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BALK 1798

Balk 1798 Group Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1010)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE

This announcement is made by Balk 1798 Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to inform the shareholders and potential investors of the Company of the latest business development of the Group.

Reference is made to the announcement of the Company dated 7 November 2023 (the “**Announcement**”) in respect of the potential sale and purchase of shares (the “**Proposed Acquisition**”) for the expansion of the Group’s yacht business. The management of the Company is in the course of negotiating the terms of the formal sale and purchase agreement with the potential vendor and will keep shareholders and potential investors of the Company informed of any material update.

Meanwhile, the board (the “**Board**”) of directors (“**Directors**”) of the Company would also like to give more details to shareholders and potential investors of the Group’s plan to expand its yacht business further to the Proposed Acquisition.

The Group currently engages in the procurement and production of yachts in Hainan, the PRC, where labour and material costs are relatively low. However, it is also relying on the sophisticated technologies from the Netherlands for the production of yachts. In order to enhance the efficiency in manufacturing yachts while controlling the costs at a relatively low level, the Directors are considering to construct a shipyard in a new harbour known as “Maritieme Servicehaven Noordelijke Flevoland” (“**MSNF**”) in the Netherlands as mentioned in the Announcement. Other than constructing a shipyard, the Directors are currently also considering the option of acquiring a shipyard in Europe so as to improve the Group’s technical capabilities and production efficiency in manufacturing yachts through acquisition.

The Directors have recently carried out research on the potential shipyard acquisition targets and have set out a few criteria, including:

- having substantial operating history;
- capable of constructing and processing raw materials such as aluminium for the hulls of yachts;
- capable of carrying out construction and refitting work for yachts;
- capable of operating efficiently with the help of various systems and machines; and
- having a team of experienced and skilled staff serving all functions in the yacht industry.

The Company will keep shareholders and potential investors of the Company updated once it has identified an acquisition target.

MSNF is a new port which has gained support from the local government. It is a port that will focus on international maritime services. The Directors believe that constructing or acquiring a shipyard at MSNF is beneficial for the Group to expand its yacht business out of China, bringing the Group's yacht business to a new global era. Upon completion of the Proposed Acquisition together with the construction or acquisition of shipyard, the Group will be able to expand its yacht business with an aim to maximise its profit for this business segment.

Shareholders and potential investors of the Company are reminded that the Proposed Acquisition and the construction or acquisition of shipyard may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 13 November 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.