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HARBOUR DIGITAL

Harbour Digital Asset Capital Limited

港灣數字產業資本有限公司

(formerly known as Unity Investments Holdings Limited 合一投資控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 913)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The board of directors (the “**Board**”) of Harbour Digital Asset Capital Limited (formerly known as “Unity Investments Holdings Limited”) (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the year ended 31 December 2021 (the “**Year**”) with comparative figures for the preceding year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gross proceeds from disposal of trading securities		14,190	250
Gain from sale of listed equity investments at fair value through profit or loss (“FVPL”)		3,030	14
Gain from sale of unlisted equity investments at FVPL		–	2,725
Revenue	4	361	–
Other income	4	–	144
Changes in fair value of listed equity investments at FVPL		8,951	9,390
Changes in fair value of unlisted equity investments at FVPL		(23,092)	(41,452)
Impairment of financial assets at amortised costs, net		(3,659)	(1,880)
Operating expenses	6	(8,216)	(11,285)
Finance costs	7	(19)	(24)
Loss before tax	7	(22,644)	(42,368)
Income tax	8	–	–
Loss and total comprehensive loss for the year attributable to equity holders of the Company		(22,644)	(42,368)
		<i>HK\$</i>	<i>HK\$</i>
Loss per share – Basic and diluted	9	(0.09)	(0.20)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Equity investments at fair value through profit or loss		<u>58,500</u>	<u>100,592</u>
Current assets			
Equity investments at fair value through profit or loss		136,623	114,872
Deposits and prepayments		282	212
Due from securities brokers	<i>10</i>	2,234	1,434
Other receivables		19,460	12,264
Bank balances and cash		<u>621</u>	<u>736</u>
		<u>159,220</u>	<u>129,518</u>
Current liabilities			
Other payables and accruals		670	616
Due to securities brokers	<i>11</i>	<u>1</u>	<u>1</u>
		<u>671</u>	<u>617</u>
Net current assets		<u>158,549</u>	<u>128,901</u>
Total assets less current liabilities		<u>217,049</u>	<u>229,493</u>
NET ASSETS		<u>217,049</u>	<u>229,493</u>
Capital and reserves			
Share capital		276	223
Reserves		<u>216,773</u>	<u>229,270</u>
TOTAL EQUITY		<u>217,049</u>	<u>229,493</u>
		<i>HK\$</i>	<i>HK\$</i>
Net asset value per share	<i>12</i>	<u>0.79</u>	<u>1.03</u>

Notes:

1. GENERAL INFORMATION

Harbour Digital Asset Capital Limited (formerly known as “Unity Investments Holdings Limited”) was incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements also comply with applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

Adoption of Amendments to Hong Kong Financial Reporting Standards

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatory effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19 Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. FUTURE CHANGES IN HKFRS

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted:

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

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

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE AND OTHER INCOME

The Group is principally engaged in the investment in listed and unlisted companies. Revenue recognised during the year are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
Dividend income from listed equity investments at FVPL	<u>361</u>	<u>–</u>
	361	–
Other Income		
Government grants (<i>note</i>)	<u>–</u>	<u>144</u>
	<u>361</u>	<u>144</u>

Note: Government grants were mainly granted to the Group as subsidies to support the operation of the Group.

5. SEGMENT INFORMATION

For the purpose of internal reporting, the Group only has one business segment, namely, investments in listed and unlisted securities. Business segment information, which is the Group's primary basis of segment reporting, is not required as the Group's revenue, contribution to operating profit, assets and liabilities are attributable to this only segment.

Geographical information

The geographical location from which the Group derives revenue is based on the location of the markets of the respective investments; and geographical location of the specified non-current assets is based on the physical location of the asset. However, all of the Group's revenue and non-current assets are principally attributable to Hong Kong. Consequently, no geographical information represented.

6. OPERATING EXPENSES

Operating expenses of approximately HK\$8,216,000 for the year ended 31 December 2021 (2020: approximately HK\$11,285,000) represented:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Marketing expenses	–	1,800
Administrative expenses	8,216	7,357
Legal costs	–	2,128
	<u>8,216</u>	<u>11,285</u>

Legal costs for the year ended 31 December 2020 of approximately HK\$2,128,000 were incurred for the winding-up petition (the "**Petition**") against L & A International Holdings Limited ("L & A", now known as "Legendary Group Limited"), the shares of which are listed on GEM of the Stock Exchange with stock code of 8195. The Company has invested in L & A and recorded substantial amount of losses. For further details, please refer to the Company's announcement dated 14 September 2021. The Petition was dismissed in a Court hearing held in December 2021.

7. LOSS BEFORE TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
This is stated after charging/(crediting):		
Finance costs		
Interest on margin financing	<u>19</u>	<u>24</u>
Staff costs (excluding directors' remuneration):		
Employee benefits expenses	492	392
Contributions to defined contribution plans	39	34
Share-based payment expenses	<u>3,077</u>	<u>1,143</u>
	<u>3,608</u>	<u>1,569</u>
Other items		
Auditor's remuneration	360	360
Expenses related to short term lease	<u>153</u>	<u>153</u>
Disclosures pursuant to Rule 21.12(1)(c) of the Listing Rules		
Realised gain on disposal of listed investments	(i) (3,030)	(14)
Realised gain on disposal of unlisted investments	–	(2,725)
Unrealised gain on listed investments	(ii) (8,951)	(9,390)
Unrealised loss on unlisted investments	<u>23,092</u>	<u>41,452</u>

Notes:

- (i) The amounts are calculated based on the sales proceeds less cost of those listed investments.
- (ii) The amounts represented changes in fair value of unrealised investments during the year and cumulative change in fair value of realised investments.

8. TAXATION

No provision for Hong Kong Profits Tax was made by the Group as the Group did not derive any assessable profits in Hong Kong for the year ended 31 December 2021 and 2020.

9. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK\$22,644,000 (2020: HK\$42,368,000) and the weighted average number of 264,993,000 (2020: 209,902,000) ordinary shares in issue during the year.

On 20 February 2020, the Company completed a capital reduction, which involved in consolidation of ten then shares to one existing share of HK\$0.001 each.

For the year ended 31 December 2020, the weighted average number of ordinary shares has been adjusted for the effect of the aforesaid share consolidation.

As exercise of share options of the Company would result in a decrease in loss per share, diluted loss per share is the same as basic loss per share in year ended 31 December 2021 and 2020.

10. DUE FROM SECURITIES BROKERS

Amounts due from securities brokers represent deposits placed with securities brokers for the trading of listed investments which are repayable on demand and interest-free.

11. DUE TO SECURITIES BROKERS

Amounts due to securities brokers represent margin loans arising from the trading of listed investments which are repayable on demand. No ageing analysis is disclosed in respect of due to securities brokers. In the opinion of the directors of the Company, an ageing analysis does not give additional value in view of the Group's business nature.

12. NET ASSET VALUE PER SHARE

Net asset value per share is calculated by dividing the net assets included in the consolidated statement of financial position of approximately HK\$217,049,000 (2020: HK\$229,493,000) by the number of shares in issue at 31 December 2021, being 275,601,680 (2020: 223,471,680).

In the course of preparation of this announcement, the value of the Group's unlisted investments decreased by net amount of approximately HK\$23,092,000, which was made with reference to independent valuation reports principally. These valuation reports were obtained by the Company after 15 January 2022, the date of the Company's announcement titled "Net Asset Value" (the "NAV Announcement"). The decrease of net asset value per share of the Company as at 31 December 2021 from approximately HK\$0.885 as stated in the NAV Announcement to approximately HK\$0.79 as stated in this announcement is principally resulted from the aforesaid changes in fair value of unlisted equity investments.

FINAL RESULTS AND FINAL DIVIDEND

The Group's audited consolidated net loss attributable to shareholders was approximately HK\$22.6 million for the Year (2020: HK\$42.4 million) which was mainly attributable to the changes in fair value of unlisted equity investments at fair value through profit or loss. Loss per share for the Year was approximately HK\$0.09 (2020: HK\$0.20).

The Board does not recommend the payment of a final dividend for the Year (2020: Nil).

BUSINESS REVIEW

The Company is an investment company and the Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 27 October 1999, pursuant to Chapter 21 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). During the Year, the Group remains principally engaged in listed investments in Hong Kong and in unlisted companies.

Given the liquidity of stock markets worldwide was continuously improved during the Year, the performance of listed investments of the Group enhanced accordingly. The listed equity investments has posted net realised gain of approximately HK\$3.0 million (2020: HK\$14,000) and unrealised gain of approximately HK\$9.0 million (2020: HK\$9.4 million). During the Year, the Board remained focus on listed equity in Hong Kong. The Company is cautious in identifying any investment opportunities to achieve medium-term or long-term capital appreciation.

In order to keep reasonable spread of the Group's investments, the Board will maintain a diversified investment portfolio to cover a wide range of business sectors, including, but not limited to, companies engaged in sectors such as finance, consumer goods and services, media, construction, mining, etc.

The investment portfolio of the Group as at 31 December 2021 mainly comprises of a portfolio of listed shares in 30 companies of HK\$136.6 million and investments in 2 direct investments in unlisted equities securities of HK\$58.5 million which represent approximately 62.9% and 27.0% of the Group's consolidated net asset value respectively.

In connection with unlisted investments, the Group principally held two unlisted equity investment projects. The major investee company is Keen Champ Investments Limited ("**Keen Champ**"). Another one is Peak Zone Group Limited ("**Peak Zone**").

The principal business of Keen Champ Group is holding operating rights and forestry management of forest trees. Peak Zone Group principally engages in the electronic commerce industry specializing on the provision of integrated application, which can be deployed by its customers on a modular or selective basis, offering flexibility in budget and choice.

Based on the valuation reports and other relevant documents, the valuation of the Group's stake in Keen Champ and Peak Zone as at 31 December 2021 were approximately HK\$50.0 million and HK\$8.5 million. Accordingly, there were decreases in the value of investment in Keen Champ and Peak Zone, of approximately HK\$16.9 million and HK\$6.2 million during the Year.

During the Year, the Group disposed of 1,754 shares or 0.6% of its equity interest in Pure Power Holdings Limited, which is running natural resources exploration and exploitation business in America, consideration of HK\$19.0 million. No gain or loss on disposal was recorded during the Year.

Set out below are further details on Keen Champ, the principal unlisted investment as at 31 December 2021:

The percentage of fair value of the Group's investment in Keen Champ to the Group's total assets as at 31 December 2021 was approximately 23.0%. For the financial year ended 31 December 2021, the unaudited consolidated net loss attributable to equity holders of Keen Champ was approximately HK\$1.2 million. The loss was due to operation with sizeable scale is yet to commence. In view of possible slow-down of worldwide economy due to continuous spread of COVID-19, the Group has considered the lumber consumption will decrease globally. Accordingly, the Group has disposed of its investment in Keen Champ at a consideration of HK\$50 million subsequent to the year end date of 31 December 2021.

In addition to Keen Champ, the principal unlisted investment above, the Group held three significant listed equity investments, which are WLS Holdings Limited (“WLS”) (HKSE stock code: 8021), SEEC Media Group Limited (“SEEC”) (HKSE stock code: 205) and China e-Wallet Payment Group Limited (“China e-Wallet”) (HKSE stock code: 802) as at 31 December 2021.

WLS is principally engaged in the scaffolding and fitting out services, management contracting services and other services for construction and buildings work, money lending business, securities brokerage and margin financing and securities investment business. For the year ended 30 April 2021, the audited consolidated loss attributable to owners of WLS was HK\$16,903,000. The percentage of fair value of the Group's investment in WLS to the Group's total assets as at 31 December 2021 was approximately 16.3%. The unrealised gain on the Group investments in WLS during the Year was approximately HK\$14.6 million. As WLS is one of the leading scaffolding sub-contractors in the industry, the management of WLS are confident about securing more contracts which based on the HKSAR's land supply and residential units forecast in the coming years. The Company believes the WLS's business strategy is in line with the overall direction of the government's strategic development plans for property construction, infrastructure investment and financial market development, and profit will be generated in medium terms.

SEEC Media is principally engaged in the provision of advertising agency services, distribution of books and magazines, securities brokerage business, money lending business and e-commerce business in the People's Republic of China and in Hong Kong. For the year ended 31 December 2021, the audited consolidated loss attributable to owners of SEEC Media was HK\$40,136,000. The percentage of fair value of the Group's investment in SEEC to the Group's total assets as at 31 December 2021 was approximately 5.1%. The unrealised gain on the Group investments in SEEC during the Year was approximately HK\$8.2 million. SEEC Media will actively develop its advertising business, especially the digital media marketing and the multi-channel network business which the market is growing rapidly in recent years. The Company believes the SEEC Media's will maintain its cautiously optimistic outlook and explore other suitable investment opportunities which are able to bring satisfactory and sustainable returns to SEEC Media and maximize the shareholders' value.

China e-Wallet is principally engaged in the provision of internet and mobile application and distribution of computer-related and mobile-related electronic products and accessories. For the financial year ended 31 December 2020, the audited consolidated loss attributable to owners of China e-Wallet was HK\$41,800,000. The percentage of fair value of the Group's investment in China e-Wallet to the Group's total assets as at 31 December 2021 was approximately 5.0%. The unrealised loss on the Group investments in China e-Wallet during the Year was approximately HK\$1.2 million. China e-Wallet already procured thousands of merchants to participate in its settlement application services. Since 2018, China e-Wallet expanded its settlement application services through referring merchants to Alipay.com Co., Ltd. to use the Alipay services in the PRC. The Company believes the China e-Wallet's will continue to explore the potential of this business opportunities and utilize its resource with prudence in the future, and China e-Wallet will bring positive return to its shareholders in long run.

Performance of the Group's Listed Securities

The gain on listed securities of approximately HK\$12.0 million for the Year represented net realised gain in disposal of listed securities of approximately HK\$3.0 million and net unrealised gain of listed securities of approximately HK\$9.0 million. Set out below are further information of these net realised gain and unrealised gain:

Net Realised Gain on Disposal of Listed Securities

The net realised gain on disposal of listed securities of approximately HK\$3.0 million represented the realised gain on disposal of 7 stocks of approximately HK\$4.2 million and the realised loss on disposal of 2 stocks of approximately HK\$1.2 million, which were recognised during the Year. The realised gain of approximately HK\$4.2 million principally represented the gain on disposal of the shares of Aeso Holdings Limited (HKSE stock code: 8341) of approximately HK\$2.4 million.

Net Unrealised Gain of Listed Securities

The net unrealised gain of approximately HK\$9.0 million represented the unrealised gain of approximately HK\$39.6 million net of unrealised loss of approximately HK\$30.6 million.

The unrealised gain principally represented:

Company name	HKSE Stock code	Unrealised gain <i>HK\$ million</i>
WLS Holdings Limited	8021	14.6
SEEC Media Group Limited	205	8.2
Suncorp Technologies Limited	1063	4.7

In addition to the above three stocks, there is no stock which brought over HK\$4 million gain to the Group during the Year.

The unrealised loss principally represented:

Company name	HKSE Stock code	Unrealised loss <i>HK\$ million</i>
AMCO United Holding Limited	630	8.1
Aeso Holding Limited	8341	7.9

In addition to the above two stocks, there is no stock which incurred unrealised loss on disposal over HK\$4 million to the Group during the Year.

FINANCIAL REVIEW

Liquidity, Financial Resource, Capital Structure and Gearing Ratio

The Group's asset portfolio was mainly financed by internally generated cash resources and fund raising activities. As at 31 December 2021, net current assets of the Group amounted to approximately HK\$158.5 million (2020: HK\$128.9 million) with cash and bank balances of approximately HK\$0.6 million (2020: HK\$0.7 million). The consolidated net asset value per share of the Company as at 31 December 2021 was HK\$0.79 (2020: HK\$1.03). The consolidated net asset value per share as at 31 December 2021 is calculated based on the net assets of the Group of approximately HK\$217.0 million (2020: HK\$229.5 million) and 275,601,680 ordinary shares of the Company at par value of HK\$0.001 each in issue as at that date (2020: 223,471,680 shares at par value of HK\$0.001 each).

As at 31 December 2021, the Company had no outstanding bank borrowing (2020: Nil). The gearing ratio of the Group was 0.3% as at 31 December 2021 (2020: 0.3%), which is calculated based on the Group's total liabilities divided by its total assets. Taking into account of the amount of liquid assets in hand and available short-term or margin loan facilities, the Group has sufficient financial resources to meet its ongoing operational requirements.

The Board has been actively seeking fund raising opportunities to strengthen the Company's financial position. On 8 March 2021, the Company completed a placing and has successfully raised approximately HK\$5.8 million (before expenses), which are detailed below.

On 18 February 2021 (after trading hours), the Company and Astrum Capital Management Limited (the "**Placing Agent**") entered into a placing agreement (the "**Placing Agreement**") pursuant to which the Placing Agent agreed to place, on a best endeavour basis, to not less than six independent places for up to 44,690,000 new shares at a price (the "**Placing Price**") of HK\$0.130 per placing share (the "**Placing**"). These new shares rank pari passu in all respect with the then existing Shares. The Placing was completed on 8 March 2021.

The Placing Price of HK\$0.130 per placing share represents: (i) a premium of approximately 9.7% to the closing price of HK\$0.144 per share of the Company as quoted on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 February 2021, being the date of the Placing Agreement; and (ii) a discount of approximately 9.0% to the average of the closing prices of HK\$0.1428 per share of the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are securities trading and investment holding. The Board considered that the Placing represented a good opportunity for the Company to raise additional funds and to widen the Company’s shareholder base, and the terms of the Placing Agreement are on normal commercial terms. Accordingly, the Directors considered that the terms of the Placing were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate gross proceeds of the Placing were approximately HK\$5.8 million and the aggregate net proceeds of the Placing, after deduction of expenses, were approximately HK\$5.7 million, representing a net issue price of approximately HK\$0.128 per placing share. The net proceeds from the Placing were intended to be used for the general working capital of the Group and for future investments pursuant to the investment objectives of the Company. As of 31 December 2021, the net proceeds of approximately HK\$5.7 million were fully used for working capital and listed investments as intended.

Save as the Placing, the Group did not have run any capital exercise during the Year.

Charge of Assets and Margin Facilities

As at 31 December 2021 and 2020, margin facilities from several regulated securities brokers were granted to the Group which were secured by the Group’s listed investments. As at 31 December 2021 and 2020, the Group had not utilised against these facilities.

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

During the Year, the Company does not have any significant acquisition and disposal of subsidiaries, associates or joint ventures.

Foreign Currency Fluctuation

The Group’s exposures to foreign currencies mainly arises from its investments in companies located in the PRC, which are financed internally. In order to mitigate the potential impact of currency fluctuations, the Group closely monitors its foreign currency exposures and will use suitable hedging instruments against significant foreign currency exposures, where necessary. No foreign currency hedge contract was entered into by the Group during the Year. As at 31 December 2021, the Group had no outstanding foreign currency hedge contracts (2020: Nil).

Future Plans for Material Investments or Capital Assets and Their Expected of Funding in Coming Year

As at 31 December 2021 and up to the date of this results announcement, the Company does not have any concrete plan for material investments or capital assets.

PROSPECTS

Year 2021 extends the challenging period from Year 2020. The outbreak of COVID-19 has killed over 6 million people and infected more than 470 million people globally. Business activities were suspended in a large extent over the world. However, the investment sentiment, especially in the West, is not as poor as the economic environment. The performance of major stock markets varies significantly. Dow Jones Industrial Index kept moving in an overall rising trend from 30,606 points at the end of Year 2020 to 36,338 points at as 31 December 2021. Hang Seng Index decreased by approximately 14% in Year 2021 from 27,231 points at the beginning to 23,398 points at end of Year 2021. In early Year 2022, both Dow Jones Industrial Index and Hang Seng Index experienced considerable falling owing to the commencement of Russia-Ukraine War.

In the U.S., the good performance of U.S. stock markets is substantially attributable to blooming economic activities. Consumers shook off the pandemic blues as Year 2021 began, putting stimulus checks to work buying cars and other goods and helping set the stage for what could be the fastest economic growth in decades. The initial reading on the 2021 first-quarter economic performance, delivered by the Commerce Department of U.S., showed that much remained far from normal. Even with a big jump in personal income, there was only a modest increase in spending on services like travel, dining and even health care. But certain economists said that was already changing as more vaccinations are delivered and coronavirus related business restrictions are eased. With better weather, savings accumulated during a long year of lockdowns, and an itch to make up for forced inactivity, Americans will have plenty of reasons to go out and spend. US GDP growth accelerated in the fourth quarter, growing at a 6.9 percent annual growth rate, an increase from the pace of growth over the previous four quarters as the economy continues to recover from the effects of the COVID-19 pandemic. GDP growth in the fourth quarter was entirely accounted for by increased inventory investment and increased service spending. Over the four quarters of Year 2021, real GDP grew 5.5 percent, the fastest pace for any year since Year 1984.

In Europe, European Commission in its “Winter 2022 Economic Forecast” stated that the EU economy entered the new year on a weaker note than previously projected. Having regained the pre-pandemic output level in summer last year, a moderate slowdown was already expected in the European Commission’s Autumn Forecast in Year 2021. However, since then headwinds to growth have intensified. After a soft patch, the economic expansion is set to regain pace in the second quarter of this year and remain robust over the forecast horizon. Following a strong recovery by 5.3% in 2021, the EU economy is now forecast to grow by 4.0% in 2022, as in the euro area, and by 2.8% in 2023 (2.7% in the euro area).

However, the negative impact caused by Russia-Ukraine War is yet to be reflected in the above forecast.

China is the county where COVID-19 firstly appeared. It is also the first country adopting stringent lockdown policy in its largely infected area, i.e. Wuhan and quarantine policy in its major cities. After a couple of months of coronavirus quarantine, China is slowly emerging from its shutdowns by restarting production at factories and resuming some flights. China can now develop its COVID-19 vaccine and gifted them to other countries. A recovery in the world's second-largest economy provides some relief for global manufacturers in the months ahead as the outbreak continues to wreak havoc in Europe and U.S. However, along with the policy of coexisting with COVID-19 generally adopted in the West, the economy of the West is recovering, and may stimulate the competition of the economic growth of China and that of the West. The tensed relationship between Russia and the West also brought uncertainty to China's economic development.

In view of the above analysis, although the West is recovering from the COVID-19 pandemic, the Board still considers that the economy recovery of China (including Hong Kong) will be at a faster pace than those in U.S. and Europe. The Board will continue to place its investment in China and Hong Kong principally, and monitor the market dynamics, and adopt a conservative approach on investments, so as to enhance value to our Shareholders.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is dedicated to an ongoing enhancement of effective and efficient corporate governance standards. The Board believes that high corporate governance standards are essential in providing framework for the Company to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has applied the principles set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules.

For the Year, the Company has complied with all code provisions set out in the CG Code, except for code provisions A.2.1 and A.4.1, details of which will be explained below.

Based on Code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Company has not appointed the Chairman of the Board and Chief Executive Officer since the resignation of Mr. NG Chi Hoi on 1 August 2016. Ms. YE Ying was subsequently appointed as the Chairman of the Board with effect from 3 January 2022. The Board's current significant decisions are made in Board meetings. Every Board member has the rights and responsibility to propose Board meetings to discuss significant issues he/she concerns, and has the power to make the decisions among other Board members.

Code provision A.4.1 requires that non-executive directors should be appointed for a specific term and subject to re-election. Ms. YE Ying, Ms. HU Xiaoting and Mr. YU Tat Chi Michael, the non-executive Directors, non-executive Directors/independent non-executive Director (as the case may be), have no specific term of appointment but they are subject to retirement by rotation in accordance with the Company's articles of association. As such, the Company considers that sufficient measures have been taken to serve the purpose of this code provision.

The practice of the corporate governance of the Company will be reviewed and updated from time to time in order to comply with the requirements of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARE

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors of the Company. Upon specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards as set out in the Model Code for the Year.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") as at the date of this results announcement comprises all independent non-executive directors, namely Mr. YU Tat Chi Michael, Mr. HUNG Cho Sing and Ms. CHUNG Fai Chun. Mr. YU Tat Chi Michael is the chairman of the Audit Committee.

The Audit Committee, along with management, has reviewed the consolidated results of the Group for the year ended 31 December 2021, including accounting principles and practices adopted by the Group and also discussed matters such as internal controls, risk management, audit and financial reporting, including a review of the audited consolidated financial statements, for the financial year ended 31 December 2021.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this final results announcement have been agreed by the Group's auditor, Elite Partners CPA Limited ("**Elite Partners**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners on this final results announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the Company's website at www.hdca913.com and the website of the Stock Exchange at www.hkexnews.hk. The 2021 annual report of the Company will be despatched to shareholders of the Company and published on the same websites above in due course.

By order of the Board
Harbour Digital Asset Capital Limited
港灣數字產業資本有限公司
SHUM Kit Lan Anita
Executive Director

Hong Kong, 30 March 2022

As at the date of this announcement, the Board comprises:

Executive Director:

Ms. SHUM Kit Lan Anita

Non-executive Directors:

Ms. YE Ying (*Chairman*)

Ms. HU Xiaoting

Independent non-executive Directors:

Mr. HUNG Cho Sing

Ms. CHUNG Fai Chun

Mr. YU Tat Chi Michael