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**HARBOUR DIGITAL**

**Harbour Digital Asset Capital Limited**

**港灣數字產業資本有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 913)

**ANNOUNCEMENT OF FINAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 2022 (the “**Year**”) with comparative figures for the preceding year ended 31 December 2021 as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$’000</i>	<b>2021</b> <i>HK\$’000</i>
<b>Gross proceeds from disposal of trading securities</b>		<b>5,983</b>	14,190
<b>(Loss)/gain from sale of listed equity investments at fair value through profit or loss (“FVPL”)</b>		<b>(47,047)</b>	3,030
Revenue	<i>4</i>	<b>1,723</b>	361
Other income	<i>4</i>	<b>72</b>	–
Changes in fair value of listed equity investments at FVPL		<b>29,875</b>	8,951
Changes in fair value of unlisted equity investments at FVPL		–	(23,092)
Impairment losses under expected credit loss model, net of reversal		<b>(11,983)</b>	(3,659)
Operating expenses	<i>6</i>	<b>(16,720)</b>	(8,216)
Finance costs	<i>7</i>	–	(19)
Loss before tax	<i>7</i>	<b>(44,080)</b>	(22,644)
Income tax	<i>8</i>	–	–
<b>Loss and total comprehensive loss for the year attributable to equity holders of the Company</b>		<b>(44,080)</b>	(22,644)
		<i>HK\$</i>	<i>HK\$</i>
Loss per share – Basic and diluted	<i>9</i>	<b>(0.16)</b>	(0.09)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>Non-current assets</b>			
Equity investments at fair value through profit or loss		–	58,500
Debt investment measured at amortised cost		<u>17,100</u>	<u>–</u>
		<u>17,100</u>	<u>58,500</u>
<b>Current assets</b>			
Equity investments at fair value through profit or loss		118,858	136,623
Deposits and prepayments		72	282
Due from securities brokers	10	400	2,234
Other receivables		42,636	19,460
Bank balances and cash		<u>7,424</u>	<u>621</u>
		<u>169,390</u>	<u>159,220</u>
<b>Current liabilities</b>			
Other payables and accruals		1,402	670
Due to securities brokers	11	<u>1</u>	<u>1</u>
		<u>1,403</u>	<u>671</u>
<b>Net current assets</b>		<u>167,987</u>	<u>158,549</u>
<b>Total assets less current liabilities</b>		<u>185,087</u>	<u>217,049</u>
<b>NET ASSETS</b>		<u>185,087</u>	<u>217,049</u>
<b>Capital and reserves</b>			
Share capital		281	276
Reserves		<u>184,806</u>	<u>216,773</u>
<b>TOTAL EQUITY</b>		<u>185,087</u>	<u>217,049</u>
		<i>HK\$</i>	<i>HK\$</i>
Net asset value per share	12	<u>0.66</u>	<u>0.79</u>

*Notes:*

**1. GENERAL INFORMATION**

The Company 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**”).

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 1006, 10th Floor, 299QRC, 287-299 Queen’s Road Central, Sheung Wan, Hong Kong.

The principal activities of the Group are engaged in the investment in listed and unlisted financial assets. Details of principal subsidiaries are set out in note 10 to the consolidated financial statements.

**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 2021 consolidated financial statements except for the adoption of the following new and amendments to HKFRSs that are relevant to the Group and effective from the current year.

**Adoption of Amendments to HKFRSs**

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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 HKFRSs

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or 1 January 2024.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in foreseeable future.

### 4. REVENUE AND OTHER INCOME

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>		
Dividend income from listed equity investments at FVPL	799	361
Interest income from debt investment	924	–
	<u>1,723</u>	<u>361</u>
<b>Other Income</b>		
Government grants ( <i>note</i> )	72	–
	<u>1,795</u>	<u>361</u>

*Note:* Government grants represent subsidies granted from the HKSAR Government in relation to support the operation of the Group without unfulfilled conditions or other contingencies attaching to the subsidies.

## 5. SEGMENT INFORMATION

For the purpose of internal reporting, the Group only has one business segment, namely, investment in listed and unlisted financial assets, which is also the Group's primary basis of segment reporting. Accordingly, the Group is not required to present the segment information on revenue, contribution to operating profit, assets and liabilities that are attributable to single 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 the geographical location of the specified non-current assets is based on the physical location of the asset. As all of the Group's revenue and non-current assets are principally attributable to and located in Hong Kong, accordingly, no geographical information is represented.

## 6. OPERATING EXPENSES

Operating expenses of approximately HK\$16,720,000 for the year ended 31 December 2022 (2021: approximately HK\$8,216,000) represented:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Administrative expenses	5,600	5,022
Equity share-based payment expenses	11,120	3,194
	<u>16,720</u>	<u>8,216</u>

## 7. LOSS BEFORE TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
This is stated after charging/(crediting):		
<b>Finance costs</b>		
Interest on margin financing	–	19
	<u>–</u>	<u>19</u>
<b>Staff costs (excluding directors' remuneration):</b>		
Salaries and allowance	531	492
Discretionary bonuses	34	–
Retirement scheme contributions	21	21
Share-based payment expenses	11,120	3,077
	<u>11,706</u>	<u>3,590</u>
<b>Other items</b>		
Auditor's remuneration	380	360
Expenses related to short term lease	160	153
	<u>380</u>	<u>153</u>
<b>Disclosures pursuant to Rule 21.12(1)(c) of the Listing Rules</b>		
Realised loss/(gain) from sale of listed equity investments	(i) 47,047	(3,030)
Unrealised gain on listed equity investments	(ii) (29,875)	(8,951)
Unrealised loss on unlisted equity investments	–	23,092
	<u>17,172</u>	<u>11,111</u>

*Notes:*

- (i) The amounts are calculated based on the sales proceeds less cost of those listed equity 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**

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax was made in the consolidated financial statements as the Group did not derive any assessable profits in Hong Kong for the years ended 31 December 2022 and 2021.

## **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\$44,080,000 (2021: HK\$22,644,000) and the weighted average number of 279,194,000 (2021: 264,993,000) ordinary shares in issue during the year.

On 8 March 2021, the Company completed a share placing for 44,690,000 shares at a placing price of HK\$0.13 per share.

For the year ended 31 December 2021, the weighted average number of ordinary shares has been adjusted for the effect of the aforesaid share placing.

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 years ended 31 December 2022 and 2021.

## **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\$185,087,000 (2021: HK\$217,049,000) by the number of shares in issue at 31 December 2022, being 281,181,680 (2021: 275,601,680).

In the course of preparation of this announcement, the value of the Group's financial assets decreased by net amount of approximately HK\$11,983,000, which was made with reference to independent valuation reports. Those valuation reports were finalised subsequent to 12 January 2023, 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 2022 from approximately HK\$0.702 as stated in the NAV Announcement to approximately HK\$0.66 as stated in this results announcement is principally resulted from the aforesaid decrease in fair value of the Group's financial assets.

## FINAL RESULTS AND FINAL DIVIDEND

The Group's audited consolidated net loss attributable to shareholders was approximately HK\$44.1 million for the Year (2021: HK\$22.6 million) which was mainly attributable to the net loss on listed investments and impairment of financial assets. Loss per share for the Year was approximately HK\$0.16 (2021: HK\$0.09).

The Board does not recommend the payment of a final dividend for the Year (2021: 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 loss of approximately HK\$47.0 million (2021: gain of HK\$3.0 million) and unrealised gain of approximately HK\$29.9 million (2021: HK\$9.0 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 2022 mainly comprises of a portfolio of listed shares in 30 companies of HK\$118.9 million and investment in unlisted bond investment in a listed company of HK\$17.1 million which represent approximately 64.2% and 9.2% of the Group's consolidated net asset value respectively.

During the Year, the Group disposed of 16 shares or 16% of its equity interest in Keen Champ Investments Limited, which is holding operating rights and forestry management of forest trees, consideration of HK\$50.0 million. No gain or loss on disposal was recorded during the Year.

In addition, the Group also disposed of 2,990 shares or 29.9% of its equity interest in Keen Champ Investments Limited, which is principally engages in the electronic commerce industry specializing on the provision of integrated application, consideration of HK\$8.5 million. No gain or loss on disposal was recorded during the Year.

In connection with unlisted bond investment, the Group held an unlisted bond Investment in AMCO United Holding Limited ("**AMCO**").

AMCO is a company incorporated in Bermuda with limited liability and principally engaged in medical device businesses. The company operates through five business segments, namely Medical Devices Business, Plastic Molding Business, Building Contract Works Business, Money Lending Businesses and Securities Investment. The company operates businesses in the regions of Asia, Europe and North and South Americas. It is listed on main board of the Stock Exchange (stock code: 630). Based on AMCO's interim report for the six months ended 30 June 2022, its net asset value was approximately HK\$93.9 million, its net current assets were approximately HK\$151.9 million. Accordingly, the Company considers that AMCO has sufficient working capital to meet the ongoing business, there is no signal of default of bonds issued by AMCO.

Based on the valuation reports and other relevant documents, the valuation of the Group's stake in AMCO as at 31 December 2022 were approximately HK\$17.1 million. There was decrease in the value of investment in bond investment in AMCO of approximately HK\$3.8 million during the Year.

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 Asia Grocery Distribution Limited ("Asia Grocery") (HKSE stock code: 8413) as at 31 December 2022.

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 2022, the audited consolidated loss attributable to owners of WLS was HK\$12.0 million. The percentage of fair value of the Group's investment in WLS to the Group's total assets as at 31 December 2022 was approximately 25.7%. The unrealised gain on the Group investments in WLS during the Year was approximately HK\$12.5 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\$40.1 million. The percentage of fair value of the Group's investment in SEEC to the Group's total assets as at 31 December 2022 was approximately 5.8%. The unrealised loss on the Group investments in SEEC during the Year was approximately HK\$0.2 million. Based on SEEC Media's 2022 interim report, it has proactively developed 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.



Asia Grocery is principally engaged in the provision of food and beverage grocery distribution and provision of food catering services through restaurants in Hong Kong. For the financial year ended 31 March 2022, the audited consolidated loss attributable to owners of Asia Grocery was HK\$2.1 million. The percentage of fair value of the Group's investment in Asia Grocery to the Group's total assets as at 31 December 2022 was approximately 5.7%. The unrealised gain on the Group investments in Asia Grocery during the Year was approximately HK\$5.6 million. Asia Grocery supplied over 300 brands of products originated from different areas, with customers covering restaurants, non-commercial dining establishments, hotels and private clubs, food processing operators and wholesalers in Hong Kong. The Company believes the Asia Grocery's will continue to explore the potential of this business opportunities and utilize its resource with prudence in the future, and Asia Grocery will bring positive return to its shareholders in long run.

### **Performance of the Group's Listed Securities**

The loss on listed securities of approximately HK\$17.1 million for the Year represented net realised loss in disposal of listed securities of approximately HK\$47.0 million, net of net unrealised gain of listed securities of approximately HK\$29.9 million. Set out below are further information of these net realised gain and unrealised gain:

#### **Net Realised Loss on Disposal of Listed Securities**

The net realised loss on disposal of listed securities of approximately HK\$47.0 million represented the realised loss on disposal of a stock-Legendary Group Limited (HKSE stock Code: 8195) of approximately HK\$46.8 million, which were recognised during the Year. There was no stock sold by the Group, which brought the Group realised gain or loss over HK\$0.3 million during the Year.

#### **Net Unrealised Gain of Listed Securities**

The net unrealised gain of approximately HK\$29.8 million represented the unrealised gain of approximately HK\$65.4 million net of unrealised loss of approximately HK\$35.6 million.

The unrealised gain principally represented:

<b>Company name</b>	<b>HKSE Stock code</b>	<b>Unrealised gain <i>HK\$ million</i></b>
Legendary Group Limited	8195	47.1
WLS Holdings Limited	8021	12.5
Asia Grocery Distribution Limited	8413	5.6

In addition to the above three stocks, there is no stock which brought over HK\$0.2 million gain to the Group during the Year.

The unrealised loss principally represented:

<b>Company name</b>	<b>HKSE Stock code</b>	<b>Unrealised loss HK\$ million</b>
China e-Wallet Payment Group Limited	802	8.2
AMCO United Holding Limited	630	4.0
Milan Station Holdings Limited	1150	3.3
China National Culture Group Limited	745	2.8
China Properties Investment Holdings Limited	736	2.3

In addition to the above five stocks, there is no stock which incurred unrealised loss on disposal over HK\$2 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. As at 31 December 2022, net current assets of the Group amounted to approximately HK\$168.0 million (2021: HK\$158.5 million) with cash and bank balances of approximately HK\$7.4 million (2021: HK\$0.6 million). The consolidated net asset value per share of the Company as at 31 December 2022 was HK\$0.66 (2021: HK\$0.79). The consolidated net asset value per share as at 31 December 2022 is calculated based on the net assets of the Group of approximately HK\$185.1 million (2021: HK\$217.0 million) and 281,181,680 ordinary shares of the Company at par value of HK\$0.001 each in issue as at that date (2021: 275,601,680 shares at par value of HK\$0.001 each).

As at 31 December 2022, the Company had no outstanding bank borrowing (2021: Nil). The gearing ratio of the Group was 0.8% as at 31 December 2022 (2021: 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.

Although no capital exercise was run by the Company during the Year, the Board has been actively seeking fund raising opportunities to strengthen the Company's financial position.

### **Charge of Assets and Margin Facilities**

As at 31 December 2022 and 2021, 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 2022 and 2021, 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.

## **Employees and Remuneration Policy**

As at 31 December 2022, the Group had 15 employees (2021: 15), including directors of the Company. They are remunerated based on their performance, working experience and prevailing market standards. Employee benefits include medical insurance coverage, a defined contribution Mandatory Provident Fund retirement benefits scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance and share option scheme. There has been no significant change in the Group's remuneration policy.

Comprehensive disclosure of directors' emoluments pursuant to section 383 of the Hong Kong Companies Ordinance is set out in note 9(a) to the consolidated financial statements.

## **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 2022, the Group had no outstanding foreign currency hedge contracts (2021: Nil).

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

As at 31 December 2022 and up to the date of this announcement, the Company does not have any concrete plan for material investments or capital assets.

## **PROSPECTS**

Year 2022 extends the challenging period from Year 2021. The outbreak of COVID-19 has killed over 6 million people and infected more than 760 million people globally. As many countries, especially those in the West, have adopted the policies of coexisting with COVID-19 in last few years, the damage led by COVID-19 on the economy was less serious as compared to those adopted in recent months. Although business activities of many countries have been resumed, at least partially, the performance of major stock markets did not fully reflect it. Dow Jones Industrial Index changed the overall rising pattern in Year 2021, and dropped by around 8.8% from 36,338 points at the end of Year 2021 to 33,147 points at 31 December 2022. Hang Seng Index continued its descending trend in last year and decreased by approximately 15.5% in the year ended 31 December 2022 from 23,397 points at the end of Year 2021 to 19,781 points at 31 December 2022. Both Dow Jones Industrial Index and Hang Seng Index experienced considerable falling may be related to the commencement of Russia-Ukraine War and the outbreak of COVID-19.

The continuing Russia-Ukraine War and supply chain disruptions caused by COVID-19 led high inflation to US and other countries. In order to fight against the high inflation, the Federal Reserve raised the target range for the fed funds rate by 50bps to 4.25%-4.5% during its December 2022 meeting, the seventh consecutive rate hike, and pushing borrowing costs to the highest level since 2019. The continuing increase in interest rate caused negative impact on both capital and business markets. In March 2023, amid an environment of central bank-endorsed interest rate hikes following a period of global inflation, there was a run on the deposits of Silicon Valley Bank, which led to its collapse and seizure on March 10, 2023 by the California Department of Financial Protection and Innovation (DFPI), its regulator. Citing inadequate liquidity and insolvency, state officials at the DFPI appointed the FDIC receiver of the bank. This marked the second-largest bank failure in U.S. history and took place alongside similar issues noted in other banks.

In Europe, European Commission in its “Winter 2023 Economic Forecast” lifts the outlook for growth and slightly lowers the inflation projections. Growth for 2022 is now estimated at 3.5% in both the EU and the euro area. GDP is projected to expand by 0.8% in 2023 and 1.6% in 2024 (0.9% and 1.5% in the euro area). Headline inflation is forecast to fall from 9.2% in 2022 to 6.4% in 2023 and 2.8% in 2024 in the EU. In the euro area, it is projected to decelerate from 8.4% in 2022 to 5.6% in 2023 and to 2.5% in 2024.

Since autumn of Year 2022, the EU economy has seen a number of positive developments. The European gas benchmark price has fallen below its pre-war level, helped by a sharp fall in gas consumption and continued diversification of supply sources. With hindsight, the resilience of households and corporations has been impressive. Despite the energy shock and ensuing record high inflation, the slowdown in the third quarter turned out milder than previously estimated and in the fourth quarter, the EU economy managed a broad stagnation, instead of the 0.5% contraction expected in autumn of Year 2022.

Similar in the banks in US, Credit Suisse Group AG faced collapsed in early March 2023. On 9 February 2023, Credit Suisse reported an annual loss of CHF 7.3 bn, the biggest loss since the 2008 global financial crisis. On 14 March of that same year, Credit Suisse published its annual report for 2022 saying it had identified “material weaknesses” in controls over financial reporting. On 15 March 2023, Credit Suisse’ share price dropped nearly 25 percent after Saudi National Bank, its largest investor, said it could not provide more financial assistance. The market price of the bank’s unsecured bonds set for maturity in 2027 dropped to a low of 33 percent of their par value on that day, down from being valued at 90 percent of their par value at the beginning of the month. Later in the same week, Credit Suisse sought to shore up their finances by taking a loan of 50 billion Swiss francs from the Swiss National Bank (SNB); the bank later proceeded to buy three billion Swiss francs of its own debt and to put the Baur en Ville hotel in Zürich for sale. However, this intervention did not stop investors and customers from pulling their money out of Credit Suisse, with outflows topping 10 billion Swiss francs during the week. The situation was so compromised that the SNB and the Swiss government started discussions to fast-track the bank’s acquisition by UBS. On 19 March 2023, UBS announced a deal had been reached to acquire Credit Suisse for US\$3.25 billion (CHF 3 billion) in an all-stock deal.

Different from previous years, more problems happened to China's economy in the first half of Year 2022. Increase in daily new COVID-19 cases from double-digit numbers in early Year 2022 to over 99 million cases in March 2023. However, the China's economy has improved along with the easing of some coronavirus rules adopted in late Year 2022. Consistent with last few years, US-China tensions may continue to affect economy of China to a certain extent.

In view of the above analysis, there is no clear signal of the development of worldwide investment in the coming year. We will continue to 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 ended 31 December 2022 (the "Year"), the Company has complied with all code provisions set out in the CG Code, except for code provision C.2.1, details of which will be explained below.

Based on Code provision C.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.

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 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 2022, 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 2022.

## 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 2022 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](http://www.hdca913.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The 2022 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, 31 March 2023

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