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Sky Blue 11 Company Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1010)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2026

The board (the “**Board**”) of directors (the “**Directors**”) of Sky Blue 11 Company Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively referred hereinafter as the “**Group**”) for the eighteen months ended 30 June 2026, together with the comparative figures for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2026

		Eighteen months ended 30 June 2026 HK\$'000	Year ended 31 December 2024 HK\$'000
	<i>Notes</i>		
REVENUE	5	49,318	36,034
Cost of sales		(14,268)	(14,408)
Gross profit		35,050	21,626
Other income and losses, net	6	(18,141)	(1,386)
General and administrative expenses		(54,019)	(39,449)
Finance costs	7	(24,556)	(16,024)
Loss on disposal of subsidiaries		(220)	–
Impairment of financial assets, net		(404)	(69,616)
Impairment of non-financial assets, net		(3,258)	(59,716)
LOSS BEFORE TAX	8	(65,548)	(164,565)
Income tax expense	9	(188)	(548)
LOSS FOR THE PERIOD/YEAR		(65,736)	(165,113)
ATTRIBUTABLE TO:			
Owners of the Company		(65,736)	(165,113)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
– Basic and diluted	11	HK cents (14.80)	HK cents (37.45)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2026

	Eighteen months ended 30 June 2026 HK\$'000	Year ended 31 December 2024 HK\$'000
LOSS FOR THE PERIOD/YEAR	<u>(65,736)</u>	<u>(165,113)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	10,278	(1,226)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments designated at fair value through other comprehensive income	<u>570</u>	<u>1,110</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD/YEAR, NET OF TAX	<u>10,848</u>	<u>(116)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR	<u>(54,888)</u>	<u>(165,229)</u>
Attributable to:		
Owners of the Company	<u>(54,888)</u>	<u>(165,229)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

		30 June 2026 HK\$'000	31 December 2024 HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		907	926
Investment properties		7,379	27,169
Right-of-use assets		379	1,201
Equity investment designated at fair value through other comprehensive income		6,040	5,470
Deferred tax assets		285	451
Long-term deposits		–	216
Total non-current assets		14,990	35,433
CURRENT ASSETS			
Finance lease receivables		–	–
Inventories		84,590	84,392
Trade and bills receivables	<i>12</i>	28,037	30,519
Prepayments, other receivables and other assets	<i>13</i>	52,737	48,748
Loans receivables		–	–
Cash and bank balances	<i>14</i>	28,612	28,499
Total current assets		193,976	192,158
CURRENT LIABILITIES			
Trade payables	<i>15</i>	106,805	99,947
Other payables and accruals	<i>16</i>	29,046	27,141
Borrowings		153,949	124,715
Lease liabilities		413	564
Amount due to a shareholder		92,705	92,790
Tax payables		8,921	9,764
Total current liabilities		391,839	354,921
NET CURRENT LIABILITIES		(197,863)	(162,763)
TOTAL ASSETS LESS CURRENT LIABILITIES		(182,873)	(127,330)
NON-CURRENT LIABILITIES			
Lease liabilities		–	655
NET LIABILITIES		(182,873)	(127,985)
EQUITY			
Equity attributable to owners of the Company			
Share capital		44,429	44,429
Other reserves		146,406	135,558
Accumulated losses		(373,708)	(307,972)
Capital deficiency		(182,873)	(127,985)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2026

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 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Richmond House, 12 Par-la-Ville Road, Hamilton HM 08, Bermuda, effective from 23 July 2026. The address of its principal place of business in Hong Kong is Suite 3902, 39/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, effective from 21 November 2024.

Pursuant to the special resolution by the shareholders passed on 11 January 2024, the Certificate of Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 17 January 2024. Hence, the English name of the Company has been changed from “Balk 1798 Group Limited” to “Sky Blue 11 Company Limited” and the Chinese name “天璽曜11有限公司” has been adopted in place of “巴克1798集團有限公司” with effect from 17 January 2024.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) is 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.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

Change of Financial Year-End Date

On 24 December 2025, the Company has resolved to change the financial year-end date of the Company from 31 December to 30 June. Accordingly, the current financial period covers a period of eighteen months from 1 January 2025 to 30 June 2026. The comparative figures cover a period of twelve months from 1 January 2024 to 31 December 2024, which may not be comparable with amounts shown for the current period.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Material Uncertainty Related to Going Concern

The Group recorded a loss of approximately HK\$65,736,000 for the eighteen months ended 30 June 2026, and, as of that date, the Group's net current liabilities and net liabilities amounted to approximately HK\$197,863,000 and HK\$182,873,000, respectively. Further, as at 30 June 2026, the Group's cash in frozen bank account amounted to approximately RMB5,613,000, equivalent to approximately HK\$6,463,000. The Group's current liabilities were mainly borrowings from third parties and amount due to a shareholder amounting to HK\$153,949,000 and HK\$92,705,000, respectively. The condition indicates 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 (the “**Directors**”) consider it is appropriate to prepare the consolidated 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 2026, including its working capital and cash and bank 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;
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.

3 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current period

In the current period, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA which are effective for the Group's financial period beginning on 1 January 2025:

Amendments to HKAS 21	<i>Lack of Exchangeability</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i>
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>

The application of the amendments to HKFRS Accounting Standards in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards issued but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency¹</i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements¹</i>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures¹</i>

¹ Effective for annual periods beginning on or after 1 January 2027.

² Effective date to be determined.

3 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES (Continued)

New and amendments to HKFRS Accounting Standards issued but not yet effective (Continued)

The directors of the Company are in the process of making an assessment of what the impacts of these new and amendments to standards are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18 “Presentation and Disclosure in Financial Statements” (“HKFRS 18”)

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and disclosures of the consolidated financial statements.

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;
- (ii) executive jet management services;
- (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 the headquarter and provision of finance lease services.

4 OPERATING SEGMENT INFORMATION (Continued)

These main operations are the basis on which the management identifies the primary segment information.

The management regularly reviews the basis in order to make decisions about resources to be allocated to the segment and assess its performance.

	Design and sales of integrated circuits <i>HK\$'000</i>	Executive jet management <i>HK\$'000</i>	Yacht businesses <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Headquarter and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Eighteen months ended 30 June 2026						
Revenue from external customers	<u>49,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,318</u>
Operating loss	(643)	(367)	(10,350)	(19,790)	(34,418)	(65,568)
Interest income	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
Loss before income tax	<u>(623)</u>	<u>(367)</u>	<u>(10,350)</u>	<u>(19,790)</u>	<u>(34,418)</u>	<u>(65,548)</u>
Other segment information:						
Depreciation of property, plant and equipment	(84)	-	-	-	-	(84)
Depreciation of right-of-use assets	(864)	-	-	-	-	(864)
Fair value losses on investment properties	-	-	-	(19,790)	-	(19,790)
Provision for impairment of inventories, net	(110)	-	(2,969)	-	-	(3,079)
Provision for impairment of prepayments	-	-	(179)	-	-	(179)
(Provision for)/reversal of impairment of financial assets, net	(95)	(367)	(16)	-	74	(404)
Finance costs	<u>(73)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,483)</u>	<u>(24,556)</u>
Capital expenditure*	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
Segment assets	<u>36,892</u>	<u>21,249</u>	<u>134,140</u>	<u>7,380</u>	<u>9,305</u>	<u>208,966</u>
Segment liabilities	<u>6,621</u>	<u>2,520</u>	<u>129,730</u>	<u>-</u>	<u>252,968</u>	<u>391,839</u>

4 OPERATING SEGMENT INFORMATION (Continued)

	Design and sales of integrated circuits <i>HK\$'000</i>	Executive jet management <i>HK\$'000</i>	Yacht businesses <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Headquarter and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2024						
Revenue from external customers	<u>31,034</u>	<u>–</u>	<u>5,000</u>	<u>–</u>	<u>–</u>	<u>36,034</u>
Operating (loss)/profit	(176)	4,747	(139,882)	(1,762)	(27,626)	(164,699)
Interest income	<u>36</u>	<u>–</u>	<u>68</u>	<u>–</u>	<u>30</u>	<u>134</u>
(Loss)/profit before income tax	<u>(140)</u>	<u>4,747</u>	<u>(139,814)</u>	<u>(1,762)</u>	<u>(27,596)</u>	<u>(164,565)</u>
Other segment information:						
Depreciation of property, plant and equipment	(85)	–	–	–	(86)	(171)
Depreciation of right-of-use assets	(590)	–	(205)	–	(886)	(1,681)
Fair value losses on investment properties	–	–	–	(1,732)	–	(1,732)
Provision for impairment of inventories	(1,119)	–	(57,538)	–	–	(58,657)
Provision for impairment of prepayments	–	–	(1,059)	–	–	(1,059)
Reversal of/(provision for) impairment of financial assets, net	85	4,784	(72,935)	–	(1,550)	(69,616)
Finance costs	<u>(22)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(16,002)</u>	<u>(16,024)</u>
Capital expenditure*	<u>1,152</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,152</u>
Segment assets	<u>35,321</u>	<u>21,616</u>	<u>128,546</u>	<u>27,169</u>	<u>14,939</u>	<u>227,591</u>
Segment liabilities	<u>6,331</u>	<u>2,520</u>	<u>122,430</u>	<u>–</u>	<u>224,295</u>	<u>355,576</u>

* For the eighteen months ended 30 June 2026, capital expenditure consists of additions to property, plant and equipment (year ended 31 December 2024: property, plant and equipment and right-of-use assets).

4 OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

	Eighteen months ended 30 June 2026 HK\$'000	Year ended 31 December 2024 HK\$'000
The People's Republic of China (the "PRC")	49,318	36,034

The revenue information above is based on the locations of the operations of the relevant business units.

(b) Non-current assets

	30 June 2026 HK\$'000	31 December 2024 HK\$'000
The PRC	1,286	2,343
Saipan	7,379	27,169
	8,665	29,512

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets and equity investments designated at fair value through other comprehensive income ("FVTOCI").

5 REVENUE

	Eighteen months ended 30 June 2026 HK\$'000	Year ended 31 December 2024 HK\$'000
<i>Revenue from contracts with customers</i>		
Sales of integrated circuits	49,318	31,034
Sales of semi-finished yachts	<u>–</u>	<u>5,000</u>
	<u>49,318</u>	<u>36,034</u>

6 OTHER INCOME AND LOSSES, NET

	Eighteen months ended 30 June 2026 HK\$'000	Year ended 31 December 2024 HK\$'000
Fair value losses on investment properties	(19,790)	(1,732)
Losses on disposal of financial assets measured at fair value through profit or loss (“FVTPL”)	–	(67)
Gain on early termination of a leasing contract	–	330
Government grants (<i>note a</i>)	7	31
Interest income	20	134
Losses on deregistration of subsidiaries	–	(3)
Losses on disposal of property, plant and equipment	–	(146)
Research and development income	114	–
Infringement compensation income	1,346	–
Sundry income	<u>162</u>	<u>67</u>
	<u>(18,141)</u>	<u>(1,386)</u>

Note:

- (a) The amount mainly represented the unconditional subsidies received from the local governments where the Group entities were located for encouragement of business development activities in the local areas.

7 FINANCE COSTS

	Eighteen months ended 30 June 2026 HK\$'000	Year ended 31 December 2024 HK\$'000
Interests on:		
Lease liabilities	76	222
Other loans	24,480	15,802
	24,556	16,024

8 LOSS BEFORE TAX

The Group's loss before tax was arrived at after charging:

	Eighteen months ended 30 June 2026 HK\$'000	Year ended 31 December 2024 HK\$'000 (Restated)
Cost of inventories sold	14,268	14,240
Depreciation expense on property, plant and equipment	84	171
Depreciation expense on right-of-use assets	864	1,681
Auditor's remuneration		
– Audit services	800	800
– Other services	220	160
Directors' and chief executive's remuneration	1,527	2,228
Employee benefits expenses (excluding directors' and chief executive's remuneration):		
Salaries, allowances and benefits in kind	29,635	24,615
Pension scheme contributions	1,105	915
	30,740	25,530
Foreign exchange difference, net	7,059	215
Impairment of trade and bills receivables, net [#]	379	67,516
Impairment of other receivables and other assets, net [#]	25	2,100
Provision for impairment of inventories, net*	3,079	58,657
Provision for impairment of prepayments*	179	1,059

[#] Included in "Impairment of financial assets, net" in the consolidated statement of profit or loss.

* Included in "Impairment of non-financial assets, net" in the consolidated statement of profit or loss.

9 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/year. Taxes on assessable profits for the PRC subsidiaries are provided at the Enterprise Income Tax rate of 25% and Special Enterprise Income Tax rate of 15%.

	Eighteen months ended 30 June 2026 HK\$'000	Year ended 31 December 2024 HK\$'000
Current tax:		
– PRC Enterprise Income Tax	–	500
	–	500
Under-provision in prior years – PRC Enterprise Income Tax	–	150
Current tax	–	650
Deferred tax	188	(102)
Total tax charge for the period/year	<u>188</u>	<u>548</u>

10 DIVIDEND

No dividend was paid or proposed during the eighteen months ended 30 June 2026 (year ended 31 December 2024: Nil) nor has any dividend been proposed since the end of the reporting period (year ended 31 December 2024: Nil).

11 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic and diluted loss per share attributable to the owners of the company is based on the following data:

	Eighteen months ended 30 June 2026 HK\$'000	Year ended 31 December 2024 HK\$'000
Loss attributable to owners of the Company	<u>(65,736)</u>	<u>(165,113)</u>

	Number of shares Eighteen months ended 30 June 2026 '000	Year ended 31 December 2024 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share <i>(note a)</i>	<u>444,294</u>	<u>440,855</u>

Notes:

- (a) The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted for the share placing on 17 January 2024.
- (b) The Group has not issued any potentially dilutive ordinary shares during the eighteen months ended 30 June 2026 and year ended 31 December 2024.

12 TRADE AND BILLS RECEIVABLES

	30 June 2026 <i>HK\$'000</i>	31 December 2024 <i>HK\$'000</i>
Trade receivables	94,749	99,749
Loss allowance	<u>(73,541)</u>	<u>(73,227)</u>
	<u>21,208</u>	<u>26,522</u>
Bills receivables	7,001	4,104
Loss allowance	<u>(172)</u>	<u>(107)</u>
	<u>6,829</u>	<u>3,997</u>
Trade and bills receivables	<u><u>28,037</u></u>	<u><u>30,519</u></u>

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

	30 June 2026 <i>HK\$'000</i>	31 December 2024 <i>HK\$'000</i>
Within 1 month	–	4,947
More than 1 month but less than 3 months	–	–
More than 3 months	<u>21,208</u>	<u>21,575</u>
	<u><u>21,208</u></u>	<u><u>26,522</u></u>

13 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June	31 December
	2026	2024
	HK\$'000	HK\$'000
Prepayments	43,725	41,982
Deposits and other receivables	14,049	11,815
Loss allowance	(5,037)	(4,833)
	52,737	48,964
Less: non-current portion	–	216
Current portion	52,737	48,748

14 CASH AND BANK BALANCES

	30 June	31 December
	2026	2024
	HK\$'000	HK\$'000
Cash and cash equivalents	22,149	22,416
Cash in frozen bank account	6,463	6,083
	28,612	28,499

As at 30 June 2026, the cash and bank balances of the Group's subsidiary in the PRC denominated in Renminbi ("RMB") amounted to approximately HK\$28,076,000 (31 December 2024: approximately 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 to other currencies through banks authorised to conduct foreign exchange business.

14 CASH AND BANK BALANCES (Continued)

These bank deposits were 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**"), which 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. On 3 September 2024, RMB37,890,000 (equivalent to approximately HK\$40,917,000) was withdrawn by the Intermediate People's Court of Huludao Municipality, Liaoning Province. The remaining balance in the same bank account remains frozen subject to further court procedures to unfreeze the account. The frozen cash deposits decreased from RMB5,633,000 (equivalent to approximately HK\$6,083,000) as at 31 December 2024 to RMB5,613,000 (equivalent to approximately HK\$6,463,000) as at 30 June 2026. As of the date of this announcement, the Group's legal adviser is still dealing with the remaining frozen amount, and no further significant progress has been made regarding the residual balance.

Cash at banks and time deposits earn interest at floating rate based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

15 TRADE PAYABLES

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

	30 June 2026 HK\$'000	31 December 2024 HK\$'000
More than 3 months	<u>106,805</u>	<u>99,947</u>

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

16 OTHER PAYABLES AND ACCRUALS

	30 June 2026 <i>HK\$'000</i>	31 December 2024 <i>HK\$'000</i>
Accruals	10,072	10,328
Contract liabilities	183	777
Other payables	<u>18,791</u>	<u>16,036</u>
	<u>29,046</u>	<u>27,141</u>

The other payables are unsecured, interest-free and have an average term of one month.

17 COMPARATIVE INFORMATION

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

During the eighteen months ended 30 June 2026, the principal businesses of the Group were i) the design and sales of integrated circuits and semiconductors parts, ii) executive jet management, and iii) manufacturing and sales of yachts and other yachts related businesses.

Looking back the period, the global macroeconomic environment remained highly complex and volatile, shaped by geopolitical tensions, supply chain disruptions, commodity inflation, and continued uncertainty in global trade and monetary policy. When facing uncertainties on the economic outlook, consumer confidence remained weak and the consumer mood was anxious, cautious, and highly value-driven. As a result, the financial performance, especially on the business segments of the executive jet management and yacht businesses of the Group, was inevitably affected.

In response to the complicated and unpredictable business environment during the period, 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.

On 24 December 2025, the Company's financial year-end date has been changed from December 31 to June 30. As a result, the current reporting period covers eighteen months, from 1 January 2025 to 30 June 2026.

It is important to note that the financial data presented here is being compared to the previous financial year 2024, which covered a year ended 31 December 2024 (i.e. 12-month period). When making year-on-year comparisons, the difference in duration between these two financial periods should be taken into account.

For the eighteen months ended 30 June 2026, the Group recorded a revenue approximately HK\$49.3 million (twelve months ended 31 December 2024: approximately HK\$36.0 million). No yacht was sold during the eighteen months ended 30 June 2026 (twelve months ended 31 December 2024: approximately HK\$5 million). According to the Sales Market Report by IYC Yachts, the global yacht sales market experienced a continued decline during the eighteen months ended 30 June 2026. Overall yachts sales volume was down by 6% in 2025 and 8% in first half of 2026, respectively as compared with last relevant periods due to inventory levels increased that creating a buyer-driven market. Customers shifted focus toward the yacht with excellent condition and complete maintenance records. Also, business confidence remained pessimistic in Hong Kong and the People's Republic of China (the “**PRC**”) sent the Group faced challenges in the yacht sales. 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 sales volume to further decrease. As a result, the Group recorded a revenue of approximately HK\$49.3 million (twelve months ended 31 December 2024: approximately HK\$36.0 million) for the eighteen months ended 30 June 2026.

General and administrative expenses were approximately HK\$54.0 million (twelve months ended 31 December 2024: approximately HK\$39.4 million) for the eighteen months ended 30 June 2026 that mainly comprised with professional fees and general office expenses. Finance costs were approximately HK\$24.6 million (twelve months ended 31 December 2024: approximately HK\$16.0 million) mainly arose from loans from third parties for the eighteen months ended 30 June 2026.

A loss for the period of approximately HK\$65.7 million (twelve months ended 31 December 2024: approximately HK\$165.1 million) was recorded for the eighteen months ended 30 June 2026, which mainly due to fair value losses on investment properties of approximately HK\$19.8 million (twelve months ended 31 December 2024: approximately HK\$1.7 million), which were non-cash in nature; and finance costs of approximately HK\$24.6 million (twelve months ended 31 December 2024: approximately HK\$16.0 million).

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 ongoing 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.

SEGMENT REVIEW

Design and sales of integrated circuit and semi-conductor parts

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.

There are mainly two types of products in integrated circuit and semi-conductor parts: caliper and microcontroller unit ("MCU"), each of the products has approximately 10 different models. The total product mix between caliper and MCU remained relatively stable during the eighteen months ended 30 June 2026.

For the eighteen months ended 30 June 2026, this segment recorded (i) a revenue of approximately HK\$49.3 million (twelve months ended 31 December 2024: approximately HK\$31.0 million); and (ii) a loss of approximately HK\$0.6 million (twelve months ended 31 December 2024: approximately HK\$0.1 million). The Management noticed that competition in the IC market was becoming more intensive as a result of rapid technological advancement, increasing production costs and evolving customers' demands and favors, which exerted further pressure on profit margins.

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 the eighteen months ended 30 June 2026 due to loss of clients and the change of their traveling behavior after the COVID-19 pandemic (twelve months ended 31 December 2024: Nil). 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.

Yacht businesses

Yacht sales experienced a challenge due to rising labor 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\$10.4 million were recorded for the eighteen months ended 30 June 2026, while revenue of approximately HK\$5.0 million and segment loss of approximately HK\$139.8 million were recorded for the twelve months ended 31 December 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 on a land parcel in 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 in Saipan was approximately 1,953 square meters within six apartment buildings containing an aggregate of 31 apartment units.

The economy 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 merely 1/5 of prior to the COVID-19 pandemic level, tourists from key markets, such as Japan and South Korea are declining due to reduce or suspend direct flight routes. The collapse in tourism deeply affects the economy of Saipan and results a dropping population and workforce according to the Department of Commerce of the Northern Mariana Islands, which includes Saipan.

In the face of rapid deteriorating economic situation, the Management conducted a specific site visit in Saipan to investigate the actual effect of the local economy on the Group's asset there during the eighteen months ended 30 June 2026. 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 approximately HK\$19.8 million to approximately HK\$7.4 million as at 30 June 2026 compared with approximately HK\$27.2 million as at 31 December 2024. For the eighteen months ended 30 June 2026, nil revenue and segment loss of approximately HK\$19.8 million were recorded, while nil revenue and segment loss of approximately HK\$1.8 million were recorded for the twelve months ended 31 December 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.

Investment holding

For the eighteen months ended 30 June 2026, the Group had the following investment:

- 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 2026, the investment in Cornerstone Securities has a fair value of approximately HK\$6.0 million (31 December 2024: approximately HK\$5.5 million), representing approximately 2.9% (31 December 2024: 2.4%) of the total assets of the Company.

For the eighteen months ended 30 June 2026, (i) no acquisition or disposal of the investment in Cornerstone Securities was conducted; and (ii) no dividend in relation to the investment in Cornerstone Securities 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 2026.

FINANCIAL REVIEW

Revenue

For the eighteen months ended 30 June 2026, the Group recorded a revenue of approximately HK\$49.3 million (twelve months ended 31 December 2024: approximately HK\$36.0 million). The revenue was principally contributed by the Group's core businesses, i.e. the design and sales of integrated circuits and semi-conductor parts.

Other income and losses, net

Net other losses was approximately HK\$18.1 million (twelve months ended 31 December 2024: approximately HK\$1.4 million) for the eighteen months ended 30 June 2026. Such significant increase was mainly due to recognition of fair value losses on investment properties of approximately HK\$19.8 million (twelve months ended 31 December 2024: approximately HK\$1.7 million), which were non-cash in nature.

General and administrative expenses

General and administrative expenses was approximately HK\$54.0 million (twelve months ended 31 December 2024: approximately HK\$39.4 million) for the eighteen months ended 30 June 2026. Such increase was mainly due to the eighteen months financial period effect.

Loss for the period

For the eighteen months ended 30 June 2026, loss for the period attributable to owners of the Company was approximately HK\$65.7 million (twelve months ended 31 December 2024: approximately HK\$165.1 million). Such improvement was mainly attributable to substantially decrease in net impairment of trade and bills receivables from approximately HK\$67.5 million for the twelve months ended 31 December 2024 to approximately HK\$0.4 million for the eighteen months ended 30 June 2026 and net provision for impairment of inventories from approximately HK\$58.7 million for the twelve months ended 31 December 2024 to approximately HK\$3.1 million for the eighteen months ended 30 June 2026. Basic loss per share attributable to ordinary equity holders of the Company was approximately HK14.80 cents (twelve months ended 31 December 2024: approximately HK37.45 cents).

Liquidity and financial resources

As at 30 June 2026, the cash and bank balances of the Group amounted to approximately HK\$28.6 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\$6.5 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 receivable issued by The People's Court of Longgang District, Huludao City in the PRC on 11 April 2023. Such Ruling was against one of the suppliers of the Group, namely Liaoning Jinlong Mega Yacht Manufacturing Co. Limited (“**Jinlong**”), 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 announcement, 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\$153.9 million (31 December 2024: approximately HK\$124.7 million) as at 30 June 2026.

Save for the above, the Group had no fund-raising activities during the eighteen months ended 30 June 2026.

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 73.7% (31 December 2024: 54.8%) as at 30 June 2026, which was attributed to the Group's net liabilities position.

Foreign currency exposure

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

Capital structure

For the eighteen months ended 30 June 2026, there was no change to the authorised share capital of the Group.

As at 1 January 2025 and 30 June 2026, the Company has issued a total of 444,294,170 shares in the par value of HK\$0.1 each. All shares are fully paid and rank pari passu with each other in all respects.

As at 30 June 2026, the shareholders' deficiency amounted to approximately HK\$182.9 million (31 December 2024: approximately HK\$128.0 million).

Pledge of assets

As at 30 June 2026, the Group did not have any pledge of assets (31 December 2024: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

Save as disclosed in this announcement, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the eighteen months ended 30 June 2026.

MATERIAL COMMITMENT

As at 30 June 2026, the Group did not have any material commitment (31 December 2024: Nil).

CONTINGENT LIABILITIES

No material contingent liabilities of the Group were noted as at 30 June 2026 (31 December 2024: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group had approximately 34 employees (31 December 2024: 36 employees). For the eighteen months ended 30 June 2026, total employee benefits expenses, including directors' and chief executive's emoluments, amounted to approximately HK\$32.3 million (twelve months ended 31 December 2024: approximately HK\$27.8 million). The remuneration packages of employees are reviewed annually with reference to market level and individual staff performance. The Group's remuneration packages include basic salaries, bonus, contributions to provident fund and medical benefits.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the eighteen months ended 30 June 2026 (twelve months ended 31 December 2024: Nil).

CORPORATE GOVERNANCE PRACTICES

For the eighteen months ended 30 June 2026, the Company complied with the code provisions as set out in Part 2 of the Corporate Governance Code (“**CG Code**”) contained in Appendix C1 to the Listing Rules except for the following deviation.

Code C.5.1 of the CG Code

Code provision C.5.1 of the CG Code provides that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. For the eighteen months ended 30 June 2026, the Company did not hold regular quarterly Board meetings as contemplated under code provision C.5.1 of the CG Code. Nevertheless, the Board held seven meetings for the eighteen months ended 30 June 2026 to consider and approve corporate and operational matters as required. The Board considers that these meetings afforded the Directors sufficient opportunity to discuss the Company’s affairs and exercise effective oversight of management, and that the objective underlying code provision C.5.1 was therefore met.

For the eighteen months ended 30 June 2026, (i) the Group complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group; and (ii) there was no material breach or non-compliance with the applicable laws and regulations by the Group.

CHANGE OF DIRECTORS

A summary of change of Directors of the Company from 1 January 2025 to the date of this announcement is set out below:

- (i) Mr. Wong Xiang Hong was appointed on 26 February 2025 and resigned on 27 May 2026;
- (ii) Dr. Zhang Yu and Dr. Song Donglin retired on 6 June 2025;
- (iii) Mr. Chan Ting Leuk Arthur was appointed on 5 September 2025; and
- (iv) Mr. Hung Wai Che was appointed on 26 August 2026.

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. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code for the eighteen months ended 30 June 2026.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the eighteen months ended 30 June 2026.

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

Neither the Group nor any of its subsidiaries has purchased, sold or redeemed any of the Group’s listed securities (including sale of treasury shares (as defined in the Listing Rules)) for the eighteen months ended 30 June 2026.

As at 30 June 2026, there were no treasury shares (as defined under the Listing Rules) held by the Company.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises solely independent non-executive Directors. As at 30 June 2026, the Audit Committee consisted of two independent non-executive Directors, namely Ms. Ching Ching (chairlady) and Mr. Chan Ting Leuk Arthur. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely, Ms. Ching Ching (chairlady), Mr. Chan Ting Leuk Arthur and Mr. Hung Wai Che.

SCOPE OF WORK OF AUDITORS

The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the eighteen months ended 30 June 2026 as set out in this announcement have been agreed by the Group’s auditor, CLA Prism Hong Kong Limited (formerly known as Prism Hong Kong Limited), to the amounts set out in the Group’s consolidated financial statements for the eighteen months ended 30 June 2026. The work performed by CLA Prism Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no opinion or assurance conclusion has been expressed by CLA Prism Hong Kong Limited on this announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2026

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the eighteen months ended 30 June 2026. The report includes particulars of the material uncertainty related to going concern without qualified opinion:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2026, and of its consolidated financial performance and its consolidated cash flows for the eighteen months ended 30 June 2026 in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to the Going Concern

We draw attention to Note 2 to the consolidated financial statements, which indicates that the group recorded a loss of approximately HK\$65,736,000 for the eighteen months ended 30 June 2026, and, as of that date, the Group’s net current liabilities and net liabilities amounted to approximately HK\$197,863,000 and HK\$182,873,000, respectively. This condition, along with other matters as set forth in Note 2 to the consolidated financial statements, indicates the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The aforesaid “Note 2 to the consolidated financial statements” in the extract from the independent auditor’s report is disclosed as Note 2 to the consolidated financial statements in this results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.skyblue11.com. The 2025-2026 annual report will be despatched to the shareholders of the Company and will be available on websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

The date of the annual general meeting of the Company will be announced in due course. A notice convening the annual general meeting, together with a circular therefor, will be published on the websites of the Stock Exchange and the Company and despatched to the shareholders of the Company in the manner as required by the Listing Rules accordingly.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere thanks and gratitude to our management team and staff for their hard work and dedication, as well as our shareholders, business partners and associates, bankers and auditors for their continuous support to the Group.

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

Hong Kong, 28 September 2026

As at the date of this announcement, the Board of the Company comprises five Directors. The executive Directors are Ms. Li Weina and Mr. Phen Chun Shing Vincent; and the independent non-executive Directors are Ms. Ching Ching, Mr. Chan Ting Leuk Arthur and Mr. Hung Wai Che.