

SEALAND CAPITAL GALAXY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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SEALAND CAPITAL GALAXY LIMITED

CORPORATE INFORMATION

Board of Directors

Executive Director: Mr Chung Lam Nelson Law
(Chairman and Chief Financial Officer)

Non-executive Directors: Mr Mark Barney Battles (Resigned on 31 March 2021)
Mr Geoffrey John Griggs

Company Secretary

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

Registered Office

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

Independent Auditor

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

Principal Banker

China Construction Bank (Asia) Corporation Limited

Legal advisers for English law

Hill Dickinson LLP
The Broadgate Tower,
20 Primrose Street,
London EC2A 2EW

Legal advisers for Cayman Islands law

Collas Crill & CARD
Willow House, PO Box 709,
Cricket Square, Grand Cayman,
KY1 1107, Cayman Islands

SEALAND CAPITAL GALAXY LIMITED

CHAIRMAN'S STATEMENT

Dear Shareholders

I hereby present the annual report of Sealand Capital Galaxy Limited (the "Company" or "Sealand", together with its subsidiaries, the "Group") for the year ended 31 December 2021 (the "Year").

PERFORMANCE FOR THE YEAR

The Group reported a loss of £1,033,713 (2020: £525,156) during the Year. Our business was continuously impacted by the COVID-19 epidemic over our overseas subsidiaries' operations during the Year. The Group's revenue for the Year decreased by 74.34% to £177,667 (2020: £692,410) following the closure of one of our major customers related to the Group's digital marketing segment.

Despite this the Group was able to make certain achievements in successfully launching certain consumer brands on a global direct sales platform.

KEY DEVELOPMENTS FOR THE YEAR

The Company, through one of its wholly owned subsidiaries, has successfully deepened its presence on Tmall by securing and launching a number of consumer brands on the Tmall Global Direct Sales Brand Stations, including Carter Beauty, Czech & Speake, Heath London, HH Simonsen, Inari, Living Garden Honey, Missguided Beauty, Silllk Aromas Beauty, and The Gruff Stuf. Tmall is a leading Chinese-language website for business-to-consumer online retail, allowing local Chinese and international businesses to sell brand name goods to consumers in greater China. After entry on the Tmall Global Direct Sales Brand Station, the Group believed that our brands would have far greater exposure to online shoppers.

FUTURE PROSPECTS AND OUTLOOK

The COVID continued to have serious impact on various economies that the Group operates. We are now leveraging our partner relationships with Tmall to build bridges between Chinese consumers and European merchants of high quality brands. We continue to believe that our ability to offer commercial and logistical solutions to businesses in a world that is certainly moving ever more rapidly towards online shopping and away from physical stores will be critical for the growth of the business.

ACKNOWLEDGEMENTS

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



Chung Lam Nelson Law
Chairman
29 June 2022

SEALAND CAPITAL GALAXY LIMITED

DIRECTORS' REPORT

The directors present their report, together with the audited financial statements of Sealand Capital Galaxy Limited and its subsidiaries for the year ended 31 December 2021 (the "Year").

The Company

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

Principal activities

The Company's nature of operations is to act as a Special Purpose Acquisition Company.

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

Results and dividends

The results are set out in the primary statements on pages 11 to 12 of the financial statements. The directors do not recommend a payment of dividend for the Year (2020: Nil).

Business review and management report

Overview

During the Year, The Group recorded a consolidated loss of £1,033,713 (2020: £525,156) as set out on page 11 of these financial statements.

Operations

(a) Digital marketing and payment solution

The revenue from the digital marketing and payment solution segment for the Year decreased from £641,511 to £148,530. The decrease is mainly due to the closure of one of the major customers of a flagship subsidiary of the Group.

(b) Software development and support

During the Year, the Group's software development and support segment generated no revenue (2020: £6,590).

(c) e-Commerce

The Group has been developing the e-Commerce business and recorded the revenue from e-Commerce of £29,137 (2020: £44,309) for the Year. The Group has now been successful in securing exclusive distribution contracts with a number of premium brands.

Going concern

As at 31 December 2021, the Group has cash and cash equivalent balances and net liabilities and net current liabilities of £8,198 and £1,039,815, 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.

SEALAND CAPITAL GALAXY LIMITED

DIRECTORS' REPORT (CONTINUED)

Our strategy

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

Outlook

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

Event after the reporting period

The forthcoming financial year is expected to be challenging. The Directors will closely monitor the developments of the COVID-19 epidemic, assess and react actively to its impacts on the financial position and operating results of the Group as set out in Note 31 to the financial statements.

Directors

The following directors served during the year ended 31 December 2021:

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

Substantial shareholding

At 31 December 2021, the Company has been notified of the following interests of 3 per cent or more in its issued share capital as at the date of approval of this report:

Name	Number of Ordinary Shares	Approximate % Shareholding
Chung Lam Nelson Law *	247,849,753	41.61%
Tien San Chua	72,000,000	12.09%
Computershare Company Nominees Limited	78,663,679	13.21%
Mau Chung Ng	40,000,000	6.71%
Wing Chak Victor Lam	25,580,000	4.29%

(* indicates a director of the Company)

Directors' interests

The directors' interests in the share capital of the Company as at 31 December 2021 are shown below. All interests are beneficial.

	Number of Ordinary Shares
Mr Chung Lam Nelson Law	247,849,753

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

Share capital and voting rights

Details of the share capital and movements in share capital during the year are disclosed in Note 21 to the financial statements. During the year, the issued share capital has been increased by £8,586 by the issue of 85,864,039 ordinary shares. On 19 October 2021, the Company granted 105,122,539 shares options to directors and employees. Details of these share options are detailed in Note 25 to the financial statements.

SEALAND CAPITAL GALAXY LIMITED

DIRECTORS' REPORT (CONTINUED)

Financial risk management

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

Corporate governance

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

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

Auditors

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

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
29 June 2022

SEALAND CAPITAL GALAXY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

Directors' Responsibility Statement Pursuant to Disclosure and Transparency Rules

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

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

By order of the board



Chung Lam Nelson Law
Chairman
29 June 2022

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

Opinion

We have audited the Group financial statements of Sealand Capital Galaxy Limited ('the Group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Profit or loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

In our opinion, the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of its loss for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 4 (q) in the Group financial statements, which indicates that the Group incurred a net loss of £1,026,639 during the year ended 31 December 2021 and, as of that date, the Group was in a net liability position of £1,018,117. As stated in note 4, the directors' cash flow projections for the following 12 months conclude that there will be the need for additional cash resources, but there is no certainty that any such funds will be forthcoming. These events or conditions, along with the other matters as set forth in note 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the Group financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the Group financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included obtaining managements' forecasts to the period ended 30 June 2023 and challenging the significant assumptions within. In order for the Group to meet their liabilities as they fall due, the Group will need to raise funds either from existing shareholders or the open market. We have obtained confirmation from the majority shareholder of his commitment to provide financial support to the Group.

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

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the Group financial statements was £52,100 (2020: £42,550) based on 5% of the loss made during the financial year and the net liabilities at the year end. The performance materiality was £36,470 (2020: £29,785), being 70% of overall materiality to ensure sufficient coverage for group reporting purposes. For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group

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

We agreed with those charged with governance that we would report all differences identified during the course of our audit in excess of £2,605 (2020: £2,128). There were no revisions made to these levels during the course of the audit. We agreed with those charged with governance that we would also report any qualitative differences arising.

Our approach to the audit

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

Of the 19 components of the Group, a full scope audit was performed on the complete financial information of 6 components, and the remaining components were subject to analytical review only because they were not significant to the Group.

Of the 7 reporting components of the Group, 6 are located in Hong Kong and China and audited by a network firm operating under our instruction, and the audit of the remaining components were performed in London, conducted by PKF Littlejohn LLP using a team with specific experience of auditing groups and publicly listed entities. The engagement partner interacted regularly with the component audit teams during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the Group financial statements.

Key audit matters

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

Other information

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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 Group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance our engagement letter dated 29 April 2022. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Ling (Engagement Partner)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

29 June 2021

SEALAND CAPITAL GALAXY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Revenue	8	177,667	692,410
Cost of services		<u>(161,236)</u>	<u>(480,295)</u>
Gross profit		16,431	212,115
Other income	8	88,098	48,366
Administrative expenses		(1,050,049)	(786,292)
Finance cost arising from finance lease	20	(656)	(1,644)
Impairment loss on trade and contract assets		(91,757)	-
Share of results of an associate	14	290	2,482
Gain on bargain purchase of a subsidiary	24	<u>3,930</u>	<u>-</u>
Loss before tax	9	(1,033,713)	(524,973)
Income tax expense	11	<u>-</u>	<u>(183)</u>
Loss for the year		<u><u>(1,033,713)</u></u>	<u><u>(525,156)</u></u>
Attributable to:			
Equity holders of the Company		(962,473)	(515,328)
Non-controlling interests		<u>(71,240)</u>	<u>(9,828)</u>
		<u><u>(1,033,713)</u></u>	<u><u>(525,156)</u></u>
Loss per share attributable to equity holders of the Company			
		Pence	Pence
Basic and diluted	12	<u>(0.002)</u>	<u>(0.001)</u>

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

SEALAND CAPITAL GALAXY LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Loss for the year		(1,033,713)	(525,156)
Other comprehensive income			
Items not to be reclassified subsequently to profit or loss:			
- Share of other comprehensive income of an associate	14	(27)	(129)
Items to be reclassified subsequently to profit or loss:			
- Exchange differences on translation of foreign operations		<u>(12,187)</u>	<u>26,084</u>
Other comprehensive income for the year, net of tax		<u>(12,214)</u>	<u>25,955</u>
Total comprehensive loss for the year		<u><u>(1,045,927)</u></u>	<u><u>(499,201)</u></u>
Attributable to:			
Equity holders of the Company		(972,055)	(490,877)
Non-controlling interests		<u>(73,872)</u>	<u>(8,324)</u>
		<u><u>(1,045,927)</u></u>	<u><u>(499,201)</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 2021

	Note	2021 £	2020 £
Non-current assets			
Property, plant and equipment	13	15,650	47,250
Investment in an associate	14	-	2,357
		<u>15,650</u>	<u>49,607</u>
Current assets			
Inventories	15	81,823	-
Prepayments and other receivables	16	66,520	44,610
Trade receivables	16	15,123	77,738
Contract assets	17	-	25,099
Cash and cash equivalents		8,198	16,002
		<u>171,664</u>	<u>163,449</u>
Current liabilities			
Trade payables	18	117,853	75,202
Other payables and accrued expense		429,255	698,277
Amount due to a director	19	649,621	385,034
Contract liabilities	17	-	3,682
Finance lease liabilities	20	14,750	28,865
		<u>1,211,479</u>	<u>1,191,060</u>
Net current liabilities		<u>(1,039,815)</u>	<u>(1,027,611)</u>
Total assets less current liabilities		<u>(1,024,165)</u>	<u>(978,004)</u>
Non-current liabilities			
Finance lease liabilities	20	-	14,691
		<u>-</u>	<u>14,691</u>
Net liabilities		<u>(1,024,165)</u>	<u>(992,695)</u>
Capital and reserves			
Share capital	21	59,569	50,983
Reserves		(713,857)	(747,673)
Total equity attributable to equity shareholders of the Company		(654,288)	(696,690)
Non-controlling interests		(369,877)	(296,005)
Total equity		<u>(1,024,165)</u>	<u>(992,695)</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 29 June 2022.

Signed on behalf of the Board of Directors



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Chung Lam Nelson Law
Chairman
29 June 2022

SEALAND CAPITAL GALAXY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to equity holders of the Company					Total £	Non- controlling interests £	Total equity £
	Share capital £	Share Premium £	Share-based payment reserve £	Exchange Reserve £	Accumulated losses £			
At 1 January 2021	50,983	6,012,444	-	14,963	(6,775,080)	(696,690)	(296,005)	(992,695)
Loss for the year	-	-	-	-	(962,473)	(962,473)	(71,240)	(1,033,713)
Exchange differences arising in translation	-	-	-	(9,582)	-	(9,582)	(2,632)	(12,214)
Total comprehensive loss	-	-	-	(9,582)	(962,473)	(972,055)	(73,872)	(1,045,927)
Issue of ordinary shares (Note 21)	8,586	648,454	-	-	-	657,040	-	657,040
Issue of employee stock options (Note 25(a))	-	-	357,417	-	-	357,417	-	357,417
At 31 December 2021	59,569	6,660,898	357,417	5,381	(7,737,553)	(654,288)	(369,877)	(1,024,165)
At 1 January 2020	50,405	5,988,022	-	3,543	(6,542,918)	(500,948)	(45,978)	(546,926)
Loss of the year	-	-	-	-	(515,328)	(515,328)	(9,828)	(525,156)
Exchange differences arising in translation	-	-	-	24,451	-	24,451	1,504	25,955
Total comprehensive income/(loss)	-	-	-	24,451	(515,328)	(490,877)	(8,324)	(499,201)
Issue of warrants (Note 25(c))	-	-	27,746	-	-	27,746	-	27,746
Exercise of warrants (Note 25(c))	578	24,422	(27,746)	-	27,746	25,000	-	25,000
Issue of shares of a subsidiary to non-controlling interest	-	-	-	-	-	-	686	686
Changes in non-controlling interests without change in control (Note 23)	-	-	-	(13,031)	255,420	242,389	(242,389)	-
At 31 December 2020	50,983	6,012,444	-	14,963	(6,775,080)	(696,690)	(296,005)	(992,695)

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 2021**

	Note	2021 £	2020 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(1,033,713)	(524,973)
Adjustments for:			
Depreciation	13	31,340	57,435
Amortisation		-	35,280
Share of profit of an associate	14	(290)	(2,482)
Provision for impairment loss on trade and contract assets		91,757	-
Share based payment expense	25	384,917	27,746
Gain on forgiveness of lease payments	20	-	(2,995)
Gain on early termination of a lease	20	-	(898)
Gain on bargain purchase of a subsidiary	24	(3,930)	-
Interest expenses		656	1,644
Bank interest income		(9)	(19)
Operating cash flows before movements in working capital		(529,272)	(409,262)
Increase in inventories		(81,823)	-
(Increase)/Decrease in prepayments and other receivables		(21,868)	13,193
Increase in amounts due to a director		264,538	255,764
Decrease/(Increase) in trade receivables and contract assets		7,981	(91,392)
Decrease in trade payables and contract liabilities		(11,464)	(22,293)
Increase in other payables and accrued expenses		270,978	276,796
		(100,930)	22,806
Payment of interest portion of lease liabilities		(656)	(1,644)
Income tax paid		-	(183)
Net cash (used in)/generated from operating activities		(101,586)	20,979
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(4,615)
Capital invested into an associate		-	(4)
Net cash inflow on acquisition of a subsidiary	24	43,685	-
Interest income received		9	19
Net cash generated from/(used in) investing activities		43,694	(4,600)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		89,540	-
Proceeds from exercise of warrants		-	25,000
Issue of shares of a subsidiary to non-controlling interests		-	686
Payment of principal portion of lease liabilities		(28,566)	(61,848)
Net cash generated from/(used in) financing activities		60,974	(36,162)
Net increase/(decrease) in cash and cash equivalents		3,082	(19,783)
Foreign exchange realignment		(10,886)	24,897
Cash and cash equivalents at 1 January		16,002	10,888
Cash and cash equivalents at 31 December		8,198	16,002

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 2021

1. GENERAL INFORMATION

Sealand Capital Galaxy Limited (the “Company”) was incorporated in the Cayman Islands on 22 May 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company’s registered office is at Willow House, PO Box 709, Cricket Square, Grand Cayman, KY1-1107, Cayman Islands. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”)

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

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

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted for use by the European Union (“EU”) and IFRIC interpretations applicable to companies reporting under IFRS.

These financial statements are presented in Great British Pounds (“£”) rounded to the nearest Great British Pound, except for otherwise indicated, and have been prepared under the historical cost convention.

These 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 2021:

Standard / Interpretation	Title
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9

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

(ii) New and amended standards and interpretations issued but not yet effective or not yet endorsed for the financial year beginning 1 January 2022 and not early adopted.

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

Standard / Interpretation	Title
IFRS 17	Insurance Contracts ³
Amendments to IFRS 3	Reference to the Conceptual Framework ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture ²

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

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. STANDARDS AND INTERPRETATIONS (CONTINUED)

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

These financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries) for the year ended 31 December 2021.

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

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

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

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

(i) Business combinations

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

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

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

(ii) Subsidiaries

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

(iv) Transactions eliminated on consolidation

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

(b) Associates

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

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

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

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

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

(c) Revenue recognition

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

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue recognition (Continued)

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 recognised when the performance obligation is satisfied.

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

(d) Government grants

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

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency transactions

(i) Functional and presentational currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

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

(f) Goodwill and intangible assets

Goodwill

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

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

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

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) **Goodwill and intangible assets (Continued)**

Intangible assets - Customer contract

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

(g) **Property, plant and equipment**

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

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

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

Owned assets

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

Right-of-use assets

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

(h) **Impairment of non-financial assets**

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of non-financial assets (Continued)

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.

(i) Financial instruments

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

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

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

(j) Impairment of financial assets

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

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

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

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Derecognition of financial assets and financial liabilities

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

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

(l) Inventories

Inventories are stated at the lower of cost or net realisable value, with cost determined using the first-in, first-out (“FIFO”) cost method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale. Allowances are established to reduce the cost of excess and obsolete or damaged inventories to their estimated net realisable value.

(m) Trade Receivables

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

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

(n) Cash and cash equivalents

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

(o) 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.

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Current and deferred income tax (Continued)

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 utilised, 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.

(p) Leases

Lessee

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

Lessor

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

(q) 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.

(r) 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.

(s) Share capital

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

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Share-based payments

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

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

5. FINANCIAL RISK MANAGEMENT

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

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

(i) Interest rate risk

The Group has floating rate financial assets in the form of deposit accounts with major banking institutions of £5,497. Apart from the abovementioned amount, no other financial instrument is subjected to interest rate risk. If the interest rate increases or decreases for 100 basis points, the effect in profit and loss will increase or decrease for £55.

(ii) Foreign exchange risk

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

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

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

	Increase/(decrease) in profit before tax	
	2021	2020
	£	£
CNY strength/weakened against GBP for 1 per cent	718/(718)	305/(305)

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) **Credit risk**

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

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

(iv) **Liquidity risk**

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

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

(v) **Market risk**

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

(vi) **Capital risk management**

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

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

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

SEALAND CAPITAL GALAXY LIMITED

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

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY UNCERTAINTIES OF ESTIMATION UNCERTAINTY

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

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

Key source of estimation uncertainty

Valuation of identifiable assets and liabilities acquired through business combinations

The Group applies the acquisition method to account for business combinations, which requires the Group to recognise assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgement is used to estimate the fair values of the assets and liabilities acquired, including estimating future cash flows from the acquired business, determining appropriate discount rates and other assumptions. The acquisitions of entities are accounted for as business combination and details of the fair value of the assets acquired and liabilities recognised at the date of acquisitions are set out in Note 24.

Share-based payments

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

Trade receivables and contract assets

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

At 31 December 2021, a provision for impairment loss on trade receivables and contract assets of £91,757 (2020: Nil) was recognised according to the management expected loss rate on the ageing group. The Group's trade receivables which are past due but which the Group has not impaired as there have not been any significant changes in credit quality of customers and the management believes that the amounts are fully recoverable. Receivables that were neither past due nor impaired at 31 December 2021 relate to a wide range of customers for whom there was no history of default.

The Group does not hold any collateral over trade receivables and contract assets at 31 December 2021 (2020: Nil).

SEALAND CAPITAL GALAXY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. SEGMENT INFORMATION

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

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

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

	Digital marketing and payment £	Software development and support £	e-Commerce £	Unallocated £	Total £
Year ended 31 December 2021					
Revenue	148,530	-	29,137	-	177,667
Segment loss	(162,520)	24,641	(174,093)	(721,741)	(1,033,713)
Depreciation	-	-	137	31,204	31,341
Amortisation	-	-	-	-	-
Provision for impairment loss on trade and other receivables	78,881	-	12,876	-	91,757
Assets	30,402	200	99,161	57,551	187,314
Liabilities	258,425	43,484	96,713	812,857	1,211,479
Year ended 31 December 2020					
Revenue	641,511	6,590	44,309	-	692,410
Segment (loss)/Profit	(76,777)	(3,230)	8,545	(453,488)	(525,156)
Depreciation	1,134	-	-	31,204	31,341
Amortisation	35,280	-	-	-	35,280
Assets	113,920	7,373	3,829	87,934	213,056
Liabilities	234,306	75,185	7,013	889,247	1,205,751

SEALAND CAPITAL GALAXY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. SEGMENT INFORMATION (CONTINUED)

Geographical information:

	2021	2020
	£	£
Revenue by Geography		
Macau	148,192	628,681
Hong Kong	21,103	56,986
Mainland China	8,372	6,743
	<u>177,667</u>	<u>692,410</u>

Information about major customers

For the year ended 31 December 2021, one external customer contributed more than 10% to the Group revenue, amounting to £144,839 (approximately 82% to the Group revenue).

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

8. REVENUE AND OTHER INCOME

	2021	2020
	£	£
REVENUE		
Advertising services	148,530	639,294
Software development and support	-	6,590
Commission income	1,670	46,372
eCommerce sales	27,467	-
Others	-	154
	<u>177,667</u>	<u>692,410</u>
OTHER INCOME		
Bank interest income	9	19
Gain on concessionary rental (Note 20)	-	2,995
Gain on early termination of a lease (Note 20)	-	898
Gain on reversal of overprovision of expenses	6,660	-
Government subsidy	65,995	24,494
Others	15,434	19,960
	<u>88,098</u>	<u>48,366</u>

9. LOSS BEFORE TAX

	2021	2020
	£	£
Loss before tax has been arrived at after charging:		
Depreciation – Owned assets	2,772	4,148
Depreciation – Right of use assets	28,568	53,287
Exchange (gain)/loss, net	(22,907)	46,098
Amortisation of intangible assets	-	35,280
Provision for impairment losses on trade and contract assets	91,757	-
Staff cost (including Director Remuneration)	352,036	358,184
Share-based payment expense	384,917	27,746
Audit fees		
- for the year	19,411	44,873
- underprovision for prior years	1,276	300
	<u>1,276</u>	<u>300</u>

SEALAND CAPITAL GALAXY LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2021**

10. EMPLOYEES

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

	2021	2020
Directors	<u>3</u>	<u>3</u>
Staff	<u>10</u>	<u>11</u>
	2021	2020
	£	£
Staff costs, including directors' costs comprise:		
Wages, salaries and other staff costs	352,036	358,184
Share-based remuneration	<u>357,417</u>	<u>-</u>
	<u>709,453</u>	<u>358,184</u>

Key Management Remuneration

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

	2021	2020
	£	£
Chung Lam Nelson Law		
Salaries and fees – paid in cash	180,000	180,000
Share-based payment	119,139	-
Geoffrey John Griggs		
Salaries and fees – paid in cash	18,000	18,000
Share-based payment	<u>119,139</u>	<u>-</u>
	<u>436,278</u>	<u>198,000</u>

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

Share options to the value of £238,278 (2020: Nil) were granted to directors during the year.

Mr. Mark Barney Battles resigned as director of the Company on 31 March 2021.

SEALAND CAPITAL GALAXY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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% (2020: 8.25%) of the first HK\$2,000,000 and 16.5% (2020:16.5%) of the remaining estimated assessable profits for the Year.

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

	2021	2020
	£	£
Loss before tax	<u>(1,033,713)</u>	<u>(524,973)</u>
Tax at the statutory tax rate of 16.5%	(182,715)	(86,621)
Effect of different tax rates in other jurisdictions	836	(2,023)
Income not subject to tax	(4,129)	(409)
Expenses not deductible for tax	130,090	66,352
Tax losses not recognised for the year	55,918	24,111
Others	<u>-</u>	<u>(1,227)</u>
	<u>-</u>	<u>183</u>

Potential deferred tax assets arising from operating loss carryforward totalling approximately £924,000 (2020: £569,955) have not been recognised due to uncertainty as to when taxable profits will be generated.

12. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the Company's owners of £962,473 (2020: £515,328) by the weighted average number of 595,695,385 ordinary shares (2020: 509,831,346) in issue during 2021.

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

	2021	2020
	£	£
Effect of potential ordinary shares		
Employee share options (Note 25(a))	<u>105,122,539</u>	<u>-</u>

Diluted loss per share was the same as basic loss per share as no potential dilutive ordinary shares were outstanding for both the years ended 31 December 2021 and 2020.

SEALAND CAPITAL GALAXY LIMITED

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13. PROPERTY, PLANT AND EQUIPMENT

	Office equipment £	Leasehold improvement £	Right of use Assets £	Total £
At 1 January 2021	489	3,461	43,300	47,250
Depreciation for the year	(489)	(2,283)	(28,568)	(31,340)
Exchange differences	-	(19)	(241)	(260)
At 31 December 2021	<u>-</u>	<u>1,159</u>	<u>14,491</u>	<u>15,650</u>
At 1 January 2020	3,410	-	105,200	108,610
Additions	-	4,615	60,899	65,514
Depreciation for the year	(2,931)	(1,217)	(53,287)	(57,435)
Elimination on early termination	-	-	(69,780)	(69,780)
Exchange differences	10	63	268	341
At 31 December 2020	<u>489</u>	<u>3,461</u>	<u>43,300</u>	<u>47,250</u>

14. INVESTMENT IN AN ASSOCIATE

During the year, the Company had acquired an additional interest in Hyrax Holdings Limited (“Hyrax”) from 40% to 100% (Note 23). Upon completion of the acquisition, Hyrax has ceased to be an associate of the Group and has become a subsidiary of the Group.

Hyrax is a private company incorporated in Hong Kong in 2020, and mainly engaged in e-Commerce. Before Hyrax became a wholly-owned subsidiary of the Group, the Group accounted for its interest in Hyrax using the equity method in the financial statements. The Group’s share of Hyrax’s profits and other comprehensive loss of £290 (2020: £2,482) and £27 (2020: £129), respectively.

The following table illustrates the summarised financial information of the Group’s investment in Hyrax.

	2020
	£
Current assets	54,696
Current liabilities	<u>(48,804)</u>
Equity	<u>5,892</u>
Group’s carrying amount of the investment (40% thereon)	<u>2,357</u>

15. INVENTORIES

	2021	2020
	£	£
Finished goods	<u>81,823</u>	<u>-</u>

SEALAND CAPITAL GALAXY LIMITED

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16. TRADE RECEIVABLES, PREPAYMENT AND OTHER RECEIVABLES

(a) Trade receivables

	2021	2020
	£	£
Trade receivables – billed	28,186	9,880
Trade receivables – unbilled	54,827	67,858
Less: Provision for impairment loss	<u>(67,890)</u>	<u>-</u>
	<u><u>15,123</u></u>	<u><u>77,738</u></u>

During the year, the Group has recognised a provision for impairment loss on trade receivables of £66,918 (2020: Nil). The Group normally grants credit periods of up to 90 days to its customers as approved by the management on a case by case basis.

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

	2021	2020
	£	£
Within 30 days	4,010	2,536
31 to 60 days	3,651	1,230
61 to 90 days	1,822	1,230
91 to 180 days	<u>5,640</u>	<u>4,884</u>
	<u><u>15,123</u></u>	<u><u>9,880</u></u>

At the reporting period end, all the trade receivables - billed are past due but not impaired at the reporting date. The directors of the Company considered that the ECL for trade receivables is insignificant as at 31 December 2021 (2020: same) since the ageing of all the trade receivables is within 180 days.

(b) Prepayments and other receivables

	2021	2020
	£	£
Prepayments	51,577	28,315
Other receivables	<u>14,943</u>	<u>16,295</u>
	<u><u>66,520</u></u>	<u><u>44,610</u></u>

17. CONTRACT ASSETS/LIABILITIES

	2021	2020
	£	£
Contracts in progress		
Opening balance	21,417	3,982
Contract costs incurred plus recognised profit less recognised losses to date	157,660	290,712
Progress billings received and receivables	(157,660)	(267,802)
Impairment loss	(24,839)	-
Exchange realignment	<u>3,422</u>	<u>(5,475)</u>
	<u><u>-</u></u>	<u><u>21,417</u></u>

SEALAND CAPITAL GALAXY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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17. CONTRACT ASSETS/LIABILITIES (CONTINUED)

	2021	2020
	£	£
Analysed for the reporting purpose		
Contract assets	-	25,099
Contract liabilities	-	(3,682)
	-	21,417
	-	21,417

There was no retention held by customers on service contracts at 31 December 2021 and 2020.

All the contract assets and liabilities are expected to be received or settled within 12 months.

The movement of contract assets and contract liabilities with customers are as follows:

(a) Contract assets

	2021	2020
	£	£
At 1 January	25,099	5,891
Receipt in advance	-	261,565
Recognition of revenue	-	(236,727)
Impairment loss	(24,839)	-
Exchange realignment	(260)	(5,630)
At 31 December	-	25,099
	-	25,099

(b) Contract Liabilities

	2021	2020
	£	£
At 1 January	3,682	1,909
Receipt in advance	157,660	31,075
Recognition of revenue	(157,660)	(29,147)
Exchange realignment	3,682	(155)
At 31 December	-	3,682
	-	3,682

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

18. TRADE PAYABLES

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

	2021	2020
	£	£
Within 30 days	36,110	73,726
31 to 60 days	-	-
61 to 90 days	-	-
91 to 180 days	-	-
181 to 365 days	2,213	-
More than 365 days	79,530	1,476
	117,853	75,202
	117,853	75,202

SEALAND CAPITAL GALAXY LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. AMOUNTS DUE TO A DIRECTOR

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

20. LEASE LIABILITIES

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

	2021 £	2020 £
Current portion:		
Gross finance lease liabilities	14,823	29,528
Finance expense not recognised	<u>(73)</u>	<u>(663)</u>
	<u>14,750</u>	<u>28,865</u>
Non-current portion:		
Gross finance lease liabilities	-	14,764
Finance expense not recognised	<u>-</u>	<u>(73)</u>
	<u>-</u>	<u>14,691</u>
	<u>14,750</u>	<u>43,556</u>
	2021 £	2020 £
The net finance lease liabilities are analysed as follows:		
- Not later than 1 year	14,750	28,865
- Later than 1 year but not more than 5 years	<u>-</u>	<u>14,691</u>
Net finance lease liabilities	<u>14,750</u>	<u>43,556</u>

The interest on lease liabilities for the year ended 31 December 2021 was £656 (2020: £1,644). The Group does not recognise right-of-use assets and lease liabilities for short-term leases and leases where the underlying asset is of low value. The expenses for these leases for the year ended 31 December 2021 were £6,940 (2020: £3,715).

During 2020, the Group had non-cash additions to right-of-assets (see Note 13) and lease liabilities of £60,899 and early terminated a lease of an office used by a subsidiary. As a result, the related right-of-use asset of £69,780 (see Note 13) and a lease liability of £70,678 was eliminated, and a gain on early termination of £898 has been charged to profit or loss.

SEALAND CAPITAL GALAXY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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21. SHARE CAPITAL

	2021		2020	
	Number of shares		Number of shares	
	£	£	£	£
Ordinary shares issued and fully paid				
At 1 January	509,830,346	50,983	504,050,000	50,405
Issue of shares	85,864,039	8,586	5,780,346	578
	<u>595,694,385</u>	<u>59,569</u>	<u>509,830,346</u>	<u>50,983</u>
At 31 December	<u>595,694,385</u>	<u>59,569</u>	<u>509,830,346</u>	<u>50,983</u>

On 30 March 2021, Mr Nelson Law, the Company’s Chairman and Chief Financial Officer, subscribed for 6,206,896 new ordinary shares of the Company of 1.45 pence each for a cash consideration of £90,000 in aggregate.

On 26 July 2021, the Company entered into an advisory and consultancy agreement with an independent third party and settled the service fee of £22,500 by issuing 1,800,000 ordinary of 1.25 pence each.

On 19 October 2021, the Company issued 77,142,857 new ordinary shares of 0.7 pence each to Mr. Nelson Law, the Company’s Chairman and Chief Financial Officer, for the conversion of the loan owned to him of £540,000.

On 19 October 2021, the Company entered into a service agreement with an entity related to Mr. Geoffrey John Griggs, a director of the Company, and settled the service fee by issuing 714,286 ordinary shares of 0.7 pence each.

In 2020, the issued share capital was increased by £578 by the issue of 5,780,346 Ordinary Shares on exercise of warrants.

22. CAPITAL AND RESERVES

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

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

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

23. CHANGE IN OWNERSHIP INTERESTS OF A SUBSIDIARY IN 2020

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

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

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24. BUSINESS COMBINATION

During the year, the Company have acquired additional interest in Hyrax from 40% to 100%. Hyrax had no material impact on the Group's consolidated financial statements of comprehensive income, both from the date of the acquisition as well as assuming its acquisition had been effected as at 1 January 2021.

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

	£
Trade and other receivables	13,298
Due from immediate holding company	257
Cash and bank balance	43,428
Trade and other payables	<u>(50,433)</u>
Total identifiable net assets at fair value	6,550
Amount previously accounted for as an associate	(2,620)
Gain on bargain purchase	<u>(3,930)</u>
Net assets acquired	-
Payment of nominal cash consideration	<u>-</u>
Total purchase consideration	-
Assumption of receivable from immediate holding company	257
Cash and bank balance acquired	<u>43,428</u>
Net cash flow on acquisition of a subsidiary	<u><u>43,685</u></u>

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

25. SHARE-BASED PAYMENTS

(a) Share Options

During the year, the Group has implemented a stock option plan (the "Plan") for the employees and directors, which awards options over the ordinary share of the Company. The Board of Directors (the "Board") approves all grants and the terms of all grants. Options awarded under the Plan generally vest on issue and exercisable over a period from one year after the grant date to four years after the grant date.

The fair value of each option granted is estimated on grant date using the Black-Scholes option-pricing model by applying the following assumptions:

Share price	£0.0007
Risk-free interest rate	0.0022%
Expected life of warrant (years)	4
Expected annualised volatility	0.66
Expected dividend yield	Nil

For the year ended 31 December 2021, the Company recorded share-based compensation expenses in the amount of £357,417.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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25. SHARE-BASED PAYMENTS (CONTINUED)

(a) Share Options (Continued)

For the year ended 31 December 2021, the Company recorded share-based compensation expenses in the amount of £357,417.

At 31 December 2021, the Group had 105,122,539 share options outstanding as follows.

Date of Grant	Exercise start date	Expiry date	Exercise price	Number granted	Exercisable at 31 December 2021
19/10/2021	19/10/2021	18/10/2025	0.7p	Nil	105,122,539

(b) Shares issued for services

On 26 July 2021, the Company entered into an advisory and consultancy agreement with an independent third party and settled the service fee of £22,500 by issuing 1,800,000 ordinary of 1.25 pence each.

On 19 October 2021, the Company entered into a service agreement with an entity related to Mr. Geoffrey John Griggs, a director of the Company, and settled the service fee by issuing 714,286 ordinary of 0.7 pence each.

(c) Brokers' warrants

The Company issued 5,780,346 warrants to the Brokers ("Brokers' Warrants") with an exercise price of £0.004325 per warrant in connection with the broker services agreement entered into by the Company during 2019. These warrants would expire 36 months from the date of issue. Upon exercise of the Brokers' Warrants, the Company would issue one ordinary share for each warrant.

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

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

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

During 2020, all Brokers' Warrants were exercised for proceeds of £25,000 and exchanged for 5,780,346 Ordinary Shares of the Company. There were no Brokers' Warrants outstanding at 31 December 2020 and 2021.

SEALAND CAPITAL GALAXY LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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26. RELATED PARTY TRANSACTIONS

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

27. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2021	2020
	£	£
Financial assets		
Financial assets at amortised cost		
Contract assets	-	25,099
Trade receivables	15,123	77,738
Other receivables	14,943	16,295
Cash and cash equivalents	<u>8,198</u>	<u>16,002</u>
	<u>38,264</u>	<u>135,134</u>
Financial liabilities		
Liabilities at amortised cost		
Trade Payables	117,853	75,202
Other payables and accrued expense	429,255	698,277
Amounts due to directors	649,621	385,034
Lease liabilities	<u>14,750</u>	<u>43,556</u>
	<u>1,211,479</u>	<u>1,202,069</u>

Prepayments are excluded from the summary above.

28. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities	
	2021	2020
	£	£
At 1 January	43,556	117,612
Forgiveness of lease payments	-	(2,995)
Early termination of a lease	-	(70,678)
New lease	-	60,899
Financing cash flows	(28,566)	(61,848)
Exchange adjustment	<u>(240)</u>	<u>566</u>
At 31 December	<u>14,750</u>	<u>43,556</u>

29. CAPITAL COMMITMENTS

There were no capital commitments as at the year ended 31 December 2021 (2020: Nil).

30. EVENTS AFTER THE REPORTING PERIOD

On 16 March 2022, the Company entered into a sale and purchase agreement with an independent third party for the disposal of our entire 55% stake in Rightyoo for nil consideration. Rightyoo recorded net liabilities of approximately £43,000 at 31 December 2021.

On 30 March 2022, the Company has issued 4,909,091 new ordinary shares of the Company in lieu of professional service provided.