

SEALAND CAPITAL GALAXY LIMITED  
UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2019

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# SEALAND CAPITAL GALAXY LIMITED

## CORPORATE INFORMATION

### Board of Directors

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

### Company Secretary

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

### Registered Office

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

### Independent Auditor

PKF Littlejohn LLP  
1 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

### MANAGEMENT DISCUSSION AND ANALYSIS

Sealand Capital Galaxy Limited is a company acting as a special purpose acquisition company. The Group is engaged in digital marketing, mobile payment and other IT related businesses. Today it announces its results for the six months ended 30 June 2019.

#### **Business review**

The Group had become a party to a licensed operator agreement of WeChat Advertisement product in the United Kingdom of Great Britain and Northern Island and the United Arab Emirates in 2018. To enrich the group's marketing product mix, the Company, through one of its wholly owned subsidiaries, has successfully subscribed for a 55% interest of New Sky Global Media Limited ("NSG"), a digital marketing services provider, in May 2019.

#### **Financial review**

During the six months ended 30 June 2019, loss attributable to ordinary shareholders was £496,957 (2018: gain of £3,382,332) and the revenue from the continued operations was £119,984 (2018: £82,811).

#### **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 pace to build and enrich its products to match the market needs.

#### **Going concern**

As at 30 June 2019, the Group has cash and cash equivalent balances, net assets and net current assets of £62,487, £322,254 and £87,783 respectively.

The directors' 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.

#### **Directors**

The following directors served during the six months ended 30 June 2019:

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

I would like to thank my colleagues for their continued perseverance and commitment towards reaching the Group's objectives.



Chung Lam Nelson Law  
Chairman  
30 September 2019

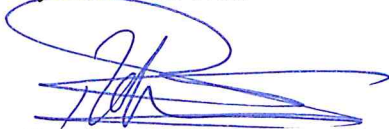
SEALAND CAPITAL GALAXY LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors confirm that to the best of their knowledge:

- (a) the condensed set of financial statements, which has been prepared in accordance with IAS 34 "Interim Financial Reporting", gives a true and fair view of the assets, liabilities, financial position and loss of the Group as a whole as required by DTR 4.2.4R;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months of the year and a description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the board



Chung Lam Nelson Law  
Chairman

30 September 2019



**SEALAND CAPITAL GALAXY LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	1 January 2019 to 30 June 2019 (Unaudited)	1 January 2018 to 30 June 2018 (Unaudited)
<u>Note</u>	£	£
<b>(Loss)/Profit for the period</b>	(596,635)	3,368,949
<b>Other comprehensive loss</b>		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(2,202)	(89,728)
Exchange differences reclassified to profit or loss upon disposal of foreign subsidiaries	-	4,048
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the period, net of tax	(2,202)	(85,680)
<b>Total comprehensive (loss)/income for the period</b>	(598,837)	3,283,269
<b>Attributable to:</b>		
Equity holders of the Company	(499,678)	3,296,197
Non-controlling interests	(99,159)	(12,928)
	(598,837)	3,283,269
<b>Total comprehensive (loss)/income attributable to equity holders of the Company from:</b>		
Continuing operations	(499,678)	(554,922)
Discontinued operations	-	3,851,119
	(499,678)	3,296,197

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

**SEALAND CAPITAL GALAXY LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2019**

		30 June 2019 (Unaudited)	31 December 2018 (Audited)
	<u>Note</u>	£	£
<b>Non-current assets</b>			
Plant and equipment	9	152,241	10,525
Goodwill and intangible assets	10	82,230	157,400
		<u>234,471</u>	<u>167,925</u>
<b>Current assets</b>			
Amounts due from directors		-	-
Trade receivables		5,091	38,502
Prepayment and other receivables		487,224	529,982
Cash and cash equivalents		62,487	288,510
		<u>554,802</u>	<u>856,994</u>
<b>Current liabilities</b>			
Contract liabilities		106,591	-
Financial lease payables		147,472	-
Trade payables		11,870	22,501
Other payables and accrued expense		198,568	88,631
Current tax liabilities		2,518	2,506
		<u>467,019</u>	<u>113,638</u>
<b>Net current assets</b>		<u>87,783</u>	<u>743,356</u>
<b>Net assets</b>		<u>322,254</u>	<u>911,281</u>
<b>Equity attributable to equity holders of the Company</b>			
Share capital		50,405	50,405
Share premium		5,988,022	5,988,022
Exchange reserve		(14,947)	(12,226)
Accumulated losses		(5,760,866)	(5,263,909)
		<u>262,614</u>	<u>762,292</u>
<b>Non-controlling interests</b>		<u>59,640</u>	<u>148,989</u>
<b>Total equity</b>		<u>322,254</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 CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Attributable to equity holder of the Company					Non- controlling interests	Total Equity
	Share capital	Share premium	Accumulated Losses	Exchange Reserve	Total		
	£	£	£	£	£	£	£
<b><u>SIX MONTHS ENDED 30 JUNE 2018</u></b>							
<b>At 1 January 2018 (Audited)</b>	50,405	5,988,022	(8,324,806)	85,628	(2,200,751)	-	(2,200,751)
<b>Comprehensive (loss)/ income</b>							
Profit/ (loss) for the period	-	-	3,382,332	-	3,382,332	(13,383)	3,368,949
Exchange differences arising on translation	-	-	-	(90,183)	(90,183)	455	(89,728)
Exchange differences reclassified to profit or loss upon disposal of foreign subsidiaries	-	-	-	4,048	4,048	-	4,048
<b>Total comprehensive income/ (loss) for the period</b>	-	-	3,382,332	(86,135)	3,296,197	(12,928)	3,283,269
Non-controlling interests arising from business combination	-	-	-	-	-	113,895	113,895
<b>At 30 June 2018 (Unaudited)</b>	<u>50,405</u>	<u>5,988,022</u>	<u>(4,942,474)</u>	<u>(507)</u>	<u>1,095,446</u>	<u>100,967</u>	<u>1,196,413</u>
<b><u>SIX MONTHS ENDED 30 JUNE 2019</u></b>							
<b>At 1 January 2019 (Audited)</b>	50,405	5,988,022	(5,263,909)	(12,226)	762,292	148,989	911,281
<b>Comprehensive (loss)/ income</b>							
Loss for the period	-	-	(496,957)	-	(496,957)	(99,678)	(596,635)
Exchange differences arising on translation	-	-	-	(2,721)	(2,721)	519	(2,202)
<b>Total comprehensive (loss)/ income for the period</b>	-	-	(496,957)	(2,721)	(499,678)	(99,159)	(598,837)
Non-controlling interests arising from business combination	-	-	-	-	-	9,810	9,810
<b>At 30 June 2019 (Unaudited)</b>	<u>50,405</u>	<u>5,988,022</u>	<u>(5,760,866)</u>	<u>(14,947)</u>	<u>262,614</u>	<u>59,640</u>	<u>322,254</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 SIX MONTHS ENDED 30 JUNE 2019

	1 January 2019 to 30 June 2019 (Unaudited) £	1 January 2018 to 30 June 2018 (Unaudited) £
<b>OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(596,635)	3,368,949
Adjustments for:		
Depreciation	57,632	5,149
Amortisation	12,063	-
Gain on disposal of a subsidiary	-	(3,809,051)
Provision for impairment loss on goodwill	158,124	-
Interest expenses	465	-
Bank interest income	(44)	(200)
Operating cash flows before movements in working capital	(368,395)	(435,153)
Decrease in prepayment and other receivables	79,974	59,460
Decrease in amount due from a director	-	293
Decrease/ (increase) in trade receivables	33,145	(14,293)
Increase/ (decrease) in contract liabilities	104,210	(1,318,415)
Increase in other payables and accrued expenses	16,066	844,283
Decrease in trade payables	(35,188)	(104,016)
<b>Net cash used in operating activities</b>	<b>(170,188)</b>	<b>(967,841)</b>
<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	-	(6,029)
Finance lease payment	(52,191)	-
Net cash inflow on acquisition of subsidiaries	682	10,475
Net cash outflow on disposal of a subsidiary	-	(37,433)
Interest income received	44	200
<b>Net cash used in from investing activities</b>	<b>(51,465)</b>	<b>(32,787)</b>
<b>FINANCING ACTIVITY</b>		
<b>Net cash generated from financing activities</b>	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>(221,653)</b>	<b>(1,000,628)</b>
Exchange realignment	(4,370)	(13,455)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>288,510</b>	<b>1,772,507</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>62,487</b>	<b>758,424</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 SIX MONTHS ENDED 30 JUNE 2019

#### **1. GENERAL INFORMATION**

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

#### **2. BASIS OF PREPARATION**

The unaudited consolidated interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standard (“IAS”) No. 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”). These unaudited consolidated interim financial statements were not reviewed or audited by our auditor.

The consolidated interim financial information has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements extracted, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of the interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This consolidated interim financial information contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

#### **3. CHANGES IN ACCOUNTING POLICIES**

The IASB has issued a new IFRS, IFRS 16, Leases (“IFRS 16”), and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

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

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach to recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Except for lease prepayment for land use rights which was presented in “right-of-use assets” in the consolidated statement of financial position, the Group’s leases are mostly short-term leases or of low value assets as at 1 January 2019 and during the six months ended 30 June 2019, thus adoption of IFRS 16 haven’t had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this condensed consolidated interim financial information, as well as the other IFRS developments mentioned above. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

**4. SEGMENT INFORMATION**

The Chief Operating Decision Maker ("CODM") has been identified as the executive director 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 six months ended 30 June 2019 as follows:

- (a) The digital marketing and payment segment includes services on enlisting merchants to mobile payment gateways and providing digital marketing 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.

For the six months ended 30 June 2019 (unaudited)

	<u>Digital</u> <u>marketing and</u> <u>payment</u> £	Continuing operations <u>Software</u> <u>development and</u> <u>support</u> £	<u>Unallocated</u> £	<u>Total</u> £
Revenue	<u>119,984</u>	<u>-</u>	<u>-</u>	<u>119,984</u>
Segment loss	<u>(132,319)</u>	<u>(189,256)</u>	<u>(275,060)</u>	<u>(596,635)</u>

As at 30 June 2019 (unaudited)

Assets	<u>420,853</u>	<u>177,366</u>	<u>191,055</u>	<u>789,274</u>
Liabilities	<u>175,745</u>	<u>36,211</u>	<u>107,591</u>	<u>319,547</u>

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

**4. SEGMENT INFORMATION (CONTINUED)**

For the six months ended 30 June 2018 (unaudited)

	Continuing operations			Subtotal	Discontinued operations	Total
	<u>Digital marketing and payment</u>	<u>Software development and support</u>	<u>Unallocated</u>		<u>Social media</u>	
	£	£	£	£	£	£
Revenue	<u>1,382</u>	<u>81,429</u>	<u>-</u>	<u>82,811</u>	<u>1,316,607</u>	<u>1,399,418</u>
Segment (loss)/profit	<u>(85,763)</u>	<u>(29,503)</u>	<u>(440,927)</u>	<u>(556,193)</u>	<u>3,925,142</u>	<u>3,368,949</u>
<u>As at 31 December 2018 (Audited)</u>						
Assets	<u>298,855</u>	<u>363,797</u>	<u>368,267</u>	<u>1,024,919</u>	<u>-</u>	<u>1,024,919</u>
Liabilities	<u>13,597</u>	<u>40,635</u>	<u>45,406</u>	<u>113,638</u>	<u>-</u>	<u>113,638</u>

**Information about major customers**

For the six months ended 30 June 2019, the top five customers contributed approximately 89% of the total revenue for the period. The largest customer contributed 56% of the total revenue for the period. Except for the above mentioned, no single external customers contributed more than 3% revenue of the total revenue.

**5. REVENUE AND OTHER INCOME**

	1 January 2019 to 30 June 2019 (Unaudited) £	1 January 2018 to 30 June 2018 (Unaudited) £
<b>REVENUE</b>		
Advertising services	117,326	1,316,607
Software development and support	-	81,429
Commission income	<u>2,658</u>	<u>1,382</u>
	<u>119,984</u>	<u>1,399,418</u>
<b>OTHER INCOME</b>		
Bank interest income	44	200
Government subsidy	-	45,659
Others	<u>14,766</u>	<u>1,391</u>
	<u>14,810</u>	<u>47,250</u>

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

**6. LOSS BEFORE TAX**

Loss before tax has been arrived at after (crediting) or charging:

	1 January 2019 to 30 June 2019 (Unaudited) £	1 January 2018 to 30 June 2018 (Unaudited) £
Amortisation	12,063	-
Depreciation	57,632	5,149
Exchange gains, net	(1,572)	(14,938)
Gain on disposal of a subsidiary	-	(3,809,051)
Provision for impairment losses on goodwill	158,124	-
Staff cost (include Director Remuneration)	<u>293,844</u>	<u>230,954</u>

**7. EMPLOYEES**

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

	1 January 2019 to 30 June 2019 (Unaudited)	1 January 2018 to 30 June 2018 (Unaudited)
Directors	<u>3</u>	<u>4</u>
Staff	<u>17</u>	<u>6</u>

Director Remuneration was as follows:

	1 January 2019 to 30 June 2019 (Unaudited) £	1 January 2018 to 30 June 2018 (Unaudited) £
Directors Remuneration	<u>125,841</u>	<u>162,000</u>

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

**8. PROFIT OR LOSS PER SHARE**

Basic and diluted profit or loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company of £496,957 (six months ended 30 June 2018: profit attributable to equity holders of the Company of £3,382,332) by the weighted average number of 504,050,000 ordinary shares (six months ended 30 June 2018: 504,050,000) in issue during the six months ended 30 June 2019.

Diluted profit per share was the same as basic profit per share as there were no potential dilutive ordinary shares outstanding for the six months ended 30 June 2019 and 2018.

**9. PLANT AND EQUIPMENT**

	Right-of-use assets £	Office equipment £	Leasehold improvement £	Total £
At 1 January 2019	-	7,002	3,523	10,525
Adjustment for FRS16	195,895	-	-	195,895
Depreciation for the period	(52,090)	(2,087)	(3,455)	(57,632)
Eliminated on disposal of subsidiaries	-	-	-	-
Exchange differences	<u>3,523</u>	<u>(2)</u>	<u>(68)</u>	<u>3,453</u>
At 30 June 2019	<u>147,328</u>	<u>4,913</u>	<u>-</u>	<u>152,241</u>
		£	£	£
At 1 January 2018	-	3,621	10,588	14,209
Additions	-	6,029	-	6,029
Acquisition of subsidiaries	-	4,171	-	4,171
Disposal of subsidiaries	-	(253)	-	(253)
Depreciation for the period	-	(1,602)	(3,547)	(5,149)
Exchange differences	<u>-</u>	<u>43</u>	<u>42</u>	<u>85</u>
At 30 June 2018	<u>-</u>	<u>12,009</u>	<u>7,083</u>	<u>19,092</u>

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

**10. GOODWILL AND INTANGIBLE ASSETS**

	1 January 2019 to 30 June 2019 (Unaudited) £	1 January 2018 to 30 June 2018 (Unaudited) £
At 1 January (Audited)	157,400	-
Acquisition of subsidiaries	92,027	104,438
Amortisation for the period	(12,063)	-
Impairment for the period	(158,124)	-
Exchange realignment	2,990	442
	<hr/>	<hr/>
At 30 June (Unaudited)	<u>82,230</u>	<u>104,880</u>

For six months ended 31 June 2018, goodwill and intangible assets was wholly arising from the Subscription of the 55% equity interest in Guangzhou Ruiyou Information Technologies Co., Ltd ("Rightyoo").

For six months ended 31 June 2019, the addition of goodwill and intangible assets was arising from acquisition of subsidiaries is wholly related to the Subscription of the 55% equity interest in New Sky Global Media Limited ("NSG"). The impairment for the period is wholly related to the Rightyoo and the Amortisation for the period is wholly related to NSG.



SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

**11. ACQUISITION OF A SUBSIDIARY**

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

Acquisition-related costs were insignificant and have been excluded for the consideration transferred and have been recognised as an expense for the six months ended 30 June 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:

	(Unaudited) £
Prepayment and other receivables	33,858
Cash and cash equivalents	682
Trade payables	(24,131)
Other payables and accrued expense	(92,626)
Goodwill and intangible assets	<u>92,027</u>
	9,810
Add: Fair value of the subscribed shares	<u>11,771</u>
	<u><u>21,581</u></u>

The fair value of the identifiable assets acquired and liabilities recognized at the date of acquisition in this interim report was assessed by the management with their reasonable estimation. The Group may consider to engage professional party to perform a detailed purchase price allocation (the ‘PPA’) exercise. As a result, the final assessment in the PPA regarding the fair value of the identifiable assets acquired and liabilities may defer from the estimation of the management.

Goodwill arose in the above business combination as the cost of combination included a control premium, if any. 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 six months ended 30 June 2019, revenue of approximately £67,674 and loss of approximately £20,063 were attributable to NSG.

Had the acquisition of NSG taken place on 1 January 2019, the management believe that the consolidated revenue and loss for the six months ended 30 June 2019 of the Group would be £123,349 and £688,662 respectively.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

**12. 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 MoU on 19 April 2018 and a legally binding agreement on 12 June 2018 with a buyer to dispose of the entire interest in SecureCom. On 22 June 2018, the disposal was completed and the social media business is treated as a discontinued operation in 2018..

An analysis of the discontinued operation is as follows:

a) Net loss on disposal of discontinued operations

	1 January 2019 to 30 June 2019 (Unaudited) £	1 January 2018 to 30 June 2018 (Unaudited) £
Operating profit from discontinued operations	-	116,091
Gain on disposal of a subsidiary	-	3,809,051
	<u>-</u>	<u>3,925,142</u>

b) Operating profit from discontinued operations

	1 January 2019 to 30 June 2019 (Unaudited) £	1 January 2018 to 30 June 2018 (Unaudited) £
Revenue	-	1,316,607
Other income	-	3
Selling and marketing expenses	-	(765,178)
Administrative and other operating expenses	-	(435,341)
	<u>-</u>	<u>-</u>
Profit/(loss) before income tax	-	116,091
Income tax charge	-	-
	<u>-</u>	<u>116,091</u>

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**12. DISCONTINUED OPERATIONS (CONTINUED)**

c) Profit on disposal of interest	1 January 2019 to 30 June 2019 (Unaudited) £	1 January 2018 to 30 June 2018 (Unaudited) £
Proceeds from disposal	-	10,000
Add: Net liabilities disposed	-	3,803,099
Eliminate translation reserve	-	(4,048)
	<hr/>	<hr/>
Profit on disposal of interest	-	3,809,051
	<hr/> <hr/>	<hr/> <hr/>
d) Net liabilities disposed	1 January 2019 to 30 June 2019 (Unaudited) £	1 January 2018 to 30 June 2018 (Unaudited) £
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	-	(2,103,687)
	<hr/>	<hr/>
Net liabilities disposed	-	(3,803,099)
	<hr/> <hr/>	<hr/> <hr/>
e) Cash flows attributable to the discontinued operation	1 January 2019 to 30 June 2019 (Unaudited) £	1 January 2018 to 30 June 2018 (Unaudited) £
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Continued Operations	(170,188)	(890,367)
Discontinued operations	-	(77,474)
	<hr/>	<hr/>
	<b>(170,188)</b>	<b>(967,841)</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Continued Operations	(51,465)	4,643
Discontinued operations	-	(37,430)
	<hr/>	<hr/>
	<b>(51,465)</b>	<b>(32,787)</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Continued Operations	-	-
Discontinued operations	-	-
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>

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**13. RELATED PARTY TRANSACTIONS**

- (a) Details of the compensation of key management personnel is disclosed in Note 7 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.

**14. EVENTS AFTER THE REPORTING PERIOD**

There are no material items to report in this regard.