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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 2021**

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 2021 together with the comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Six months ended 30 June	
		2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Revenue	5	16,112	20,956
Cost of goods sold		(1,971)	—
Gross profit		14,141	20,956
Other income and gains	6	851	15,809
Selling and distribution expenses		(2,820)	(3,299)
Administrative expenses		(29,779)	(16,667)
Finance costs	7	(43)	(184)
Other expenses		—	(120)
Share of results of joint ventures		(3,201)	248
(LOSS)/PROFIT BEFORE TAX	9	(20,851)	16,743
Income tax expense	8	—	(704)
(LOSS)/PROFIT FOR THE PERIOD		(20,851)	16,039
Attributable to:			
Owners of the Company		(20,801)	15,797
Non-controlling interests		(50)	242
		(20,851)	16,039
(LOSS)/EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE COMPANY	10		
Basic		HK(0.54) cents	HK0.41 cents
Diluted		HK(0.54) cents	HK0.11 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(LOSS)/PROFIT FOR THE PERIOD	<u>(20,851)</u>	<u>16,039</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	<u>(4,031)</u>	<u>(10,131)</u>
	(4,031)	(10,131)
Items that may not be reclassified to profit or loss:		
Changes in fair value of equity investments designated at fair value through other comprehensive income	<u>23,853</u>	<u>(371,510)</u>
	23,853	(371,510)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>19,822</u>	<u>(381,641)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(1,029)</u>	<u>(365,602)</u>
Total comprehensive loss for the period attributable to:		
Owners of the Company	(130)	(365,425)
Non-controlling interests	<u>(899)</u>	<u>(177)</u>
	<u>(1,029)</u>	<u>(365,602)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	12	1,351	1,370
Investment properties		30,720	30,523
Right-of-use assets	13	758	1,156
Interests in joint ventures		347	3,504
Interests in an associate		3,642	—
Equity investments designated at fair value through other comprehensive income	14	105,611	73,345
Loan and interest receivables	15	148,925	127,779
Deposits and prepayments	16	56,275	62,691
		347,629	300,368
CURRENT ASSETS			
Inventories		1,196	—
Loan and interest receivables	15	42,374	39,661
Deposits, prepayments and other receivables	16	79,932	94,221
Tax recoverable		3,078	3,193
Cash and cash equivalents		20,300	40,797
		146,880	177,872
CURRENT LIABILITIES			
Trade payables	17	1,819	—
Other payables and accruals	18	13,160	5,542
Interest-bearing other borrowing	19	7,582	7,487
Lease liabilities		824	822
Amounts due to related companies	20	—	2,540
Tax payable		2,979	5,361
		26,364	21,752
NET CURRENT ASSETS		120,516	156,120
TOTAL ASSETS LESS CURRENT LIABILITIES		468,145	456,488
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,222	1,207
Lease liabilities		—	395
		1,222	1,602
NET ASSETS		466,923	454,886

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

		30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
EQUITY			
Share capital	<i>21</i>	3,870	3,870
Reserves		437,898	424,962
		441,768	428,832
Equity attributable to owners of the Company			
Non-controlling interests		25,155	26,054
Total equity		466,923	454,886

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2021

1. GENERAL INFORMATION

With effect from 3 March 2021, the English name of the Company was changed from Asia Pacific Silk Road Investment Company Limited to Zhong Ji Longevity Science Group Limited and the Chinese name 中基長壽科學集團有限公司 was adopted as the secondary name of the Company to replace the previous Chinese name 亞太絲路投資有限公司.

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 Office A, 3/F, Man Lok Building, 93 Bonham Strand, Sheung Wan, Hong Kong and has been changed to Suites 1901-03, 19/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong with effect from 8 February 2021.

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

- Longevity science business
- Money lending
- Securities and other investments
- Financial and investment advisory
- 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 required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2020 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2020 except as stated below.

2. BASIS OF PREPARATION (CONTINUED)

Associate

Associate is entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior year.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group’s financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group’s policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Description	Fair value measurements as at 30 June 2021 using Level 1 HK\$’000 (unaudited)
Recurring fair value measurements:	
Equity investments designated at fair value through other comprehensive income:	
Listed equity investments	<u><u>105,611</u></u>

4. FAIR VALUE MEASUREMENTS (CONTINUED)

Description	Fair value measurements as at 31 December 2020 using Level 1 <i>HK\$'000</i> (audited)
Recurring fair value measurements:	
Equity investments designated at fair value through other comprehensive income:	
Listed equity investments	<u>73,345</u>

5. REVENUE AND SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has five (30 June 2020: four) reportable operating segments as follows:

- (a) Longevity science business: provision of diagnostic consultation, health and medical testing and checking as well as distribution of healthcare supplements;
- (b) Money lending: provision of loan financing for interest income;
- (c) Securities and other investments: holding of equity investments and investment in short to long-term financial assets for dividend income;
- (d) Financial and investment advisory: provision of financial and investment consulting services; and
- (e) 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.

As at 30 June 2021, majority of the Group's non-current assets were located in the PRC (31 December 2020: same).

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Longevity science business <i>HK\$'000</i> (unaudited)	Money lending <i>HK\$'000</i> (unaudited)	Securities and other investments <i>HK\$'000</i> (unaudited)	Financial and investment advisory <i>HK\$'000</i> (unaudited)	Property investment <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
6 months ended 30 June 2021						
Revenue from external customers	7,171	6,258	—	2,683	—	16,112
Segment (loss)/profit	2,839	4,220	—	(3,976)	(24)	3,059
As at 30 June 2021						
Segment assets	13,013	204,581	103,218	132,604	30,719	484,135
Segment liabilities	—	8,855	—	8,405	—	17,260
6 months ended 30 June 2020						
Revenue from external customers	—	10,386	4,029	6,541	—	20,956
Segment profit	—	19,102	3,489	783	—	23,374
As at 31 December 2020 (audited)						
Segment assets	—	179,492	103,706	156,368	30,547	470,113
Segment liabilities	—	533	—	12,559	—	13,092

Reconciliations of segment profit or loss, assets and liabilities:

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit or loss		
Total profit or loss of reportable segments	3,059	23,374
Bank interest income	576	550
Share of results of joint ventures	(3,201)	248
Finance costs	(43)	(184)
Corporate and other unallocated expenses, net	(21,242)	(7,245)
Consolidated (loss)/profit for the period	(20,851)	16,743

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Reconciliations of segment profit or loss, assets and liabilities: (Continued)

	30 June 2021 <i>HK\$'000</i> (unaudited)	31 December 2020 <i>HK\$'000</i> (audited)
Assets		
Total assets of reportable segments	484,135	470,113
Tax recoverable	3,078	3,193
Corporate and other unallocated assets	<u>7,296</u>	<u>4,934</u>
Consolidated total assets	<u><u>494,509</u></u>	<u><u>478,240</u></u>
Liabilities		
Total liabilities of reportable segments	17,260	13,092
Tax payable	2,979	5,361
Deferred tax liabilities	1,222	1,207
Corporate and other unallocated liabilities	<u>6,125</u>	<u>3,694</u>
Consolidated total liabilities	<u><u>27,586</u></u>	<u><u>23,354</u></u>
Disaggregation revenue information		
	Six months ended 30 June 2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Revenue from contract customer		
Rendering diagnostic consultation, health and medical testing and checking with external customers	7,171	—
Rendering of financial and investment consulting services with external customers	<u>2,683</u>	<u>6,541</u>
	9,854	6,541
Revenue from other sources		
Provision of money lending services	6,258	10,386
Dividend income	<u>—</u>	<u>4,029</u>
	<u>6,258</u>	<u>14,415</u>
	<u><u>16,112</u></u>	<u><u>20,956</u></u>

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Disaggregation revenue information (Continued)

Disaggregation of revenue from contracts with customers:

Segments	Six months ended 30 June 2021		
	Longevity science business <i>HK\$'000</i> (unaudited)	Financial and investment advisory <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Geographical markets			
Hong Kong	6,564	—	6,564
Mainland China	607	2,683	3,290
	<u>7,171</u>	<u>2,683</u>	<u>9,854</u>
Timing of revenue recognition			
At a point in time	<u>7,171</u>	<u>2,683</u>	<u>9,854</u>
Segments	Six months ended 30 June 2020		
	Longevity science business <i>HK\$'000</i> (unaudited)	Financial and investment advisory <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Geographical markets			
Mainland China	—	6,541	6,541
	<u>—</u>	<u>6,541</u>	<u>6,541</u>
Timing of revenue recognition			
At a point in time	<u>—</u>	<u>6,541</u>	<u>6,541</u>

6. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Bank interest income	576	550
Reversal of impairment of loan and interest receivables	250	15,000
Others	25	259
	<u>851</u>	<u>15,809</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest on other borrowing	—	166
Interest on lease liabilities	43	18
	<u>43</u>	<u>184</u>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current tax — PRC Enterprise Income Tax		
— Provision for the period	—	527
— Under-provision in prior periods	—	177
	<u>—</u>	<u>704</u>

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for the Company which is a qualifying entity under the two tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 (30 June 2020: HK\$2,000,000) of assessable profits of the Company is taxed at 8.25% (30 June 2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (30 June 2020: 16.5%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

9. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	1,971	—
Depreciation of right-of-use assets	413	1,139
Depreciation of property, plant and equipment	367	276
Impairment of loan and interest receivables	—	120
Reversal of impairment of loan and interest receivables	(250)	(15,000)
Share-based payments	13,066	—
Staff costs (including directors' emoluments)	10,877	9,458
	<u>10,877</u>	<u>9,458</u>

10. (LOSS)/EARNINGS PER SHARE

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/earnings:		
(Loss)/profit attributable to owners of the Company, used in the basic and diluted (loss)/earnings per share calculations	<u>(20,801)</u>	<u>15,797</u>

	Number of shares	
	Six months ended 30 June	
	2021	2020
	'000	'000
	(Unaudited)	(Unaudited)
Shares:		
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	3,870,102	3,870,102
Effect of dilutive potential ordinary shares arising from:		
Mandatory convertible notes	<u>—</u>	<u>10,912,000</u>
Weighted average number of ordinary shares used in the diluted (loss)/earnings per share calculation	<u>3,870,102</u>	<u>14,782,102</u>

11. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2021 (30 June 2020: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, property, plant and equipment approximately of HK\$348,000 (30 June 2020: HK\$10,061,000) was acquired by the Group.

13. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2021, the Group has no addition of lease contracts for various items of leasehold land and buildings (30 June 2020: additions of HK\$16,518,000).

14. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Equity securities, fair value		
Listed equity investments, at fair value	<u>105,611</u>	<u>73,345</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.

15. LOAN AND INTEREST RECEIVABLES

	30 June 2021 <i>HK\$'000</i> (Unaudited)	31 December 2020 <i>HK\$'000</i> (Audited)
Loan and interest receivables	847,168	823,559
Less: provision for impairment	<u>(655,869)</u>	<u>(656,119)</u>
	<u>191,299</u>	<u>167,440</u>
Analysed as:		
Current assets	42,374	39,661
Non-current assets	<u>148,925</u>	<u>127,779</u>
	<u>191,299</u>	<u>167,440</u>

15. LOAN AND INTEREST RECEIVABLES (CONTINUED)

The term of loans entered with its customers are on credit. The credit period is generally within two 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 2020: 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. In view of the aforementioned and the fact that the Group's loan and interest receivables are related to a large number of diversified customers, there is no significant concentration risk. 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\$31,909,000 (31 December 2020: HK\$32,836,000), which are unsecured, bearing interest at 12% (31 December 2020: 12%) per annum and repayable in between 2024 to 2025. As at 30 June 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:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 30 days	4,114	95,424
31-90 days	22,665	34,696
91-180 days	—	1,318
181-365 days	132,448	5,474
Over 1 year	32,072	30,528
	<u>191,299</u>	<u>167,440</u>

As at 30 June 2021, the balances included:

Notes:

- (i) Loan and interest receivables amounting to HK\$108,337,000 (31 December 2020: HK\$95,112,000), which are secured by share charge of borrowers, carried at fixed interest rate at 6% (31 December 2020: 6%) per annum;
- (ii) Loan and interest receivables amounting to HK\$447,000 (31 December 2020: HK\$442,000), which are secured by financial assets, carried at fixed interest rate at 15.6% (31 December 2020: 15.6%) per annum;
- (iii) Loan and interest receivables amounting to HK\$760,000 (31 December 2020: HK\$750,000), which are secured by dividend right of a company registered in the PRC, carried at fixed interest rate at 15% (31 December 2020: 15%) per annum. The borrower is the shareholder of the joint venture held by the Group;

15. LOAN AND INTEREST RECEIVABLES (CONTINUED)

- (iv) Loan and interest receivables amounting to HK\$2,079,000 (31 December 2020: HK\$2,079,000), which are secured by consumable goods of a borrower, carried at fixed interest rate at 12% (31 December 2020: 12%) per annum; and
- (v) Loan and interest receivables amounting to HK\$79,676,000 (31 December 2020: HK\$69,057,000), which are unsecured, carried at fixed interest rate ranging from 6% to 15% (31 December 2020: 6% to 15%) per annum.

16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Prepayments	3,757	837
Deposits	3,220	8,732
Other receivables	167,999	186,112
Less: provision for impairment	<u>(38,769)</u>	<u>(38,769)</u>
	136,207	156,912
Less: non-current portion		
Deposits and other receivables	<u>(56,275)</u>	<u>(62,691)</u>
	<u><u>79,932</u></u>	<u><u>94,221</u></u>

17. TRADE PAYABLES

The aging analysis of the trade payables as at the balance sheet date, based on the date of receipt of consumables or goods purchased, is as follows:

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Within 30 days	<u><u>1,819</u></u>	<u><u>—</u></u>

18. OTHER PAYABLES AND ACCRUALS

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Other payables	9,360	2,097
Accruals	<u>3,800</u>	<u>3,445</u>
	<u>13,160</u>	<u>5,542</u>

19. INTEREST-BEARING OTHER BORROWING

The loan was obtained from independent third party to the Group and the amount was unsecured, bearing interest at 5% per annum and repayable on 20 December 2021. The loan is denominated in RMB.

20. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies were unsecured, interest-free and had no fixed term of repayment.

21. SHARE CAPITAL

	30 June 2021 HK\$'000 (unaudited)	31 December 2020 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 2021 (31 December 2020: Nil).

23. CAPITAL COMMITMENT

The Group did not have any capital commitment as at 30 June 2021 (31 December 2020: Nil).

24. RELATED PARTY TRANSACTIONS

- (a) During the six months ended 30 June 2021, a loan interest income of approximately HK\$1,254,000 (six months ended 30 June 2020: HK\$1,364,000) was received from a joint venture, Chongqing Juquan.
- (b) During the six months ended 30 June 2021, a loan interest income of approximately HK\$509,000 (six months ended 30 June 2020: HK\$453,000) was received from a joint venture, Wuxi Juquan.
- (c) During the six months ended 30 June 2021, a loan interest income of approximately HK\$89,000 (six months ended 30 June 2020: HK\$26,000) was received from a joint venture, Tian Xing Tianjin.
- (d) During the six months ended 30 June 2021, a loan interest income of approximately HK\$36,000 (six months ended 30 June 2020: HK\$110,000) 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.

25. EVENTS AFTER THE REPORTING PERIOD

On 9 August 2021, the Group entered into an agreement to acquire 100% of the issued share capital of Banderland Development Investment Holdings Limited and its subsidiaries for a consideration of RMB154,000,000 (equivalent to approximately HK\$184,800,000) which shall be paid by installments in cash and by allotting and issuing of the shares of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: 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, securities and other investment, financial and investment advisory and property investment, the Group is expediting the development of its longevity science business. We are determined to capture the immense growth potential of the industry by accomplishing such business transformation.

During the six months ended 30 June 2021 (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. Leveraging the expertise and extensive experience of its management and operation teams in the biotechnology industry, the Group has deployed its operations in the five key divisions, namely, longevity science research, longevity medical testing, longevity biological products, longevity management services and member division. 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.

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

FINANCIAL RESULTS

The adverse impact of coronavirus disease 2019 (“**COVID-19**”) against the global economy continued to post uncertainties in the first half of 2021. Despite the global launch of vaccination in different countries around the world, the recovery pace remained sluggish as a result of the new virus variant that forced countries to implement lock down measures to combat the spread of the pandemic. In addition, the global expansionary fiscal policy and monetary policy had triggered the inflationary and debt default risk, hence, increasing the volatility in the financial market and caused adverse impact on the financial performance of the Group.

During the Period Under Review, the Group was principally engaged in the business of money lending, securities and other investments and financial and investment advisory. Given the unstable market environment and sentiment, and to mitigate the volatility risk, the management of the Group took a rather prudent approach in operating the above businesses. This has directly caused the slow down of the existing money lending, security and other investment as well as the financial and investment advisory businesses. In addition, the Group’s grant of share options to the relevant consultants further deteriorated the performance of the Group on the overall basis. Nevertheless, the newly ventured longevity science business recorded a pretty impressive set of results for the Group in the first half of 2021.

During the six months ended 30 June 2021, the Group recorded a total revenue of HK\$16,112,000 (six months ended 30 June 2020: HK\$20,956,000). The Group recorded loss for the period of HK\$20,851,000 (six months ended 30 June 2020: profit for the period of HK\$16,039,000). The additional share options grant amounting to HK\$13.1 million contributed to the overall loss of HK\$20.9 million during the Period Under Review. Nevertheless, the longevity science business contributed revenue of HK\$7.2 million and net profit of HK\$2.84 million which served as a cushion to alleviate the overall losses incurred.

The basic and diluted loss per share were HK\$0.54 cents (30 June 2020: basic and diluted earnings per share were HK\$0.41 cents and HK\$0.11 cents respectively).

For the six months ended 30 June 2021, the Group’s consolidated net assets was HK\$466,923,000 (31 December 2020: HK\$454,886,000).

BUSINESS REVIEW

Money Lending Business

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 2020: HK\$2,536,000). Interest rates ranged from 10%–15% per annum during the period under review (six months ended 30 June 2020: 10%–15%). For the six months ended 30 June 2021, Joy Wealth did not derive any interest income (six months ended 30 June 2020: HK\$536,000) on the loan and interest receivables. Money lenders licence was renewed and granted to Joy Wealth on 23 July 2020 to carry on business as a money lender to 6 April 2021. Joy Wealth is in the midst of renewing its money lenders licence subsequent to 30 June 2021. Details on the loan and interest receivables are set out in note 15 to the condensed consolidated financial statements.

During the six months ended 30 June 2021, a segmental revenue of approximately HK\$6,258,000 (six months ended 30 June 2020: HK\$10,386,000) and a segmental profit of approximately HK\$4,220,000 (six months ended 30 June 2020: HK\$19,102,000) were recorded. The decrease in segmental results was due to a decrease in loan and interest receivables balances during the period under review. The Group monitored closely the repayment progress and assess the recoverability of the loan receivable from time to time. The Group is of the view that majority of the existing loan has been active and only small amount of new loan being lent out in the first half of 2021, the loss allowance was assessed to be minimal therefore no provision of impairment was required for the six month ended 30 June 2021 (six months ended 30 June 2020: HK\$120,000).

The Group has sent numerous demand letters to the borrowers and guarantors but the loan and interest receivables were still outstanding and in default position, the Group will continue to demand repayment from the borrowers and guarantors. The Group has engaged the legal advisor to issue legal letters to the borrowers and guarantors demanding for immediate payment of outstanding loan and interest.

The Group had instructed the legal advisor to commence legal proceedings to various borrowers and filed relevant legal documents to the court. The writ of summons were issued from the Registry of the High Court against the borrowers in respect of the outstanding loan and interest.

Apart from taking legal actions, the Group is actively negotiating with the borrowers to recover the outstanding loan and interest receivables. The Group will continue to put efforts to recover the outstanding loan and interest receivables from overdue borrowers and to seek legal advice from the legal advisor to 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 2021, 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 gain of approximately HK\$23,853,000 (six months ended 30 June 2020: net fair value loss of HK\$371,510,000) 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 5,426,900,000 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 2020. 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 2021, the operation of Imperial Pacific was temporarily ceased since March 2020, to combat against the COVID-19.

Investment in shares of Capital Environment

The Group also held an investment in 72,500,000 shares of Capital Environment Holdings Limited (“**Capital Environment**”, a company whose shares are listed on the Stock Exchange with stock code: 3989), representing approximately 0.5% of the issued share capital of Capital Environment as at 31 December 2020. Investment cost of the shares of Capital Environment was approximately HK\$25,793,000. Capital Environment is a leading provider of comprehensive waste management solutions and environmental infrastructure services in China.

As at 30 June 2021, the fair value of the shares of Capital Environment held by the Group amounted to approximately HK\$10,005,000 (31 December 2020: approximately HK\$8,700,000), representing approximately 9.5% (31 December 2020: 11.9%) of the Group's total investment in listed securities and approximately 2.0% (31 December 2020: 1.8%) of the Group's total assets. There was neither disposal nor addition of shares of Capital Environment during the Period under Review (2020: Nil). The net fair value gain recognised as other comprehensive income for the investment in shares of Capital Environment during the Period under review was approximately HK\$1,305,000 (2020: net fair value loss of HK\$1,668,000). According to the latest interim results announcement of Capital Environment, it recorded revenue of approximately RMB4,004,571,000 and net profit of approximately RMB315,954,000 for the six months period ended 30 June 2021. No dividend income was received from this investment during the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

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.

Financial and Investment Advisory Business

Sky State Holdings Limited, through its wholly-owned subsidiary established in the Mainland China, is principally engaged in the provision of short to medium-term financing and related financial management and consulting services since October 2012, with presence across Beijing, Shanghai, Guangzhou, Tianjin, Chongqing and Wuxi. During the six months ended 30 June 2021, a segmental revenue of approximately HK\$2,683,000 (six months ended 30 June 2020: HK\$6,541,000) and a segmental loss of approximately HK\$3,976,000 (six months ended 30 June 2020: HK\$783,000) were recorded. The decrease in segmental revenue and results were due to the quarantine, lockdown and travel restrictions were imposed by the Chinese government to combat the COVID-19 which adversely affected the financial position and operating results of the financial and investment advisory business.

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 just acquired during the Period under Review, they were vacant and not yet generated any revenue to the Group. The Group incurred some miscellaneous expenses with regards to the properties during the first half of 2021. 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

COVID-19 and the aging population have aroused public concern for health across the globe, resulting in unprecedented potentials for the development of products and services in the healthcare and medical industry. 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 encouraging performance despite the impact of the pandemic. The revenue of this segment amounted to approximately HK\$7,171,000 (six months ended 30 June 2020: Nil), of which, approximately HK\$3,136,000 was generated from diagnostic consultation and medical testing, and approximately HK\$4,035,000 was contributed by the sales of longevity biological products, with segmental profit of approximately HK\$2,839,000 (six months ended 30 June 2020: nil).

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 resolved in May to adopt 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.

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.

Given its high start-up cost compounded with the effect of 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.

Proactively identifying suitable acquisition opportunities to perfect industry chain

In order to expand the business scope of different divisions, 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 January 2021, 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 August this year, the Group acquired the entire equity interest of Banderland Development Investment Holdings Limited (“**Banderland Development**”) at a consideration of RMB154 million. Banderland Development indirectly holds 55% 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. Upon completion of the acquisition, 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 Group has also entered into an investment cooperation framework agreement with Hubei Mailyard Share Co., Ltd.* (湖北美爾雅股份有限公司) (“**Mailyard**”), a company listed on the Shanghai Stock Exchange (Stock Code: 600107.SH). A joint venture, Mailyard Health Group (Hubei) Company Limited (“**Mailyard Health Technology**”), was incorporated in April to focus on the development of advanced medical services such as cancer prevention and early screening, longevity medical testing and cell management, as well as the distribution of longevity biological products, provision of longevity management services and longevity solutions to further extend the Group’s business network.

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.

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. Reports from BofA Securities, Inc. stated that companies dedicated to staving off death are among the best to invest in for the coming decade, indicating that the development of the longevity science industry is expected to flourish in future. With its unwavering investment over the years, Zhong Ji Longevity Science has begun to bear fruit. The management believes that the Group will gradually strengthen the capability for its long-term development.

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 will continue 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, 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. 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.

As a pioneer in the field of longevity science, Zhong Ji Longevity Science will invest more resources to build its technology platform in the field of longevity science, striving for enlarging its scope and deepening its foothold, so as to continuously enhance the industry and product chains, as well as to further enhance our brand awareness. Under our organisation structure, the United States branch will be responsible for R&D and production, while the Hong Kong branch for conversion and application and the domestic branch for marketing, services and clinical research. Through such diversified operations, we will be able to realise our development blueprint. The Group will grasp every opportunity in longevity science sector and explore more potential projects and harness national strategies, so as to realise our vision of "helping people live longer and healthier lives" and create long-term returns for its shareholders.

* *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 2021, the Group had recorded net current assets of approximately HK\$120,516,000 (31 December 2020: HK\$156,120,000); and cash and bank balances of approximately HK\$20,300,000 (31 December 2020: HK\$40,797,000). The Group did not enter into any financial instruments for hedging purpose.

Capital Structure

As at 30 June 2021, the total number of the issued ordinary shares with the par value of HK\$0.001 each was 3,870,102,650 (31 December 2020: 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 2021 incurred.

Segment Information

Details of segment information of the Group for the six months ended 30 June 2021 are set out in note 5 to the condensed consolidated financial statements.

Employees and Remuneration Policy

As at 30 June 2021, the Group had 33 employees which 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 2021, the Group did not pledge any assets to banks or other financial institutions (31 December 2020: 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 2021 (defined as the Group's total interest-bearing liabilities divided by the Group's total equity) was approximately 1.6% (31 December 2020: 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 2021, the Group did not have any capital commitment (31 December 2020: Nil).

Contingent Liability

As at 30 June 2021, the Group had no material contingent liability (31 December 2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

Please refer to Notes to the accounts 25, Events After The Reporting Period.

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 2021 except the following deviations:

Code Provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and the chief executive should be separate and should not be performed by the same person. The role of the chief executive of the Company was vacant since 10 January 2020. The vacancy of chief executive was filled following the appointment of Mr. Wang Hongxin as the chief executive officer on 1 May 2021.

Code Provision A.6.7

Code Provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. A special general meeting was held by the Company on 29 January 2021 (“**SGM**”), Ms. Yu Yang, a non-executive Director at that time and Mr. Chan Wai Dunean, an independent non-executive Director at that time, were absent from the SGM as they were required to attend other business meeting at that time.

Code Provision C.1.2

Code provision C.1.2 of the CG Code stipulates that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13. During the six months ended 30 June 2021, the management of the Company did not provide the Directors with monthly updates on the Company's financial position and performance as required under the Code provision C.1.2 due to the change of the management and negligence of the former assistant chief financial officer of the Company. This deviation from the Code had been rectified after the appointment of the new financial controller of the Company in May 2021, and the Company will ensure that monthly updates shall be provided to the Directors in the future.

Code Provision E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Mr. Yan Li was unable to attend the annual general meeting held on 30 June 2021 due to illness. In his absence, he had assigned Ms. Choi Ngai Wah, an non-executive Director, to chair the annual general meeting in place of Mr. Yan to answer any queries from shareholders of the Company.

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 2021.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2021, 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. Tam Ho Leung Simon (the chairman of this committee), Ms. Wang Weixia and Mr. Chai Nan. 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 2021 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 2021 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. Wang Hongxin (*Chief Executive Officer*)

Ms. Cao Xie Qiong

Independent Non-executive Directors

Mr. Tam Ho Leung Simon

Ms. Wang Weixia

Mr. Chai Nan

Non-executive Directors

Dr. He Yiwu

Ms. Choi Ngai Wah

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

Hong Kong, 30 August 2021

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