



YUUZOO CORPORATION LIMITED
(Company Registration No.: 36658)
(Incorporated in Bermuda)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The board of directors (the “**Board**”) of YuuZoo Corporation Limited (the “**Company**”) wishes to provide the following information in response to queries raised by the Singapore Exchange Securities Trading Limited on 5 March 2018 regarding the announcement of full year results for the financial year ended 31 December 2017 released by the Company on 1 March 2018:-

Question 1:

Group revenue declined 40% from S\$103.2 million in FY2016 to S\$62.2 million in FY2017. This was attributable primarily to the 93% decline in e-commerce revenue from S\$51.8 million to S\$0.4 million due to the suspension of certain payment related services during the year. Please clarify the circumstances leading to the suspension of the payment related services.

The Company’s Response:

The reference to S\$0.4 million was a typographic error. The correct revenue number for this sector in 2017 is S\$3.9 million. In 2017, the Company decided to suspend the bulk of its core payment business channel for its YuuPay subsidiary, which primarily transacted in the Binary Options and Forex Industry. This was due to the rise in poorly regulated merchants over the last 2 years in the Binary Options and Forex Industry, and the subsequent decision by the Company to withdraw from a business space it found increasingly unethical.

Question 2:

Under segmental breakdown, unallocated revenue increased from S\$19,000 in FY2016 to S\$19.7 million in FY2017 due to consolidation of YuuLog France. The Company previously announced on 3 September 2017 that the business of YuuLog Europe was expected to generate more than S\$30 million in revenue in 2017.

(a) Explain the reasons for the 34% shortfall between the expected revenue of more than S\$30 million and the actual revenue of S\$19.7 million from YuuLog France / YuuLog Europe for FY2017.

The Company’s Response:

The forecast for the subsidiary of S\$30m was based on a full year assessment. The subsidiary was set up only on 1 September 2017 and the realized revenue shown by YuuZoo therefore is only for 4 months. On an annualized basis the revenue was ahead, not behind, what the Company had forecasted.

(b) Explain the increase in revenue of YuuLog France from S\$19,000 in FY2016 to S\$19.7 million in FY2017, and the improvement of the contribution of YuuLog France from a loss of S\$9.3 million for FY2016 to a profit of S\$6.8 million in FY2017.

The Company’s Response:

The Company’s allocation methodology of segmented reporting was different from the one used its most recent audit report (FY2016). Please see enclosed for amendments. It should be noted that YuuLog France did not contribute any revenue in FY2016 as the company only came into existence in September 2017.



Question 3:

Other income increased from S\$159,000 in 4Q2016 to S\$8.0 million in 4Q2017 due to the purchase of assets related to the formation of YuuLog France. Explain the nature of and the basis used in arriving at this other income amount of S\$8.0 million.

The Company's Response:

The Company acquired assets primarily in the form of property, plant, and equipment worth 6.63m euros (as per court's appraisal) for a consideration of 0.38m euros. The business associated with these assets carried accrued liabilities of 1.14m euros. Hence our gain on bargaining purchase of 5.11m euros equates to the appraised value (6.63m euros) less consideration (0.38m euros) less accrued liabilities (1.14m euros). The SGD equivalent of this amount was S\$8.0m.

Question 4:

The aggregate amount of trade and other receivables reduced from S\$14.1 million as at 31 December 2016 to S\$10.9 million as at 31 December 2017. It is stated in section 8 of the announcement that the decrease in net profits of the Group was due to impairment of assets available for sale and bad debts written off. Disclose the amount of and circumstances leading to the write-off of bad debts during the year.

The Company's Response:

The write-off of bad debts during the year totaled S\$2.8m relating to YuuZoo's failure to within the stipulated time deliver the mobile applications that had been ordered by clients.

Question 5:

There are a number of errors in the announcement. Please make the relevant amendments and reproduce the revised announcement with the amendments duly marked up.

The Company's Response:

We apologize for the mistake, and enclose the amended version.

BY ORDER OF THE BOARD

Mohandas
Chief Operating Officer
9 March 2018