

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

(Incorporated in Bermuda with limited liability)

(Stock code: 1010)

SECOND INTERIM RESULTS ANNOUNCEMENT FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Sky Blue 11 Company Limited (the “**Company**”) announces the unaudited condensed consolidated second interim results and financial position of the Company and its subsidiaries (collectively referred hereinafter as the “**Group**”) for the twelve months ended 31 December 2025, together with the comparative figures for the corresponding period in the previous year as follows. This condensed consolidated interim financial information has not been audited, but has been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2025

		Twelve months ended	
		31 December	
		2025	2024
	<i>Notes</i>	(Unaudited)	(Audited)
		HK\$'000	HK\$'000
Revenue	3	31,094	36,034
Cost of sales		(9,256)	(14,408)
		<hr/>	<hr/>
Gross profit		21,838	21,626
Other income and losses, net	4	(18,916)	(1,386)
General and administrative expenses		(29,688)	(39,449)
Finance costs	5	(16,230)	(16,024)
Loss on disposal of subsidiaries		(220)	–
Reversal of/(provision for) impairment of financial assets, net		53	(69,616)
Provision for impairment of non-financial assets, net		–	(59,716)
		<hr/>	<hr/>

		Twelve months ended	
		31 December	
		2025	2024
	<i>Notes</i>	(Unaudited)	(Audited)
		<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS BEFORE TAX	<i>6</i>	(43,163)	(164,565)
Income tax expense	<i>7</i>	<u>–</u>	<u>(548)</u>
LOSS FOR THE PERIOD		<u>(43,163)</u>	<u>(165,113)</u>
Attributable to:			
Owners of the Company		<u>(43,163)</u>	<u>(165,113)</u>
		<i>HK cents</i>	<i>HK cents</i>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
– Basic and diluted	<i>8</i>	<u>(9.71)</u>	<u>(37.45)</u>
Dividend	<i>9</i>	<u>–</u>	<u>–</u>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME**

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2025

	Twelve months ended	
	31 December	
	2025	2024
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(43,163)	(165,113)
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	3,824	(1,226)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair value of equity investments designated at fair value through other comprehensive income	–	1,110
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	3,824	(116)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(39,339)	(165,229)
Attributable to:		
Owners of the Company	(39,339)	(165,229)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

		As at 31 December 2025 (Unaudited) <i>HK\$'000</i>	As at 31 December 2024 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		902	926
Investment properties		7,800	27,169
Right-of-use assets		639	1,201
Equity investment designated at fair value through other comprehensive income		5,470	5,470
Deferred tax assets		464	451
Long-term deposits	11	224	216
		<u>15,499</u>	<u>35,433</u>
Total non-current assets			
CURRENT ASSETS			
Finance lease receivables		–	–
Inventories		85,452	84,392
Trade and bills receivables	10	26,256	30,519
Prepayments, other receivables and other assets	11	48,687	48,748
Loans receivables		–	–
Cash and cash equivalents	12	29,387	28,499
		<u>189,782</u>	<u>192,158</u>
Total current assets			

		As at 31 December 2025 (Unaudited) <i>Notes</i> HK\$'000	As at 31 December 2024 (Audited) <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables	<i>13</i>	99,947	99,947
Other payables and accruals	<i>14</i>	27,156	27,141
Borrowings		143,289	124,715
Lease liabilities		528	564
Amount due to a shareholder		92,753	92,790
Tax payables		8,932	9,764
		<hr/>	<hr/>
Total current liabilities		372,605	354,921
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(182,823)	(162,763)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		(167,324)	(127,330)
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		–	655
		<hr/>	<hr/>
NET LIABILITIES		(167,324)	(127,985)
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>15</i>	44,429	44,429
Other reserves		139,382	135,558
Accumulated losses		(351,135)	(307,972)
		<hr/>	<hr/>
Capital deficiency		(167,324)	(127,985)
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the twelve months ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION

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

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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. The forthcoming financial year-end date of the Company will be 30 June 2026 and the next audited consolidated financial statements of the Company will cover a period of 18 months from 1 January 2025 to 30 June 2026. Accordingly, the condensed consolidated second interim financial information of the Company covers the twelve months ended 31 December 2025 with comparative figures cover the twelve months ended 31 December 2024.

Material Uncertainty Related to Going Concern

The Group recorded a loss of approximately HK\$43,163,000 for the twelve months ended 31 December 2025, and, as of that date, the Group's net current liabilities and net liabilities amounted to approximately HK\$182,823,000 and HK\$167,324,000, respectively. Further, as at 31 December 2025, the Group's cash in frozen bank account amounted to approximately RMB5,633,000, equivalent to approximately HK\$6,263,000. The Group's current liabilities were mainly borrowings from third parties and amount due to a shareholder amounting to HK\$143,289,000 and HK\$92,753,000, respectively. The conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding this fact, the board of directors considers it is appropriate to prepare the condensed consolidated second interim financial statements on a going concern basis as the Group is expected to have sufficient financial resources to meet its obligations as they fall due for at least the next fifteen months based on its projected cash flow forecasts. The directors of the Company have reviewed the financial position of the Group as at 31 December 2025, including its working capital and bank and cash balances, together with the projected cash flow forecasts for the next fifteen months and the directors of the Company consider that the Group is financial viable to continue as a going concern. In addition, the Group can also improve its financial position, immediate liquidity and cash flows, by adopting the following measures:

1. the Group will carefully monitor and control administrative costs and future capital expenditures;
2. the Group has been able to roll over the borrowings from existing credit for most of its short-term interest-bearing borrowings upon their maturity historically, the Group will continue to do so for the foreseeable future;
3. a shareholder of the Group has agreed to provide financial support for the continuing operations of the Company so as to enable it to meet its liabilities when they fall due for the foreseeable future and not call for any repayment of amount due to a shareholder until the Group is in a financial position to do so; and
4. the directors of the Company have carried out a detail review of the working capital forecast of the Group for not less than fifteen months from the period end date, which took into account the projected future working capital of the Group.

The basis of preparation and accounting policies adopted in the preparation of the unaudited condensed consolidated second interim financial statements for the twelve months ended 31 December 2025 are consistent with those used in the audited consolidated financial statements for the twelve months ended 31 December 2024, except for the adoption of HKFRS Accounting Standard for the first time for the current period's financial statements:

Amendments to HKFRS 21

Lack of Exchangeability

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

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

3. OPERATING SEGMENT INFORMATION

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

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

	Design and sales of integrated circuits (Unaudited) <i>HK\$'000</i>	Executive jet management (Unaudited) <i>HK\$'000</i>	Yacht businesses (Unaudited) <i>HK\$'000</i>	Property investment (Unaudited) <i>HK\$'000</i>	Headquarter and others (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
For the twelve months ended						
31 December 2025						
Revenue from external customers	<u>31,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,094</u>
Operating loss	(285)	-	(231)	(19,369)	(23,292)	(43,177)
Interest income	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>
Loss before income tax	<u>(271)</u>	<u>-</u>	<u>(231)</u>	<u>(19,369)</u>	<u>(23,292)</u>	<u>(43,163)</u>
Other segment information:						
Depreciation of property, plant and equipment	(55)	-	-	-	-	(55)
Depreciation of right-of-use assets	(583)	-	-	-	-	(583)
Reversal of impairment of financial assets	-	-	-	-	53	53
Fair value loss on investment properties	-	-	-	(19,369)	-	(19,369)
Loss on disposal of subsidiaries	-	-	-	-	(220)	(220)
Finance costs	<u>(57)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,173)</u>	<u>(16,230)</u>
Capital expenditure*	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>
Segment assets	<u>34,939</u>	<u>21,616</u>	<u>132,370</u>	<u>7,800</u>	<u>8,556</u>	<u>205,281</u>
Segment liabilities	<u>5,253</u>	<u>2,520</u>	<u>104,971</u>	<u>-</u>	<u>259,861</u>	<u>372,605</u>

	Design and sales of integrated circuits (Audited) HK\$'000	Executive jet management (Audited) HK\$'000	Yacht businesses (Audited) HK\$'000	Property investment (Audited) HK\$'000	Headquarter and others (Audited) HK\$'000	Total (Audited) HK\$'000
For the twelve months 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)
Fair value loss on investment properties	–	–	–	(1,732)	–	(1,732)
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>

* Capital expenditure consists of additions to property, plant and equipment during the twelve months ended 31 December 2025 (twelve months ended 31 December 2024: right-of-use assets).

4. OTHER INCOME AND LOSSES, NET

	Twelve months ended 31 December	
	2025	2024
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Losses on disposal of financial assets measured at fair value through profit or loss	–	(67)
Fair value losses on investment properties	(19,369)	(1,732)
Gain on early termination of a leasing contract	–	330
Government grants	–	31
Interest income	14	134
Losses on deregistration of subsidiaries	–	(3)
Losses on disposal of property, plant and equipment	–	(146)
Research and development income	113	–
Sundry income	326	67
	<u> </u>	<u> </u>
	(18,916)	(1,386)

5. FINANCE COSTS

	Twelve months ended 31 December	
	2025	2024
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Interests on:		
Lease liabilities	57	222
Other loans	16,173	15,802
	<u> </u>	<u> </u>
	16,230	16,024

6. LOSS BEFORE TAX

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

	Twelve months ended 31 December	
	2025	2024
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Cost of inventories sold [^]	9,256	14,240
Depreciation expense on property, plant and equipment	55	171
Depreciation expense on right-of-use assets	583	1,681
Employee benefits expenses (including directors' remuneration):		
Salaries, allowances and benefits in kind	22,320	26,837
Pension scheme contributions	773	921
	23,093	27,758
Foreign exchange difference, net	215	215
Interest income	(14)	(134)
(Reversal of)/provision for impairment of trade and bills receivables, net [#]	(53)	67,516
Provision for impairment of other receivables and other assets [#]	–	2,100
Provision for impairment of inventories, net [*]	–	58,657
Provision for impairment of prepayments [*]	–	1,059
	—————	—————

[^] Included in "Cost of sales" in the condensed consolidated interim statement of profit or loss.

[#] Included in "Reversal of/(provision for) impairment of financial assets, net" in the condensed consolidated interim statement of profit or loss.

^{*} Included in "Provision for impairment of non-financial assets, net" in the condensed consolidated interim statement of profit or loss.

7. INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda. Hong Kong profits tax has been provided at the rate of 8.25% on the first HK\$2,000,000 estimated assessable profits arising in Hong Kong and 16.5% on such profits above HK\$2,000,000 during the period. Taxes on assessable profits for the subsidiaries in the People's Republic of China (the "PRC") are provided at the Enterprise Income Tax rate of 25% and Special Enterprise Income Tax rate of 15%.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the periods ended 31 December 2025 and 2024.

The amount of income tax expense includes in profit or loss represents:

	Twelve months ended 31 December	
	2025	2024
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Current tax – PRC Enterprise Income Tax	–	500
Under-provision in prior years – PRC Enterprise Income Tax	–	150
	<hr/>	<hr/>
Current tax	–	650
Deferred tax	–	(102)
	<hr/>	<hr/>
Total tax charge for the period	–	548

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

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

	Twelve months ended 31 December	
	2025	2024
	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss attributable to owners of the Company	<u>(43,163)</u>	<u>(165,113)</u>
	Number of shares	
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>444,294</u>	<u>440,855</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted loss per share	<u>(9.71)</u>	<u>(37.45)</u>

The weighted average number of ordinary shares in issue has taken into account of the effect on placing of new shares (note 15) as if the placing of new shares had occurred at 1 January 2024, the beginning of the earliest period reported.

The Company has not issued any potentially diluted ordinary shares during the periods ended 31 December 2025 and 2024.

9. DIVIDEND

No interim dividend was paid or proposed during the twelve months ended 31 December 2025 (twelve months ended 31 December 2024: nil).

10. TRADE AND BILLS RECEIVABLES

	31 December 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Trade receivables	94,749	99,749
Loss allowance	<u>(73,174)</u>	<u>(73,227)</u>
	<u>21,575</u>	<u>26,522</u>
Bills receivables	4,788	4,104
Loss allowance	<u>(107)</u>	<u>(107)</u>
	<u>4,681</u>	<u>3,997</u>
Trade and bills receivables	<u><u>26,256</u></u>	<u><u>30,519</u></u>

Trade receivables

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

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

	31 December 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 1 month	–	4,947
More than 1 month but less than 3 months	–	–
More than 3 months	<u>21,575</u>	<u>21,575</u>
	<u>21,575</u>	<u>26,522</u>

Bills receivables

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

	31 December 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 1 month	441	526
More than 1 month but less than 3 months	1,261	1,473
More than 3 months but less than 6 months	2,979	736
More than 6 months but within 1 year	<u>–</u>	<u>1,262</u>
	<u>4,681</u>	<u>3,997</u>

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	31 December 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Prepayments (<i>note</i>)	43,188	41,982
Deposits and other receivables	10,493	11,815
Loss allowance	(4,770)	(4,833)
	48,911	48,964
Less: non-current portion	224	216
Current portion	48,687	48,748

Note:

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

12. CASH AND CASH EQUIVALENTS

	31 December 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Cash and cash equivalents	23,124	22,416
Cash in frozen bank accounts	6,263	6,083
	<u>29,387</u>	<u>28,499</u>

As at 31 December 2025, the cash in banks of the Group's subsidiaries in the PRC denominated in Renminbi ("RMB") amounted to HK\$28,965,000 (31 December 2024: HK\$28,065,000). The RMB is not freely convertible into other currencies, however, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

A cash deposit of approximately RMB5,633,000 (31 December 2024: approximately RMB5,633,000), equivalent to approximately HK\$6,263,000 (31 December 2024: approximately HK\$6,083,000), maintained in one of the bank accounts of the Group was frozen as a result of a ruling in respect of preservation of frozen accounts receivable issued by The People's Court of Longgang District, Huludao City in the PRC on 11 April 2023 (the "Ruling"). Such Ruling was against one of the suppliers of the Group, 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 matter, and there is no new progress for the time being.

13. TRADE PAYABLES

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

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

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

14. OTHER PAYABLES AND ACCRUALS

	31 December 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Accruals	9,195	10,328
Contract liabilities (<i>note a</i>)	81	777
Other payables (<i>note b</i>)	<u>17,880</u>	<u>16,036</u>
	<u>27,156</u>	<u>27,141</u>

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
<i>Short-term advances received from customers</i>		
Sales of integrated circuits	<u>81</u>	<u>777</u>

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

15. SHARE CAPITAL

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

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the twelve months ended 31 December 2025, the Group principally engaged in (i) design and sales of integrated circuits and semi-conductor parts; (ii) executive jet management services; and (iii) manufacturing and sales of yachts and other yachts related businesses.

During the twelve months ended 31 December 2025, uncertainties in the United States trade policies and monetary policy have intensified geopolitical tensions and affected global financial conditions and investment sentiment. Investors and corporations have adopted a more cautious approach, scaling back development and expansion plans, although the global economy demonstrated unexpected resilience. Customer sentiment remains relatively unchanged, however, value of sales of luxury goods has been decreased. Customers shifted heavily toward memorable experiences rather than physical items. This has, therefore, resulted in a challenging business environment for the Group. The phenomenon is especially conspicuous for the Group as it mainly operates high-ended product sales, i.e., executive jet management services and manufacturing and sales of yachts and other yachts related businesses.

In response to the complicated and unpredictable business environment during the twelve months ended 31 December 2025, the Group adopted a prudent approach by closely monitoring its business portfolio and implementing various decisive measures to reform. Objectives of these measures were (i) to maintain the core business that can create reliable returns with competitive advantages; (ii) to exit from businesses that have not met expectations or might require further input from the Group; and (iii) to continuously seek opportunities that can enhance the Group's revenue bases and profitability. Due to business confidence remained pessimistic in Hong Kong and the People's Republic of China (the "PRC"), no yacht was sold during the twelve months ended 31 December 2025. For the business of design and sales of integrated circuits and semi-conductor parts, it was still shadowed by the weak customer demand, rendering its sales volume to further decrease. As a result, the Group recorded a revenue of approximately HK\$31.1 million (twelve months ended 31 December 2024: approximately HK\$36.0 million) for the twelve months ended 31 December 2025.

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

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

SEGMENT REVIEW

Design and sales of integrated circuit and semi-conductor parts

For the twelve months ended 31 December 2025, design and distribution of integrated circuit and semi-conductor parts in the PRC, Hong Kong and Taiwan remained as one of the important part of the businesses of the Group. The Group acquires raw material integrated circuit (“**IC**”) and semi-conductor related parts from external suppliers and applies internet technology and related equipment for the design of IC related products before outsourcing to external sub-contractors for production. The Group is not involved in the manufacturing processes.

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

For the twelve months ended 31 December 2025, this segment recorded a revenue of approximately HK\$31.1 million and a segment loss of approximately HK\$0.3 million while a revenue of approximately HK\$31.0 million and a segment loss of approximately HK\$0.1 million were recorded for the twelve months ended 31 December 2024.

Executive jet management

Services provided by the Group mainly include executive jet management service, aircraft sales service and pilot training service. Nil revenue was recorded for each of twelve months ended 31 December 2025 and 2024 due to loss of clients and the change of their traveling behavior after the COVID-19 pandemic. In this regard, the Management is considering several options to deal with this business segment, including but not limited to, disposal. Further disclosure will be made as and when necessary.

Yacht businesses

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

As a result, nil revenue and segment loss of approximately HK\$0.2 million were recorded for the twelve months ended 31 December 2025, 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 in 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 comprising six apartment buildings with 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 only reach half of prior to the COVID-19 pandemic level, tourists from key markets, such as Japan and South Korea are declining. The economy of Saipan has been facing significant challenges. According to the World Bank data, the gross domestic product ("GDP") of Commonwealth of the Northern Mariana Islands ("CNMI"), which includes Saipan, has dropped to US\$0.86 billion in 2024 from US\$1.18 billion in 2019 that indicates businesses are closing down. The recession results a dropping population and workforce according to the Department of Commerce of CNMI. In the face of rapid deteriorating economic situation, the Management conducted a specific site visit in Saipan to investigate the actual effect of the local economy on the Group's asset there. The Management has also engaged an independent professional qualified valuer to assess the economic value of the land and the properties built thereon based on current market value and their conditions and assessed that the fair value of the land parcel was diminished by HK\$19.4 million to HK\$7.8 million as at 31 December 2025 compared with HK\$27.2 million as at 31 December 2024. For the twelve months ended 31 December 2025, nil revenue and segment loss of approximately HK\$19.4 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 twelve months ended 31 December 2025, the Group had the following investments:

- 23,000,000 unlisted shares of Cornerstone Securities Limited (“**Cornerstone Securities**”), representing approximately 8.81% of the entire issued capital of Cornerstone Securities. Cornerstone Securities is a company incorporated in Hong Kong with limited liability. It holds licenses to conduct the type 1 regulated activity (dealing in securities) and the type 4 regulated activity (advising on securities) and is principally engaged in securities dealing business in Hong Kong. As at 31 December 2025, the investment in Cornerstone Securities has a fair value of approximately HK\$5.5 million (31 December 2024: approximately HK\$5.5 million), representing approximately 2.7% of the total assets of the Company (31 December 2024: 2.4%).

For the twelve months ended 31 December 2025, (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 31 December 2025.

BUSINESS OUTLOOK

For the twelve months ended 31 December 2025, the reform of the business portfolio and strategic approaches implemented by the Management have empowered the Group to effectively mitigate the external challenges and uncertainties arising from the post COVID-19 era and challenging business environment. These initiatives enabled the Group to position itself to adapt to the ever-changing market dynamics and seize opportunities for growth.

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

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

FINANCIAL REVIEW

Revenue

For the twelve months ended 31 December 2025, the Group achieved a revenue of approximately HK\$31.1 million (twelve months ended 31 December 2024: approximately HK\$36.0 million). The revenue was principally contributed by the Group's core businesses which were design and sales of integrated circuit and semiconductor parts.

General and administrative expenses

General and administrative expenses was approximately HK\$29.7 million for the twelve months ended 31 December 2025 (twelve months ended 31 December 2024: approximately HK\$39.4 million). Such significant decrease was mainly attributed to tighten cost controls over staff costs and general office expenses.

Loss for the period

For the twelve months ended 31 December 2025, loss for the period attributable to owners of the Company was approximately HK\$43.2 million (twelve months ended 31 December 2024: approximately HK\$165.1 million). The significant decrease in loss was mainly attributable to no provision for impairment of trade and bills receivables (twelve months ended 31 December 2024: approximately HK\$67.5 million) and no provision for impairment of inventories (twelve months ended 31 December 2024: approximately HK\$58.7 million). Basic loss per share attributable to ordinary equity holders of the Company was approximately HK9.71 cents (twelve months ended 31 December 2024: approximately HK37.45 cents).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the cash in banks of the Group amounted to approximately HK\$29.4 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\$6.3 million (31 December 2024: approximately HK\$6.1 million), maintained in one of the bank accounts of the Group was frozen as a result of a ruling in respect of preservation of frozen accounts issued by The People's Court of Longgang District, Huludao City in the PRC on 11 April 2023 (the “**Ruling**”). Such Ruling was against one of the suppliers of the Group, namely Liaoning Jinlong Mega Yacht Manufacturing Co. Limited, for its failure to repay a loan borrowed from a bank in the PRC. For more details, please refer to the announcement of the Company dated 28 April 2023 and note 12 to the unaudited condensed consolidated interim financial statements in this second interim results announcement. 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\$143.3 million (31 December 2024: approximately HK\$124.7 million) as at 31 December 2025.

Save for the above, the Group had no fund-raising activities during the twelve months ended 31 December 2025.

GEARING RATIO

The gearing ratio of the Group, defined as total interest-bearing liabilities expressed as a percentage of the total equity and liabilities, was 69.8% (31 December 2024: 54.8%) as at 31 December 2025, 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 mainly had operations in the PRC. Certain materials used in the integrated circuits and semi-conductor parts may be settled in US dollars ("US\$"), which exposed the Group to exchange fluctuations of US\$ and RMB. Nevertheless, the Management considered that the Group in general was not exposed to significant foreign exchange risk, and had not employed any financial instrument for hedging. The Management will review the Group's foreign exchange risk and exposure from time to time and will implement hedging measures where necessary.

CAPITAL STRUCTURE

For the twelve months ended 31 December 2025, there was no change to the authorised share capital of the Company.

As at 1 January 2025 and 31 December 2025, the Company had issued a total of 444,294,170 shares in the par value of HK\$0.1 each. All shares were fully paid and rank pari passu with each other in all respects.

As at 31 December 2025, the shareholders' deficiency amounted to approximately HK\$167.3 million (31 December 2024: approximately HK\$128.0 million).

PLEDGE OF ASSETS

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

TRANSACTIONS AFTER THE REPORTING PERIOD

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

NO OTHER MATERIAL CHANGE

Save as disclosed in this announcement, there was no material change in the Group's financial position or business since the publication of the latest results of the Company for the six months ended 30 June 2025.

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had 34 employees (31 December 2024: 36 employees). For the twelve months ended 31 December 2025, total employee benefits expenses, including Directors' emoluments, amounted to approximately HK\$23.1 million (twelve months ended 31 December 2024: approximately HK\$27.8 million). The remuneration packages of employees were reviewed annually with reference to market level and individual staff performance. The Group's remuneration packages included basic salaries, bonus, contributions to provident fund and medical benefits.

SECOND INTERIM DIVIDEND

The Board does not recommend the payment of any second interim dividend for the twelve months ended 31 December 2025 (twelve months ended 31 December 2024: nil).

CORPORATE GOVERNANCE PRACTICES

Throughout the twelve months ended 31 December 2025, the Company has complied with the principles as set out in the Corporate Governance Code ("**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong, Limited (the "**Stock Exchange**") and complied with the code provisions contained therein except for the following deviations:

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

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

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

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

On 5 September 2025, Mr. Chan Ting Leuk Arthur was appointed as an independent non-executive Director, the chairman of each of the remuneration committee of the Company and nomination committee of the Company and a member of the Audit Committee. Following the appointment of Ms. Chan Ting Leuk Arthur, the Company has re-complied with Rules 3.10 (1) and 3.21 of the Listing Rules.

For details, please refer to the Company's announcements dated 8 November 2024, 24 February 2025, 26 February 2025, 6 June 2025 and 5 September 2025.

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

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

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

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

On 5 September 2025, Mr. Chan Ting Leuk Arthur was appointed as an independent non-executive Director, the chairman of each of the nomination committee and remuneration committee of the Company and a member of the Audit Committee. Further details were disclosed in the Company’s announcement dated 5 September 2025.

CHANGE IN BERMUDA SHARE REGISTRAR

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

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

CHANGE IN HONG KONG SHARE REGISTRAR

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

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

CHANGE OF FINANCIAL YEAR-END DATE

The Board resolved to change the financial year-end date of the Company from 31 December to 30 June at its meeting on 24 December 2025. The reasons for the change and other details were disclosed in the Company's announcement dated 24 December 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules to regulate the Directors' securities transaction. Specific enquiries had been made to all the Directors and the Directors had confirmed that they had complied with the Model Code for the twelve months ended 31 December 2025.

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

As at 31 December 2025, none of the directors and chief executives has any interests or short positions of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2025 to the best knowledge of the Directors, there was no interest and short position in the shares and underlying shares of the Company (within the meaning of Part XV of the SFO) of the substantial shareholders (other than the Directors and chief executives of the Company) as recorded in the register required to be kept under Section 336 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange.

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

During the twelve months ended 31 December 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined in the Listing Rules)).

SHARE SCHEME

As at 1 January 2025 and 31 December 2025, the Company did not have any share scheme.

AUDIT COMMITTEE

As of the date of this announcement, the Audit Committee comprised three independent non-executive directors, namely Ms. Ching Ching (chairlady), Mr. Wong Xiang Hong and Mr. Chan Ting Leuk Arthur. The Group's interim results for the twelve months ended 31 December 2025 have been reviewed by the Audit Committee.

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

The unaudited second interim results announcement of the Company for the twelve months ended 31 December 2025 has been published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.skyblue11.com. The 2025 second interim report will be dispatched to the shareholders of the Company and made available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 26 February 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. Wong Xiang Hong and Mr Chan Ting Leuk Arthur.