OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As at the Latest Practicable Date, our Company is wholly owned by Zhejiang Panglong Group Co., Ltd.* (浙江龐隆集團有限公司) ("**Zhejiang Panglong**"), which is in turn held by Ms. Liu Qiaoling (劉巧玲) ("**Ms. Liu**") and Mr. Zhou Chengyang (周程揚) ("**Mr. Zhou**") as to 70.0% and 30.0%, respectively. Ms. Liu is the mother of Mr. Zhou. Accordingly, Zhejiang Panglong, Ms. Liu and Mr. Zhou constitute a group of Controlling Shareholders. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Controlling Shareholders will be able to exercise, in aggregate, [REDACTED]% of the voting rights in our Company and therefore will remain as our Controlling Shareholders pursuant to the GEM Listing Rules.

DELINEATION OF BUSINESS

Business Delineation between our Group and our Parent Group

The table below sets forth the respective principal businesses of our Group and our Parent Group as at the Latest Practicable Date:

	Principal Business
Our Group	property management and value-added services
Parent Group	industrial parks development and investment, property construction and development, e-commerce, wind power facilities construction, and aesthetic medical services

Given the differences in the nature of the respective businesses operated by our Group and our Parent Group, our Directors are of the view that there is clear delineation between our business and our Parent Group's business and as a result, none of the business of our Parent Group would compete, or are expected to compete, directly or indirectly, with our business.

Non-inclusion of Solar Energy Services of Huzhou Xingchi

As part of our energy-related value-added services, we introduce energy technology companies to invest and install relevant facilities such as solar energy stations (including solar panels and cells) in our managed projects. We receive a service fee from the energy technology companies for assisting them to provide and manage the rooftop space. In addition to the service fee, we share profits of the energy service providers in those energy projects in our managed properties, which represents the difference of the electricity charge and the predetermined unit cost according to the service agreements. For details of our energy-related value-added services, please see "Business — Our Business Model — Property Management and Value-added Services — Value-added Services — Energy-related Services". One of such energy technology companies is Huzhou Xingchi New Energy Technology Co., Ltd.* (湖州興馳新能源科技有限公司) ("**Huzhou Xingchi**"), an associate of our Parent Group, which invested and installed solar energy stations in one of our managed projects (i.e. Nanxun Shuanglin Jicheng Industrial Park (南潯雙林吉成產業園)). Save for the solar energy services provided for one of our managed projects, the Parent Group (including Huzhou Xingchi) does not and [has undertaken] not to further expand its solar energy services business to other properties in the future. On the other hand, as part of our business expansion, we intend to penetrate into the solar energy services business and plan to make initial investment in solar energy power facilities in three new projects in the next three years. For details, please see "Business — Our Strategies — Expand our business scale and solidify our market position — Vertical integration" and "Future Plans and [REDACTED] — [REDACTED]".

We currently provide solar energy services in eight managed projects through introduction of energy technology companies which invest and install relevant solar energy power stations. Save for Huzhou Xingchi, the other five energy technology companies with which we collaborate for our seven managed projects are Independent Third Parties. Huzhou Xingchi has invested and installed solar energy power energy stations in one of our managed projects, namely Nanxun Shuanglin Jicheng Industrial Park (南潯雙林吉成產業園). As one of our business strategies, we intend to penetrate into the upstream operations of the energy-related value-added services, and as such, we plan to apply part of our [REDACTED] of the [REDACTED] for investment and installation of solar energy power stations in two new projects, namely, Zhezhong Gold and Jewellery Industrial Park (浙中黃金珠寶園) and Guangdong Yangjiang Jicheng Smart Home Industrial Park (廣東陽江吉成智能家居產業園) and one existing project, namely Chengde Jicheng Industrial Park (承德吉成產業園).

Set forth below is a comparison table of the respective solar energy operations of our Group and Huzhou Xingchi.

	Our Group	Huzhou Xingchi
Nature of services provided	*Existing:* Energy technology companies as solar energy service providers are introduced to invest and install solar energy power stations (including solar panels and cells) in our managed projects. *Planned:* We plan to invest and install solar energy power stations in our managed projects. We will receive electricity charge from provision of electricity as solar energy service providers.	Huzhou Xingchi has invested and installed solar energy power stations in Nanxun Shuanglin Jicheng Industrial Park (南潯雙林吉成產業園), and receive electricity charge from provision of electricity as solar energy service provider.
Geographical region	*Existing:* We have introduced solar energy service providers in eight managed projects, being Nanxun Shuanglin Jicheng Industrial Park (南潯雙林吉成產業園), Jinyi Jicheng Small Enterprise Park (金義吉成小微企業園), Qianjin Jicheng Small Enterprise Park (千金吉成小微創業園), Pujiang Jicheng Industrial Park (浦江吉成產業園), Zhezhong Jicheng International Smart Beauty Valley Industrial Park (浙中吉成國際智享美谷產業園), Lanxi Jicheng Micro and Small Enterprise Park (蘭溪吉成小微企業園), Meijiang Lanchuang Jicheng Industrial Park (梅江蘭創吉成產業園) and Jiangshan Jicheng Intelligent Manufacturing Industrial Park (江山吉成智能製造產業園).	Huzhou Xingchi is the solar energy service provider of Nanxun Shuanglin Jicheng Industrial Park (南潯雙林吉成產業園). Save for that, Huzhou Xingchi has no investment, nor has any plan to make investment, in solar energy power stations in other projects.

	Our Group	Huzhou Xingchi
	Planned: We plan to invest and install solar energy power stations in three projects, namely, Zhezhong Gold and Jewellery Industrial Park (浙中黃金珠寶園), Chengde Jicheng Industrial Park (承德吉成產業園) and Guangdong Yangjiang Jicheng Smart Home Industrial Park (廣東陽江吉成智能家居產業園).	
Customers	*Existing:* The solar energy service providers which we introduce to our managed projects are accounted for as our customers. We (i) receive a service fee from them for assisting them to provide and manage the rooftop space; and (ii) share their profits in the energy projects in our managed properties, which represents the difference of the electricity charge and the predetermined unit cost according to the service agreements. *Planned:* Occupants of our managed projects in which we plan to install solar energy stations.	Occupants of the Nanxun Shuanglin Jicheng Industrial Park (南潯雙林吉成產業園).

Despite the fact that our planned operation in respect of provision of solar energy service shares the same business model of the solar energy operations of Huzhou Xingchi, given (i) the provision of solar energy services of our Parent Group was only limited to one single managed project; and (ii) our Parent Group has no intention [and undertaken to] not to further expand its solar energy services business to our managed properties in the future, our Directors are of the view that the solar energy services business of our Group will be clearly delineated from that of our Parent Group and as such, the solar energy services business of our Parent Group will not, give rise to (i) any direct or indirect competition between our Group and our Parent Group in any material aspect; or (ii) any actual or potential conflict of interest between our Group and our Parent Group in any material aspect.

To ensure that competition will not exist in the future, each of our Controlling Shareholders [has entered] into the Deed of Non-Competition in favour of our Company to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our business, further details of which are set out in the paragraph headed "Non-competition Undertakings" below.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having taken into account of the following factors, our Directors believe that our Group is capable of carrying on our business independently of our Parent Group after the [REDACTED].

Operational Independence

Independent Business Operations

Our business operations are delineated from and independent of those of our Controlling Shareholders and their respective close associates. Save for certain continuing connected transactions conducted in the ordinary course of business of our Group as set out in the section headed "Connected Transactions", our Directors do not expect that there will be any other continuing connected transactions between our Group and our Controlling Shareholders or their respective close associates upon or shortly after completion of the [REDACTED]. The continuing connected transactions will be conducted on normal commercial terms in accordance with the pricing policy of our Group, our Controlling Shareholders and their respective close associates, and are not prejudicial to the interests of any of the parties. In addition, the information technology, human resources department and other administrative support of our Group are separate from those of our Controlling Shareholders. We have full rights, hold and enjoy the benefit of all relevant licences, have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independent from our Controlling Shareholders and their respective close associates and will continue to do so after the [REDACTED].

Connected Transactions with Controlling Shareholders

The continuing connected transactions between our Group and our Controlling Shareholders or their respective close associates set out in the section headed "Connected Transactions" will continue upon completion of the [REDACTED] and all such transactions were entered into on normal commercial terms after arm's length negotiations. When determining the service fees between our Group and our Controlling Shareholders or their respective associates, factors such as project location and condition, scope of services, labour and other costs (where appropriate) were taken into account. Such fees were determined with reference to the prevailing market rate. Our Directors confirm that there had not been any interruption, dispute or early termination relating to our Group's services provided to our Parent Group during the Track Record Period and up to the Latest Practicable Date. As such, we expect that we will be able to maintain the aggregate amounts of the continuing connected transaction with our Controlling Shareholders and their respective close associates at a reasonable percentage to our total revenues after the [REDACTED]. Accordingly, such continuing connected transactions are not expected to affect our operational independence as a whole.

Method of Obtaining Property Management Business

Approximately 46.6%, 47.7% and 47.7% of the total GFA under management, and approximately 78.0%, 63.7% and 61.7% by revenue generated from the property management and value-added services provided by our Group for FY2024, FY2025 and 1H2026, respectively were derived from properties developed by our Parent Group. Our Group conforms to industry norms in property management service business through (i) tendering (including public tenders and tenders by invitation); and (ii) commercial negotiation. However, the specific method adopted for selecting the provider of property management services is usually decided by the developer. Our pricing for property management and value-added services conforms with industry norms.

Based on our experience in participating in the tendering and bidding process organised by our Parent Group, to the best of the knowledge of our Directors, our Parent Group will generally take into account various factors when evaluating tenders including but not limited to: (i) staff experience in managing similar types of projects, (ii) pricing, (iii) quality of service, and (iv) branding. We consider our brand, scale and experience in industrial property management, as evidenced by our proven track record in Jinhua-Yiwu Area, to be our competitive advantages enabling us to secure projects developed by our Parent Group. This has been illustrated by the success rate of our tender bids for properties developed by our Parent Group for FY2025, being 100.0%. Our directors confirmed that, all properties developed by our Parent Group are managed by our Group.

Trending toward Greater Operational Independence

Historical trends indicate a decreasing reliance on properties developed by our Parent Group for our source of revenue, evidencing progressively greater operational independence from our Parent Group. For FY2024, FY2025 and 1H2026, revenue from property management projects sourced from our Parent Group amounted to RMB55.9 million, RMB50.7 million and RMB25.3 million, representing 78.0%, 63.7% and 63.0%, respectively, of our revenue in the same periods. We strive to expand our business by seeking more opportunities to provide property management services to Independent Third Parties. Our revenue from property management projects sourced from the Independent Third Parties continued to increase which amounted to RMB15.7 million, RMB29.0 million and RMB14.9 million, representing 22.0%, 36.3% and 37.0%, of our revenue respectively, for FY2024, FY2025 and 1H2026. We believe that with the support of our well-established market position and our proven track record of provision of quality and diversified services to our customers, we are able to procure and renew our property management agreements with Independent Third Party property owners and tenants. This is evidenced by our success in 2026 with respect to: (i) renewal of three property management projects (i.e. Lanxi Hongtu Smart Technology Industrial Park, Sunwonda Peripheral Complex and Lanchuang Shoutian Plastic Products Industrial Park) sourced from a Independent Third Party property management company, and renewal of the basic property management service agreement for Huzhou Mass Innovation Micro and Small Enterprise Park, a project sourced from an Independent Third Party developer; (ii) the formation of joint venture with a state-owned property developer to continue the provision of property management services in Lanxi City Lanchuang Jiuyu Science and Technology Innovation Valley Industrial Park; (iii) the engagement by an Independent Third Party developer to provide commercial operation services in a new commercial property project in Wuyi County, Jinhua City; and (iv) the engagement by an Independent Third Party developer to provide basic property management services for an industrial park with a total managed GFA of 180,000 sq.m. in Jinhua-Yiwu Area, Zhejiang Province.

Access to Customers/Suppliers/Business Partners

We have a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates, including Independent Third Party property owners and lessees. We have independent access to the suppliers and other business partners as well.

Licences Required for Operations

We hold all the relevant licences and permits that are material to our business operations, and enjoy the benefits brought by them.

Operational Facilities

As at the Latest Practicable Date and save as disclosed in the section headed "Connected Transactions", all necessary properties and facilities required for our business operations were independent of our Controlling Shareholders and their respective close associates.

Employees

As at the Latest Practicable Date, all of our full-time employees were recruited primarily through independent recruitment methods, such as recruitment websites, campus recruitment programme, newspaper advertisements and recruitment agencies.

Accordingly, our Directors consider our Group's business operation to be independent from our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group will be able to maintain financial independence from our Controlling Shareholders and their respective close associates for the reasons set out below:

No Financial Reliance on our Controlling Shareholders and their Respective Close Associates

As at the Latest Practicable Date, there has been no borrowings owed by us to our Controlling Shareholders, nor has there been any share pledge or guarantee provided by our Controlling Shareholders or their respective close associates for our borrowings. In addition, we have in place independent internal control, accounting and finance departments, independent system and standard for cash collection and payment, and independent funding channels.

Independent Financial Team

We have our own financial and accounting team independent from that of our Controlling Shareholders and their respective close associates. Our Group will independently perform its accounting functions and make financial decisions according to its own business needs and financial position.

Based on the above, we will be able to finance our own business and operations independently without reliance on our Controlling Shareholders and their respective close associates.

Management Independence

Our Board comprises six Directors with three executive Directors and three independent non-executive Directors.

Save for one executive Director, namely Ms. Liu, who is a director of Zhejiang Panglong and certain subsidiaries of our Parent Group, there is no overlap of directors and members of the senior management between our Group and our Parent Group. Ms. Liu founded our Group and has been in charge of our business since 2019 and will continue to devote sufficient time in the day-to-day operation of our Group despite her directorships in our Parent Group.

Each of our Directors is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her interest to exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant meeting of the Board in respect of such transaction and shall not be counted in the quorum. In addition, we have an independent senior management team to carry out the business operations of our Group independently from our Controlling Shareholders.

Based on the reasons above, our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates.

NON-COMPETITION UNDERTAKINGS

To ensure a clear delineation of the Restricted Business (as defined below) and the business of our Controlling Shareholders and their respective associates, on [●], our Controlling Shareholders, being the covenantors, entered into the deed of non-competition (the "**Deed of Non-Competition**") with our Company, pursuant to which, our Controlling Shareholders have, among other things, unconditionally and irrevocably undertaken and covenanted to our Company that during the Relevant Period (as defined below), our Controlling Shareholders shall (and shall procure its associate, excluding our Company, to):

(a) not, directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement or as a principal or an agent, whether on their own account or on behalf of any person, firm or company or through any entities), invest in, be engaged in, participate in or hold any right or interest in any business or activity which will or may compete with the business engaged by our Company (the "**Restricted Business**");

(b) in respect of any business opportunity identified, being proposed or offered to participate by it and/or its associates for the carrying on, investment in or engagement in any principal business (the "**Business Opportunity**") currently and from time to time engaged by our Company, refer, or shall procure its associates to refer (where such Business Opportunity has been proposed or offered to it and/or its associates by a third party), such Business Opportunity to our Company by giving a written notice (which shall contain all information of, and the relevant terms and conditions for, the Business Opportunity obtained thereby) (the "**Referral Notice**") within 14 days after it and/or its associates has identified, has been proposed or offered to participate in the Business Opportunity, and our Directors who are not the directors of any associates of our Controlling Shareholders and have no actual or potential material interest in the Business Opportunity, directly or indirectly, will decide whether or not to take up such opportunity. Any Director who is a director of any associates of our Controlling Shareholders or has actual or potential material interest in the Business Opportunity shall abstain from voting at, and shall not be counted in the quorum for, any Board meeting convened to consider such Business Opportunity. The factors that will be taken into consideration in making the decision shall include whether taking up the Business Opportunity is in line with the business strategy and future business development of our Company and hence the overall interests of our Shareholders. If it is decided that our Company shall take up such Business Opportunity, our Directors shall take all actions as may be necessary, including passing the requisite resolutions, to give full effect to such decision;

(c) if a Business Opportunity is refused by our Company, our Controlling Shareholders or their respective associates may take up such opportunity if (i) a notice is received by our Controlling Shareholders from our Company confirming that the Business Opportunity is not accepted or our Controlling Shareholders or their respective associates have not received from our Company a notice confirming that the Business Opportunity is accepted within 30 days after the Referral Notice is given to our Company; (ii) the principal terms of which our Controlling Shareholders or their respective associates carry on, invest or engage in are no more favourable than those made available to our Company; and (iii) it would not result in a breach of any provisions of the Deed of Non-Competition;

(d) if there is any material change in the nature, terms or conditions of such Business Opportunity pursued by our Controlling Shareholders or their respective associates, they shall and shall procure their respective associates to refer such Business Opportunity as so revised to our Company as if it were a new Business Opportunity; and

(e) provide to our Company and/or our Directors (including the independent non-executive Directors) from time to time all information necessary for an annual review by the independent non-executive Directors with regard to compliance with the terms of the Deed of Non-Competition. Such review results will be disclosed in our Company's annual reports after [REDACTED]. Our Controlling Shareholders have also undertaken to allow our Directors, their respective representatives and the auditors of our Company to have sufficient access to the relevant records of our Controlling Shareholders and their respective associates to ensure their compliance with the terms and conditions of and for monitoring the performance of the Deed of Non-Competition. Our Controlling Shareholders have also undertaken to issue an annual confirmation to our Company on compliance with the terms of the Deed of Non-Competition, and consenting to the disclosure of such confirmation in the annual reports of our Company, thereby enabling our Company to keep monitoring the compliance with the Deed of Non-Competition by our Controlling Shareholders.

For the purpose of the Deed of Non-Competition, our Controlling Shareholders and their respective close associates are allowed to hold shares in a company or business which engages in the Restricted Business, provided that the aggregate interest of our Controlling Shareholders and their respective close associates is less than 30% or any lower percentage which would trigger the mandatory general offer obligations under the applicable rules of the relevant stock exchange, and do not have power to control the majority of the relevant board of directors; and the "Relevant Period" with respect to our Controlling Shareholders means the period commencing from the [REDACTED] and expiring on the earlier of the date on which (i) that entity and its close associates (individually or taken as a whole) cease to own 30% or more of the then issued share capital of our Company directly or indirectly or our Controlling Shareholders cease to be considered as the Controlling Shareholder (within the meaning ascribed to it under the GEM Listing Rules from time to time) of our Company and do not have power to control the majority of the Board; and (ii) the H Shares cease to be [REDACTED] on the Stock Exchange.

Our Directors (including our independent non-executive Directors) are allowed to engage professional advisers at our costs for advices on matters relating to the Business Opportunity or if and when they think necessary in the course of reviewing the compliance with the Deed of Non-Competition.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

(i) our independent non-executive Directors will review the Deed of Non-Competition and its compliance situation on an annual basis;

(ii) our Controlling Shareholders have undertaken to provide all information necessary to our Company for the annual review by our independent non-executive Directors on the enforcement of and compliance with the Deed of Non-Competition;

(iii) if our Board is required to make a decision on whether to accept a business opportunity under the Deed of Non-Competition, such decision shall be made by those Directors who do not have any material interest in such business opportunity and/or who do not assume any ongoing senior managerial or directorship role in the Controlling Shareholders having any material interest in the resolution;

(iv) our Company will disclose any updates relating to the status of fulfilling the undertakings, the decision made and/or matter reviewed by our independent non-executive Directors relating to compliance with and enforcement of the Deed of Non-Competition in our annual reports and/or by way of an announcement;

(v) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors who possess sufficient experience and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our [REDACTED]. For further details of our independent non-executive Directors, please see the section headed "Directors and Senior Management";

(vi) our Directors will (a) report any conflict or potential conflict of interest involving our Controlling Shareholders and their associates to our independent non-executive Directors as soon as practicable upon becoming aware of such conflict; (b) convene a Board meeting to review and evaluate the implications and risk exposure of such conflict; and (c) monitor any material irregular business activities. The conflicted Directors will be required to abstain from participating in the Board meetings where resolutions with material potential conflicts of interest are discussed, unless specifically requested by the majority of independent non-executive Directors;

(vii) our Directors will comply with the Articles of Association which require the interested Director not to vote (nor be counted in the quorum) on any Board resolution approving any contract or arrangement or other proposal in which he/she or any of his/her close associate is materially interested;

(viii) our Directors, including our independent non-executive Directors, will be entitled to seek independent professional advice from external parties in appropriate circumstances;

(ix) our Company will monitor potential or proposed transaction between our Group and our connected persons, and ensure compliance with Chapter 20 of the GEM Listing Rules including, where applicable, the announcement, reporting, annual review and independent Shareholders' approval requirements;

(x) as required by the GEM Listing Rules, our independent non-executive Directors shall review any connected transactions (including continuing connected transactions) annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole;

(xi) we have appointed Austrax Capital Limited as our compliance adviser to provide advice and guidance to our Group in respect of compliance with the applicable laws and GEM Listing Rules including various requirements relating to directors' duties and internal control;

(xii) our Audit Committee will conduct a review on the effectiveness of the above internal control measures on an annual basis; and

(xiii) our Nomination Committee will from time to time review the independence of our Directors in terms of performing their duties as our Directors to ensure effective management of conflict of interest.

Our Directors (including our independent non-executive Directors) consider that the above corporate governance measures are adequate and sufficient to manage any potential conflict of interests between our Controlling Shareholders and our Group, and to protect the interests of our Shareholders, in particular, the minority Shareholders.