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BALK 1798

Balk 1798 Group Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1010)

VOLUNTARY ANNOUNCEMENT

This announcement is made by Balk 1798 Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

It has come to the attention of the board of directors of the Company (the “**Board**”) that one of the bank accounts of Balk Yacht (Hainan) Limited* (“**Balk Hainan**”) 巴克遊艇(海南)有限公司, an indirect wholly-owned subsidiary of the Company, was frozen as a result of a ruling in respect of preservation of frozen accounts receivable issued by The People’s Court of Longgang District, Huludao City (the “**Court**”) in The People’s Republic of China (the “**PRC**”) on 11 April 2023 (the “**Ruling**”) against Liaoning Jinlong Mega Yacht Manufacturing Co. Limited (“**Jinlong**”) for its failure to repay a loan borrowed from a bank in the PRC (the “**Loan**”). On 15 April 2022, Balk Hainan entered into three contracts with Jinlong to purchase three semi-finished yachts at a consideration of approximately RMB73.4 million, of which Balk Hainan paid more than RMB30 million in May 2022. As the three semi-finished yachts supplied by Jinlong failed to pass the quality control tests conducted by Balk Hainan, the remaining balance of the consideration was not yet settled. Since September 2022, Balk Hainan has been trying to contact the responsible person of Jinlong who is also the legal representative of Beijing Jinlong Ocean Equipment Co. Ltd.* 北京錦龍海洋裝備股份有限公司 (Jinlong is its wholly-owned subsidiary) to resolve the outstanding quality and other matters. The responsible person of Jinlong has not been contactable up to the date of this announcement. In bringing legal action against Jinlong for the repayment of the Loan, the bank obtained the Ruling to freeze Jinlong’s assets and also the bank account of Balk Hainan which had a deposit of approximately RMB43.3 million.

Balk Hainan was only served the Ruling by the Court on 23 April 2023 and the Company has determined to make this announcement as soon as possible after verifying the Ruling with its PRC legal advisers. Having made all such enquiries with respect to the Company as is reasonable in the circumstances, the Board confirms that the operations of the Group remain normal and believes that the Ruling will not have any material adverse effect on the Group. The Group continues to carry on its business as usual. The Company is currently seeking legal advice from PRC legal advisers in relation to unfreezing of Balk Hainan's bank account.

The Board and the management of the Group are closely monitoring the situation and will make further announcement(s) in compliance with applicable laws and regulations as at when required.

Shareholders and other investors of the Company are advised to exercise caution when dealing in the securities of the Company. When in doubt, shareholders and other investors of the Company are reminded to seek professional advice from their own professional or financial advisers.

* *For identification purpose only*

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

Hong Kong, 28 April 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.