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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 2023**

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 2023 together with the comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Six months ended 30 June	
		2023	2022
		<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Revenue	4	29,911	33,054
Cost of sales		<u>(3,424)</u>	<u>(3,946)</u>
Gross profit		26,487	29,108
Other income and gains, net	5	19,197	172
Selling and distribution expenses		(11,959)	(1,258)
Administrative expenses		(26,937)	(21,467)
Finance costs	6	(1,476)	(221)
Share of results of joint ventures		<u>—</u>	<u>(182)</u>
PROFIT BEFORE TAX	7	5,312	6,152
Income tax (expense)/credit	8	<u>(3,374)</u>	<u>285</u>
PROFIT FOR THE PERIOD		<u>1,938</u>	<u>6,437</u>
Attributable to:			
Owners of the Company		1,782	6,273
Non-controlling interests		<u>156</u>	<u>164</u>
		<u>1,938</u>	<u>6,437</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted		<u>HK0.01 cents</u>	<u>HK0.04 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	<u>1,938</u>	<u>6,437</u>
OTHER COMPREHENSIVE LOSS		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(78,027)</u>	<u>(15,307)</u>
	(78,027)	(15,307)
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 loss	<u>(2,594)</u>	<u>(13,414)</u>
	(2,594)	(13,414)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<u>(80,621)</u>	<u>(28,721)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(78,683)</u></u>	<u><u>(22,284)</u></u>
Total comprehensive loss for the period attributable to:		
Owners of the Company	<u>(77,226)</u>	<u>(21,825)</u>
Non-controlling interests	<u>(1,457)</u>	<u>(459)</u>
	<u><u>(78,683)</u></u>	<u><u>(22,284)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Plant and equipment	<i>11</i>	1,316	1,519
Investment properties		23,984	24,411
Right-of-use assets	<i>12</i>	13,220	1,265
Interests in joint ventures		78	80
Financial assets at fair value through other comprehensive income	<i>13</i>	7,082	9,859
Loan and interest receivables	<i>14</i>	149,385	138,135
		<hr/>	<hr/>
Total non-current assets		195,065	175,269
CURRENT ASSETS			
Inventories		1,653	3,809
Loan and interest receivables	<i>14</i>	28,739	34,154
Trade receivables	<i>15</i>	4,736	654
Deposits, prepayments and other receivables	<i>16</i>	205,499	183,983
Tax recoverable		3,650	3,718
Amounts due from related companies	<i>20</i>	15,749	23,183
Cash and cash equivalents		58,733	60,069
		<hr/>	<hr/>
Total current assets		318,759	309,570
CURRENT LIABILITIES			
Trade payables	<i>17</i>	93	1,087
Other payables and accruals	<i>18</i>	27,298	11,311
Other borrowing	<i>19</i>	8,911	10,290
Lease liabilities		7,786	1,472
Amounts due to related companies	<i>20</i>	3,692	—
Contract liabilities		19,599	23,662
Tax payable		19,986	15,531
		<hr/>	<hr/>
Total current liabilities		87,365	63,353
NET CURRENT ASSETS		<hr/>	<hr/>
		231,394	246,217
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		426,459	421,486

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

		30 June 2023	31 December 2022
		HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		623	637
Lease liabilities		<u>6,585</u>	<u>—</u>
Total non-current liabilities		<u>7,208</u>	<u>637</u>
NET ASSETS		<u>419,251</u>	<u>420,849</u>
EQUITY			
Share capital	21	4,554	4,257
Reserves		<u>390,404</u>	<u>389,572</u>
Equity attributable to owners of the Company		394,958	393,829
Non-controlling interests		<u>24,293</u>	<u>27,020</u>
TOTAL EQUITY		<u>419,251</u>	<u>420,849</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2023

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 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022.

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 2023 for the preparation of the Group's condensed consolidated financial statements:

Amendment to HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contract customer within the scope of HKFRS 15		
Sales of health and medical products	2,351	14,680
Provision of diagnostic and medical test services	9,517	3,273
Rendering of financial advisory and investment services	—	—
	<u>11,868</u>	<u>17,953</u>
Timing of revenue recognition within the scope of HKFRS 15		
Point in time basis	<u>11,868</u>	<u>17,953</u>
Revenue from other sources		
Loan interest income	<u>18,043</u>	<u>15,101</u>
	<u>18,043</u>	<u>15,101</u>
Total revenue recognised for the period	<u><u>29,911</u></u>	<u><u>33,054</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)
6 months ended 30 June 2023					
Revenue from external customers	11,868	18,043	—	—	29,911
Segment (loss)/profit	(13,283)	36,338	—	—	23,055
As at 30 June 2023					
Segment assets	54,777	339,376	7,218	23,984	425,355
Segment liabilities	38,014	24,906	—	—	62,920
6 months ended 30 June 2022					
Revenue from external customers	17,953	15,101	—	—	33,054
Segment profit	6,989	12,684	—	—	19,673
As at 31 December 2022 (audited)					
Segment assets	40,992	371,080	11,125	24,411	447,608
Segment liabilities	24,154	7,485	—	—	31,639

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Reconciliations of segment profit or loss, assets and liabilities:

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Profit or (loss)		
Total profit of reportable segments	23,055	19,673
Bank interest income	12	2
Share of results of joint ventures	—	(182)
Finance costs	(1,476)	(221)
Corporate and other unallocated expenses, net	<u>(16,279)</u>	<u>(13,120)</u>
Profit before tax	<u>5,312</u>	<u>6,152</u>
	30 June 2023 <i>HK\$'000</i> (Unaudited)	31 December 2022 <i>HK\$'000</i> (Audited)
Assets		
Total assets of reportable segments	425,355	447,608
Corporate and other unallocated assets	<u>88,472</u>	<u>37,231</u>
Consolidated total assets	<u>513,827</u>	<u>484,839</u>
Liabilities		
Total liabilities of reportable segments	62,920	31,639
Tax payable	20,612	15,531
Deferred tax liabilities	—	—
Corporate and other unallocated liabilities	<u>11,044</u>	<u>16,183</u>
Consolidated total liabilities	<u>94,576</u>	<u>63,353</u>

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

Segments	Six months ended 30 June 2023 revenue from external customers <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2022 revenue from external customers <i>HK\$'000</i> (Unaudited)
Geographical markets		
Hong Kong	2,313	8,952
Mainland China	27,598	24,102
	<u>29,911</u>	<u>33,054</u>

As at 30 June 2023, majority of the Group's non-current assets were located in the PRC (31 December 2022: same).

5. OTHER INCOME AND GAINS, NET

	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Bank interest income	12	3
Net proceeds from bad debts recovery*	19,000	—
Exchange gain	115	—
Government grants	60	—
Others	10	169
	<u>19,197</u>	<u>172</u>

* Net proceeds from bad debts recovery on Group's subsidiary, Joy Wealth Finance Limited (after expense including legal costs).

6. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on other borrowings	396	—
Interest on lease liabilities	1,080	221
	<u>1,476</u>	<u>221</u>

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	3,346	3,946
Depreciation of right-of-use assets	4,522	1,954
Depreciation of property, plant and equipment	419	336
Staff costs (including directors' emoluments)	8,667	7,443
	<u>8,667</u>	<u>7,443</u>

8. INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax — PRC Enterprise Income Tax		
— Over-provision in prior period	—	(285)
— Provision for the period	3,374	—
	<u>3,374</u>	<u>(285)</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 PER SHARE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculations	<u>1,782</u>	<u>6,273</u>
	Number of shares	
	Six months ended 30 June	
	2023	2022
	'000	'000
	(Unaudited)	(Unaudited)
Shares:		
Weighted average number of ordinary shares in issue during the period	4,554,412	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 per share calculation	<u>15,466,412</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 2023 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 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.

10. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group has no additional and disposal of Plant and Equipment (30 June 2022: HK\$23,000) was acquired by the Group.

12. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, the Group has lease contracts for various items of leasehold land and buildings and therefore recognised the additions to right-of-use assets of approximately HK\$13,220,000 (30 June 2022: Nil).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Financial assets, fair value		
Listed equity investments, at fair value	<u>7,082</u>	<u>9,859</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 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Loan and interest receivables	825,195	819,360
Less: provision for impairment	<u>(647,071)</u>	<u>(647,071)</u>
	<u>178,124</u>	<u>172,289</u>
Analysed as:		
Current assets	28,739	34,154
Non-current assets	<u>149,385</u>	<u>138,135</u>
	<u>178,124</u>	<u>172,289</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 2022: 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\$29,204,000 (31 December 2022: HK\$28,245,000), which are unsecured, bearing interest at 12% (31 December 2022: 12%) per annum and repayable in between 2024 to 2025. As at 30 June 2023 and 31 December 2022, 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:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within 30 days	1,122	667
31–90 days	3,222	1,999
91–180 days	2,208	1,998
181–365 days	6,689	3,329
Over 1 year	<u>164,883</u>	<u>164,296</u>
	<u>178,124</u>	<u>172,289</u>

As at 30 June 2023, the balances included:

Notes:

- (i) Loan and interest receivables amounting to HK\$123,193,998 (31 December 2022: HK\$112,903,000), which are secured by share charge of borrowers, carried at fixed interest rate at 6% (31 December 2022: 6%) per annum;
- (ii) Loan and interest receivables amounting to HK\$353,000 (31 December 2022: HK\$355,000), which are secured by financial assets, carried at fixed interest rate at 15.6% (31 December 2022: 15.6%) per annum;
- (iii) Loan and interest receivables amounting to HK\$Nil (31 December 2022: Nil), which are secured by dividend right of a company registered in the PRC, carried at fixed interest rate at 15% (31 December 2022: 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 2022: same), which are secured by consumable goods of a borrower, carried at fixed interest rate at 12% (31 December 2022: 12%) per annum; and
- (v) Loan and interest receivables amounting to HK\$54,577,000 (31 December 2022: HK\$59,030,000), which are unsecured, carried at fixed interest rate ranging from 6% to 15% (31 December 2022: 6% to 15%) per annum.

15. TRADE RECEIVABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade receivables	4,736	663
Less: Impairment	—	(9)
	<u>4,736</u>	<u>654</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:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within 30 days	2,326	23
31–90 days	2,219	—
91–180 days	21	8
181–365 days	134	623
Over 1 year	36	—
	<u>4,736</u>	<u>654</u>

16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Prepayments	35,954	34,824
Deposits	10,424	3,025
Other receivables	252,234	239,247
Impairment	(93,113)	(93,113)
	<u>205,499</u>	<u>183,983</u>

17. TRADE PAYABLES

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Current to 30 days	—	923
31 to 60 days	—	12
61 to 90 days	—	9
Over 90 days	93	143
	<u>93</u>	<u>1,087</u>

18. OTHER PAYABLES AND ACCRUALS

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Other payables	10,607	4,611
Accruals	16,691	6,700
	<u>27,298</u>	<u>11,311</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.

The Group had approximately HK\$15,749,000 of outstanding balance due from Zhong Ji 1 International Medical Group (Hong Kong) Limited, being a related company as the chairman and executive director Mr. Yan Li held a 90.76% beneficiary interest, as at 30 June 2023.

The Group had approximately HK\$761,000 outstanding balance due to Chongqing Juquan as at 30 June 2023. The Group had approximately HK\$2,931,000 outstanding balance due to Wuxi Juquan as at 30 June 2023. Both were Joint Ventures subsidiaries with 51% held by the Company wholly owned Beijing subsidiary and the rest 49% held by independent third party.

21. SHARE CAPITAL

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Authorised:		
400,000,000,000 ordinary shares of HK\$0.001 each	<u>400,000</u>	<u>400,000</u>
	Number of shares in issue '000	Share capital HK\$'000
Issued and fully paid:		
At 1 January 2022	3,870,102	3,870
Shares issued in respect of prepayment of consultancy service fee (Note (a))	<u>387,010</u>	<u>387</u>
At 31 December 2022	4,257,112	4,257
Placing of new shares (Note (b))	<u>297,300</u>	<u>297</u>
At 30 June 2023	<u>4,554,412</u>	<u>4,554</u>

Notes:

- (a) On 24 June 2022, the Company entered into the consultancy services agreement and the settlement agreement with the consultant, an independent third party to the Company. Pursuant to the settlement agreement, the consultant agreed to settle the prepayment of consultancy fee by way of issuing the shares of the Company subject to the conditions and on the terms contained in the settlement agreement. The prepayment of approximately HK\$42,571,129 have been paid by way of Shares and 387,010,265 shares were issued at price of HK\$0.055 per share.

The final settlement of such prepayment shares and residual payment was on 31 December 2024 pending to this consultant organised and/or introduced sale revenue.

- (b) On 2 May 2023, the Company completed a share placing for an aggregate for 297,300,000 shares at a placing price of HK\$0.049 per share to placees. The gross proceeds from the placing was approximately HK\$14,567,700, the net proceeds was approximately HK\$14,016,352 and HK\$13,719,352 was recognised at share premium. Details of the placement are set out in the Company's announcements dated and 20 April 2023 and 2 May 2023.

22. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2023 (31 December 2022: Nil).

23. CAPITAL COMMITMENT

The Group did not have any capital commitment as at 30 June 2023 (31 December 2022: Nil).

24. RELATED PARTY TRANSACTIONS

- (a) During the six months ended 30 June 2023, a loan interest income of approximately HK\$1,013,000 (six months ended 30 June 2022: HK\$1,222,000) was received from a joint venture, Chongqing Juquan.
- (b) During the six months ended 30 June 2023, a loan interest income of approximately HK\$509,000 (six months ended 30 June 2022: HK\$615,000) was received from a joint venture, Wuxi Juquan.
- (c) During the six months ended 30 June 2023, a loan interest income of Nil (six months ended 30 June 2022: HK\$Nil) was received from a joint venture, Tian Xing Tianjin.
- (d) During the six months ended 30 June 2023, a loan interest income of Nil (six months ended 30 June 2022: HK\$Nil) was received from a related company, Wuxi Jiucan 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.
- (e) During the six months ended 30 June 2023, the Company wholly owned subsidiary Blooming Faith Development Limited (“滋烽發展有限公司”) in the conduct of normal course of Longevity Science business, the trade current account of a revenue nature, aggregated amounted to HK\$15,749,000 approximately, was due from Zhong Ji 1 International Medical Group (Hong Kong) Limited.

25. EVENTS AFTER THE REPORTING PERIOD

On 27 March 2023, 5 May 2023, 8 May 2023, 12 May 2023 and 26 June 2023, the Board proposed that every ten (10) existing shares in the share capital of the Company be consolidated into one (1) consolidated share (“**Share Consolidation**”).

On 31 July 2023, the Board announced that the proposed ordinary resolution in relation to Share Consolidation was duly passed by the shareholders of the Company by way of poll at the special general meeting of the Company held on 31 July 2023. Accordingly, the Share Consolidation became effective on 2 August 2023 and (a) 4,554,412,915 then existing shares in issue had been consolidated into 455,441,291 consolidated shares; and (b) the then authorized share capital of the Company HK\$400,000,000 divided into 400,000,000,000 Existing Shares of par value of HK\$0.001 each had been adjusted to HK\$400,000,000 divided into 40,000,000,000 consolidated shares of par value of HK\$0.01 each.

In addition, as a result of the Share Consolidation, immediately upon the Share Consolidation becoming effective on 2 August 2023, 38,680,000 outstanding share options of the exercise price of HK\$0.4 had been adjusted to 3,868,000 share options of the exercise price of HK\$4.

For details, please refer to the announcements of the Company dated 27 March 2023, 5 May 2023, 8 May 2023, 12 May 2023 and 26 June 2023 and the circular of the Company dated 14 July 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

INTRODUCTION

Zhong Ji Longevity Science Group Limited (the “**Company**”), together with 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.

On 26 August 2022 the Supplement Announcement prescribed since Caijia P2P Internet loans business was ceased by authority but Company others secure mortgage loans (i.e. non-P2P money lending business), namely “Money Lending & Financial Advisory Business in compliance with above-mentioned Small Loan Finance Companies guidance law has operated into Two models: (a) “Strategic Partners Model” managing a sizeable portfolio of loan assets (1st and/or 2nd mortgage home loans or secured loans (including outstanding principal and interest) via in cooperation with Strategic Partners whom has adequate Loan Finance license, without Company assuming role of a direct lender, whereby Company owned 100% portfolio capital or with 10% capital contribution only; (b) The “Corporate and personal borrowers Model” wherein Company act as a direct lender via Company’s loan Agreements in both China and Hong Kong, with such loan assets. Our Loan Strategic Partners were: China Foreign Economy and Trade Trust Co. Ltd 中國對外經濟貿易信託有限公司 (“**FOTIC**”) and Shenzhen Fanhua Joint Investment Group Co. Ltd 深圳泛華聯合投資集團有限公司 (“**Fanhua**”) & 重慶輝科諾企業管理有限公司 (“**Haier**”).

On the Year 2022, the existing Money Lending & Financial Advisory Business has emerged form ex-post P2P loans Business transition phase and continue with a steady recovery growth path, despite amid the COVID-19 stringent market environment considering major clientele cities Beijing, Shanghai, Shenyang, Chongqing and others were imposed by massive quarantine isolations, cities or district zones lock down and/or transport restrictions or bans during August to December months of Year 2022. This has restraint physical brokerage of homeloans or secured loans accessibility with hammered property transaction levels in both PRC mainland and Hong Kong.

During the Six months ended 30 June 2023 (the “**Period under Review**”), the Company PRC subsidiary 天行紀元(北京)財務顧問有限公司 (“**TianXi**”) was not a bank and/or a financial institution but merely an investment holding company incorporated in Beijing. The abovesaid residential loans was made and held via Three Strategic Partners (FOTIC, Fanhua, Haier) their license trust loans portfolio, alike FOTIC was registered and license financial institutions (or public Trustee) registered on September 2022 approved by PRC Central Bank issued with 《信託機構法人許可證》was directly regulated 中國銀行業監督管理委員會 being central government licensed and accredited one of the few Public Trustee company. The Fanhua and Haier are registered small loan providers in offering home mortgage products to small borrowers (small firms, individuals). Now, most of these trustee loans portfolio was in expiry shall subject to recovery.

However, when the COVID-19 epidemic ending, some policies dilemma arise on PRC central government (“**國務院**”) announced and regulated via China Banking and Insurance Regulatory Commission 中國銀保監會辦公廳 such as 銀保監辦發(2022) 37號 policy document dated 6 April 2022, and via 中國人民銀行中國銀行保險監督管理委員會銀髮(2022) 252號, offering to borrowers mortgage repayment relief, at least 6-months grace periods, wavier on overdue interest & recovery fees on grievance grounds etc. These kind of PRC national COVID-19 relief policy has halt and impose severally costs uncertainty for the Company and/or Strategic partner to adopt imminent mortgagee sale actions or other legal recovery actions. A more economic feasible market practice in recovery overdue loans were to negotiate patiently with borrower in secure their willingness in repayments, as these policy merely postpone and do not ultimately waived the borrower repayments duties.

Also, during the Six months ended 30 June 2023, despite the Company has retrieve in possess all necessary Company chops and seals in operations and has restore to normality with Beijing Commerce Department 北京市市場監督管理局 under no objections from Beijing Police, since the Company was never the indict party but some ex-employees were indicted on organize gambling charges per individual behaviors, as announced on 23 February 2022. However, the restoration to normal operations with business partners and banking authority has been slow, which hampers on the Company in execute of legitimate recovery actions on overdue loans.

To expedite this recovery with Strategic Partners loans to overdue borrowers, the Company has engaged and designated with PRC law firm Dongwei 北京市東衛(南京)律師事務所 for next 16 months since April/May 2023, work in corporations with Strategic Partners enforcement team and the borrowers. The progress on recovery administrations hassle were finally resolved entering into period end the July 2023.

Despite the PRC property market slump and stringent conditions within the reporting periods under review, the company major portfolio being the FOTIC loans residential properties security values were booked at low historical value since early as year 2016 and 2017, versus the present market prices. Hence the Company has confidential in pursuit these residential loans recovery.

In past financial year 2022, the Group already enhanced its financial performance by diversified into promising longevity medical health business comprise Zhong Ji Longevity Science's Hong Kong Day-time medical centres, which provide 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 Test. The Longevity medical business further offer Autologous NK Cells Storage, High Efficacy CBNK Cells, improve subhealth and Cancer prevention and anti-aging. After tests and treatments, the clients are offer with products sale of Second- Generation High Potency MSC, High Potency Antioxidant Supplement, ZHJ Vitamin C, Nicotinamide Mononucleotide (“NMN”) Supplement tablets, offering the primary sale income and memberships revenue of Zhong Ji Longevity Science Health business. Through our patent innovative longevity health care solutions, the Group is committed to offer an advance medical business into Great China region and Hong Kong.

During the six months ended 30 June 2023 (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 human cells treatment industry and immunity improvement product chains, via membership and distribution channels.

In the future, the Company will continue to respect the laws of scientific development and do our utmost to provide world-leading and state-of-the-art longevity biological products and longevity management services, for giving back to the community's support for Zhong Ji Longevity Science.

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

FINANCIAL RESULTS

Money Lending & Financial Advisory Business

During the Period under Review, the coronavirus disease 2019 (“COVID-19”) against the global economy continued to post uncertainties in the first half of 2023, 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 cities lock down or transport/travel 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 homeloans or secured loans performance of the Money Lending & Financial Advisory Business.

The Group was principally engaged in the Money Lending & Financial advisory business, securities and other investments, and property investments. Given such restraint Trading environment and sluggish 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.

During the six months ended 30 June 2023, the Group recorded a total revenue of HK\$29,911,000 (six months ended 30 June 2022: HK\$33,054,000). The Group recorded a profit for the period of HK\$1,938,000 (six months ended 30 June 2022: profit for the period HK\$6,437,000). The Money lending and financial advisory Business demonstrate a static revenue of HK\$18,043,000 and a segment profit of HK\$36,338,000. Nevertheless, the longevity science business contributed revenue of HK\$11,868,000 and a segment loss of HK\$13,283,000.

The basic and diluted earnings per share were HK\$0.01 cents (30 June 2022: basic and diluted earnings per share were HK\$0.04 cents).

For the six months ended 30 June 2023, the Group’s consolidated net assets was HK\$419,251,000 (31 December 2022: HK\$420,849,000).

BUSINESS REVIEW

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 reporting period under review, the Group's longevity science business delivered respectful performance despite difficult pandemic operation environment. The revenue of this segment amounted to approximately HK\$11,868,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$17,953,000), of which, approximately HK\$9,517,000 was generated from diagnostic consultation and medical testing, and approximately HK\$2,351,000 was contributed by the sales of longevity biological products, with segmental loss of approximately HK\$13,283,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: profit HK\$6,989,000). As two sale centres in both Hong Kong and Shenzhen were setup during the period under review, the promising PRC high net-worth client to be target and induce as members with individual cells be stored to arise individual vaccine cells treatments have improved longevity diagnostic and medical service income approximately HK\$9,517,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$3,273,000). 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.

Also, during the period, the PRC custom imposed more stringent scrutiny on American made products, causing a approximate 4 months delays on longevity MNM, vitamin C supplements products on clearance and import into PRC. Such custom clearance delays inevitably affect the sale of longevity health and medical supplements results under the Review Period, dwindled to HK\$2,351,000 approximately for the six months ended 30 June 2023 (six months ended 30 June 2022: HK\$14,680,000). Nevertheless, these clearance hurdle has being resolved and the sale of longevity health and medical products has been resumed to normal per planned sale programs now.

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.

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 and calorie-burning tablets, as well as other longevity biological products in California, United States since last year. The four existing products of the Group have already acquired the world's highest certification in standard as well as safety certification for sterility test, and are well received by high-networth 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 2023, 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 sale & distribution contracts networking in Hubei, Guangdong, Shenzhen, states across 2,000 pharmacy outlets and other distribution channel alike 維妮衛生用品有限公司.

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 2nd Top Sale in July, August, September Sale month of Duo Ying "抖音" platform.

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

Money Lending & Financial Advisory Business

During the six months ended 30 June 2023, a segmental revenue of approximately HK\$18,043,000 (six months ended 30 June 2022: HK\$15,101,000) and a segmental profit of approximately HK\$36,338,000 (six months ended 30 June 2022: HK\$12,684,000) 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 reporting year. 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 but the collection on expired loan repayments were slow or derail by PRC Government announced deferred loans repayment relief arrangement compensate salaries workers loss of income due to COVID-19 isolation measures.

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 (six months ended 30 June 2022: HK\$2,536,000). Interest rates ranged from 12%–15% per annum during the reporting year (six months ended 30 June 2022: 10%–15%). For the six months ended 30 June 2023, Joy Wealth did not derive any interest income six months ended 30 June 2022: nil) on the loan and interest receivables. Money lenders licence was renewed and granted to Joy Wealth on 1 August 2023 to carry on business as a money lender to 8 April 2024.

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. 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. There were net proceeds of HK\$19,000,000 successfully recovered from two borrowers entity by the Independent Recovery Committee, after recovery expense including legal costs.

Securities and Other Investment Business

Securities Investment

As at 30 June 2023, the Group held equity securities listed on the Stock Exchange for long term investment. However, Hong Kong economy was dampened by the macro environment and COVID-19. With poor investment sentiment during the Period under Review, the Group's investment in the listed securities led to a net fair value loss of approximately HK\$2,594,000 (six months ended 30 June 2022: net fair value loss of HK\$13,414,000) recognised in the consolidated statement of comprehensive income. The net fair value loss recognised as other comprehensive income for the same period 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 aforementioned listed securities represented the Group's investment in 271,345,000 shares of Imperial Pacific International Holdings Limited ("**Imperial Pacific**", a company whose shares are listed on the Stock Exchange with stock code: 1076), representing approximately 3.8% of the issued share capital of Imperial Pacific as at 31 December 2022. Investment cost of the share interest in Imperial Pacific was 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 2023, the fair value of the shares of Imperial Pacific held by the Group amounted to HK\$24,145,000 (31 December 2022: approximately HK\$24,145,000), representing 46.2% (31 December 2022: 46.2%) of the Group's total investment in listed securities and approximately 4.7% (31 December 2022: 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 2022: Nil).

As at 30 June 2023, 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 idle 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 during the year ended 31 December 2021 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 just acquired during the previous year and due to the pandemic, they were vacant as commercial shops, residential unit and multiple rooms apartment and not yet generated any revenue to the Group. The Group incurred some miscellaneous expenses with regards to the properties during the six months ended 30 June 2023. 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.

Unlawful & Unauthorized Transfer of Saipan Leasehold Interest

During the audit exercise for the year ended 31 December 2022 and its effort to value the Property for audit of its financial results for the year ended 31 December 2022, the Company has discovered that the leasehold interest of the Property was assigned by its indirect subsidiary Keen State Global (CNMI), LLC (“**Keen State Global Saipan**”) to AC Pacific Development, LLC and Katarina Saipan 1, LLC pursuant to an Lease assignment dated 28 August 2022, being recorded and executed under File No:22-1362 at Commonwealth Recorder’s, Saipan (“**Lease Assignment**”) without any knowledge and authority of Zhong Ji, the ultimate holding company of Keen State Global Saipan.

On March 2023, the Company conduct internal enquiries including with ex-company internal legal counsel and ex-Chairman whom remained until end of March 2023 as the sole director of Keen State Global Limited BVI, parent holding of Keen State Global Saipan. All these internal enquiries confirmed none of Company staffs or directors or ex-directors have effectuated any changes to this unlawful and unauthorized assignment of leasehold interest. At same times, Hong Kong and Saipan law firm were engaged in conduct extensive company and property search on Keen State Global Saipan, has revealed and reported in conclusion: (i) without meeting filed by Keen State Global Saipan with Department of Commerce on 15 August 2022 removal of ZHENG Dong Ting as director of Keen State Global and appointed Mr. CHI Howyo as new director; whereby the said ZHENG Dong Ting was signing as the director of Sole member, Keen State Global BVI, such action and consent was unlawful and unauthorized (“**First Forged Consent**”) because Mr ZHENG was not sole director of sole member Keen State Global Limited BVI and has no authority to appoint Mr CHI Howyo as director of Keen State Global Saipan to execute any sale. (ii) without meeting filed by Keen State Global Saipan with Department of Commerce on 15 August 2022, by Mr CHI in connection with the sale of its interest in the Property. (“**Second Forged Consent**”). This CHI Howyo purported to signed on behalf of the sole member of Keen State Global Saipan. Yet, in the signature section the sole member is referred to as “**Keen State Global (CNMI) LLC**” and the said Howyo CHI was signing on behalf of the sole member.

The said ZHENG Dong Ting and Howyo CHI have never been known to ZhongJi and other members of the subsidiaries of ZhongJi. Such Lease Assignment was therefore a document forged by the alleged director of Keen State Global Saipan, who was never lawfully and properly appointed as director of Keen State Global Saipan. The First Forged Consent and the Second Consent are also forged as the Signatory on behalf of Keen State Global BVI has no capacity to act for Keen State Global BVI, thereby this transfer was unlawful and unauthorized transaction.

Now, the Company has authorized the Saipan law firm commence legal actions for invalidate this forged Lease Assignment, recover possession of leasehold interest, trace the consideration provided by the assignees under the Lease Assignment; rectify the record of Keen State Global Saipan filed with Department of Commerce; and report the case on behalf of ZhongJi to the Police of Saipan or other appropriate authority.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2023, the Group had recorded net current assets of approximately HK\$231,394,000 (31 December 2022: HK\$246,217,000); and cash and bank balances of approximately HK\$58,733,000 (31 December 2022: HK\$60,069,000). The Group did not enter into any financial instruments for hedging purpose.

Capital Structure

There was an increase to the authorised and issued share capital of the Company for the six months ended 30 June 2023. As at 30 June 2023, the total number of the issued ordinary shares with the par value of HK\$0.001 each was 4,554,412,915 (31 December 2022: 4,257,112,915).

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 2023 incurred.

Segment Information

Details of segment information of the Group for the six months ended 30 June 2023 are set out in note 4 to the condensed consolidated financial statements.

Employees and Remuneration Policy

As at 30 June 2023, 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 2023, the Group did not pledge any assets to banks or other financial institutions (31 December 2022: 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 2023 (defined as the Group's total interest-bearing liabilities divided by the Group's total equity) was approximately 2.1% (31 December 2022: 2.4%).

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 2023, the Group did not have any capital commitment (31 December 2022: Nil).

Contingent Liability

As at 30 June 2023, the Group had no material contingent liability (31 December 2022: 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 2023.

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 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2023, 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 2023 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 2023 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, 23 August 2023

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