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## **Sky Blue 11 Company Limited**

*(formerly known as Balk 1798 Group Limited 巴克1798集團有限公司)*

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1010)**

# **TERMINATION OF THE RIGHTS ISSUE AND LAPSE OF THE PLACING AGREEMENT**

References are made to (a) the announcement (the “**Announcement**”) of Sky Blue 11 Company Limited (the “**Company**”) dated 10 May 2024 in relation to, among others, the proposed Rights Issue; and (b) the announcement of the Company dated 2 June 2024 in relation to the delay in despatch of the circular in relation to the Rights Issue. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

## **TERMINATION OF THE RIGHTS ISSUE AND LAPSE OF THE PLACING AGREEMENT**

As disclosed in the Announcement, approximately HK\$117.6 million (or approximately 85% of the total net proceeds from the Rights Issue) will be used for the development and expansion of the Group’s existing yacht business, including (a) approximately HK\$27.7 million is intended to be used for the Proposed Acquisition; and (b) approximately HK\$89.9 million is intended to be used for the manufacturing of yachts.

After undertaking further evaluation of the Proposed Acquisition as well as the funding and building plans of the Proposed Construction, in particular the uncertainties and long construction duration involved in the Proposed Acquisition and the Proposed Construction, the Company considered that it would not be in the best interests of the Company and the Shareholders as a whole to continue to proceed with the Proposed Acquisition and the Proposed Construction at this point of time. Accordingly, the Company does not have an imminent need to proceed with the Rights Issue.

The Group will continue to operate its yacht business at its existing production facility in Hainan, the PRC and leverage on the relatively low labour and material costs in the PRC. Going forward, the Group will continue to explore other investments and expand its existing yacht business as and when opportunities arise.

In light of the above, the Board has resolved that the Rights Issue will not proceed and the Rights Issue will lapse. As at the date of this announcement, no securities have been issued by the Company under the Rights Issue.

Following the Board's decision of not to proceed with the Rights Issue, the Company will notify the Placing Agent in writing that given the conditions precedent to completion of the Placing Agreement cannot be fulfilled, the Placing Agreement shall lapse with effect from 4 June 2024.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

By order of the Board  
**Sky Blue 11 Company Limited**  
**Li Weina**  
*Executive Director*

Hong Kong, 4 June 2024

*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.*