

SEALAND CAPITAL GALAXY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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SEALAND CAPITAL GALAXY LIMITED

**CORPORATE INFORMATION**

**Board of Directors**

- Executive Director: Mr Chung Lam Nelson Law  
(Chairman and Chief Financial Officer)
- Non-executive Directors: Mr Mark Barney Battles  
(appointed on 19 February 2019)  
Mr Geoffrey John Griggs  
(appointed on 10 June 2019)

**Company Secretary** Collas Crill Corporate Services Limited  
Willow House, PO Box 709,  
Cricket Square, Grand Cayman,  
KY1 1107, Cayman Islands

**Registered Office** Willow House, PO Box 709,  
Cricket Square, Grand Cayman,  
KY1 1107, Cayman Islands

**Independent Auditor** PKF Littlejohn LLP  
15 Westferry Circus,  
London E14 4HD,  
United Kingdom

**Principal Banker** China Construction Bank (Asia) Corporation Limited

**Legal advisers  
for English law** Hill Dickinson LLP  
The Broadgate Tower,  
20 Primrose Street,  
London EC2A 2EW

**Legal advisers  
for Cayman Islands law** Collas Crill & CARD  
Willow House, PO Box 709,  
Cricket Square, Grand Cayman,  
KY1 1107, Cayman Islands

## SEALAND CAPITAL GALAXY LIMITED

### CHAIRMAN'S STATEMENT

Dear Shareholders

I hereby present the annual report of Sealand Capital Galaxy Limited (the "Company" or "Sealand", together with its subsidiaries, the "Group") for the year ended 31 December 2019 (the "Year").

### PERFORMANCE FOR THE YEAR

During the Year, the Group reported a loss of £1,425,429 (2018: profit of £3,095,472). Weak sales volumes during the Year are partly attributable to the widespread disruption caused by the political demonstrations in Hong Kong during the second half. The loss for the Year was however mainly due to the impairment of goodwill and certain receivables related to the Group's software development and support segment, of £150,053 and £101,766 respectively. Another significant contributor to the loss was the impaired prepayment of an advertising credit paid of £198,166 from the Group's digital marketing segment.

### KEY DEVELOPMENTS FOR THE YEAR

The Company, through one of its wholly owned subsidiaries, subscribed for a 55% interest of New Sky Global Media Limited ("NSG"), a digital marketing services provider, in May 2019. The Group subscribed for a further 20% interest of NSG in November 2019. During the Year, NSG obtained an CNY 4.5 million contract from a well established hotel group in Macau.

In late 2019, the Group began building its e-commerce team. The Company has started internal tests of its platforms and has applied for vendor licenses.

### PROSPECTS

The outbreak of coronavirus ("COVID-19") has a serious impact on the economies in which the Group operates. Given the current situation, the Group believes that setting up its e-commerce team will help to sustain operations in the future as more people stay at home to avoid any unnecessary social contact and online shopping increases in popularity. The Group will employ its significant marketing expertise to work on this business opportunity.

### GOING CONCERN

As at 31 December 2019, the Group has cash and cash equivalent balances, net liabilities and net current liabilities of £10,888, £490,726 and £602,227 respectively. The current financial position shows the need for additional cash resources to fully implement business plans and settle liabilities. The Directors are currently in discussions with a number of parties that may lead to further equity and/or loans being raised. There is no certainty that any such funds will be forthcoming or that the price and other terms prove acceptable.

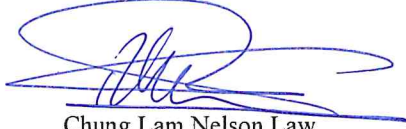


SEALAND CAPITAL GALAXY LIMITED

**CHAIRMAN'S STATEMENT (CONTINUED)**

**ACKNOWLEDGEMENTS**

We wish to express our appreciation to our shareholders, business partners and suppliers for their support during the Year. We would like to thank our dedicated staff for their contributions to the operations of the Group..



Chung Lam Nelson Law  
Chairman  
4 June 2020

## SEALAND CAPITAL GALAXY LIMITED

### DIRECTORS' REPORT

The directors present their report, together with the audited financial statements of Sealand Capital Galaxy Limited and its subsidiaries for the year ended 31 December 2019 (the "Year").

#### The Company

Sealand Capital Galaxy Limited was incorporated in the Cayman Islands on 22 May 2015 as an exempted Company with limited liability under the Companies Law. The registered office of the Company is Willow House, PO Box 709, Cricket Square, Grand Cayman, KY1-1107, Cayman Islands.

#### Principal activities

The Company's nature of operations is to act as a special purpose acquisition Company.

The Group engaged in digital marketing and other IT and e-Commerce related businesses.

#### Results and dividends

The results are set out in the primary statements on pages 11 to 12 of the financial statements. The directors do not recommend a payment of dividend for the Year (2018: nil).

#### Business review and management report

##### *Overview*

During the Year, The Group recorded a consolidated loss of £1,425,429 (2018: profit including that from a discontinued operation of £3,095,472) as set out on page 11 of these financial statements.

##### *Operations*

##### a) Digital marketing and payment solution

The revenue derived from digital marketing activities and the rendering of payment solutions for the Year increased from £47,948 to £479,137. The increase is principally derived from marketing services rendered to a hotel group by the Group's new subsidiary, New Sky Global Media Limited.

##### b) Software development and support

For the year ended 31 December 2019, the Group's software development and support segment did not contribute any revenue due to the low demand for small-scale mobile games and high competition in the industry. As a result, a full impairment of goodwill of £150,053 was made accordingly to reflect the deterioration in the Group's Rightyoo business. Another provision for impairment was made on Rightyoo's irrecoverable receivables of £101,766.

**DIRECTORS' REPORT (CONTINUED)**

**Going concern**

As at 31 December 2019, the Group has cash and cash equivalent balances, net liabilities and net current liabilities of £10,888, £490,726 and £602,227 respectively.

The directors' cash-flow projections for the forthcoming 12 months conclude that there will be the need for additional cash resources to fully implement the business plans. The directors are in discussions with a number of individuals that may lead to further equity and/or loans being raised. There is no certainty that any such funds will be forthcoming or the price and other terms being acceptable.

**Our Strategy**

The Group is committed to achieving long term sustainable growth of its business in order to preserve and enhance shareholders' value. The Group is focused on selecting attractive investment opportunities to strengthen and extend its business scope, and has maintained prudent and disciplined financial management to ensure its sustainability.

**Outlook**

The Group will continue to monitor market developments and will manage its businesses and investment portfolio with a view to further improving its overall asset quality and potential growth. The Group will also continue to manage its assets and assess new investment opportunities to achieve stable growth and enhance shareholders' value.

**Event after the reporting period**

The forthcoming financial year is expected to be challenging due to the uncertainty in our markets as a result of the COVID-19 outbreak. These factors will adversely impact our revenue for at least the first half of the year 2020. The Directors will monitor the developments of the COVID-19 epidemic closely, assess and react actively to its impacts on the financial position and operating results of the Group as set out in Note 28 to the financial statements.

## SEALAND CAPITAL GALAXY LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### Directors

The following directors served during the year ended 31 December 2019:

Mr Chung Lam Nelson Law	(Chairman and Chief Financial Officer)	
Mr Frazer Ian Macrae	(Non-executive Director)	(Resigned on 4 February 2019)
Mr Zhixuan Li	(Non-executive Director)	(Resigned on 8 May 2019)
Mr Mark Barney Battles	(Non-executive Director)	(Appointed on 19 February 2019)
Mr Geoffrey John Griggs	(Non-executive Director and Chairman of the Audit Committee)	
	(Appointed on 10 June 2019)	

#### Substantial shareholding

At 31 December 2019, the Company has been notified of the following interests of 3 per cent or more in its issued share capital:

Name	Number of Ordinary Shares	Approximate % Share Holding
Chung Lam Nelson Law	164,500,000	32.64%
Tien San Chua	72,000,000	14.28%
Mau Chung Ng	40,000,000	7.94%
Wing Chak Victor Lam	25,580,000	5.07%

#### Directors' interests

The directors' interests in the share capital of the Company as at 31 December 2019 are shown below. All interests are beneficial.

Mr Chung Lam Nelson Law  
Number of ordinary shares: 164,500,000

Directors' emoluments are detailed in Note 10 to the financial statements.

#### Share capital and voting rights

No shares were issued in the Year.

#### Financial risk management

The Group's financial risk management objective is to minimise, as far as possible, the Group's exposure to each risk as detailed in Note 5 to the financial statements.

**DIRECTORS' REPORT (CONTINUED)**

**Corporate governance**

As a company with a Standard Listing, the Group is not required to comply with the provisions of the Corporate Governance Code. Although the Company has not adopted the Corporate Governance Code, it intends to adopt such procedures as are appropriate for the size and nature of the Company and the size and composition of the Board. These corporate governance procedures have been selected with due regard to the provision of the UK Corporate Governance Code in particular:

- given the size of the Board, certain provisions of the Corporate Governance Code (in particular the provisions relating to the composition of the Board and the division of responsibilities between the Chairman and chief executive and executive compensation), are not being complied with by the Company as the Board considers these provisions to be inapplicable to the Company;
- given the size of the Board, the board has not established a remuneration committee or a nomination committee comprising at least one non-executive director in each committee. The board has established an audit committee which is chaired by and comprises Geoffrey Griggs.
- The Board is taking the responsibilities to review audit and risk matters, as well as the Board's size, structure and composition and the scale and structure of the directors' fees, taking into account the interests of Shareholders and the performance of the Company, and will take responsibility for the appointment of auditors and payment of their audit fee, monitor and review the integrity of the Company's financial statements and take responsibility for any formal announcements on the Company's financial performance.
- the Corporate Governance Code recommends the submission of all directors for re-election at annual intervals. None of the directors will be required to retire by rotation and be submitted for re-election; and
- the Board has complied with the provision of the Corporate Governance Code that at least half of the Board, excluding the Chairman, should comprise non-executive directors determined by the Board to be independent.

**Auditors**

The auditors, PKF Littlejohn LLP, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

**Disclosure of Information to Auditors**

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board



Chung Lam Nelson Law  
Chairman

4 June 2020

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations. The directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The directors must not approve the financial statements unless they are satisfied that they give a true and fair view of affairs of the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the Cayman Islands governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

### Directors' Responsibility Statement Pursuant to Disclosure and Transparency Rules

Each of the directors, whose names and functions are listed on page 1, confirm that, to the best of their knowledge and belief:

- the financial statements prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Annual Report and financial statements, including the Business review, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

By order of the board



Chung Lam Nelson Law  
Chairman

4 June 2020

## SEALAND CAPITAL GALAXY LIMITED

### **Independent Auditor's Report to the Members of Sealand Capital Galaxy Limited**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Sealand Capital Galaxy Limited**

### **Disclaimer of Opinion**

We were engaged to audit the group financial statements of Sealand Capital Galaxy Limited (the 'Group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

We do not express an opinion on the accompanying financial statements of the Group. Because of the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for disclaimer of opinion**

As explained in Note 4 'Accounting Policies – Going Concern' to the financial statements, the Group does not currently have sufficient funds to meet its working capital needs for the next 12 months and further funding will be required. The Directors have been unable to provide sufficient appropriate audit evidence to support their opinion that the going concern basis of preparation is appropriate. We were unable to satisfy ourselves, through the performance of alternative audit procedures, that additional funds would be secured in the absence of further funding activities. Consequently, we were unable to confirm the adequacy of the disclosures or conclude on the adequacy of the going concern basis of preparation, for which the possible effects on the financial statements could be both material and pervasive.

The Group has impaired £101,787 of trade receivables in the year ended 31 December 2019 which related to the Guangzhou Ruiyou Information Technologies Co Ltd ('Rightyoo') subsidiary acquired during the prior financial year. The Directors have not been able to provide sufficient appropriate audit evidence to support the recognition of that receivable either at the date of acquisition or at the date of impairment. The impairment of trade receivables also impacts the impairment of calculated goodwill from the acquisition of Rightyoo which was reported as £150,053 in Note 14 to the financial statements. We were unable to satisfy ourselves, through the performance of alternative audit procedures, that the impairment is materially correct.

### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group financial statements, the Directors are responsible for assessing the company's ability to



continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Use of our report**

This report is made solely to the entity's members, as a body in accordance with our engagement letter dated 18 February 2020. Our audit work has been undertaken so that we might state to the entity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the entity and the entity's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Mark Ling**

**(Engagement Partner)**

**For and on behalf of PKF Littlejohn LLP**

**Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

Date 4 June 2020



SEALAND CAPITAL GALAXY LIMITED  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>Note</u>	2019 £	2018 £
<b><u>Continuing operations</u></b>			
Revenue	8	479,137	549,882
Cost of services		<u>(341,027)</u>	<u>(274,706)</u>
<b>Gross profit</b>		138,110	275,176
Other income	8	30,155	199,024
Administrative expenses		(1,144,272)	(1,301,382)
Finance cost arising from finance lease		(1,950)	-
Impairment loss on other receivables		(299,932)	-
Impairment loss on goodwill		<u>(150,053)</u>	<u>-</u>
<b>Loss before tax</b>	9	(1,427,942)	(827,182)
Income tax credit/(expense)	11	<u>2,513</u>	<u>(2,488)</u>
<b>Loss for the year from continuing operations</b>		(1,425,429)	(829,670)
<b>Profit for the year from discontinued operation, net of tax</b>		<u>-</u>	<u>3,925,142</u>
<b>Profit/(Loss) for the year</b>		<u><u>(1,425,429)</u></u>	<u><u>3,095,472</u></u>
<b>Attributable to:</b>			
Equity holders of the Company		(1,238,157)	3,060,897
Non-controlling interests		(187,272)	34,575
		<u><u>(1,425,429)</u></u>	<u><u>3,095,472</u></u>
<b>Profit/(Loss) per share attributable to equity holders of the Company</b>			
		Pence	Pence
Basic and diluted, continuing operations	12	(0.002)	(0.002)
Basic and diluted, discontinued operations	12	-	0.008
		<u><u>(0.002)</u></u>	<u><u>0.006</u></u>

The notes to the financial statements form an integral part of these financial statements.

SEALAND CAPITAL GALAXY LIMITED  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>Note</u>	2019 £	2018 £
<b>Profit/(Loss) for the year</b>		(1,425,429)	3,095,472
<b>Other comprehensive income/(loss)</b>			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		13,612	(101,383)
Exchange differences reclassified to profit or loss upon disposal of foreign subsidiaries		-	4,048
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods and other comprehensive income/(loss) for the year, net of tax		13,612	(97,335)
<b>Total comprehensive income/(loss) for the year</b>		<u>(1,411,817)</u>	<u>2,998,137</u>
<b>Attributable to:</b>			
Equity holders of the Company		(1,222,957)	2,963,043
Non-controlling interests		<u>(188,860)</u>	<u>35,094</u>
		<u>(1,411,817)</u>	<u>2,998,137</u>
<b>Total comprehensive income/(loss) attributable to equity holders of the Company from:</b>			
Continuing operations		(1,222,957)	(888,076)
Discontinued operations		-	3,851,119
		<u>(1,222,957)</u>	<u>2,963,043</u>

The notes to the financial statements form an integral part of these financial statements.

**SEALAND CAPITAL GALAXY LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2019**

		2019	2018
	<u>Note</u>	£	£
<b>Non-current assets</b>			
Property, plant and equipment	13	108,610	10,525
Goodwill and intangible assets	14	34,416	157,400
		<u>143,026</u>	<u>167,925</u>
<b>Current assets</b>			
Prepayment and other receivables	16	57,803	529,982
Trade receivables	16	5,554	38,502
Contract assets	17	5,891	-
Cash and cash equivalents		10,888	288,510
		<u>80,136</u>	<u>856,994</u>
<b>Current liabilities</b>			
Trade payables	18	43,068	22,501
Other payables and accrued expense		421,481	88,631
Amount due to a director	15	129,818	-
Contract liabilities	17	1,909	-
Income tax payable		-	2,506
Finance lease liabilities	19	86,087	-
		<u>682,363</u>	<u>113,638</u>
<b>Net current assets/(liabilities)</b>		<u>(602,227)</u>	<u>743,356</u>
<b>Total assets less current liabilities</b>		<u>(459,201)</u>	<u>911,281</u>
<b>Non-current liabilities</b>			
Finance lease liabilities	19	31,525	-
		<u>31,525</u>	<u>-</u>
<b>Net assets/(liabilities)</b>		<u>(490,726)</u>	<u>911,281</u>
<b>Capital and reserves</b>			
Share capital	20	50,405	50,405
Reserves		(520,443)	711,887
<b>Total equity attributable to equity shareholders of the Company</b>		<u>(470,038)</u>	<u>762,292</u>
<b>Non-controlling interests</b>		<u>(20,688)</u>	<u>148,989</u>
<b>Total equity</b>		<u>(490,726)</u>	<u>911,281</u>

The notes to the Financial Statements form an integral part of these financial statements

These Financial Statements were approved by the Board of Directors and authorised for issue on 30 April 2020.

Signed on behalf of the Board of Directors



Chung Lam Nelson Law  
Chairman  
4 June 2020

SEALAND CAPITAL GALAXY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Attributable to equity holder of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Accumulated losses	Exchange reserve	Total		
	£	£	£	£	£	£	£
<b>At 1 January 2018</b>	50,405	5,988,022	(8,324,806)	85,628	(2,200,751)	-	(2,200,751)
Profit for the year	-	-	3,060,897	-	3,060,897	34,575	3,095,472
Exchange differences arising on translation	-	-	-	(101,902)	(101,902)	519	(101,383)
Exchange differences reclassified to profit or loss upon disposal of foreign subsidiaries	-	-	-	4,048	4,048	-	4,048
<b>Total comprehensive (loss)/ income for the year</b>	-	-	3,060,897	(97,854)	2,963,043	35,094	2,998,137
Non-controlling interests arising from business combination	-	-	-	-	-	113,895	113,895
<b>At 31 December 2018</b>	<u>50,405</u>	<u>5,988,022</u>	<u>(5,263,909)</u>	<u>(12,226)</u>	<u>762,292</u>	<u>148,989</u>	<u>911,281</u>
At 1 January 2019	50,405	5,988,022	(5,263,909)	(12,226)	762,292	148,989	911,281
Loss for the year	-	-	(1,238,157)	-	(1,238,157)	(187,272)	(1,425,429)
Exchange differences arising on translation	-	-	-	15,200	15,200	(1,588)	13,612
Exchange differences reclassified to profit or loss upon disposal of foreign subsidiaries	-	-	-	-	-	-	-
<b>Total comprehensive (loss)/ income for the year</b>	-	-	(1,238,157)	15,200	(1,222,957)	(188,860)	(1,411,817)
Non-controlling interests arising from business combination	-	-	-	-	-	9,810	9,810
Changes in non-controlling interests without change in control (Note 22)	-	-	(9,942)	569	(9,373)	9,373	-
<b>At 31 December 2019</b>	<u>50,405</u>	<u>5,988,022</u>	<u>(6,512,008)</u>	<u>3,543</u>	<u>(470,038)</u>	<u>(20,688)</u>	<u>(490,726)</u>

The notes to the financial statements form an integral part of these financial statements

**SEALAND CAPITAL GALAXY LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	Note	
Profit/(loss) before tax	(1,427,942)	3,097,960
Adjustments for:		
Depreciation	97,735	10,452
Amortisation	55,767	-
Gain on disposal of a subsidiary	-	(3,809,051)
Provision for impairment loss on goodwill	150,053	-
Provision for impairment loss on other receivables	299,932	-
Interest expenses	1,950	-
Bank interest income	(64)	(283)
Operating cash flows before movements in working capital	(822,569)	(700,922)
Decrease in prepayment and other receivables	221,246	414,348
Increase in amounts due to a director	130,439	1,808
Decrease/(Increase) in trade receivables and contract assets	26,706	(35,932)
Decrease in contract liabilities	(24,848)	(1,316,606)
Increase in other payables and accrued expenses	238,306	812,670
Decrease in trade payables	(2,898)	(446,181)
Income tax expense	-	(3,781)
<b>Net cash used in operating activities</b>	<b>(233,618)</b>	<b>(1,274,596)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	-	(6,650)
Purchase of subsidiaries	(11,771)	(139,201)
Finance lease payments	(79,828)	-
Net cash inflow on acquisition of subsidiaries	30,604	10,475
Net cash outflow on disposal of a subsidiary	-	(37,433)
Interest income received	64	283
<b>Net cash used in investing activities</b>	<b>(60,931)</b>	<b>(172,526)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(294,549)</b>	<b>(1,447,122)</b>
Foreign exchange realignment	16,927	(36,875)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>288,510</b>	<b>1,772,507</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>10,888</b>	<b>288,510</b>

The notes to the financial statements form an integral part of these financial statements

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**1. GENERAL INFORMATION**

Sealand Capital Galaxy Limited (the “Company”) was incorporated in the Cayman Islands on 22 May 2015 as an exempted Company with limited liability under the Companies Law. The registered office of the Company is Willow House, PO Box 709, Cricket Square, Grand Cayman, KY1-1107, Cayman Islands.

The Company's nature of operations is to act as a special purpose acquisition Company.

The Group engaged in digital marketing and other IT and e-commerce related businesses.

**2. BASIS OF PREPARATION**

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted for use by the European Union and IFRIC interpretations applicable to companies reporting under IFRS. The financial statements are presented in Great British Pounds (“£”) rounded to the nearest Great British Pound and have been prepared under the historical cost convention. The financial statements have been prepared on a going concern basis.

**3. STANDARDS AND INTERPRETATIONS**

(i) New and amended standards adopted by the Group

At the date of this report, the Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2019:

<b>Standard / Interpretation</b>	<b>Title</b>
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015–2017 Cycle

The application of the new amendments to IFRSs and Interpretations in the current year had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these Group financial statements, except as noted below.

**IFRS 16 - Leases**

IFRS 16 replaces IAS 17, Leases (“IAS 17”), and the related interpretations, IFRIC 4, Determining whether an arrangement contains a lease, SIC 15, Operating leases — incentives, and SIC 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

SEALAND CAPITAL GALAXY LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**3. STANDARDS AND INTERPRETATIONS (CONTINUED)**

- (i) New and amended standards adopted by the Group (continued)

**IFRS 16 – Leases (Continued)**

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach to recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17. After assessing the remaining lease as at 1 January 2019, the management concluded that the effect on equity from those leases are minimal and no adjustment was put through in the opening balance of equity accordingly.

Except for lease prepayment for land use rights which was presented in “right-of-use assets” in the consolidated statement of financial position, the Group’s leases are mostly short-term leases or of low value assets as at 1 January 2019 and during year ended 31 December 2019, thus adoption of IFRS 16 haven’t had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this condensed consolidated interim financial information, as well as the other IFRS developments mentioned above.

- (ii) New and amended standards and interpretations issued but not yet effective or not yet endorsed for the financial year beginning 1 January 2019 and not early adopted.

At the date of authorisation of these Financial Statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and (in some cases) have not yet been adopted by the EU. The Group intends to adopt these standards, if applicable, when they become effective.

<b>Standard / Interpretation</b>	<b>Title</b>
IFRS 17	Insurance Contracts <sup>2</sup>
Amendments to IFRS 3	Definition of a Business <sup>3</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IAS 1 and IAS 8	Definition of Material <sup>4</sup>
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform <sup>4</sup>
Frameworks	Amendments to References to the Conceptual Framework in IFRS Standards <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020

The directors of the Company consider that the application of the other new and amendments to IFRSs is unlikely to have a material impact on the Group’s financial position and performance as well as disclosure.

SEALAND CAPITAL GALAXY LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**4. SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of consolidation**

**(i) Business combinations**

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

**(ii) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

**(iii) Loss of control**

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

**(iv) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investee are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) Revenue recognition**

Revenue is recognised to depict the transfer of services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for services that the Group has transferred to a customer that is not unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

Revenue from marketing services is recognized when the performance obligation is satisfied

Interest income from a financial asset is accrued on a time basis using the effective interest method

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Foreign currency transactions**

**(i) Functional and presentational currency**

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"), being British Pound Sterling ("GBP" or "£"), Chinese Yuan ("CNY") and Hong Kong Dollar ("HKD"). The Group Financial Statements are presented in GBP.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Income.

**(iii) Group companies**

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income (loss).

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d) Goodwill and intangible assets**

**Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For the goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

**Intangible assets - Customer contract**

The acquired customer contracts in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the percentage of revenue recognized of the corresponding contract.

**e) Property, plant and equipment**

Property, plant and equipment is measured on the cost basis and therefore stated at historic cost less accumulated depreciation. Historic cost includes expenditure that is directly attributable to the acquisition of the items.

All repairs and maintenance expenditure is charged to the Consolidated Statement of Profit or Loss during the financial period in which they are incurred.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**e) Property, plant and equipment (continued)**

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Owned assets

Office equipment	36 - 60 months
Leasehold improvement	lower of 36 months and the lease term

Right-of-use assets

Buildings	Over the lease term
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The assets' useful lives are reviewed, and, if appropriate, asset values are written down to their estimated recoverable amounts, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts, and are included in profit or loss.

**f) Impairment of non-financial assets**

Goodwill and intangible assets with indefinite useful lives or those not yet available for use are not subject to amortisation and are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable. An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset. For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable. An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**g) Financial instruments**

Financial assets and financial liabilities are recognized in the statements of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities within the scope of IFRS 9 are initially measured at fair value and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The Group's financial assets, including deposits, receivables, contract assets and cash and cash equivalents, are subsequently measured at amortized cost using the effective interest method, less identified impairment charges (see note 4h) as the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities include lease liabilities, trade payables, amount due to a director, other payables and accruals. All financial liabilities are subsequently measured at amortized cost using the effective interest method.

**h) Impairment of financial assets**

The Group recognizes loss allowances for expected credit loss on the financial instruments that are not measured at fair value through surplus or deficit. The Group considers the probability of default upon initial recognition of financial assets and assesses whether there has been a significant increase in credit risk on an ongoing basis.

The Group considers the credit risk on a financial instrument is low if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfill its contractual cash flow obligations.

The carrying amount of the receivables is reduced through the use of the receivable impairment charges account. Changes in the carrying amount of the receivable impairment charges account are recognized in surplus or deficit. The receivable is written off against the receivable impairment charges account when the Group has no reasonable expectations of recovering the receivable.

If, in a subsequent period, the amount of expected credit losses decreases, the reversal would be adjusted to the receivable impairment charges account at the reporting date. The amount of any reversal is recognized in surplus or deficit.

**i) Derecognition of financial assets and financial liabilities**

Financial assets are derecognized when the contractual rights to receive the cash flows of the financial assets expire; or where the Group transfers the financial assets and either (i) it has transferred substantially all the risks and rewards of ownership of the financial assets; or (ii) it has neither transferred nor retained substantially all the risks and rewards of ownership of the financial assets but has not retained control of the financial assets.

Financial liabilities are derecognized when they are extinguished, i.e. when the obligation is discharged, cancelled or expires.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**j) Trade Debtors**

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the initial recognition date to the end of each of the reporting period. In the opinion of the directors of the Company, apart from those balances for which allowances have been provided, other trade receivables at the end of each reporting period are of good credit quality which considering the high credibility of these customers, good track record with the Group and subsequent settlement, the management believes that no impairment allowance is necessary in respect of unsettled balances.

Starting from 1 January 2018, the Group applied simplified approach to provide the expected credit losses prescribed by IFRS 9. The impairment methodology is set out in Note 4 and Note 5(iii) respectively. As part of the Group's credit risk management, the Group assesses the impairment for its customers based on different group of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Details of the credit risk assessment are included in Note 5(iii).

**k) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks.

**l) Current and deferred income tax**

Income tax comprises current and deferred tax. Current income tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised directly in other comprehensive income or directly in equity, respectively.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**m) Leases**

**Lessee**

All leases with a term of more than 12 months are recognized (i.e. an asset representing the right to use of the underlying asset and a liability representing the obligation to make lease payments), unless the underlying asset is of low value. Both the asset and the liability are initially measured on a present value basis. Right-of-use assets are recognized under fixed assets and are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the assets and the lease term. Lease liabilities are initially measured at the present value of unpaid lease payments and subsequently adjusted by the effect of the interest on and the settlement of the lease liabilities, and the re-measurement arising from any reassessment of the lease liabilities or lease modifications.

**Lessor**

Leases where substantially all the risks and rewards of ownership of assets remain with the Group are classified as operating leases. Assets leased under operating leases are included in fixed assets and rentals receivable are credited to surplus or deficit on the straight-line basis over the lease term.

**n) Going Concern**

The director's cash-flow projections for the forthcoming 12 months conclude there will be the need for additional cash resources to fully implement the business plans. The directors are in discussions with a number of individuals that may lead to further equity and/or loans being raised. There is no certainty that any such funds will be forthcoming or the price and other terms being acceptable.

**o) Employee benefits**

Salaries, wages, paid annual leave, bonuses and non-monetary benefits are accrued in the Year in which the associated services are rendered by the employees of the Group

**p) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**5. FINANCIAL RISK MANAGEMENT**

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of future cash flow requirements.

The Group's activities expose it to a variety of financial risks as below.

**(i) Interest rate risk**

The Group has floating rate financial assets in the form of deposit accounts with major banking institutions of £4,724. Apart from the abovementioned amount, no other financial instrument is subjected to interest rate risk.

If the interest rate increase or decrease for 100 basis points, the effect in profit and loss will be increase or decrease for £47.

**(ii) Foreign exchange risk**

Foreign currency risk is the risk to earnings or capital arising from movements in foreign exchange rates. The Group's foreign currency risk primarily arises from currency exposures originating from its foreign exchange dealings and other investment activities.

The Group monitors the relative foreign exchange positions of its assets and liabilities to minimise foreign currency risk. The foreign currency risk is managed and monitored on an on-going basis by senior management of the Group.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Chinese Yuan ("CNY") with all other variables held constant, of the Group's profit/(loss) before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/(Decrease) in profit before tax 2019 £
CNY strength/weakened against GBP for 1 per cent.	<u>356 / (356)</u>



SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(iii) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets and contract assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements. The Group's maximum exposure to credit risk is summarised in note 27.

**Trade receivables and contract assets**

The Group's customer base consists of a wide range of clients and the trade receivables and contract assets are categorized by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and contract assets and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the prior years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the Year.

At 31 December 2019, all the trade receivables are within 180 days and thus no loss allowance was recognised (2018: Nil) according to the management expected loss rate on the aging group. The Group's trade receivables which are past due but which the Group has not impaired as there has not been any significant changes in credit quality of customers and the management believes that the amounts are fully recoverable. Receivables that were neither past due nor impaired at 31 December 2019 relate to a wide range of customers for whom there was no history of default.

The Group does not hold any collateral over trade receivables and contract assets at 31 December 2019 (2018: Nil).

**Other receivables**

In estimating the ECL of other receivables, the Group has taken into account the historical actual credit loss experience over the prior years and the financial position of the counterparties, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case.

After the impairment made for several receivables of £299,932, the management of the Group considers the ECL of these financial assets to be insignificant after taking into account the financial position and credit quality of the counterparties. There was no change in the estimation techniques or significant assumptions made during the Year.

**Bank balances and cash**

Most of the Group's in banks have been deposited with reputable and creditworthy banks in Hong Kong. Management considers there is minimal credit risk associated with those balances.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**5. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(iv) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The responsibility for liquidity risk management rests with the Board of Directors.

As at the reporting date, the Group was in a net current liabilities positions. The Group is currently obtaining cash advances from one of a director to meet its temporary operating needs. Further, the Board of Directors is sourcing alternatives for the Group's future capital needs include the issue of equity instruments and external borrowing. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs.

**(v) Market risk**

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group does not hedge these risk exposures due to the lack of any market to purchase financial instruments.

**(vi) Capital risk management**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholder through the optimisation of the debt and equity balances.

The capital structure of the Company consists of debt, which includes equity attributable to the owners of the Company, comprising share capital, share premium and accumulated losses.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the associated risks, and take appropriate actions to adjust the Company's capital structure. The overall strategy of the Company remained unchanged.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY UNCERTAINTIES OF ESTIMATION UNCERTAINTY**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key source of estimation uncertainty

**Valuation of identifiable assets and liabilities acquired through business combinations**

The Group applies the acquisition method to account for business combinations, which requires the Group to recognise assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgement is used to estimate the fair values of the assets and liabilities acquired, including estimating future cash flows from the acquired business, determining appropriate discount rates and other assumptions. The acquisitions of Rightyoo, NSG and Ptp Group is accounted for as business combination and details of the fair value of the assets acquired and liabilities recognised at the date of acquisitions are set out in Note 23.

**Impairment of goodwill and intangible assets**

The Group determined whether goodwill is impaired at least on an annual basis, while for the acquired intangible assets with finite useful lives, they are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable. This requires an estimation of the value in use of the cash-generating units to which goodwill and the acquired intangible assets are allocated. Estimating the value in use requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value of those cash flows. Details of goodwill and intangibles assets are set out in Note 14.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**7. SEGMENT INFORMATION**

The Chief Operating Decision Maker ("CODM") has been identified as the executive directors of the Company who reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

For management purposes, the Group is organised into business units based on their products and services, and has reportable operating segments for the year ended 31 December 2019 as follows:

- (a) The social media segment includes sales of secured social communication and advertising product through Metalk;
- (b) The digital marketing and payment segment includes services on enlisting merchants to mobile payment gateways and providing digital advertising services; and
- (c) The software development and support segment includes sales and distribution of mobile game and all other I.T. related development and support services operated under Rightyoo.
- (d) The e-commerce segment includes sales of good through internet and provision for consultancy services related to e-commerce.

For the year ended 31 December 2019

	Continuing operations				
	<u>Digital marketing and payment</u>	<u>Software development and support</u>	<u>e-commerce</u>	<u>Unallocate d</u>	<u>Total</u>
	£	£	£	£	£
Revenue	479,137	-	-	-	479,137
Segment (loss)/profit	(436,777)	(332,959)	(5,614)	(650,079)	(1,425,429)
Depreciation	45,783	-	453	51,499	97,735
Amortisation	55,767	-	-	-	55,767
Provision for impairment losses on other receivables	198,166	101,766	-	-	299,932
Provision for impairment losses on goodwill	-	150,053	-	-	150,053
Assets	89,268	2,162	786	130,946	223,162
Liabilities	158,514	10,471	3,321	541,582	713,888

**SEALAND CAPITAL GALAXY LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**7. SEGMENT INFORMATION (CONTINUED)**

For the year ended 31 December 2018

	Continuing operations				Discontinued operations	
	Digital marketing and payment	Software development and support	Unallocated	Subtotal	Social media	Total
	£	£	£	£	£	£
Revenue	47,948	501,934	-	549,882	1,316,607	1,866,489
Segment (loss)/profit	(90,312)	66,976	(806,334)	(829,670)	3,925,142	3,095,472
Depreciation	992	-	9,338	9,961	122	10,452
Assets	292,855	363,797	368,267	1,024,919	-	1,024,919
Liabilities	13,597	40,635	59,406	113,638	-	113,638

**Geographical information:**

	2019	2018
Revenue by Geography	£	£
Continuing operations		
Macau	319,493	-
Hong Kong	81,669	47,948
Mainland China	76,963	501,934
Others	1,012	-
	479,137	549,882
Add: Revenue from discontinued operations	-	1,316,607
	479,137	1,866,489

**Information about major customers**

For the year ended 31 December 2019, two customers each contributed more than 10% to the Group's revenue, amounting to £319,293 (approximately 67% to Group revenue) and £79,271 (approximately 17% to Group revenue) respectively. Apart from the abovementioned two customers, no other customer contributed more than 6% of revenue to the Group.

For the year ended 31 December 2018, no customers contributed more than 2% of Group revenue.

SEALAND CAPITAL GALAXY LIMITED

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**8. REVENUE AND OTHER INCOME**

	2019 £	2018 £
<b>REVENUE</b>		
From continuing operations		
Advertising services	474,973	44,234
Software development and support	-	501,934
Commission income	4,164	3,714
	<u>479,137</u>	<u>549,882</u>
From discontinued operations	-	1,316,607
	<u>479,137</u>	<u>1,866,489</u>
 <b>OTHER INCOME</b>		
From continuing operations		
Bank interest income	64	280
Government subsidy	-	45,344
License fee	-	143,364
Others	30,091	10,036
	<u>30,155</u>	<u>199,024</u>
From discontinued operations	-	3
	<u>30,155</u>	<u>199,027</u>

**9. LOSS BEFORE TAX**

Loss before tax has been arrived at after charging:

	2019 £	2018 £
Depreciation – Owned assets	7,085	10,452
Depreciation – Right of use assets	90,650	-
Exchange gains/(loss), net	(22,971)	65,242
Amortisation	55,767	-
Provision for impairment losses on goodwill	150,053	-
Provision for impairment losses on other receivables	299,932	-
Staff cost (include Director Remuneration)	538,661	491,512
Audit fees		
- for the year	49,546	55,071
- under provision for prior year	4,044	15,965

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**10. EMPLOYEES**

The average number of employees during the Year was made up as follows:

	2019	2018
Directors	<u>3</u>	<u>4</u>
Staff	<u>10</u>	<u>10</u>

Staff costs, including directors' costs comprise:

	2019	2018
	£	£
Wages, salaries and other staff costs	<u>538,661</u>	<u>491,512</u>

**Key Management Remuneration**

The directors' emoluments in respect of qualifying services, which all related to short-term employee benefits, were as follows:

	2019	2018
	£	£
Chung Lam Nelson Law	180,000	180,000
Chih Hong Leon Lim	-	30,000
Nicholas James Lyth	-	22,355
Frazer Ian McRae	7,000	42,000
Zhixuan Li	14,790	19,645
Mark Barney Battles	30,888	-
Geoffrey John Griggs	10,015	-
	<u>242,693</u>	<u>294,000</u>

No pension contributions were made on behalf of the directors of the Company.

No director currently has any share options and no share options were granted to or exercised by a Director during the Year (2018: Nil).

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**11. INCOME TAX**

No provision for profits tax has been made in these consolidated financial statements as the Group did not have any assessable profits. The profits tax rate for Hong Kong is currently at 8.25% (2018: 8.25%) of the first HK\$2,000,000 and 16.5% (2018:16.5%) of the remaining estimated assessable profits for the Year.

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate of Hong Kong to the income tax expense at the effective tax rate of the Group are as follows:

	2019 £	2018 £
Loss/(Profit) before tax	<u>(1,425,429)</u>	<u>3,097,960</u>
Tax at the statutory tax rate of 16.5 per cent. (2018 — 16.5 per cent.)	(235,196)	511,163
Effect of different tax rates in other jurisdictions	(15,682)	7,323
Income not subject to tax	(5)	(628,536)
Expenses not deductible for tax	200,479	141,341
Benefits from tax losses/temporary differences previously unrecognized	(1,653)	(25,109)
Tax losses/temporary differences not recognized for the year	52,057	8,099
Others	-	(11,793)
Overprovision for prior years	<u>(2,513)</u>	<u>-</u>
	<u>(2,513)</u>	<u>2,488</u>

Potential deferred tax assets of approximately £367,719 (2018: 87,011) have not been recognised due to uncertainty as to when taxable profits will be generated.



SEALAND CAPITAL GALAXY LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2019

**12. PROFIT/(LOSS) PER SHARE**

Basic and diluted profit/(loss) per share

Basic profit per share is calculated by dividing the loss attributable to the owners of the Company of £1,238,157 (2018: profit attributable to owners of the Company of £3,060,897) by the weighted average number of 504,050,000 ordinary shares (2018: 504,050,000) in issue during year ended 31 December 2019.

Diluted profit/(loss) per share was the same as basic profit per share as there were no potential dilutive ordinary shares outstanding for the year ended 31 December 2019 (2018: Same).

**13. PROPERTY, PLANT AND EQUIPMENT**

	<u>Office equipment</u> £	<u>Leasehold improvement</u> £	<u>Right of use assets</u>	<u>Total</u> £
At 1 January 2019	7,002	3,523	-	10,525
Prior adjustment for new IFRS 16	-	-	46,077	46,077
Additions	-	-	152,823	152,823
Depreciation for the year	(3,564)	(3,521)	(90,650)	(97,735)
Exchange differences	(28)	(2)	(3,050)	(3,080)
At 31 December 2019	<u>3,410</u>	<u>-</u>	<u>105,200</u>	<u>108,610</u>
	£	£	£	£
At 1 January 2018	3,621	10,588	-	14,209
Additions	6,650	-	-	6,650
Depreciation for the year	(3,139)	(7,313)	-	(10,452)
Eliminated on disposal of subsidiaries	(253)	-	-	(253)
Exchange differences	123	248	-	371
At 31 December 2018	<u>7,002</u>	<u>3,523</u>	<u>-</u>	<u>10,525</u>

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**14. GOODWILL AND INTANGIBLE ASSETS**

	<u>Goodwill</u>	<u>Intangible assets</u>	<u>Total</u>
	£	£	£
At 1 January 2019	157,400	-	157,400
Acquisition of subsidiaries	-	89,258	89,258
Amortisation for the year	-	(55,767)	(55,767)
Impairment for the year	(150,053)	-	(150,053)
Exchange realignment	(7,347)	925	(6,422)
	<u>-</u>	<u>34,416</u>	<u>34,416</u>
At 31 December 2019	-	34,416	34,416
	£	£	£
At 1 January 2018	-	-	-
Acquisition of subsidiaries	157,022	-	157,022
Exchange realignment	378	-	378
	<u>157,400</u>	<u>-</u>	<u>157,400</u>
At 31 December 2018	157,400	-	157,400

For year 2019, the movements in intangible assets related to a customer contract arising from the acquisition of the 55% equity interest in New Sky Global Media Limited ("NSG"). The movements in goodwill in the years 2018 and 2019 related to the acquisition of Guangzhou Ruiyou Information Technologies Co., Ltd ("Rightyoo") in 2018.

**15. AMOUNTS DUE TO A DIRECTOR**

The amounts were unsecured, interest-free and have no fixed terms of repayment.

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**16. TRADE RECEIVABLES, PREPAYMENT AND OTHER RECEIVABLES**

a) Trade receivables

	2019 £	2018 £
Trade receivables - billed	5,405	38,502
Trade receivables - unbilled	149	-
	<u>5,554</u>	<u>38,502</u>

The Group normally grants credit periods of up to 90 days to its customers as approved by the management on a case by case basis.

The ageing analysis of trade receivables - billed (net of loss allowance) based on invoice date at the end of the reporting period is as follows:

	2019 £	2018 £
Within 30 days	1,947	38,502
31 to 60 days	1,461	-
61 to 90 days	1,461	-
91to 180 days	536	-
	<u>5,405</u>	<u>38,502</u>

As at the year ended date, all the trade receivables - billed are past due but not impaired at reporting date. The directors of the Company considered that the ECL for trade receivables is insignificant as at 31 December 2019 (2018: same) since the aging of all the trade receivables are within 180 days.

b) Prepayments and other receivables

	2019 £	2018 £
Prepayments	28,656	1,230
Other receivables	29,147	528,752
	<u>57,803</u>	<u>529,982</u>

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**17. CONTRACT ASSETS/LIABILITIES**

Contracts in progress	2019 £	2018 £
Contract costs incurred plus recognized profit less recognized losses to date	320,095	-
Progress billings received and receivables	(315,997)	-
Exchange realignment	(116)	-
	<u>3,982</u>	<u>-</u>
Analysed for the reporting purpose	2019 £	2018 £
Contract assets	5,891	-
Contract liabilities	(1,909)	-
	<u>3,982</u>	<u>-</u>

There was no retention held by customers on service contracts at 31 December 2019.

At 31 December 2019, the contract assets and liabilities are expected to be received or settled within 12 months

The movement (excluding those arising from increases and decreases both occurred within the same year) of contract assets and contract liabilities with customers within IFRS 15 during the year ended 31 December 2019 are as follows:

a) Contract assets

	2019 £	2018 £
<b>At 1 January</b>	-	-
Receipt in advanced	319,293	-
Recognition of revenue	(313,231)	-
Exchange realignment	(171)	-
	<u>5,891</u>	<u>-</u>
<b>At 31 December</b>	<u>5,891</u>	<u>-</u>

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**17. CONTRACT ASSETS/LIABILITIES (CONTINUED)**

b) Contract Liabilities

	2019 £	2018 £
<b>At 1 January</b>	-	4,775,684
Receipt in advanced	2,766	-
Revenue recognized	(802)	(1,316,606)
Disposal of subsidiary	-	(3,507,104)
Exchange realignment	(55)	48,026
	<u>1,909</u>	<u>-</u>
<b>At 31 December</b>	<u>1,909</u>	<u>-</u>

The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognized as revenue within one year.

**18. TRADE PAYABLES**

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2019 £	2018 £
Within 30 days	42,072	11,084
31 to 60 days	227	-
61 to 90 days	112	-
91 to 180 days	270	-
181 to 365 days	387	11,417
	<u>43,068</u>	<u>22,501</u>

**19. LEASE LIABILITIES**

The total minimum lease liabilities under finance leases and their present values at the reporting date are as Follows:

	2019 £
Current portion:	
Gross finance lease liabilities	87,646
Finance expenses not recognised	(1,559)
	86,087
Non-current portion:	
Gross finance lease liabilities	31,650
Finance expenses not recognised	(125)
	31,525
	<u>117,612</u>

SEALAND CAPITAL GALAXY LIMITED

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**19. LEASE LIABILITIES (CONTINUED)**

The net finance lease liabilities are analysed as follows:

	2019 £
– Not later than 1 year	86,087
– Later than 1 year and not later than 5 years	<u>31,525</u>
Net finance lease liabilities	<u>117,612</u>

The interest on lease liabilities for the year ended 31 December 2019 was £1,950. The Group does not recognise right-of-use assets and lease liabilities for short-term leases and leases where the underlying asset is of low value. The expenses for these leases for the year ended 31 December 2019 were £1,591. The Group lease commitment for short-term leases was £nil at 31 December 2019. Prior to the implementation of IFRS 16, the Group accounted for all leases where the Group was the lessee as operating leases and recorded an operating lease rental expense of £83,852 for the year ended 31 December 2018. The Group's commitment under operating leases was £44,922 at 31 December 2018. Refer to Basis of preparation for the reconciliation of this lease commitment on a discounted basis to the opening lease liabilities on implementation of IFRS 16 at 1 January 2019. The total cash outflow for lease liabilities recognised in the consolidated statement of cash flows for the year ended 31 December 2019 was £79,828.

**20. SHARE CAPITAL**

The number of allotted, called up and fully paid Ordinary shares were 504,050,000 of £0.0001 each. There was no movement in share capital during the years ended 31 December 2018 and 31 December 2019.

**21. CAPITAL AND RESERVES**

The nature and purpose of equity and reserves are as follows:

Share capital comprises the nominal value of the ordinary issued share capital of the Company.

Share Premium represents consideration less nominal value of issued shares and costs directly attributable to the issue of new shares.

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**22. CHANGES IN NON-CONTROLLING INTERESTS WITHOUT CHANGE IN CONTROL**

During 2019, further to subscription of a 55% interest in May 2019 mentioned in Note 23, the Group subscribed for a further 180,000 shares (the “second subscription”), representing an additional 20% interest in NSG at an aggregate consideration of HK\$1. As a result, the Group’s effective interest in NSG was increased from approximately 55% to approximately 75% as at 31 December, 2019. The effect arising from the second subscription was shown in the consolidated statement of changes in equity.

**23. BUSINESS COMBINATIONS**

Business combination for the year ended 31 December 2019

**New Sky Global Media Limited**

In May 2019, the Company completed a subscription of a 55% interest in New Sky Global Media Limited (“NSG”) for the aggregate sum of HKD120,000 (approximately GBP11,771) (the “Subscription”), which was satisfied by cash. NSG is a Hong Kong-incorporated digital marketing and advertising firm, providing a full range of global digital marketing strategies.

Acquisition-related costs were insignificant and have been excluded for the consideration transferred and have been recognised as an expense for the year ended 31 December 2019, within the “administrative expenses” in the consolidated statement of profit or loss.

The fair value of the identifiable assets acquired and liabilities recognised at the date of acquisition as follows:

	£
Prepayment and other receivables	33,858
Cash and cash equivalents	682
Trade payables	(24,131)
Other payables and accrued expense	(89,857)
Intangible assets – customer contract	<u>89,258</u>
	9,810
Add: Fair value of the subscribed shares	<u>11,771</u>
	<u>21,581</u>

The fair value of the identifiable assets acquired and liabilities recognized at the date of acquisition in this annual report was assessed by the management with their reasonable estimation. The Group did not engage any professional party to perform a detailed purchase price allocation (the ‘PPA’) exercise due to the size of the acquisition and the consideration of cost saving.

Included in the Group's revenue and loss for the year ended 31 December 2019, revenue of approximately £323,750 and loss of approximately £48,605 were attributable to NSG.

Had the acquisition of NSG taken place on 1 January 2019, the management believe that the consolidated revenue and loss for the year ended 31 December 2019 of the Group would be increased by £3,437 and £91,180 respectively.

SEALAND CAPITAL GALAXY LIMITED

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**23. BUSINESS COMBINATIONS (CONTINUED)**

Business combination for the year ended 31 December 2019 (continued)

**Ptp Media Limited**

In October 2019, the Company completed an acquisition of 100% interest in Ptp Media Limited (“Ptp HK”) for the aggregate sum of HKD1 (approximately GBP0.1), which was satisfied by cash. Ptp HK, a Hong Kong-incorporated investment holding company, owns a PRC-incorporated subsidiary (“Ptp PRC”) (together as “Ptp Group”) which was engaged in digital marketing and advertising services in PRC.

Acquisition-related costs were insignificant and have been excluded for the consideration transferred and have been recognised as an expense for the year ended 31 December 2019, within the “administrative expenses” in the consolidated statement of profit or loss.

The fair value of the identifiable assets acquired and liabilities recognised at the date of acquisition are as follows:

	£
Prepayment and other receivables	3,618
Cash and cash equivalents	29,922
Other payables and accrued expense	<u>(33,540)</u>
	<u>-</u>

The fair value of the identifiable assets acquired and liabilities recognized at the date of acquisition in this annual report was assessed by the management with their reasonable estimation. The Group did not engage any professional party to perform a detailed purchase price allocation (the ‘PPA’) exercise due to the size of the acquisition and the consideration of cost saving.

Included in the Group's revenue and loss for year ended 31 December 2019, revenue of approximately £76,963 and profit of approximately £6,756 were attributable to Ptp Group.

Had the acquisition of Ptp HK taken place on 1 January 2019, the management believe that the consolidated revenue and loss for the year ended 31 December 2019 of the Group would be increased for £1,112 and decrease for £1,928 respectively.



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**23. BUSINESS COMBINATIONS (CONTINUED)**

Business combination for the year ended 31 December 2018

**Rightyoo**

In October 2017, the Company entered into a Subscription Agreement with Rightyoo and its shareholders, in which the Company agreed to subscribe for a 55% interest in Rightyoo for the aggregate sum of CNY1,222,000 (approximately GBP 139,201) (the "Subscription"), which was satisfied by a cash payment. Rightyoo is PRC-incorporated mobile games developer and distributor which has been active since 2015. It primarily develops apps for the personalisation of user mobile devices, as well as being a distributor and publisher for third party developers. This acquisition has been accounted for using the acquisition method. The acquisition was completed on 9 January 2018.

Acquisition-related costs were insignificant and have been excluded from the consideration transferred and have been recognised as an expense for the year 2018, within the "administrative expenses" in the consolidated statement of profit or loss.

The fair value of the identifiable assets acquired and liabilities recognised at the date of acquisition as follows:

	£
Trade receivables	775
Prepayment and other receivables	461,537
Cash and cash equivalents	10,475
Trade payables	(470,726)
Other payables and accrued expense	(41,391)
Profit tax payable	(3,798)
Goodwill and intangible assets	<u>157,022</u>
	113,894
Add: Fair value of the subscribed shares	<u>139,201</u>
	<u>253,095</u>

The fair value of the identifiable assets acquired and liabilities recognised at the date of acquisition was assessed by an independent professional valuer under a detailed purchase price allocation (the 'PPA') exercise.

Goodwill arose in the above business combination as the cost of combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the above acquisition is expected to be deductible for tax purposes.

Included in the Group's revenue and loss for the year ended 31 December 2018, revenue of approximately £501,934 and profit of approximately £76,793 were attributable to Rightyoo.

The acquisition of Rightyoo was executed on 9 January 2018. Due to the proximity to 1 January 2018 management have consolidated the results of Rightyoo from this date as they believe that the consolidated revenue and profit for the year ended 31 December 2018 of the Group would have not been materially different.

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**24. DISCONTINUED OPERATIONS**

The Group's social media business was operated by its wholly owned subsidiary, SecureCom Media Holding Limited ("SecureCom"). Due to the deterioration in SecureCom's performance, the Group had entered a memorandum of understanding on 19 April 2018 and a legally binding agreement on 12 June 2018 with a buyer to dispose of the entire interest in SecureCom. On 22 June 2018, the disposal was completed and the social media business is treated as a discontinued operation.

An analysis of the discontinued operation is as follows:

a) Net loss on disposal of discontinued operations	2018
	£
Operating profit/(loss) from discontinued operations	116,091
Gain on disposal of a subsidiary	<u>3,809,051</u>
	<u>3,925,142</u>
b) Operating profit/(loss) from discontinued operations	
	2018
	£
Revenue	1,316,607
Other income	3
Selling and marketing expenses	(765,178)
Administrative and other operating expenses	<u>(435,341)</u>
Profit/(loss) before income tax	116,091
Income tax charge	<u>-</u>
Profit/(loss) for the period	<u>116,091</u>
c) Profit on disposal of interest	
	2018
	£
Proceeds from disposal	10,000
Add: Net liabilities disposed	3,803,099
Eliminate translation reserve	<u>(4,048)</u>
Profit on disposal of interest	<u>3,809,051</u>

SEALAND CAPITAL GALAXY LIMITED

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**24. DISCONTINUED OPERATIONS (CONTINUED)**

d) Net liabilities disposed

	£
Plant and equipment	253
Prepayment and other receivables	1,760,006
Cash and cash equivalents	47,433
Deferred Revenue	(3,507,104)
Other payables and accrued expense	<u>(2,103,687)</u>
Net liabilities disposed	<u>(3,803,099)</u>

e) Cash flow attributable to the discontinued operation

	2018
	£
NET CASH FLOWS FROM OPERATING ACTIVITIES	
Continued Operations	(1,335,259)
Discontinued operations	<u>(77,474)</u>
	<u>(1,412,733)</u>
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	
Continued Operations	4,105
Discontinued operations	<u>(37,430)</u>
	<u>(33,325)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES	
Continued Operations	-
Discontinued operations	<u>-</u>
	<u>-</u>

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**25. RELATED PARTY TRANSACTIONS**

- (a) Details of the compensation of key management personnel was disclosed in Note 10 to the financial statements.
- (b) Apart from the balances with related parties at the end of the reporting period disclosed elsewhere in the financial statements, the Company had not entered into any other significant related party transactions for the Year.

**26. CAPITAL COMMITMENTS**

There were no capital commitments as at the year ended 31 December 2019 (2018: Nil).

**27. FINANCIAL INSTRUMENTS BY CATEGORY**

The totals for each category of financial instruments is as follows:

	2019 £	2018 £
<b>Financial assets</b>		
- Amortised cost		
Contract assets	5,891	-
Trade receivables	5,554	38,502
Other receivables	29,147	528,752
Cash and cash equivalents	<u>10,888</u>	<u>288,510</u>
	<u>51,480</u>	<u>1,035,164</u>
<b>Financial liabilities</b>		
- Amortised cost		
Trade Payables	43,068	22,501
Other payables and accrued expense	421,481	88,631
Amounts due to directors	<u>129,818</u>	<u>-</u>
	<u>594,367</u>	<u>111,132</u>

Prepayments are excluded from the summary above.

**28. EVENTS AFTER THE REPORTING PERIOD**

The forthcoming financial year is expected to be challenging as a result of the COVID-19 outbreak. The outbreak is expected to adversely impact revenue for at least the first half of the year 2020. The Directors will monitor developments closely, assess and react to any impacts on the Group's financial position and operations.