

林清轩

Forest Cabin

Shanghai Forest Cabin Cosmetics Group Co., Ltd.

上海林清轩化妆品集团股份有限公司

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

Stock Code: 2657



2026

INTERIM REPORT

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DEFINITIONS

In this interim report, unless the context otherwise requires, the following terms have the meanings set forth below.

“Articles of Association”	the Articles of Association of SHANGHAI FOREST CABIN COSMETICS GROUP CO., LTD. (as amended from time to time)
“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of directors of our Company
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this interim report only, Hong Kong, Macau Special Administrative Region and Taiwan region
“Company”, or “our Company” or “the Company”	SHANGHAI FOREST CABIN COSMETICS GROUP CO., LTD. (上海林清軒化妝品集團股份有限公司), with its H Shares listed on the Stock Exchange (stock code: 02657)
“Company Law” or “PRC Company Law”	Company Law of the People’s Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders Group”	has the meaning ascribed to it under the Listing Rules and, strictly in accordance with such meaning, includes Mr. SUN, Shanghai Fangjiaoshi, Shanghai Yuanhui, Shanghai Yuantan, Shanghai Lingren and Shanghai Yuangan, and “Controlling Shareholder” shall mean any one of them
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	director(s) of our Company
“Domestic Unlisted Shares”	ordinary shares in the share capital of our Company, with a nominal value of RMB0.20 each, which are not listed on any stock exchange
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“H Share(s)”	shares in the share capital of our Company with nominal value of RMB0.20 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange

DEFINITIONS

“H Share Registrar”	Tricor Investor Services Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HK dollars” or “HK\$” and “cents”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hundun Innovation”	Ningbo Meishan Bonded Port Zone Hundun Innovation Phase II Investment Partnership (Limited Partnership) (寧波梅山保稅港區混沌創新二期投資合夥企業 (有限合夥)), a limited partnership incorporated under the laws of the PRC on December 16, 2016
“IFRS Accounting Standards	IFRS accounting standards, issued by the International Accounting Standards Board
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company
“Listing”	listing of our H Shares on the Main Board
“Listing Date”	December 30, 2025
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Mr. SUN”	Mr. SUN Laichun (孫來春), our founder, chairman of the Board, executive Director and president and a member of our Controlling Shareholders Group
“Prospectus”	the prospectus of the Company dated December 18, 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Reporting Period”	the six months ended June 30, 2026
“SFC”	Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Fangjiaoshi”	Shanghai Fangjiaoshi Management Consulting Co., Ltd. (上海房角石管理諮詢有限公司), a limited liability company incorporated under the laws of the PRC on August 31, 2018, and one of our Controlling Shareholders Group
“Shanghai Lingren”	Shanghai Lingren Management Consulting Co., Ltd. (上海冷人管理諮詢有限公司), a limited liability company incorporated under the laws of the PRC on August 19, 2015, the general partner of Shanghai Yuangan and one of our Controlling Shareholders Group
“Shanghai Yuangan”	Shanghai Yuangan Investment Partnership (Limited Partnership) (上海元淦投資合夥企業 (有限合夥)), a limited partnership incorporated under the laws of the PRC on February 4, 2016 and one of our Controlling Shareholders Group
“Shanghai Yuanhui”	Shanghai Yuanhui Business Consulting Partnership (Limited Partnership) (上海元洄商務諮詢合夥企業 (有限合夥)), a limited partnership incorporated under the laws of the PRC on November 14, 2016 and one of our Controlling Shareholders Group
“Shanghai Yuantan”	Shanghai Yuantan Business Consulting Partnership (Limited Partnership) (上海元潭商務諮詢合夥企業 (有限合夥)), a limited partnership incorporated under the laws of the PRC on March 25, 2025 and one of our Controlling Shareholders Group
“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB0.20 each, comprising Domestic Unlisted Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“%”	per cent

GLOSSARY OF TECHNICAL TERMS

This glossary contains certain technical terms used in this interim report 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 thirty-six months ended June 30, 2026
“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 extract(s)”	a concentrate derived from the leaves, flowers or seeds of the camellia plant. These extracts are rich in antioxidants, nutrients and other beneficial phytochemicals
“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

GLOSSARY OF TECHNICAL TERMS

“dullness”	a lack of radiance, vibrancy and overall glow in the skin
“first-tier cities”	Shanghai, Beijing, Guangzhou and Shenzhen
“GMP”	good manufacturing practices
“KOC(s)”	key opinion customer(s)
“KOL(s)”	key opinion leader(s)
“lower-tier cities”	including third- and other lower-tier cities
“MITF”	melanocyte inducing transcription factor, which regulates melanin production. It promotes melanin synthesis by binding to and activating a series of pigment production-related genes to directly regulate target genes including tyrosinase (TYR), tyrosinase-related protein 1 (TYRP1), and dopachrome tautomerase (DCT), all of which are key enzymes in the melanin synthesis pathway.
“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
“peptides”	short chains of amino acids that play a crucial role in various biological processes, including skin rejuvenation and collagen synthesis
“premium skincare brand”	skincare brands positioned to meet the demands of consumers for prestige, high quality and exclusivity through perceived-value products
“Qingxuan Extract”	an active compound comprising the leaves, flowers, and seed oil of alpine red camellia, obtained through a proprietary supercritical extraction technology

GLOSSARY OF TECHNICAL TERMS

“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
“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, Anqing, Anyang, Ganzhou, Xianyang, Dezhou, Xingtai, Nanyang, Lu’an, Fuyang, Liaocheng, Xinyang, Heze, Jieyang, Shangqiu, Zhoukou, Baotou, Ma’anshan, Ordos, Dongying, Zaozhuang, Zhumadian, Anqiu, Jiangyin, Liyang and Zhangjiagang
“top-tier cities”	including first-tier, new first-tier and second-tier cities

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. SUN Laichun (孫來春)
Mr. SUN Fuchun (孫福春) (appointed on May 8, 2026)
Mr. GAO Hongqi (高宏旗) (resigned on May 8, 2026)

Employee Representative Director

Mr. WANG Shijia (王世家) (appointed on May 8, 2026)

Non-executive Director

Ms. JING Aimei (景愛梅) (resigned on May 8, 2026)

Independent Non-Executive Directors

Mr. ZHU Qian (朱乾)
Mr. LIU Yuliang (劉玉亮)
Ms. QIANG Yilan (強一嵐)

AUDIT COMMITTEE

Mr. ZHU Qian (*Chairman*)
Mr. LIU Yuliang
Ms. QIANG Yilan (appointed on May 8, 2026)
Ms. JING Aimei (resigned on May 8, 2026)

REMUNERATION COMMITTEE

Mr. LIU Yuliang (*Chairman*)
Mr. ZHU Qian
Mr. SUN Laichun

NOMINATION COMMITTEE

Mr. SUN Laichun (*Chairman*)
Mr. LIU Yuliang
Ms. QIANG Yilan

JOINT COMPANY SECRETARIES

Ms. ZENG Lu (曾璐)
Ms. TAM Pak Yu, Vivien (譚栢如)

AUTHORIZED REPRESENTATIVES

Mr. SUN Laichun
Ms. TAM Pak Yu, Vivien

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
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Hong Kong

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Songjiang District
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HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Shanghai, PRC

CORPORATE INFORMATION

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Maxa Capital Limited
Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANK

China Merchants Bank Co., Ltd.
Shanghai Yishan Branch
Room 101, 102, 103–1, No. 355 Hongqiao Road
Xuhui District
Shanghai, PRC

STOCK CODE

02657

COMPANY'S WEBSITE

<https://www.forest-cabin.com/>

LISTING DATE

December 30, 2025

FINANCIAL HIGHLIGHTS

The financial highlights of the Group for the six months ended June 30, 2026 compared to the corresponding period of last year are set out as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended June 30,		Year-on- Year change
	2026	2025	
	(RMB in thousands, except for percentages) (Unaudited)	(Audited)	
Revenue	1,499,716	1,051,768	42.6%
Gross profit	1,224,407	866,206	41.4%
Profit before tax	302,482	212,705	42.2%
Profit for the period	255,882	181,849	40.7%
Adjusted profit for the period ^{Note}	285,417	200,848	42.1%

Note: We define adjusted profit for the period (non-IFRS measure) as profit for the period adjusted by adding back listing expenses, share-based payments and foreign exchange losses.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

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 70 million bottles sold cumulatively since its launch as of June 30, 2026, 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 May 2026, Forest Cabin Camellia Anti-Wrinkle Repairing Essence Oil was successfully selected into the “Cultural, Business and Tourism Directory (Selected) Recommendation List of WorldSkills (《世賽文商旅名錄(部分)推薦》)”. As a representative of the “Shanghai Gifts”, it showcases the craftsmanship and oriental aesthetics of domestic premium skincare brands to global visitors. During the “618 Shopping Festival” in 2026, Forest Cabin ranked TOP1 in both the facial essence oil list on Douyin platform and the transaction volume list of the facial essence oil category on JD.com platform.



MANAGEMENT DISCUSSION AND ANALYSIS



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 active ingredients can improve skin elasticity, brightness and overall skin 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.

In 2026, the Forest Cabin Camellia Anti-Wrinkle Peptide Dewy Essence Toner (i.e. the “Little Gold Pearl” essence toner series) was awarded the “ICIC Technological Innovation Anti-Wrinkle Product Award (ICIC科技創新抗皺產品獎)”, and our microfluidic suspension techniques were awarded the “ICIC Technological Innovation Potency Preservation Technology Award (ICIC科技創新鎖鮮技術獎)”. In addition, Forest Cabin’s “Little Gold Pearl” Essence Toner was selected into the list of 2026 “Fashion Shanghai” issued by Shanghai Municipal Commission of Economy and Informatization. During the “618 Shopping Festival” in 2026, Forest Cabin ranked TOP 1 in the toner category on Douyin platform.

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 2026, the Camellia Black Gold Rejuvenate Peptide Anti-Wrinkle Brightening Essential Cream was awarded the “ICIC Technological Innovation Anti-aging Product Award (ICIC科技創新抗衰產品獎)”.

Forest Cabin Brilliant Whitening Spot-Fading Plus Anti-Wrinkle Essence Oil (林清軒耀白淡斑抗皺精華油)

In May 2026, the Company launched the Forest Cabin Brilliant Whitening Spot-Fading Plus Anti-Wrinkle Essence Oil (also known as “Forest Cabin Whitening Essence Oil”), featuring Camellia Melanin-Inhibitor 677 (山茶噬黑677), a core proprietary ingredient of Forest Cabin, combined with multiple effective substances such as camellia extracts, glabridin, hexylresorcinol. While significantly promoting the glutathione peroxidase activity, reducing the tyrosinase activity, and inhibiting the expression of melanin synthesis transcription factor MITF, it blocks melanin transport and activates cellular autophagy to construct a five-dimensional full-chain brightening and spot-fading system through “Intercepting, Suppressing, Reducing, Blocking and Devouring Melanin”. In terms of technology, Forest Cabin applies nano-encapsulation to prepare Camellia Melanin-Inhibitor 677 into particles with an average size of 27.2 nanometers, with 527 Dalton-based small molecule transdermal delivery technology to achieve significantly higher skin penetration for 6 hours compared to serums of the same concentration, reaching the basal layer directly.



During the “618 Shopping Festival” in 2026, Forest Cabin Whitening Essence Oil ranked TOP 1 in Tmall’s new product list of whitening and brightening facial essence oils, TOP 1 in JD.com’s new product list of facial essences, and TOP 2 in Douyin’s positive review list of facial essential oils. The product has become one of the representative products of Forest Cabin after expanding from the “oil-based skincare” segment to the “oil-based whitening” segment, further solidifying the brand’s leading position in the essence oil category.

While promoting the launch of the product, the Company released the 2026 China Oil-Based Whitening Market Insights Blue Book (《2026中國以油養白市場洞察藍皮書》), the first authoritative report in China to systematically expound the application of the “oil-based whitening” concept to the whitening sector. It validates for the first time the scientific rationale and commercial potential of “oil-based whitening” from three dimensions, namely dermatological science, market data and consumer insights, thereby establishing industry standards and thought leadership for this emerging category from a theoretical perspective.

Forest Cabin Brilliant Whitening Spot-Fading Plus Anti-Wrinkle Oil Mask (林清軒耀白淡斑抗皺雙倉油養面膜)

In June 2026, Forest Cabin launched the Brilliant Whitening Spot-Fading Plus Anti-Wrinkle Oil Mask (also known as the “Whitening Oil Mask”), further expanding the application scenarios of “oil-based whitening” products. This is another signature product in the whitening series of Forest Cabin after the Brilliant Whitening Spot-Fading Plus Anti-Wrinkle Essence Oil.



The product features a dual-chamber design that separates camellia whitening essence oil from botanical extract serum, enabling instant mixture and activation upon use to maximize the freshness and efficacy of active ingredients. It features the “Camellia Melanin-Inhibitor 677”, a core proprietary patent of Forest Cabin, delivering full-cycle brightening and spot fading through a five-dimensional full chain of intercepting, suppressing, reducing, blocking and devouring melanin. The product, containing more than 98% natural ingredients and free from colorants, alcohol and mineral oil, is suitable for daily use for all skin types. The Whitening Oil Mask utilizes the “oil application” technique to achieve continuous penetration and long-lasting retention and nourishment of essence ingredients, offering consumers an advanced solution for brightening skincare through oil-based whitening and mask-based nourishment.

This product forms a complementary combination of “daily essence care + periodic intensive care” with the Brilliant Whitening Spot-Fading Plus Anti-Wrinkle Essence Oil launched concurrently, marking Forest Cabin’s ongoing expansion of its “oil-based whitening” skincare system to drive the brand to further expand into the whitening efficacy segment.

MANAGEMENT DISCUSSION AND ANALYSIS

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 June 30, 2026, we have 151 experienced R&D personnel, with team members covering multiple disciplines including botany, biology, dermatology, and applied chemistry. Over 58% of them hold master's degrees or higher, ensuring the professionalism and farsightedness of our R&D activities. In terms of R&D investment, the research and development costs were RMB34.0 million during the Reporting Period, representing a year-on-year increase of 88.8% and demonstrating the long-term commitment of the Company to technological innovation.

Ingredients

In the first half of 2026, we completed the filing for two new cosmetic ingredients, namely CAMELLIA CHEKIANGOLEOSA (浙江紅山茶) flower extract, CAMELLIA CHEKIANGOLEOSA leaf extract. These proprietary new ingredients will be used in core products in the future to keep building of ingredient advantages of the Company surrounding the market mindshare of "CAMELLIA CHEKIANGOLEOSA".

Patent achievements

In the first half of 2026, we applied for 28 patents, including 23 invention patents; and were granted 18 patents, including three invention patents. As at June 30, 2026, we have been granted 103 patents, including 49 invention patents related to core ingredients, technologies, or camellia formulations, covering patented components such as Qingxuan Extract and Camellia Melanin-Inhibitor 677, providing strong support for product differentiation.

Scientific Influence

In the first half of 2026, we published eight scientific papers, primarily focusing on core ingredients related to CAMELLIA CHEKIANGOLEOSA flowers, leaves and seeds, with in-depth exploration of their component composition, mechanisms of action and efficacy. In addition, eleven of our conference papers have been accepted by the IFSCC 2026 International Science Conference on Cosmetic and will be presented as conference posters at the Conference. Key achievements include:

- Eleven conference papers have been accepted by the IFSCC 2026 International Science Conference on Cosmetic, expanding from the skin cellular level to the organelle mitochondrial level to explore the efficacy regulation mechanisms of red camellia-related core ingredients.
- Eight studies were published in core and general Chinese journals such as Fine Chemicals (《精細化工》), China Surfactant Detergent & Cosmetics (《日用化學工業(中英文)》), Chinese Wild Plant Resources (《中國野生植物資源》) and Detergent & Cosmetics (《日用化學品科學》), continuing to explore the multi-dimensional development and efficacy verification of camellia flowers/leaves/seeds, and deepening the research on target mechanism.

In the first half of 2026, we co-hosted the frontier forum on skin anti-aging with the ICIC International Innovation Conference on Cosmetic, engaging in scientific discussions on technology, ingredients and solutions with industry experts around the core technical directions of efficacy anti-aging fields such as "oil-based skincare" and "active potency preservation".

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of standard development, in the first half of 2026, the Company, in conjunction with relevant national and industry departments, associations and leading enterprises, participated in the formulation and release of 13 national standards, industry standards and group standards, covering ingredient standards, product standards, efficacy evaluation methods, testing methods and technical specifications. These mainly include two national standards, namely the Test for Water Content of Surfactants (《表面活性劑含水量的測試》) and the Determination of Interfacial Tension of Surfactants by Drop Volume Method (《表面活性劑界面張力的測定滴體積法》); two industry standards, namely the Toner (《化妝水》) and the Quality Traceability System Specification for Daily Chemical Products (《日用化學用品質量追溯體系規範》); and nine group standards such as the Technical Specifications for Essential Oils in Oil-Based Whitening and Spot-Removing Products (《以油養白功效型美白祛斑精華油技術規範》), the Technical Specifications for Essential Oils in Oil-Based Skincare Products (《以油養膚功效型精華油技術規範》) and the Pterostilbene used for Cosmetic Use (《化妝品用原料紫檀芪》). In addition, the group standards included four standards related to “oil-based skincare” and “oil-based whitening”, continuously consolidating the scientific concept of “oil-based skincare” while further extending toward the standardized development of the “oil-based whitening” segment.

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 enhance brand recognition and reinforce our premium market positioning. In addition, we enhance customer experience while demonstrating our product efficacy firsthand by offering in-store experiential skincare services. Through authentic experiences 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 June 30, 2026, we had 638 stores nationwide, of which a total of 410 stores were directly operated.



MANAGEMENT DISCUSSION AND ANALYSIS

Our store network is dispersed across all city tiers in China. 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 June 30,	
	2026	2025
First-tier cities	73	61
New first-tier cities	202	171
Second-tier cities	102	86
Third-tier cities	164	146
Other lower-tier cities	97	90
Total	638	554

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:

	For the six months ended June 30,			
	2026		2025	
	Percentage of total revenue of offline stores		Percentage of total revenue of offline stores	
	Amount	Percentage	Amount	Percentage
	(RMB in thousands, except for percentage)			
First-tier cities	44,701	13.1	38,292	13.4
New first-tier cities	121,519	35.6	101,543	35.6
Second-tier cities	43,091	12.6	37,628	13.2
Third-tier cities	88,633	26.0	70,607	24.8
Other lower-tier cities	42,994	12.7	37,057	13.0
Total revenue from offline stores	340,938	100.0	285,127	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

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:

	For the six months ended June 30,			
	2026		2025	
	Percentage of total revenue of online		Percentage of total revenue of online	
	Amount	direct sales	Amount	direct sales
	(RMB in thousands, except for percentage)			
Tmall	119,431	12.9	112,338	18.2
Douyin	595,078	64.3	345,001	55.9
WeChat	90,571	9.8	84,056	13.6
JD.com	13,014	1.4	8,286	1.3
Others ⁽¹⁾	107,600	11.6	67,094	11.0
Total revenue from online direct sales	925,694	100.0	616,775	100.0

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Procurement and production

Procurement

We adopt a centralized and quality-oriented procurement strategy to ensure the stability, traceability and efficacy of raw materials across our product portfolio. Our procurement center is responsible for the unified procurement of primary raw materials required for product formulation. We procure certain raw materials, including camellia seed oil, camellia flowers, camellia leaves and camellia seed cake, which undergo multiple processing steps to become semi-finished ingredients used in the production of finished products. As of June 30, 2026, the Company has entered into long-term cooperation agreements with nine camellia planting bases across Zhejiang and Jiangxi provinces, which collectively covered an area of over 26,000 mu, and we have entered into exclusive supply agreements with four of these camellia planting bases.

Production

To maintain high standards and ensure product quality, we have established in-house production capabilities for core ingredients, especially those based on camellia extracts, and our major skincare products during the Track Record Period. This approach allows us to exercise stringent quality control, ensuring consistency across our product portfolio and reinforcing our competitive advantage. As of June 30, 2026, we operated two production bases in Shanghai, which together form the backbone of our production infrastructure. Together, these facilities have a combined GFA of 49,120 sq.m.. Notably, our Shanghai Main Production Base is a carbon-neutral research and production base constructed with reference to GMP standards typically applied in pharmaceutical manufacturing. These standards significantly exceed those of the cosmetics industry, underscoring our commitment to stringent quality control.

Marketing and branding

During the Reporting Period, we continued to further implement our strategy of omnichannel marketing that integrated online and offline channels. Online channels achieved steady growth through mainstream e-commerce platforms such as Tmall, Douyin and JD.com, while offline channels continued to solidify our brand foundation through store expansion and experience upgrade. Guided by the content-driven marketing strategy, we built brand identity centered on the concept of oriental plant-based skincare, consistently enhancing brand recognition and consumer loyalty through diversified initiatives such as cross-sector collaborations, cultural activities, new product releases and member experiences. Some of our brand and product marketing activities organized during the Reporting Period were as follows:

“Forest Cabin × Suzhou Museum” Co-branded Collaboration

In 2026, Forest Cabin entered into an in-depth strategic partnership with Suzhou Museum to launch the “Golden Horse, Red Rhyme (金馬紅韻)” New Year limited-edition gift box, which is inspired by the “Carved-red lacquer round box with seahorse decoration (剔紅海馬紋圓盒)”, a collection of Suzhou Museum, and harmoniously blends the layered luster of carved-red lacquer with the gentle glow of camellia red. With a golden horse galloping across waves that bloom into flowers, this ingenious design of “flowers within flowers (花裏有花)” echoes the Horse Year blessing of “walking a path of flowers (馬上走花路)”. The co-branded gift boxes and related products have been released simultaneously in both offline stores and online channels, and were displayed in cultural exhibition settings such as the “Trendy Suzhou Creations (潮品蘇創)” Museum Cultural and Creative Products Alliance at Suzhou Museum.

In the same year, the parties teamed up again, taking the 20th anniversary of Suzhou Museum as an opportunity to launch the “Light Ascension and Graceful Rhythm (光啟雅韻)” co-branded gift box. The architectural philosophy of “letting light be the design” of Suzhou Museum perfectly aligns with Forest Cabin’s brand mission of “decode the secret of glowing skin”. This co-branded gift box is inspired by Suzhou Museum’s iconic architectural language, using lattice windows as the “eyes” and geometric light-and-shadow interplay as the “rhythm”, while blending the brand’s signature camellia silhouettes and elements to orchestrate an aesthetic resonance of “oriental elegance”.

These two co-branded partnerships represented a significant initiative of Forest Cabin in cultural brand building, further deepening its cultural expression and making oriental aesthetics a valuable bond for deep resonance between the brand and the new generation of consumers. By leveraging Suzhou Museum’s cultural influence among young consumers, the brand was enabled to effectively reach the new generation of consumers who have a strong identification with the China-chic culture, thereby injecting new vitality into the continuous accumulation of the brand’s cultural assets.



MANAGEMENT DISCUSSION AND ANALYSIS

Yuyuan Lantern Festival

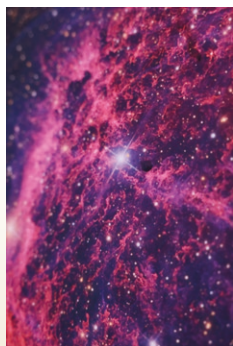
In February 2026 when Lunar New Year holiday took place, we participated in the Yuyuan Lantern Festival in Shanghai. Mr. SUN Laichun, our founder, and Mr. SUN Fuchun, the co-founder, attended the lighting ceremony of the lantern festival together. Via traditional culture, we deeply integrated the oriental plant-based brand philosophy of Forest Cabin with the traditional Chinese lantern festival culture. Through the collaboration with Yuyuan Garden, an iconic landmark of oriental culture, we further reinforced our brand's oriental aesthetic roots and premium positioning, attracting significant attentions from tourists and the media, and effectively enhancing brand visibility and cultural recognition.



Camellia Art Festival of Forest Cabin: One Flower, One Universe (一花一宇宙)

In March 2026, with the theme of “One Flower, One Universe”, Forest Cabin held the Camellia Art Festival of Forest Cabin and launch event for the new sunscreen product “Light Whitening Umbrella (光白伞)” at the Shanghai Carbon Neutrality Research and Manufacturing Base (上海碳中和科研智造基地).

Centered on the core concept of “The Epic Life of a Flower”, the exhibition transformed the journey of camellia from seeds, growth to blooming into a spatial narrative. It brought together the on-site creations of 10 domestic and international cross-disciplinary artists, covering various forms such as painting, photography, audio technology and multimedia installations. The exhibition was divided into different spaces based on the structure of camellia, namely roots, branches, leaves, petals and stamens, delivering an immersive viewing experience. Meanwhile, films about the brand's origins were shown to introduce its layout of camellia planting bases and raw material research in regions like Pan'an, Zhejiang. During the event, Mr. SUN Laichun, the founder of Forest Cabin, guided guests in the exhibition for immersive experience, engaging in in-depth dialogues with the artists and collectively interpreting the creative concepts behind each art piece. This “Artist-Residence” project extended the story of Forest Cabin's raw materials from the research context to cultural expression level.



MANAGEMENT DISCUSSION AND ANALYSIS

Camellia Spring Provenance Tour

In March 2026, we organized the Camellia Spring Provenance Tour, inviting core members, media and KOLs to visit red camellia planting bases in regions such as Pan'an, Zhejiang, transforming the “field-to-bottle” story of ingredients of our brand into a tangible brand experience through on-site visits.

During the tour, participants visited alpine red camellia plantations to witness in person the full chain of Forest Cabin's raw material quality control from the source and personally experienced the planting process of camellia trees, thereby gaining a deep understanding of the ingredient foundations behind the “oil-based skincare” philosophy of our brand. This traceability tour not only deepened consumers' understanding of the brand's ingredient quality and commitment to sustainability, but also offered an opportunity to experience the meticulous craftsmanship of the product on site effectively enhancing the brand's reputation and consumer trust. Through on-site visits and authentic sharing by KOLs and core members, contents about the provenance tour generated secondary dissemination across social platforms, effectively amplifying the brand's professional recognition and credibility regarding its core “camellia” ingredient in consumer perception. Furthermore, the narrative of shared prosperity in the industry woven into the event also infused the brand with a more heartfelt value proposition, enabling the cultural connotation and social sentiment of Forest Cabin to be perceived by more consumers.



MANAGEMENT DISCUSSION AND ANALYSIS

Cross-Sector Collaboration with Shanghai Chenshan National Botanical Garden (上海辰山國家植物園)

In March 2026, Forest Cabin entered into a strategic partnership with Shanghai Chenshan National Botanical Garden (Shanghai Chenshan Plant Science Research Center of the Chinese Academy of Sciences (中科院上海辰山植物科學研究中心)), jointly unveiling the “Forest Cabin × Chenshan Botanical Garden Aromatic Camellia Valley”. As a leading botanical and horticultural research institution in China, Shanghai Chenshan National Botanical Garden possesses rich germplasm resources of camellia and a profound scientific accumulation. This collaboration is centered on four key areas: joint breeding and domestication of new camellia varieties, tackling tissue culture technologies for the enrichment of active compounds in camellia, the creation of the “Aromatic Camellia Valley” themed IP, and the exploration of the sustainable use of plant resources. It will, beyond scientific research and cultivation function, launch diverse cultural and tourism projects such as seasonal flower viewing, themed study tours, and hands-on workshops, allowing tourists to experience the full chain from “flower appreciation” to “flower understanding” and explore the scientific stories behind the products, allowing consumers to upgrade their perception of value from “recognizing the camellia” to “understanding Forest Cabin’s scientific research story” through their own experience, further solidifying Forest Cabin’s brand identity of “camellia-based skincare”.



MANAGEMENT DISCUSSION AND ANALYSIS

Brand endorsements that showcase the beauty of oriental skincare

In 2026, Forest Cabin successively announced two ambassadors, employing a targeted endorsement matrix to cover core product lines, and continuously enhancing brand momentum and consumer recognition. The two ambassadors represent our two core categories, namely the essence oils and face creams, thereby reaching distinct consumer groups. Brand content featuring ambassadors went viral and spark discussion on social media, effectively enhancing the recognition and favorability of our brand among young consumers.

In February 2026, Forest Cabin officially announced YU Shi (于适), an actor, as the global brand ambassador for its essence oil series, initiating a deep dialogue with new generation consumers through the new core narrative of “oil-based skincare, you are the light (以油養膚 · 你就“適”光)”. In June 2026, YU Shi made a high-profile appearance at JD MALL in Wuhan as the “Whitening Oil Store Manager”, attracting widespread attention. At the same time, Forest Cabin announced YU Wenwen (于文文), a singer and an actress, as the ambassador for its face cream, promoting the “Cellular Energy Black Gold Cream” with the core message of “Inner energy restores youth (能量內生 · “文”定年輕)” and initiating a new dialogue that bridges skin energy with female empowerment.



Membership system

We have established a unified membership system covering both online and offline channels, enhancing customer lifetime value through refined operations. Customized benefits and services are provided based on membership levels to enhance the sense of belonging of members. We have established direct connections with our members by delivering exclusive content and personalized offers through WeCom to enhance user stickiness. Meanwhile, members are continuously invited to participate in activities such as “Camellia Planting Base Provenance Tours”, the “Camellia Art Festival”, “Member Salons”, and “New Product Experience and Launch Events”, which 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.

As of June 30, 2026, the Company had over 7.3 million active members, with a repurchase rate of 32.5% in the first half of 2026. We continuously enhanced customer loyalty and brand stickiness through a tiered benefits system and in-depth membership management, laying a solid foundation for long-term sustainable growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook and Planning

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

To capitalize on opportunities arising from 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” product category 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.

Brand strategy

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.

- **Premium product upgrade:** Leveraging the advantages of the Shanghai factory in integrated “scientific research and production”, we strictly control product quality and reinforce core efficacy endorsements such as “cellular-level anti-wrinkle”, so as to further consolidate the leading position of the Company’s products in the premium cosmetic market.
- **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.
- **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 Shanghai Chenshan National Botanical Garden (上海辰山國家植物園) 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 requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

- 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.
- 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’ channels and reputation, thereby achieving a dual-engine multi-brand development model of “internal incubation + external mergers and acquisitions”.

Globalization: steadily advancing brand globalization for culture and market presences

With the core principle of “brand globalization rather than capacity globalization”, the Group is expanding its market presence in an orderly manner by adopting a strategy of “small steps for expanding presence with precision (小步慢跑、精準佈局)” and continues to promote the Eastern culture of China’s alpine red camellia worldwide. At the strategic level, the Group prepares to open a Black Gold image store in Hong Kong, establishing a global brand image by leveraging Hong Kong’s position as an international hub. This marks the brand’s official entrance into a critical phase of internationalization. Meanwhile, the Group has initiated a forward-looking deployment in the Southeast Asian market, steadily advancing its comprehensive global brand strategy to promote both cultural values and overseas market expansion.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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.

Developing “4” core category products

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

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.

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 online and offline integration, efficient synergy, and sustainable growth.

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.

- 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.
- 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”.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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

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.

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”.

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 be customer-centric; 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue by product category

The following table sets forth the breakdown of our revenue by product category for the periods indicated:

	For the six months ended June 30,			
	2026		2025	
	Amount	%	Amount	%
	(RMB in thousands, except for percentage)			
	(Unaudited)		(Audited)	
Essence oil	514,977	34.3	478,592	45.5
Lotion and toner	354,775	23.7	97,408	9.3
Face cream	203,393	13.6	153,933	14.6
Serum	161,868	10.8	95,788	9.1
Facial mask	132,280	8.8	94,997	9.0
Sunscreen	44,487	3.0	42,075	4.0
Other cosmetic products ⁽¹⁾	87,211	5.8	88,593	8.5
Others ⁽²⁾	725	0.0	382	0.0
Total	1,499,716	100.0	1,051,768	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 RMB1,499.7 million for the six months ended June 30, 2026, representing an increase of 42.6% from RMB1,051.8 million for the six months ended June 30, 2025, primarily due to increase in revenue from essence oil, lotion and toner and face cream. The increase was primarily due to the product sales growth driven by the launch of new SKUs as well as the upgrade of the existing signature product.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by sales channel

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

	For the six months ended June 30,			
	2026		2025	
	% of total		% of total	
	Amount	revenue	Amount	revenue
	(RMB in thousands, except for percentage)			
	(Unaudited)		(Audited)	
Offline channels	446,932	29.8	363,474	34.6
Offline stores	340,938	22.7	285,127	27.1
– Directly-operated stores	298,763	19.9	252,766	24.0
– Store partners	42,175	2.8	32,361	3.1
Sales to offline retailers and enterprise customers	29,433	2.0	8,281	0.8
Distributors	76,561	5.1	70,066	6.7
Online channels	1,052,059	70.2	687,912	65.4
Online direct sales	925,694	61.8	616,775	58.6
Sales to online retailers	126,365	8.4	71,137	6.8
Others⁽¹⁾	725	0.0	382	0.0
Total	1,499,716	100.0	1,051,768	100.0

Note:

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

Revenue from our offline channels increased from RMB363.5 million for the six months ended June 30, 2025 to RMB446.9 million for the six months ended June 30, 2026, primarily due to (i) the continued growth in revenue from offline stores, which was driven by 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 offline retailers and enterprise customers as a result of the initiation and expansion of our collaborations with them.

Revenue from our online channels increased from RMB687.9 million for the six months ended June 30, 2025 to RMB1,052.1 million for the six months ended June 30, 2026, primarily due to our intensified sales and marketing activities on e-commerce platforms.

MANAGEMENT DISCUSSION AND ANALYSIS

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 48.4% from RMB185.6 million for the six months ended June 30, 2025 to RMB275.3 million for the six months ended June 30, 2026, primarily due to increases in cost of inventories sold, logistics and transportation expenses and labor costs in line with the growth of our business.

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 for the periods indicated:

	For the six months ended June 30,			
	2026		2025	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(RMB in thousands, except for percentage)			
	(Unaudited)		(Audited)	
Essence oil	442,596	85.9	412,670	86.2
Lotion and toner	284,651	80.2	77,190	79.2
Face cream	169,868	83.5	129,049	83.8
Serum	134,781	83.3	81,382	85.0
Facial mask	102,021	77.1	73,208	77.1
Sunscreen	32,453	72.9	32,195	76.5
Other cosmetic products ⁽¹⁾	57,312	65.7	60,130	67.9
Others ⁽²⁾	725	100.0	382	100.0
Total	1,224,407	81.6	866,206	82.4

Notes:

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

(2) Others primarily represent brand licensing fees income.

MANAGEMENT DISCUSSION AND ANALYSIS

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 for the periods indicated:

	For the six months ended June 30,			
	2026		2025	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(RMB in thousands, except for percentage)		(RMB in thousands, except for percentage)	
	(Unaudited)		(Audited)	
Offline channels	358,465	80.2	297,213	81.8
Offline stores	289,739	85.0	243,677	85.5
– Directly-operated stores	258,222	86.4	219,505	86.8
– Store partners	31,517	74.7	24,172	74.7
Sales to offline retailers and enterprise customers	19,174	65.1	5,661	68.4
Distributors	49,552	64.7	47,875	68.3
Online channels	865,217	82.2	568,611	82.7
Online direct sales	772,861	83.5	514,184	83.4
Sales to online retailers	92,356	73.1	54,427	76.5
Others⁽¹⁾	725	100.0	382	100.0
Total	1,224,407	81.6	866,206	82.4

Note:

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

Our gross profit increased from RMB866.2 million for the six months ended June 30, 2025 to RMB1,224.4 million for the six months ended June 30, 2026, primarily due to growth in sales revenue. Our gross profit margin remained relatively stable at 82.4% and 81.6% respectively for the six months ended June 30, 2025 and the six months ended June 30, 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

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 on financial assets at fair value through profit or loss, which mainly represented our investment income from wealth management products; (iii) bank interest income; and (iv) other income, primarily comprising insurance claims and revenue related to the closure of stores operated by store 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 96.8% from RMB9.7 million for the six months ended June 30, 2025 to RMB19.1 million for the six months ended June 30, 2026, primarily due to higher bank interest income.

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 38.8% from RMB580.6 million for the six months ended June 30, 2025 to RMB805.8 million for the six months ended June 30, 2026, primarily due to increases in marketing and promotional expenses and labor costs. In particular, (i) marketing and promotion expenses increased by 43.8% from RMB360.7 million for the six months ended June 30, 2025 to RMB518.5 million for the six months ended June 30, 2026, primarily due to increased brand exposure, intensified brand promotion efforts, and investments in channel development; (ii) labor costs increased by 29.1% from RMB133.2 million for the six months ended June 30, 2025 to RMB172.0 million for the six months ended June 30, 2026, primarily due to an increase in the number of sales personnel in 2026 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 20.6% from RMB61.1 million for the six months ended June 30, 2025 to RMB73.7 million for the six months ended June 30, 2026, primarily due to increased employee benefit expenses; and increased sales taxes and surcharges in line with the growth of our revenue.

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 88.8% from RMB18.0 million for the six months ended June 30, 2025 to RMB34.0 million for the six months ended June 30, 2026, primarily due to increased new product development and R&D activities.

MANAGEMENT DISCUSSION AND ANALYSIS

Other expenses

Other expenses primarily include write-downs of inventory and foreign exchange losses. For the six months ended June 30, 2025 and the six months ended June 30, 2026, our other expenses were RMB1.0 million and RMB26.8 million, respectively, primarily due to increase in foreign exchange losses.

Finance costs

Finance costs include interest expense on lease liabilities and interest expense on interest-bearing bank borrowings. For the six months ended June 30, 2025 and the six months ended June 30, 2026, our finance costs were RMB2.6 million and RMB2.1 million, respectively, primarily due to the repayments of bank borrowings during the Reporting Period.

Reversal of impairment losses on financial assets

Impairment losses or reversal of impairment losses on financial assets primarily refer to credit losses or reversal of credit losses on trade receivables and other receivables. For the six months ended June 30, 2025, our reversal of impairment losses on financial assets was RMB0.1 million, compared to reversal of impairment losses on financial assets of RMB1.4 million for the six months ended June 30, 2026, primarily due to a decrease in expected credit losses resulting from the subsequent recovery of trade receivables.

Income tax expense

For the six months ended June 30, 2025 and the six months ended June 30, 2026, we recorded income tax expense of RMB30.9 million and RMB46.6 million, respectively, primarily due to an increase in profit before tax.

Profit and total comprehensive income for the Reporting Period

As a result of the above, our profit and total comprehensive income for the Reporting Period increased by 40.7% from RMB181.8 million for the six months ended June 30, 2025 to RMB255.9 million for the six months ended June 30, 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Non-IFRS measure

To supplement our consolidated statement of profit or loss and other comprehensive income which is presented under IFRS Accounting Standards, we also use adjusted profit for the period as a non-IFRS measure, which is not required by, or presented in accordance with IFRS Accounting Standards. We believe that the presentation of non-IFRS measure, 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, share-based payments and foreign exchange losses). We define adjusted profit for the period (non-IFRS measure) as profit for the period adjusted by adding back listing expenses, share-based payments and foreign exchange losses. Our adjusted profit for the period amounted to RMB285.4 million for the six months ended June 30, 2026, representing an increase of 42.1% as compared with RMB200.8 million for the six months ended June 30, 2025.

	For the six months ended June 30,	
	2026	2025
	(RMB'000)	(RMB'000)
	(Unaudited)	(Audited)
Profit for the period	255,882	181,849
Add: Listing expenses	—	13,232
Share-based payments	4,155	5,720
Foreign exchange losses	25,380	47
Adjusted profit for the period	285,417	200,848

In future periods, there may be other items that will be excluded from our review of the financial results. The use of such non-IFRS measure has limitations as an analytical tool, and Shareholders and potential investors of the Company should not consider it 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 measure may be different from similar terms used by other companies, and therefore may not be comparable to similarly-titled measures of other companies.

MANAGEMENT DISCUSSION AND ANALYSIS

Inventory

Our inventory consists of raw materials, work in progress and finished goods. The table below provides the breakdown of our inventory for the periods indicated:

Items	As of June 30, 2026 (RMB'000) (Unaudited)	As of December 31, 2025 (RMB'000) (Audited)
Raw materials	36,900	54,566
Finished goods	264,968	231,237
Work in progress	59,586	20,334
Write-down of inventory	(1,393)	(1,405)
Total	360,061	304,732

Our inventory increased by 18.2% from RMB304.7 million as of December 31, 2025 to RMB360.1 million as of June 30, 2026, primarily due to stockpiling 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 decreased by 16.8% from RMB167.5 million as of December 31, 2025 to RMB139.3 million as of June 30, 2026, primarily due to settlement of amounts payable to suppliers.

Other payables and accruals

Our other payables and accruals decreased by 19.6% from RMB261.6 million as of December 31, 2025 to RMB210.3 million as of June 30, 2026, primarily due to (i) the payment of employees' bonuses for 2025, resulting in a decrease in salaries and benefits payable; and (ii) the optimization of the marketing efficiency of online platforms and offline advertising campaigns, resulting in a decrease in accrued expenses for advertising and promotion services.

MANAGEMENT DISCUSSION AND ANALYSIS

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. 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 RMB1,217.9 million as of June 30, 2026, compared to RMB1,541.5 million as of December 31, 2025.

Cash flows

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

	For the six months ended June 30,	
	2026	2025
	(RMB'000) (Unaudited)	(RMB'000) (Audited)
Net cash generated from operating activities	224,240	37,871
Net cash used in investing activities	(417,593)	(40,083)
Net cash used in financing activities	(104,946)	(36,602)
Cash and cash equivalents at the beginning of the period	1,541,547	440,322
Effect of foreign exchange differences, net	(25,380)	(47)
Cash and cash equivalents at the end of the Reporting Period	1,217,868	401,461

Net cash generated from operating activities

For the six months ended June 30, 2026, our net cash generated from operating activities was RMB224.2 million, primarily due to profit before tax of RMB302.5 million, as adjusted for: (i) non-cash and non-operating items, primarily comprising depreciation of right-of-use assets of RMB37.6 million, foreign exchange differences, net of RMB25.4 million and depreciation of property, plant and equipment of RMB19.4 million; (ii) changes in working capital, primarily comprising an increase of RMB17.3 million in prepayments, other receivables and other assets, and an increase of RMB55.3 million in inventories.

Net cash used in investing activities

For the six months ended June 30, 2026, net cash used in investing activities was RMB417.6 million, primarily due to (i) purchase of items of property, plant and equipment of RMB37.9 million; and (ii) purchase of time deposits with maturity of over 3 months of RMB378.6 million.

Net cash used in financing activities

For the six months ended June 30, 2026, net cash used in financing activities was RMB104.9 million, primarily consisting of (i) cash inflows of RMB142.0 million from proceeds of the issuance of shares pursuant to the exercise of the over-allotment option; (ii) dividends paid of RMB134.5 million; and (iii) cash outflows of RMB62.7 million from the repayment of principal and interest upon maturity of interest-bearing bank borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

Indebtedness

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

	As of June 30, 2026 (RMB'000) (Unaudited)	As of December 31, 2025 (RMB'000) (Audited)
Current		
Interest-bearing bank borrowings	–	23,432
Lease liabilities	40,793	50,509
Non-current		
Interest-bearing bank borrowings	–	38,952
Lease liabilities	52,356	40,884
Total	93,149	153,777

BANK BORROWINGS

As at June 30, 2026, the Group did not have bank borrowings. As at December 31, 2025, the Group's bank borrowings amounted to RMB62.4 million.

CONTINGENT LIABILITIES

As of June 30, 2026, 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

Our capital commitments consisted primarily of property, plant, and equipment, as well as other intangible assets. Our total capital commitments increased by 65.4% from RMB7.1 million as of December 31, 2025 to RMB11.7 million as of June 30, 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

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 six months ended June 30, 2026, our capital expenditures amounted to RMB39.9 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 six months ended June 30, 2025 and the six months ended June 30, 2026:

Items	For the six months ended June 30,	
	2026	2025
Gross profit margin (%) ⁽¹⁾	81.6%	82.4%
Net profit margin (%) ⁽²⁾	17.1%	17.3%
Return on total assets (%) ⁽³⁾	10.1%	15.7%
Current ratio ⁽⁴⁾	4.8	2.3
Quick ratio ⁽⁵⁾	4.0	1.6
Gearing ratio (%) ⁽⁶⁾	0.0%	9.7%

Notes:

- (1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.
- (2) Net profit margin equals profit for the period divided by revenue and multiplied by 100%.
- (3) Return on total assets equals profit for the period divided by the average of the beginning and ending total assets and 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%.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS HELD

The Group subscribed for structured deposit products issued by reputable commercial banks with certain portion of its temporary idle funds (including surplus cash received from its business operations) for treasury management purpose to enhance the efficiency, the utilization of and the return on its temporary idle funds. These products are of low risk nature with satisfactory liquidity. The Group expects that the structured deposit products will earn a better yield than current deposits generally offered by commercial banks in the PRC while offering flexibility to the Group in terms of treasury management. The Group has implemented adequate and appropriate internal control procedures to ensure that the subscriptions of structured deposit products would not affect the working capital or the operations of the Group, and that such investments would be closely monitored and conducted in accordance with the Group's treasury policy. The financial center of the Company is responsible for formulating relevant proposals based on the Company's capital management requirements and submitting the same to the president for review. In accordance with the Chapter 14 of the Listing Rules, the relevant proposals shall first obtain the approval from our president SUN Laichun, the Board (where applicable) and/or the shareholders' meeting (where applicable), and then be put up for implementation by the financial center of the Company. As such, the Board is of the view that the subscriptions of the structured deposit products (as listed below) are fair and reasonable and are on normal commercial terms, and the subscriptions of the structured deposit products are in the interests of the Company and the Shareholders as a whole.

Immediately before June 30, 2026, the Group maintained the structured deposit products with a total outstanding principal amount of RMB370.0 million, representing 14.3% of the Group's total assets. During the Reporting Period, the total principal amount of the structured deposit products that the Group has subscribed for was RMB370.0 million, and the amount of investment income that the Group has recognized as fair value gains on financial assets at fair value through profit or loss was approximately RMB0.3 million.

The following table sets forth a breakdown of the structured deposit products subscribed for by the Group and remain outstanding immediately before June 30, 2026:

Name of the issuer of the structured deposit product	Name of the structured deposit product	Commencement date of the deposit	Maturity date	Principal amount of the structured deposit product	Expected annualized rate of return on investment	Realized/ Fair value immediately before June 30, 2026	Percentage of the total assets of the Group as of June 30, 2026
China Everbright Bank	2026 Exchange Rate-Linked Customized Structured Deposit for Corporate Clients Series 6 Product 325	June 15, 2026	June 30, 2026	RMB370,000,000	1.8%	RMB370,259,000	14.3%

Save as disclosed above, as of June 30, 2026, the Group did not hold any significant investments representing 5% or more of the Group's total assets.

MANAGEMENT DISCUSSION AND ANALYSIS

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 June 30, 2026, we did not have any encumbered assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report and the prospectus of the Company dated December 18, 2025 (the “**Prospectus**”), as of the date of this report, 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 June 30, 2026.

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, so as to conduct 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 exchange risks.

EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2026, the Group had 3,096 employees. The number of employees employed by the Group varies from time to time depending on needs. The staff costs including Directors’ emoluments were approximately RMB271.4 million for the six months ended June 30, 2026.

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 compensation management system and employee internal transfer management methods to ensure the fairness of compensation 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 employees with training and development plans to improve their technical skills.

INDEPENDENT REVIEW REPORT



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To the board of directors of Shanghai Forest Cabin Cosmetics Group Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 42 to 63, which comprises the condensed consolidated statement of financial position of Shanghai Forest Cabin Cosmetics Group Co., Ltd. (the **"Company"**) and its subsidiaries (the **"Group"**) as at 30 June 2026 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (**"IAS 34"**) as issued by the International Accounting Standards Board (**"IASB"**). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the Hong Kong Institute of Certified Public Accountants (**"HKICPA"**). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
31 August 2026

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Notes	2026 (Unaudited) RMB'000	2025 (Audited) RMB'000
REVENUE	5	1,499,716	1,051,768
Cost of sales		(275,309)	(185,562)
Gross profit		1,224,407	866,206
Other income and gains	6	19,093	9,704
Selling and distribution expenses		(805,818)	(580,607)
Administrative expenses		(73,680)	(61,093)
Research and development costs		(34,036)	(18,032)
Other expenses	6	(26,824)	(992)
Finance costs	8	(2,109)	(2,616)
Reversal of impairment losses on financial assets	7	1,449	135
PROFIT BEFORE TAX	7	302,482	212,705
Income tax expense	9	(46,600)	(30,856)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		255,882	181,849
Attributable to:			
Owners of the parent		255,882	181,849
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For profit for the period (RMB)	11	1.81	1.45 (restated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	260,733	254,315
Right-of-use assets		112,902	110,190
Other intangible assets		8,743	8,005
Deferred tax assets		77,450	80,794
Other non-current assets		3,043	2,806
Total non-current assets		462,871	456,110
CURRENT ASSETS			
Inventories	13	360,061	304,732
Trade receivables	14	52,881	96,646
Prepayments, other receivables and other assets		117,541	100,233
Time deposits		378,563	–
Restricted cash	15	–	1,007
Cash and cash equivalents	15	1,217,868	1,541,547
Total current assets		2,126,914	2,044,165
CURRENT LIABILITIES			
Trade and bills payables	16	139,331	167,499
Other payables and accruals		210,265	261,579
Contract liabilities		38,888	40,829
Interest-bearing bank borrowings		–	23,432
Lease liabilities		40,793	50,509
Tax payable		13,449	41,546
Total current liabilities		442,726	585,394
NET CURRENT ASSETS		1,684,188	1,458,771
TOTAL ASSETS LESS CURRENT LIABILITIES		2,147,059	1,914,881

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2026

	Note	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		–	38,952
Lease liabilities		52,356	40,884
Total non-current liabilities		52,356	79,836
NET ASSETS		2,094,703	1,835,045
EQUITY			
Equity attributable to owners of the parent			
Share capital	17	28,352	27,933
Shares held by trustee		(7,848)	–
Reserves		2,074,199	1,807,112
Total equity		2,094,703	1,835,045

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Attributable to owners of the parent						
	Share capital (Note 17) RMB'000	Shares held by trustee RMB'000	Capital reserve* RMB'000	Statutory reserve* RMB'000	Equity-settled share-based payment reserve* RMB'000	Retained profits* RMB'000	Total equity RMB'000
At 1 January 2026	27,933	–	1,643,498	13,967	13,180	136,467	1,835,045
Profit for the period (unaudited)	–	–	–	–	–	255,882	255,882
Total comprehensive income for the period (unaudited)	–	–	–	–	–	255,882	255,882
Issuance of shares pursuant to the exercise of the over-allotment option (unaudited)	419	–	141,595	–	–	–	142,014
Equity-settled share-based payment arrangements (unaudited)	–	–	–	–	4,155	–	4,155
Repurchase of shares (unaudited)	–	(7,848)	–	–	–	–	(7,848)
Dividends paid to shareholders (unaudited) (note 10)	–	–	–	–	–	(134,545)	(134,545)
At 30 June 2026 (unaudited)	28,352	(7,848)	1,785,093	13,967	17,335	257,804	2,094,703

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Attributable to owners of the parent					
	Share capital RMB'000	Capital reserve* RMB'000	Statutory reserve* RMB'000	Equity-settled share-based payment reserve* RMB'000	(Accumulated losses)/ retained profits* RMB'000	Total equity RMB'000
At 1 January 2025	25,140	698,825	11,129	3,014	(126,034)	612,074
Profit for the period (audited)	–	–	–	–	181,849	181,849
Total comprehensive income for the period (audited)	–	–	–	–	181,849	181,849
Equity-settled share-based payment arrangements (audited)	–	–	–	5,720	–	5,720
At 30 June 2025 (audited)	25,140	698,825	11,129	8,734	55,815	799,643

* These reserve accounts comprise the consolidated reserves of RMB2,074,199,000 in the interim condensed consolidated statement of financial position as at 30 June 2026 (six months ended 30 June 2025: RMB774,503,000).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Notes	2026 (Unaudited) RMB'000	2025 (Audited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		302,482	212,705
Adjustments for:			
Finance costs	8	2,109	2,616
Investment income on financial assets at fair value through profit or loss	6	(259)	(640)
Gain on disposal of items of property, plant and equipment	7	–	(7)
Gain on termination of leases	7	(90)	(403)
Depreciation of property, plant and equipment	7	19,379	15,910
Depreciation of right-of-use assets	7	37,584	33,070
Amortisation of other intangible assets	7	948	885
Reversal of write-down of inventories	7	(12)	(900)
Reversal of impairment losses on financial assets	7	(1,449)	(135)
Equity-settled share-based payment expenses	7	4,155	5,720
Foreign exchange differences, net	7	25,380	47
		390,227	268,868
Increase in inventories		(55,317)	(103,605)
Decrease/(increase) in trade receivables		45,189	(2,761)
Decrease/(increase) in restricted cash		1,007	(9,410)
Increase in prepayments, other receivables and other assets		(17,283)	(31,375)
Decrease in trade and bills payables		(28,168)	(24,826)
Decrease in other payables and accruals		(38,121)	(3,247)
Decrease in contract liabilities		(1,941)	(2,472)
Cash generated from operations		295,593	91,172
Income tax paid		(71,353)	(53,301)
Net cash flows from operating activities		224,240	37,871
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(37,940)	(39,911)
Proceeds from disposal of items of property, plant and equipment		574	11
Purchases of other intangible assets		(1,923)	(823)
Purchases of financial assets at fair value through profit or loss		(370,000)	(200,000)
Proceeds from disposal of financial assets at fair value through profit or loss		370,259	200,640
Purchase of bank deposits with original maturity of more than three months when acquired		(378,563)	–
Net cash flows used in investing activities		(417,593)	(40,083)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Note	2026 (Unaudited) RMB'000	2025 (Audited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		142,014	–
Repayments of interest-bearing bank borrowings		(62,323)	–
Interest paid for interest-bearing bank borrowings		(413)	(1,335)
Principal portion of lease payments		(38,450)	(32,434)
Interest portion of lease payments		(1,757)	(1,353)
Repurchase of shares		(7,848)	–
Dividends paid		(134,545)	–
Payment for issue expense		(1,624)	(1,480)
Net cash flows used in financing activities		(104,946)	(36,602)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(298,299)	(38,814)
Cash and cash equivalents at beginning of period		1,541,547	440,322
Effect of foreign exchange differences, net		(25,380)	(47)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15	1,217,868	401,461
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	1,217,868	412,902
Less: Restricted cash	15	–	11,441
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		1,217,868	401,461

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

1. CORPORATE 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 period, 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.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended IFRS Accounting Standards for the first time for the current period's financial information.

Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

The application of the amended IFRS Accounting Standards in the Reporting Period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their services and products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

During the reporting period, the Group's operations were within one geographical segment because all of the Group's revenue was generated from customers located in the Chinese mainland. All of the non-current assets of the Group were located in the Chinese mainland.

Information about major customers

No revenue from the Group's sales to a single customer or a group of customers under common control amounted to 10% or more of the Group's revenue for the reporting period.

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026	2025
	(Unaudited) RMB'000	(Audited) RMB'000
Revenue from contracts with customers	1,499,716	1,051,768

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the six months ended 30 June	
	2026	2025
	(Unaudited) RMB'000	(Audited) RMB'000
Types of goods or services		
Sale of products	1,498,991	1,051,386
Others	725	382
Total	1,499,716	1,051,768
Timing of revenue recognition		
Goods transferred at a point in time	1,498,991	1,051,386
Services transferred over time	725	382
Total	1,499,716	1,051,768

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

5. REVENUE (CONTINUED)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

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

	For the six months ended 30 June	
	2026	2025
	(Unaudited) RMB'000	(Audited) RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	39,734	25,565
Others	533	284
Total	40,267	25,849

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

	For the six months ended 30 June	
	2026	2025
	(Unaudited) RMB'000	(Audited) RMB'000
Online channels		
Online direct sales	925,694	616,775
Sales to online retailers	126,365	71,137
Offline channels		
Offline stores	340,938	285,127
Sales to offline retailers and enterprise customers	29,433	8,281
Distributors	76,561	70,066
Others	725	382
Total	1,499,716	1,051,768

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

5. REVENUE (CONTINUED)

Revenue from contracts with customers (continued)

(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 online channels such as direct online sales and online retailers, and offline channels such as direct sales via directly operated stores, joint operation stores, franchised stores, offline retailers, enterprise customers and distributors.

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 the end of each reporting period are as follows:

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Amounts expected to be recognised as revenue:		
Within 1 year	38,742	40,552
After 1 year	146	277
Total	38,888	40,829

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

6. OTHER INCOME AND GAINS, AND OTHER EXPENSES

	Note	For the six months ended 30 June	
		2026 (Unaudited) RMB'000	2025 (Audited) RMB'000
Other income			
Government grants	(i)	5,799	3,840
Bank interest income		9,694	1,627
Insurance claims		2,802	2,759
Others		449	428
Total other income		18,744	8,654
Gains			
Gain on termination of leases		90	403
Investment income on financial assets at fair value through profit or loss		259	640
Gain on disposal of items of property, plant and equipment		–	7
Total gains		349	1,050
Total other income and gains		19,093	9,704
Other expenses			
Inventory scrap		909	577
Foreign exchange loss		25,380	47
Donations		25	–
Others		510	368
Total other expenses		26,824	992

- (i) These grants related to income are recognised in profit or loss upon receipt of these rewards. There are no unfulfilled conditions or contingencies relating to these grants.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

7. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2026 (Unaudited) RMB'000	2025 (Audited) RMB'000
Cost of inventories sold*		199,953	132,781
Depreciation of property, plant and equipment		19,379	15,910
Depreciation of right-of-use assets		37,584	33,070
Gain on disposal of items of property, plant and equipment	6	—	(7)
Gain on termination of leases	6	(90)	(403)
Amortisation of other intangible assets		948	885
Research and development costs		34,036	18,032
Auditor's remuneration		600	400
Listing expenses		—	13,232
Employee benefit expense (including directors', chief executive's and supervisors' remuneration):			
Wages and salaries		228,489	157,500
Equity-settled share-based payment expenses		4,155	5,720
Pension scheme contributions, social welfare and other welfare**		38,761	25,688
Total		271,405	188,908
Reversal of write-down of inventories		(12)	(900)
Reversal of impairment losses on financial assets		(1,449)	(135)
Variable lease payments not included in the measurement of lease liabilities		2,013	1,285
Expenses relating to short-term leases and low-value leases		948	912
Foreign exchange differences, net		25,380	47

* The amount of cost of inventories sold as stated herein excludes those included in the depreciation of property, plant and equipment, depreciation of right-of-use assets, impairment of inventories and employee benefit expense.

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

8. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Audited) RMB'000
Interest expenses on lease liabilities	1,757	1,353
Interest expenses on interest-bearing bank borrowings	352	1,263
Total	2,109	2,616

9. 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 preference 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 year ended 31 December 2025 and six months ended 30 June 2026. Such qualification is subject to review by the relevant tax authority in the PRC for every three years.

	For the six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Audited) RMB'000
Current income tax		
Charge for the period	43,256	53,517
Deferred income tax	3,344	(22,661)
Total	46,600	30,856

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

9. INCOME TAX (CONTINUED)

PRC enterprise income tax (continued)

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:

	For the six months ended 30 June	
	2026	2025
	(Unaudited) RMB'000	(Audited) RMB'000
Profit before tax	302,482	212,705
Tax at the statutory income tax rate of 25%	75,621	53,176
Effect of different tax rates	(23,509)	(21,293)
Expenses not deductible for tax	2,544	1,678
Recognition of deductible temporary differences brought forward from previous years	(3,234)	–
Additional deductible allowance for research and development costs	(4,822)	(2,705)
Tax charge at the Group's effective rate	46,600	30,856

10. DIVIDENDS

	For the six months ended 30 June	
	2026	2025
	(Unaudited) RMB'000	(Audited) RMB'000
Final declared and paid – RMB0.95 (2025: Nil) per ordinary share	134,545	–

The 2025 annual general meeting of the Company was held on 8 May 2026, at which a final cash dividend of RMB0.95 per ordinary share (including tax, totalling approximately RMB134,545,000) for the year ended 31 December 2025 was approved, which was paid on 18 June 2026.

On 31 August 2026, the board of directors proposed to declare an interim dividend of RMB1.32 (six months ended 30 June 2025: Nil) per ordinary share, amounting to a total of approximately RMB184,615,000 (six months ended 30 June 2025: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

11. 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 period attributable to owners of the parent, and the weighted average number of ordinary shares of 141,474,967 (six months ended 30 June 2025: 125,697,835) outstanding during the period, as adjusted to reflect the issuance and repurchase of the shares during the period. The weighted average number of shares outstanding for the six months ended 30 June 2025 presented has been adjusted retrospectively to reflect the impact of the share subdivision as if they had occurred at the beginning of the earliest comparative period. The Group had no potentially dilutive ordinary shares outstanding during the six months ended 30 June 2026 and 2025.

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

	For the six months ended 30 June	
	2026 (Unaudited)	2025 (Audited)
Earnings		
Profit attributable to owners of the parent (RMB'000)	255,882	181,849
Shares		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	141,474,967	125,697,835 (restated)

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired assets at a cost of RMB26,371,000 (six months ended 30 June 2025: RMB27,001,000).

Assets with a net book value of RMB574,000 were disposed of by the Group during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB4,000) and there is no gains from disposal of assets (six months ended 30 June 2025: RMB7,000).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

13. INVENTORIES

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Raw materials	36,900	54,566
Finished goods	264,968	231,237
Work in progress	59,586	20,334
	361,454	306,137
Write-down of inventories	(1,393)	(1,405)
Total	360,061	304,732

14. TRADE RECEIVABLES

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Trade receivables	56,600	101,789
Impairment	(3,719)	(5,143)
Net carrying amount	52,881	96,646

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 1-30 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:

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Within 1 month	45,660	79,214
1 to 3 months	6,938	16,814
3 to 6 months	257	283
6 to 12 months	—	166
1 to 2 years	26	165
2 to 3 years	—	4
Total	52,881	96,646

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

14. TRADE RECEIVABLES (CONTINUED)

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

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
At beginning of period	5,143	2,739
(Reversal of impairment losses)/provision of impairment losses	(1,424)	2,419
Amount written off as uncollectible	–	(15)
At end of period	3,719	5,143

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 6.57% as at 30 June 2026 (31 December 2025: 5.05%).

15. CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Cash and bank balances	1,217,868	1,542,554
Less: Restricted cash	–	1,007
Cash and cash equivalents	1,217,868	1,541,547
Denominated in:		
RMB	1,000,627	578,828
US\$	217,183	11,258
HK\$	58	951,461

The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

15. CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH (CONTINUED)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As of 30 June 2026, no bank balances were restricted from use. As of 31 December 2025, the bank balances of RMB1,007,000 were restricted from use, primarily comprising funds pending verification for capital contribution into a newly established subsidiary.

16. 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:

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Within 1 month	62,691	94,339
1 to 3 months	72,494	71,121
3 to 6 months	2,768	534
6 months to 1 year	180	792
Over 1 year	1,198	713
Total	139,331	167,499

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

17. SHARE CAPITAL

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Issued and fully paid	28,352	27,933

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2026	139,664,285	27,933
Issuance of shares pursuant to the exercise of the over-allotment option	2,094,950	419
At 30 June 2026 (unaudited)	141,759,235	28,352

The over-allotment option has been fully exercised on 22 January 2026, in respect of an aggregate of 2,094,950 shares, representing approximately 15% of the total number of the offer shares available under the global offering at HK\$77.77 per share. The additional net proceeds of approximately HK\$158,511,000 (equivalent to RMB142,014,000) have been received by the Company from the allotment and issue of the over-allotment shares after deducting the underwriting fees and commission on 27 January 2026.

18. CONTINGENT LIABILITIES

No significant contingent liabilities were recognised within the Group during the period.

19. COMMITMENTS

The Group had the following contractual commitments at the end of each reporting period:

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Contracted, but not provided for:		
Property, plant and equipment	10,263	5,077
Other intangible assets	1,406	1,980
Total	11,669	7,057

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

20. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the period:

(a) Transactions with related parties:

	For the six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Audited) RMB'000
Sale of products to related parties		
Company controlled by Ms. Jing Aimei*	151	105
Lease from related parties		
Mr. Sun Laichun	11	11
Company controlled by Ms. Jing Aimei*	—	17

* Ms. Jing Aimei resigned as a non-executive director on 8 May 2026, and therefore the company controlled by Ms. Jing Aimei ceased to be a related party of the Group since May 2026.

(b) Outstanding balances with related parties:

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
Due from Mr. Sun Laichun	10	10

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2026 (Unaudited) RMB'000	2025 (Audited) RMB'000
Salaries, allowances and benefits in kind	3,021	2,878
Performance related bonuses	427	535
Pension scheme and social welfare	439	435
Equity-settled share-based payment expenses	1,408	1,469
Total	5,295	5,317

20. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Due from related parties:

As at 30 June 2026, the amounts due from related parties are all trade in nature, unsecured, interest free and repayable on demand. The carrying amounts of the balances with related parties approximate to their fair values and are denominated in RMB.

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Financial assets at fair value through profit or loss of the Group were wealth management products with banks in the Chinese mainland and their fair value was estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the non-current portion of interest-bearing bank borrowings and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2026 were assessed to be insignificant.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2026

22. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the period ended 30 June 2026 and up to date of this report, the Company repurchased 1,899,200 treasury shares for an aggregate consideration of approximately HK\$94,900,000, and the consideration paid will be deducted from equity attributable to the equity holders of the Company and disclosed as treasury shares.

23. APPROVAL OF THE FINANCIAL INFORMATION

The financial information was approved and authorised for issue by the board of directors on 31 August 2026.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of June 30, 2026, so far as the Directors are aware, the interests or short positions of the Directors or chief executives of the Company in any Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register maintained by the Company, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Position	Nature of Interest	Number and Class of Shares Held ⁽¹⁾	Approximate Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Share Capital of our Company
Mr. SUN ⁽²⁾⁽³⁾⁽⁴⁾	Founder, chairman of the Board, executive Director and president	Beneficial owner and interest in controlled corporation	33,570,658 Domestic Unlisted Shares	100.00%	23.68%
			66,140,637 H Shares	61.13%	46.66%
Mr. SUN Fuchun	Executive Director	Beneficial owner	1,250,000 H Shares	1.16%	0.88%

Notes:

- (1) As of June 30, 2026, the Company had issued 141,759,235 ordinary shares, comprising 33,570,658 Domestic Unlisted Shares and 108,188,577 H Shares.
- (2) Mr. SUN held 19,210,658 Domestic Unlisted Shares and 28,815,987 H Shares directly. Mr. SUN held 97.5% of the equity interest in Shanghai Fangjiaoshi. Therefore, Mr. SUN is deemed to be interested in the 14,360,000 Domestic Unlisted Shares and 21,540,000 H Shares held by Shanghai Fangjiaoshi under the SFO.
- (3) Mr. SUN was the sole general partner of Shanghai Yuanhui. Therefore, Mr. SUN is deemed to be interested in the Shares of the Company held by Shanghai Yuanhui under the SFO.
- (4) Shanghai Lingren was the sole general partner of Shanghai Yuangan. Shanghai Lingren is controlled by Mr. SUN. Therefore, Mr. SUN is deemed to be interested in the Shares of the Company held by Shanghai Yuangan under the SFO.
- (5) All interests are long positions.

Save as disclosed above, as of June 30, 2026, none of the Directors or chief executives of the Company had interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which were taken or deemed to have under such provisions of the SFO); (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred herein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As of June 30, 2026, so far as the Directors are aware, save for the Directors and chief executives of the Company, the following persons had or were taken or deemed to have interests and/or short positions in the Shares or the underlying Shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, and which were required to be entered into the register maintained by the Company under Section 336 of the SFO (if applicable):

Name of Shareholders	Nature of interest	Number and class of Shares ⁽¹⁾	Approximate percentage of shareholding in the relevant classes of shares ⁽¹⁾	Approximate percentage of shareholding in the total share capital of the Company ⁽¹⁾
Shanghai Fangjiaoshi	Beneficial owner	14,360,000 Domestic Unlisted Shares	42.78%	10.13%
		21,540,000 H shares	19.91%	15.19%
Shanghai Yuanhui	Beneficial owner	10,155,000 H shares	9.39%	7.16%
Shanghai Lingren ⁽²⁾	Interest in controlled corporation	5,555,500 H shares	5.14%	3.92%
Shanghai Yuangan	Beneficial owner	5,555,500 H shares	5.14%	3.92%
Youngor Fashion (Shanghai) Technology Co., Ltd. ("Youngor Fashion") ⁽³⁾	Beneficial owner	5,645,030 H shares	5.22%	3.98%
Youngor Fashion Co., Ltd. ⁽³⁾	Interest in controlled corporation	5,645,030 H shares	5.22%	3.98%

Notes:

- (1) As of June 30, 2026, the Company had issued 141,759,235 ordinary shares, comprising 33,570,658 Domestic Unlisted Shares and 108,188,577 H Shares.
- (2) Shanghai Lingren was the sole general partner of Shanghai Yuangan. Therefore, Shanghai Lingren was deemed to be interested in the Shares of the Company held by Shanghai Yuangan under the SFO.
- (3) Youngor Fashion was wholly owned by Youngor Fashion Co., Ltd. Therefore, Youngor Fashion Co., Ltd. was deemed to be interested in the Shares of our Company held by Youngor Fashion.
- (4) All interests are long positions.

Save as disclosed above, as of June 30, 2026, so far as the Directors are aware, no other person (other than the Directors and chief executives of the Company) or corporation had any interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered into the register maintained by the Company under Section 336 of the SFO.

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

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 Thursday, 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%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%).

During the Reporting Period, 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 June 30, 2026, the Company did not hold any treasury shares within the meaning of the Listing Rules. Subsequent to the Reporting Period and up to the date of this interim report, the Company repurchased 1,899,200 H Shares for an aggregate consideration of approximately HK\$94.9 million, which were held as treasury shares.

USE OF PROCEEDS FROM THE LISTING

The Company was listed on December 30, 2025, by way of an issue of 13,966,450 H Shares at the offer price of HK\$77.77 per Share. The Company issued 2,094,950 H Shares on January 27, 2026 at the same price pursuant to the exercise of the over-allotment option on January 22, 2026. The net price was approximately HK\$72.41 per H Share. The net proceeds from the Listing were approximately HK\$1,163.02 million, after deducting the underwriting commissions, fees and other expenses in connection with the Global Offering. The proceeds from the Listing have been and will continue to be utilized in accordance with the proposed purposes of the proceeds as set out in the Prospectus. The following table sets out the utilization of the net proceeds from the Global Offering:

Items	%	Proposed use of the proceeds (HK\$ million)	Net proceeds unutilized as of January 1, 2026 (HK\$ million)	Proceeds utilized during the Reporting Period (HK\$ million)	Proceeds unutilized as of the end of The Reporting Period (HK\$ million)	Expected timetable for full utilization of the unutilized proceeds ⁽¹⁾
Branding activities	20%	232.60	232.60	69.78	162.82	December 31, 2028
Enhancing our online and offline sales network	20%	232.60	232.60	120.22	112.38	December 31, 2028
Strengthening our production and supply chain capabilities	15%	174.45	174.45	33.08	141.37	December 31, 2028
Enhancing R&D capabilities and expanding product portfolio	15%	174.45	174.45	32.94	141.51	December 31, 2028
Incubation and acquisition of new brands to build a multi-brand matrix	15%	174.45	174.45	0.87	173.58	December 31, 2028
Enhancing our digitalization and information infrastructure	5%	58.15	58.15	3.27	54.88	December 31, 2028
Working capital and general corporate purposes	10%	116.30	116.30	116.30	0.00	
Total	100%	1,163.02	1,163.02	376.46	786.56	

Notes:

- (1) The expected timetable for full utilization of the unutilized proceeds is based on the estimation of the Group and is subject to change depending on the current and future development of market conditions.
- (2) There may be discrepancies between the arithmetic sum of certain breakdowns and the corresponding total amount, which are due to rounding rather than data error.

The Company has deposited the unutilized net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions. The Company will comply with the PRC laws regarding foreign exchange registration and the remittance of proceeds. There was no material change in, or delay to, the intended use of the net proceeds and the expected utilisation timetable disclosed in the Prospectus.

OTHER INFORMATION

CONVERTIBLE SECURITIES, SHARE OPTIONS, WARRANTS OR SIMILAR RIGHTS

During the Reporting Period and up to the date of this interim report, save as disclosed herein, the Company did not issue any convertible securities, share options, warrants or similar rights.

H SHARE AWARD (EXISTING SHARES) SCHEME

The H Share Award (Existing Shares) Scheme (the “**Scheme**”) was adopted pursuant to a shareholders’ resolution passed on April 10, 2026. The purposes and objectives of the Scheme are to recognize the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. Subject to the provisions of the Scheme, the Board or the Authorized Representative(s) may from time to time at its sole and absolute discretion select any Eligible Participants (other than Excluded Participants) for participation in the Scheme as a selected participant (the “**Selected Participant**”), and grant an Award to any Selected Participants at such consideration (if any) subject to such terms and conditions as the Board or the Authorized Representative(s) may in its sole and absolute discretion determine. The maximum number of Awarded Shares (excluding the Awarded Shares lapsed in accordance with the terms of the Scheme) which may be awarded under the Scheme shall not exceed 7,087,961 H Shares, representing approximately 5.1% of the issued Shares (excluding Treasury Shares, if any) of the Company as at the date of this interim report. The maximum number of Award Share(s) to be obtained by any Selected Participant under the Scheme shall not exceed 1.0% of the total issued Shares (excluding Treasury Shares of the Company, if any) in any twelve (12) month period unless approved at the Shareholder’s meeting. Subject to the terms and conditions of the Scheme and the fulfilment of all vesting conditions applicable to the vesting of the Awarded Shares on such Selected Participants, the respective awarded interests held by the Trustee on behalf of the Selected Participants shall vest in such Selected Participants in accordance with the applicable vesting schedule, and the Trustee shall cause the awarded interests to be transferred to such Selected Participants and/or a controlled vehicle (such as trust or a private company).

As at June 30, 2026, the remaining life of the Scheme was approximately nine years and ten months.

For details of the Scheme, please refer to the circular of the Company dated March 18, 2026.

As of June 30, 2026, no Awarded Shares have been granted or agreed to be granted under the Scheme.

EVENT AFTER THE REPORTING PERIOD

Subsequent to the Reporting Period and up to the date of this interim report, the Company repurchased 1,899,200 H Shares and held the same as treasury shares, at an aggregate consideration of approximately HK\$94.9 million. The consideration paid will be deducted from the equity attributable to the equity holders of the Company and disclosed as treasury shares.

Save as disclosed above, no other significant events of the Group occurred after the Reporting Period and up to the date of this interim report.

INTERIM DIVIDEND

The Board has resolved to recommend the declaration of an interim dividend of RMB1.32 per Share for the six months ended June 30, 2026. As at the date of this interim report, the total share capital of the Company was 141,759,235 Shares. After deducting the 1,899,200 H Shares repurchased and held as treasury shares by the Company and assuming that there is no change in the total share capital of the Company from the date of this interim report to the record date as determined for the implementation of the interim profit distribution plan for 2026, being September 29, 2026 (the “Record Date”), the total amount of the interim dividend would be RMB184,615,246.20. In the event of any adjustment to the Company’s total share capital in issue (excluding treasury shares) as at the Record Date, the dividend per Share will be adjusted accordingly, subject to the approval of the Shareholders at the shareholders’ meeting. The proposed interim dividend will be paid in Hong Kong dollars to the holders of H Shares of the Company. The interim dividend paid in Hong Kong dollars will be converted from RMB to Hong Kong dollars based on the average offer price of foreign exchange published by the People’s Bank of China on the calendar week preceding the shareholders’ meeting. The interim dividend to be paid to the holders of the Company’s Domestic Unlisted Shares will be paid in RMB. The Group is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

The interim dividend will be paid to Shareholders whose names appear on the Company’s register of members at the close of business on the Record Date. The ex-dividend date will be Tuesday, September 22, 2026. To determine the identity of Shareholders entitled to the interim dividend, the H Share register of members will be closed from Thursday, September 24, 2026 to Tuesday, September 29, 2026 (both days inclusive). To qualify for the interim dividend, all transfer documents and the relevant Share certificates must be delivered to the Company’s H Share Registrar, Tricor Investor Services Limited (for H Shareholders) or the Company’s headquarters in the PRC (for Shareholders of Domestic Unlisted Shares), no later than 4:30 p.m. on Wednesday, September 23, 2026.

Pursuant to Article 165 of the Articles of Association, the Company declares dividends to Shareholders in Renminbi. Dividends distributed to Shareholders of Domestic Unlisted Shares shall be paid in Renminbi, while dividends distributed to H Shareholders shall be denominated and declared in Renminbi but paid in Hong Kong dollars. Subject to the approval at the shareholders’ meeting, the aforementioned dividends are expected to be paid on or before November 17, 2026.

Dividend Taxation

Pursuant to the Enterprise Income Tax Law of the People’s Republic of China and its implementing regulations, which took effect on January 1, 2008, and amended on February 24, 2017 and December 29, 2018, the Notice on Issues Concerning the Withholding and Remittance of Enterprise Income Tax by Chinese Resident Enterprises when Distributing Dividends to Shareholders of Overseas H Share Non-Resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued and implemented by the State Administration of Taxation on November 6, 2008, and other relevant regulations, enterprises within China must withhold and remit a 10% enterprise income tax on behalf of such non-resident enterprise shareholders when distributing dividends for 2008 and subsequent years to non-resident enterprise shareholders for fiscal periods beginning on January 1, 2008. Therefore, as an enterprise located within China, the Company will withhold 10% of the annual dividend as enterprise income tax prior to distributing it to non-resident corporate Shareholders whose names appeared on the H Share register of members (i.e., any Shareholder holding H Shares in the name of a non-individual Shareholder, including but not limited to HKSCC Nominees Limited, other agents, trustees or H Shareholders registered in the name of other organizations or groups). After receiving the dividends, non-resident enterprise Shareholders may, either on their own behalf or through an authorized agent or the Company, apply to the competent tax authority for tax treaty (arrangement) benefits by providing evidence demonstrating that they are the beneficial owners as defined by the tax treaty (arrangement). Upon verification by the competent tax authority, a tax refund will be issued for the difference between the tax withheld and the tax payable calculated at the rate specified in the tax treaty (arrangement).

OTHER INFORMATION

Pursuant to the Notice on Issues Concerning the Collection and Administration of Individual Income Tax Following the Repeal of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), the Company is required to withhold and remit individual income tax on behalf of individual H Shareholders. For individual H Shareholders who are residents of Hong Kong, Macao, or other countries or regions that have entered into a tax treaty with China providing for a 10% tax rate, the Company will withhold and remit individual income tax on behalf of such Shareholders at a rate of 10%.

If an individual H Shareholder is a resident of a country or region that has entered into a tax treaty with China providing for a tax rate of less than 10%, the Company will withhold and remit individual income tax on behalf of such Shareholder at a rate of 10%. If such Shareholders request a refund of the amount of individual income tax paid in excess of the amount payable under the tax treaty, the Company may, in accordance with the relevant tax treaty, assist in applying for the benefits of the tax treaty on his/her behalf. However, the Shareholder must promptly provide the relevant documents and information in accordance with the Administrative Measures for Non-Resident Taxpayers to Enjoy Tax Treaty Benefits (《非居民納稅人享受稅收協議待遇管理辦法》) (Announcement No.60 of 2015 by the State Taxation Administration) and the requirements of the relevant tax treaty. Upon review and approval by the competent tax authorities, the Company will assist in the refund of any overpaid taxes.

For individual H Shareholders who are residents of countries or regions that have entered into tax treaties with China providing for a tax rate higher than 10% but lower than 20%, the Company will withhold and remit individual income tax on behalf of such Shareholders at the applicable tax rate specified in such tax treaties.

For individual H Shareholders who are residents of countries or regions that have entered into a tax treaty with China providing for a 20% tax rate, or that have not entered into any tax treaty with China, or in other circumstances, the Company will withhold and remit individual income tax on behalf of such Shareholders at a rate of 20%. Shareholders are advised to consult their tax advisors regarding the tax implications in China, Hong Kong and elsewhere arising from the ownership and disposal of H Shares.

EXTRAORDINARY SHAREHOLDERS' MEETING (THE "EGM") ARRANGEMENT AND CLOSURE OF REGISTER OF MEMBERS

The Company will convene the EGM at the Company's Meeting Room, 9th Floor, Building 3, No. 339 Tongpu Road, Putuo District, Shanghai, PRC on Friday, September 18, 2026 at 10 a.m. for the Shareholders to consider and, if thought fit, to approve the 2026 interim profit distribution plan, the dividend plan for the next three years (2026–2028), the proposed adoption of the 2026 H share scheme and the related resolutions. Details of the EGM and resolutions to be considered at the meeting are set out in the notice of EGM dated August 31, 2026.

Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company on Friday, September 18, 2026 will be entitled to attend the EGM upon completion of the necessary registration procedures. The register of members will be closed from Tuesday, September 15, 2026 to Friday, September 18, 2026, both days inclusive, during which period no transfer of Shares will be effected.

Where applicable, holders of the Shares intending to attend the EGM are therefore required to lodge their respective instrument(s) of transfer and the relevant Share certificate(s) to the Company's H share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H Shareholders) or the Company's headquarters in the PRC at 9th Floor, Building 3, No. 339 Tongpu Road, Putuo District, Shanghai, PRC (for holders of Domestic Unlisted Shares) no later than 4:30 p.m. on Monday, September 14, 2026.

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.

During the Reporting Period, the Company has adopted the corporate governance code as its own code of corporate governance.

Save as disclosed below, since the Listing Date and up to the date of this interim report, 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 corporate governance code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of 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 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 is not impaired and this structure enables the Company to make and implement prompt and effective decisions. In addition, there is sufficient check and balance in the Board as the decisions made by the Board require 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

During the Reporting Period, the Company has adopted 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 who served during the Reporting Period confirmed that they have complied with the provisions of the Model Code during the Reporting Period and up to the date of this interim report. The Company was also not aware of any incident of non-compliance with the Model Code by employees.

OTHER INFORMATION

CHANGES IN DIRECTORS' INFORMATION

Mr. SUN Fuchun and Mr. WANG Shijia were appointed as Directors, and Mr. GAO Hongqi and Ms. JING Aimei resigned as Directors, in each case with effect from May 8, 2026. Save as disclosed above, there was no change in the Board and the information of Directors required to be disclosed in accordance with Rule 13.51B(1) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES

As of the date of this interim report, the Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee, together with senior management members and the auditor, has considered and reviewed the unaudited interim financial information of the Group for the Reporting Period and this interim report, discussed matters in relation to the accounting policies and practices adopted by the Company, risk management, internal control and financial reporting and is of the view that these interim financial information have been prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.