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中基長壽科學

ZHONG JI LONGEVITY SCIENCE

Zhong Ji Longevity Science Group Limited

中基長壽科學集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 767)

**ISSUE OF NEW SHARES UNDER GENERAL MANDATE
BY WAY OF SETTLEMENT**

**ISSUE OF NEW SHARES UNDER GENERAL MANDATE BY WAY OF
SETTLEMENT**

On 24 June 2022, the Consultant and the Company entered into the Settlement Agreement pursuant to which the Company has conditionally agreed to allot and issue, and the Consultant has conditionally agreed to subscribe for the Settlement Shares at the Settlement Price in settlement of the Indebtedness.

The Settlement Shares will be issued under the existing General Mandate and no approval of the Shareholders will be required.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of the Settlement Completion, the number of Settlement Shares under the Settlement represent (i) approximately 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Settlement Shares.

The Settlement Price of HK\$0.055 per Settlement Share represents:

- (a) a discount of 1.78% to the closing price of HK\$0.056 as quoted on the Stock Exchange on the Last Trading Day;

- (b) a discount of approximately 12.69% to the average closing price of HK\$0.063 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 17.91% to the average closing price of approximately HK\$0.067 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Settlement is conditional upon, *inter alia*, the Stock Exchange granting the listing of, and permission to deal in, the Settlement Shares.

As the completion of the Settlement is subject to the satisfaction of a number of conditions under the Settlement Agreement and the Settlement may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

THE SETTLEMENT AGREEMENT

The Board announces that on 24 June 2022, the Consultant and the Company entered into the Consultancy Services Agreement and the Settlement Agreement. Pursuant to the Settlement Agreement, the Consultant has agreed to settle the Indebtedness on issue by the Company of the Settlement Shares subject to the conditions and on the terms contained in the Settlement Agreement. The Consultant and its ultimate beneficial owner are Independent Third Parties.

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

Date

24 June 2022

Parties to the Settlement Agreement

Listed Company: The Company

The Consultant: Speedy Brilliant Investments Limited

Subject Matter of the Settlement Agreement

Pursuant to the terms and conditions of the Settlement Agreement, the Company will issue the Settlement Shares pursuant to the General Mandate in settlement of the Indebtedness on the terms and subject to the conditions therein contained.

The Company shall be entitled to retain the Retention Shares pending finalization of the amount payable to the Consultant under the Settlement Agreement, which shall be dealt with in accordance with the terms of the Settlement Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Consultant and its ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, the Consultant and its ultimate beneficial owners were not interested in any Shares.

Number of Settlement Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of the Settlement Completion, the number of Settlement Shares under the Settlement represent (i) approximately 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Settlement Shares. The aggregate nominal value of the Settlement Shares to be allotted and issued will be HK\$774,020.53.

Settlement Price

The Settlement Price of HK\$0.055 per Settlement Share represents:

- (a) a discount of 1.78% to the closing price of HK\$0.056 as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 12.69% to the average closing price of HK\$0.063 as quoted on the Stock Exchange for the last five consecutive trading days up to and inclusive of the Last Trading Day; and
- (c) a discount of approximately 17.91% to the average closing price of approximately HK\$0.067 as quoted on the Stock Exchange for the last ten consecutive trading days up to and inclusive of the Last Trading Day.

The Settlement Price was determined and negotiated on an arm's length basis between the Company and the Consultant and with reference to the market conditions and the prevailing market price of the Shares. The Directors consider that the Settlement Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Settlement involves the capitalization of the Indebtedness into Settlement Shares at the Settlement Price, and the Company will use its internal resources to settle the professional fees and all other related expenses which may be borne by the Company in connection with the Settlement. The net issue price per Settlement Share will be HK\$0.055.

Conditions precedent of the Settlement

The Settlement is conditional upon the following conditions being fulfilled on or before the Long Stop Date:

- (a) the Stock Exchange approves the issue of the Settlement Shares for the settlement and in the manner contemplated under the Settlement Agreement; and
- (b) Listing Approval having been granted and not having been withdrawn or revoked by no later than the first day of dealing of the Settlement Shares.

If any of the above conditions is not satisfied on or before the Long Stop Date, or such other later date as the parties to the Settlement Agreement may agree in writing, the Settlement Agreement shall be terminated, all rights, obligations and liabilities of the Company and the Settlement Agreement shall cease and determine and all parties to the Settlement Agreement shall be released from all their respective obligations pursuant to the Settlement Agreement and neither party shall have any claim against the other for costs, damages, compensation or otherwise arising under the Settlement Agreement, save for antecedent breaches.

Lock-up undertaking

The Settlement Shares will not be subject to any lock-up or other disposal restrictions under the terms of the Settlement Agreement save that the Retention Shares shall be retained by the Company pursuant to the term of the Settlement Agreement.

Completion of the Settlement

Settlement Completion shall take place on the first Business Day after the fulfillment of the above conditions or on such other date as the Company and the Consultant may agree in writing.

RANKING OF THE SETTLEMENT SHARES

The Settlement Shares will rank, upon allotment and issue, *pari passu* in all respects with each other, among themselves and with the other Shares in issue on the date of allotment and issue of the Settlement Shares.

GENERAL MANDATE TO ALLOT AND ISSUE OF THE SETTLEMENT SHARES

No Shareholders' approval is required for the Settlement and the allotment and issue of the Settlement Shares by the Company as the Settlement Shares will be issued and allotted pursuant to the General Mandate.

As at the date of this announcement and immediately prior to the entering into of the Settlement Agreement, the General Mandate has not been utilized other than pursuant to the Settlement Agreement.

APPLICATION FOR LISTING OF SETTLEMENT SHARES

Application will be made by the Company for the Listing Approval.

REASONS FOR AND BENEFITS OF THE SETTLEMENT

The Directors have considered other alternative financing methods to settle the Indebtedness, however, those other financing methods taken into consideration have the following disadvantages:

- (i) Debt financing such as bank borrowings, will inevitably increase the interest expenses and gearing ratio of the Group and it may require pledge of assets and/or other kind of securities which may reduce the Group's flexibility in managing its portfolio. Moreover, debt financing may be subject to lengthy and time-consuming due diligence and negotiations for such borrowings; and
- (ii) Equity financing methods such as rights issue and open offer will require substantial time for extra administrative work for preparation and issue of related documents such as prospectus and application forms for acceptance of the rights issue or open offer and appointment of reporting accountants to report on unaudited pro forma financial information to be included in the prospectus; and incurring certain amount of fixed costs such as expenses in relation to engagement of professional advisers, printing charges in connection with documents such as prospectus and application forms, cost associated with registration and despatch of new Shares to a large number of Shareholders. As a result, rights issues or open offers may involve substantial time and costs to complete.

Even though the allotment and issue of the Settlement Shares will have a dilution effect to the existing Shareholders, having considered that (i) the capitalisation of the Indebtedness can alleviate the repayment and settlement pressure of the Company; and (ii) the Settlement Shares, when allotted and issued, will be recognised entirely as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base, and accordingly, strengthen the financial position of the Group, the Board is of the view that the Settlement is a more desirable and cost-effective solution for the Company to settle the Indebtedness. The Board is also of the view that the advantages of the Settlement outweigh the disadvantage of the dilution effect arising from the allotment and issue of the Settlement Shares.

In view of the above, the Board considers that the terms of the Settlement and the Settlement Agreement were arrived at after arm's length negotiations between the Company and the Consultant under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms of the Settlement Agreement are fair and reasonable based on current market conditions. The Settlement and the entry into the Settlement Agreement are in the interest of the Company and the Shareholders as a whole.

EFFECTS OF SETTLEMENT ON SHAREHOLDINGS STRUCTURE OF THE COMPANY

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the date of the Settlement Completion, the number of new Shares allotted and issued under the General Mandate as a result of the Settlement represent (i) approximately 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the new Shares allotted and issued under the General Mandate as a result of the Settlement. The aggregate nominal value of the number of new Shares to be allotted and issued under the General Mandate as a result of the Settlement will be HK\$774,020.53. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Settlement are set out as follows:

Shareholders	Immediately before the Completion		Immediately after the Completion	
	<i>Number of shares</i>	<i>Approximate %</i>	<i>Number of shares</i>	<i>Approximate %</i>
Miss. Wong So Wai	500,500,000	12.93	500,500,000	10.78
Mr. Yan Li	498,855,175	12.89	498,855,175	10.74
Consultant	—	—	774,020,530	16.67
Public shareholders	<u>2,870,747,475</u>	<u>74.18</u>	<u>2,870,747,475</u>	<u>61.81</u>
Total	<u>3,870,102,650</u>	<u>100</u>	<u>4,644,123,180</u>	<u>100</u>

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company had not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 30 June 2021
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business, excluding public holidays, Sundays and Saturdays or days on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Company”	Zhong Ji Longevity Science Group Limited (中基長壽科學集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Connected Person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consultant”	Speedy Brilliant Investments Limited, a company incorporated in British Virgin Islands with limited liability
“Consultancy Services Agreement”	the consultancy services agreement dated 24 June 2022 entered into between the Company and the Consultant pursuant to which the Consultant provides various services to the Group, including but without limitation, introducing and locating customers in PRC for products and services of the Group
“Director(s)”	directors of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue or deal with additional ordinary shares of the Company not exceeding 20% of the total number of the issued ordinary shares of the Company at the date of approval of the mandate
“Group”	the Company and its Subsidiaries

“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indebtedness”	the sum of HK\$42,571,129 of which HK\$21,285,564.50 will be retained by the Company pending finalization of the amount due by the Company to the Consultant under the Consultancy Services Agreement and to secure the obligations of the Consultant under the Consultancy Services Agreement
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its Connected Persons and is not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buybacks) with any of the Connected Persons of the Company or any of their respective associates (as defined under the Listing Rules)
“Last Trading Day”	24 June 2022, being the full trading day for the Shares on the date of the Settlement Agreement
“Listing Approval”	the approval to be granted by the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Settlement Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2024
“PRC”	the People’s Republic of China but excludes the Special Administrative Region of Hong Kong, the Special Administrative Region of Macau and Taiwan
“Retention Shares”	387,010,265 Shares out of the Settlement Shares
“Settlement”	the settlement of the Indebtedness pursuant to the Settlement Agreement on the issue by the Company of the Settlement Shares on the terms and subject to the conditions in the Settlement Agreement contained
“Settlement Completion”	completion of the Settlement in accordance with the terms and conditions as set out in the Settlement Agreement
“Settlement Price”	HK\$0.055 per Settlement Share

“Settlement Share(s)”	774,020,530 new Shares to be allotted and issued under the General Mandate and pursuant to the Settlement Agreement at the Settlement Price
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules
“trading day”	means a day on which the Stock Exchange is open for the trading of securities
“%”	per cent.

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

Hong Kong, 27 July 2022

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
Ms. Choi Ngai Wah

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