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BALK 1798

Balk 1798 Group Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1010)

INSIDE INFORMATION PLACING OF EXISTING SHARES BY CONTROLLING SHAREHOLDER

This announcement is made by Balk 1798 Group Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company was informed by Zhongying Int’l Holding Group Limited (“**Zhongying**”), the controlling shareholder (as defined in the Listing Rules) of the Company, that Zhongying and its wholly owned subsidiary, Ever Digital Limited (collectively, the “**Vendors**”), have entered into a placing agreement (the “**Placing Agreement**”) on 11 October 2023 (after trading hours) with Silverbricks Securities Company Limited (the “**Placing Agent**”) pursuant to which the Placing Agent has agreed to procure investor(s) (the “**Placee(s)**”) on a reasonable efforts basis to purchase up to 209,183,012 existing shares of the Company (the “**Placing Shares**”) held by the Vendors at a price of HK\$0.81 each (the “**Placing**”). The Placing period will commence from the date of the Placing Agreement and end on the earlier of (i) 5:00 p.m. on Wednesday, 10 January 2024; or (ii) the time and date on which purchase orders from Placees for no less than 209,183,012 Placing Shares in aggregate have been received by the Placing Agent, or at such other time and/or date as the Vendors and the Placing Agent may agree in writing.

Pursuant to the Placing Agreement, the Placing Agent shall use reasonable endeavours to ensure that (i) the Placees and their ultimate beneficial owners shall be third parties independent of and not connected nor acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”)) with the Company or any of its connected persons (as defined in the Listing Rules); and (ii) none of the Placees will, immediately upon completion of the Placing, hold 30% or more of the total issued share capital of the Company or otherwise trigger a mandatory general offer under Rule 26.1 of the Takeovers Code in respect of the shares of the Company (the “**Shares**”).

As at the date of this announcement, the 209,183,012 Placing Shares represent (i) approximately 56.50% of the existing issued share capital of the Company; and (ii) all of the Shares which are held by the Vendors.

As at the date of this announcement, the issued share capital of Zhongying is owned as to 99% by Mr. Duan Hongtao and as to 1% by Mr. Duan Chunchao respectively. Accordingly, Mr. Duan Hongtao is deemed to be interested in such number of Shares held by the Vendors and is also a controlling shareholder (as defined in the Listing Rules) of the Company.

Upon completion of the Placing and assuming all of the Placing Shares are placed to the Placees, the Vendors will (i) no longer hold any Shares; and (ii) neither Mr. Duan Hongtao nor Zhongying will continue to be a controlling shareholder (as defined in the Listing Rules) of the Company.

The Company does not expect that the Placing of the Placing Shares by the Vendors will have any adverse effect on the operations of the Company and its subsidiaries.

As the Placing may or may not proceed, shareholders of the Company and potential investors of the Company are advised to exercise caution when dealing in the Shares.

By Order of the Board
Balk 1798 Group Limited
Li Weina
Executive Director

Hong Kong, 11 October 2023

As at the date of this announcement, the Board of the Company comprises six Directors. The executive Directors are Ms. Li Weina, Mr. Zhang Fumin and Dr. Zhang Yu; and the independent non-executive Directors are Ms. Ching Ching, Dr. Song Donglin and Dr. Zhang Shengdong.