



Sky Blue 11 Company Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1010)

2025
INTERIM
REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Li Weina

Mr. Phen Chun Shing Vincent

Dr. Zhang Yu *Note 1*

Independent Non-executive Directors

Ms. Ching Ching

Mr. Chan Ting Leuk Arthur *Note 2*

Mr. Wong Xiang Hong

Dr. Song Donglin *Note 1*

BOARD COMMITTEES

Audit Committee

Ms. Ching Ching (*Chairlady*)

Mr. Chan Ting Leuk Arthur *Note 2*

Mr. Wong Xiang Hong

Dr. Song Donglin *Note 1*

Nomination Committee

Mr. Chan Ting Leuk Arthur (*Chairman*) *Note 2*

Ms. Ching Ching

Mr. Wong Xiang Hong

Dr. Song Donglin *Note 1*

Remuneration Committee

Mr. Chan Ting Leuk Arthur (*Chairman*) *Note 2*

Ms. Ching Ching

Mr. Wong Xiang Hong

Dr. Song Donglin *Note 1*

COMPANY SECRETARY

Mr. Ngai Tsz Hin Michael

STOCK CODE

1010

WEBSITE

www.skyblue11.com

AUDITOR

Prism Hong Kong Limited

Certified Public Accountants

Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

Bank of Communications (Hong Kong) Limited

Dah Sing Bank, Limited

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3902, 39/F., Central Plaza,

18 Harbour Road, Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate

Services (Bermuda) Limited

Canon's Court, 22 Victoria Street,

PO Box HM 1179,

Hamilton HM EX Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investment Services Limited

17/F., Far East Finance Centre,

16 Harcourt Road, Hong Kong

Note:

1 Retired on 6 June 2025.

2 Appointed on 5 September 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Sky Blue 11 Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited condensed consolidated interim results of the Company for the six months ended 30 June 2025 which has been reviewed by the audit committee of the Company (the “**Audit Committee**”).

BUSINESS REVIEW

For the six months ended 30 June 2025, the Group principally engaged in (i) design and sales of integrated circuits and semi-conductor parts; (ii) executive jet management services; and (iii) manufacturing and sales of yachts and other yachts related businesses.

During the first half of 2025, uncertainties in the United States trade policies and monetary policy have intensified geopolitical tensions and affected global financial conditions and investment sentiment. Investors and corporations have adopted a more cautious approach, scaling back development and expansion plans, which in turn has contributed to a slowdown in global economic growth. Customer sentiment is, overall speaking, still low, value of sales of luxury goods has been decreased while customers restrict most of their spendings on daily necessities. This has, therefore, resulted in a challenging business environment for the Group. The phenomenon is especially conspicuous for the Group as it mainly operates high-ended businesses, i.e., executive jet management services and manufacturing and sales of yachts and other yachts related businesses.

In response to the complicated and unpredictable business environment in the first half of 2025, the Group adopted a prudent approach by closely monitoring its business portfolio and implementing various decisive measures to reform. Objectives of these measures were (i) to maintain the core business that can create reliable returns with competitive advantages; (ii) to exit from businesses that have not met expectations or might require further input from the Group; and (iii) to continuously seek opportunities that can enhance the Group’s revenue bases and profitability. Due to business confidence remained pessimistic in Hong Kong and the People’s Republic of China (the “**PRC**”), no yacht was sold during the six months ended 30 June 2025. For the business of design and sales of integrated circuits and semi-conductor parts, it was still shadowed by the weak customer demand, rendering its turnover to further decrease. As a result, the Group recorded a revenue of approximately HK\$16.1 million (six months ended 30 June 2024: approximately HK\$16.0 million) for the six months ended 30 June 2025.

Nevertheless, the management of the Group (the “**Management**”) will consistently reinforce the Group’s competitive advantages, strengthen its market position and drive growth across the existing businesses of the Group. Such measures include but not limited to stringent cost controls on the business of integrated circuits and semi-conductor parts, platform building on the business of executive jet management services and active marketing and branding in the yacht businesses.

The Management would like to emphasise that reforming the Group’s business is a continuous and on-going process. New measures or strategies may be formulated or implemented from time to time, depending on availability and feasibility of the opportunities. Should there be any update, the Company will inform its shareholders as soon as appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT REVIEW

Design and sales of integrated circuit and semi-conductor parts

For the six months ended 30 June 2025, design and distribution of integrated circuit and semi-conductor parts in the PRC, Hong Kong and Taiwan remained as one of the important part of the businesses of the Group. The Group acquires raw material integrated circuit ("IC") and semi-conductor related parts from external suppliers and applies internet technology and related equipment for the design of IC related products before outsourcing to external sub-contractors for production. The Group is not involved in the manufacturing processes.

The Group's IC products are used in industrial and housing measuring tools and electronic bicycles battery charger market. The core research and development team in Shanghai provides the design of the products and the products are then outsourced to certain external suppliers or sub-contractors for subsequent productions. After conducting successful testing of the sub-contracted products in Shanghai, the Group then sells the products to customers, which are usually end-product manufacturers/producers.

For the six months ended 30 June 2025, this segment recorded a revenue of approximately HK\$16.1 million and a segment loss of approximately HK\$0.5 million while a revenue of approximately HK\$16.0 million and a segment loss of approximately HK\$0.1 million were recorded for the six months ended 30 June 2024.

Executive jet management

Services provided by the Group mainly include executive jet management service, aircraft sales service and pilot training service. Nil revenue was recorded for each of six months ended 30 June 2025 and 2024 due to loss of clients and the change of their traveling behavior after the COVID-19 pandemic. In this regard, the Management is considering several options to deal with this business segment, including but not limited to, disposal. Further disclosure will be made as and when necessary.



MANAGEMENT DISCUSSION AND ANALYSIS

Yacht businesses

Yacht sales experienced a challenge due to rising labour and material costs, in addition to prolonged construction timelines, which adversely affected market demand. Following the cancellation of a purchase order for five 46-meter superyachts in 2023, the Group has encountered difficulties in attracting new buyers.

As a result, nil revenue and segment loss of approximately HK\$0.1 million were recorded for the six months ended 30 June 2025, while nil revenue and segment loss of approximately HK\$14.3 million were recorded for the six months ended 30 June 2024.

To support the yacht business, the Group intends to market the work-in-progress superyachts to potential clients and industry partners. Concurrently, to mitigate business risks, the Management will focus on transitioning from a capital-intensive business model to a more asset-light, service-oriented approach. The Group will continue to monitor market conditions, secure necessary funding, and explore opportunities for synergistic ventures, as well as evaluate potential mergers and acquisitions, all aimed at significantly enhancing the Group's financial performance and operational efficiency.

Property investment

The Group possessed a leasehold interest in a land parcel on the Island of Saipan, with a site area of approximately 4,536 square meters upon which there is a housing development namely Miller's Estates. The total gross floor area of these properties on the Island of Saipan was approximately 1,953 square meters comprising six apartment buildings with an aggregate of 31 apartment units.

The economy of the Island of Saipan depends heavily on tourism which was adversely affected by the COVID-19 pandemic. Till now, the tourism still yet recovers from the shadow of COVID-19 pandemic although the local government has been working on resumption of its tourism industry. Number of tourists only reach half of prior to the COVID-19 pandemic level, tourists from key markets, such as Japan and South Korea are declining. The economy of the Island of Saipan has been facing significant challenges. According to the World Bank data, the gross domestic product ("**GDP**") of Commonwealth of the Northern Mariana Islands ("**CNMI**"), which includes the Island of Saipan, has dropped to US\$0.86 billion in 2024 from US\$1.18 billion in 2019 that indicates businesses are closing down. The recession results a dropping population and workforce according to the Department of Commerce of CNMI. In the face of rapid deteriorating economic situation, the Management conducted a specific site visit in the Island of Saipan to investigate the actual effect of the local economy on the Group's asset there. The Management has also engaged an independent professional qualified valuer to assess the economic value of the land and the properties built thereon based on current market value and their conditions and assessed that the fair value of the land parcel was diminished by HK\$18.6 million to HK\$8.6 million as at 30 June 2025 compared with HK\$27.2 million as at 31 December 2024. For the six months ended 30 June 2025, nil revenue and segment loss of approximately HK\$18.6 million were recorded, while nil revenue and segment loss of approximately HK\$0.03 million were recorded for the six months ended 30 June 2024. In view of the prolonged and disappointing situation, the Group is actively considering and exploring all possible options including but not limited to, disposing the properties, in order to release the Group's resources for higher rate of return investment or operations.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment holding

For the six months ended 30 June 2025, the Group had the following investments:

- 23,000,000 unlisted shares of Cornerstone Securities Limited ("**Cornerstone Securities**"), representing approximately 8.81% of the entire issued capital of Cornerstone Securities. Cornerstone Securities is a company incorporated in Hong Kong with limited liability. It holds licenses to conduct the type 1 regulated activity (dealing in securities) and the type 4 regulated activity (advising on securities) and is principally engaged in securities dealing business in Hong Kong. As at 30 June 2025, the investment in Cornerstone Securities has a fair value of approximately HK\$5.5 million (31 December 2024: approximately HK\$5.5 million), representing approximately 2.6% of the total assets of the Company (31 December 2024: 2.4%).
- 202 unlisted shares of Red Power Developments Limited ("**Red Power**"), a company incorporated in the British Virgin Islands with limited liability, representing 20.2% of the entire issued capital of Red Power. Through its subsidiaries, Red Power is principally engaged in the provision of air transportation services, development, sales, lease and maintenance of equipment involving the application of aviation technology in the PRC. The Group carried out an impairment assessment of Red Power and full impairment of the investment in an associate was recognised during the year ended 31 December 2021. For more details, please refer to the announcement of the Company dated 28 November 2022 and annual report 2021 of the Company.

For the six months ended 30 June 2025, (i) no acquisition or disposal of the investment in Cornerstone Securities and Red Power was conducted; and (ii) no dividend in relation to the investment in Cornerstone Securities and Red Power was received or claimed. The Company intends to hold the investment in Cornerstone Securities as a passive and long-term investment as at 30 June 2025.

BUSINESS OUTLOOK

For the six months ended 30 June 2025, the reform of the business portfolio and strategic approaches implemented by the Management have empowered the Group to effectively mitigate the external challenges and uncertainties arising from the post COVID-19 era and challenging business environment. These initiatives enabled the Group to position itself to adapt to the ever-changing market dynamics and seize opportunities for growth.

Looking forward, the Management remains committed to continuing with the reform and strategic approaches, particularly, to explore business opportunities in different segments so as to diversify the businesses of the Group.

To align with the business strategies of the Group, new measures or strategies may be formulated or implemented from time to time, depending on the availability and feasibility of the then opportunities. The Management is confident that the responsive measures will allow the Group to deploy its resources into businesses with promising future, and will therefore enhance its revenue base and create long-term profitability.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2025, the Group achieved a revenue of approximately HK\$16.1 million (six months ended 30 June 2024: approximately HK\$16.0 million). The revenue was principally contributed by the Group's core businesses which were design and sales of integrated circuit and semiconductor parts.

General and administrative expenses

General and administrative expenses was approximately HK\$16.4 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately HK\$35.3 million). Such significant decrease was mainly attributed to tighten cost controls over staff costs and no impairment losses of trade and bills receivables, which was related to the trade receivables arising from sales of a yacht in 2023 (six months ended 30 June 2024: approximately HK\$12.0 million).

Loss for the period

For the six months ended 30 June 2025, loss for the period attributable to owners of the Company was approximately HK\$30.9 million (six months ended 30 June 2024: approximately HK\$24.1 million). The increase in loss was mainly attributable to recognition of fair value losses on investment properties amounted to approximately HK\$18.6 million (six months ended 30 June 2024: nil) and interest expenses paid for other loans amounted to approximately HK\$7.3 million (six months ended 30 June 2024: nil), netting no impairment loss of the aforementioned trade and bills receivables (six months ended 30 June 2024: approximately HK\$12.0 million). Basic loss per share attributable to ordinary equity holders of the Company was approximately HK6.96 cents (six months ended 30 June 2024: approximately HK5.43 cents (restated)).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the cash in banks of the Group amounted to approximately HK\$27.0 million (31 December 2024: approximately HK\$28.5 million), in which a cash deposit of approximately RMB5.6 million (31 December 2024: approximately RMB5.6 million), equivalent to approximately HK\$6.2 million (31 December 2024: approximately HK\$6.1 million), maintained in one of the bank accounts of the Group was frozen as a result of a ruling in respect of preservation of frozen accounts issued by The People's Court of Longgang District, Huludao City in the PRC on 11 April 2023 (the "**Ruling**"). Such Ruling was against one of the suppliers of the Group, namely Liaoning Jinlong Mega Yacht Manufacturing Co. Limited, for its failure to repay a loan borrowed from a bank in the PRC. For more details, please refer to the announcement of the Company dated 28 April 2023 and note 16 to the unaudited condensed consolidated financial statements in this interim report. As of the date of this report, the Group's legal adviser is still dealing with the above-mentioned matters, and there is no new progress for the time being.

The Group had outstanding loans amounted to approximately HK\$135.9 million (31 December 2024: approximately HK\$124.7 million) as at 30 June 2025.

Save for the above, the Group had no fund-raising activities during the six months ended 30 June 2025.

GEARING RATIO

The gearing ratio of the Group, defined as total interest-bearing liabilities expressed as a percentage of the total equity and liabilities, was 65.4% (31 December 2024: 54.8%) as at 30 June 2025, which was attributed to the Group's net liabilities position.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN CURRENCY EXPOSURE

The Group's results were exposed to exchange fluctuations of Renminbi ("RMB") as the Group mainly had operations in the PRC. Certain materials used in the integrated circuits and semi-conductor parts may be settled in US dollars ("US\$"), which exposed the Group to exchange fluctuations of US\$ and RMB. Nevertheless, the Management considered that the Group in general was not exposed to significant foreign exchange risk, and had not employed any financial instrument for hedging. The Management will review the Group's foreign exchange risk and exposure from time to time and will implement hedging measures where necessary.

CAPITAL STRUCTURE

For the six months ended 30 June 2025, there was no change to the authorised share capital of the Company.

As at 1 January 2025 and 30 June 2025, the Company had issued a total of 444,294,170 shares in the par value of HK\$0.1 each. All shares were fully paid and rank pari passu with each other in all respects.

As at 30 June 2025, the shareholders' deficiency amounted to approximately HK\$156.8 million (31 December 2024: approximately HK\$128.0 million).

PLEDGE OF ASSETS

As at 30 June 2025, the Group did not have any pledge of assets (31 December 2024: nil).

TRANSACTIONS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, there was no other significant event after the reporting period and up to the date of this interim report.

NO OTHER MATERIAL CHANGE

Save as disclosed in this interim report, there was no material change in the Group's financial position or business since the publication of the latest annual results of the Company for the year ended 31 December 2024.

CONTINGENT LIABILITIES

No material contingent liabilities of the Group were noted as at 30 June 2025 (31 December 2024: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had 35 employees (31 December 2024: 36 employees). For the six months ended 30 June 2025, total employee benefits expenses, including Directors' emoluments, amounted to approximately HK\$10.4 million (six months ended 30 June 2024: approximately HK\$14.8 million). The remuneration packages of employees were reviewed annually with reference to market level and individual staff performance. The Group's remuneration packages included basic salaries, bonus, contributions to provident fund and medical benefits.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).



CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2025, the Company has complied with the principles as set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong, Limited (the “**Stock Exchange**”) and complied with the code provisions contained therein except for the following deviations:

On 8 November 2024, Mr. Mak Tin Sang tendered his resignation as an independent non-executive Director of the Company and a member of the audit committee of the Company (the “**Audit Committee**”) in order to devote more time to pursue his personal matters with effect from 8 November 2024.

Following such resignation of Mr. Mak Tin Sang, the Company only had (i) two independent non-executive directors, which was below the minimum requirement under Rule 3.10(1) of the Listing Rules; and (ii) two Audit Committee members, which was below the minimum requirement under 3.21 of the Listing Rules.

The Company had taken practicable steps to identify suitable candidates to act as independent non-executive director for the purpose of complying with the abovementioned Listing Rules requirements but due to the Christmas and Chinese New Year Holidays and the Company’s heavy administrative work between November 2024 to February 2025, the process of making relevant arrangement to consider the potential candidates had been slowed down. As a result and pursuant to Rule 3.11 of the Listing Rules, the Company applied to the Stock Exchange for, and the Stock Exchange had granted to the Company, a waiver from strict compliance with 3.10(1) and 3.21 of the Listing Rules up to 28 February 2025. On 26 February 2025, Mr. Wong Xiang Hong was appointed an independent non-executive director and a member of Audit Committee, the Company had re-complied with Rules 3.10 (1) and 3.21 of the Listing Rules.

Following the retirement of Dr. Zhang Yu as an executive Director of the Company and the retirement of Dr. Song Donglin as an independent non-executive Director, a member of each of the audit committee, nomination committee and remuneration committee of the Company with effect from 6 June 2025 upon conclusion of the annual general meeting of the Company held on 6 June 2025, the Company only had two independent non-executive Directors, namely Ms. Ching Ching and Mr. Wong Xiang Hong. The Company failed to meet the requirements of having: (a) at least three independent non-executive directors on the Board under Rule 3.10(1) of the Listing Rules; and (b) the audit committee of the Company comprising only non-executive directors with a minimum of three members under Rule 3.21 of the Listing Rules.

For details, please refer to the Company’s announcements dated 8 November 2024, 24 February 2025, 26 February 2025 and 6 June 2025.

The Company regularly reviews its corporate governance practices to ensure they comply with the CG Code and align with the latest development.

OTHER INFORMATION

NON-COMPLIANCE WITH RULE 3.10(1) AND RULE 3.21 OF THE LISTING RULES

During the six months ended 30 June 2025, the Company failed to comply with Rule 3.10(1) and Rule 3.21 of the Listing Rules, details of which are set out in the paragraph headed “CORPORATION GOVERNANCE PRACTICES” above. The Company is now identifying suitable candidates for taking up the directorship.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

Pursuant to Rule 13.51B of the Listing Rules, the changes of information of the Directors and chief executives from 1 January 2025 to the date of this report are set out as below:

On 6 June 2025, the proposed ordinary resolutions for the re-election of Dr. Zhang Yu (“**Dr. Zhang**”) and Dr. Song Donglin (“**Dr. Song**”) were not passed at the annual general meeting. Accordingly, Dr. Zhang has retired as an executive Director and Dr. Song has retired as an independent non-executive Director of the Company with effect from 6 June 2025. Dr. Song has also ceased to be a member of each of the audit committee, nomination committee and remuneration committee of the Company. Further details were disclosed in the Company’s announcement dated 6 June 2025.

CHANGE IN BERMUDA SHARE REGISTRAR

As of 1 January 2025, the Company’s Bermuda principal share registrar and transfer agent has been changed to: Appleby Global Corporate Services (Bermuda) Limited, Canon’s Court, 22 Victoria Street, PO Box HM 1179, Hamilton HM EX, Bermuda.

For further information, please refer to the announcement of the Company dated 13 January 2025.

CHANGE IN HONG KONG SHARE REGISTRAR

With effect from 11 April 2025, the Company’s branch share registrar and transfer office in Hong Kong will be changed to: Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

For further information, please refer to the announcement of the Company dated 14 March 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules to regulate the Directors’ securities transaction. Specific enquiries had been made to all the Directors and the Directors had confirmed that they had complied with the Model Code for the six months ended 30 June 2025.



DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, none of the directors and chief executives has any interests or short positions of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2025, the interests and short positions in the shares and underlying shares of the Company (within the meaning of Part XV of the SFO) of the substantial shareholders (other than the Directors and chief executives of the Company) as recorded in the register required to be kept under Section 336 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange, were as set out below:

Name of Substantial Shareholders	Capacity/nature	Number of shares/ underlying shares held/interested in	Long/short position	Percentage of shareholding (Note 1)
Arrab Chalid ^(Note 2)	Interested in controlled corporation(s)	68,500,000	Long	15.42%
LLOYDS INVESTMENT GROUP FZCO ^(Note 2)	Beneficial Owner	68,500,000	Long	15.42%
Duan Hongtao ^(Note 3)	Interested in controlled corporation(s)	52,321,012	Long	11.78%
Zhongying Int'l Holding Group Limited 中盈國際控股集團有限公司 ^(Note 3)	Beneficial Owner	52,321,012	Long	11.78%
CHANG JUNG YU ^(Note 4)	Interested in controlled corporation(s)	32,270,000	Long	7.26%
Global Kingnature Limited ^(Note 4)	Beneficial Owner	32,270,000	Long	7.26%

OTHER INFORMATION

Notes

1. Based on 444,294,170 shares of the Company in issue as at 30 June 2025.
2. According to public information, as at 30 June 2025, Arrab Chalid directly held 100% control of LLOYDS INVESTMENT GROUP FZCO, which beneficially held 68,500,000 shares of the Company.
3. According to public information, as at 30 June 2025, Mr. Duan Hongtao indirectly held 99% control of of Zhongying Int'l Holding Group Limited, which beneficially held 52,321,012 shares of the Company.
4. According to public information, as at 30 June 2025, CHANG JUNG YU directly held 100% control of Global Kingnature Limited, which beneficially held 32,270,000 shares of the Company.

As at 30 June 2025 and save as disclosed in this interim report, there was no interest and short position in the shares and underlying shares of the Company (within the meaning of Part XV of the SFO) of the substantial shareholders (other than the Directors and chief executives of the Company) as recorded in the register required to be kept under Section 336 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY OR TREASURY SHARES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined in the Listing Rules)).

SHARE SCHEME

As at 1 January 2025 and 30 June 2025, the Company did not have any share scheme.

AUDIT COMMITTEE

As of the date of this interim report, the Audit Committee comprised two independent non-executive directors, namely Ms. Ching Ching (chairlady) and Mr. Wong Xiang Hong. The Group's interim results for the six months ended 30 June 2025 have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The unaudited interim results announcement of the Company for the six months ended 30 June 2025 has been published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.skyblue11.com. This interim report will be dispatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 28 August 2025



CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June			
	Notes	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Revenue	4	16,116	15,957
Cost of sales		(4,668)	(4,629)
Gross profit		11,448	11,328
Other income and loss, net	5	(18,419)	61
General and administrative expenses		(16,421)	(35,286)
Finance costs	6	(7,299)	(229)
Loss on disposal of subsidiaries	20	(220)	–
LOSS BEFORE TAX	7	(30,911)	(24,126)
Income tax expense	8	–	–
LOSS FOR THE PERIOD		(30,911)	(24,126)
Attributable to:			
Owners of the Company		(30,911)	(24,126)
		HK cents	HK cents (Restated)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
– Basic and diluted	9	(6.96)	(5.43)
Dividend	10	–	–

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(30,911)	(24,126)
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	2,084	(2,303)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	2,084	(2,303)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(28,827)	(26,429)
Attributable to:		
Owners of the Company	(28,827)	(26,429)



CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	915	926
Investment properties	12	8,580	27,169
Right-of-use assets		1,111	1,201
Equity investment designated at fair value through other comprehensive income	13	5,470	5,470
Deferred tax assets		446	451
Long-term deposits		219	216
Total non-current assets		16,741	35,433
CURRENT ASSETS			
Finance lease receivables		–	–
Inventories		85,317	84,392
Trade and bills receivables	14	30,759	30,519
Prepayments, other receivables and other assets	15	47,856	48,748
Loans receivables		–	–
Cash and cash equivalents	16	26,979	28,499
Total current assets		190,911	192,158
CURRENT LIABILITIES			
Trade payables	17	99,947	99,947
Other payables and accruals	18	25,766	27,141
Borrowings		135,871	124,715
Lease liabilities		674	564
Amount due to a shareholder		92,774	92,790
Tax payables		8,937	9,764
Total current liabilities		363,969	354,921
NET CURRENT LIABILITIES		(173,058)	(162,763)
TOTAL ASSETS LESS CURRENT LIABILITIES		(156,317)	(127,330)
NON-CURRENT LIABILITIES			
Lease liabilities		495	655
NET LIABILITIES		(156,812)	(127,985)
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	44,429	44,429
Other reserves		137,642	135,558
Accumulated losses		(338,883)	(307,972)
Capital deficiency		(156,812)	(127,985)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total equity/ (capital deficiency) HK\$'000
Balance at 1 January 2024 (Audited)	37,025	102,855	(142,859)	(2,979)
Loss for the period	–	–	(24,126)	(24,126)
Other comprehensive loss for the period:				
Exchange differences on translation	–	(2,303)	–	(2,303)
Total comprehensive loss for the period	–	(2,303)	(24,126)	(26,429)
Placing of new shares (Note)	7,404	34,063	–	41,467
Transaction costs attributable to placing of new shares (Note)	–	(1,244)	–	(1,244)
Balance at 30 June 2024 (Unaudited)	44,429	133,371	(166,985)	10,815
Balance at 1 January 2025 (Audited)	44,429	135,558	(307,972)	(127,985)
Loss for the period	–	–	(30,911)	(30,911)
Other comprehensive income for the period:				
Exchange differences on translation	–	2,084	–	2,084
Total comprehensive income/(loss) for the period	–	2,084	(30,911)	(28,827)
Balance at 30 June 2025 (Unaudited)	44,429	137,642	(338,883)	(156,812)

Note:

On 22 December 2023, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place of a maximum of 74,049,028 placing shares to independent investors at a price of HK\$0.56 per share. The placing was completed on 17 January 2024 pursuant to which the Company has allotted and issued 74,049,028 placing shares. The net proceeds derived from the placing amounted to approximately HK\$40,223,000 and resulted in the increase in share capital of approximately HK\$7,404,000 and share premium of approximately HK\$34,063,000, net of transaction costs of approximately HK\$1,244,000.



CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities	<u>(6,038)</u>	<u>(37,814)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interests received	<u>9</u>	<u>26</u>
Net cash generated from investing activities	<u>9</u>	<u>26</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(50)	(1,579)
Proceeds from placing of new shares	–	41,467
Transaction costs attributable to placing of new shares	–	(1,244)
Drawn down of loans from other financial institutions	25,740	–
Repayment of loans from other financial institutions	<u>(21,840)</u>	<u>–</u>
Net cash generated from financing activities	<u>3,850</u>	<u>38,644</u>
Net (decrease)/increase in cash and cash equivalents	(2,179)	856
Cash and cash equivalents at 1 January	28,499	69,107
Effect of foreign exchange rate changes, net	<u>659</u>	<u>(2,279)</u>
Cash and cash equivalents at 30 June	<u><u>26,979</u></u>	<u><u>67,684</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Sky Blue 11 Company Limited (the “**Company**”) was incorporated in Bermuda as an investment holding company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business in Hong Kong is Suite 3902, 39/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

During the period, the Company and its subsidiaries (collectively referred hereinafter as the “**Group**”) were principally engaged in (i) the design and sales of integrated circuits and semi-conductor parts, (ii) executive jet management services, and (iii) manufacturing and sales of yachts and other yacht related businesses.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange.

Material Uncertainty Related to Going Concern

The Group recorded a loss of approximately HK\$30,911,000 for the six months ended 30 June 2025, and, as of that date, the Group’s net current liabilities and net liabilities amounted to approximately HK\$173,058,000 and HK\$156,812,000, respectively. Further, as at 30 June 2025, the Group’s cash in frozen bank account amounted to approximately RMB5,633,000, equivalent to approximately HK\$6,164,000. The Group’s current liabilities were mainly borrowings from third parties and amount due to a shareholder amounting to HK\$135,871,000 and HK\$92,774,000, respectively. The conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Notwithstanding this fact, the board of directors considers it is appropriate to prepare the condensed consolidated interim financial statements on a going concern basis as the Group is expected to have sufficient financial resources to meet its obligations as they fall due for at least the next fifteen months based on its projected cash flow forecasts. The directors of the Company have reviewed the financial position of the Group as at 30 June 2025, including its working capital and bank and cash balances, together with the projected cash flow forecasts for the next fifteen months and the directors of the Company consider that the Group is financial viable to continue as a going concern. In addition, the Group can also improve its financial position, immediate liquidity and cash flows, by adopting the following measures:

1. the Group will carefully monitor and control administrative costs and future capital expenditures;
2. the Group has been able to roll over the borrowings from existing credit for most of its short-term interest-bearing borrowings upon their maturity historically, the Group will continue to do so for the foreseeable future;



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

Material Uncertainty Related to Going Concern *(Continued)*

3. a shareholder of the Group has agreed to provide financial support for the continuing operations of the Company so as to enable it to meet its liabilities when they fall due for the foreseeable future and not call for any repayment of amount due to a shareholder until the Group is in a financial position to do so; and
4. the directors of the Company have carried out a detail review of the working capital forecast of the Group for not less than fifteen months from the period end date, which took into account the projected future working capital of the Group.

The basis of preparation and accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2024, except for the adoption of HKFRS Accounting Standard for the first time for the current period's financial statements:

Amendments to HKFRS 21

Lack of Exchangeability

The adoption of the above amended HKFRS Accounting Standard has had no significant financial effect on the Group's unaudited condensed consolidated interim financial information.

The Group has not early applied any new and amended HKFRS Accounting Standards that have been issued but are not yet effective in this unaudited condensed consolidated interim financial statements. However, the Group is in the process of making an assessment of the impact of the new and amended HKFRS Accounting Standards upon initial application, but is not yet in a position to state whether these new and amended HKFRS Accounting Standards would have a significant impact on the Group's results of operations and financial position.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. ESTIMATES

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

4. OPERATING SEGMENT INFORMATION

For management's purpose, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- (i) design and sales of integrated circuits and semi-conductor parts used in industrial and household measuring tools and display products ("**Design and sales of integrated circuits**");
- (ii) executive jet management services ("**Executive jet management**");
- (iii) manufacturing and sales of yachts and other yacht related businesses ("**Yacht businesses**");
- (iv) property investment; and
- (v) the "Headquarter and others" segment comprises principally the Group's corporate administrative and investment functions performed by headquarter and provision of finance lease services.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Design and sales of integrated circuits (Unaudited) HK\$'000	Executive jet management (Unaudited) HK\$'000	Yacht businesses (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Headquarter and others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
For the six months ended						
30 June 2025						
Revenue from external customers	16,116	-	-	-	-	16,116
Operating loss	(464)	-	(95)	(18,589)	(11,772)	(30,920)
Interest income	9	-	-	-	-	9
Loss before income tax	(455)	-	(95)	(18,589)	(11,772)	(30,911)
Income tax expense	-	-	-	-	-	-
Loss for the period	(455)	-	(95)	(18,589)	(11,772)	(30,911)
Other segment information:						
Depreciation of property, plant and equipment	(27)	-	-	-	-	(27)
Depreciation of right-of-use assets	(265)	-	-	-	-	(265)
Fair value loss on investment properties	-	-	-	(18,589)	-	(18,589)
Loss on disposal of subsidiaries	-	-	-	-	(220)	(220)
As at 30 June 2025						
Segment assets	34,706	21,616	130,267	8,580	12,483	207,652
Segment liabilities	5,607	2,520	104,210	-	252,127	364,464

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Design and sales of integrated circuits (Unaudited) HK\$'000	Executive jet management (Unaudited) HK\$'000	Yacht businesses (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Headquarter and others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
For the six months ended						
30 June 2024						
Revenue from external customers	15,957	–	–	–	–	15,957
Operating loss	(168)	(30)	(14,331)	(30)	(9,593)	(24,152)
Interest income	19	–	–	–	7	26
Loss before income tax	(149)	(30)	(14,331)	(30)	(9,586)	(24,126)
Income tax expense	–	–	–	–	–	–
Loss for the period	(149)	(30)	(14,331)	(30)	(9,586)	(24,126)
Other segment information:						
Depreciation of property, plant and equipment	86	–	–	–	47	133
Depreciation of right-of-use assets	291	–	176	–	796	1,263
Impairment of financial assets	–	–	11,996	–	–	11,996
As at 30 June 2024						
Segment assets	34,132	17,162	258,353	28,901	12,581	351,129
Segment liabilities	6,045	2,520	120,746	–	211,003	340,314

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. OTHER INCOME AND LOSS, NET

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	9	26
Fair value loss on investment properties (note 12)	(18,589)	–
Sundry income	161	35
	<u>(18,419)</u>	<u>61</u>

6. FINANCE COSTS

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
Lease liabilities	33	229
Other loans	7,266	–
	<u>7,299</u>	<u>229</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold*	4,668	4,629
Depreciation of property, plant and equipment	27	133
Depreciation of right-of-use assets	265	1,263
Employee benefit expenses (including directors' remuneration):		
Salaries, allowances and benefits in kind	10,121	13,980
Pension scheme contributions	317	772
	10,438	14,752
Interest income	(9)	(26)
Impairment losses of trade and bills receivables [#]	–	11,996

* Included in "Cost of sales" in the condensed consolidated interim statement of profit or loss.

[#] Included in "General and administrative expenses" in the condensed consolidated interim statement of profit or loss.

8. INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda. Hong Kong profits tax has been provided at the rate of 8.25% on the first HK\$2,000,000 estimated assessable profits arising in Hong Kong and 16.5% on such profits above HK\$2,000,000 during the period. Taxes on assessable profits for the subsidiaries in the People's Republic of China (the "PRC") are provided at the Enterprise Income Tax rate of 25%.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the periods ended 30 June 2025 and 2024.

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	–	–

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic and diluted loss per share are based on:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss attributable to ordinary equity holders of the Company used in the basic and diluted loss per share calculation	30,911	24,126
	Number of shares	
	For the six months ended 30 June	
	2025	2024
	'000	'000
		(Restated)
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	444,294	444,294
	HK cents	HK cents
Basic and diluted loss per share	6.96	5.43

The weighted average number of ordinary shares in issue has taken into account of the effect on placing of new shares (note 19) as if the placing of new shares had occurred at 1 January 2024, the beginning of the earliest period reported.

The Company has not issued any potentially diluted ordinary shares during the periods ended 30 June 2025 and 2024.

10. DIVIDEND

No interim dividend was paid or proposed during the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2025, the Group did not acquire any property, plant and equipment (six months ended 30 June 2024: nil).

12. INVESTMENT PROPERTIES

	Completed Investment Properties HK\$'000
FAIR VALUE	
At 1 January 2024 (audited)	28,901
Decrease in fair value recognised in profit or loss	<u>(1,732)</u>
At 31 December 2024 and 1 January 2025 (audited)	27,169
Decrease in fair value recognised in profit or loss	<u>(18,589)</u>
At 30 June 2025 (unaudited)	<u><u>8,580</u></u>

The Group's investment properties comprise a leasehold land with certain apartment buildings in the Island of Saipan. The directors of the Company have determined that the Group's investment properties are solely the leasehold land, based on the nature, characteristics and risk of each property.

The investment properties were revalued on a market value basis as at 31 December 2024 and 30 June 2025 by Graval Consulting Limited, an independent professional qualified valuer. The management decides the appointment of the external valuer to be responsible for the valuation of the Group's investment properties. The selection criteria include market knowledge, reputation, independence and their professional standards. The management has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting purpose.

There has been no change from the valuation technique used in the prior reporting period. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Particular of the Group's investment properties is as follows:

Location	Use	Tenure	Attributable interest of the Group
Tract Number 21942-6 located in Capitol Hill, the Island of Saipan	Residential	Medium term lease	100%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. INVESTMENT PROPERTIES *(Continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Investment properties held by the Group	Valuation technique	Significant unobservable input	Range or weighted average	Relationship of input to fair value
Tract Number 21942-6 located in Capitol Hill, the Island of Saipan	Sales comparison method	Estimated market price per square feet (US\$)	13-90 (31 December 2024: 128-198)	The higher the estimated market price, the higher the fair value

Fair value of the Group's investment properties is generally derived using sales comparison method based on market comparables of similar properties.

The sales comparison method is adopted by making reference to comparable market transactions in the assessment of the fair value of the investment properties. The method rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowance for variable factors, including the transaction date, level of floor, environmental atmosphere, size of apartment and the like.

The investment properties are included in Level 3 (31 December 2024: Level 3) of the fair value hierarchy. There was no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 during the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Equity investments designated at fair value through other comprehensive income		
Unlisted investment, at fair value		
Cornerstone Securities Limited	<u>5,470</u>	<u>5,470</u>

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

14. TRADE AND BILLS RECEIVABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Trade receivables	98,838	99,749
Loss allowance	<u>(73,227)</u>	<u>(73,227)</u>
	<u>25,611</u>	<u>26,522</u>
Bills receivables	5,255	4,104
Loss allowance	<u>(107)</u>	<u>(107)</u>
	<u>5,148</u>	<u>3,997</u>
Trade and bills receivables	<u><u>30,759</u></u>	<u><u>30,519</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. TRADE AND BILLS RECEIVABLES *(Continued)*

Trade receivables

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

The ageing analysis of trade receivables as at the end of the reporting period, based on invoice or delivery dates and net of loss allowance, is as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 1 month	72	4,947
More than 1 month but less than 3 months	17	–
More than 3 months	25,522	21,575
	25,611	26,522

Bills receivables

The maturity dates of the Group's bills receivables as at the end of the reporting period are as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 1 month	766	526
More than 1 month but less than 3 months	2,108	1,473
More than 3 months but less than 6 months	2,274	736
More than 6 months but within 1 year	–	1,262
	5,148	3,997

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Prepayments (note)	42,430	41,982
Deposits and other receivables	10,415	11,815
Loss allowance	(4,770)	(4,833)
	48,075	48,964
Less: non-current portion	219	216
Current portion	47,856	48,748

Note:

Included in prepayments are mainly the payments to Liaoning Jinlong Mega Yacht Manufacturing Co. Limited ("Jinlong"), one of the suppliers of the Group, in relation to three semi-finished yachts. In April 2022, Balk Hainan and Jinlong entered into three contracts to purchase three semi-finished yachts at a total consideration of RMB73,390,000 (equivalent to approximately HK\$90,082,000) of which the Company paid RMB35,500,000 (equivalent to approximately HK\$42,130,000) in May 2022. As the three semi-finished yachts supplied by Jinlong failed to pass the quality control tests conducted by Balk Yacht (Hainan) Limited, RMB37,890,000 (equivalent to approximately HK\$41,463,000) was not yet settled. On 3 September 2024, the remaining balance of the consideration of RMB37,890,000 (equivalent to approximately HK\$41,463,000) was withdrawn by Intermediate People's Court of Huludao Municipality, Liaoning Province. The Group is still entitled to claim the prepayments from Jinlong before Jinlong passes the quality control tests.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. CASH IN BANKS

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Cash and cash equivalents	20,815	22,416
Cash in frozen bank accounts	6,164	6,083
	26,979	28,499

As at 30 June 2025, the cash in banks of the Group's subsidiary in the PRC denominated in Renminbi ("RMB") amounted to HK\$26,555,000 (31 December 2024: HK\$28,065,000). The RMB is not freely convertible into other currencies, however, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

A cash deposit of approximately RMB5,633,000 (31 December 2024: approximately RMB5,633,000), equivalent to approximately HK\$6,164,000 (31 December 2024: approximately HK\$6,083,000), maintained in one of the bank accounts of the Group 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 in the PRC on 11 April 2023 (the "**Ruling**"). Such Ruling was against one of the suppliers of the Group, namely Liaoning Jinlong Mega Yacht Manufacturing Co. Limited, for its failure to repay a loan borrowed from a bank in the PRC. For more details, please refer to the announcement of the Company dated 28 April 2023. As of the date of this report, the Group's legal adviser is still dealing with the above-mentioned matter, and there is no new progress for the time being.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on invoice date, is as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
More than 3 months	<u>99,947</u>	<u>99,947</u>

The trade payables are non-interest bearing and are normally settled within 30 to 90 days.

18. OTHER PAYABLES AND ACCRUALS

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Accruals	8,829	10,328
Contract liabilities (note a)	180	777
Other payables (note b)	<u>16,757</u>	<u>16,036</u>
	<u>25,766</u>	<u>27,141</u>

Notes:

(a) Details of contract liabilities are as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
<i>Short-term advances received from customers</i>		
Sales of integrated circuits	<u>180</u>	<u>777</u>

(b) Other payables are unsecured, interest-free and have an average term of one month.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19. SHARE CAPITAL

	Number of shares '000	Share Capital HK\$'000
Ordinary Shares of HK\$0.1 each		
Authorised:		
At 1 January 2024, 31 December 2024, 1 January 2025 (Audited) and 30 June 2025 (Unaudited)	1,000,000	100,000
Issued and fully paid:		
At 1 January 2024 (Audited)	370,245	37,025
Placing of new shares (note)	74,049	7,404
At 31 December 2024, 1 January 2025 (Audited) and 30 June 2025 (Unaudited)	444,294	44,429

Note:

On 22 December 2023, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 74,049,028 placing shares to independent investors at a price of HK\$0.56 per share. The placing was completed on 17 January 2024, pursuant to which the Company has allotted and issued 74,049,028 placing shares. The net proceeds derived from the placing amounted to approximately HK\$40,223,000 and resulted in the increase in share capital of approximately HK\$7,404,000 and share premium of approximately HK\$34,063,000, net of transaction costs of approximately HK\$1,244,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

20. DISPOSAL OF SUBSIDIARIES

On 17 February 2025, the Group entered into a sale and purchase agreement with an independent third party for the disposal of the entire equity interest in Pacray Corporate Services Group Limited, a wholly-owned subsidiary of the Group, and its subsidiary ("**Pacray Group**"), for a consideration of HK\$1. Pacray Group was engaged in provision of management services to the Group. This transaction was completed on 28 February 2025.

Net assets of Pacray Group as at the date of disposal were as follows:

	28 February 2025 (Unaudited) HK\$'000
Prepayments, other receivables and other assets	220
Loss on disposal of subsidiaries	(220)
Total consideration satisfied by cash	–
Total consideration consists of:	
Cash consideration	–
Net cash inflow arising on disposal:	
Cash consideration	–

21. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these condensed consolidated interim financial statements, the Group entered into the following material transactions with related parties during the six months ended 30 June 2025.

(a) Key management personnel compensation

Key management includes directors (executive and non-executive) and a senior management. The compensation paid or payable to key management for employee services is shown below:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Basic salaries and allowances and benefits in kind	676	2,674

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Other than the equity investments designated at fair value through other comprehensive income as disclosed in note 13 to the condensed consolidated interim financial statements, all financial assets and liabilities of the Group as at 30 June 2025 and 31 December 2024 were financial assets and financial liabilities at amortised cost, respectively.

Management has assessed that the fair values of cash and cash equivalents, loans receivables, financial assets included in prepayments, other receivables and other assets, trade and bills receivables, finance lease receivables, long term deposits, trade and other payables, borrowings, lease liabilities, and amount due to a shareholder approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the board of directors and the Audit Committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the board of directors. The valuation process and results are discussed with the Audit Committee twice a year for interim and annual financial reporting.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement			Total HK\$'000
	Quoted prices in active markets Level 1 HK\$'000	Significant observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	
At 30 June 2025 (Unaudited)				
Equity investments designated at fair value through other comprehensive income	-	-	5,470	5,470
As at 31 December 2024 (Audited)				
Equity investments designated at fair value through other comprehensive income	-	-	5,470	5,470

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The Group did not have any financial liabilities measured at fair value as at 30 June 2025 and 31 December 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23. COMPARATIVE INFORMATION

Certain comparative figures have been restated to conform with the current period's presentation.

24. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This condensed consolidated interim financial statements was approved and authorised for issue by the board of directors of the Company on 28 August 2025.

