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**ZJ**

**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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Zhong Ji Longevity Science Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 together with the comparative figures for the corresponding period in 2021 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>
Revenue	4	<b>33,054</b>	16,112
Cost of sales		<u><b>(3,946)</b></u>	<u>(1,971)</u>
Gross profit		<b>29,108</b>	14,141
Other income and gains	5	<b>172</b>	851
Selling and distribution expenses		<b>(1,258)</b>	(2,820)
Administrative expenses		<b>(21,467)</b>	(29,779)
Finance costs	6	<b>(221)</b>	(43)
Share of results of joint ventures		<u><b>(182)</b></u>	<u>(3,201)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	7	<b>6,152</b>	(20,851)
Income tax credit	8	<u><b>285</b></u>	<u>—</u>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<u><b>6,437</b></u>	<u>(20,851)</u>
Attributable to:			
Owners of the Company		<b>6,273</b>	(20,801)
Non-controlling interests		<u><b>164</b></u>	<u>(50)</u>
		<u><b>6,437</b></u>	<u>(20,851)</u>
<b>EARNINGS/(LOSS) PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY EQUITY</b>			
<b>HOLDERS OF THE COMPANY</b>			
Basic and diluted	9	<u><b>HK0.04 cents</b></u>	<u>HK(0.14) cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b><u>6,437</u></b>	<b><u>(20,851)</u></b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(15,307)</u>	<u>(4,031)</u>
	<b>(15,307)</b>	<b>(4,031)</b>
Items that may not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments designated at fair value through other comprehensive income	<u>(13,414)</u>	<u>23,853</u>
	<b>(13,414)</b>	<b>23,853</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX</b>	<b><u>(28,721)</u></b>	<b><u>19,822</u></b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b><u>(22,284)</u></b>	<b><u>(1,029)</u></b>
Total comprehensive loss for the period attributable to:		
Owners of the Company	<u>(21,825)</u>	<u>(130)</u>
Non-controlling interests	<u>(459)</u>	<u>(899)</u>
	<b><u>(22,284)</u></b>	<b><u>(1,029)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	11	1,308	1,652
Investment properties		25,152	26,001
Right-of-use assets	12	2,873	4,832
Interests in joint ventures		5,487	5,753
Financial assets at fair value through other comprehensive income	13	32,461	56,877
Loan and interest receivables	14	144,465	145,585
		211,746	240,700
<b>TOTAL non-current assets</b>			
<b>CURRENT ASSETS</b>			
Inventories		1,942	1,020
Loan and interest receivables	14	69,221	72,279
Trade receivables	15	732	19
Deposits, prepayments and other receivables	16	194,497	176,358
Tax recoverable		3,891	4,072
Amounts due from related companies	20	7,485	3,610
Cash and cash equivalents		13,634	19,437
		291,402	276,795
<b>TOTAL current assets</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables	17	283	254
Other payables and accruals	18	19,544	11,599
Other borrowing	19	7,396	7,740
Lease liabilities		3,151	3,718
Amount due to a director	20	9,414	6,926
Amounts due to related companies	20	3,755	7,817
Contract liabilities		5,522	1,126
Tax payable		4,917	5,359
		53,982	44,539
<b>TOTAL current liabilities</b>			
<b>NET CURRENT ASSETS</b>		237,420	232,256
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		449,166	472,956

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)**

		<b>30 June 2022</b>	31 December 2021
		<b>HK\$'000</b>	<b>HK\$'000</b>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		732	766
Lease liabilities		—	1,472
		<hr/>	<hr/>
Total non-current liabilities		732	2,238
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>448,434</b>	<b>470,718</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Share capital	21	3,870	3,870
Reserves		418,053	439,878
		<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>		<b>421,923</b>	<b>443,748</b>
Non-controlling interests		26,511	26,970
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>448,434</b>	<b>470,718</b>
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*Six months ended 30 June 2022*

## 1. GENERAL INFORMATION

Zhong Ji Longevity Science Group Limited (the “**Company**”) is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered address of the Company is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda. The principal place of business of the Company was located at Suites 1901–03, 19/F, Sino Plaza, 255–257 Gloucester Road, Causeway Bay, Hong Kong.

During the period, the Group was involved in the following principal activities:

- Longevity science business
- Money lending and financial advisory business
- Securities and other investments
- Property investment

## 2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements are presented in Hong Kong dollar (“**HKS**”), which is the same as the functional currency of the Company.

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021.

### 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Costs of Fulfilling a Contract
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and on the disclosures set out in these condensed consolidated financial statements.

### 4. REVENUE AND SEGMENT INFORMATION

#### Disaggregation revenue information

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Revenue from contract customer within the scope of HKFRS 15</b>		
Sales of health and medical products	14,680	—
Provision of diagnostic and medical test services	3,273	7,171
Rendering of financial advisory and investment services	—	2,683
	<u>17,953</u>	<u>9,854</u>
<b>Timing of revenue recognition within the scope of HKFRS 15</b>		
Point in time basis	<u>17,953</u>	<u>9,854</u>
<b>Revenue from other sources</b>		
Loan interest income	<u>15,101</u>	<u>6,258</u>
	<u>15,101</u>	<u>6,258</u>
<b>Total revenue recognised for the period</b>	<u><u>33,054</u></u>	<u><u>16,112</u></u>

#### 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

In the current period, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. Money lending and financial and investment advisory segments have been combined as money lending and financial advisory business segment. Prior period segment disclosures have been represented to conform with the current period's presentation. The Group's reportable segments under HKFRS 8 are as follows:

- (a) Longevity science business: provision of genetic cells diagnostic consultation, health and medical testing and checking as well as distribution of cancer prevention & immunity healthcare supplements;
- (b) Money lending and financial advisory business: provision of loan financing for earning interest income and provision of financial advisory and management services rendering various loan fees.
- (c) Securities and other investments: holding of equity investments and investment in short to long-term financial assets for dividend income; and
- (d) Property investment: investment in properties for rental income and/or for potential capital appreciation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit before tax except that bank interest income, share of results of joint ventures, finance costs as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	Longevity science business <i>HK\$'000</i> (Unaudited)	Money lending and financial advisory business <i>HK\$'000</i> (Unaudited)	Securities and other investments <i>HK\$'000</i> (Unaudited)	Property investment <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>6 months ended 30 June 2022</b>					
Revenue from external customers	17,953	15,101	—	—	33,504
Segment profit	6,989	12,684	—	—	19,673
<b>As at 30 June 2022</b>					
Segment assets	37,702	324,783	32,464	25,152	420,101
Segment liabilities	10,259	18,039	—	—	28,298
<b>6 months ended 30 June 2021</b>					
Revenue from external customers	7,171	8,941	—	—	16,112
Segment profit/(loss)	2,839	244	—	(24)	3,059
<b>As at 31 December 2021 (audited)</b>					
Segment assets	35,559	324,999	56,888	26,001	443,447
Segment liabilities	3,920	18,303	—	—	22,223

#### 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

##### Reconciliations of segment profit or loss, assets and liabilities:

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
<b>Profit or loss</b>		
Total profit or loss of reportable segments	19,673	3,059
Bank interest income	2	576
Share of results of joint ventures	(182)	(3,201)
Finance costs	(221)	(43)
Corporate and other unallocated expenses, net	<u>(13,120)</u>	<u>(21,242)</u>
Profit/(loss) before tax	<u>6,152</u>	<u>(20,851)</u>
	<b>30 June 2022 <i>HK\$'000</i> (Unaudited)</b>	<b>31 December 2021 <i>HK\$'000</i> (Audited)</b>
<b>Assets</b>		
Total assets of reportable segments	420,101	443,447
Corporate and other unallocated assets	<u>83,047</u>	<u>74,048</u>
Consolidated total assets	<u>503,148</u>	<u>517,495</u>
<b>Liabilities</b>		
Total liabilities of reportable segments	28,298	22,223
Tax payable	4,917	5,359
Deferred tax liabilities	732	766
Corporate and other unallocated liabilities	<u>20,767</u>	<u>18,429</u>
Consolidated total liabilities	<u>54,714</u>	<u>46,777</u>

#### 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

##### Geographical information

Segments	Six months ended 30 June 2022	Six months ended 30 June 2021
	revenue from external customers <i>HK\$'000</i> (Unaudited)	revenue from external customers <i>HK\$'000</i> (Unaudited)
<b>Geographical markets</b>		
Hong Kong	8,952	6,564
Mainland China	24,102	9,548
	<u>33,054</u>	<u>16,112</u>

As at 30 June 2022, majority of the Group's non-current assets were located in the PRC (31 December 2021: same).

#### 5. OTHER INCOME AND GAINS

	Six months ended 30 June 2022	2021
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Bank interest income	3	576
Reversal of impairment of loan and interest receivables	—	250
Others	169	25
	<u>172</u>	<u>851</u>

#### 6. FINANCE COSTS

	Six months ended 30 June 2022	2021
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Interest on lease liabilities	221	43
	<u>221</u>	<u>43</u>

## 7. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	3,946	1,971
Depreciation of right-of-use assets	1,954	413
Depreciation of property, plant and equipment	336	367
Staff costs (including directors' emoluments)	7,443	10,877
	<u>7,443</u>	<u>10,877</u>

## 8. INCOME TAX CREDIT

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax — PRC Enterprise Income Tax		
— Over-provision in prior period	(285)	—
	<u>(285)</u>	<u>—</u>

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of assessable profits of the qualifying corporation in the Group are taxed at 8.25%, and assessable profits above HK\$2 million are taxed at 16.5%. The assessable profits of corporations in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The two-tiered profits tax rates regime is applicable to the Group for both periods.

Under the Law of the EIT and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

## 9. EARNINGS/(LOSS) PER SHARE

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Earnings/(loss):</b>		
Profit/(loss) attributable to owners of the Company, used in the basic and diluted earnings/(loss) per share calculations	<u>6,273</u>	<u>(20,801)</u>
	<b>Number of shares</b>	
	<b>Six months ended 30 June</b>	
	2022	2021
	'000	'000
	(Unaudited)	(Unaudited)
<b>Shares:</b>		
Weighted average number of ordinary shares in issue during the period	3,870,102	3,870,102
Effect of dilutive potential ordinary shares arising from:		
Mandatory convertible notes	<u>10,912,000</u>	<u>10,912,000</u>
Weighted average number of ordinary shares used in the diluted earnings/(loss) per share calculation	<u>14,782,102</u>	<u>14,782,102</u>

The weighted average number of ordinary shares in issue have been adjusted for the number of ordinary shares that will be issued upon the conversion of the mandatorily convertible notes as the convertible notes were mandatorily convertible into ordinary shares. Hence the ordinary shares that will be issued upon conversion are included in the calculation of basic and dilute earnings per share from the date the contract is entered into.

The computation of diluted earnings per share for the period ended 30 June 2022 does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the period.

The computation of diluted loss per share for the period ended 30 June 2021 does not assume the impact of the exercise of share options outstanding since their assumed exercise would result in a decrease in loss per share.

## 10. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2022 (30 June 2021: Nil).

## 11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, property, plant and equipment approximately of HK\$23,000 (30 June 2021: HK\$348,000) was acquired by the Group.

## 12. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2022, the Group has no addition of lease contracts for various items of leasehold land and buildings (30 June 2021: Nil).

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
<b>Financial assets, fair value</b>		
Listed equity investments, at fair value	<u>32,461</u>	<u>56,877</u>

The Group's equity investments are investments in companies listed on the Stock Exchange and were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

The fair value of the listed equity investments is based on their current bid prices in active markets, and therefore classified under level 1 of the fair value hierarchy.

## 14. LOAN AND INTEREST RECEIVABLES

	30 June 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
Loan and interest receivables	850,426	854,604
Less: provision for impairment	<u>(636,740)</u>	<u>(636,740)</u>
	<u>213,686</u>	<u>217,864</u>
<b>Analysed as:</b>		
Current assets	69,221	72,279
Non-current assets	<u>144,465</u>	<u>145,585</u>
	<u>213,686</u>	<u>217,864</u>

#### 14. LOAN AND INTEREST RECEIVABLES (CONTINUED)

The term of loans entered with its customers are on credit. The credit period is generally within four years, extension can be made after monitoring assessment and further creditworthiness analysis on the debtors reviewed by senior management. The loan receivables carried fixed interest rate ranging from 6% to 18% (31 December 2021: 6% to 18%) per annum. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group held collateral or other credit enhancements over its certain of its loan and interest receivable balances.

Included in the Group's loan and interest receivables are amounts due from the Group's joint ventures of HK\$24,087,000 (31 December 2021: HK\$25,206,000), which are unsecured, bearing interest at 12% (31 December 2021: 12%) per annum and repayable in between 2024 to 2025. As at 30 June 2022 and 31 December 2021, the loss allowance was assessed to be minimal.

An ageing analysis of the loan and interest receivables as at the end of the reporting period, based on commencement of loan agreement entered and the date of interest income accrued, and net of loss allowance, is as follows:

	<b>30 June 2022</b>	31 December 2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Within 30 days	2,482	652
31–90 days	4,849	1,284
91–180 days	7,769	1,936
181–365 days	21,058	109,159
Over 1 year	177,528	104,833
	<u>213,686</u>	<u>217,864</u>

As at 30 June 2022, the balances included:

*Notes:*

- (i) Loan and interest receivables amounting to HK\$125,419,000 (31 December 2021: HK\$127,637,000), which are secured by share charge of borrowers, carried at fixed interest rate at 6% (31 December 2021: 6%) per annum;
- (ii) Loan and interest receivables amounting to HK\$312,000 (31 December 2021: HK\$331,000), which are secured by financial assets, carried at fixed interest rate at 15.6% (31 December 2021: 15.6%) per annum;
- (iii) Loan and interest receivables amounting to HK\$Nil (31 December 2021: Nil), which are secured by dividend right of a company registered in the PRC, carried at fixed interest rate at 15% (31 December 2021: 15%) per annum. The borrower is the shareholder of the joint venture held by the Group;

#### 14. LOAN AND INTEREST RECEIVABLES (CONTINUED)

- (iv) Loan and interest receivables were fully impaired (31 December 2021: same), which are secured by consumable goods of a borrower, carried at fixed interest rate at 12% (31 December 2021: 12%) per annum; and
- (v) Loan and interest receivables amounting to HK\$60,178,000 (31 December 2021: HK\$63,290,000), which are unsecured, carried at fixed interest rate ranging from 6% to 15% (31 December 2021: 6% to 15%) per annum.

#### 15. TRADE RECEIVABLES

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Trade receivables	14,164	13,451
Less: Impairment	<u>(13,432)</u>	<u>(13,432)</u>
	<u>732</u>	<u>19</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days for its trade receivables. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

An ageing analysis of the trade receivables, based on the invoice date and net of provisions, was as follows:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Current to 30 days	<u>732</u>	<u>19</u>

#### 16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Prepayments	2,246	2,849
Deposits	16,397	15,508
Other receivables	232,910	215,057
Impairment	<u>(57,056)</u>	<u>(57,056)</u>
	<u>194,497</u>	<u>176,358</u>

## 17. TRADE PAYABLES

The aging analysis of the trade payables, based on invoice date, is as follows:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Within 30 days	<u>283</u>	<u>254</u>

## 18. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Other payables	6,985	7,934
Accruals	<u>12,559</u>	<u>3,665</u>
	<u>19,544</u>	<u>11,599</u>

## 19. OTHER BORROWING

The loan was obtained from independent third party to the Group and the amount is unsecured, bearing interest at 5% per annum and repayable on demand. The loan is denominated in RMB.

## 20. AMOUNT(S) DUE FROM/(TO) RELATED COMPANIES/A DIRECTOR

The amount(s) due from/(to) related companies/a director were unsecured, interest-free and had no fixed term of repayment.

Mr. Yan Li is a director and beneficial owner of the related companies.

## 21. SHARE CAPITAL

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Authorised:		
400,000,000,000 ordinary shares of HK\$0.001 each	<u>400,000</u>	<u>400,000</u>
Issued and fully paid:		
3,870,102,650 ordinary shares of HK\$0.001 each	<u>3,870</u>	<u>3,870</u>

## 22. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2022 (31 December 2021: Nil).

## 23. CAPITAL COMMITMENT

The Group did not have any capital commitment as at 30 June 2022 (31 December 2021: Nil).

## 24. RELATED PARTY TRANSACTIONS

- (a) During the six months ended 30 June 2022, a loan interest income of approximately HK\$1,222,000 (six months ended 30 June 2021: HK\$1,254,000) was received from a joint venture, Chongqing Juquan.
- (b) During the six months ended 30 June 2022, a loan interest income of approximately HK\$615,000 (six months ended 30 June 2021: HK\$509,000) was received from a joint venture, Wuxi Juquan.
- (c) During the six months ended 30 June 2022, a loan interest income of Nil (six months ended 30 June 2021: HK\$89,000) was received from a joint venture, Tian Xing Tianjin.
- (d) During the six months ended 30 June 2022, a loan interest income of Nil (six months ended 30 June 2021: HK\$36,000) was received from a related company, Wuxi Jiucui Corporate Governance Consulting Services Co. Limited (無錫糾材企業管理諮詢服務有限公司), a partner of joint venture in Chongqing Juquan.

## 25. EVENTS AFTER THE REPORTING PERIOD

- (a) On 24 June 2022, a consultancy services agreement (the “**Consultancy Agreement**”) and settlement agreement (the “**Settlement Agreement**”) were entered into between the Company and an independent consultant (the “**Consultant**”). Pursuant to the Consultancy Agreement, the Consultant agrees to provide the services primarily relating to the introduction of customers to the Group in the PRC, and the Consultant shall be entitled to receive a consultancy fee for an amount of not less than HK\$42,571,129 (“**the Indebted Sum**”). Pursuant to the Settlement Agreement, the Company has conditionally agreed to settle the Indebted Sum by issuing 774,020,530 new shares of the Company of HK\$0.001 per share at an issue price of HK\$0.055 per share to the Consultant under the General Mandate (the “**Settlement Shares**”). The Indebted Sum included HK\$21,285,564 will be retained by the Company pending finalisation of the amount due by the Company to the Consultant to secure the obligations of the Consultant under the Consultancy Agreement for organising and managing six sale and distribution contracts network. The Settlement Shares will be issued under the existing General Mandate and no approval of the Company’s shareholders will be required.

The settlement of Indebted Sum is subject to the following conditions:

- (i) the Stock Exchange approves the issue of the Settlement Shares for the settlement and in the manner contemplated under the Settlement Agreement; and
- (ii) approval to be granted by the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Settlement Shares.

Up to the date of this interim results announcement, the settlement of the Indebted Sum is not completed. For details of the Indebted Sum, please refer to the Company's announcements dated 27 July 2022.

- (b) On 25 July 2022, the Company received a letter from the Stock Exchange notifying the Company that the Listing Review Committee (“**LRC**”), having considered all the facts and evidence, and all the submissions presented by the Company and the Listing Division, the Listing Review Committee decided to overturn the Listing Committee's decision to suspend trading in the Company's shares under Rule 6.01 (3) of the Listing Rules (the “**LRC Decision**”) on the ground that the Company had failed to maintain a sufficient level of operations and assets as required under Rule 13.24 of the Listing Rules. For details reasons, please refer to the Company's announcements dated 25 July 2022, herein summarized in brief:
- (i) The Listing Review Committee and the Listing Division has not disputed the contention that the cessation of its P2P Business (from Year 2016 to 2020) was a result of PRC central government multiple new regulations enforced all P2P lending to a halt in PRC, thus P2P Business no longer relevant to the assessment of the Company's compliance with Rule 13.24.
  - (ii) Consider guidance in GL106-19 at paragraph 13(a), the LRC has consider the Company Money lending business intertwined with Financial Advisory Business working together with license fund managers as Strategic Partners model offering 1st and 2nd mortgages to individual homeloan borrowers, could regard as carried out with a clear objective and maintaining sufficient scale of operations.
  - (iii) The LRC have noted in details on Company presentation that the Longevity Science Business has a promising growth prospect and NMN products are high profit margin products in trend, hence accepting Company shall achieve its submitted Profit Forecast for 2022. On that, Listing Division shall continue monitor the Company performance based on its forecast and any other matters of concern arise.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

### INTRODUCTION

Since the change of company name in March 2021, Zhong Ji Longevity Science Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) have been focusing on expanding its longevity science business. In addition to operating and managing its existing businesses of money lending & financial advisory business, securities and other investment business, and property investment business. Since Years 2016 to 2020, on Caijia P2P internet finance Platform prohibited in operation by the PRC central government legislations change, later Company has cooperated with licensed fund manager as strategic Partners via them offering 1st and 2nd mortgages and investors deposit fund in PRC. In Hong Kong, the Company is seeking opportunity to offer a pilot scheme of trade finance on milk formula suppliers/customers.

The longevity Business was at a nascent stage having only commenced in 2021 but is expediting its development with operating infrastructure has already setup and extensive detailed plan in promote and growth this Longevity science business was in place. It was noted: (i) the Company now operated two state-of-art testing centres in Hong Kong offering registered medical tests or laboratory tests on advance Tumor Cells screening, immunity/Killer cell Test, Joint Health Blood & Micronutrients Test, Female & Male Fertility & Salivary Hormone Test, Comprehensive Thyroid assessment and patent Third Generation Whole Genome Sequencing Genetic Tests. With its advance liquid nitrogen facility offer Autologous NK Cells storage, High Efficacy CBNK cells; all these to customer each high net-worth client treatments on (a) improve client’ sub-health and (b) Cancer prevention and (c) anti-aging or youth. (“**Three Longevity treatments objectives**”). After the tests and treatments, the clients are customised per their health and genetic status offer different health care products sale of Second-generation High Potency MSC, High Potency Antioxidant Supplement, ZHJ Vitamin C, Nicotinamide Mononucleotide (“**NMN**”) Supplement tablets. These NMN products are high profit margin products. (ii) The Company since June 2022 per an Consultant arrangement has erected Six Sale & distribution contracts network of PRC GuoYao Group of Hubei, Guandong,Shenzheng states comprise over 2,000 pharmacies selling its longevity products. (iii) The Company currently in negotiation to cooperate with established third party of hospital facility in PRC offering Longevity patent medical testing and innovative healthcare solutions of customize to clients genetic status. (iv) The Company per consignment agents and partners in regard, or per cooperate/introduce arrangement with insurance or financial institutions to target high-net-worth individual to develop, expand Longevity memberships and our services in both PRC and Hong Kong and South east Asia.

Through our innovative longevity healthcare solutions, we are committed to realising our vision of “**helping people live longer and healthier lives**”, thereby building a world’s leading ecosystem platform in longevity science.

During the six months ended 30 June 2022 (the “**Period under Review**”), riding on its existing finance-related businesses, the Group strives to venture into the field of longevity science in an exhaustive and diversified manner to continuously improve its industry and product chains.

The report is presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Group.

## **FINANCIAL RESULTS**

During the Period Under Review the coronavirus disease 2019 (“**COVID-19**”) against the global economy continued to post uncertainties in the first half of 2022, despite the launch of three rounds vaccination in different countries around the world, the recovery pace remained sluggish, the new virus variant that forced countries to implement lock down or halt measures to combat the spread of the pandemic in PRC. Further, the global expansionary monetary policy had triggered the inflationary and debt default risk, now observed in PRC property market overall across Beijing, Chongqing, Chengdu, Suzhou, Tianjin, Shanghai cities, caused sluggish impact on the financial performance of the Group.

The Group was principally engaged in the business of money lending and financial advisory business, securities and other investments, and property investments. Given such uncertain market environment and sentiment in PRC property market, in mitigate the volatility risk, the Group took a rather prudent approach in operating the money lending business except via Strategic Partners loans originated, thus a static performance was observed. Nevertheless, the newly ventured Longevity science business recorded a pretty impressive set of results for the Group in the first half of 2022.

During the six months ended 30 June 2022, the Group recorded a total revenue of HK\$33,054,000 (six months ended 30 June 2021: HK\$16,112,000). The Group recorded impressive turnaround to a profit for the period of HK\$6,437,000 (six months ended 30 June 2021: loss for the period HK\$20,851,000). The Money lending and financial advisory Business demonstrate a static revenue of HK\$15,101,000 and a segment profit of HK\$12,684,000. Nevertheless, the longevity science business contributed revenue of HK\$17,953,000 and a segment profit of HK\$6,989,000 which served as a cushion to alleviate the overall Company performance.

The basic and diluted earnings per share were HK\$0.04 cents (30 June 2021: basic and diluted loss per share were HK\$0.14 cents).

For the six months ended 30 June 2022, the Group’s consolidated net assets was HK\$448,434,000 (31 December 2021: HK\$470,718,000).

## **BUSINESS REVIEW**

### **Money Lending and Financial Advisory Business**

During the six months ended 30 June 2022, a segmental revenue of approximately HK\$15,101,000 (six months ended 30 June 2021: HK\$8,941,000) and a segmental profit of approximately HK\$12,684,000 (six months ended 30 June 2021: HK\$244,000) were recorded. The increase in segmental results was due to an increase in interest receivables balances derived by Strategic Partners loan portfolio in PRC state in Other Receivables during the period under review. Simsen Development Company Limited, through its wholly-owned subsidiary established in the PRC mainland China, is principally engaged in the provision of short to medium-term 1st and 2nd mortgages via Strategic Partners, offering related financial management and advisory services with presence across Beijing, Shanghai, Guangzhou, Tianjin, Chongqing and Wuxi. The Strategic Partners and the PRC subsidiary monitored closely the repayment progress and assess the recoverability of the 1st and 2nd mortgages loan receivable from time to time. The PRC subsidiary is of the view that majority of the existing Strategic Partners loan has been active and only small amount of new loan being lent out in the first half of 2022, the loss allowance was assessed to be minimal therefore no provision of impairment was required for the six month ended 30 June 2022 (six months ended 30 June 2021: nil).

In Hong Kong, since obtaining the money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in 2011, Joy Wealth Finance Limited (“**Joy Wealth**”), a wholly-owned subsidiary of the Company, has provided a wide variety of loans with an accumulated amount of approximately HK\$2,536,000 (30 June 2021: HK\$2,536,000). Interest rates ranged from 12%–15% per annum during the period under review (six months ended 30 June 2021: 10%–15%). For the six months ended 30 June 2022, Joy Wealth did not derive any interest income (six months ended 30 June 2021: nil) on the loan and interest receivables. Money lenders licence was renewed and granted to Joy Wealth on 18 August 2022 to carry on business as a money lender to 8 April 2023. Joy Wealth. Details on the loan and interest receivables are set out in note 14 to the condensed consolidated financial statements.

As 11 August 2022 announced, the Company has setup Independent Recovery Committee, pursuant to regulatory authority past guidance letters in recover of Hong Kong Joy wealth outlined 36 loans, being priorly impaired, of aggregate outstanding amount approximately HK\$1,076,476,999 as at 31 December 2019. The Committee will deploy its own third-party assessment, implement necessary recovery actions and take adequate steps (including but not limited to criminal proceedings) that should be taken by the Company against the Borrowers, as it deems appropriate. The Committee shall ascertain from the Company supplied materials and documents, financial records and/or any electronic records of these 36 arrear loans. Both Hong Kong and PRC legal Consuela and other professionals will be engaged by the Independent Recovery Committee in pursuance this outstanding approximately HK\$1,076,476,999 loans, as at 31 December 2019.

From the date of this Results publish, various writ of summons and liquidation order applications were issued from the Registry of the High Court against the borrowers in respect of the outstanding loan and interest, owned by Joy Wealth, by the Independent Recovery Committee.

Apart from legal actions, the Independent Recovery Committee also actively negotiating with the borrowers to recover the outstanding loan and interest receivables, assess the effectiveness of proceeding existing or potential legal procedures for taking over the ownership of pledged assets from the borrowers and guarantors.

## **Securities and Other Investments Business**

### ***Securities Investment***

As at 30 June 2022, the Group was holding several investments which are equity securities listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for long term investment. During the Period under Review, these investments in the listed securities led to a net fair value loss of approximately HK\$13,414,000 (six months ended 30 June 2021: net fair value gain of HK\$23,853,000) recognised in the condensed consolidated statement of comprehensive income. The net fair value loss recognised as other comprehensive income for the same period last year was due to the decrease in the market value of certain listed equity investment during the Period under Review. Significant investments in listed securities are discussed as below.

### ***Investment in shares of Imperial Pacific***

The major balance of the aforesaid listed securities represented the Group’s investment in 271,345,000 shares of Imperial Pacific International Holdings Limited (a company whose shares are listed on the Stock Exchange with Stock Code: 1076) (“**Imperial Pacific**”), representing approximately 3.8% of the issued share capital of Imperial Pacific as at 31 December 2021. Investment costs of the shares of Imperial Pacific were approximately HK\$76,490,000. Imperial Pacific, through its subsidiaries, is mainly engaged in gaming and resort business, including the development and operation of a hotel and casino resort on the Island of Saipan.

As at 30 June 2022, the fair value of the shares of Imperial Pacific held by the Group amounted to approximately HK\$24,150,000 (31 December 2021: approximately HK\$24,150,000), representing approximately 42.5% (31 December 2021: 42.5%) of the Group’s total investment in listed securities and approximately 4.7% (31 December 2021: 4.7%) of the Group’s total assets. Meanwhile, there was neither disposal nor addition of shares of Imperial Pacific during the Period under Review (six months ended 30 June 2021: Nil).

As at 30 June 2022, the operation of Imperial Pacific was temporarily ceased since March 2020, to combat against the COVID-19.

The Group regularly monitors its investment performance and make appropriate investment decisions regularly. In addition, the Group would allocate part of its resources from time to time to purchase principal-guaranteed wealth management products to increase its overall return.

### **Property Investment Business**

The Group commenced the property investment business at the end of 2020 and the properties held by the Group are held in the location of Mainland China and the Island of Saipan. As all the properties were vacant and not yet generated any revenue to the Group. The Group incurred some miscellaneous expenses with regards to the properties during the 2022. The Group will continue to monitor the market condition and will find suitable tenants which can contribute stable rental income to the Group or to dispose the investment properties for capturing profitable capital appreciation.

### ***Longevity Science Business***

Recognising the strong growth potential of the longevity science sector, the Group has been stepping up its investment to accelerate its transformation since last year. During the Period under Review, the Group's longevity science business delivered astonishing performance despite difficult pandemic operation environment.

The revenue of this segment amounted to approximately HK\$17,953,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$7,171,000), of which, approximately HK\$3,273,000 was generated from diagnostic consultation and medical testing, and approximately HK\$14,680,000 was contributed by the sales of longevity biological products, with segmental profit of approximately HK\$6,989,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$2,839,000). The promising China GuoYao sale & distribution network will further enhance our China sale in upcoming periods.

Indeed the COVID-19 and the aging population have aroused public high concern for health across the globe, resulting in unprecedented potentials for the development of Longevity products and testing services in the healthcare and medical industry.

### ***Strengthening in-house R&D and production capabilities***

During the Period under Review, Zhong Ji Longevity Science advanced its transformation of longevity science business from all fronts, with a focus on strengthening the Group's hard and soft capabilities. The Group recruited a seasoned team of biotechnology and management talents, including the appointment of Academician Randy Wayne Schekman, a Nobel laureate in Physiology or Medicine, as the Honorary Chairman and Chief Scientist of the Group, to immensely enhance the Group's research and development (“**R&D**”) capability, thereby enabling the Group to

achieve its strategic goals. In addition, the Group adopted a share award scheme, which aims to recognise employees and individuals who have contributed to the Group's development and business growth as well as to attract talents in the industry.

Given its high start-up cost compounded with the effect of continuous COVID-19 in California, the management of the Group has decided to subcontract the operation to an independent third party to manufacture the longevity biological products on the Group's behalf. The decision made was in line with the management's goal of operational efficiency and effectiveness.

Nevertheless the Group still control the manufacture, since Perpetual Master Limited ("**Perpetual Master**"), a wholly-owned subsidiary of the Group, has leased a 36,000-square-foot production plant in California, the United States for the production of longevity biological products such as Nicotinamide Mononucleotide (NMN) and VC sustained-release tablets. With certifications of Current Good Manufacture Practices of the United States ("**cGMP**"), the Food and Drug Administration of the United States ("**FDA**") and the National Sanitation Foundation of the United States ("**NSF**"), the production plant is also certified for drug manufacturing, healthcare product and organic food processing in California, thereby ensuring stable support to the production and technology of the Group's flagship products. Through our commitment to building world-class R&D teams and facilities, the Group aims to accelerate its R&D innovation and consolidate its capacity to produce longevity biological products. With our ever-expanding production capacity, the Group is well positioned to take a big stride forward on the strategic transformation to develop a world's leading ecosystem platform in longevity science.

*Proactively identifying suitable acquisition opportunities to perfect industry chain*

In order to expand the business scope of longevity science, the Group has been proactively identifying suitable acquisition targets that enable the Group to enhance and enrich its existing business during the Period under Review.

In past, Blooming Faith Development Limited, a wholly-owned subsidiary of the Group, acquired two examination centres with world's leading platforms, namely Irving Weissman International Advanced Medical Testing Centre which focuses on cancer prevention and early screening, and Asian Advanced Medical Testing Centre which is engaged in longevity medical testing. The two testing centres boast a combined of 19 categories of cell, health index and disease testing platforms, ranging from circulating tumor cell blood test, cell culture, biological age detection, automatic blood testing, and auto-immune testing. The acquisitions are believed to lay a solid foundation for the Group's longevity medical testing and longevity healthcare operations to generate stable revenue in the long run. The two testing centres commenced their operations in May this year in Shenzhen and their services have been well received by individuals with high net worth in China. In addition, the patents of the Group's two inventions of early cancer screening have been approved by and registered with the Patents Registry of the

Intellectual Property Department of the Government of the Hong Kong Special and Administrative Region. With its significant enhancement on the effectiveness and accuracy of early cancer screening, the relevant technologies can help people prevent and treat cancer effectively, which will promote the Group's international position in cancer prevention and early screening.

In terms of longevity science R&D and longevity management services, Perpetual Master entered into a non-legally binding memorandum of understanding (“MOU”) with China International Osteoarticular Medical Group earlier this year to acquire one of the world's largest FDA-registered international auto-immune cell banks, Asian Integrated Cell Laboratory Limited, which is an international dual-type full-system clinical cell bank for immune cell and stem cell recognised by American Association of Blood Banks (“AABB”) and International Society for Blood Transfusion (ISBT128). It is primarily engaged in the development and transformation of cell therapies and cell pharmaceuticals, and possesses a number of important patents for inventions in relation to immune cells, stem cells and chondrocyte, as well as several FDA clinical phase II technologies in the fields of lung cancer, hepatocirrhosis, diabetes mellitus, osteoarthritis and aging debility. The Group has been working on the development and transformation of its technologies.

In period, the Group continue in negotiation with Banderland Development Investment Holdings Limited (“**Banderland Development**”) holding significant equity interest in Hangzhou Chenghui\* (杭州城慧), which in turns directly holds the entire interest of Hangzhou Chengnan Hospital\* (杭州城南醫院), a second-tier comprehensive hospital specialising in telemedicine, high-end health check, rehabilitation from severe illnesses and comprehensive medical care. If negotiation success and materialize the Group will, under the collaboration with Hangzhou Chengnan Hospital, establish Zhejiang Zhongji Longevity Medical Testing Centre and Zhejiang Zhongji Longevity Cloud Centre, to focus on the development of world's leading longevity medical testing projects, cancer prevention and early screening projects and internet-based international longevity medical testing projects.

#### *Striving to expand and enhance longevity biological products*

In respect of sales and production of longevity biological products, by fully leveraging the Group's expertise in the cell industry and ongoing enhancement of R&D and production level, the Group has commenced the development and production of its flagship NMN product “ZJ1” and VC sustained-release tablets, as well as other longevity biological products in California, United States since last year. In terms of R&D, the Group's NMN products are all made from raw materials from the United States, which have passed the toxicity study, obtained certification from FDA and Physicians' Desk Reference (“PDR”) and acquired safety certification for heavy metal and sterility test of the United States. Currently, the Company's NMN products and VC sustained-release tablets are sold worldwide and well received by high-net-worth individuals. During the period under review, the Group's scientific research team boosted the R&D progress of

“ZJ1” to the seventh generation with the introduction of the longevity functional beverages, safeguarding the health and longevity of people around the world who strive for the quality of life. In terms of marketing and sales strategy, the Group will capitalise the existing customer base, marketing network and sales channels of ZJ1 International Medical Group (Hong Kong) to gradually set up the “Internet + Healthcare” longevity system platform — Zhong Ji Longevity Cloud\* (中基長壽雲).

#### *Establishing partnerships with world-class companies*

The Group entered into a MOU in relation to forming a strategic partnership with Thermo Fisher Scientific (Hong Kong) Limited (“**Thermo Fisher**”), a forerunner in the field of life sciences. Thermo Fisher will prioritise the Group in the provision of its latest life science technology, software and solution, so as to propel the Group’s development in longevity science and medical diagnosis, enhancing the productivity and R&D capability of the Group’s laboratory.

The management of the Group is confident about the business performance in the second half of the year, and believes that the longevity science business will gradually support the Group’s revenue growth and become a growth driver for Zhong Ji Longevity Science in the future, in particular relying on China GuoYao six sale & distribution contracts networking in Hubei, Guangdong, Shenzhen, states across 2,000 pharmacy outlets.

Now, the Group already launched an overseas flagship store on Tmall Global website for sale of ZJ1 series of nutritional supplements, including ZJ1 NMN multi-series longevity supplements, ZJ1 VC tablets and other products, expand with cross-border sales channel and revenue stream into Greater China region from Hong Kong base. The Group biological supplements sale was champion as 2<sup>nd</sup> Top Sale in July Sale month of Duo Ying “**抖音**” platform.

The management of the Group is optimistic on the development of the longevity science healthcare business, and believes that the longevity science health business will be the driver of the Group’s revenue growth in the future, together with existing license Money Lending business steady growth.

#### **Prospect**

As the world is adapting to the new normal due to the COVID-19 pandemic, people become more aware of the importance of maintaining a long and healthy life, which opens up a promising future for the longevity science industry. With its unwavering investment over the years, Zhong Ji Longevity Science has begun to bear fruit.

At present, the Group already possessed world-class longevity medical testing systems and longevity R&D platforms, as well as high-quality and innovative product pipelines. Zhong Ji Longevity Science will keep building up its top R&D team and strengthening strategic cooperation with other companies, so as to constantly enhance its R&D capability and operational efficiency, as well as to offer highly competitive longevity products and services to meet the strong longevity healthcare needs of China's high-net-worth population, thereby driving and supporting the Group's future revenue and earnings growth.

In view of China's steady industrialisation of cancer prevention and early screening, the Group continue aims to establish longevity medical testing centres in 18 first and second-tier cities of China through mergers and acquisitions and strategic cooperation in the coming three years (2022, 2023, 2024), aiming at providing customers with world's leading services of cancer prevention and early screening, longevity medical testing and longevity management. It is expected that our early screening services will reduce the incidence and mortality rates of cancer by benefiting more people at high risk of cancer and other critical illnesses, and thus expediting the national "Healthy China Strategy".

In terms of longevity biological products, the sales of health supplements saw a rising trend year on year thanks to the increasing spending in the health supplement industry. iiMedia Research predicts that the scale of the NMN-containing health supplement industry in China will reach RMB27 billion at a growth rate of nearly 70% by 2023. The Group will fully leverage its expertise in the cellular field and continuously enhance its R&D and production level to introduce higher quality and more effective longevity biological products, with a focus on catering public's desire for longevity and ultimately further increase the Group's market share of global healthcare products.

Now via China GuoYao six sale & distribution state sale contracts, the Company believe it was possible to achieve aggregate sale of RMB109 million approximately across pending 2<sup>1/2</sup> half years from now to December 2024, sale over 2,000 pharmacy outlets. In terms of R&D in longevity science and longevity management services, the Group will focus on the development and related applications of cell and gene therapy, and the provision of cell testing, cell banking and storage, optimisation as well as cell therapy services. The Group plans to provide longevity healthcare solutions for its members in the long run. The Group will also continuously enhance the coordination and operation of its longevity system platform "Zhong Ji Longevity Cloud" and gradually improve its "Internet + Healthcare" longevity system platform, integrating the quality network channels in the offline market on the one hand and providing its customers with the most suitable longevity products and services on the other.

\* *For identification only*

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The operation of the money lending business is one of the principal activities of the Group and it exposes to a number of risks and uncertainties including exchange rate risk, policy risk, credit risk and liquidity risk.

Besides, the slowdown of the PRC's economic growth, tightening financial regulations as well as challenges from the COVID-19 pandemic may adversely affect the operation of the money lending business and financial and investment advisory business. The volatile and unpredictable stock market in Hong Kong also raises uncertainty on the Group's returns from the securities investment business.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

As at 30 June 2022, the Group had recorded net current assets of approximately HK\$237,420,000 (31 December 2021: HK\$232,256,000); and cash and bank balances of approximately HK\$13,634,000 (31 December 2021: HK\$19,437,000). The Group did not enter into any financial instruments for hedging purpose.

### **Capital Structure**

As at 30 June 2022, the total number of the issued ordinary shares with the par value of HK\$0.001 each was 3,870,102,650 (31 December 2021: 3,870,102,650).

### **Significant Investment, Acquisition and Disposal**

Save for disclosed elsewhere in this announcement, there was no significant investment, acquisition or disposal of subsidiaries and associated companies that should be notified to the shareholders of the Company (the "Shareholders") for the six months ended 30 June 2022 incurred.

### **Segment Information**

Details of segment information of the Group for the six months ended 30 June 2022 are set out in note 4 to the condensed consolidated financial statements.

### **Employees and Remuneration Policy**

As at 30 June 2022, the employees of the Group were mainly stationed in Hong Kong and the PRC. In-house training programs were provided for its employees to enhance their skills and job knowledge. The management of the Company would continue to foster close co-operation among the employees.

The remuneration policies of the Company aim at ensuring that remuneration levels are appropriate and in line with the Company's target, mission and business performance. To do so, the Company considers various relevant factors such as the remuneration levels of its market competitors, market practices, job duties, responsibilities and scope, financial and non-financial performance, as well as the suitability of performance-based remuneration arrangements.

### **Details of Charges on Assets**

As at 30 June 2022, the Group did not pledge any assets to banks or other financial institutions (31 December 2021: Nil).

### **Future Plans for Material Investment or Capital Assets**

It is the Group's corporate mission to continue to explore ways to improve its financial performance, to diversify its operations into new and more profitable businesses and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing in or changing to other profitable business as long as it is in the interest of the Company and the Shareholders as a whole. Also, as part of its routine exercise, the Company reviews the performance of its existing investment portfolio and evaluates the investment potentials of other investment opportunities available to the Company from time to time. Subject to the results of such reviews, the Company may make suitable investment decisions according to the then circumstance and information available which may involve the disposal of the whole or part of its existing investment portfolio and/or change of the asset allocation of its investment portfolio and/or expanding its investment portfolio with a view of realising and/or optimising the expected return and minimising the risks. Meanwhile, the Company does not preclude the possibility that the Company may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise, as the Company has from time to time been approached by investors for potential investment projects.

Save as disclosed elsewhere in this announcement, as at the date of this announcement, the Company had not entered into any agreement, arrangement, understanding, intention or negotiation that should be disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

### **Treasury Policy**

The Group has adopted a treasury policy on 24 May 2011 in relation to the Group's investment in securities of other listed companies on the Stock Exchange. The objective of the policy is to enable the Group to control and govern the possible future securities investments (if any, which may or may not occur).

### **Working Capital and Gearing Ratio**

The gearing ratio of the Group as at 30 June 2022 (defined as the Group's total interest-bearing liabilities divided by the Group's total equity) was approximately 1.6% (31 December 2021: 1.6%).

### **Foreign Exchange Exposures**

Business transactions of the Group are mainly denominated in Hong Kong dollars and Renminbi. The Group has not implemented any foreign currency hedging policy at the moment. However, in view of the fluctuation of Renminbi in recent years, continuous monitoring on the foreign exchange exposure is carried out and the management will consider hedging the foreign exchange exposure if it has material impact on the Group.

### **Capital Commitment**

As at 30 June 2022, the Group did not have any capital commitment (31 December 2021: Nil).

### **Contingent Liability**

As at 30 June 2022, the Group had no material contingent liability (31 December 2021: Nil).

### **EVENTS AFTER THE REPORTING PERIOD**

Details of the events after the reporting period are set out in the note 25 to the interim results announcement.

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions (the “**Code Provision(s)**”) set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2022.

## **CODE OF CONDUCT REGARDING DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the terms contained in the Model Code for Security Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the Company’s code of conduct for security transactions and dealing (the “**Model Code**”). All existing Directors, upon specific enquiry, have confirmed that they have complied with the Model Code during the six months ended 30 June 2022.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed shares.

## **AUDIT COMMITTEE REVIEW**

The audit committee of the Company (the “**Audit Committee**”) currently comprises of three independent non-executive Directors, Mr. Lee See Barry (the chairman of this committee), Mr. Wang Ning and Prof. Huang Cibo. The Audit Committee has adopted terms of reference which are in line with the CG Code.

The unaudited condensed consolidated results for the six months ended 30 June 2022 have been reviewed by the Audit Committee.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on both the website of the Stock Exchange and on the website of the Company. The interim report of the Company for the six months ended 30 June 2022 containing all information required by the Listing Rules will be despatched to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

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

### *Executive Directors*

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

### *Independent Non-executive Directors*

Mr. Lee See Barry  
Mr. Wang Ning  
Prof. Huang Cibo

### *Non-executive Directors*

Dr. He Yiwu  
Mr. Lyu Changsheng

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

Hong Kong, 29 August 2022

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