

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Sky Blue 11 Company Limited

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

(Incorporated in Bermuda with limited liability)

(Stock code: 1010)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

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 year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK\$'000	2023 HK\$'000 (Represented)
REVENUE	5	36,034	113,970
Cost of sales		<u>(14,408)</u>	<u>(67,882)</u>
Gross profit		21,626	46,088
Other income and losses, net	6	(1,386)	(850)
Selling and distribution costs		–	(7,053)
General and administrative expenses		(39,449)	(61,510)
Finance costs	7	(16,024)	(410)
Impairment of financial assets, net		(69,616)	(5,990)
Impairment of non-financial assets, net		<u>(59,716)</u>	<u>(14,529)</u>
LOSS BEFORE TAX	8	(164,565)	(44,254)
Income tax expense	9	<u>(548)</u>	<u>(2,193)</u>
LOSS FOR THE YEAR		<u>(165,113)</u>	<u>(46,447)</u>
Attributable to:			
Owners of the Company		<u>(165,113)</u>	<u>(46,447)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11		
– Basic and diluted		<u>HK cents (37.45)</u>	<u>HK cents (12.54)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE YEAR	<u>(165,113)</u>	<u>(46,447)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operation	(1,226)	(4,157)
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>1,110</u>	<u>460</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(116)</u>	<u>(3,697)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(165,229)</u>	<u>(50,144)</u>
Attributable to:		
Owners of the Company	<u>(165,229)</u>	<u>(50,144)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		926	1,918
Investment properties		27,169	28,901
Right-of-use assets		1,201	4,888
Equity investment designated at fair value through other comprehensive income		5,470	4,360
Deferred tax assets		451	354
Long-term deposits		216	1,052
Total non-current assets		<u>35,433</u>	<u>41,473</u>
CURRENT ASSETS			
Finance lease receivables		–	–
Inventories		84,392	149,428
Trade and bills receivables	<i>12</i>	30,519	93,852
Prepayments, other receivables and other assets	<i>13</i>	48,748	7,600
Loans receivables		–	–
Financial assets at fair value through profit or loss		–	67
Tax recoverables		–	152
Cash and cash equivalents	<i>14</i>	28,499	69,107
Total current assets		<u>192,158</u>	<u>320,206</u>
CURRENT LIABILITIES			
Trade payables	<i>15</i>	99,947	101,089
Other payables and accruals	<i>16</i>	27,141	12,134
Borrowings		124,715	–
Lease liabilities		564	3,495
Amount due to a shareholder		92,790	237,530
Tax payables		9,764	8,420
Total current liabilities		<u>354,921</u>	<u>362,668</u>
NET CURRENT LIABILITIES		<u>(162,763)</u>	<u>(42,462)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(127,330)</u>	<u>(989)</u>
NON-CURRENT LIABILITIES			
Lease liabilities		655	1,990
NET LIABILITIES		<u>(127,985)</u>	<u>(2,979)</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		44,429	37,025
Other reserves		135,558	102,855
Accumulated losses		(307,972)	(142,859)
Capital deficiency		<u>(127,985)</u>	<u>(2,979)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 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, 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.

During the year, the principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are (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 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 of and by the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

The Group recorded a loss of approximately HK\$165,113,000 for the year ended 31 December 2024, and, as of that date, the Group’s net current liabilities and net liabilities amounted to approximately HK\$162,763,000 and HK\$127,985,000 respectively. Further, as at 31 December 2024, the Group’s cash in frozen bank account amounted to approximately RMB5,633,000, equivalent to approximately HK\$6,083,000. The Group’s current liabilities were mainly borrowings from third parties and amount due to a shareholder amounting to HK\$124,715,000 and HK\$92,790,000, 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.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 31 December 2024, 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;
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 year end date, which took into account the projected future working capital of the Group.

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

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

In the current year, 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 year beginning on 1 January 2024:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> and the related amendments to Hong Kong Interpretation 5(2020) <i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year (Continued)

Impact on application of Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of HKFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require a seller-lessee to determine “lease payments” or “revised lease payments” such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee.

The application of the amendments had no material impact on the consolidated financial statements of the Group.

Impact on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”); and Amendments to HKAS 1 –Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

Upon adoption of the amendments, the Group has reassessed the terms and conditions of its loan arrangements. The application of the amendments has no material impact on the classification of the Group’s liabilities.

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the consolidated financial statements of the Group.

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

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year (Continued)

Impact on application of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The application of the amendments has no material impact on the consolidated financial statements of the Group.

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:

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new and amendments to HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

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.

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

4 OPERATING SEGMENT INFORMATION (Continued)

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>
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)
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>

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 2023						
Revenue from external customers	<u>25,198</u>	<u>–</u>	<u>88,772</u>	<u>–</u>	<u>–</u>	<u>113,970</u>
Operating loss	(567)	(5,435)	(7,523)	(1,453)	(29,416)	(44,394)
Interest income	<u>1</u>	<u>–</u>	<u>110</u>	<u>–</u>	<u>29</u>	<u>140</u>
Loss before income tax	<u>(566)</u>	<u>(5,435)</u>	<u>(7,413)</u>	<u>(1,453)</u>	<u>(29,387)</u>	<u>(44,254)</u>
Other segment information:						
Depreciation of property, plant and equipment	(301)	–	–	–	(208)	(509)
Depreciation of right-of-use assets	(596)	–	(169)	–	(1,061)	(1,826)
Reversal of /(provision for) impairment of inventories, net	970	–	(15,499)	–	–	(14,529)
Impairment of financial assets	(111)	(5,370)	(48)	–	(461)	(5,990)
Finance costs	<u>(70)</u>	<u>–</u>	<u>(62)</u>	<u>–</u>	<u>(278)</u>	<u>(410)</u>
Capital expenditure*	<u>5</u>	<u>–</u>	<u>702</u>	<u>–</u>	<u>4,779</u>	<u>5,486</u>
Segment assets	<u>34,281</u>	<u>17,190</u>	<u>267,228</u>	<u>28,901</u>	<u>14,079</u>	<u>361,679</u>
Segment liabilities	<u>4,728</u>	<u>2,520</u>	<u>98,590</u>	<u>–</u>	<u>258,820</u>	<u>364,658</u>

* Capital expenditure consists of additions to property, plant and equipment and right-of-use assets.

4 OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) *Revenue from external customers*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	–	88,772
The PRC	<u>36,034</u>	<u>25,198</u>
	<u>36,034</u>	<u>113,970</u>

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

(b) *Non-current assets*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	–	6,005
The PRC	2,343	1,853
The Island of Saipan	<u>27,169</u>	<u>28,901</u>
	<u>29,512</u>	<u>36,759</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers		
Sales of integrated circuits	31,034	25,198
Sales of yacht	–	88,772
Sales of semi-finished yachts	<u>5,000</u>	<u>–</u>
	<u>36,034</u>	<u>113,970</u>

6 OTHER INCOME AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Losses on disposal of financial assets measured at fair value through profit or loss (“FVTPL”)	(67)	–
Fair value losses on investment properties	(1,732)	(1,427)
Gain on early termination of a leasing contract	330	–
Government grants (<i>note a</i>)	31	–
Interest income	134	140
Losses on deregistration of subsidiaries	(3)	–
Losses on disposal of property, plant and equipment	(146)	–
Repair and maintenance income	–	122
Research and development income	–	198
Sundry income	<u>67</u>	<u>117</u>
	<u>(1,386)</u>	<u>(850)</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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interests on:		
Lease liabilities	222	410
Other loans	<u>15,802</u>	<u>–</u>
	<u>16,024</u>	<u>410</u>

8 LOSS BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold	14,240	66,913
Depreciation expense on property, plant and equipment	171	509
Depreciation expense on right-of-use assets	1,681	1,826
Auditor's remuneration	800	1,000
Directors' remuneration	917	1,197
Employee benefits expenses (excluding directors' remuneration):		
Salaries, allowances and benefits in kind	25,920	27,193
Pension scheme contributions	921	1,872
	26,841	29,065
Foreign exchange difference, net	215	8
Impairment of trade and bills receivables, net [#]	67,516	5,758
Impairment of other receivables [#]	2,100	232
Provision of impairment for inventories, net*	58,657	14,529
Provision of impairment for prepayments*	<u>1,059</u>	<u>–</u>

[#] 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 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%.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
– Hong Kong	–	2,019
– PRC Enterprise Income Tax	<u>500</u>	<u>–</u>
	500	2,019
Under/(over)-provision in prior years – PRC Enterprise Income Tax	<u>150</u>	<u>(68)</u>
Current tax	650	1,951
Deferred tax	<u>(102)</u>	<u>242</u>
Total tax charge for the year	<u><u>548</u></u>	<u><u>2,193</u></u>

10 DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2024 (2023: nil) nor has any dividend been proposed since the end of the reporting period (2023: 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss attributable to owners of the Company	<u><u>(165,113)</u></u>	<u><u>(46,447)</u></u>
	Number of shares	
	2024	2023
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (<i>note a</i>)	<u><u>440,855</u></u>	<u><u>370,245</u></u>

**11 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY
(Continued)**

Note:

- (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 years ended 31 December 2024 and 2023.

12 TRADE AND BILLS RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	99,749	96,052
Loss allowance	<u>(73,227)</u>	<u>(5,723)</u>
	<u>26,522</u>	<u>90,329</u>
Bills receivables	4,104	3,618
Loss allowance	<u>(107)</u>	<u>(95)</u>
	<u>3,997</u>	<u>3,523</u>
Trade and bills receivables	<u><u>30,519</u></u>	<u><u>93,852</u></u>

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	4,947	81
More than 1 month but less than 3 months	–	34
More than 3 months	<u>21,575</u>	<u>90,214</u>
	<u><u>26,522</u></u>	<u><u>90,329</u></u>

13 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Prepayments	41,982	4,421
Deposits and other receivables	11,815	5,905
Loss allowance	<u>(4,833)</u>	<u>(1,674)</u>
	48,964	8,652
Less: non-current portion	<u>216</u>	<u>1,052</u>
Current portion	<u><u>48,748</u></u>	<u><u>7,600</u></u>

14 CASH AND CASH EQUIVALENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cash and cash equivalents	22,416	21,657
Cash in frozen bank account	<u>6,083</u>	<u>47,450</u>
	<u><u>28,499</u></u>	<u><u>69,107</u></u>

As at 31 December 2024, the cash and bank balances of the Group's subsidiary in the PRC denominated in Renminbi ("RMB") amounted to HK\$28,065,000 (2023: HK\$68,532,000). 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.

On 3 September 2024, RMB37,890,000 (equivalent to approximately HK\$40,917,000) was withdrawn by Intermediate People's Court of Huludao Municipality, Liaoning Province and frozen cash deposits were reduced to RMB5,633,000 (equivalent to approximately HK\$6,083,000) from RMB43,437,000 (equivalent to approximately HK\$47,450,000) as at 31 December 2024. 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"). 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. As of the date of this announcement, the Group's legal adviser is still dealing with the above-mentioned matter, and there is no new progress for the time being.

14 CASH AND CASH EQUIVALENTS (Continued)

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 years, based on invoice date is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
More than 3 months	<u>99,947</u>	<u>101,089</u>

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

16 OTHER PAYABLES AND ACCRUALS

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accruals	10,328	5,809
Contract liabilities	777	846
Other payables	<u>16,036</u>	<u>5,479</u>
	<u>27,141</u>	<u>12,134</u>

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

17 COMPARATIVE INFORMATION

Certain comparative figures have been represented to conform with current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Looking back at 2024, it became evident that the recovery period from the COVID-19 pandemic was unexpectedly prolonged, resulting in an economic recession in major economies. The downward trend in the economy throughout the entire year of 2024 was extremely difficult to reserve or survive for many industries. While facing uncertainties on the economic outlook, the customers' purchasing power as well as the consumption sentiment experienced a continuous decline, particularly in the consumption products and luxury goods. 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 light of the challenges faced, the Group adhered to its prudent approach by closely monitoring its business portfolio and implementing various strategies and decisive measures to reform during the year ended 31 December 2024, aiming to mitigate the negative impacts of the challenges and enhance the shareholders' value. 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 enhance the Group's revenue bases and profit-making abilities.

In 2024, the principal businesses of the Group were i) the design and sales of integrated circuits and semi-conductors parts, ii) executive jet management, and iii) manufacturing and sales of yachts and other yachts related businesses. Throughout the year ended 31 December 2024, alongside with the reforms implemented by the management of the Group (the "**Management**"), the Group has endeavored to maintain its position by reducing costs and enhancing efficiencies across all business segments to generate stable cash flow of the Group and foster sustainable business development in the long term.

For the year ended 31 December 2024, the Group recorded a revenue of approximately HK\$36.0 million, representing a decrease of 68.4% while compared to the revenue of approximately HK\$114.0 million for the year ended 31 December 2023. A loss for the year of approximately HK\$165.1 million was recorded for the year ended 31 December 2024, which was significantly higher when compared to the loss for the year of approximately HK\$46.4 million for the year ended 31 December 2023. The loss was mainly attributable to impairment loss recognised in respect of trade and bills receivables of approximately HK\$67.5 million (2023: approximately HK\$5.8 million) and inventories of approximately HK\$58.7 million (2023: approximately HK\$14.5 million), respectively for the year ended 31 December 2024.

The selling and distribution costs was reduced from approximately HK\$7.1 million for the year ended 31 December 2023 to HK\$nil million for the year ended 31 December 2024. The finance costs was increased from approximately HK\$0.4 million for the year ended 31 December 2023 to approximately HK\$16.0 million for the year ended 31 December 2024 resulting from drawdown of new loans from third parties. The general and administrative expenses was decreased from approximately HK\$61.5 million for the year ended 31 December 2023 to approximately HK\$39.4 million for the year ended 31 December 2024 which was due to the decrease in the professional fees and general office expenses.

According to the Sales Market Report by IYC Yachts, the global yacht sales market experienced a decline in 2024, with demand for both new and pre-owned yachts decreasing by 19% compared to the previous year. The total value of yacht transactions amounted to \$6.9 billion, reflecting a 10% year-over-year decline. IYC Yachts demonstrated resilience amid these market challenges. While the overall market saw a steep 23% decline in transactions, IYC reported only a modest 6% drop compared to 2023. This performance is attributed to IYC's expanding global presence, recruitment of top brokers, and a strong client network, which bolstered the company's portfolio and solidified its position as a trusted leader in the industry.

Overall, while the yacht sales market faced challenges in 2024, IYC Yachts navigated these conditions with resilience, outperforming industry trends and positioning itself for growth in the coming years.

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

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 year ended 31 December 2024.

For the year ended 31 December 2024, this segment recorded (i) a revenue of approximately HK\$31.0 million (2023: approximately HK\$25.2 million); and (ii) a loss of approximately HK\$0.1 million (2023: approximately HK\$0.6 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. The Group has therefore contemplated to exploit more resources to the yacht businesses and other newly developed businesses with higher profit margins.

Executive jet management

Services provided by the Group mainly include executive jet management service, aircraft sales service and pilot training service. The Management adopted a customer-oriented strategy and focused on improving the service quality, as well as expanding the service categories, with an aim to build up competitive advantages to tackle with external competitions.

During the year ended 31 December 2024, the commercial airline industry experienced a revival due to the release of travel restrictions, resulting in increased passenger demand. On the other hand, the executive jet industry encountered ongoing challenges arising from the prolonged COVID-19 pandemic. Following the COVID-19 pandemic, businesses as well as individuals who previously utilized executive jets began to return to commercial airlines as health and safety concerns diminished. They may also opt for virtual meetings and remote work arrangement. The changing preferences in travel behavior reduced the demand for executive jet services. As a result, nil revenue and a segment gain from reversal of impairment of trade receivable of approximately HK\$4.8 million were recorded for the year ended 31 December 2024 while nil revenue and a segment loss of approximately HK\$5.4 million were recorded for the year ended 31 December 2023.

The Group will adopt prudent approach in assessing the development in executive jet management business and seek potential opportunities within the industry. While pursuing opportunities, the Group will also exercise cautious approach in allocating its limited resources. It will prioritise its core businesses that have higher profit margins and to generate better results to the shareholders of the Company.

Yacht businesses

The Company wishes to provide an update regarding the notable decrease in revenue from the yacht business, which is largely attributed to the backlog resulting from the COVID-19 pandemic. In 2024, yacht sales experienced a significant downturn 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.

In 2024, the Group successfully disposed of five semi-finished yachts for a total of HK\$5 million. As of 31 December 2024, five superyachts remain under construction and outfitting. Consequently, the Group recorded revenue of approximately HK\$5 million and a segment loss of approximately HK\$139.8 million (2023: revenue of approximately HK\$88.8 million and segment loss of HK\$7.4 million) for the year ended 31 December 2024. Nevertheless, the Group remains optimistic that this situation is transient.

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 team 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 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 in the Island of Saipan was approximately 1,953 square meters within six apartment buildings containing an aggregate of 31 apartment units. According to the valuation assessed by an independent professional valuer, the properties in the Island of Saipan had a value of approximately HK\$27.2 million (2023: approximately HK\$28.9 million) as at 31 December 2024. The properties in the Island of Saipan constituted the sole investment of the Group's investment properties.

The economy in the Island of Saipan heavily depends on tourism which was detrimentally hit by the COVID-19 pandemic. The local government has been working on resumption of its tourism industry since last year and it is expected the economy will be recovered gently. Since the local real estate market in the Island of Saipan was recovering from the economy downturn resulting from the COVID-19, the Management adopted a passive and prudent investment strategy for this business segment for the reporting year. Nil revenue and segment loss of approximately HK\$1.8 million were recorded for the year ended 31 December 2024, while nil revenue and segment loss of approximately HK\$1.5 million were recorded for the year ended 31 December 2023. The Group would consider and explore different options in realising the investment potential of the properties, such as leasing or sales based upon the market situation.

Investment holding

For the year ended 31 December 2024, 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 31 December 2024, the investment in Cornerstone Securities has a fair value of approximately HK\$5.5 million (2023: approximately HK\$4.4 million), representing approximately 2.4% (2023: 1.2%) of the total assets of the Group.

- 202 unlisted shares of Red Power Developments Limited (“**Red Power**”), representing 20.2% of the entire issued capital of Red Power, which is a company incorporated in the British Virgin Islands with limited liability. 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 year ended 31 December 2024, (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. Red Power was deregistered as at 2 May 2024, and the investment was written off during the year ended 31 December 2024.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the Group achieved a revenue of approximately HK\$36.0 million (2023: approximately HK\$114.0 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 and the manufacturing and sales of yachts and other yacht related businesses.

For the year ended 31 December 2024, 86% (2023: 22%) of the consolidated revenue came from the business of the design and sales of integrated circuits and semi-conductor parts and 14% (2023: 78%) of the consolidated revenue came from the business of manufacturing and sales of yachts and other yacht related businesses.

Operating expenses

Operating expenses comprise selling and distribution costs and general and administrative expenses in aggregate of approximately HK\$39.4 million (2023: approximately HK\$68.6 million) for the year ended 31 December 2024. Such decrease was mainly due to substantially decrease in general office expenses and professional fee during the year ended 31 December 2024.

Loss for the year

For the year ended 31 December 2024, loss for the year attributable to owners of the Company was approximately HK\$165.1 million (2023: approximately HK\$46.4 million). Basic loss per share attributable to ordinary equity holders of the Company was approximately HK37.45 cents (2023: approximately HK12.54 cents).

Liquidity and financial resources

On 22 December 2023, the Group entered into a placing agreement with a placing agent to place up to 74,049,028 new shares under the general mandate. On 17 January 2024, the placing of new shares under general mandate of the Company was completed. An aggregate of 74,049,028 placing shares, representing approximately 16.67% of the issued share capital of the Company as at the date of this announcement have been successfully placed to no less than six places at the placing price of HK\$0.56 per placing share. Please refer to announcements of the Company dated 22 December 2023 and 17 January 2024 for more details. Save for the above, the Group had no fund-raising activities during the year ended 31 December 2024.

As at 31 December 2024, the cash in banks of the Group amounted to approximately HK\$28.5 million (2023: approximately HK\$69.1 million), in which a bank deposit of approximately RMB5.6 million (2023: approximately RMB43.4 million), equivalent to approximately HK\$6.1 million (2023: approximately HK\$47.5 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 (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 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\$124.7 million (2023: nil) as at 31 December 2024.

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 54.8% as at 31 December 2024 (2023: nil), which was attributed to the Group's net liabilities position.

Foreign currency exposure

The Group's results were exposed to exchange fluctuations of Renminbi 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, 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 year ended 31 December 2024, there was no change to the authorised share capital of the Group.

As at 1 January 2024, the Company had issued a total of 370,245,142 shares in the par value of HK\$0.1 each. On 17 January 2024, the Company issued 74,049,028 new shares by utilising the general mandate granted to the directors of the Company at the 2023 annual general meeting. The 74,049,028 new shares were issued as fund for general working capital and business development. As at 31 December 2024, 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 31 December 2024, the shareholders' deficiency amounted to approximately HK\$128.0 million (2023: approximately HK\$3.0 million).

Pledge of assets

As at 31 December 2024, the Group did not have any pledge of assets (2023: 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 year ended 31 December 2024.

MATERIAL COMMITMENT

As at 31 December 2024, the Group did not have any material commitment (2023: nil).

EVENTS AFTER THE REPORTING PERIOD

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.

CONTINGENT LIABILITIES

No material contingent liabilities of the Group were noted as at 31 December 2024 (2023: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had approximately 36 employees (2023: 42 employees). For the year ended 31 December 2024, total employee benefits expenses, including directors' emoluments, amounted to approximately HK\$27.8 million (2023: approximately HK\$30.3 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 year ended 31 December 2024 (2023: nil).

CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2024, 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 B.2.2 of the CG Code

Code B.2.2 of the CG Code stipulates the non-executive director should be appointed for a specific term and subject to re-election. The executive Director and independent non-executive Directors were not appointed for specific terms. They are subject to retirement by rotation at least once every three years and re-election at the Company's annual general meeting in accordance with the Bye-laws. At every annual general meeting of the Company, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the nearest but no less than one-third shall retire from office by rotation. Every director should be subject to retirement by rotation at least once every three years.

Non-compliance with Rules 3.10(1) and 3.21 of the Listing Rules

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. During this period, 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 including but not limited to identifying candidates in accordance with the Company’s director nomination policy and would have appropriate expertise to serve as one of its independent non-executive Directors. 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 such, additional time was required for the Company to select appropriate candidate and go through, among others, the internal procedures including due diligence checks and to complete the selection, recruitment and nomination procedures.

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 each of the Audit Committee, the Company has re-complied with Rules 3.10 (1) and 3.21 of the Listing Rules since. For details, please refer to the Company’s announcements dated 8 November 2024, 24 February 2025 and 26 February 2025.

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

CHANGE OF DIRECTORS

A summary of change of Directors of the Company from 1 January 2024 to the date of this announcement is set out below:

- (i) Mr. Zhang Fuyin and Dr. Zhang Shengdong retired on 6 June 2024;
- (ii) Mr. Mak Tin Sang was appointed on 20 September 2024 and resigned on 8 November 2024;
- (iii) Mr. Phen Chun Shing Vincent was appointed on 12 November 2024; and
- (iv) Mr. Wong Xiang Hong was appointed on 26 February 2025.

CHANGE OF COMPANY NAME

On 11 January 2024, a special resolution approving the proposed change of the company name by the shareholders of the Company was passed at the special general meeting of the Company. The Certificate of Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda certifying that the name of the Company has been changed from “Balk 1798 Group Limited” to “Sky Blue 11 Company Limited” and the secondary name of the Company has been changed from “巴克 1798集團有限公司” to “天璽曜11有限公司”, respectively, with effect from 17 January 2024. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 21 February 2024 confirming the registration of the Company’s new English name of “Sky Blue 11 Company Limited” and new Chinese name of “天璽曜11有限公司” in Hong Kong under Part 16 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) with effect from that date.

Following the change of company name, the stock short name of the Company for trading in the shares of the Company on the Stock Exchange will be changed from “BALK 1798 GP” to “SKY BLUE 11” in English and from “巴克1798集團” to “天璽曜11” in Chinese simultaneously with effect from 5 April 2024. For more details, please refer to the announcements of the Company dated 1 November 2023, 11 January 2024 and 27 March 2024 and the circular of the Company dated 21 December 2023.

CHANGE OF ADDRESS OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

On 1 August 2023, the address of the principal place of business in Hong Kong of the Company was changed from Suite 6504, 65/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong to Unit 1802, 18/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong.

With effect from 21 November 2024, the address of the principal place of business in Hong Kong of the Company has been changed to Suite 3902, 39/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

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 year ended 31 December 2024.

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 year ended 31 December 2024.

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 year ended 31 December 2024.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises solely independent non-executive Directors. As at 31 December 2024, the Audit Committee consisted of two independent non-executive Directors, namely Ms. Ching Ching (chairman) and Dr. Song Donglin. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely, Ms. Ching Ching (chairman), Dr. Song Donglin and Mr. Wong Xiang Hong. The Group’s annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee.

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 year ended 31 December 2024 as set out in this announcement have been agreed by the Group’s auditor, Prism Hong Kong Limited (formerly known as Prism Hong Kong and Shanghai Limited), to the amounts set out in the Group’s consolidated financial statements for the year ended 31 December 2024. The work performed by 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 Prism Hong Kong Limited on this announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2024. 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 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended 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\$165,113,000 for the year ended 31 December 2024, and, as of that date, the Group’s net current liabilities and net liabilities amounted to approximately HK\$162,763,000 and HK\$127,985,000, 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.skybule11.com. The 2024 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 March 2025

As at the date of this announcement, the Board of the Company comprises six Directors. The executive Directors are Ms. Li Weina, Dr. Zhang Yu and Mr. Phen Chun Shing Vincent; and the independent non-executive Directors are Ms. Ching Ching, Dr. Song Donglin and Mr. Wong Xiang Hong.