

SEALAND CAPITAL GALAXY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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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 Director:  
Mr Zhixuan Li  
(appointed on 13 July 2018)  
Mr Mark Barney Battles  
(appointed on 19 February 2019)

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

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

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

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

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

**Legal advisers  
to 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 2018 (the "Year").

### PERFORMANCE FOR THE YEAR

During the Year, the Group reported a profit of 3,095,472 (2017: loss of £8,027,414) which was mainly due to the gain on disposal of a subsidiary, SecureCom Media Holdings Limited ("SecureCom") of £3,809,051.

### KEY DEVELOPMENTS

#### Social media ("Metalk")

The Group invested in SecureCom in 2017 and were very excited about its prospects, but with new competitors entering the market and offering similar products we felt our investment is better served somewhere else. Following an extensive review, the Company's directors came to the conclusion that a disposal of SecureCom was in the best interests of shareholders. Given the competitive environment in which SecureCom operates, the business would require substantial additional capital in order to remain competitive, whilst the Group's focus should be on the development of other businesses. The Company entered into a memorandum of understanding and a legally binding agreement with a buyer in 19 April 2018 and 12 June 2018 respectively to dispose the entire interest in SecureCom. On 22 June 2018, the disposal was completed and SecureCom left the Group.

#### Digital marketing and payment

The Group has been developing the payment and marketing solution business, alongside its licensed broker since early 2018. The Group has also become involved in the sale of some Tencent products during this period. Outside of the Hong Kong market, the Group is now in discussions with potential business partners to launch its UK mobile payment gateway business.

#### Software development and support

During 2018, the Company has initiated another acquisition in Guangzhou Ruiyou Information Technologies Co., Ltd ("Rightyoo"), an I.T. development and support services provider which focused on the mobile gaming related sector. The Group has completed the acquisition by mean of a subscription of a 55% interest in Rightyoo.

### PROSPECTS

Sealand's stated goal is to build a portfolio of businesses with the potential to deliver strong growth and synergies. The Group confirms strategic moves into the above-mentioned businesses which in our view, are well positioned to deliver those in the future. Further to the existing operations, the Group will keep it pace to build and enrich its product to match the market needs.

### GOING CONCERN

As at 31 December 2018, the Group has cash and cash equivalent balances, net assets and net current assets of £288,510, £911,281 and £743,356 respectively.

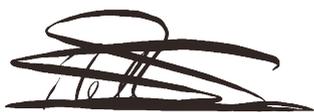
The director's cash-flow projections for the forthcoming 12 months conclude there will be the need for additional cash resources to fully implement the business plans. the directors are in discussions with a number of individuals that may lead to further equity and/or loans being raised. There is no certainty that any such funds will be forthcoming or the price and other terms being acceptable. The directors have considered the cash-flow forecasts and stress-tested the assumptions within the cash forecasts. This stress testing included different funding outcomes. The conclusion reached is that while there will always remain inherent uncertainty with the cash-flow forecasts, the directors have a reasonable expectation that the Company and Group will have adequate resources to continue in operational existence for the foreseeable future, and for a period of at least 12 months from the date of signing these financial statements.

SEALAND CAPITAL GALAXY LIMITED

**CHAIRMAN'S STATEMENT (CONTINUED)**

**ACKNOWLEDGEMENTS**

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

A handwritten signature in black ink, appearing to read 'Chung Lam Nelson Law', with several overlapping loops and a horizontal line underneath.

Chung Lam Nelson Law  
Chairman  
30 April 2019

## **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 2018.

### **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, mobile payment, social media and other IT related businesses.

### **Results and dividends**

The results are set out in the primary statements on pages 12 to 15 of the financial statements. The directors do not recommend payment of a dividend for the year (2017: nil).

### **Business review and management report**

#### *Overview*

During the Year, The Group recorded a consolidated profit attributable to shareholders of 3,060,897 (2017: loss of £8,027,414). The profit for the year was mainly attributable to the gain on disposal of SecureCom Media Holding Limited.

#### *Operations*

##### a) Social media

The Group's social media business was operated by its wholly owned subsidiary, SecureCom, which was acquired in February 2017 and disposed of in the Year.

Subsequent to the acquisition date, the Securecom revenue deteriorated significantly. Following an extensive review, the Company's directors concluded that a disposal of SecureCom was in the best interests of shareholders, given the competitive environment in which it operated, the business would have required substantial additional capital to remain competitive, whilst the Group's focus was on the development of other businesses. The Company entered a memorandum of understanding on 19 April 2018 for the sale of SecureCom and a legally binding agreement was signed on 12 June 2018 for the sale of their entire interest in SecureCom. The disposal was completed on 22 June 2018 and a gain of £3,809,051 from the disposal was recorded.

In 2018, SecureCom contributed a revenue of £1,316,107 and an operating net profit (i.e. excludes the gain on disposal of SecureCom interests) of £116,091.

##### b) Digital marketing and payment solution

The Group has signed agreements with authorized business partners to provide marketing service and digital payment solutions to merchants in mid-2018 and late-2017 respectively. The revenue and the net operating loss from the sector was £47,948 and £90,312 respectively. Since 2018 was the start up period for the segment, the operating loss was mainly due to the setup cost and branding cost. The management believe that the firm base built in 2018 will definite benefit its operation and development in sequent year.

**DIRECTORS' REPORT (CONTINUED)**

**Business review and management report (continued)**

c) Software development and support

On 4 October 2017, the Company, through its wholly-owned subsidiary, SCG Group Limited, entered into a Subscription Agreement with Guangzhou Ruiyou Information Technologies Co., Ltd ("Rightyoo") and its shareholders, in which the Group agreed to subscribe for a 55% interest in Rightyoo for the aggregate sum of RMB1,222,000 (approximately £139,000) (the "Subscription"). After obtaining the approval from the PRC government regarding the Subscription (as is required when incorporating a company with foreign investors in PRC) in January 2018, Rightyoo became a subsidiary of the Company.

Rightyoo contributed revenue of £501,934 and a net profit attributable to the shareholders of the Company of £32,401.

**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.

Apart from the diversification of business segment, the Group will diversify its presence from only the APAC region to also the UK, Europe and United Arab Emirates regions. Advertising agreements have been signed in both UK and United Arab Emirates before the signing of this report.

**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.

Events that have occurred since the end of the financial year are detailed in Note 26 to financial statements.

## SEALAND CAPITAL GALAXY LIMITED

### DIRECTORS' REPORT (CONTINUED)

#### Directors

The following directors served during the year ended 31 December 2018:

Mr Chung Lam Nelson Law	(Chairman and Chief Financial Officer)
Mr Chih Hong Leon Lim*	(Chief Executive Officer)
Mr Nicholas James Lyth**	(Non-executive Director)
Mr Frazer Ian Macrae***	(Non-executive Director)
Mr Zhixuan Li****	(Non-executive Director)

\* Chih Hong Leon Lim resigned on 29 June 2018.

\*\* Nicholas James Lyth resigned on 13 July 2018.

\*\*\* Frazer Ian Macrae resigned on 4 February 2019.

\*\*\*\* Zhixuan Li was appointed on 13 July 2018.

#### Substantial shareholding

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 % Holding
Mr Chung Lam Nelson Law	164,500,000	32.64%
Mr Tien San Chua	72,000,000	14.28%
Mr Mau Chung Ng	27,500,000	5.46%

#### Directors' interests

The directors' interests in the share capital of the company are shown below. All interests are beneficial.

	Number of ordinary shares at 31 December 2018
Mr Chung Lam Nelson Law	164,500,000
Mr Chih Hong Leon Lim	10,000,000

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

#### Share capital and voting rights

No shares were issued in the Year.

#### Financial risk management

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

**DIRECTORS' REPORT (CONTINUED)**

**Corporate governance**

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

- given the size of the Board, certain provisions of the UK 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 UK 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 UK Corporate Governance Code that at least half of the Board, excluding the Chairman, should comprise non-executive directors determined by the Board to be independent.

**Auditors**

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

**Disclosure of Information to Auditors**

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

By order of the board



Chung Lam Nelson Law  
Chairman

30 April 2019

## 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 Chairman's Statement, 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 April 2019

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

### **Disclaimer of Opinion**

We were engaged to audit the group financial statements of Sealand Capital Galaxy Limited (the 'Group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

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

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

A significant component in the Group, SecureCom Media Holdings Limited ('SecureCom') was disposed of on 12 June 2018. The Consolidated Statement of Profit or Loss included £1,316,051 of revenue and £1,200,016 of expenses for SecureCom as part of discontinued operations. The net assets of SecureCom were also included within the calculation of the profit for the year from discontinued operations, net of tax, of £3,925,142 as reported in the Consolidated Statement of Profit or Loss (see Note 22). We were unable to obtain sufficient appropriate audit evidence on the amounts reported in the financial statements for the disposal because we were not provided access to the accounting records for SecureCom. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of the revenue, expenses, assets and liabilities associated with the disposal of SecureCom and the elements making up the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows.

The Group included £99,200 within other receivables for the year ended 31 December 2018 which related to Guangzhou Ruiyou Information Technologies Co Ltd ('Rightyoo') subsidiary acquired during the financial year. The Directors have not been able to provide sufficient appropriate audit evidence to support the recognition of that receivable either at the date of acquisition or as at 31 December 2018. The inclusion of the receivable also impacts the calculated goodwill from the acquisition of Rightyoo which was reported as £157,022 in Note 14 to the financial statements. We were unable to satisfy ourselves, through the performance of alternative audit procedures, that the receivable is recoverable and that the goodwill, as disclosed in the Consolidated Statement of Financial Position, is materially correct.

### **Responsibilities of Directors**

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

**Independent Auditor's Report to the Members of Sealand Capital Galaxy Limited (continued)**

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

Our responsibility is to conduct an audit of the Group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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

**Use of our report**

This report is made solely to the entity's members, as a body in accordance with our engagement letter dated 21 December 2018. Our audit work has been undertaken so that we might state to the entity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the entity and the entity's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Mark Ling**

(Engagement Partner)

For and on behalf of PKF Littlejohn LLP

Statutory auditor

1 Westferry Circus  
Canary Wharf  
London  
E14 4HD

Date

*30 April 2019*

SEALAND CAPITAL GALAXY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>Note</u>	2018 £	2017 £
<b><u>Continuing operations</u></b>			
<b>Revenue</b>	8	549,882	-
Cost of services		(274,706)	-
<b>Gross profit</b>		275,176	-
Other income	8	199,024	204
Administrative expenses		(1,301,382)	(1,112,476)
<b>Loss before tax</b>	9	(827,182)	(1,112,272)
Income tax expense	11	(2,488)	-
<b>Loss for the year from continuing operations</b>		(829,670)	(1,112,272)
<b>Profit/(Loss) for the year from discontinued operation, net of tax</b>		3,925,142	(6,915,142)
<b>Profit/(Loss) for the year</b>		3,095,472	(8,027,414)
<b>Attributable to:</b>			
Equity holders of the Company		3,060,897	(8,027,414)
Non-controlling interests		34,575	-
		3,095,472	(8,027,414)
<b>Profit/(Loss) per share attributable to equity holders of the Company</b>			
		Pence	Pence
Basic and diluted, continuing operations	12	(0.002)	(0.002)
Basic and diluted, discontinued operations	12	0.008	(0.016)
		0.006	(0.018)

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 2018

	<u>Note</u>	2018 £	2017 £
<b>Profit/(Loss) for the year</b>		3,095,472	(8,027,414)
<b>Other comprehensive income/(loss)</b>			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(101,383)	85,628
Exchange differences reclassified to profit or loss upon disposal of foreign subsidiaries		<u>4,048</u>	<u>-</u>
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods and other comprehensive income/(loss) for the year, net of tax		<u>(97,335)</u>	<u>85,628</u>
<b>Total comprehensive income/(loss) for the year</b>		<u><u>2,998,137</u></u>	<u><u>(7,941,786)</u></u>
<b>Attributable to:</b>			
Equity holders of the Company		2,963,043	(7,941,786)
Non-controlling interests		<u>35,094</u>	<u>-</u>
		<u><u>2,998,137</u></u>	<u><u>(7,941,786)</u></u>
<b>Total comprehensive income/(loss) attributable to equity holders of the Company from:</b>			
Continuing operations		(888,076)	(1,100,667)
Discontinued operations		<u>3,851,119</u>	<u>(6,841,119)</u>
		<u><u>2,963,043</u></u>	<u><u>(7,941,786)</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 2018

	<u>Note</u>	2018 £	2017 £
<b>Non-current assets</b>			
Property, plant and equipment	13	10,525	14,209
Goodwill and intangible assets	14	157,400	-
		<u>167,925</u>	<u>14,209</u>
<b>Current assets</b>			
Amounts due from Directors	15	-	1,808
Prepayment and other receivables	16	529,982	2,060,691
Trade receivables	16	38,502	-
Cash and cash equivalents		288,510	1,772,507
		<u>856,994</u>	<u>3,835,006</u>
<b>Current liabilities</b>			
Contract liabilities	18	-	4,775,684
Trade Payables		22,501	-
Other payables and accrued expense	17	88,631	1,274,282
Current tax liabilities		2,506	-
		<u>113,638</u>	<u>6,049,966</u>
<b>Net current assets/(liabilities)</b>		<u>743,356</u>	<u>(2,214,960)</u>
<b>Net assets/(liabilities)</b>		<u>911,281</u>	<u>(2,200,751)</u>
<b>Capital and reserves</b>			
Share capital	19	50,405	50,405
Share premium		5,988,022	5,988,022
Exchange reserve		(12,226)	85,628
Accumulated losses		(5,263,909)	(8,324,806)
		<u>762,292</u>	<u>(2,200,751)</u>
<b>Non-controlling interests</b>		<u>148,989</u>	<u>-</u>
<b>Total Equity</b>		<u>911,281</u>	<u>(2,200,751)</u>

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

These Financial Statements were approved by the Board of Directors and authorised for issue on 30 April 2019.

Signed on behalf of the Board of Directors



Chung Lam Nelson Law  
Chairman

30 April 2019

SEALAND CAPITAL GALAXY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Attributable to equity holder of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Accumulated losses	Exchange reserve	Total		
	£	£	£	£	£	£	£
<b>At 1 January 2017</b>	3,000	735,350	(297,392)	-	440,958	-	440,958
Loss for the year	-	-	(8,027,414)	-	(8,027,414)	-	(8,027,414)
Exchange differences arising on translation	-	-	-	85,628	85,628	-	85,628
<b>Total comprehensive (loss)/ income for the year</b>	-	-	(8,027,414)	85,628	(7,941,786)	-	(7,941,786)
Placing of shares	5,105	5,615,395	-	-	5,620,500	-	5,620,500
Bonus issue	42,300	(42,300)	-	-	-	-	-
Costs of issue	-	(320,423)	-	-	(320,423)	-	(320,423)
<b>At 31 December 2017</b>	<u>50,405</u>	<u>5,988,022</u>	<u>(8,324,806)</u>	<u>85,628</u>	<u>(2,200,751)</u>	<u>-</u>	<u>(2,200,751)</u>
<b>At 1 January 2018</b>	50,405	5,988,022	(8,324,806)	85,628	(2,200,751)	-	(2,200,751)
Profit for the year	-	-	3,060,897	-	3,060,897	34,575	3,095,472
Exchange differences arising on translation	-	-	-	(101,902)	(101,902)	519	(101,383)
Exchange differences reclassified to profit or loss upon disposal of foreign subsidiaries	-	-	-	4,048	4,048	-	4,048
<b>Total comprehensive (loss)/ income for the year</b>	-	-	3,060,897	(97,854)	2,963,043	35,094	2,998,137
Non-controlling interests arising from business combination	-	-	-	-	-	113,895	113,895
<b>At 31 December 2018</b>	<u>50,405</u>	<u>5,988,022</u>	<u>(5,263,909)</u>	<u>(12,226)</u>	<u>762,292</u>	<u>148,989</u>	<u>911,281</u>

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 2018

	2018	2017
	£	£
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	Note	
Profit/(loss) before tax	3,097,960	(8,027,414)
Adjustments for:		
Depreciation	10,452	4,969
Amortisation	-	587,553
Gain on disposal of a subsidiary	(3,809,051)	-
Provision for impairment loss on goodwill	-	5,997,734
Provision for impairment loss on intangible assets	-	1,586,394
Bank interest income	(283)	(243)
	(700,922)	148,993
Operating cash flows before movements in working capital		
Increase in prepayment and other receivables	414,348	10,514,918
Decrease in amounts due to a director	1,808	-
Increase in trade receivables	(35,932)	-
Decrease in contract liabilities	(1,316,606)	(15,572,143)
Increase in other payables and accrued expenses	812,670	2,713,701
Decrease in trade payables	(446,181)	-
Income tax expense	(3,781)	-
	<b>(1,274,596)</b>	<b>(2,194,531)</b>
<b>Net cash used in operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	(6,650)	(18,360)
Purchase of subsidiary	(139,201)	-
Net cash inflow on acquisition of subsidiaries	10,475	325,884
Net cash outflow on disposal of a subsidiary	(37,433)	(55,090)
Interest income received	283	243
	<b>(105,876)</b>	<b>252,677</b>
<b>Net cash (used in)/generated from investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Proceeds from issue of shares, net of expenses	-	3,300,077
	<b>-</b>	<b>3,300,077</b>
<b>Net cash generated from financing activities</b>		
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,447,122)</b>	<b>1,358,223</b>
Foreign exchange gain	(36,875)	(43,313)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,772,507</b>	<b>457,597</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>288,510</b>	<b>1,772,507</b>

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**1. GENERAL INFORMATION**

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

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

The Group engaged in digital marketing, mobile payment, social media and other IT related businesses.

**2. BASIS OF PREPARATION**

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

**3. STANDARDS AND INTERPRETATIONS**

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

At the date of this report, the Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2018:

<b>Standard / Interpretation</b>	<b>Title</b>
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC 22	Currency Transactions and Advance Consideration

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control over time requires judgement. The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information. For additional information about the Group's accounting policies relating to revenue recognition, see Note 4a.

(ii) New and amended standards and interpretations issued but not yet effective or not yet endorsed for the financial year beginning 1 January 2018 and not early adopted.

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

<b>Standard / Interpretation</b>	<b>Title</b>
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 3	Definition of a Business
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015–2017 Cycle <sup>1</sup>

The directors of the Company consider that the application of the other new and amendments to IFRSs are unlikely to have a material impact on the Group's financial position and performance as well as disclosure, except as noted below:

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

- (ii) New and amended standards and interpretations issued but not yet effective or not yet endorsed for the financial year beginning 1 January 2018 and not early adopted. (Continued)

**IFRS 16 Leases**

IFRS replaces the current guidance in IAS 17 – ‘Leases’ and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts.

IFRS 16 includes an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting remains substantially unchanged. IFRS 16 provides updated guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts); under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group is currently assessing the impact of IFRS 16.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of £44,922, as disclosed in Note 23. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence it is estimated the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases approximated to the abovementioned amount. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above, (i.e. depreciation on right-of-use asset over the lease term of each lease. The directors have not yet completed their evaluation.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**4. SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

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

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

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

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

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

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

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

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

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

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

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

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

**b) Basis of consolidation**

(i) Business combinations

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

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

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

(ii) Subsidiaries

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

(iii) Loss of control

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

(iv) Transactions eliminated on consolidation

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

**c) Foreign currency transactions**

(i) Functional and presentational currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

**d) Goodwill and intangible assets**

**Goodwill**

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

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

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

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

**Intangible assets - Operating license agreement**

The operating license agreement was arising from the acquisition of SecureCom made in 2017 which represent the operating license right on the Metalk application, a social media platform.

Operating license agreements acquired in business a combination are recognised initially at fair value at the acquisition date. After initial recognition, those that have finite useful lives and are subsequently carried at cost less accumulated amortisation and any impairment losses. Amortisation for Operating license agreements is provided on the straight-line basis over the estimated useful life of 37 months. Intangible assets, with finite and indefinite useful lives, are tested for impairment as described below in Note 4(f).

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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

**e) Property, plant and equipment**

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

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

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

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

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

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

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

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

**g) Financial instruments**

Financial assets and liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group currently does not use derivative financial instruments to manage or hedge financial exposures or liabilities.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's receivables comprise prepayments and other receivables in the Statement of Financial Position.

**h) Impairment of financial assets**

The Company and Group assesses at each reporting date whether a financial asset is impaired and will recognise the impairment loss immediately through the consolidated statement of comprehensive loss.

**i) Trade debtors**

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

Starting from 1 January 2018, the Group applied simplified approach to provide the expected credit losses prescribed by IFRS 9. The impairment methodology is set out in Note 4 and Note 5(iv) 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(iv).

**j) Cash and cash equivalents**

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

**k) 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.

**l) Leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

**m) 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. The directors have considered the cash-flow forecasts and stress-tested the assumptions within the cash forecasts. This stress testing included different funding outcomes. The conclusion reached is that while there will always remain inherent uncertainty with the cash-flow forecasts, the directors have a reasonable expectation that the Company and Group will have adequate resources to continue in operational existence for the foreseeable future, and for a period of at least 12 months from the date of signing these financial statements.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

**n) 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

**o) 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.

**5. FINANCIAL RISK MANAGEMENT**

**Financial risk factors**

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

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.

**(i) Interest rate risk**

The Group has floating rate financial assets in the form of deposit accounts with major banking institutions; and, it is not currently subjected to any other interest rate risk.

Any change in interest rate for interest bearing bank balances at the reporting date would not have a material impact in profit or loss and as such is not disclosed.

**(ii) Foreign exchange risk**

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

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

**(ii) Foreign exchange risk (continued)**

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Hong Kong dollar (“HKD”) 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 2018 £
HKD strength/weakened against GBP for 1 per cent.	<u>2,806 / (2,806)</u>

**(iii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments. The responsibility for liquidity risk management rests with the Board of Directors. Alternatives for sourcing our future capital needs include our existing cash position, the issue of equity instruments and external borrowing. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs.

Financial liabilities of the Group comprise trade and other payables. As at 31 December 2018, £84,326 was repayable on demand and £2,757 was repayable within 3 months.

**(iv) Credit risk**

Credit risk is the risk of loss associated with the counterparty’s inability to fulfil its obligations. The Group’s credit risk is primarily attributable to trade receivables, other receivables and cash and bank balances with the maximum exposure being the reported balance in the consolidated statement of financial position.

The Group’s significant debtors are the refundable deposit of £199,918 paid to a vendor. In the view that the vendor is still providing services to the Group and without any defraud, the Group consider the credit risk is low. The maximum exposure of the receivable from the vendor is included the other receivables mentioned in Note 16 (b). Further, the Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

**(v) Market risk**

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

**(vi) Capital risk management**

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

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

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

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

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

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

Key source of estimation uncertainty

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

The Group applies the acquisition method to account for business combinations, which requires the Group to recognise assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgement is used to estimate the fair values of the assets and liabilities acquired, including estimating future cash flows from the acquired business, determining appropriate discount rates and other assumptions. The acquisitions of RightYoo is accounted for as business combination and details of the fair value of the assets acquired and liabilities recognised at the date of acquisitions are set out in Note 20.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

**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.

**7. SEGMENT INFORMATION**

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

For management purposes, the Group is organised into business units based on their products and services, and has reportable operating segments for the year ended 31 December 2018 as follows:

- (a) The social media segment includes sales of secured social communication and advertising product through Metalk;
- (b) The digital marketing and payment segment includes services on enlisting merchants to mobile payment gateways and providing digital advertising services; and
- (c) 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.

For the year ended 31 December 2018

	Social media	Digital marketing and payment	Software development and support	Unallocated	Total
	£	£	£	£	£
Revenue	<u>1,316,607</u>	<u>47,948</u>	<u>501,934</u>	<u>-</u>	<u>1,866,489</u>
Segment profit/(loss)	<u>3,925,142*</u>	<u>(90,312)</u>	<u>66,976</u>	<u>(806,334)</u>	<u>3,095,472*</u>
Assets	<u>-</u>	<u>298,855**</u>	<u>363,797</u>	<u>368,267</u>	<u>1,024,919**</u>
Liabilities	<u>-</u>	<u>13,597</u>	<u>40,635</u>	<u>45,406</u>	<u>113,638</u>

\* The amount includes a gain on disposal of a subsidiary amounting to £3,809,051

\*\* The amount includes a goodwill amounting to £157,400

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**7. SEGMENT INFORMATION (CONTINUED)**

	Social media £	Digital marketing and payment £	Software development and support £	Unallocated £	Total £
<b><u>Other segment information:</u></b>					
Depreciation	122	623	-	9,338	10,083
Amortisation	-	-	-	-	-
Provision for impairment losses on goodwill	-	-	-	-	-
Provision for impairment losses on intangible assets	-	-	-	-	-

For the year ended 31 December 2017

	Social media £	Digital marketing and payment £	Software development and support £	Unallocated £	Total £
Revenue	4,491,997	-	-	-	-
Segment loss	6,915,142*	49,510	8,051	1,054,711	8,027,414*
Assets	2,079,434	-	200,482	1,569,299	3,849,215
Liabilities	5,920,553	14,225	7,193	107,995	6,049,966

\* includes provision for impairment loss on goodwill and intangible assets of £5,997,734 and £1,586,394 respectively.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**7. SEGMENT INFORMATION (CONTINUED)**

For the year ended 31 December 2017 (continued)

	Social media	Digital marketing and payment	Software development and support	Unallocated	Total
	£	£	£	£	£
<b><u>Other segment information:</u></b>					
Depreciation	229	-	-	4,740	4,969
Amortisation	587,553	-	-	-	-
Provision for impairment losses on goodwill	5,997,734	-	-	-	5,997,734
Provision for impairment losses on intangible assets	1,586,394	-	-	-	1,586,394

**Geographical information:**

	2018	2017
	£	£
<b>Revenue by Geography</b>		
Mainland China	1,346,107	2,878,653
Hong Kong	357,769	1,128,448
Republic of Singapore	50,118	178,327
Malaysia	67,190	147,459
Others	45,306	159,110
	<u>1,866,490</u>	<u>4,491,997</u>

Included within the above are amounts of £549,882 relating to continuing operations. Of this balance £501,934 was derived in China and £47,948 in Hong Kong.

The Group's non-current assets are immaterial. Accordingly, no geographical information related to non-current assets has been presented.

**Information about major customers**

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**8. REVENUE AND OTHER INCOME**

	2018	2017
	£	£
<b>REVENUE</b>		
Advertising services	1,360,841	4,491,997
Software development and support	501,934	-
Commission income	3,714	-
	<u>1,866,489</u>	<u>4,491,997</u>
<b>OTHER INCOME</b>		
Bank interest income	283	243
Government subsidy	45,344	-
License fee	143,364	-
Others	10,036	-
Handling fee income	-	119,368
	<u>199,027</u>	<u>119,611</u>

**The above revenue breakdown includes both continued and discontinued operations.**

**9. LOSS BEFORE TAX**

Loss before tax has been arrived at after charging:

	2018	2017
	£	£
Depreciation	10,452	4,969
Exchange gains, net	65,242	786,010
Amortisation	-	2,173,947
Provision for impairment losses on goodwill	-	5,997,734
Provision for impairment losses on intangible assets	-	1,586,394
Staff cost (include Director Remuneration)	491,512	439,846
Audit fees		
- for the year	55,071	66,691
- under provision for prior year	15,965	-
	<u>522,489</u>	<u>6,910,531</u>

**10. EMPLOYEES**

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

	2018	2017
Directors	<u>4</u>	<u>4</u>
Staff	<u>10</u>	<u>5</u>

Staff costs, including directors' costs comprise:

	2018	2017
	£	£
Wages, salaries and other staff costs	<u>491,512</u>	<u>439,846</u>

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**10. EMPLOYEES (CONTINUED)**

Key Management Remuneration

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

	2018	2017
	£	£
Chung Lam Nelson Law	180,000	150,000
Chih Hong Leon Lim	30,000	50,000
Ingvar Angus Sigurd Irvine	-	18,000
Nicholas James Lyth	22,355	31,500
Frazer Ian McRae	42,000	3,968
Zhixuan Li	19,645	-
	294,000	253,468

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 (2017: Nil).

**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% (2017: 16.5%) of the first HK\$2,000,000 and 16.5% (2017:16.5%) of the remaining estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2017-18 subject to a maximum reduction of HK\$\$30,000 for each business (2017: a maximum reduction of HK\$\$20,000 was granted for the year of assessment 2016-17 and was taken into account in calculating the provision for 2017).

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:

	2018	2017
	£	£
Loss before tax	3,097,960	(8,027,414)
Tax at the statutory tax rate of 16.5 per cent. (2017 — 16.5 per cent.)	511,163	(1,324,523)
Effect of different tax rates in other jurisdictions	7,323	(34,580)
Income not subject to tax	(628,536)	(34)
Expenses not deductible for tax	141,341	1,572,610
Benefits from tax losses/temporary differences previously unrecognized	(25,109)	(213,473)
Tax losses/temporary differences not recognized for the year	8,099	-
Others	(11,793)	-
	2,488	-

Potential deferred tax assets of approximately £87,011 (2017: 11,065,049) have not been recognised due to uncertainty as to when taxable profits will be generated.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Basic and diluted profit/(loss) per share

Basic profit per share is calculated by dividing the profit attributable to the owners of the Company of £3,060,897 (2017: loss attributable to owners of the Company of £8,027,414) by the weighted average number of 504,050,000 ordinary shares (2017: 454,154,384) in issue during year ended 31 December 2018.

Diluted profit/(loss) per share was the same as basic profit per share as there were no potential dilutive ordinary shares outstanding for the years ended 31 December 2018 (2017: Same).

**13. PROPERTY, PLANT AND EQUIPMENT**

	<u>Office Equipment</u>	<u>Leasehold</u> <u>Improvement</u>	<u>Total</u>
	£	£	£
At 1 January 2018	3,621	10,588	14,209
Additions	6,650	-	6,650
Acquisition of subsidiaries	-	-	-
Depreciation for the year	(3,139)	(7,313)	(10,452)
Eliminated on disposal of subsidiaries	(253)	-	(253)
Exchange differences	123	248	371
	<u>7,002</u>	<u>3,523</u>	<u>10,525</u>
At 31 December 2018	£	£	£
At 1 January 2017	-	-	-
Additions	3,847	14,513	18,360
Acquisition of subsidiaries	641	-	641
Depreciation for the year	(847)	(4,121)	(4,968)
Exchange differences	(20)	196	176
	<u>3,621</u>	<u>10,588</u>	<u>14,209</u>
At 31 December 2017	£	£	£

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FOR THE YEAR ENDED 31 DECEMBER 2018

**14. GOODWILL AND INTANGIBLE ASSETS**

	<u>Goodwill</u>	<u>Intangible</u>	<u>Total</u>
	£	assets	£
	£	£	£
At 1 January 2018	-	-	-
Acquisition of subsidiaries	157,022	-	157,022
Exchange realignment	<u>378</u>	<u>-</u>	<u>378</u>
At 31 December 2018	<u>157,400</u>	<u>-</u>	<u>157,400</u>
	£	£	£
At 1 January 2017	-	-	-
Acquisition of subsidiaries	6,218,231	2,253,869	8,472,100
Amortisation for the year	-	(587,553)	(587,553)
Impairment for the year	(5,997,734)	(1,586,394)	(7,584,128)
Exchange realignment	<u>(220,497)</u>	<u>(79,922)</u>	<u>(300,419)</u>
At 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>

For year 2018, Goodwill and intangible assets was arising from the subscription of the 55% equity interest in Guangzhou Ruiyou Information Technologies Co., Ltd ("Rightyoo").

For year 2017, Goodwill and intangible assets was arising from the acquisition of the 100% equity interest in SecureCom Media Holdings Limited. Full provision for impairment losses was made as at 31 December 2017.

**15. AMOUNTS DUE FROM DIRECTORS**

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

a) Trade receivables

The average credit period granted to all customers within 90 days. As at 31 December 2018, based on the invoice dates, all trade receivables are within the 30 days aging group. As at 31 December 2017, there were no trade receivables.

As at the year ended date, none of trade receivables are past due and not impaired at reporting date. The directors of the Company considered that the ECL for trade receivables is insignificant as at 31 December 2018.

b) Prepayment and other receivables

	2018 £	2017 £
Prepayment	1,230	25,227
Receivable from cash collection agent (Note a)	-	1,695,523
Other receivables (Note b)	<u>528,752</u>	<u>339,941</u>
	<u>529,982</u>	<u>2,060,691</u>

Note:

(a) The Group has engaged a cash collection agent to manage collection of subscription monies in certain territories and to provide administrative services to the Group. The receivable from the cash collection agent represents subscription monies received on behalf of the Group under the terms of an agency agreement, after deduction of attributable expenses.

(b) The directors of the Company considered that the ECL on other deposit is insignificant as at 31 December 2018.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**17. TRADE PAYABLES, OTHER PAYABLE AND ACCRUED EXPENSES**

a) Trade payables

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

	2018 £	2017 £
Within 30days	11,084	-
Over 180 days but less than 1 year	11,417	-
	<u>22,501</u>	<u>-</u>

b) Other payables and accrued expenses

	2018 £	2017 £
Advertising credits payable *	-	436,672
Other payables and accrued expenses	88,631	837,610
	<u>88,631</u>	<u>1,274,282</u>

\* Advertising credits payable can either be redeemed in cash or converted into broadcasting units through purchase of one of SecureCom Group's SecureChannel broadcasting plans. The balance as at the reporting date represents the maximum exposure for cash redemption.

**18. CONTRACT LIABILITIES**

Contract liabilities represents payments received from customers that are related to services not yet rendered.

Movement of deferred revenue during the period is as follows:

	2018 £	2017 £
<b>At 1 January</b>	4,775,684	-
At acquisition (Note 20)	-	2,370,329
Addition	-	7,205,766
Revenue recognized	(1,316,606)	(4,491,997)
Others	-	(68)
Disposal of subsidiary	(3,507,104)	-
Exchange realignment	48,026	(308,346)
	<u>-</u>	<u>4,775,684</u>
<b>At 31 December</b>	<u>-</u>	<u>4,775,684</u>

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**19. SHARE CAPITAL**

The allotted, called up and fully paid Ordinary shares were of £0.0001 each. There was no movement in share capital during the years ended 31 December 2018. The movement in share capital during the year ended 31 December 2017 was as follows:

	<u>Notes</u>	Number of shares	Share capital £
At 1 January 2017		30,000,000	3,000
Placing of shares – 28 February 2017	a	17,000,000	1,700
Bonus Issue – 1 June 2017	b	423,000,000	42,300
Placing of shares – 19 July 2017	c	3,500,000	350
Placing of shares – 17 August 2017	d	20,550,000	2,055
Placing of shares – 25 October 2017	e	<u>10,000,000</u>	<u>1,000</u>
At 31 December 2017		<u>504,050,000</u>	<u>50,405</u>

Notes:

- a) On 28 February 2017, the Company conducted a placing of 7 million shares at 20 pence per share. In addition, the Company conducted a placing 10 million shares at 20 pence per share for the acquisition of independent company "SecureCom Media Holdings Limited" and with cash consideration of £1,000,000.
- b) On 1 June 2017, the Company increased share capital by the way of the Bonus Issue. Pursuant to the Bonus issue, 423,000,000 new Ordinary Shares ("Bonus Shares") were issued, with Shareholders receiving nine Bonus Shares for every one Ordinary Share held.
- c) On 19 July 2017, the Company conducted a placing of 3.5 million shares at 2.5 pence per share.
- d) On 17 August 2017, the Company conducted a placing of 20.55 million shares at 6 pence per share.
- e) On 25 October 2017, the Company conducted a placing of 10 million shares at 9 pence per share.
- f) There was no share capital movement for the year ended 31 December 2016.

**20. 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.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**21. BUSINESS COMBINATIONS**

Business combination for the year ended 31 December 2018

In October 2017, the Company entered into a Subscription Agreement with Rightyoo and its shareholders, in which the Company agreed to subscribe for a 55% interest in Rightyoo for the aggregate sum of RMB1,222,000 (approximately GBP 139,201) (the "Subscription"), which was satisfied by a cash payment. Rightyoo is PRC-incorporated mobile games developer and distributor which has been active since 2015. It primarily develops apps for the personalisation of user mobile devices, as well as being a distributor and publisher for third party developers. This acquisition has been accounted for using the acquisition method. The acquisition was completed on 9 January 2018.

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

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

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

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

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

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

The acquisition of Rightyoo was executed on 9 January 2018. Due to the proximity to 1 January 2018 management have consolidated the results of Rightyoo from this date as they believe that the consolidated revenue and profit for the six months ended 30 June 2018 of the Group would have not been any material difference.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**22. DISCONTINUED OPERATIONS**

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

An analysis of the discontinued operation is as follows:

a) Net loss on disposal of discontinued operations		
	2018	2017
	£	£
Operating profit/(loss) from discontinued operations	116,091	(663,435)
Gain on disposal of a subsidiary	<u>3,809,051</u>	<u>-</u>
	<u>3,925,142</u>	<u>(663,435)</u>
b) Operating profit/(loss) from discontinued operations		
	2018	2017
	£	£
Revenue	1,316,607	1,629,688
Other income	3	29,631
Selling and marketing expenses	(765,178)	(1,820,676)
Administrative and other operating expenses	<u>(435,341)</u>	<u>(502,078)</u>
Profit/(loss) before income tax	116,091	(663,435)
Income tax charge	<u>-</u>	<u>-</u>
Profit/(loss) for the period	<u>116,091</u>	<u>(663,435)</u>
c) Profit on disposal of interest		
	£	
Proceeds from disposal	10,000	
Add: Net liabilities disposed	3,803,099	
Eliminate translation reserve	<u>(4,048)</u>	
Profit on disposal of interest	<u>3,809,051</u>	

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FOR THE YEAR ENDED 31 DECEMBER 2018

**22. DISCONTINUED OPERATIONS (CONTINUED)**

d) Net liabilities disposed

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

e) Cash flow attributable to the discontinued operation

	2018 £	2017 £
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Continued Operations	(1,335,259)	(761,038)
Discontinued operations	<u>(77,474)</u>	<u>(1,433,493)</u>
	<u><u>(1,412,733)</u></u>	<u><u>(2,194,531)</u></u>
<b>NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Continued Operations	4,105	(73,242)
Discontinued operations	<u>(37,430)</u>	<u>325,919</u>
	<u><u>(33,325)</u></u>	<u><u>252,677</u></u>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Continued Operations	-	-
Discontinued operations	<u>-</u>	<u>3,300,077</u>
	<u><u>-</u></u>	<u><u>3,300,077</u></u>

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**23. RELATED PARTY TRANSACTIONS**

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

**24. COMMITMENTS**

Operating leases commitment

The Group had outstanding commitments for future minimum lease payments on its office premises under non-cancellable operating leases which fall due as follows:

	2018 £	2017 £
No later than one year	44,922	44,382
Later than one year but no later than 5 years	<u>-</u>	<u>18,492</u>
	<u>44,922</u>	<u>62,874</u>
 Capital Commitment		
	2018 £	2017 £
Contracted, but not provided for	<u>-</u>	<u>139,201</u>

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**25. FINANCIAL INSTRUMENTS BY CATEGORY**

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

	2018 £	2017 £
<b>Financial assets</b>		
- Amortised cost (2017: Loans and receivables)		
Amounts due from directors	-	1,808
Trade receivables	38,502	-
Other receivables	528,752	2,035,464
Cash and cash equivalents	<u>288,510</u>	<u>1,772,507</u>
	<u>1,035,164</u>	<u>3,809,779</u>
<b>Financial liabilities</b>		
- Amortised cost		
Trade Payables	22,501	-
Other payables and accrued expense	<u>88,631</u>	<u>1,247,282</u>
	<u>111,132</u>	<u>1,274,282</u>

Prepayments are excluded from the summary above.

**26. EVENTS AFTER THE REPORTING PERIOD**

There were no material events after the year end to report