



**YUUZOO CORPORATION LIMITED**  
(Company Registration No: 36658)  
(Incorporated in Bermuda)  
(the “Company” or “YuuZoo”)

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**RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

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The Company refers to the announcements released on 14 August 2017, in relation to (i) First Quarter (Restated) Financial Statements and Dividend Announcement for the Period ended 31 March 2017 and (ii) Second Quarter Financial Statements and Dividend Announcement for the Period ended 30 June 2017. In response to the following queries from the Singapore Exchange Securities Trading Limited, the Company provides the information set out below:

**Revenue**

*Query 1: Please provide a breakdown of the revenue of S\$36.8 million for 1H 2017. Please attribute to the relevant franchise sales in 1Q 2017 and 2Q 2017, in particular for Hungary, Slovakia and Czech Republic as mentioned in Page 11 of the 2Q results announcement.*

Response to 1: Breakdown of the revenue of S\$36.8million for 1H 2017 is as follows:

Type of revenue (S\$,000)	Hungary	Czech Republic	Other Regions	Total
<b>Franchise sales</b>	838	838	22,541	24,217
<b>Celebrity Branded Network</b>	-	-	6,449	6,449
<b>E-commerce Business</b>	-	-	5,524	5,524
<b>Platform Revenue</b>	-	-	447.00	447
<b>Nigerian Network</b>	-	-	193.00	193
<b>Gaming revenue</b>	-	-	7	7
	<b>838</b>	<b>838</b>	<b>35,161</b>	<b>36,837</b>

The announcement released on 15 August 2017 referred to the increase in net profit being driven by franchise sales mainly in Hungary, Slovakia and Czech Republic. The Company would like to clarify:

1. There was no revenue contribution from Slovakia during the period.
2. The increase was also driven by franchise sales in other regions being: South Korea, United Kingdom, Bulgaria, Congo, India, Poland and Romania.

*Query 2: We note that revenue in 1Q 2017 declined by 50% compared to 1Q 2016, while the revenue in 2Q 2017 declined by 17% compared to 2Q 2016.*

*(a) Were the financial statements for FY2016 prepared on the same basis as for FY2017?*

*(b) If yes, the decline in revenue cannot be due to adoption of a more prudent revenue recognition methodology. Please explain the reasons for the 50% and 17% decline in revenue in 1Q 2017 and 2Q 2017 respectively.*

Response to 2(a): Yes.



Response to 2(b): The decline in revenue in 1Q 2017 by 50% from \$38.2 mil to \$19.2mil is mainly due to:

- a decrease in payment revenue of \$24.0 mil in 1Q 2017 vs 1Q 2016

The decline in revenue in 2Q 2017 by 17% from \$21.3 mil to \$17.7mil is mainly due to:

- a decrease in payment revenue of \$17.5 mil in 2Q 2017 vs 2Q 2016

Query 3: For 2Q 2017, we note that the revenue of S\$17.7 million is largely from new franchise license of US\$17 million (in page 11). What is the reason for the significant decline in e-commerce revenue in 2Q 2017?

Response to 3: The decline in e-commerce revenue was mainly due to the loss of some major clients who contributed to a large part of the e-commerce sales in 2016.

### Other expenses

Query 4: Please provide a breakdown for other expenses for 2Q 2017 as compared with 2Q 2016. Please explain any significant changes.

Response:

Type of revenue	2Q 2017 (S\$,000)	2Q 2016 (S\$,000)
<b>Legal &amp; professional fees</b>	774	443
<b>Foreign exchange differences</b>	823	(115)
<b>Travelling expenses</b>	64	63
<b>Office rental</b>	114	139
<b>Others</b>	40	146
	<b>1,815</b>	<b>676</b>

The increase in other expenses is mainly due to an increase in legal and professional fees paid during the year as well as an increase in foreign exchange differences.

Query 5: On Page 12 of the 2Q results announcement:

(a) There appears to be a significant reduction in e-commerce revenue for 1H 2017 compared to 1H 2016. Please substantiate the statement that growth is expected to be strong in e-commerce.

(b) Please provide a breakdown of revenue in each the mentioned areas for 1H 2017: tribal social networking, e-commerce, online and mobile payments, mobile games and streaming video services.



Response to 5a: The growth in e-commerce revenue is expected to be strong as the franchisees and marketing partners start to market YuuZoo's services in their respective markets.

Response To 5b: Refer to Query 1 response above.

**BY ORDER OF THE BOARD**

Mohandas  
Chief Operating Officer  
25 September 2017