

SEALAND CAPITAL GALAXY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

SEALAND CAPITAL GALAXY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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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 (Resigned on 31 March 2021) Mr Geoffrey John Griggs

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 2020 (the “Year”).

PERFORMANCE FOR THE YEAR

The COVID-19 epidemic had a significant adverse impact on our business, particularly our overseas subsidiaries’ operations during the Year. Despite this the Group was able to make certain achievements during the Year, both operationally and financially.

The Group substantially reduce its reported loss to £525,156 (2019: £1,481,629) and the Group’s revenue for the Year increased by 44.51% to £692,410.

KEY DEVELOPMENTS FOR THE YEAR

One of our flagship subsidiaries, New Sky Global Media Limited (“NSG”) entered into a contract to create and manage an account on Douyin (more commonly known outside of China as TikTok) for Suncity Group Leisure Services Limited in China and also secured an extension to a promotion contract for Hoiana Suncity Resort in Vietnam.

The contract included the instant shooting and coverage of the Macau Grand Prix in 2020, and the uploading of content to Suncity’s Douyin account, increasing user participation to the account, while also driving up followers. Interactive links embedded in the uploads increased digital traffic, which lies at the core of what NSG delivers and is a service that we carry out with success for other clients.

This laid the ground work for further future developments including offering additional services to Suncity, which pleasingly resulted in the award of a further contract announced in April 2021, after the reported period, to create 45 new Douyin digital campaign videos.

The contract is worth HKD 2 million and runs from 1 April 2021 until 31 March 2022, during which time all 45 videos will be produced by NSG. The production of these videos will include creative content planning, shooting, post production and release. This is the third project awarded by Suncity to NSG in 2020 and 2021.

During the year, the Group also formed a new joint venture to offer a holistic e-commerce solution in Asia, and another joint venture company to distribute Qiaohuajiao Fish Maw products in partnership with the Zhuhai Duty Free Group. The contract commenced with multiple Qiaohuajiao products selling in a Zhuhai-based duty free shop, and on the Zhuhai online shopping platform.

Cooperation between Qiaohuajiao and Zhuhai will allow Sealand to source more high quality and sought after products in Europe for sale in China in the future, and to expand the sale of fish maw both online and offline. Through Zhuhai’s offline and online sales network, European brands are able to access the Chinese market more quickly and easily. Our established marketing channels and deep knowledge resources allow the Group to provide foreign brands with more comprehensive and inclusive solutions to access the Chinese market.

FUTURE PROSPECTS AND OUTLOOK

The Coronavirus Disease 2019 (the “COVID-19”) outbreak had seriously hit various economies that the Group operates and also imposed restriction on travelling. We are now leveraging our partner relationships with Tencent, Tenet and Alibaba to help overseas merchants access the huge Chinese market and sell their products and services, however we are also proactively pursuing acquisition and joint venture opportunities to help develop our business and we remain in discussions with a European business-to-business marketing technology company initially with a view to obtaining an exclusive licence to use their technology in the Chinese market.

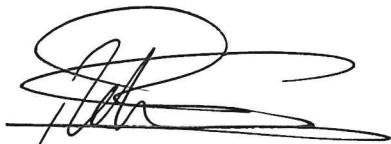
We also announced in March 2021, after the reported period, that we had raised £90,000 via a subscription for new ordinary shares (“the Subscription”). The monies raised from the Subscription are being used to explore the commercial opportunities afforded by this opportunity, as well as providing further working capital for the Company.

In an ever increasingly connected world, a process sped up further by COVID-19, the e-commerce bridges we are building between UK merchants and Chinese consumers certainly seem more apposite than ever before.

We continue to believe that our ability to offer commercial and logistical solutions to businesses in a world that is certainly moving ever more rapidly towards online shopping and away from physical stores will be critical for the growth of the business.

ACKNOWLEDGEMENTS

We wish to express our appreciation to our shareholders, business partners and suppliers for their continued support during what has been a difficult time for all. We would like to thank our dedicated staff for their contributions to the success of the Group.

A handwritten signature in black ink, appearing to read 'Chung Lam Nelson Law'.

Chung Lam Nelson Law
Chairman
30 June 2021

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 2020 (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 (2019: nil).

Business review and management report

Overview

During the Year, The Group recorded a consolidated loss of £525,156 (2019: £1,481,629) as set out on page 11 of these financial statements.

Operations

a) Digital marketing and payment solution

The revenue from digital marketing and payment solution segment for the Year was increased from £479,137 to £641,511. The increase is mainly due to the contribution of a marketing order from a one of the major customers of a flagship subsidiary of the Group.

b) Software development and support

During the Year, the Group recorded a strong rebound in orders in its software development and support segment. The revenue from the software development and support segment increased to £6,590 (2019: Nil).

(c) e-Commerce

The Group has been developing the e-Commerce business and recorded the revenue from e-Commerce of £44,309 (2019: Nil) for the Year. The Group is now in discussion with potential business partners to market more products.

SEALAND CAPITAL GALAXY LIMITED

DIRECTORS' REPORT (CONTINUED)

Going concern

As at 31 December 2020, the Group has cash and cash equivalent balances, net liabilities and net current liabilities of £16,002, £992,695 and £1,027,611, respectively.

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.

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, and 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 31 to the financial statements.

Directors

The following directors served during the year ended 31 December 2020:

Mr Chung Lam Nelson Law (Chairman and Chief Financial Officer)
Mr Mark Barney Battles (Non-executive Director) (Resigned on 31 March 2021)
Mr Geoffrey John Griggs (Non-executive Director)

Substantial shareholding

At 31 December 2020, the Company has been notified of the following interests of 3 per cent or more in its issued share capital as at the date of approval of this report:

Name	Number of Ordinary Shares	Approximate % Shareholding
Chung Lam Nelson Law *	164,500,000	32.27%
Tien San Chua	72,000,000	14.12%
Computershare Company Nominees Limited	60,855,679	11.94%
Mau Chung Ng	40,000,000	7.85%
Wing Chak Victor Lam	25,580,000	5.02%

(* indicates director of the Company)

SEALAND CAPITAL GALAXY LIMITED

DIRECTORS' REPORT (CONTINUED)

Directors' interests

The directors' interests in the share capital of the Company as at 31 December 2020 are shown below. All interests are beneficial.

	Number of Ordinary Shares
Mr Chung Lam Nelson Law	164,500,000

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

Share capital and voting rights

During the year, the issued share capital has been increased by £578 by the issue of 5,780,346 ordinary on exercise of warrants.

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.

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 an audit committee, a remuneration committee and a nomination committee comprising at least one non-executive director in each committee. 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.

SEALAND CAPITAL GALAXY LIMITED

DIRECTORS' REPORT (CONTINUED)

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
30 June 2021

SEALAND CAPITAL GALAXY LIMITED

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 parent company; 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 and parent company, together with a description of the principal risks and uncertainties that they face.

By order of the board



Chung Lam Nelson Law
Chairman
30 June 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEALAND CAPITAL GALAXY LIMITED

Opinion

We have audited the financial statements of Sealand Capital Galaxy Limited (the group') for the year ended 31 December 2020 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 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2020 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 4 in the financial statements, which indicates that the group incurred a net loss of £525,156 during the year ended 31 December 2020 and, as of that date, the group was in a net liability position of £992,695. As stated in note 4, the directors' cash flow projections for the following 12 months conclude that there will be the need for additional cash resources, but there is no certainty that any such funds will be forthcoming. These events or conditions, along with the other matters as set forth in note 4, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included obtaining managements' forecasts and challenging the significant assumptions within. In order for the group to meet their liabilities as they fall due, the group will need to raise funds either from existing shareholders or the open market. We have obtained confirmation from the majority shareholder of his commitment to provide financial support to the group.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the group financial statements was £42,550 (2019: £46,500) based on 5% of the loss made during the financial year and the net liabilities at the year end. The performance materiality was £29,785 (2019: £32,550). For each component in the scope of our group audit, we allocated a materiality that is less than our overall

group materiality. As a group whose main aim is profitability through investments and acquisitions, loss before tax and net liabilities of the group were considered the most appropriate benchmarks to shareholders.

We agreed with those charged with governance that we would report all differences identified during the course of our audit in excess of £2,128 (2019: £2,325). There were no revisions made to these levels during the course of the audit. We agreed with those charged with governance that would we also report any qualitative differences arising.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Of the 18 components of the group, a full scope audit was performed on the complete financial information of 6 components, and the remaining components were subject to analytical review only because they were not significant to the group.

Of the 6 reporting components of the group, 5 are located in Hong Kong and China and audited by a network firm operating under our instruction, and the audit of the remaining components were performed in London, conducted by PKF Littlejohn LLP using a team with specific experience of auditing groups and publicly listed entities. The Engagement Partner interacted regularly with the component audit teams during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the group financial statements.

Key audit matters

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the 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 group'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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, and application of our cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from LSE rules, Cayman Islands laws and local regulations applicable to the subsidiaries.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to: enquiries of management, review of minutes and RNS announcements and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the impairment assessment of customer contracts and the amortisation charged thereon. We addressed this by challenging the assumptions and judgements made by management when evaluating any indicators of impairment.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- We engaged with our component auditors to ensure they assessed whether there were any instances of non-compliance with laws and regulations at a local level and ensured they reported any such breaches or concerns to us. None were noted at the group or entity level.

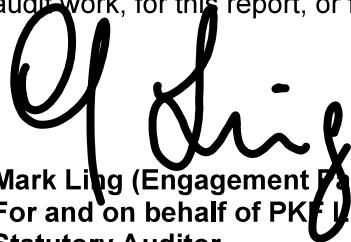
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company'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 company'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 company and the company'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

30 June 2021

SEALAND CAPITAL GALAXY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £ (Restated)
Revenue	8	692,410	479,137
Cost of services		<u>(480,295)</u>	<u>(341,027)</u>
Gross profit		212,115	138,110
Other income	8	48,366	30,155
Administrative expenses		<u>(786,292)</u>	<u>(1,200,472)</u>
Finance cost arising from finance lease	20	(1,644)	(1,950)
Share of results of an associate	15	2,482	-
Impairment loss on other receivables		-	(299,932)
Impairment loss on goodwill	14	<u>-</u>	<u>(150,053)</u>
Loss before tax	9	<u>(524,973)</u>	<u>(1,484,142)</u>
Income tax (expense)/credit	11	<u>(183)</u>	<u>2,513</u>
Loss for the year		<u><u>(525,156)</u></u>	<u><u>(1,481,629)</u></u>
Attributable to:			
Equity holders of the Company		<u>(515,328)</u>	<u>(1,269,067)</u>
Non-controlling interests		<u>(9,828)</u>	<u>(212,562)</u>
		<u><u>(525,156)</u></u>	<u><u>(1,481,629)</u></u>
Loss per share attributable to equity holders of the Company			
Basic and diluted	12	Pence <u>(0.001)</u>	Pence <u>(0.003)</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 2020

	Note	2020 £	2019 £ (Restated)
Loss for the year		(525,156)	(1,481,629)
Other comprehensive income			
Items not to be reclassified subsequently to profit or loss:			
- Share of other comprehensive income of an associate	15	(129)	-
Items to be reclassified subsequently to profit or loss:			
- Exchange differences on translation of foreign operations		<u>26,084</u>	<u>13,612</u>
Other comprehensive income for the year, net of tax		<u>25,955</u>	<u>13,612</u>
Total comprehensive loss for the year		<u><u>(499,201)</u></u>	<u><u>(1,468,017)</u></u>
Attributable to:			
Equity holders of the Company		(490,877)	(1,253,867)
Non-controlling interests		<u>(8,324)</u>	<u>(214,150)</u>
		<u><u>(499,201)</u></u>	<u><u>(1,468,017)</u></u>

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

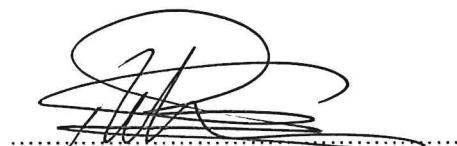
SEALAND CAPITAL GALAXY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2020

	Note	2020 £	2019 £ (Restated)
Non-current assets			
Property, plant and equipment	13	47,250	108,610
Goodwill and intangible assets	14	-	34,416
Investment in an associate	15	2,357	-
		<u>49,607</u>	<u>143,026</u>
Current assets			
Prepayments and other receivables	16	44,610	57,803
Trade receivables	16	77,738	5,554
Contract assets	17	25,099	5,891
Cash and cash equivalents		<u>16,002</u>	<u>10,888</u>
		<u>163,449</u>	<u>80,136</u>
Current liabilities			
Trade payables	18	75,202	99,268
Other payables and accrued expense		<u>698,277</u>	<u>421,481</u>
Amount due to a director	19	385,034	129,818
Contract liabilities	17	3,682	1,909
Finance lease liabilities	20	28,865	86,087
		<u>1,191,060</u>	<u>738,563</u>
Net current liabilities		<u>(1,027,611)</u>	<u>(658,427)</u>
Total assets less current liabilities		<u>(978,004)</u>	<u>(515,401)</u>
Non-current liabilities			
Finance lease liabilities	20	14,691	31,525
		<u>14,691</u>	<u>31,525</u>
Net liabilities		<u>(992,695)</u>	<u>(546,926)</u>
Capital and reserves			
Share capital	21	50,983	50,405
Reserves		<u>(747,673)</u>	<u>(551,353)</u>
Total equity attributable to equity shareholders of the Company		<u>(696,690)</u>	<u>(500,948)</u>
Non-controlling interests		<u>(296,005)</u>	<u>(45,978)</u>
Total equity		<u>(992,695)</u>	<u>(546,926)</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 June 2021.

Signed on behalf of the Board of Directors



Chung Lam Nelson Law
Chairman
30 June 2021

SEALAND CAPITAL GALAXY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to equity holders of the Company							
	Share capital £	Share premium £	Accumulated losses £	Exchange Reserve £	Warrant reserve £	Total £	Non-controlling interests £	Total equity £
At 1 January 2020 (Restated)	50,405	5,988,022	(6,542,918)	3,543	-	(500,948)	(45,978)	(546,926)
Loss for the year	-	-	(515,328)	-	-	(515,328)	(9,828)	(525,156)
Exchange differences arising on translation	-	-	-	24,451	-	24,451	1,504	25,955
Total comprehensive loss/(income)	-	-	(515,328)	24,451	-	(490,877)	(8,324)	(499,201)
Issue of warrants (Note 25)	-	-	-	-	27,746	27,746	-	27,746
Exercise of warrants (Note 25)	578	24,422	27,746	-	(27,746)	25,000	-	25,000
Issue of shares of a subsidiary to non-controlling interest	-	-	-	-	-	-	686	686
Change of equity interest without loss of control on deemed disposal of partial interest in a subsidiary (Note 23(a))	-	-	255,420	(13,031)	-	242,389	(242,389)	-
At 31 December 2020	50,983	6,012,444	(6,775,080)	14,963	-	(696,690)	(296,005)	(992,695)
At 1 January 2019	50,405	5,988,022	(5,263,909)	(12,226)	-	762,292	148,989	911,281
Loss for the year (As reported)	-	-	(1,238,157)	-	-	(1,238,157)	(187,272)	(1,425,429)
Correction of prior year's errors (Note 30)	-	-	(30,910)	-	-	(30,910)	(25,290)	(56,200)
Loss of the year (Restated)	-	-	(1,269,067)	-	-	(1,269,067)	(212,562)	(1,481,629)
Exchange differences arising on translation	-	-	-	15,200	-	15,200	(1,588)	13,612
Total comprehensive loss/(income)	-	-	(1,269,067)	15,200	-	(1,253,867)	(214,150)	(1,468,017)
Non-controlling interests arising from business combination	-	-	-	p-	-	-	9,810	9,810
Changes in non-controlling interests without change in control (Note 23(b))	-	-	(9,942)	569	-	(9,373)	9,373	-
At 31 December 2019 (Restated)	50,405	5,988,022	(6,542,918)	3,543	-	(500,948)	(45,978)	(546,926)

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 2020

	Note	2020 £	2019 £ (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(524,973)	(1,484,142)
Adjustments for:			
Depreciation	13	57,435	97,735
Amortisation	14	35,280	55,767
Share of profit of an associate	15	(2,482)	-
Provision for impairment loss on goodwill	14	-	150,053
Provision for impairment loss on other receivables		-	299,932
Share based payment expense	25	27,746	-
Gain on forgiveness of lease payments	20	(2,995)	-
Gain on early termination of a lease	20	(898)	
Interest expenses		1,644	1,950
Bank interest income		(19)	(64)
Operating cash flows before movements in working capital		(409,262)	(878,769)
Decrease in prepayments and other receivables		13,193	221,246
Increase in amounts due to a director		255,764	130,439
(Increase)/Decrease in trade receivables and contract assets		(91,392)	26,706
(Increase)/Decrease in trade payables and contract liabilities		(22,293)	28,454
Increase in other payables and accrued expenses		276,796	238,306
		22,806	(233,618)
Payment of interest portion of lease liabilities		(1,644)	(1,827)
Income tax paid		(183)	-
Net cash generated/(used in) operating activities		20,979	(235,445)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,615)	-
Purchase of subsidiaries		-	(11,771)
Capital invested into an associate		(4)	-
Net cash inflow on acquisition of subsidiaries		-	30,604
Interest income received		19	64
Net cash (used in) generated from investing activities		(4,600)	18,897
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of warrants		25,000	-
Issue of shares of a subsidiary to non-controlling interests		686	-
Payment of principal portion of lease liabilities		(61,848)	(78,001)
Net cash used in financing activities		(36,162)	(78,001)
Net decrease in cash and cash equivalents		(19,783)	(294,549)
Foreign exchange realignment		24,897	16,927
Cash and cash equivalents at 1 January		10,888	288,510
Cash and cash equivalents at 31 December		16,002	10,888

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 2020

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 of the Cayman Islands. 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 (“IFRSs”) as adopted for use by the European Union (“EU”) 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, except for otherwise indicated, 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 2020:

Standard / Interpretation	Title
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 16	COVID-19 Related Rent Concessions
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

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 financial statements, except as noted below.

Amendment to IFRS 16 - COVID-19-Related Rent Concessions

In May 2020, the International Accounting Standard Board (“IASB”) issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19 by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- (c) There is no substantive change to other terms and conditions of the lease.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3. STANDARDS AND INTERPRETATIONS (CONTINUED)

(i) New and amended standards adopted by the Group (Continued)

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

Impact on accounting for changes in lease payments applying the exemption

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in IFRS 16 and has not restated prior period figures.

The Group has benefited from a 6-month waiver of lease payments on a leased office of a subsidiary. The waiver of lease payments of £2,995 has been accounted for as a negative variable lease payment in profit or loss. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of IFRS 9.

(ii) New and amended standards and interpretations issued but not yet effective or not yet endorsed for the financial year beginning 1 January 2020 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.

Standard / Interpretation	Title
IFRS 17	Insurance Contracts ⁴
Amendments to IFRS 3	Reference to the Conceptual Framework ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ⁴
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use ³
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

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 FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries) (collectively, referred to as the “Group” thereafter) for the year ended 31 December 2020.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

(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. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

(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.

(b) Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

(c) 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.

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.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue recognition (Continued)

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 recognised when the performance obligation is satisfied.

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

(d) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

(e) 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.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency transactions (Continued)

(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).

(f) 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 recognised of the corresponding contract.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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.

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.

(h) 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 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments

Financial assets and financial liabilities are recognised 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 amortised cost using the effective interest method, less identified impairment charges (see Note 4(j)) 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 amortised cost using the effective interest method.

(j) Impairment of financial assets

The Group recognises 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 recognised 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 recognised in surplus or deficit.

(k) Derecognition of financial assets and financial liabilities

Financial assets are derecognised 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 derecognised 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 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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.

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).

(m) Cash and cash equivalents

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

(n) 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 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases

Lessee

All leases with a term of more than 12 months are recognised (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 recognised 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.

(p) 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.

(q) 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

(r) Share-based payments

Equity-settled share-based payment transactions in exchange for services of goods are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 25.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

(s) 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 2020

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 £14,846. Apart from the abovementioned amount, no other financial instrument is subjected to interest rate risk. If the interest rate increases or decreases for 100 basis points, the effect in profit and loss will increase or decrease for £148.

(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 ongoing 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	
	2020 £	2019 £
CNY strength/weakened against GBP for 1 per cent	305/(305)	356/(356)

(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 28.

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 categorised 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.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Credit risk (Continued)

At 31 December 2020, all the trade receivables are within 180 days and thus no loss allowance was recognised (2019: Nil) according to the management expected loss rate on the ageing group. The Group's trade receivables which are past due but which the Group has not impaired as there have 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 2020 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 2020 (2019: 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.

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.

(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.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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.

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 entities are 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 24.

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.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 25.

SEALAND CAPITAL GALAXY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 as follows:

- (a) The digital marketing and payment segment includes services on enlisting merchants to mobile payment gateways and providing digital advertising services; and
- (b) 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.
- (c) The e-commerce segment includes sales of goods through internet and provision for consultancy services related to e-commerce.

	Digital marketing and payment £	Software development and support £	e-Commerce £	Unallocated £	Total £
Year ended 31 December 2020					
Revenue	<u>641,511</u>	<u>6,590</u>	<u>44,309</u>	<u>-</u>	<u>692,410</u>
Segment (loss)/profit	<u>(76,983)</u>	<u>(3,230)</u>	<u>8,545</u>	<u>(453,488)</u>	<u>(525,156)</u>
Depreciation	<u>1,140</u>	<u>-</u>	<u>-</u>	<u>3,014</u>	<u>4,154</u>
Amortisation	<u>35,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,280</u>
Assets	<u>113,920</u>	<u>7,373</u>	<u>3,829</u>	<u>87,934</u>	<u>213,056</u>
Liabilities	<u>234,306</u>	<u>75,185</u>	<u>7,013</u>	<u>889,247</u>	<u>1,205,751</u>
Year ended 31 December 2019					
Revenue	<u>479,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>479,137</u>
Segment loss (Restated)	<u>(436,777)</u>	<u>(389,159)</u>	<u>(5,614)</u>	<u>(650,079)</u>	<u>(1,481,629)</u>
Depreciation	<u>45,783</u>	<u>-</u>	<u>453</u>	<u>51,499</u>	<u>97,735</u>
Amortisation	<u>55,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,767</u>
Provision for impairment losses on other receivables	<u>198,166</u>	<u>101,766</u>	<u>-</u>	<u>-</u>	<u>299,932</u>
Provision for impairment losses on goodwill	<u>-</u>	<u>150,053</u>	<u>-</u>	<u>-</u>	<u>150,053</u>
Assets	<u>89,268</u>	<u>2,162</u>	<u>786</u>	<u>130,946</u>	<u>223,162</u>
Liabilities	<u>158,514</u>	<u>10,471</u>	<u>3,321</u>	<u>541,582</u>	<u>713,888</u>

SEALAND CAPITAL GALAXY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. SEGMENT INFORMATION (CONTINUED)

Geographical information:

	2020	2019
	£	£
Revenue by Geography		
Macau	628,681	319,493
Hong Kong	56,986	81,669
Mainland China	6,743	76,963
Others	-	1,012
	692,410	479,137

Information about major customers

For the year ended 31 December 2020, one external customer contributed more than 10% to the Group revenue, amounting to £395,404 (approximately 57% to the Group revenue).

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

8. REVENUE AND OTHER INCOME

	2020	2019
	£	£
REVENUE		
Advertising services	639,294	474,973
Software development and support	6,590	-
Commission income	46,372	4,164
Others	154	-
	692,410	479,137

OTHER INCOME

Bank interest income	19	64
Gain on concessionary rental (Note 20)	2,995	-
Gain on early termination of a lease (Note 20)	898	-
Government subsidy	24,494	-
Others	19,960	30,091
	48,366	30,155

9. LOSS BEFORE TAX

	2020	2019
	£	£
Loss before tax has been arrived at after charging:		
Depreciation – Owned assets	4,148	7,085
Depreciation – Right of use assets	53,287	90,650
Exchange loss, net	46,098	22,971
Amortisation	35,280	55,767
Provision for impairment losses on goodwill	-	150,053
Provision for impairment losses on other receivables	-	299,932
Staff cost (including Director Remuneration)	358,184	538,661
Share-based payment expense	27,746	-
Audit fees		
- for the year	44,873	49,546
- underprovision for prior years	300	4,044

SEALAND CAPITAL GALAXY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. EMPLOYEES

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

	2020	2019
Directors	<u>3</u>	<u>3</u>
Staff	<u>11</u>	<u>10</u>
	2020	2019
	£	£
Staff costs, including directors' costs comprise:		
Wages, salaries and other staff costs	<u>358,184</u>	<u>538,661</u>

Key Management Remuneration

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

	2020	2019
	£	£
Chung Lam Nelson Law	180,000	180,000
Frazer Ian McRae	-	7,000
Zhixuan Li	-	14,790
Mark Barney Battles	-	30,888
Geoffrey John Griggs	<u>18,000</u>	<u>10,015</u>
	<u>198,000</u>	<u>242,693</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 (2019: Nil).

Mr. Mark Barney Battles has waived a directors' fee of £36,000 payable to him. On 31 March 2021, Mr. Battles has resigned as director of the Company.

SEALAND CAPITAL GALAXY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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% (2019: 8.25%) of the first HK\$2,000,000 and 16.5% (2019: 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:

	2020 £	2019 £ (Restated)
Loss before tax	<u>(524,973)</u>	<u>(1,484,142)</u>
Tax at the statutory tax rate of 16.5 per cent	(86,621)	(244,883)
Effect of different tax rates in other jurisdictions	(2,023)	(33,424)
Income not subject to tax	(409)	(5)
Expenses not deductible for tax	66,352	211,113
Benefits from tax losses previously unrecognised	-	(1,653)
Tax losses not recognised for the year	24,111	66,107
Others	(1,227)	-
Overprovision for prior years	-	(2,513)
	<u>183</u>	<u>(2,513)</u>

Potential deferred tax assets of approximately £569,955 (2019: £445,105) have not been recognised due to uncertainty as to when taxable profits will be generated.

12. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the Company's owners of £515,328 (2019: £1,269,067) by the weighted average number of 509,831,346 ordinary shares (2019: 504,050,000) in issue during 2019.

The following potential ordinary shares are anti-diluted and therefore excluded from the weighted average number of ordinary shares for the purpose of diluted loss per share.

	2020	2019
Effect of potential ordinary shares		
Warrants (Note 25)	-	5,780,346

Diluted loss per share was the same as basic loss per share as no potential dilutive ordinary shares were outstanding for both the years ended 31 December 2020 and 2019.

SEALAND CAPITAL GALAXY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. PROPERTY, PLANT AND EQUIPMENT

	Office equipment £	Leasehold improvement £	Right of use assets £	Total £
At 1 January 2020	3,410	-	105,200	108,610
Additions	-	4,615	60,899	65,514
Depreciation for the year	(2,931)	(1,217)	(53,287)	(57,435)
Elimination on early termination	-	-	(69,780)	(69,780)
Exchange differences	10	63	268	341
At 31 December 2020	489	3,461	43,300	47,250
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	3,410	-	105,200	108,610

14. GOODWILL AND INTANGIBLE ASSETS

	Goodwill £	Intangible assets £	Total £
At 1 January 2020	-	34,416	34,416
Amortisation for the year	-	(35,280)	(35,280)
Exchange realignment	-	864	864
At 31 December 2020	-	-	-
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)
At 31 December 2019	-	34,416	34,416

For 2019, the addition and the amortisation were related to the customer contract related to the acquisition of the 55% equity interest in New Sky Global Media Limited (“NSG”). The impairment in the year 2019 was related to the goodwill arising from the acquisition of Guangzhou Ruiyou Information Technologies Co., Ltd (“Rightyoo”) in 2018.

SEALAND CAPITAL GALAXY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. INVESTMENT IN AN ASSOCIATE

The Group has a 40% interest in Hyrax Holdings Limited (“Hyrax”), which is involved in e-Commerce. Hyrax is a private company incorporated in Hong Kong in 2020. The Group’s interest in Hyrax is accounted for using the equity method in the financial statements. The following table illustrates the summarised financial information of the Group’s investment in Hyrax.

	2020	
	£	
Current assets	54,696	
Current liabilities	(48,804)	<hr/>
Equity	5,892	<hr/>
Group’s carrying amount of the investment (40% thereon)	2,357	<hr/>
Revenue	110,729	
Cost of sales	(99,359)	<hr/>
Administrative expenses	(5,165)	<hr/>
Profit before tax	6,205	
Tax expense	-	<hr/>
Profit for the year	6,205	
Other comprehensive loss	(322)	<hr/>
Total comprehensive income for the year	5,883	<hr/>
Group’s share of:		
Profit for the year	2,482	
Other comprehensive loss	(129)	<hr/>
Total comprehensive income	2,353	<hr/>

The associate requires the Group’s consent to distribute its profits. The Group does not foresee giving such consent at the reporting date.

The associate had no contingent liabilities or capital commitments as at 31 December 2020.

16. TRADE RECEIVABLES, PREPAYMENT AND OTHER RECEIVABLES

(a) Trade receivables

	2020	2019
	£	£
Trade receivables - billed	9,880	5,405
Trade receivables - unbilled	67,858	149
	<hr/>	<hr/>
	77,738	5,554
	<hr/>	<hr/>

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.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

16. TRADE RECEIVABLES, PREPAYMENT AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

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:

	2020 £	2019 £
Within 30 days	70,394	1,947
31 to 60 days	1,230	1,461
61 to 90 days	1,230	1,461
91 to 180 days	4,884	536
	<hr/>	<hr/>
	77,738	5,405
	<hr/>	<hr/>

At the reporting period end, all the trade receivables - billed are past due but not impaired at the reporting date. The directors of the Company considered that the ECL for trade receivables is insignificant as at 31 December 2020 (2019: same) since the ageing of all the trade receivables is within 180 days.

(b) Prepayments and other receivables

	2020 £	2019 £
Prepayments	28,315	28,656
Other receivables	16,295	29,147
	<hr/>	<hr/>
	44,610	57,803
	<hr/>	<hr/>

17. CONTRACT ASSETS/LIABILITIES

	2020 £	2019 £
Contracts in progress		
Opening balance	3,982	-
Contract costs incurred plus recognised profit less recognised losses to date	290,712	320,095
Progress billings received and receivables	(267,802)	(315,997)
Exchange realignment	(5,475)	(116)
	<hr/>	<hr/>
	21,417	3,982
Analysed for the reporting purpose		
Contract assets	25,099	5,891
Contract liabilities	(3,682)	(1,909)
	<hr/>	<hr/>
	21,417	3,982

There was no retention held by customers on service contracts at 31 December 2020 and 2019.

At 31 December 2020 and 2019, the contract assets and liabilities are expected to be received or settled within 12 months.

SEALAND CAPITAL GALAXY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. CONTRACT ASSETS/LIABILITIES (CONTINUED)

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

	2020	2019
	£	£
At 1 January	5,891	-
Receipt in advance	261,565	319,293
Recognition of revenue	(236,727)	(313,231)
Exchange realignment	(5,630)	(171)
At 31 December	<u>25,099</u>	<u>5,891</u>

(b) Contract Liabilities

	2020	2019
	£	£
At 1 January	1,909	-
Receipt in advance	31,075	2,766
Recognition of revenue	(29,147)	(802)
Exchange realignment	(155)	(55)
At 31 December	<u>3,682</u>	<u>1,909</u>

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

18. TRADE PAYABLES

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

	2020	2019
	£	£
		(Restated)
Within 30 days	73,726	98,272
31 to 60 days	-	227
61 to 90 days	-	112
91 to 180 days	-	270
181 to 365 days	1,476	387
	<u>75,202</u>	<u>99,268</u>

19. AMOUNTS DUE TO A DIRECTOR

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

SEALAND CAPITAL GALAXY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

20. LEASE LIABILITIES

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

	2020 £	2019 £
Current portion:		
Gross finance lease liabilities	29,528	87,646
Finance expense not recognised	(663)	(1,559)
	<u>28,865</u>	<u>86,087</u>
Non-current portion:		
Gross finance lease liabilities	14,764	31,650
Finance expense not recognised	(73)	(125)
	<u>14,691</u>	<u>31,525</u>
	<u>43,556</u>	<u>117,612</u>
	2020 £	2019 £
The net finance lease liabilities are analysed as follows:		
- Not later than 1 year	28,865	86,087
- Later than 1 year but not more than 5 years	14,691	31,525
Net finance lease liabilities	<u>43,556</u>	<u>117,612</u>

The interest on lease liabilities for the year ended 31 December 2020 was £1,644 (2019: £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 2020 were £3,715 (2019: £1,591).

During 2020, the Group also had non-cash additions to right-of-assets (see Note 13) and lease liabilities of £60,899 (2019: £152,823).

The Group also early terminated the lease of an office used by a subsidiary. As a result, the related right-of-use asset of £69,780 (see Note 13) and lease liability of £70,678 have been eliminated, and a gain on early termination of £898 has been charged to profit or loss.

21. SHARE CAPITAL

	Number	£
Ordinary Shares issued and fully paid		
At 1 January 2019, 31 December 2019 and 1 January 2020	504,050,000	50,405
Issue on exercise of warrants	<u>5,780,346</u>	<u>578</u>
At 31 December 2020	<u>509,830,346</u>	<u>50,983</u>

During the year, the issued share capital was increased by £578 by the issue of 5,780,346 Ordinary Shares on exercise of warrants.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22. 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.

23. CHANGES IN OWNERSHIP INTERESTS OF SUBSIDIARIES

The Group has following changes in its ownership interests in subsidiaries that do not result in a loss of control.

(a) Deemed disposal of partial interest in a subsidiary without losing control

In 2020, the Group transferred the entire interest in ePurse (HK) Limited (“ePurse”), a subsidiary of the Company, from a wholly-owned subsidiary to a 75%-owned subsidiary, namely Tengwuyang Holdings Ltd (“TWY”). Subsequent to the transfer, ePurse entered into a capital contribution agreement with a third party investor to issue 7,250 ordinary shares to the investor for cash. Upon the completion of the transfer and the share issue, the Group’s equity interest (through TWY) in ePurse had been diluted from 100% to 58%, while the Group’s effective ownership interest in ePurse was diluted from 75% to 43.5%. ePurse remained as an indirect subsidiary of the Company as the majority of voting rights in ePurse was held by the Company’s subsidiary, TWY.

As such, the Group accounted for the above deemed disposal of partial interest in a subsidiary as equity transactions with non-controlling interests. The difference between the consideration and the related share of the carrying amount of the net assets of ePurse, being £242,388, was charged to equity directly.

(b) Change in non-controlling interests without change in control

During 2019, further to a subscription of a 55% interest (see Note 24), the Group subscribed a further 180,000 shares (the “second subscription”), representing 20% interest in NSG subsequent to the second subscription 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 charged to equity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

24. BUSINESS COMBINATIONS IN 2019

New Sky Global Media Limited

In May 2019, the Company completed a subscription of a 55% interest in 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:

	£
Prepayments 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 recognised 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, the revenue of £323,750 and the loss of £48,605 were attributable to NSG.

Had the acquisition of NSG taken place on 1 January 2019, the management believed 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.

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 recognised as an expense for the year ended 31 December 2019, within the “Administrative Expenses” in the statement of profit or loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

24. BUSINESS COMBINATIONS IN 2019 (CONTINUED)

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

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

The fair value of the identifiable assets acquired and liabilities recognised 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, the revenue of £76,963 and profit of £6,756 were attributable to Ptp Group.

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

25. SHARE-BASED PAYMENTS

In connection with the broker services agreement entered into by the Company on 29 October 2019, the Company issued 5,780,346 warrants to the Brokers ("Brokers' Warrants") with an exercise price of £0.004325 per warrant and which expire 36 months from the date of issue. Upon exercise of the Brokers' Warrants, the Company will issue one ordinary share.

The Company valued the warrants using the Black-Scholes option pricing model to establish the fair value of the Brokers' Warrants granted by applying the following assumptions:

Share price	£0.0045
Risk-free interest rate	1.6611%
Expected life of warrant (years)	3
Expected annualised volatility	1.60
Expected dividend yield	Nil

Volatility was estimated with reference to the historical volatility of the Company. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based on the zero-coupon UK treasury bonds with a remaining term equal to the expected life of the warrants.

During 2020, all Brokers' Warrants were exercised for proceeds of £25,000 and exchanged for 5,780,346 Ordinary Shares of the Company. There were no Brokers' Warrants outstanding at 31 December 2020 (2019: 5,780,346 Brokers' Warrant).

26. 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 significant related party transactions for the Year.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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27. CAPITAL COMMITMENTS

There were no capital commitments as at the year ended 31 December 2020 (2019: Nil).

28. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2020	2019
	£	£
Financial assets		
Financial assets at amortised cost		
Contract assets	25,099	5,891
Trade receivables	77,738	5,554
Other receivables	16,295	29,147
Cash and cash equivalents	<u>16,002</u>	<u>10,888</u>
	<u>135,134</u>	<u>51,480</u>
Financial liabilities		
Liabilities at amortised cost		
Trade Payables	75,202	99,268
Other payables and accrued expense	698,277	421,481
Amounts due to directors	385,034	129,818
Lease liabilities	<u>43,556</u>	<u>117,612</u>
	<u>1,202,069</u>	<u>768,179</u>

Prepayments are excluded from the summary above.

29. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities	
	2020	2019
	£	£
At 1 January	117,612	195,613
Financing cash flows	<u>(61,848)</u>	<u>(78,001)</u>
At 31 December	<u>55,764</u>	<u>117,612</u>

30. CORRECTION OF PRIOR PERIOD ERRORS

In the preparation of the Company's financial statements, management identified a number of transactions that appeared to have been either omitted or processed incorrectly in the prior period; the impact of these transactions includes the timing of recognition of liabilities and expenses arising from a lawsuit settlement and the classification of cash flows from lease payments.

A brief explanation of each accounting error is provided below.

(a) Unrecorded liability of a lawsuit settlement

The Group entered into a settlement agreement in connection with the dispute over a service agreement on 19 December 2019. Pursuant to the terms of the settlement agreement, the Group agreed to pay the counterparty an aggregate cash amount of RMB500,000, equivalent to £56,200. The Group has identified the liability and expense arising from the settlement agreement pertaining to 2019 that should have been recognised in 2019, but for which there was no accounting at the time.

Recognition of the related liability and expense has been accounted for as a prior period error, resulting in an increase in trade payables as well as an increase in administrative expenses in 2019.

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30. CORRECTION OF PRIOR PERIOD ERRORS (CONTINUED)

(b) Reclassification of cash flows from lease payments

Under IAS 16 “Leases”, the Group’s principal and interest portions of lease payments should be classified under financing and operating activities, respectively, on the Group’s consolidated statement of cash flows. Management identified that the Group wrongly accounted for these lease payments under investing activities on the consolidated cash flow statement for 2019.

Reclassification of the Group’s cash flows from lease payments has been accounted for as a prior period error, resulting in an increase in cash outflows under operating and financing activities as well as a decrease in cash outflows under investing activities in 2019.

These errors have been corrected by restating each of the affected financial statement line items for the prior period as follows.

Impact on equity (increase/(decrease) in equity)

	31 December 2019 £
Trade payables	56,200
Total liabilities	56,200
Net impact on equity	(56,200)

Impact on statement of profit or loss ((increase)/decrease in loss)

	31 December 2019 £
Administrative expenses	56,200
Net impact on loss for the year	56,200

Attributable to:

Equity holders of the Company	30,910
Non-controlling interests	25,290

Impact on statement of cash flows ((increase)/decrease in cash outflows)

	31 December 2019		
	Unrecorded liability of a lawsuit settlement	Reclassification of cash flows from lease payments	Total
	£	£	£
Loss before tax	(56,200)	-	(56,200)
Operating activities	56,200	(1,827)	54,373
Investing activities	-	79,828	79,828
Financing activities	-	(78,001)	(78,001)

Impact on loss per share

The impact of these errors increased the loss per share for 2019 from £0.002 to £0.003.

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31. EVENTS AFTER THE REPORTING PERIOD

On 31 March 2021, Mr. Nelson Law, the Company's Chairman and Chief Financial Officer, has subscribed for 6,206,896 new Ordinary Shares of the Company at 1.45 pence for a cash consideration of £90,000 in aggregate.