nanometers

By order of the Board
SHANGHAI FOREST CABIN COSMETICS GROUP CO., LTD.
Mr. Sun Laichun
Chairman of the Board, Executive Director and President

Shanghai, the PRC, March 24, 2026

As at the date of this announcement, the Board comprises: (i) Mr. SUN Laichun and Mr. GAO Hongqi as executive Directors; (ii) Ms. JING Aimei as a non-executive Director; and (iii) Mr. ZHU Qian, Mr. LIU Yuliang and Ms. QIANG Yilan as independent non-executive Directors.