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中基長壽科學

ZHONG JI LONGEVITY SCIENCE

Zhong Ji Longevity Science Group Limited

中基長壽科學集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 767)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF AND
SHAREHOLDER'S LOAN OWING BY
A LICENSED MONEY LENDER**

THE ACQUISITION

The Board is pleased to announce that on 18 February 2022 (after trading hours of the Stock Exchange), the Purchaser, a direct wholly-owned subsidiary of the Company, and the Vendor entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares (being the entire issued share capital of the Target Company) and the Shareholder's Loan, for a total cash consideration of HK\$12.6 million.

The Target Company is a licensed money lender in Hong Kong under the Money Lenders Ordinance and is principally engaged in money lending business in Hong Kong.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company, the financial results of which will be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION AGREEMENT

The Board is pleased to announce that on 18 February 2022 (after trading hours of the Stock Exchange), the Purchaser and the Vendor entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares (being the entire issued share capital of the Target Company) and the Shareholder's Loan, for a total cash consideration of HK\$12.6 million.

The principal terms of the Acquisition Agreement are set out below:

Date

18 February 2022

Parties

- (i) Excel Sonic Holdings Limited (a direct wholly-owned subsidiary of the Company), as the purchaser; and
- (ii) Mr. Yau King Kwok Andrew, as the vendor.

The Vendor is the sole director and the sole shareholder of the Target Company as at the date of this announcement. To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons.

Assets to be acquired

The Sale Shares, being the entire issued share capital of the Target Company, and the Shareholder's Loan, being the interest-free shareholder's loan from the Vendor to the Target Company in the amount of HK\$5,250,000 as at the date of the Acquisition Agreement and at the Completion Date.

The consideration

Pursuant to the terms of the Acquisition Agreement, the consideration is HK\$12,600,000, of which HK\$7,350,000 is the consideration for the Sale Shares and HK\$5,250,000 is the consideration for the Shareholder's Loan. The consideration shall be paid by the Company to the Vendor in cash upon Completion.

The consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among other things, (i) the unaudited net asset value of the Target Company as at 31 January 2022 of approximately HK\$3.8 million; and (ii) the balance of the Shareholder's Loan of HK\$5,250,000 as at the date of the Acquisition Agreement; and having taken into account (iii) the future prospect of the business of the Target Company; (iv) the established scale of the Target Company; and (v) the benefits that may be brought about to the Group by the Acquisition as discussed in the paragraph headed "Reasons for and benefits of the Acquisition" below.

The consideration will be funded by internal resources of the Group.

Indemnity by the Vendor

The Vendor undertakes that, in respect of the loans shown under the loan portfolio of the Target Company as at the date of the Acquisition Agreement, if the relevant borrower or other responsible party of any of the loans fails to pay any amount due (including but not limited to principal amount, interests and other charges) on or before the relevant due date in accordance with the relevant loan documents, the Vendor shall indemnify the Purchaser the overdue amount in cash in accordance with the terms of the Acquisition Agreement.

Conditions precedent

Completion shall be conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Vendor or the Target Company having obtained all necessary third-party consents or approvals in respect of the transactions contemplated under the Acquisition Agreement, including, but not limited to, obtaining written approval from the Target Company's creditors in accordance with the relevant loan documents entered into between them and the Target Company in respect of the sale and purchase of the Sale Shares and the change of guarantors, and obtaining other required legal documents;
- (ii) the representations and warranties given by the Vendor in the Acquisition Agreement being true and accurate and not misleading in all aspects from the date of the Acquisition Agreement up to the Completion Date;
- (iii) the Target Company having entered into service agreements with the Vendor and the employees designated by the Purchaser with a service period of not less than two years and in the form approved by the Purchaser; and
- (iv) the Purchaser having completed due diligence in respect of the Target Company and being satisfied with the result thereof.

The Purchaser shall have the absolute discretion to waive any of the above conditions by notice in writing to the Vendor. The Vendor undertakes to use his best endeavours to fulfill conditions (ii) and (iii) above as soon as practicable and in any event not later than 31 March 2022. The Purchaser undertakes to use its best endeavours to negotiate and confirm the terms of the service agreements under condition (iii) above as soon as practicable and in any event not later than 31 March 2022. If any of the above conditions have not been fulfilled or waived (as the case may be) on or before 31 March 2022, the Purchaser shall have the right to issue a written notice to the Vendor to terminate the

Acquisition Agreement, and the parties shall cease to have any obligations or liabilities towards each other under the Acquisition Agreement save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on the third business day after the fulfillment or waiver (as the case may be) of the conditions precedent in the Acquisition Agreement. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company is a licensed money lender in Hong Kong under the Money Lenders Ordinance. It is principally engaged in the money lending business and has commenced its business in Hong Kong since 2018. It mainly provides (i) unsecured loan to small and medium enterprises (“SMEs”) which are successful applicants under the Technology Voucher Program (the “TVP”) launched by the Innovation and Technology Commission of Hong Kong (the “System Development Loan”); (ii) mortgage loan; and (iii) unsecured personal loan or vehicle financing loan.

The TVP was launched to encourage SMEs to use technological services and solutions to improve productivity or upgrade or transform their business processes, and the subsidy will only be provided to the successful applicants after completion of the system upgrade project and review by the Innovation and Technology Commission of Hong Kong of the project report. As it takes time for the SMEs to upgrade the system and satisfy the review requirements by the ITC, the Target Company has capitalised on this opportunity and launched the System Development Loan in 2018 which targets to provide SMEs with loan to pay for system upgrade costs. Bullet repayment of loan principal shall be made by the SME after receiving subsidy under the TVP. Based on the information provided by the Target Company, since 2018, a total of 53 System Development Loans have been drawn.

The Target Company has also provided a number of mortgage loans and vehicle financing loans, which are preferable options for borrowers who have collaterals such as properties and vehicles. To further build its mortgage loan portfolio, it has obtained two credit facilities in the aggregate amount of HK\$150,000,000 from two licensed money lenders in Hong Kong, one of which is a wholly-owned subsidiary of a company listed on the Main Board of the Stock Exchange, for the provision of mortgage loans.

The Target Company is planning to further expand its existing business portfolio in respect of providing short-term unsecured personal loans to individual customers in the future.

As at the date of the Acquisition Agreement, the Target Company had a loan portfolio of approximately HK\$6.6 million which mainly comprises the aforementioned System Development Loans for small and medium enterprises and short-term unsecured personal loans to individual customers.

Set out below is a summary of the audited financial information of the Target Company for the two financial years ended 31 March 2020 and 2021 respectively:

	For the year ended 31 March	
	2020	2021
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(audited)	(audited)
Revenue	2,789	4,686
Profit before tax	1,823	2,075
Profit after tax	1,694	1,923

As at 31 January 2022, the Target Company recorded unaudited net assets of approximately HK\$3.8 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and is principally engaged in money lending, longevity science business, securities, financial and investment advisory and property and investments through its subsidiaries.

The Group has been actively seeking for potential investment opportunities which will expand its existing business portfolio, broaden its source of income and bring potential synergy to the business of the Group. To this end, the Company has identified the Target Company as an appropriate acquisition target to the Group. The Directors are optimistic about the prospect of the money lending industry in Hong Kong and believe that the Acquisition would further strengthen the Company's existing money lending business. In particular, as the Covid pandemic has accelerated the adoption of various technologies in business to support the transformation of business flow into one that is more adaptive to remote working, the Directors see significant growth potential in the business of System Development Loans. With the aforesaid credit facilities from the external financiers, the Directors believe the Acquisition could further expand the Target Company's loan portfolio, strengthen its mortgage loan business and diversify its customer base. Having taken into account of the established operations of the Target Company as well as the growth potential of the Target Company, the Directors consider that the Acquisition will bring stable and sustainable revenue growth to the Group in the long run.

Having considered the above, the Board considers that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Shares and the Shareholder’s Loan pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 18 February 2022 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Board”	the board of the Directors
“Company”	Zhong Ji Longevity Science Group Limited (中基長壽科學集團有限公司), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Acquisition Agreement
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Money Lenders Ordinance”	Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong)

“Purchaser”	Excel Sonic Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and a direct wholly-owned subsidiary of the Company
“Sale Shares”	the entire issued share capital of the Target Company
“Shareholder(s)”	holder(s) of the issued ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder’s Loan”	the interest-free shareholder’s loan from the Vendor to the Target Company in the amount of HK\$5,250,000 as at the date of the Acquisition Agreement and at the Completion Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Fame Star Properties Limited, a licensed money lender and a company incorporated in Hong Kong with limited liability
“Vendor”	Mr. Yau King Kwok Andrew
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Zhong Ji Longevity Science Group Limited
Yan Li
Chairman

Hong Kong, 19 February 2022

As at the date of this announcement, the Directors are:

Executive Directors

Mr. Yan Li (*Chairman*)
Mr. Li Jiuhua (*Chief Executive Officer*)
Mr. Li Xiaoshuang
Ms. Cao Xie Qiong

Independent non-executive Directors

Mr. Tam Ho Leung Simon
Ms. Wang Weixia
Mr. Chai Nan

Non-executive Directors

Dr. He Yiwu
Ms. Choi Ngai Wah

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.