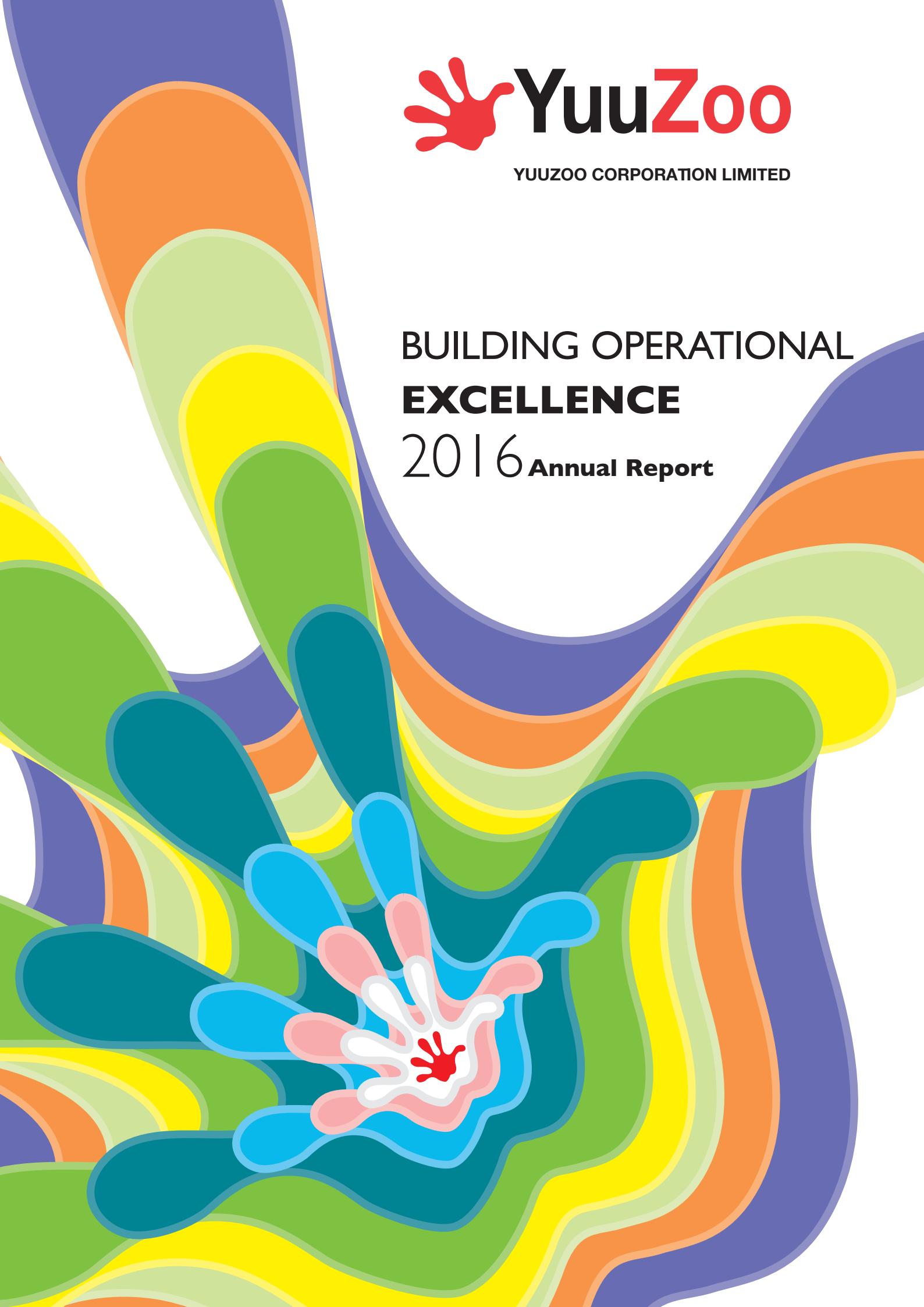
YuuZoo

YUUZOO CORPORATION LIMITED

BUILDING OPERATIONAL **EXCELLENCE**

2016 **Annual Report**



CORPORATE PROFILE

YuuZoo Corporation Limited ("YuuZoo", SGX: AFC.SI), a company incorporated in Bermuda and headquartered in Singapore, Shanghai and Bangkok was listed via a Reverse Takeover ("RTO") on the main board of the Singapore Stock Exchange Securities Trading Limited (SGX-ST) and commenced trading on 16 September 2014. It is the first social media and e-commerce company to be listed in Singapore.



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COMPANY PROFILE

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BECOMING A LEADER IN SOCIAL MEDIA

YuuZoo uniquely combines interest-based social networking, demand-driven commerce, streaming video, games and payments in a mobile-optimised, fully localised virtual platform. With a single login, users can access hundreds of tribal social networks comprising focused interest groups. With the same single login, users are also able to upload user-generated videos, buy demand-based merchandise online and play casual games to earn virtual currency through a loyalty-reward program.

All YuuZoo's networks are localised for each market for language, cultural nuance, merchandise, and design. Further, all YuuZoo's networks are equipped with YuuZoo's proprietary online payment solution. YuuZoo pursues an objective-oriented approach to fulfill the demand for specific interest-based knowledge, interactions and experiences.

This approach is designed through a transnational exchange of experience, mutual learning and cooperation among diverse individuals grouped together based on their specific interests. Overall, YuuZoo's aim is to understand and strengthen user engagement in it's users' interest verticals and introduce highly relevant and specific content and product recommendations.

YuuZoo, using its in-house-built technology platform, has created a complete demand-driven commerce platform. This platform deploys a unique data analytics approach that intelligently understands and tracks users' behaviours. Through YuuZoo, any online social community can leverage the YuuZoo platform for growth. This is due to the platform's dynamism, and thereby allows YuuZoo to be the preferred partner to bring a demand-driven solution to online communities. YuuZoo is launching its interest-specific social communities – Tribe – under the slogan "The World in Your Hand. Tribe offers users both content and merchandise based on each user's interest-focus, the user's peers recommendations and popular trends within the user's locale.

YuuZoo has a program of global expansion for its operations. This growth is structured through a global network of franchisees and partners who are responsible for localisation and local marketing.

GROWTH THROUGH FRANCHISEES AND PARTNERS: YUUZOO'S SHAREHOLDERS ARE OWNERS OF LOCAL SOCIAL E-COMMERCE BUSINESSES WORLDWIDE

YuuZoo develops it's business through a network of franchisees and partners, each responsible for localisation and local marketing of the chosen YuuZoo products within their territory. Each tribal social network built through a local franchisee or partner gives consumers a fully localised user experience, unequalled in any other social networking or e-commerce environment.

YuuZoo's franchisees purchase a licence to operate YuuZoo's proprietary platform and chosen products in their respective markets. In addition to the one-time licence fee, YuuZoo receives a recurring revenue share from all revenues generated via the localised platform; including e-commerce margins, advertising income, payment margins and gaming revenue.

YuuZoo has worked with a Big-Four accounting firm to develop a bespoke payment model for its franchise business. YuuZoo's franchisees pay the one-time license fee either in cash or in shares in the franchisee's company. Where payment is in shares, this achieves two benefits. Firstly, YuuZoo receives a significantly higher share of the recurring revenues generated by the franchisee. Secondly, as a shareholder in the franchise company, YuuZoo can, when the time is right, sell shares and distribute the proceeds as dividends to its shareholders. In perspective, each shareholder becomes an owner, not only in YuuZoo, but also in a growing number of local social e-commerce businesses in an increasing number of countries. This franchise model generates a huge upside to shareholders investments and affords each shareholder a direct relationship with YuuZoo's international business.

MESSAGE FROM CHAIRMAN



Dear shareholders,

YuuZoo has built a unique business model. The model is designed to enable the Company to deliver a strong and growing dividend stream to its shareholders by developing, holding and ultimately selling companies that are built on YuuZoo's unique technology and solutions.

YuuZoo has sofar developed more than 20 vertically integrated social commerce business units, which are using proprietary software and products developed by YuuZoo. Each of these business units are offered to franchisees from around the world, who buy the rights to build and manage the business in a specific geographical market. Such companies today operate in e.g. China, India, Nigeria, the UK, Poland, South Africa, Hungary, Romania etc.

When YuuZoo sells the franchise rights it prefers to be paid in shares, under a model created for YuuZoo by KPMG. The benefits of the model are obvious. If the franchisee is successful, the value of the shares received by YuuZoo grows, and YuuZoo can sell them at a significantly higher price than the cash it could have commanded upfront, thereby over time delivering significantly better returns for YuuZoo's shareholders.

As the number of YuuZoo franchisees grows, YuuZoo's shareholders become stakeholders in a growing number of social commerce companies in a growing number of markets. While YuuZoo cannot guarantee that every franchise, joint venture or subsidiary will succeed, the risks normally associated with investments in start-ups and their ability to move from an idea to an operating company are significantly reduced by the fact that all of them operate on YuuZoo's proven and patented or patent-pending technologies.

MESSAGE FROM CHAIRMAN

STRONG DIVIDEND POTENTIAL

The franchisees start to generate cashflow once they launch their operations. As franchisor YuuZoo gets an agreed share of this revenue. If the franchise company is successful, its value will grow, and YuuZoo can and will sell its shares in the franchise when YuuZoo feels timing is optimal. These proceeds will then be distributed to YuuZoo's shareholders as dividends.

An average P/E multiple for social commerce companies is around 25. This means that a company with a profit of 2 million USD and with a PE of 25 is valued at 50 million USD. If YuuZoo can sell its 40% stake at that valuation, it can from just one such sale distribute 20 million USD to its shareholders.

In addition to the value of the shares YuuZoo holds in its franchise business, it holds stakes in several other businesses developed in partnerships, or owned 100% by YuuZoo. YuuZoo is already in discussions with potential buyers for some of these companies.

MORE CONSERVATIVE ACCOUNTING POLICIES

YuuZoo has for FY2016 changed the accounting policy to one that is more conservative than the one that earlier was used. YuuZoo will no longer recognize as revenue the value of the shares it has received as payments from its franchisees. Instead, YuuZoo will charge the franchisees a onetime franchise fee, calculated based on the cost of developing the products and services the franchisee receives, as well as actual historical cash pricing for the YuuZoo franchise. Hence, the franchise fee is not linked to future estimated revenues.

The fees will for developing markets be heavily discounted, resulting in lower revenue recognition for each franchise sale than previously was the case. While the value of the shares YuuZoo owns remains the same, the Company will recognize as revenue a much smaller portion, i.e. the onetime franchise fee.

SHARE BUYBACK PROGRAM TO BOOST VALUE

YuuZoo is one of the cheapest shares on the Singapore Exchange, trading at a PE of around 2. A DBS report on YuuZoo stated global peers trade at a PE of 25, while another research report from US-based Alpha Group put the fair value of YuuZoo's shares at S$1.40.

There is therefore room for a significant increase in the value of YuuZoo's shares. YuuZoo will soon be seeking a share buyback mandate, to buy back shares, resulting in a boost in earnings per share and the value of the shares YuuZoo's shareholders hold.

2017 OUTLOOK

While we in 2017 will continue our global expansion, we will put our main focus on the execution of deals already signed. A key focus will be Asia and Africa, in particular China, India and Nigeria, i.e. markets in which YuuZoo already has built a strong foothold. YuuZoo is also eying further expansion in Europe, where 6 franchise markets recently have been launched, and also hopes to soon enter the North and South American markets.

WORDS OF THANKS

I want to conclude by thanking all shareholders for your invaluable support. I believe that your patience will be well rewarded in 2017.

To all employees of YuuZoo, I wish to express my gratitude for your dedication and hard work.

To our partners, franchisees and resellers throughout the world, thank you for your support and co-operation. Together we will aim to produce great results in 2017.

Thomas Zilliacus
Executive Chairman

OPERATIONAL REVIEW 2016

In 2016, YuuZoo announced several new initiatives. Below are listed some of the principal ones. For all full list of announcements, please go to www.yuucorp.com.

CHINA

In March 2016, YuuZoo announced that it had concluded the Electronic Sports China Cup (ESCC) Online Gaming Clubs Invitational. ESCC is considered China's top e-sport event which YuuZoo, through subsidiary YuuGames, co-hosted together with China Animation Group and Chinese Ministry of Culture, the government body regulating internet and game cafés.

YuuZoo also announced it had signed an agreement with Alibaba Sports Group ("AliSports"). Under this agreement, YuuZoo, through YuuGames, will organise and run the AliSports World Electronic Sport Games as well as manage E-Sports Clubs Competition Center for Alibaba throughout China.

In October, YuuZoo announced that its agreement with Alisports, a subsidiary of Chinese e-Commerce giant Alibaba, for the management of Alisports eSports Arenas throughout China, had been extended to 5 years from the initial period of 1 year.

NIGERIA

In August 2016, YuuZoo launched in Nigeria, Africa's largest market with a population of 182m, a new social e-Commerce platform for the SME sector, "SME Arena", built and managed for Etisalat Nigeria, the wholly-owned Nigerian subsidiary of UAE-based Etisalat, Middle East's leading telecommunications operator.

INDIA

In December 2016, YuuZoo announced that it had penetrated the Indian market by selling a franchise license to iComp Digital Media, which is part of iComp Solutions Group, the largest partner of Apple India. IComp. Through the sale of the franchise license, YuuZoo will gain a foothold with a well-established franchisee in the world's second largest country, which is also the world's fastest growing online market.

OTHER DEVELOPMENTS

In June, YuuZoo announced that it had signed an agreement with SportsHero, Asia's first real-time fantasy sports app and social prediction platform, to bring SportsHero to YuuZoo's network of over 118 million consumers across 164 countries.

In December, the Company announced the launch of its YuuWallet, a proprietary electronic wallet designed for use in developing markets as well as developed markets with low credit card penetration. In essence, YuuWallet enables fast, easy and secure payments without credit cards. In addition, YuuWallet can also be used for sending, receiving and withdrawing money worldwide. It covers the full range of payments and money transactions, from large amounts to micro-payments for digital content payments.

In December, YuuZoo announced the launch of a video streaming application for Redeemed Christian Church of God (RCCG), one of the world's largest and fastest growing churches. The app, named "BRedeemed TV", allows RCCG's more than 50 million followers in 189 countries to select video and audio content uploaded by RCCG or the followers.


CHINA
INDIA
NIGERIA

ADVISORY BOARD



ROBERT CROZIER

Robert (Bob) Crozier, who lives in London, UK, is currently Managing Director for the International division of Robb Report, the global publication and authority of luxury lifestyle, has spent over 40 years in print, online and other related media businesses across Europe, Middle East, Africa, Asia Pacific and the United States. He successfully managed two of the leading global brand names in international publishing, Forbes Global Magazine (EMEA and Asia/Pacific Editions), where he was the former Vice President, Managing Director and Publisher; and the Time Magazine, Atlantic Edition (EMEA) as President. Prior to joining Forbes in 1999, Crozier served in several posts including as President of Interactive Bureau (New York), and as International Publisher of American Express's Departures Magazine (London). Since 2003, Crozier has also been an Industry Council Advisor at GMT Communications LLC in London, Europe's longest-established private equity firm specialising in the communications arena.



KELLY O'DEA

USA-based Kelly O'Dea was described in a Harvard Business School case as a "global marketing pioneer, business builder and change leader". He has been a senior advisor to C-level clients in such companies as IBM, Microsoft, Samsung, Boeing, Compaq, Ford, Fujitsu, AT&T, PepsiCo, Kraft and Unilever. Resume includes: President - FCB (Foote, Cone and Belding Worldwide) (NYSE: IPG); Vice Chairman/Global Operations - Bozell Worldwide; President - Worldwide Client Services, Ogilvy & Mather (NASDAQ:WPPGY).

His technology experience spans 25 years across hardware, software, mobile, e-commerce and big data platforms. He is also co-founder of IgniteD2K, an emergent leader in next generation big data, real time software applications.

Kelly is the co-founder of Alliance for High Performance Leadership (AllianceHPL), a private strategic services firm focused on applied innovation. The subject of a Harvard Business School case, the firm has specialized in business / market strategies, brand development, marketing technology and design for large clients like Ford, Samsung and Lenovo and many early stage, new technology firms.

Kelly dedicates free time to education. He has been six-term Chairman of Outward Bound International and Chairman of The Thunderbird School of Global Management.



RAVI CHIDAMBARAM

Ravi Chidambaram, who resides in Singapore, is the President and Co-Founder of TC Capital, a boutique Asian investment bank. Prior to setting up TC Capital, Ravi spent 5 years with Goldman Sachs, where he worked on many landmark TMT deals. He built Deutsche Bank's Asian Telecom Group, which became a Top 5 advisor in Asian telecom M&A and equity underwriting. He started and ran Bear Stearns' European Technology practice, during which Bear Stearns topped the league tables in 1999 and 2000 for equity private placements in Europe for technology.

He holds a BA (Hons) from Duke University and an MBA from Wharton School. He was a Fulbright Scholar in Economics.

ADVISORY BOARD



PETER TORNQUIST

Peter Tornqvist, who lives in Stockholm, Sweden, is a Partner with CVC Capital Partners, a leading global private equity firm, headquartered in Luxembourg with a network of 19 offices across Europe, Asia and the USA. Previously, he was a Managing Director of Lehman Brothers responsible for its Nordic Investment Banking business and European Industrial Group, and a Senior Partner at Bain & Company and a member of its worldwide Executive Committee. Peter holds a Business degree from the Stockholm School of Economics and an MBA from IMD, Switzerland. Peter is based in Sweden and France



MR. MANEESH TRIPATHI

Mr. Maneesh Tripathi was appointed as Chief Executive Officer of Si2i Ltd (formerly known as Media Ring Ltd) in March 2010. Later, after the acquisition of the Affinity and the Selular Group in Indonesia he was appointed as Managing Director/Chief Executive Officer of Affinity Group and Selular Group Indonesia in May 2011.

Mr. Tripathi has played a key role in the integration, transition and growth plans of Affinity Group and Selular Group – (part of SGX Listed Singapore Si2i Ltd), having business in Mobile Devices, VAS and Telecom operator calling card and VOIP business in Indonesia. He is also the MD (operations) of the Singapore based VOIP and Technology business.

Mr. Tripathi has more than 25 years of experience in various leadership positions in Multinational Companies. In 2010, Mr. Tripathi joined Spice i2i as Group CEO. He is also a board member of many subsidiaries of Spice i2i Ltd.

Prior to this, Mr. Tripathi handled COO role for IBM (ISS) Asia Pacific and other senior management assignments with IBM, Philips, Olivetti, Sun and TCPL conducting business and working out of various countries like Japan, China, Singapore, Malaysia, Thailand, India, Saudi Arabia and Middle East. He managed various Business Head positions in IBM Global Services during his stint (10 years) where he lastly held the position of COO to run IBM ISS in Asia Pacific. He is also an honourary board member Global Indian International School Singapore.

Mr. Tripathi is an Engineer by qualification with a Degree in Electronics and Telecom from Jabalpur Engineering College (India) and has a PGCGM/ Management from Indian Institute of Management, (IIM) Calcutta, India.

BOARD OF DIRECTORS



THOMAS ZILLIACUS
Executive Chairman

Thomas Zilliacus is a globally recognised innovator and leader in the mobile business space. He has spent a significant number of years working in senior management positions alongside global mobile-industry leaders. He is chairman and founder of Mobile FutureWorks, Inc., an investment and development company, focused on the mobile space. Mobile FutureWorks currently holds approximately 22.19% of YuuZoo's outstanding shares. In total, Thomas Zilliacus has a 23.22% stake in YuuZoo.

Prior to forming Mobile FutureWorks, Thomas held various senior management positions with Nokia, the world's leading mobile-handset company at the time. Thomas' senior Nokia positions include Asia-Pacific Regional Director, in which position he led the growth of the APAC region to become Nokia's largest region worldwide for revenue. At Nokia, he also was Managing Director for Nokia Southeast Asia Pte Ltd, and Senior Vice-President, Corporate Communications with overall global responsibility for Nokia's corporate image, marketing, PR and brand.

He is a board member or senior advisor to several companies in the IMM (Internet Mobile and Media) space. He is the co-founder and first chairman of the world's leading mobile services industry body, the Mobile Entertainment Forum.



ANTHONY WILLIAMS
Independent Director

Anthony Williams is co-executive partner of Denton's New York office. He focuses on commercial transactions, including mergers and acquisitions, private equity investments and financings of US and non-US clients. He also counsels domestic and multi-national corporations on all securities law topics and corporate finance matters. In addition to his extensive transactional practice, he acts as general counsel to family offices and private foundations and advises on all of their legal and business needs.

After working in Coudert Brothers LLP' Hong Kong office and founding its San Francisco office, Anthony served as Chairman of Coudert Brothers from 1993 to 2001. He has in depth international experience in financial management, investments, accounting and business development. He is a veteran of the United States Army. Anthony has a J.D. from New York University School of Law. While at NYU, Anthony was managing editor of the New York University Journal of Internal Law. He graduated cum laude from Harvard University. Anthony is admitted to the bar New York, California and has court admissions in the Supreme Court of the United States.

BOARD OF DIRECTORS



MIKAEL STEWEN
Independent Director

Mikael Stewen is the General Manager and Sales Director of UPM-Kymmene Asia Pacific Pte. Ltd. (Singapore), a Finnish manufacturer of forest and paper products. He has over 30 years of expertise in sales, marketing, management, and cross-country operations. Previously, Mikael was Vice President for the Korea and Hong Kong headquarters of UPM-Kymmene. Mikael also held various senior positions at Finnpap, the Finnish Paper Mills Association, and managed the organisation's transnational operations in Turkey, Korea, Pakistan, Thailand, Indonesia, and Singapore. Mikael has also had the distinction of serving in the diplomatic corps as the Finnish Embassy's Commercial Attaché to Cairo and Baghdad.

Mikael is an Independent Director in the YuuZoo board and is also a member of YuuZoo's Audit, Nominating, and Remuneration committees respectively. He has a degree in Forestry from Ekenas Forestry Polytechnic in Finland.



CHRISTOPHER CHEONG
Independent Director

Christopher Cheong has more than 30 years' experience in finance, including total of 16 years as head/director of research of UOB Securities, SIAS Research and Voyage Research, 12 years as financial news editor and stock columnist in 3 Singapore newspapers, 12 years as vice president of Securities Investors Association Singapore, and 17 years as Chairman of Most Transparent Company Award Selection Committee. He is currently senior lecturer of Singapore Polytechnic, director of Bio-Scaffold International and chairman of Yuuzoo Board Audit Committee.

Christopher had also served in several financial committees including CPF Board Funds Performance Tracking Committee, Singapore Investment Banking Association Equity Derivatives Committee, ACRA Disciplinary Committee, Singapore Corporate Awards (Annual Reports) Judging Panel, Singapore Corporate Governance Award Committee, Stock Exchange of Singapore Committee of Education & Training, Singapore Exchange Securities Committee Invitee and the Review Committee of Best Practices in Corporate Disclosure Requirements.

Christopher earned his BBA (Hons) degree from the University of Singapore and a Master of Applied Finance degree from Macquarie University, where he was also awarded the Macquarie course prize. In August 2005, Christopher was awarded the Public Administration Medal (Bronze) by the Singapore Government.



JAMES VINCENT STRABO
Independent Director

James is a Founding Member and the Managing Director for Europe of Blackhawk Network Holdings Inc, a NASDAQ-listed company and the leading prepaid payment network that offers complete suite of branded value solutions for companies. He is currently at the helm for overseeing and leading all of Blackhawk's efforts in Europe with particular focus on its strategic growth and expansion.

A known international executive and skilled strategist with demonstrated entrepreneurial spirit. James, over the years, has cultivated strong business ties with top global companies such as Amazon, American Express, Apple, Google, MasterCard, Tesco, Uber and YouTube.

From 2014 to 2016, he co-founded and served as the Managing Director of Stellr London, a payments-centric technology business. He also spearheaded the launch of Stellr India in June 2015 with several top partners including Google, Amazon, Snapdeal and Future Group. The company had a recorded first full year sales of $10 million. James is a graduate of Lafayette College in the United States.

MANAGEMENT TEAM



THOMAS ZILLIACUS
Executive Chairman

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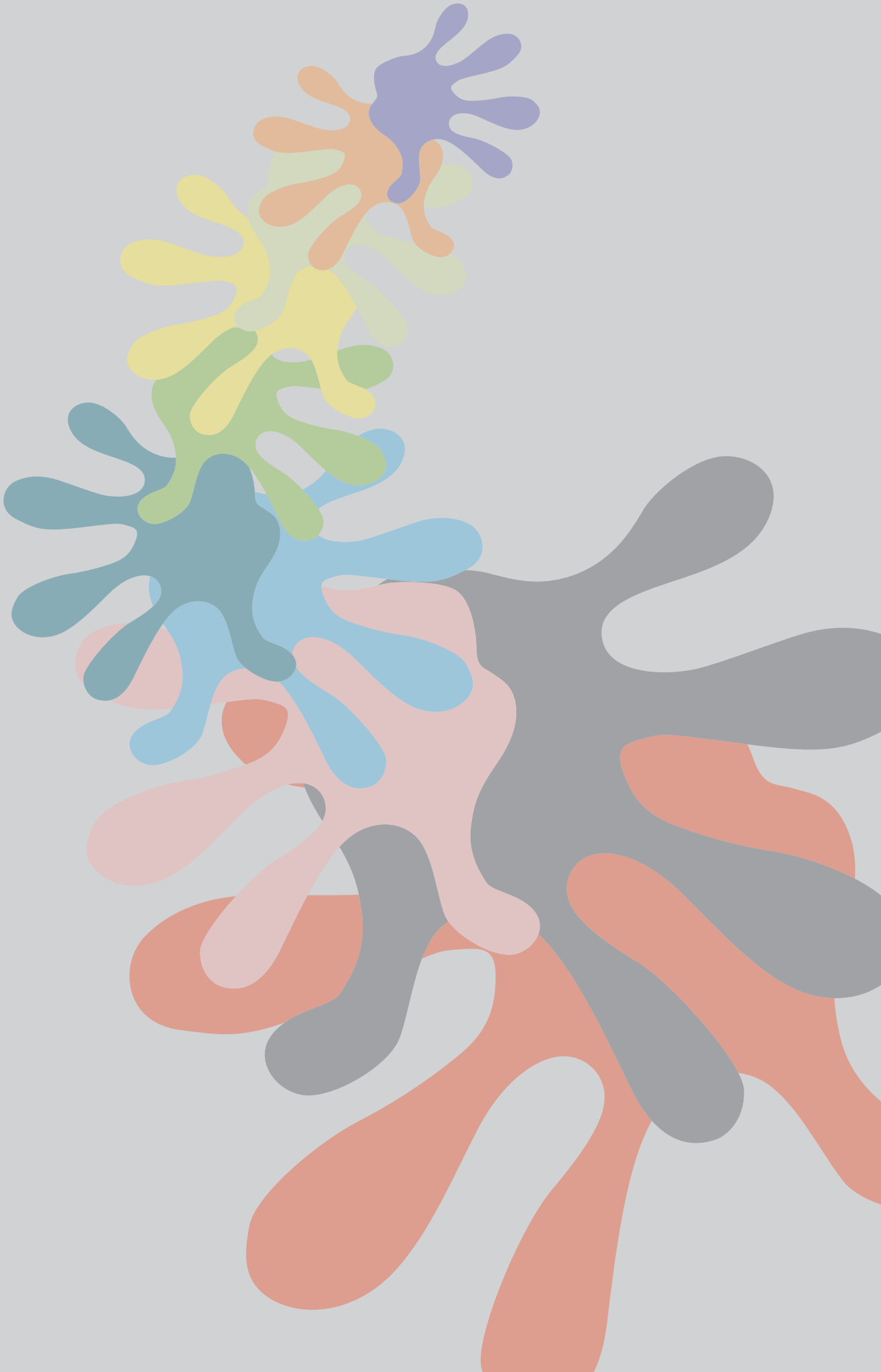


RAUL IKONEN
CFO & Head of East Asian Operations

Raul has been based in Shanghai for the past 12 years, leading large teams and operations in Asia. He has gained over 20 years of experience from various finance leadership positions in Finland, France and China including being the Finance Vice-President for the billion dollar business of one of the world's largest paper companies UPM-Kymmene.

Raul holds a M.Sc. degree from Helsinki School of Economics and Business administration. He has also held several board memberships in Asia-Pacific and has been a Finnish Business Council Shanghai board member since 2013.

He focuses in designing and implementing winning finance and operations strategies and was awarded for this the Top 10 China CFO 2012 award by CFO World China magazine.



REPORT ON CORPORATE GOVERNANCE

The Board of Directors ("**Board**") and the Management of YuuZoo Corporation Limited (the "**Company**") and its subsidiaries (the "**Group**") are committed to observing and maintaining good corporate governance to protect the interests of the shareholders and other stakeholders and to promote investors' confidence. The Group has substantially complied with the recommendations of the Code of Corporate Governance 2012 (the "**Code**") issued on 2 May 2012, and deviations from the Code are explained through self-regulatory corporate practices. This report describes the Company's corporate governance practices with reference to the principles of the Code and the extent of compliance thereto.

Principle 1 – The Board's Conduct of its Affairs

The direction and control of the Group rest firmly with the Board as it effectively assumes the overall responsibility for corporate governance, strategic direction, policy formulation and overseeing of the investments and operations of the Group.

The principal duties of the Board apart from its statutory duties that come under the purview of the Board include:

(a) providing entrepreneurial leadership, setting the strategic directions and long-term goals of the Group and ensuring that adequate resources are available to meet these objectives;

(b) reviewing and approving corporate plans, annual budgets, investment and divestment proposals, major funding proposals and financial plans of the Group;

(c) reviewing Management performance;

(d) reviewing and evaluating the adequacy and integrity of the Group's internal controls, risk management and financial reporting systems;

(e) ensuring the Group's compliance with laws, regulations, policies and guidelines;

(f) reviewing and approving interested person transactions ("**IPTs**") and material transactions requiring announcement under the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**");

(g) identifying the key stakeholder groups and recognising that their perceptions affect the Group's reputation;

(h) ensuring accurate and timely reporting in communication with shareholders;

(i) determining the values and standards including ethical standards of the Group and ensure that obligations to the shareholders and others are understood and met; and

(j) considering sustainability issues including environmental and social factors in the formulation of the Group's strategies.

To facilitate effective execution of its function, the Board has delegated specific responsibilities to three (3) Board committees, namely, Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (altogether, the "**Board Committees**"). The terms of reference of the Board committees set out each committee's role and responsibility to examine any particular issue and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board meets at least once quarterly. The frequency of meetings and the attendance of each director at every Board and Board committee meeting are disclosed below. Telephonic attendance at Board meetings is allowed under the Bye-Laws of the Company. The Board and Board Committees may also make decisions by way of circulating resolutions.

The attendance of the Directors at Board and committee meetings during the financial year from 1 January 2016 to 31 December 2016 is tabulated below:

Name of Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Thomas Zilliacus	3	3	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Anthony Williams	3	3	3	2	1	1	1	1
Ozi Amanat*	3	2	3	2	1	1	1	1
Mikael Stewen	3	1	3	2	1	0	1	0

* Mr Ozi Amanat resigned as a director on 31 January 2017.

N.A. : Not Applicable

Matters that are specifically reserved for the full Board to decide are those:

(a) involving transactions with a value above SGD1,000,000 in aggregate per agreement (excluding employment matters);

(b) for employment matters, any employment contract with a per annum salary of more than SGD200,000.

(c) involving litigation where the sum at risk is SGD50,000 or greater (including costs);

(d) involving issuance of the Company's shares or other securities;

(e) involving a buy-back of the Company's shares;

(f) involving an interested person transaction of more than SGD100,000;

(g) involving a whistle blowing report;

(h) involving illegality or impropriety of a director or executive;

(i) that may result in the sanction of a director or executive;

(j) involving the release of financial information or other price sensitive information to the market.

Matters involving a conflict of interest for a substantial shareholder or director are also reserved for the Board.

Principle 2 – Board Composition and Balance

During the last financial year, the Board comprised the following directors:

Mr. Thomas Zilliacus	Executive Chairman
Mr. Anthony Williams	Independent Director
Mr. Ozi Amanat	Independent Director
Mr. Mikael Stewen	Independent Director

Subsequent to the financial year end, Mr Ozi Amanat resigned as director on 31 January 2017 and Mr James Strabo and Mr Cheong Boon Leong Christopher were appointed as Independent Directors on 6 February 2017 and 24 March 2017 respectively. Consequently the current board members are:

Mr. Thomas Zilliacus	Executive Chairman
Mr. Anthony Williams	Lead Independent Director
Mr. Mikael Stewen	Independent Director
Mr. James Strabo	Independent Director
Mr. Cheong Boon Leong Christopher	Independent Director

The Directors' profiles are set out on pages 8-9 of this Annual Report.

The Board assesses the effectiveness of the Board as a whole annually. It is of the view that the current board composition and size is appropriate for effective decision making. The Board will continue to review the size of the Board on an ongoing basis. The Independent Directors provide the Board with independent and objective judgment on the corporate affairs of the Group. As a team, the Board collectively provides core competencies in the areas of accounting, finance, business and management, as well as industry knowledge.

Newly-appointed directors are briefed by Management on the history, business operations and corporate governance practices of the Group, and are supplied with all relevant documentation and training in accordance with the Code. Funded by the Company, directors are encouraged to participate in seminars and/or briefing sessions to be kept abreast of latest developments, such as regulatory changes which are applicable to the Group.

Each of the Independent Directors has confirmed that he does not have any relationship with the Company or its related corporations, its 10% shareholders or its officers. The Independent Directors also confirmed that they do not have any relationships and circumstances provided in Guideline 2.3 of the 2012 Code that could interfere, or be reasonably perceived to interfere, with the exercise of independent judgment in carrying out the functions as an Independent Director with a view to the best interests of the Group. Each independent director has confirmed his independence in accordance with the guidelines set out in the Code. The NC has reviewed, determined and confirmed the independence of the Independent Directors.

Principle 3 – Chairman and Chief Executive Officer

On 11 November 2016, Mr. James Somasundram resigned as the CEO of the Company with effect from 23 November 2016. Thomas Zilliacus has been performing the functions of the CEO in the interim. The Company will recruit a new CEO in due course.

The Company has appointed Mr. Anthony Williams as the Lead Independent Director, with effect from 27 April 2017.

Mr. Thomas Zilliacus is the Executive Chairman of the Board. The Executive Chairman shall:

(a) lead the Board to ensure its effectiveness on all aspects of its role;

(b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promote a culture of openness and debate at the Board;

(d) ensure that the Directors receive complete, adequate and timely information;

(e) ensure effective communication with shareholders;

(f) encourage constructive relations within the Board and between the Board and Management;

(g) facilitate the effective contribution of non-executive directors in particular; and

(h) promote high standards of corporate governance.

During his tenure, the CEO was responsible for day-to-day management of the Group.

Principle 4 – Board Membership

The Nominating Committee comprises the following Directors:

Mr. Mikael Stewen	—	Independent Director	(Chairman) (appointed as Chairman on 23 February 2017)
Mr. Anthony Williams	—	Independent Director	(Member)
Mr. Ozi Amanat	—	Independent Director	(Member) (resigned on 31 January 2017)
Mr. James Strabo	—	Independent Director	(Member) (appointed on 23 February 2017)

The NC has written terms of reference that describe the responsibilities of its members. The duties of the NC are as follows:

(a) regularly review the structure, size and composition of the Board and make appropriate recommendations to the Board;

(b) annually review whether or not a director is independent, in accordance with the Guidelines 2.3 and 2.4 of the Code and other salient factors. If the NC considers that a director who has one or more of the relationships mentioned therein can be considered independent, it will provide its view to the Board for consideration. Conversely, the NC has the discretion to consider that a director is not independent even if he does not fall under the circumstances set forth in Guidelines 2.3 and 2.4, and should similarly provide its views to the Board for consideration;

(c) decide whether or not a director is able to and has been adequately carrying out his/her duties as a director of the Company, particularly when he/she has multiple board directorship, taking into consideration the director's number of listed company board representations and other principal commitments of that director.

(d) assess the effectiveness of the Board and Board committees;

(e) decide how the Board's performance may be evaluated and propose objective performance criteria;

(f) be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise; and

(g) oversee succession planning.

The NC assessed and recommended to the Board, the directors to be re-elected pursuant to the Bye-laws of the Company at the AGM.

The Company has set a formal and transparent process for the selection and appointment of new directors to the Board. The NC considered and recommended the appointment of Mr James Strabo and Mr Cheong Boon Leong Christopher as directors, after the financial year end.

As mentioned under Principle 2 above, the NC also reviews the independence of the Directors annually based on Guideline 2.3 of the Code's definition of what constitutes the independence of the Independent Directors. The NC has affirmed that Mr. Anthony Willams, Mr. Mikael Stewen, Mr. James Strabo and Mr Cheong Boon Leong Christopher are independent. None of the Independent Directors have served on the Board more than nine years from their respective date of appointment.

Save for the shareholdings and positions of Mr. Thomas Zilliacus disclosed on page 28, and the shareholding of Independent Directors disclosed on page 28, none of the Directors on the Board are related and do not have any relationship with the Company or its related Companies or its officers that could interfere or to be reasonably perceived to interfere with the exercise of their independent judgements.

Pursuant to the Bye-Laws of the Company,

(a) Each director shall retire at least once in every three (3) years and shall be eligible for re-election; and

(b) Any director appointed by the Board shall retire at the next Annual General Meeting ("**AGM**") of the Company and shall be eligible for re-election.

(c) A person who is not a retiring Director shall be eligible for election to office of Director at any general meeting if a Member intending to propose him has, at least eleven (11) clear days before the meeting, left at the Office a Notice duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him. In the case of a person recommended by the Directors for election, nine (9) clear days Notice only shall be necessary. Notice of each and every candidature for election to the Board shall be served on the Members at least seven (7) days prior to the meeting at which the election is to take place.

Each member of the NC has abstained from voting on any resolution in respect of his re-nomination as a Director of the Company.

Mr. James Strabo and Mr. Cheong Boon Leong Christopher shall retire at the forthcoming AGM pursuant to Bye-law 85(6) of the Company's Bye laws and will seek re-election as a Director. Mr. Anthony Williams will seek re-election at the upcoming AGM pursuant to Bye-law 86(1).

All the Directors are required to declare their board appointments. Although the Directors have multiple board representations and/or other principal commitments, the NC has considered and is satisfied that each of them is able to and has carried out his duties as a director of the Company.

The Board does not prescribe a maximum limit on the number of listed company board representations a Director may hold, as the Board believes that a Director can only determine by himself the number of board representations he can manage and the more appropriate measure of the ability of such Director to contribute effectively and demonstrate commitment to his role, including commitment of sufficient time and attention to the Group's business and affairs.

Key information regarding the Directors of the Company as at the date of this report is disclosed as follows:

Principle 5 – Board Performance

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding three years in other listed company	Other Principal Commitments
Thomas Zilliacus	29 August 2014	27 May 2016	Executive Chairman	–	Present – Past three years Si2i Limited	Executive Chairman of the Group Chairman and Founder of Mobile FutureWorks Inc. Chairman of Sandbox Global Company Ltd. Chairman of Circle of Champions, Inc.
Anthony Williams	25 February 2015	29 May 2015	Lead Independent Director	1. Audit Committee 2. Remuneration Committee (Chairman) 3. Nominating Committee	Present – Past three years –	Partner of Dentons LLP
Mikael Stewen	29 July 2015	27 May 2016	Independent Director	1. Audit Committee 2. Remuneration Committee 3. Nominating Committee (Chairman)	Present – Past three years –	Former General Manager and Sales Director of UPM-Kymmene Asia Pacific Pte Ltd (Singapore)

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding three years in other listed company	Other Principal Commitments
James Strabo	6 February 2017	NA	Independent Director	1. Audit Committee 2. Nominating Committee 3. Remuneration Committee	Present – Past three years –	Founder and owner JVS Advisory Ltd
Cheong Boon Leong Christopher	24 March 2017	NA	Independent Director	1. Audit Committee (Chairman)	Present Bio-Scaffold Int Pte Ltd Bedok Methodist Church Past three years Voyage Research Pte Ltd SIAS Research Pte Ltd	Other Principal Commitments Senior Lecturer of Singapore Polytechnic Banking & Finance

A review of the Board's performance is conducted by the NC annually. On the recommendation of the NC, the Board has adopted an internal process for evaluating the effectiveness of the Board as a whole and the assessment of Board Committees. Each Board member is required to complete an evaluation form. Based on the evaluation results, the NC presents its recommendations to the Board. The key objective of the evaluation exercise is to obtain constructive feedback from each Director to continually improve the Board's performance.

The NC will at the relevant time look into adopting guidelines for annual assessment of the contribution of each individual Director to the effectiveness of the Board.

The NC held one meeting during the year under review.

The Board has not engaged any external facilitator in conducting the assessment of the Board's performance.

Principle 6 – Access to Information

The Board is furnished with Board papers prior to Board meetings. These papers are issued in sufficient time to enable the Directors to obtain additional information or explanations from Management, if necessary. The Directors may communicate directly with the management team and Company Secretary on all matters whenever they deem necessary. The Company Secretary and/or the representative of the Company Secretary attends the Company's Board and Committee Meetings, and is responsible for ensuring that Board procedures are followed. The Company Secretary's role also includes assisting the Board of Directors in ensuring that the Company complies with listing rules and regulations where applicable. The appointment and removal of the Company Secretary are subject to the Board's approval.

The Directors, in carrying out their duties whether individually or as a group, have direct access to independent professional advisers to obtain advice, if necessary, at the Group's expense.

Principle 7 – Remuneration Committee

The RC comprises the following Directors:

Mr. Anthony Williams	—	Independent Director	(Chairman)
Mr. Ozi Amanat	—	Independent Director	(Member) (resigned on 31 January 2017)
Mr. Mikael Stewen	—	Independent Director	(Member)
Mr. James Strabo	—	Independent Director	(Member) (appointed on 23 February 2017)

The RC has written terms of reference that describe the responsibilities of its members. The duties of the RC are as follows: –

(a) review and recommend to the Board in consultation with Management and Chairman of the Board a general framework of remuneration and specific remuneration package for the Board and the key management personnel.

(b) review and consider whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes.

(c) take into account all factors to which it deems necessary in determining the remuneration framework. The objective of such framework shall be to ensure that the Board and key management personnel are provided with appropriate level of remuneration to attract, retain and motivate them to run the Company successfully; and are, in a fair and responsible manner, rewarded for their individual contributions to the Company.

(d) seek expert advice inside and/or outside the Company on remuneration of all Directors, whenever there is a need.

(e) review the Company's obligations arising in the event of termination of the executive Directors and key management personnel's contracts of service and to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

(f) review and ensure that the level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company; and (b) key management personnel to successfully manage the Company.

(g) structure a significant and appropriate proportion of executive Directors' and key management personnel's remuneration so as to link rewards to corporate and individual performance. Such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the Company.

(h) review and ensure the remuneration of non-executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-executive Directors should not be over-compensated to the extent that their independence may be compromised.

(i) oversee any major changes in benefit structure of executive Directors and key management personnel throughout the Company.

(j) carry out such other duties as may be agreed to by the RC and the Board.

The RC's principal role includes reviewing and recommending to the Board an appropriate and competitive framework of remuneration for the Board and key executives of the Group, taking into account the performance of the Group as well as the Directors and key executives in aligning their interests with those of shareholders and linking rewards to corporate and individual performance as well as industry benchmarks, and ensuring that such remuneration levels are appropriate to attract, retain and motivate them to run the Group successfully. The RC's recommendations are made in consultation with the Chairman and are submitted for endorsement by the entire Board.

Each Executive Officer has an employment agreement with the Company which can be terminated by either party with not less than two (2) months' notice in writing to the other party or by the Company paying the Executive an amount equal to the notice period salary in lieu of notice. Each of the Employment Agreements may also be terminated by the Company if the Executive commits a breach of the Employment Agreement, such as being convicted of any offence involving fraud or dishonesty or any criminal offence (other than an offence which in the reasonable opinion of the Board does not affect the Executive's position in the Company), or being adjudicated bankrupt. There are no benefits (excluding any amount of salary due in lieu of notice) payable to the Executive Officers upon termination of their employment with the Company under the aforementioned grounds.

Each member of the RC shall abstain from voting on any resolution and making any recommendation and/or participating in any deliberation in respect of his or her own remuneration. The payment of Directors' fees is subject to the approval of shareholders.

No Director participated in any decision concerning his own remuneration.

The Company did not engage a remuneration consultant in FY2016.

Principle 8 – Level and Mix of Remuneration

In reviewing the remuneration packages of an executive director or key management personnel, the RC takes into account the respective performance of the Group and the individual. In its deliberation, the RC takes into consideration, remuneration packages and employment conditions within the industry and benchmarked against comparable companies. The RC ensures that the level and structure of remuneration of the key management personnel remains aligned with the long-term interest and risk policies of the Group as well as attracts, retains and motivates them to provide good stewardship and management of the operations to meet the desired objective of the Company.

The Company has adopted a performance share scheme known as the 'YuuZoo Performance Share Scheme' ("**PSS**") and a share option scheme known as the 'YuuZoo Employee Share Option Scheme' ("**ESOS**"), which were approved by its shareholders at the Special General Meeting held on 23 July 2014. Both the PSS and ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Both the PSS and ESOS form an integral and important component of the compensation plan and are designed primarily to reward and retain employees whose services are vital to the growth and performance of the Company and the Group.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Chairman and Key Executives in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Chairman and Key Executives in the event of such breach of fiduciary duties.

Principle 9 – Disclosure on Remuneration

In setting the remuneration package of the Executive Chairman, the Company makes a comparative study of the packages of executive directors in comparable industries and takes into account the performance of the Company.

Non-Executive Directors are paid a basic fee. The chairman of each of Board Committee is compensated for his additional responsibilities. Such fees are approved by the shareholders of the Company at the AGM of the Company.

As part of its review, RC covers all aspects of remuneration including, but not limited to directors' fees, salaries, allowances, bonuses, shares and benefits-in-kind.

After consideration of the RC's recommendation, the Board proposes the Director's fee as follows: for FY17, the Director's remuneration package for Board membership be at (a) USD 25,000; (b) USD 12,000 for the Chairman of the AC and USD 6,000 for its Members; and (c) USD 8,000 for the Chairman of the RC and NC respectively and USD 4,000 for its Members respectively.

No termination, retirement and post-employment benefits may be granted to Directors, the CEO and top 5 key executives (who are not directors or CEO).

The remuneration band of the Directors and Key Executives for FY2016 and the various components of their remuneration in percentage terms are set out below**.**

The details of the remuneration of the Directors and Key Executives are as follows:

	Fees	Salary	Bonus	Other Benefits	Total %
EXECUTIVE DIRECTORS					
S$250,000 – S$500,000					
Thomas Zilliacus	11%	89%	–	–	100%
INDEPENDENT DIRECTORS					
Below S$250,000					
Anthony Williams	100%	–	–	–	100%
Ozi Amanat	100%	–	–	–	100%
Mikael Stewen	100%	–	–	–	100%
CEO					
James Sundram Note1	–	100%	–	–	100%
KEY EXECUTIVES					
S$250,000 – S$500,000					
Asim Qureshi Note 2	–	100%	–	–	100%
BELOW S$250,000					
Michael Parker Note 3	–	100%	–	–	100%
Sophia Tan Note 4	–	100%	–	–	100%
Fred Lim Note 5	–	100%	–	–	100%
Yoav Elgrichi Note 6	–	100%	–	–	100%
Sebastian Zilliacus	–	100%	–	–	100%
Thai Youn Fatt Note 7	–	100%	–	–	100%

Note 1 : Mr. James Sundram resigned as CEO with effect from 23 November 2016.

Note 2 : Mr. Asim Qureshi resigned with effect from 17 June 2016.

Note 3 : Mr. Michael Parker resigned as the Group Chief Financial Officer with effect from 1 August 2016.

Note 4 : Ms. Sophia Tan resigned as the Head of Legal with effect from 28 October 2016.

Note 5 : Mr. Fred Lim was appointed as the Chief Financial Officer ("**CFO**") with effect from 1 August 2016 and he ceased as CFO on 1 February 2017.

Note 6 : Mr. Yoav Elgrichi resigned as the CEO of Yuupay Secure Pte Ltd with effect from 8 March 2017.

Note 7 : Mr. Thai Youn Fatt was terminated as the Group Financial Controller with effect from 3 May 2017.

For competitive and confidentiality reasons, the Company is not disclosing the detailed remuneration of each Director and Key Executive. The Company is instead disclosing the remuneration in bands of S$250,000.

For the financial year ended 31 December 2016 the aggregate amount of the remuneration paid to the top 5 Key Executives (who are not directors or the CEO) is approximately S$ 990,284.

Save for Mr. Sebastian Zilliacus, a nephew of Mr. Thomas Zilliacus who is currently employed as Senior Vice President – Partnership Management of YuuZooNow! Pte. Ltd., none of the employees whose remuneration exceeds S$50,000 is an immediate family member of the Directors.

Details of Employee Share Option Scheme ("ESOS") and Performance Share Scheme ("PSS")

The ESOS and PSS which were approved by the shareholders of the Company at the Special General Meeting of the Company held on 23 July 2014 was designed to provide an opportunity strictly for employees of the Company and its subsidiaries (including Group Executive Directors) (the "**Group Employees**") and non-executive Directors of the Group ("**Group Non-Executive Directors**") who have contributed significantly to the growth and performance of the Group to participate in the equity of the Company. The Company believes that the ESOS and PSS will be more effective than cash bonuses in motivating the Group Employees to put in their best efforts and/or work towards pre-determined targets. The ESOS and PSS are intended to be broad-based and will serve to enhance the Group's overall compensation packages and serve as an additional and flexible incentive tool.

During the financial year ended 31 December 2016, the Company has granted no options under the ESOS.

The ESOS and PSS are administered by the RC, whose members are given in page 17 of this Annual Report. Further details of the ESOS and PSS can be found in pages 29 of the Directors' Statement.

Principle 10 – Accountability

The Board provides shareholders with financial statements for the first three quarters and full financial year within the timeframe in line with Rule 705 of the Listing Manual of SGX-ST. In presenting the annual financial statements and announcements of financial results to shareholders, the Board aims to provide shareholders with a balanced and understandable assessment of the Company and Group's performance, position and prospects.

The Management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a quarterly basis. The AC reviews the financial statements and reports to the Board for approval. The Board authorises the release of the results to the SGX-ST and the public via SGXNET.

The Board also provides negative assurance confirmation to the shareholders for the quarterly financial statements in accordance with Rule 705(5) of the Listing Manual of SGX-ST.

Principle 11 – Risk Management and Internal Controls

The Board is responsible for ensuring that there is a system of internal financial controls, operational, compliance and information technology controls, and risk management policies and reviewing its adequacy and effectiveness. The Management of each business unit is responsible for internal controls and for ensuring compliance therewith, and the Board shall oversee Management's compliance with the same. The AC assists the Board in discharging its internal control review responsibilities and evaluates annually the effectiveness of the Group's system of internal controls, including financial, operational, compliance and information technology controls and risk management. The Board takes continuous effort to embed internal control into the operations of the businesses and to deal with area for improvement which comes to the attention of the Management and the Board.

Procedures are in-place to ensure that all IPTs are dealt with on an arm's length basis. All such transactions, if any, are subject to review by the AC quarterly to ensure that the procedures adopted are complied with.

In line with the Code and based on the reports of the independent auditors and the review conducted by the Management, the Board had adopted an "**Assurance Statement**" confirming that the financial records of the Company have been properly maintained, the Company's financial statements give a true and fair view of the Company's operations and finances and an effective risk management and internal control systems have been put in place. The Assurance Statement was signed by the Executive Chairman. The Board had received the duly signed Assurance Statement for FY2016.

In view of the above and in the light of the current activities of the Group and based on the work performed by the independent auditors and reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls in place are adequate and effective for FY2016 to provide reasonable assurance of achieving its internal control objectives and to address financial, operational, compliance and information technology controls, and risk management systems.

Principle 12 – Audit Committee

The AC comprises the following Directors:

Mr. Cheong Boon Leong Christopher	—	Independent Director	(Chairman) (appointed on 24 March 2017)
Mr. Anthony Williams	—	Independent Director	(Member)
Mr. Ozi Amanat	—	Independent Director	(Member) (resigned on 31 January 2017)
Mr. Mikael Stewen	—	Independent Director	(Member)
Mr. James Strabo	—	Independent Director	(Member) (appointed on 23 February 2017)

The Members collectively have many years of experience in accounting, business and financial management. The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

The Members of the AC carried out their duties in accordance with the terms of reference which include the following:

(a) to review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) to review and report to the Board the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls as well as risk management;

(c) to review the scope and results of the external audit, and the independence and objectivity of the independent auditors;

(d) to make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the independent auditors, and approving the remuneration and terms of engagement of the independent auditors.

(e) to meet with the independent auditors without the presence of Management, at least annually;

(f) to review the independence of the independent auditors annually and ensure that the Company's Annual Report states (i) the aggregate amount of fees paid to the independent auditors for that financial year, and (ii) a breakdown of the fees paid in total for audit and non-audit services respectively, or contains an appropriate negative statement. Where the external auditors also supply a substantial volume of non-audit services to the Company, the AC keeps the nature and extent of such services under review, seeking to maintain objectivity;

(g) to review the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

(h) to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;

(i) to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

(j) to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any legislation, rule or regulation which has or is likely to have a material impact on the Group operating results and/or financial position;

(k) to review all IPTs to ensure that they are on an arm's length basis.

The AC is also authorised to investigate any matter within its terms of reference. It has full access to and the co-operation of Management, and the full discretion to invite any director or executive officer to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly.

During the year, the AC met with the auditors, without the presence of Management, to review any matters that might be raised privately.

Moore Stephens LLP ("**MS**") did not seek re-appointment as auditors of the Company at the AGM held on 27 May 2016. RT LLP was appointed as auditors on 12 January 2017.

The AC noted that there were no non-audit services provided by the Auditors in 2016. The aggregate amount of audit fee paid to MS in 2016 is SGD280,000 and to RT LLP is SGD310,000.

RT LLP was tasked to re-audit the FY2015 financial statements to address the outstanding issue, being the revenue recognition policy adopted by the Company as well as audit of FY2016.

The Group does not appoint different auditors for its significant subsidiaries or associated companies.

The Company is in compliance with Rule 712 and Rule 715 of the Listing Manual of SGX-ST in relation to its independent auditor, as the subsidiary companies and associated companies of the Company were audited by RT LLP for the purpose of preparation of the consolidated financial statements of the Group.

The independent auditors provide regular updates and briefing to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Management has put in place a whistle-blowing policy duly endorsed by the AC and approved by the Board, under which employees of the Group can raise concerns over any possible improprieties in relation to financial reporting and other matters. A whistleblowing complaint has been received during FY2016. However, after investigation, it was concluded that the complaint was a baseless claim.

Principle 13 – Internal audit

The Company is in the process of appointing an independent internal auditor.

Principle 14 – Shareholder Right and Responsibilities
Principle 15 – Communications with the Shareholders

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights and continually reviews and updates such governance arrangements. The Company strives for timeliness and transparency in its disclosures on matters that have a material impact on the Company to the shareholders and the public. In this respect, the Company announces its financial results to shareholders on a quarterly basis. The Company does not practice selective disclosure.

Information is disseminated / made available to shareholders through:

(a) SGXNet announcements and news releases;

(b) Website of the Company; and

(c) Annual Reports.

The Company does not have a specific dividend policy. Any dividend declaration will be communicated to the shareholders via announcement through SGXNET and its corporate website.

There was no dividend declared for the financial year ended 31 December 2016 as the Company wishes to reserve funds for the growth of the Company.

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meeting.

Principle 16 – Conduct of Shareholder Meetings

All shareholders receive reports or circulars of the Company including notice of general meeting by post within the mandatory period. Notice of general meeting is announced through SGXNET and published in the Business Times within the same period.

All registered shareholders are invited to participate and given the right to vote on resolutions at general meetings. Every matter requiring shareholders' approval is proposed as a separate resolution.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. The proxy form is sent with notice of general meeting to all shareholders.

The Bye-Laws allow a member of the Company to appoint not more than two (2) proxies to attend and vote on his behalf at general meeting through proxy forms deposited 48 hours before the general meeting. As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

All Directors (including the chairman of each Board Committee), Management, representatives of the Company Secretary, independent auditors and legal advisors (if necessary), will endeavour to attend the general meetings. The procedures of general meetings provide shareholders the opportunity to ask questions relating to each resolution tabled for approval and open communication is encouraged on matters relating to the Company. To enhance shareholder participation, the Group puts all resolutions at general meetings to vote by poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meetings. The polling results are also announced to the SGX-ST and posted on the Company's website after the meetings.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management, and makes these minutes, subsequently approved by the Board, available to shareholders in accordance with regulatory requirements.

The Company will review its Bye-Laws from time to time and make such amendments to the Bye-Laws to be in line with the applicable requirements or rules and regulations governing the Continuing Listing obligations of the Listing Manual of the SGX-ST.

ADDITIONAL INFORMATION

DEALINGS IN SECURITIES
[SGX-ST's Listing Manual, Rule 1207(19)]

The Board is aware of the guidelines of the corporate disclosure policy and the requirements for continuing disclosure as set out in the Listing Manual of the SGX-ST. The Board has the responsibility to ensure that the Directors and employees are prohibited from securities dealings whilst they are in possession of price-sensitive information.

The Company issues circulars to its Directors, principal officers and relevant officers who have access to unpublished material price-sensitive information to remind them of the aforementioned prohibition and the requirement to report their dealings in shares of the Company. The Company, Directors and employees are also prohibited from dealing in the securities of the Company during the period commencing two weeks before the announcement of the Company's first three quarter results and one month before the announcement of the Company's full year results and ending on the date of the particular announcement.

The directors and executives are also expected to observe insider trading laws at all times, even when dealing in securities within permitted trading times. In addition, the directors, Management and officers of the Group are discouraged from dealing in the Company's securities on short-term considerations.

RISK MANAGEMENT
[SGX-ST's Listing Manual, Rule 1207(4)]

The Company regularly reviews and improves its business on the operational level by taking into account the risk management perspective. The Company seeks to identify areas of significant business risks as well as appropriate measures through which to control and mitigate these risks. The Company reviews all significant control policies and procedures, and highlights all significant matters to the AC.

INTERESTED PERSON TRANSACTIONS
[SGX-ST's Listing Manual, Rule 907]

The AC is satisfied that the review procedures for IPTs and the reviews to be made periodically by the AC in relation thereto are adequate to ensure that the IPTs, if any, will be transacted on normal terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Details of the IPTs for financial year ended 31 December 2016 by the Company as required pursuant to Rule 907 of the Listing Manual:

Name of interested person	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**
NA	NA	NA

MATERIAL CONTRACTS
[SGX-ST's Listing Manual, Rule 1207(8)]

There were no material contracts involving the interests of any director or controlling shareholder of the Company, not being contracts entered into in the ordinary course of business, entered into by the Company during the period under review, except as disclosed in the audited financial statements.

USE OF NET PROCEEDS AS AT 31 DECEMBER 2016

Use of proceeds of the RTO

The Company raised net proceeds of S$18.4 million from the compliance placement through the issuance of 50 Million shares during the RTO in 2014. The company utilised the proceeds as follows:

Purpose	Net proceeds post payment of RTO fees $'mil	Amount utilised in FY15 $'mil	Amount utilised in FY16 $'mil	Balance amount $'mil
Development of partnerships	9.7	0.2	6.8	2.7
Investments in growth opportunities	4.8	1.5	2.7	0.6
General corporate expenses and working capital purposes	3.9	6.5	0.7	(3.3)
Total	**18.4**	**8.2**	**10.2**	**(0.0)**

The total amount utilised as at 31 December 2016 is S$18.4 million. The utilisation is in accordance with the intended use of proceeds as disclosed in the Offer Information Statement lodged with the Monetary Authority of Singapore on 26 August 2014.

Use of proceeds of GEM Investments America LLC/Gem Global Yield Fund LLC SCS

	Opening Balance in SGD m	Use of proceeds in SGD m	Closing balance in SGD m
Intended Use and expenses (in SGD million)			
General corporate expenses and business development	16.26	(7.05)	9.21
Total	**16.26**	**(7.05)**	**9.21**

Based on information on the latest practicable date prior to the printing of this report, being 15 May 2017.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Thomas Zilliacus
Executive Chairman

Anthony Williams
Lead Independent Director

Mikael Stewen
Independent Director

James Vincent Strabo
Independent Director
(appointed on 6 February 2017)

Cheong Boon Leong Christopher
Independent Director
(appointed on 24 March 2017)

COMPANY SECRETARY

Elizabeth Krishnan

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton, HM 12
Bermuda
Tel: (65) 6311 9359
Fax: (65) 6275 8469
Website: www.yuucorp.com

SHARE TRANSFER AGENT

RHT Corporate Advisory Pte Ltd
9 Raffles Place #29-01
Republic Plaza Tower 1
Singapore 048619

AUDIT COMMITTEE

Cheong Boon Leong Christopher
Chairman
Independent Director
(appointed on 24 March 2017)

Anthony Williams
Member
Independent Director

Mikael Stewen
Member
Independent Director

James Strabo
Member
Independent Director
(appointed on 23 February 2017)

NOMINATING COMMITTEE

Mikael Stewen
Chairman
Independent Director

Anthony Williams
Member
Independent Director

James Strabo
Member
Independent Director
(appointed on 23 February 2017)

REMUNERATION COMMITTEE

Anthony Williams
Chairman
Independent Director

James Strabo
Member
Independent Director
(appointed on 23 February 2017)

Mikael Stewen
Member
Independent Director

AUDITORS

RT LLP
Public Accountants and Chartered Accountants
1 Raffles Place #17-02 One Raffles Place,
Singapore 048616

AUDIT PARTNER-IN-CHARGE

Mr. Su Chun Keat
(appointed on 12 January 2017)

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

The Directors of YuuZoo Corporation Limited (the "**Company**") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2016 and the statement of financial position of the Company as at 31 December 2016.

In the opinion of the board of directors of the Company ("**Board**"),

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 42 to 104 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1. Directors

The directors of the Company ("**Director(s)**") in office at the date of this statement are:

Mr. Thomas Henrik Zilliacus	
Mr. Anthony Williams	
Mr. Mikael Stewen	
Mr. James Strabo	(appointed from 6 February 2017)
Mr. Cheong Boon Leong Christopher	(appointed from 24 March 2017)

2. Arrangements to enable Directors to acquire shares or debentures

Except as described under 'share options' in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

3. Directors' interests in shares or debentures

According to the register of Directors' shareholdings kept by the Company, none of the Directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Shareholdings registered in the name of directors or nominee		Shareholdings in which directors are deemed to have an interest	
Name of Directors	**At the beginning of the financial year**	**At the end of the financial year**	**At the beginning of the financial year**	**At the end of the financial year**
The Company				
YuuZoo Corporation Limited				
Number of ordinary shares				
Mr. Thomas Henrik Zilliacus	7,696,677	7,796,677	171,755,362	171,507,764
Mr. Anthony Williams	1,058,609	1,058,609	–	–
Mr. Ozi Amanat (resigned wef 31/01/2017)	–	–	–	–
Mikael Stewen	–	1,944,000	–	–
Share options				
Mr. Thomas Henrik Zilliacus	6,320,759	6,320,759	–	–

No options were exercised during the period. There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2017.

4. Share options

As disclosed in the Reverse Takeover ("**RTO**") circular dated 24 June 2014 and approved at a Special General Meeting on 23 July 2014, the Board is allowed to issue share options for Employee Share Option Scheme (the "**YuuZoo ESOS**") and Performance Share Scheme (the "**YuuZoo PSS**"). The issuance of the YuuZoo ESOS, YuuZoo PSS and any other share options shall not exceed 15% of the issued share capital of the Company excluding treasury shares.

As at 31 December 2016, no YuuZoo PSS options have been granted by the Company.

The YuuZoo ESOS contemplates the award of options that are exercisable into shares and is intended to provide an opportunity for employees of the Company and its subsidiaries including Executive Directors and Non-Executive Directors of the Group who have contributed significantly to the growth and performance of the Group to participate in the equity of the Company.

The Scheme is administered by the Remuneration Committee currently comprising Mr. Anthony Williams (Chairman), Mr. James Strabo and Mr. Mikael Stewen.

No options were granted during the financial year ended 31 December 2016. No options were granted in FY2016 to directors of the Company, controlling shareholders and their associates.

On 14 November 2014, 6,320,759 share options were granted to Mr. Thomas Zilliacus, director and an associate of a controlling shareholder of the Company. This was approved by the shareholders at the AGM held on 29 May 2015. No other director or participants who are controlling shareholders and their associates have been granted any share options.

The details of options granted to Mr Thomas Zilliacus are as follows:

Name of Participant	Options granted during FY2016	Aggregate options granted since commencement of the Scheme to 31 December 2016	Aggregate options exercised since commencement of the Scheme to 31 December 2016	Aggregate options outstanding as at 31 December 2016
Thomas Zilliacus	Nil	6,320,759	Nil	6,320,759

Except as disclosed above, no participants have received 5% or more of the total options available under the YuuZoo ESOS Scheme.

No options were granted at a discount of 10% or less during FY2016. No options were granted at a discount of more than 10% during FY2016.

5. Audit committee

The Audit Committee ("**AC**") members at the date of this report are Mr. Cheong Boon Leong Christopher (Chairman), Mr. Anthony Williams (Lead Independent Director), Mr. Mikael Stewen (Independent Director) and Mr. James Strabo (Independent Director).

The AC discharge its duties in accordance with the listing manual of the SGX-ST ("**Listing Manual**"). The AC shall also be guided by the Code of Corporate Governance (2 May 2012) and the Guidebook for Audit Committees in Singapore (Second Edition), and any such codes or regulations as may be applicable from time to time.

The principal responsibility of the AC is to assist the Board in fulfilling its oversight responsibilities. Areas of review by the AC include:

(a) to review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) to review and report to the Board the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls as well as risk management;

(c) to review the effectiveness of the Company's internal audit function;

(d) to review the scope and results of the external audit, and the independence and objectivity of the independent auditors;

(e) to make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the independent auditors, and approving the remuneration and terms of engagement of the independent auditors;

(f) to meet with the independent auditors without the presence of Management, at least annually;

(g) to review the independence of the independent auditors annually and ensure that the Company's Annual Report states (i) the aggregate amount of fees paid to the independent auditors for that financial year, and (ii) a breakdown of the fees paid in total for audit and non-audit services respectively, or contains an appropriate negative statement. Where the external auditors also supply a substantial volume of non-audit services to the Company, the AC keeps the nature and extent of such services under review, seeking to maintain objectivity;

(h) to review the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

(i) to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;

(j) to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced;

(k) to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any legislation, rule or regulation which has or is likely to have a material impact on the Group operating results and/or financial position;

(l) to review all IPTs to ensure that they are on an arm's length basis.

5. Audit committee (Continued)

The AC also reviews the policy and arrangements by which employees of the Company and any other persons may, in confidence, report suspected fraud or irregularity or suspected infringement of any laws or regulations or rules or, raise concerns about possible improprieties in matters of financial reporting or other matters, with a view to ensuring that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow-up to be taken. Where the AC becomes aware of any improprieties, the AC shall discuss such matters with the external auditors and, at an appropriate time, report the matter to the Board. Where appropriate, the AC shall also commission internal investigations into such matters. Pursuant to this, the AC has introduced a whistle blowing policy where employees may raise improprieties to a whistle blowing officer in good faith, with the confidence that employees making such reports will be treated fairly and be protected from reprisal.

The AC met three times in 2016. Specific functions performed during the year included reviewing the scope of work and strategies of external auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The AC also reviewed the assistance given by the Company's officers to the auditors. The financial statements of the Group and the Company were reviewed by the AC prior to the submission to the Board for adoption. The AC also met with the external auditors, without the presence of management, to discuss any issues of concern with them.

The AC has, in accordance with Chapter 9 of the Listing Manual, reviewed the requirements for approval and disclosure of IPTs, reviewed the procedures set by the Group and the Company to identify and report and where necessary, seek approval for IPTs and, reviewed IPTs.

6. Independent Auditors

The auditors, RT LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

Thomas Henrik Zilliacus

Cheong Boon Leong Christopher

Singapore
13 June 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Yuuzoo Corporation Limited

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of YuuZoo Corporation Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statement of financial position of the Group and of the Company as at 31 December 2016 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the Financial Reporting Standards in Singapore ("SFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

We draw attention to the following notes of the consolidated financial statements:

(i) Note 2.11, Note 3.1(e) and Note 16 on the recognition of gross revenue from YuuCollect, a service provided by a subsidiary

YuuCollect is a platform which facilitates the transfer of funds between a merchant and an end user. A merchant is an e-commerce entity which uses the YuuCollect service to transfer funds from an end user to the end user's deposit account with the merchant. An end user is an entity which engages the services of the merchants.

The Group charges the merchant a transaction fee for facilitating the transfer of funds from the end user to the end user's deposit account with the merchant. The amount of cash collected in its entirety (gross) from the end user is recognised as revenue in the books of the subsidiary. Correspondingly the amount of cash paid to the merchant, net of the relevant transaction charge, is recorded as cost of sales.

The Group is of the opinion that the platform used to transfer and facilitate the movement of funds is unique for the purposes it aims to achieve. The Group is of the view that it has created an ecosystem, through its YuuCollect platform, that allows the merchant and end user to transact, without which the transaction between the two parties would not have been possible. The Group is of the view that it takes an element of credit risk for the transfer of funds. Therefore, the Group is of the view that it has a basis to account for the transaction on a gross basis instead of only recognising the transaction charges (net basis) as income.

Significant judgment is required in assessing whether revenue should be recognised on a gross basis, or a net basis, based on the requirements of FRS 18 *Revenue Recognition*.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Emphasis of Matters (Continued)

(ii) Note 3.2(d)(i) on management impairment assessment on the available-for-sales ("AFS") investments

The AFS amounting to SGD 33,252,000, as reflected on the Consolidated Statement of Financial Position, comprise of 11 entities with 9 entities formed in 2015, and 2 entities in 2016 as the acquirers of the franchises sold by the Group. The management is of the view that it would be premature to assess the performance and/or impairment of the AFS due to the preliminary stages of its operations. The AFS are expected to take a period of time, from 1 to 2 years from the date of signing the franchise sales agreement, to commence and to stabilise as a sustainable operation. Accordingly, the management is of the view that it would be premature to assess the impairment of the AFS or the Group's ability to realise income from the sales of AFS within 2 years from the date of sales of franchises. Should the AFS fail to demonstrate and/or achieve financial viability within the next financial year, the risk of realisability of the AFS could be heightened and impairment to bring the AFS to a realisable amount would be necessary. To validate the revenue recognised on the sales of the franchises, it is critical that the AFS are capable of being monetised within a reasonable time.

Our opinion is not modified in respect of the matters above.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in the audit
1) Revenue recognition for franchise sales and fair value of available-for-sales ("AFS") investments	
The Group revised its accounting policy on the revenue recognition for the sales of e-commence platforms deemed as franchise sales and the corresponding fair value of the available-for-sale investments received as consideration. Previously, the Group recognised the franchise revenue based on fair value calculated using the income approach which relied on future number of users, revenue from those users, that is future potential income. In 2016, the Group changed the valuation methodology to the cost approach and the fair value of those franchises were estimated based on the cost of development of those platforms sold to franchisees using associated staff costs as a determinant. In compliance with *FRS 8 Accounting policy, Changes in Accounting Estimates and Errors*, the change was applied retrospectively. The Board is of the view that the change in accounting policy will provide reliable and relevant information, especially in reflecting a significantly more conservative accounting policy.	Our audit procedures in relation to management's use of cost approach to estimate the fair value of the franchises sold included: • Obtained the time cost schedule of associated staff costs and checked the job designations of those staff to ensure that management's representation that those costs were incurred for the development of those platforms is reasonable; • Assessed the management's control and extraction of those associated staff costs; and • Obtained market pricing for the last transacted sales of the platforms to which fair value adjustment factors were applied based on judgement.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Key Audit Matters (Continued)

Key audit matters	How the matter was addressed in the audit
As a result of the change, the Group: • recorded a decrease in FY2015 revenue of SGD 35,484,000, which represents 39% of FY2015 revenue; • recorded a decrease in available-for-sale investments of SGD 35,484,000, which represents 65% decline in fair value of FY2015 AFS investments. In 2016, under the revised accounting policy mentioned above, the Group recognised franchise revenue amounting to SGD 22,985,000 (2015: SGD 13,642,000), which constituted 23% (2015: 28%) of total revenue of the Group. At the end of the reporting period, the carrying amount of the Group's AFS investments related to franchise revenue constituted 39% (2015: 25%) of the total assets of the Group. The estimation of the fair value of AFS investments, determination of whether the Group had significant influence over those unquoted investments and impairment assessment requires management to make key judgements and significant accounting estimates as follows: • Estimation of the time cost of the personnel involved in the development of the underlying platforms sold to the franchisees and determining the range of market prices for the platforms sold on a stand-alone basis; • No significant influence in the franchisee company as the Group do not have any representation on the board of directors in the franchisee company and is not able to unilaterally appoint a representative to the board and key management; and • AFS investments were not impaired. The key assumptions, judgements and disclosures on the revenue recognition policy, determination of whether the Group had significant influence and the fair value measurements of AFS investments are disclosed in Note 2.11, Note 3.1(a), Note 3.1(b), Note 3.2(d)(i), Note 8 and Note 16.	Our audit procedures in relation to management's assertion that they do not have significant influence over those franchise companies included: • Assessed those franchise agreements for the Group's power to participate in the financial and operating policy decisions; • Assessed the right of the Group to appoint directors and key management of those franchisee companies; and • Assessed the basis for not impairing AFS investments – please see EOM (ii).

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Key Audit Matters (Continued)

Key audit matters	How the matter was addressed in the audit
2) Fair value and impairment of AFS – RS Media and Entertainment Group Holding Ltd ("RS Media")	
As at 31 December 2016, the Group recognised an impairment loss on the AFS investment in RS Media of SGD 4,677,000 (2015: NA) which represented 32% (2015: NA) of profit before tax. In determining the impairment loss, management was required to exercise judgement on whether there was sufficient and appropriate evidence to justify that the AFS investment in RS Media could be recovered. The Group had received an option letter signed by another shareholder of RS Media to buy back the Group's AFS investment in RS Media at the cost of the investment by the Group. In the absence of available information to assess the financial position of the other shareholder of RS Media to re-acquire the shareholdings from the Group, management had exercised judgment and recognised full impairment losses on the AFS investment in RS Media. The determination of the recoverable amount of the AFS requires management to make significant estimates on the expected fair value less cost to sell for the AFS. The key judgements and disclosures on the impairment on the AFS investment in RS Media are disclosed in Note 3.2(d)(ii) and Note 8.	Our audit procedures included the following: • Discussed with management on the financial position and financial performance of RS Media; • Considered the ability of the shareholders of RS Media to buyback the Group's AFS investment in the event of the exercise of put option by the Group; and • Obtained assurance from the internal legal counsel on the enforceability of the option agreement.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Key Audit Matters (Continued)

Key audit matters	How the matter was addressed in the audit
3) Receivables from YZ Group	
In 2015, the Group had outstanding receivables from the sale of franchises and related services to YZ Group amounting to SGD 17,254,000. The Group did not receive any repayments since 2014. In 2015, YZ Group returned 7 franchises valued at SGD 14,851,000 to offset those receivables. The Group recognised an impairment loss of SGD 2,403,000 in 2015 on the remaining receivables from YZ Group. The estimation of the fair value of those franchises received from YZ Group were based on matters discussed in **Key Audit Matter (1)**. Accordingly, management estimated that the fair value of the returned franchises amounted to SGD 14,851,000 in 2015. The significant estimates and disclosures on the impairment losses on the receivables from YZ Group are disclosed in Note 3.2(b)(i) and Note 9 respectively.	Our audit procedures included the following: • Assessed the agreements from YZ Group on the return of the 7 franchises to the Group; • Obtained the time cost schedule of associated staff costs and checked the job designations of those staff to ensure that management's representation that those costs were incurred for the development of those platforms is reasonable; • Assessed the management's control and extraction of those associated staff costs; and • Obtained market pricing for the last transacted sales of the platforms to which fair value adjustment factors were applied based on judgement.
4) Impairment of investments in associate Infocomm Asia Holdings Pte. Ltd. ("IAH") and receivables from IAH	
The Group recognised impairment losses of SGD 2,383,000 (2015: NA) on its investment in IAH and SGD 5,110,000 (2015: NA) on its receivables from IAH. In total, the impairments losses of SGD 7,493,000 (2015: NA) represented 51% (2015: NA) of the profit before tax for the financial year ended 31 December 2016. The impairment assessment required the use of significant judgements about future business plans, jurisdiction risks, growth rates, discount rates applicable in different markets and the option issued by the owner of IAH to re-acquire the Group's investment at the original cost. The key assumptions and details of the impairment loss on IAH are disclosed in Note 3.2(d)(iii), Note 6 and Note 9.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in performing the impairment assessment. The procedures included: • Challenged the cash flow forecasts used with comparison to recent performance; • Challenged management on whether IAH has achieved their previous forecasts; • Considered the ability of the shareholder of IAH to buyback the Group's AFS investment in the event of the exercise of put option by the Group; and • Obtained assurance from the internal legal counsel on the enforceability of the option agreement.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Key Audit Matters (Continued)

Key audit matters	How the matter was addressed in the audit
5) Receivables from RM Bidder LLC ("RM Bidder")	
The Group had SGD 3,622,000 (2015: NA) of outstanding receivables from RM Bidder which represented 4% of total assets. The Group did an impairment assessment on the receivables from RM Bidder. The recovery of the receivables is dependent on the legal position of the Group as to whether they have a right to claim back the amounts paid for the aborted acquisition. The Group sought legal opinions from its legal advisors which included its in-house legal counsel and an external law firm in which one of the Group's independent director is a partner of the law firm. The key judgements and the details of the impairment assessment of the receivables are disclosed in Note 3.1(d) and Note 9.	Our audit procedures focused on evaluating the legal advice that the Group had received from its legal advisors. The procedures included: • Evaluated the independence and competence of the legal advisors; • Assessed the legal advice obtained by the Group from its legal advisors; and • Assessed the aging and noted that receivables are fairly current (November 2016) and the discussion to resolve the matter is still ongoing based on review of correspondence file.
6) Impairment of intangible assets in relation to Emerging Markets Telecommunication Services Limited (Nigeria) ("Etisalat") and the related legal case	
The Group entered into a service agreement with Mr. Mark Cramer-Roberts ("MCR") for a consideration amount of USD 1,960,000 (SGD 2,667,000) for the facilitation, extension and renewal of contract with Etisalat. The consideration was to be paid in shares of the Group and to the extent the realisable value of the shares at open market were to be below the consideration, the difference is to be topped up with additional shares in the Group. The Group had issued 14,913,073 shares to designated parties nominated by MCR at SGD 0.1788 per share, with total value of SGD 2,667,000. The value of the shares issued was capitalised as an intangible assets. In the current financial year, the Group recognised amortisation expenses of SGD 251,000 and impaired SGD 2,274,000 of those intangible assets, which in total represented 16% (2015: NA) of profit before tax. The significant assumptions and details of the impairment loss are disclosed in Note 3.2(d)(iv) and Note 5.	With respect to the impairment of the intangible assets, our audit procedures focused on evaluating and challenging the key assumptions used by management in performing the impairment assessment. The procedures included: • Challenged the cash flow forecasts used by management with respect to the assumptions; • Evaluated the growth rates and discount rates used in the cash flow forecasts; and • Considered the financial position of Etisalat with respect to the market available information.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Key Audit Matters (Continued)

Key audit matters	How the matter was addressed in the audit
On 27 February 2017, the Group received a Writ of Summons and Statement of Claims from the nominated parties for additional shares with a value of SGD 270,879 in the Group. With respect to the Claims, the management has exercised significant judgement and determined that no provision is required and have disclosed it as a contingent liability. The details on the contingent liabilities are disclosed in Note 26(a).	With respect to the legal claims for additional shares, our procedures included: • Reviewed the agreement between the Group, the nominated parties and MCR for the relevant Clauses for claims for additional shares; • Obtained an opinion from the in-house legal counsel on the maximum quantum of losses from this claim; • Evaluated the independence and competence of the in-house legal counsel; and • Assessed the quantum of the claims based on the expected impact on the financial statements.
7) Impairment assessment of intangible assets other than those related to Etisalat	
As at 31 December 2016, the carrying amount of the Group's intangible assets constituted 44% (2015: 36%) of the total assets of the Group. Management is required to assess at the end of each reporting period whether there is any indication that the intangible assets may be impaired. The recoverable amount of intangible assets was determined using fair value less cost to sell which involves significant judgments and estimations by management. The key assumptions to the impairment assessment of intangible assets are disclosed in Note 3.	Our audit procedures focused on challenging the key assumptions used by the Group in its impairment assessment. The procedures included: • Evaluated independence and competence of the valuer; • Challenged the key assumptions used by the valuer in computing the fair value of those intangible assets; and • Assessed for any material changes to the valuation from the date of the valuation to the end of the reporting period.

Other Matter

The financial statements for the financial year ended 31 December 2015 were audited by another independent auditor whose report dated 11 May 2016 expressed a disclaimer of opinion on those financial statements as follows:

(i) "As stated in Notes 3.1(a) to the financial statements, the Group reported revenue of SGD 49,126,000 for the financial year ended 31 December 2015, and as of that date, the Group has recognised assets available for sale of SGD 50,423,000 from franchise sales based on valuations obtained from independent third parties. Due to various reasons including the lack of comparable business models, lack of an operating track record, future economic uncertainty, and the sensitivity of the valuation models to underlying parameters, we have been unable to obtain sufficient information to satisfy ourselves as to whether the valuation models, estimates and assumptions used for the fair value estimates meet the revenue recognition criteria in relation to probability of future economic benefits and its reliable measurement. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements was necessary"

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Key Audit Matters (Continued)

Other Matter (Continued)

In 2016, management revised the valuation method of recognition of revenue from sales of franchise from the income approach to the cost approach. The revised valuation approach does not rely on future potential income and does not place reliance on future economic determinants. Post revision, the fair value of revenue recognised was determined with reference to the associated staff costs to develop those platforms (cost approach) and compared to market pricing for the last transacted sales of the platforms to which fair value adjustment factors were applied based on judgement.

The change in valuation methodology had been retrospectively applied in 2015 (see Note 3.1(a), Note 3.1(b), Note 3.2(d)(i), Note 8 and Note 16) and accordingly the issue highlighted by the predecessor auditor is no longer applicable.

(ii) *"Additionally, as disclosed in Note 3.2(ii) to the financial statements, included in trade and other receivables is an amount of SGD 17,091,000. The recoverability of this amount is dependent on the value of the assets proposed to be provided by the debtor in settlement of the debt. The value of these asset is dependent on certain estimates and assumptions in relation to future performance of these assets. We were unable to obtain sufficient information to ascertain the appropriateness and reliability of such estimates and assumptions, nor were we able to obtain sufficient appropriate audit evidence with respect to the recoverability of such receivables through alternative means. Consequently, we were unable to determine whether any adjustment to the accompanying financial statements was necessary"*

In 2016, management assessed the fair value of those franchises and intangible assets returned by the debtor to the Group. The valuation of those franchises and intangible assets was based on the cost approach estimated using the associated staff costs to develop those platforms. The excess of the receivables of SGD 2,403,000 over the fair value of those franchises and intangible assets were recognised as impairment losses in FY2015.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the directors' statement (but does not include the financial statements of the Group and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the remaining parts of the annual report which are expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with SFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 SSAs 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 financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Su Chun Keat.

RT LLP
Public Accountants and
Chartered Accountants

Singapore
Date: 13 June 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Note	Group 2016	Group 2015	Group 1.1.2015	Company 2016	Company 2015
		SGD'000	SGD'000 (Restated)	SGD'000 (Restated)	SGD'000	SGD'000
Non-current assets						
Property, plant and equipment	4	196	226	66	–	–
Intangible assets	5	41,018	24,746	14,469	766	1,151
Investment in associate	6	725	–	–	725	–
Investments in subsidiaries	7	–	–	–	91,430	325,001
Available-for-sale investments	8	33,252	18,993	–	–	–
Trade and other receivables	9	1,847	1,803	–	–	–
		77,038	45,768	14,535	92,921	326,152
Current assets						
Trade and other receivables	9	12,214	18,879	32,491	3,624	6,796
Amounts due from subsidiaries	10	–	–	–	26,013	12,785
Prepayments		174	231	58	–	132
Cash and cash equivalents	11	3,813	3,748	12,432	90	628
		16,201	22,858	44,981	29,727	20,341
Less:						
Current liabilities						
Trade and other payables	12	2,969	11,192	2,822	5,865	1,524
Deferred revenue	13	1,701	–	421	–	–
		4,670	11,192	3,243	5,865	1,524
Net current assets		11,531	11,666	41,738	23,862	18,817
Net assets		88,569	57,434	56,273	116,783	344,969
Capital and reserves						
Share capital	14	68,688	56,952	56,635	91,908	80,172
Share premium	14	48,653	46,402	45,752	255,416	253,165
Other reserves	15	11,723	8,612	2,946	54,670	45,546
Accumulated losses		(40,495)	(54,532)	(49,706)	(285,211)	(33,914)
Equity attributable to owners of the parent		88,569	57,434	55,627	116,783	344,969
Non-controlling interests		–	–	646	–	–
Total equity		88,569	57,434	56,273	116,783	344,969

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Note	Group 2016 SGD'000	Group 2015 SGD'000 (Restated)
Revenue	16	103,200	54,015
Other item of income			
Other income	17	413	346
		103,613	54,361
Items of expense			
Service charges		(51,570)	(34,417)
Amortisation and impairment of intangible assets	5	(16,843)	(10,414)
Depreciation of property, plant and equipment	4	(135)	(72)
Employee benefits expense	18	(5,091)	(6,172)
Other expenses		(15,937)	(8,274)
Total expenses		(89,576)	(59,349)
Profit/(loss) before income tax	19	14,037	(4,988)
Income tax expense	20	–	–
Profit/(loss) for the financial year		14,037	(4,988)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations, net of tax		3,075	4,266
Other comprehensive income for the financial year, net of tax		3,075	4,266
Total comprehensive income/(loss) for the financial year		17,112	(722)
Profit/(loss) for the financial year attributable to:			
Owners of the parent		14,037	(4,988)
Non-controlling interests		–	–
		14,037	(4,988)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		17,112	(772)
Non-controlling interests		–	–
		17,112	(772)
Earnings/(loss) per share	23		
Basic (cents/share)		2.09	(0.79)
Fully diluted (cents/share)		2.06	(0.79)

The accompanying notes form an integral part of the financial statements.

	Note	Share capital	Share premium	Foreign currency translation account	Share option reserve	Retained profits/ (accumulated losses)	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
		SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Balance at 1 January 2016		56,952	46,402	7,131	1,481	(54,532)	57,434	–	57,434
Total comprehensive income for the year									
Profit for the year		–	–	–	–	14,037	14,037	–	14,037
Exchange differences on translation of foreign operations representing other comprehensive income for the year		–	–	3,075	–	–	3,075	–	3,075
		–	–	3,075	–	14,037	17,112	–	17,112
Transactions with owners in their capacity as owners									
Issuance of shares during the year	14	11,736	2,251	–	–	–	13,987	–	13,987
Employee share option scheme	18	–	–	–	36	–	36	–	36
		11,736	2,251	–	36	–	14,023	–	14,023
Balance at 31 December 2016		68,688	48,653	10,206	1,517	(40,495)	88,569	–	88,569

The accompanying notes form an integral part of the financial statements.

(Continued)

	Note	Share capital	Share premium	Foreign currency translation account	Share option reserve	Retained profits/ (accumulated losses)	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
		SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
As previously reported		79,855	22,532	2,864	82	(49,706)	55,627	646	56,273
Adjustments		(23,220)	23,220	–	–	–	–	–	–
Balance at 1 January 2015 (restated)		56,635	45,752	2,864	82	(49,706)	55,627	646	56,273
Total comprehensive income for the year									
Loss for the year		–	–	–	–	(4,988)	(4,988)	–	(4,988)
Other comprehensive income for the year:									
Exchange difference on translation		–	–	4,266	–	–	4,266	–	4,266
		–	–	4,266	–	(4,988)	(722)	–	(722)
Transactions with owners in their capacity as owners									
Reclassification of non-controlling interests and shareholders' equity		–	483	1	–	162	646	(646)	–
Issuance of shares during the year	14	317	167	–	–	–	484	–	484
Employee share option scheme	18	–	–	–	1,399	–	1,399	–	1,399
		317	650	1	1,399	162	2,529	(646)	1,883
Balance at 31 December 2015 (restated)		56,952	46,402	7,131	1,481	(54,532)	57,434	–	57,434

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

	Note	Group 2016 SGD'000	2015 SGD'000 (Restated)
Operating activities			
Profit/(loss) before income tax		14,037	(4,988)
Adjustments for:			
Depreciation of property, plant and equipment		135	72
Loss on disposal of property, plant and equipment		6	–
Amortisation and impairment of intangible assets		16,843	10,414
Impairment loss on associate		2,271	–
Impairment loss on available-for-sale investments		4,456	–
Non-cash revenue generated		(51,354)	(31,516)
Share-based compensation		36	1,399
Deferred revenue realised		–	(441)
Impairment loss on trade receivables		6,099	2,811
Operating cash flows before working capital changes		(7,471)	(22,249)
Working capital changes:			
Trade and other receivables		6,234	6,129
Prepayments		57	(173)
Trade and other payables		(8,223)	8,052
Deferred revenue		1,701	–
Net cash used in operating activities		(7,702)	(8,241)
Investing activities			
Purchase of property, plant and equipment		(217)	(230)
Development costs incurred/purchase of intangible asset	A	(877)	(1,010)
Available-for-sale investments acquired	B	–	–
Net cash used in investing activities		(1,094)	(1,240)
Financing activities			
Gross proceeds from issuance of shares	C	9,005	–
Share issue expenses		(580)	–
Net cash provided by financing activities		8,425	–
Net change in cash and cash equivalents		(371)	(9,481)
Cash and cash equivalents at the beginning of the financial year		3,748	12,432
Net effect of exchange differences		436	797
Cash and cash equivalents at the end of the financial year		3,813	3,748

Note A

In 2016, the total additions to intangible assets were SGD 31,913,000 of which SGD 28,369,000 was received from customers for the sale of networks and SGD 2,667,000 was paid to Mr. Mark Cramer-Roberts for the facilitation of the renewal of the Etisalat contract. Cash payments of SGD 877,000 was paid for the acquisition of other intangible assets.

In 2015, the total additions to intangible assets were SGD 19,367,000 of which SGD 5,471,000 was received from customers for the sale of networks, intangible assets of SGD 12,402,000 were received from Mr. Mark Cramer-Roberts for the settlement of outstanding receivables from YZ Group and SGD 484,000 of Games was received via issuance of shares.

Note B

During the financial year, there was an increase of AFS investments of SGD 14,259,000 (2015: SGD 18,993,000) from the following:

(i) Sales of franchises with receipt of shares in AFS investments of SGD 14,259,000 (2015: SGD 12,194,000);

(ii) In 2015, the Group received SGD 4,677,000 of shares for 5% unquoted equity shares in RS Media; and

(iii) In 2015, the Group received SGD 2,122,000 of shares in unquoted investments of as settlement for outstanding receivables in YZ Group (Note 8).

Note C

In 2016, the total number of shares issued amount to SGD 13,987,000 of which SGD 2,667,000 was paid to Mr. Mark Cramer-Roberts for the facilitation of the renewal of the Etisalat contract and SGD 2,895,000 was paid to Infocomm Asia Holdings Pte Ltd ("IAH") for the acquisition of 30% stake in IAH. Cash receipt of SGD 8,425,000 was received for issuance of shares.

In 2015, the Group issued SGD 496,171 shares to acquire mobile games from Camigo Media, LLC.

The accompanying notes form an integral part of the financial statements.

1. Corporate information

1.1 General information

YuuZoo Corporation Limited ("the Company") (Registration Number: 36658) was incorporated in Bermuda on 22 March 2005 under the Bermuda Companies Act and is listed on the mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). With effect from 2 September 2014, the Company changed its name from 'W Corporation Limited' to 'YuuZoo Corporation Limited'.

The principal place of business of the Company is at 20 Science Park Road #03-11/14, Teletech Park Science Park II, Singapore 117674.

The registered office of the Company is at Canon's Court 22 Victoria Street, Hamilton, HM 12 Bermuda.

The principal activity of the Company is that of investment holding, and through its subsidiaries, it is in the business of sale of franchises, e-commerce, payments and mobile social games.

The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2016 were authorised for issue by the Board of Directors on the date of the Directors' statement.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Financial Reporting Standards ("FRS") including related interpretation of FRS ("INT FRS"). The financial statements are presented in Singapore dollar and all values presented are rounded to the nearest thousand (SGD'000) as indicated. The financial statements have been prepared under the historical cost basis, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the Management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on the Management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

During the financial year, the Group and the Company adopted the new or revised FRS and INT FRS that are relevant to their operations and effective for the current financial year. Changes to the Group's and the Company's accounting policies have been made as required in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current and prior financial years except as detailed below.

FRS and INT FRS issued but not yet effective

As at the date of the authorisation of these financial statements, the Group and the Company have not adopted the following FRS and INT FRS that have been issued but are not yet effective.

Description	Effective for annual periods beginning on or after
Amendments to FRS 7 Statement of Cash Flows	1 January 2017
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	
FRS 116 Leases	1 January 2019

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group and the Company expect that the adoption of the above FRS and INT FRS in future periods, if applicable, will have no material impact on the financial statements in the period of initial adoption, except as discussed below.

Amendments to FRS 7 Statement of Cash Flows

The amendments require new disclosure about changes in liabilities arising from financing activities in respect of:

(a) changes from financing cash flows;

(b) changes arising from obtaining or losing control of subsidiaries or other businesses;

(c) the effect of changes in foreign exchange rates;

(d) changes in fair values; and

(e) other changes.

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities.

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 109 Financial Instruments (Continued)

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments - fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in the credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for derecognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets, and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 115 Revenue from Contracts with Customers (Continued)

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 January 2018 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

FRS 116 Leases

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in aspect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

The Group plans to adopt the standard in the financial year beginning from 1 January 2019 and is assessing the impact of the new standard to the Group.

2.2 Basis of consolidation

Pursuant to the completion of the Takeover, the acquisition of 100% of YuuZoo BVI has resulted in the shareholders of YuuZoo Corporation Limited holding an approximately 98.2% interest in the Company. The Company or the Group prior to the RTO ("Legal Parent") did not meet the definition of a business under FRS 103 *Business Combination* and as such the Takeover cannot be accounted for as a reverse acquisition. Accordingly, the Takeover has been accounted for as a share-based payment in accordance with FRS 102 *Share based Payment* and the consolidated financial statements of the Legal Parent are accounted as a continuation of the financial statements of YuuZoo BVI ("Legal Subsidiary"), together with a deemed issue of shares equivalent to the shares held by the former shareholders of the Legal Parent and a re-capitalisation of the equity of YuuZoo BVI. Accordingly, the comparative financial information of the Group is that of the comparative financial information of YuuZoo BVI.

Because the consolidated financial statements represent a continuation of the financial statements of YuuZoo BVI, the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in FRS 103 *Business Combination* have been applied:

- fair value adjustments arising at acquisition were made to YuuZoo Corporation Limited assets and liabilities, not those of YuuZoo BVI;
- the cost of the acquisition, and amount recognised as issued capital to affect the transaction, is based on the notional amount of shares that YuuZoo BVI would have needed to issue to acquire the same shareholding percentage in YuuZoo Corporation Limited at the acquisition date;

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

- retained earnings and other equity balances in the consolidated financial statements at acquisition date are those of YuuZoo BVI;
- a share-based payment transaction arises whereby YuuZoo BVI is deemed to have issued shares in exchange for the net assets of YuuZoo Corporation Limited (together with the listing status of YuuZoo Corporation Limited). The listing status does not qualify for recognition as an intangible asset and has therefore been expensed in profit or loss as a listing expense;

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any, in the Company's separate financial statements.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of profit or loss and other comprehensive income, financial position and changes in equity.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement or*, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

2.3 Investment in 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 results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

2. Summary of significant accounting policies (Continued)

2.3 Investment in Associates (Continued)

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2.4 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the Property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

	Years
Furniture and fittings	5
Office equipment	3
Computers	3
Renovation	5

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2. Summary of significant accounting policies (Continued)

2.5 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over their estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individual or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

User Data

The Group entered into a purchase agreement to acquire the data for users who are registered users of the games developed by the supplier. The Group has the right to market any services to those registered users. This acquired data was recognised based on the cost approach.

User data is amortised to profit or loss using the straight-line method over 4 years, which is the shorter of their estimated useful lives and periods of contractual rights. Such intangible assets will be carried at cost less accumulated amortisation or any impairment.

Internally-generated intangible assets/development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised, if, and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

2. Summary of significant accounting policies (Continued)

2.5 Intangible assets (Continued)

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately, over a useful life of 3 years.

Advertising rights

Advertising rights are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 2 to 3 years, which is the shorter of their estimated useful lives and periods of contractual rights.

Certain intangible assets of the Group have been acquired in exchange for non-monetary assets, or a combination of monetary and non-monetary assets. The cost of such an intangible asset is measured at fair value unless:

(i) the exchange transaction lacks commercial substance or

(ii) the fair value of neither the asset received nor the asset given up is reliably measurable.

The fair value of an intangible asset is reliably measurable if

(a) the variability in the range of reasonable fair value measurements is not significant for that asset or

(b) the probabilities of the various estimates within the range can be reasonably assessed and used when measuring fair value.

If the Group is able to measure reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to measure cost unless the fair value of the asset received is more clearly evident.

Where the acquired asset cannot be measured at fair value, its cost is measured at the carrying amount of the asset given up.

The amortisation period and amortisation method of intangible assets are reviewed at least at the end of each financial year. The effects of any revisions are recognised in profit or loss when the changes arise.

Games

Games are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 3 years, which is their estimated useful lives.

Social Media Platforms and Vertical Social Networks

Social Media Platforms and Vertical Social Networks returned to offset outstanding receivables are recorded at cost less amortisation. They are amortised using the straight-line method over 2 years.

2. Summary of significant accounting policies (Continued)

2.6 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups of assets. Impairment loss is recognised in profit or loss, unless it reverses a previous revaluation, credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

An impairment loss is reversed 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 has been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.7 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

2. Summary of significant accounting policies (Continued)

2.7 Financial assets (Continued)

(a) Classification (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are presented as current assets, except for those expected to be realised later than 12 months after the reporting period which are presented as non-current assets.

Loans and receivables are presented as 'trade and other receivables', 'amount due from subsidiaries' and 'cash and cash equivalents' on the statements of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or Management intends to dispose of the assets within 12 months after the reporting period.

(b) Recognition and derecognition

Purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset has expired, or has been transferred and transferred substantially all the risks and rewards of ownership of the financial asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is transferred to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

Assets available for sale predominantly comprise unquoted shares in the Company's franchisee companies. These shares are obtained in consideration for the Company entering into a franchise agreement and providing the franchisee with the infrastructure necessary to conduct their e-commerce operations.

Available-for-sale investments are recorded at fair value, as determined using the cost approach, with reference to the staff costs incurred in the development of those franchises and bench-marked to the prices of those franchises where the Group had previously sold for cash.

2. Summary of significant accounting policies (Continued)

2.7 Financial assets (Continued)

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income.

Gains and losses arising from changes in fair value of available-for-sale debt investments are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses which are recognised directly in profit or loss.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences, with the exception of impairment losses.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(e) Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Available-for-sale financial assets

In addition to the objective evidence of impairment described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that an available-for-sale equity investment is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on available-for-sale equity investments are not reversed through profit or loss.

2. Summary of significant accounting policies (Continued)

2.8 Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand, cash and deposits with banks. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise fixed deposits, cash on hand and cash at bank.

2.9 Financial liabilities

Financial liabilities are classified as trade and other payables and borrowings. The accounting policy adopted for other financial liabilities is set out below:

Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction costs, for goods received or services rendered, whether or not billed to the Group, and are subsequently measured at amortised cost using the effective interest method.

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become parties to the contractual provisions of the financial instrument.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.10 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the proceeds.

2.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates and discounts and sales related taxes.

E-commerce Revenue

YuuCollect is a platform which facilitates the transfer of funds between a merchant and an end user. A merchant is an e-commerce entity which uses the YuuCollect service to transfer funds from an end user to the end user's deposit account with the merchant. An end user is an entity which engages the services of the merchants.

2. Summary of significant accounting policies (Continued)

2.11 Revenue recognition (Continued)

The Group charges the merchant a transaction fee for facilitating the transfer of funds from the end user to the end user's deposit account with the merchant. The amount of cash collected in its entirety (gross) from the end user is recognised as revenue in the books of the subsidiary. Correspondingly the amount of cash paid to the merchant, net of the relevant transaction charge, is recorded as cost of sales.

The Group is of the opinion that the platform used to transfer and facilitate the movement of funds is unique for the purposes it aims to achieve. The Group is of the view that it has created an ecosystem, through its YuuCollect platform, that allows the merchant and end user to transact, without which the transaction between the two parties would not have been possible. The Group is of the view that it takes an element of credit risk for the transfer of funds. Therefore, the Group is of the view that it has a basis to account for the transaction on a gross basis.

The Group recognised deferred revenue for unearned income of which the services had yet to be completed for their merchants.

Franchises Revenue

The Group revised its revenue recognition policy with regards to the method which it values its franchise. The Group sells franchises and receives consideration in the form of shares of the entity holding the franchise rights. Revenue is recognised based on the fair value of those shares estimated using the cost approach. The cost approach is based on the associated staff costs incurred to develop those platforms. The shares received are recognised as available-for-sale financial investments in the consolidated statement of financial position.

Celebrity Branded Networks Revenue

The Group sells platforms and networks and receives advertising rights from celebrities and marketing companies. Revenue is recognised at fair value based on the valuation report performed by an external valuer, whom management was of the view was proficient in the performance of such valuations. The advertising rights are capitalised as intangible assets and amortised over their contractual useful lives.

2.12 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (Continued)

2.12 Employee benefits (Continued)

Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of share options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant using Black-Scholes and Trinomial option pricing models. Non-market vesting conditions are included in the estimation of the numbers of shares under the options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the numbers of shares under the options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued.

Equity-settled share-based payment transactions with parties other than employees are measured at 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.

2.13 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.14 Operating leases

When the Group and the Company are the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year or financial period in which termination takes place.

2.15 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years.

2. Summary of significant accounting policies (Continued)

2.15 Income tax (Continued)

Deferred tax is provided, using the liability method, for temporary differences at the end of the reporting period when the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle its current tax assets and liabilities on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Foreign currencies

Items included in the individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The Company's functional currency is the United States Dollar, but the financial statements are presented in Singapore Dollar (SGD). The Company considered SGD the most appropriate presentation currency for the reasons listed below:

a. The Company is an entity with its head office operating in Singapore;

b. The Company is listed on the Singapore Stock Exchange and its share price is quoted in SGD with the majority of its shareholders being Singaporean; and

c. The presentation currency being SGD would assist investors in correctly valuing the Company.

All financial information is presented in SGD unless otherwise stated.

In preparing the financial statements, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

2. Summary of significant accounting policies (Continued)

2.16 Foreign currencies (Continued)

Exchange differences arising on the settlement of monetary items and on re-translation of monetary items are recognised in profit or loss. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements of the Group, the results and financial positions of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rate at the end of the reporting period;

(ii) income and expenses are translated at the average exchange rate for the financial year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) the resulting foreign currency exchange differences are recognised in other comprehensive income and presented in the foreign currency translation account in equity. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

2.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

3. Critical accounting judgements and key sources of estimation uncertainty

3.1 Critical judgments made in applying accounting policies

In the process of applying the Group's accounting policies, significant judgments have been made that are expected to significantly affect the amounts recognised in the financial statements.

a) Revenue recognition in respect of Franchise Sales

For the financial year ended 31 December 2016, the Group has recorded franchise sales amounting to SGD 22,985,000 (2015: SGD 13,642,000), resulting from Franchise Agreements in various territories globally. These franchise sales are non-cash in nature.

In determining the fair value of the unquoted securities in those entities which will own the franchise rights, the Group utilises the cost approach to determine the fair value of those franchises. The associated staff costs to develop those platforms and vertical networks (networks that have a target audience) was used as a basis to value those franchises. The Group also benchmarks the estimated fair value of those platforms and vertical networks against the price of last transacted sales.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgments made in applying accounting policies (Continued)

The carrying amount of those available for sale financial assets from the recognition of revenue is disclosed in Note 8.

b) Significant influence over franchisee companies

The Group may increase its´ shareholdings up to 40% in franchisee companies due to the business model as described in Note 8. Management exercised judgement that these shareholdings should be recorded as AFS investments due to the following reasons:

(i) The franchisee has full control over the relevant activities of the franchisee company;

(ii) The Group has no representative on the board of directors of the franchisee companies and does not have any contractual right to appoint any representative;

(iii) The Group does not have any other contractual arrangements with the franchisee companies to allow it to exercise any significant influence on its relevant activities; and

(iv) The franchisee has a call option to acquire 25% out of the total 40% shareholdings held by the Group at fair value

The carrying amount of the AFS investment in those franchisee companies are disclosed in Note 8.

c) Revenue recognition in respect of celebrity-branded networks

For the financial year ended 31 December 2016, the Group entered into agreements with various parties for sales of networks in exchange for advertising rights for celebrity-branded networks amounting to SGD 28,369,000 (2015: SGD 5,471,000).

Significant judgment is required in applying the revenue recognition criteria to assess whether these transactions can be recognised, in particular as to whether the amount of revenue can be reliably measured, and whether it is probable that the economic benefits associated with the transaction will flow to the Group.

In making this judgment, management engaged an independent valuer to perform the valuation of these advertising rights for celebrity branded networks. In arriving at those valuations, the valuer used the following methods:

For advertising rights relating to individuals, the valuer will determine whether the advertising appeal of each individual is “local”, “regional” or “worldwide”. The valuer will then attribute a value to each individual based on their advertising appeal. The quantum of the value attributable to each category of advertising appeal was based on the expected endorsement fees that the Group would have had to pay had it not sold those networks to these individuals and is determined based on the past experience of the valuer in brokering endorsement deals for celebrities.

For advertising rights relating to football clubs, the valuer would first obtain the value of the endorsement deals signed by the football clubs with other parties. The valuer would apply a percentage of 1% to the value of those endorsement deals to determine the fair value of the advertising rights obtained by the Group.

The carrying amounts of those advertising rights are disclosed in Note 5.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgments made in applying accounting policies (Continued)

(d) Receivables from RM Bidder LLC ("RM Bidder")

The Group has outstanding receivables of SGD 3,622,000 (2015: NA) from RM Bidder. The Group did an impairment assessment on the receivables from RM Bidder. The recovery of the receivables is dependent on the legal position of the Group as to whether they have a right to claim back the amounts paid for the aborted acquisition. The Group sought legal opinions from its legal advisors which included its in-house legal counsel and an external law firm in which one of the Group's independent director is a partner of the law firm.

(e) Gross presentation in respect of Merchant Fees from YuuCollect, a service provided by a subsidiary

For the financial year ended 31 December 2016, the Group recognised merchant fee revenue amounting to SGD 51,827,000 (2015: SGD 34,550,000) and associated service charges amounting to SGD 50,876,000 (2015: SGD 33,710,000).

YuuCollect is a platform which facilitates the transfer of funds between a merchant and an end user. A merchant is an e-commerce entity which uses the YuuCollect service to transfer funds from an end user to the end user's deposit account with the merchant. An end user is an entity which engages the services of the merchants.

The Group charges the merchant a transaction fee for facilitating the transfer of funds from the end user to the end user's deposit account with the merchant. The amount of cash collected in its entirety (gross) from the end user is recognised as revenue in the books of the subsidiary. Correspondingly the amount of cash paid to the merchant, net of the relevant transaction charge, is recorded as cost of sales.

The Group is of the opinion that the platform used to transfer and facilitate the movement of funds is unique for the purposes it aims to achieve. The Group is of the view that it has created an ecosystem, through its YuuCollect platform, that allows the merchant and end user to transact, without which the transaction between the two parties would not have been possible. The Group is of the view that it takes an element of credit risk for the transfer of funds. Therefore, the Group is of the view that it has a basis to account for the transaction on a gross basis.

Significant judgment is required in assessing whether revenue should be recognised on a gross basis, or a net basis, based on the requirements of FRS *18 Revenue Recognition*.

In doing this determination, management considers the risks that the Group are associated with the underlying transactions. The Group bears full financial risk of the underlying transactions and therefore Management is of the view that revenue should be recognised on a gross basis for the merchant fees. The Group created the platform for the merchants to collect funds from users who would otherwise have no means of reaching those end users.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year, are discussed below.

(a) Amortisation of intangible assets

Intangible assets are amortised on a straight-line basis over the asset's useful lives. The estimated useful lives reflect the Managements' estimate of the period the Group expects to derive future economic benefits. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual value of the asset, therefore future amortisation could be revised.

The carrying amounts of the intangible assets are disclosed in Note 5.

(b) Allowance for impairment loss on trade and other receivables

(i) Receivables from YZ Group

YZ Group returned platforms and intangible assets to offset outstanding receivables from the Group of SGD 2,122,000 and SGD 12,402,000 respectively. The unquoted investments and intangible assets were recognised at their fair value performed by internal valuation by management. The fair valuation require management to make significant estimations of the value of those equity investments and intangible assets. Management used the cost approach to value those unquoted investments and intangible assets and compared it to last transacted price. The carrying amount of those unquoted investments and intangible assets are disclosed in Note 5 and Note 8.

(ii) Trade and other receivables

Management establishes an allowance for impairment loss on trade and other receivables on a case-by-case basis when they believe that payment of amounts owed are unlikely to occur. In establishing these allowances, management considers the historical experience and changes to its customers' financial positions. If the financial positions of the customers were to deteriorate, it may result in additional impairment losses to be recognised. The carrying amount of trade and other receivables of SGD 14,061,000 and total allowance of doubtful debt amounted to SGD 9,356,000 are disclosed in Note 9.

(c) Share-based compensation

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, 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 15 to the financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(d) Fair valuation and impairment assessment of available-for-sales investments ("AFS investments")

(i) AFS investments from the sale of franchises of SGD 33,252,000 (2015: SGD 18,993,000)

The AFS amounting to SGD 33,252,000, as reflected on the Statement of Financial Position, comprise 11 entities with 9 entities formed in 2015, and 2 entities in 2016 as the acquirers of the franchises sold by the Group. The management is of the view that it would be premature to assess the performance and/or impairment of the AFS due to the preliminary stages of its operations. The AFS are expected to take a period of time, from 1 to 2 years, to stabilise as a sustainable operation. Accordingly, the management is of the view that it would be premature to assess the impairment of the AFS or the Group's ability to realise income from the sales of AFS within 2 years from the date of sales of franchises. Should the AFS fail to demonstrate and/or achieve financial viability within the next financial year, the risk of realisability of the AFS could be heightened and impairment to bring the AFS to a realisable amount would be necessary. To validate the revenue recognised on the sales of the franchises it is critical that the AFS are capable of being monetised within a reasonable time.

(ii) AFS investment in RS Media and Entertainment Group Holdings Ltd ("RS Media")

The Group held unquoted AFS investments in RS Media. In assessing the fair value of the AFS investment, the Group considers the available information, future plans, right of the Group to sell back the AFS investment to its current majority shareholder and also the financial position of the that current majority shareholder. As at 31 December 2016, management was of the view that there was no certain verifiable information that the Group will be able to recover the AFS investment in RS Media through sale or the exercise of the right to sell back the investment to the majority shareholder and had recognised full impairment loss of SGD 4,677,000 in respect of the AFS investment in RS Media.

(iii) Recoverability of investment and receivables from Infocomm Asia Holdings Pte. Ltd. ("IAH")

At the end of the reporting period, the Group assessed the recoverability of its investment and receivables in IAH. The impairment assessment involved the assessment of the financial position of IAH, its future business plans, the track record of achieving the business budgets and the option by a shareholder of IAH to buy back the shares held by the Group in its original investment price. Management has recognised impairment losses of SGD 7,493,000 in view of the uncertainty of recovery of the investments and receivables from IAH. The carrying amount of the investment in associate and receivables from IAH is disclosed in Note 6 and Note 9.

(iv) Impairment of intangible assets in relation to Emerging Markets Telecommunication Services Limited (Nigeria) ("Etisalat") and the related legal case with Mr. Mark Cramer-Roberts ("MCR")

- Impairment of intangible assets

  Determining the recoverability of the intangible assets related to Etisalat requires management to make significant estimations on the expected future cash flows from Etisalat and also the financial position of Etisalat at the end of the reporting period. The recognised full impairment losses of SGD 2,274,000 on the intangible assets related to Etisalat. Details of the impairment losses are disclosed in Note 5.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(d) Fair valuation and impairment assessment of available-for-sales investments ("AFS investments") (continued)

(iv) Impairment of intangible assets in relation to Emerging Markets Telecommunication Services Limited (Nigeria) ("Etisalat") and the related legal case with Mr. Mark Cramer-Roberts ("MCR") (continued)

- Legal case with MCR

  In determining the provision for legal case with MCR, management exercised judgment to assessed the quantum of the claims by reliance on its in-house legal counsel. Management made judgment that the estimated total losses from the additional payout to MCR would not be material and therefore no provisions would be made in the financial statements. Details of the legal cases are disclosed in Note 26 (a).

(v) Impairment assessment and amortisation of intangible assets

Management reviews the useful lives and recoverable amounts of its intangible assets on an annual basis. In doing the review, management assess the contractual period of advertising rights, whether the Group is able to utilise those franchises to generate revenue through sale or self-development. At the end of the reporting period, management was of the view that there should be no change to the useful lives and no impairment to the intangible assets. The carrying amount of the intangible assets are disclosed in Note 5.

4. Property, plant and equipment

	Furniture & fittings	Office equipment	Computers	Renovation	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Group					
Cost					
Balance at 1 January 2016	74	95	257	129	555
Additions	10	91	81	35	217
Disposals/write-offs	(25)	(54)	(8)	–	(87)
Currency translation differences	(10)	(75)	(34)	3	(116)
Balance at 31 December 2016	49	57	296	167	569
Accumulated depreciation					
Balance at 1 January 2016	42	78	184	25	329
Depreciation	10	14	51	60	135
Disposals/write-offs	(22)	(52)	(7)	–	(81)
Currency translation differences	(2)	(5)	(3)	–	(10)
Balance at 31 December 2016	28	35	225	85	373
Carrying amount					
Balance at 31 December 2016	21	22	71	82	196
Cost					
Balance at 1 January 2015	41	79	190	4	314
Additions	30	12	63	125	230
Currency translation differences	3	4	4	–	11
Balance at 31 December 2015	74	95	257	129	555
Accumulated depreciation					
Balance at 1 January 2015	34	64	146	4	248
Depreciation	7	10	34	21	72
Currency translation differences	1	4	4	–	9
Balance at 31 December 2015	42	78	184	25	329
Carrying amount					
Balance at 31 December 2015	32	17	73	104	226

5. Intangible assets

	Development costs	Advertising rights	Platforms	User data	Games	Contract rights	Computer software	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Group								
Cost								
Balance at 1 January 2016	5,181	16,085	12,729	696	498	–	87	35,276
Additions	767	28,369	–	–	–	2,667	110	31,913
Write off of fully amortised assets	(4,672)	–	–	–	–	–	–	(4,672)
Currency translation differences	(69)	2,107	–	17	13	(64)	7	2,011
Balance at 31 December 2016	1,207	46,561	12,729	713	511	2,603	204	64,528
Accumulated amortisation and impairment								
Balance at 1 January 2016	3,965	6,254	–	233	55	–	23	10,530
Amortisation	874	6,864	6,212	170	162	251	36	14,569
Impairment	–	–	–	–	–	2,274	–	2,274
Write off of fully amortised assets	(4,672)	–	–	–	–	–	–	(4,672)
Currency translation differences	(94)	493	308	13	9	78	2	809
Balance at 31 December 2016	73	13,611	6,520	416	226	2,603	61	23,510
Carrying amount								
Balance at 31 December 2016	1,134	32,950	6,209	297	285	–	143	41,018

5. Intangible assets (Continued)

	Development costs	Advertising rights	Platforms	User data	Games	Computer software	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Cost							
Balance at 1 January 2015	3,897	20,026	–	647	–	35	24,605
Additions	963	5,471	12,402	–	484	47	19,367
Write off of fully amortised assets	–	(10,769)	–	–	–	–	(10,769)
Currency translation differences	321	1,357	327	49	14	5	2,073
Balance at 31 December 2015 (Restated)	5,181	16,085	12,729	696	498	87	35,276
Accumulated amortisation							
Balance at 1 January 2015	2,806	7,272	–	54	–	4	10,136
Amortisation	925	9,248	–	169	54	18	10,414
Write off of fully amortised assets	–	(10,769)	–	–	–	–	(10,769)
Currency translation differences	234	503	–	10	1	1	749
Balance at 31 December 2015 (Restated)	3,965	6,254	–	233	55	23	10,530
Carrying amount							
Balance at 31 December 2015 (Restated)	1,216	9,831	12,729	463	443	64	24,746

Celebrity Branded Networks

During the financial year ended 31 December 2016, the Group entered into agreements with various parties for the sale of networks in exchange for advertising rights for celebrity branded networks amounting to SGD 28,369,000 (2015: SGD 5,471,000) based on valuations determined by an independent third party valuer. The advertising rights are amortised to profit or loss using the straight-line method over periods ranging from 24 months to 36 months based on the contractual useful life.

Settlement of receivables from YZ Group

In 2015, YZ Group refunded intangible assets with total value of SGD 12,729,000 to offset its receivables from the Group. The platforms are amortised over estimated useful lives of 2 years. These platforms were sold by the Group to YZ Group prior to 2013 which consist of platforms for Australia, New Zealand, Mexico, Canada, US, UK and Brazil.

5. Intangible assets (Continued)

Impairment of intangible assets in relation to Emerging Markets Telecommunication Service Limited (Nigeria)

The Group recognised impairment losses of SGD 2,274,000 on its intangible assets in relation to the cost of the shares issued to Mr. Mark Cramer-Roberts ("MCR") to facilitate the extension and renewal of contract with Etisalat.

The Group had issued 14,913,073 shares to MCR at a share price of SGD 0.1788 per share in satisfaction of the consideration of USD 1,960,000 to be paid to MCR. The impairment assessment was based on value in use.

	Advertising rights	Games	Total
	SGD'000	SGD'000	SGD'000
Company			
Cost			
Balance at 1 January 2016	708	498	1,206
Currency translation differences	16	12	28
Balance at 31 December 2016	724	510	1,234
Accumulated amortisation			
Balance at 1 January 2016	–	55	55
Amortisation	230	162	392
Currency translation differences	12	9	21
Balance at 31 December 2016	242	226	468
Carrying amount			
Balance at 31 December 2016	482	284	766
Cost			
Balance at 1 January 2015	–	–	–
Additions	633	484	1,117
Currency translation differences	75	14	89
Balance at 31 December 2015	708	498	1,206
Accumulated amortisation			
Balance at 1 January 2015	–	–	–
Amortisation	–	54	54
Currency translation differences	–	1	1
Balance at 31 December 2015	–	55	55
Carrying amount			
Balance at 31 December 2015	708	443	1,151

6. Investment in associate

	Group and Company	
	2016	2015
	SGD'000	SGD'000
Equity investment, at cost	3,108	–
Allowance for impairment losses	(2,383)	–
	725	–

Movements in the allowance for impairment loss of investment in associate is as follows:

	Group and Company	
	2016	2015
	SGD'000	SGD'000
Balance at the beginning of the financial year	–	–
Impairment made	2,271	
Currency translation differences	112	–
Balance at the end of the financial year	2,383	–

The particulars of the associate are as follows:

Name of associate	Country of incorporation and (Principle place of business)	Effective percentage of equity held		Principal activities
		2016	2015	
		%	%	
Infocomm Asia Holdings Pte. Ltd.	Singapore	30	–	Mobile social games

During the financial year, the Group issued 15 million shares to Infocomm Asia Holdings Pte. Ltd. ("IAH") as consideration for 30% investment in IAH. At the end of the reporting period, the Group performed an impairment assessment on its investment in IAH due to continued losses incurred by IAH. From the impairment review, the Group recognised impairment losses of SGD 2,383,000. The impairment assessment was based on fair value less cost to sell and is measured at level 3 of the fair value hierarchy. The Group estimated the recoverable amount through the sale of the shares back to the other shareholder of IAH through an option granted subsequent to year end. Given that there was no supporting evidence on the financial position of the other shareholder of IAH, the Group recognised an impairment loss of SGD 2,383,000. The outstanding balance of SGD 725,000 was in management opinion not material and therefore no further impairment losses was recognised.

7. Investments in subsidiaries

	Company	
	2016	2015
	SGD'000	SGD'000
Unquoted equity investments, at cost	334,249	327,049
Allowance for impairment losses	(242,819)	(2,048)
	91,430	325,001

Movements in the allowance for impairment loss of investments in subsidiaries is as follows:

	Company	
	2016	2015
	SGD'000	SGD'000
Balance at the beginning of the financial year	2,048	1,906
Impairment loss	229,365	–
Currency translation differences	11,406	142
Balance at the end of the financial year	242,819	2,048

The particulars of the significant subsidiaries are as follows:

Name of subsidiaries	Country of incorporation and (Principle place of business)	Effective percentage of equity held		Principal activities
		2016	2015	
		%	%	
Held by the Company				
YuuZoo Corporation BVI[1]	British Virgin Islands (Singapore)	100	100	Investment holding and network developments
Update Electronics (HK) Limited[2]	Hong Kong	100	100	Investment holding
Held by YuuZoo BVI				
YuuZoo Franchise Corporation[2]	British Virgin Islands (Singapore)	100	–	Investment holding
YuuZoo Nigeria Limited[4]	Nigeria	99	99	E-commerce
YuuZoo Content Management Pte. Ltd.[1]	Singapore	100	100	Investment holding
Global Software YuuZoo Inc.	Philippines	100	100	Data processing, hosting and related activities

7. Investments in subsidiaries (Continued)

Name of subsidiaries	Country of incorporation and (Principle place of business)	Effective percentage of equity held		Principal activities
		2016	2015	
		%	%	
Held by YuuZoo Content Management Pte. Ltd.				
YuuZooNow! Pte. Ltd.[1]	Singapore	100	100	Advertising, business, and management consultancy services
Yuupay Secure Pte. Ltd.[1]	Singapore	100	100	Payments platform services
YuuZoo Computer Technology (Shanghai) Co., Ltd.[3]	P.R. China	100	100	Advertising, business and management consultancy services
YuuKids Pte. Ltd.[2]	Singapore	100	100	Mobile social games

(1) Audited for consolidation by RT LLP, Singapore

(2) No audit is required as the entity is dormant

(3) Audited by Da Hua Certified Public Accountants

(4) Audited by Rose Water Partner

At the end of the reporting period, the Group performed an impairment assessment on its investment in subsidiaries due to continued losses incurred by certain subsidiaries. From the impairment review, the Group recognised impairment losses of SGD 242,819,000. The impairment assessment was based on fair value less costs to sell.

Non-controlling interests disclosures and share of loss

Management was of the view that the non-controlling interest in YuuZoo Nigeria Limited was not material and therefore no further disclosures in respect of the requirements of Singapore Financial Reporting Standard 112 *Disclosure of Interests in Other Entities* was required.

Management was of the opinion that the loss attributable to non-controlling interest in YuuZoo Nigeria Limited was not material and therefore no loss had been attributed to the non-controlling interest in the consolidated financial statements.

8. Available-for-sale investments

	Group		
	2016	2015	1.1.2015
	SGD'000	SGD'000 (Restated)	SGD'000 (Restated)
Available-for-sale investments carried at fair value			
- Unquoted equity securities, non-current	33,252	18,993	–

Included in available-for-sale investments is an amount of SGD 33,252,000 (2015: SGD 18,993,000) that relates to investments for which the Group has equity interests of between 4.85% to 34.29%

Settlement of receivables from YZ Group

In 2015, YZ Group returned platforms valued at SGD 2,122,000 to offset outstanding receivables from the Group.

Refund of shares received in 2015

In 2016, the Group changed its valuation method on franchise sales and valued its franchises via the cost approach instead of the income approach. The change in valuation method resulted in lower valuations for each of the franchises and the Group refunded some of the shares received in those franchise companies to the franchisees.

The Group subsequently sold additional vertical networks to those franchises and received additional shares in those entities which own those franchise rights.

Call option

The franchisee had a call option to acquire 25% of the shares in certain unquoted investments held by YuuZoo Group at fair value to be agreed by both parties. Management is of the view that the fair value of the call option held by the franchisee is SGD Nil as the exercise price is at fair value.

Impairment of investment in RS Media and Entertainment Group Holding Ltd ("RS Media")

The Group held 5% shareholdings or unquoted equity shares in RS Media with total value of SGD 4,677,000. During the year, management carried out an impairment assessment of the investment in RS Media. The impairment assessment took into account the future plans of RS Media, option provided by the shareholder of RS Media on 2 May 2017 to re-acquire the Group's shares in RS Media and the financial position of that shareholder. An impairment loss was recognised as part of the impairment review.

9. Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	SGD'000	SGD'000 (Restated)	SGD'000	SGD'000
Non-current				
Trade receivables				
- related parties	1,847	1,803	–	–
Current				
Trade receivables				
- third parties	10,146	13,223	–	–
Less: Allowance for impairment of trade receivables – third parties	(2,567)	(2,282)	–	–
	7,579	10,941	–	–
Non-trade receivables				
- third parties	7,666	8,423	5,110	6,796
- related parties	3	3	–	–
Less: Allowance for impairment of non-trade receivables – third parties	(6,789)	(604)	(5,110)	–
	880	7,822	–	6,796
Deposits	3,755	116	3,624	–
	12,214	18,879	3,624	6,796
Total trade and other receivables	14,061	20,682	3,624	6,796

The prior period restatements had no impact on the balances for 1 January 2015 and accordingly, the comparatives are not presented.

Trade receivables are unsecured, non-interest bearing and with a repayment period of 7 to 90 days (2015: 7 to 90 days).

The fair values of non-current interest-free receivables approximate their carrying amounts.

Receivables from related parties

The related parties refer to entities controlled by a director of YuuZoo Group. Included in the receivables from related parties are the following:

(i) An amount of SGD 1,847,000 (2015: SGD 1,803,000) due from 2 related parties for the sale of networks and apps prior to 2013. The outstanding balance is unsecured, interest-free and repayable over 24 months. Management was of the view that the effect of discounting the non-current balances would not be material and therefore no adjustment had been made to the outstanding receivables.

(ii) The other receivables of SGD 3,000 (2015: SGD 3,000) due from related parties are unsecured, interest-free and repayable on demand.

Receivables from YZ Group

In 2015, YuuZoo Corporation Limited Group ("YuuZoo Group") had outstanding receivables of SGD 17,254,000 from YZ Group. YZ Group was beneficially owned by Mr. Mark Cramer-Roberts, a director of a subsidiary of the Group. The receivables arose out of sales transactions between YuuZoo Group and YZ Group prior to 2013. The Group did not receive any cash repayments since 2014.

In 2015, YZ Group returned platforms of SGD 2,122,000 (Note 8) and intangible assets of SGD 12,402,000 (Note 5) with total value of SGD 14,851,000 to the Group to offset those outstanding receivables. The franchises and intangible assets were sold by YuuZoo Group to YZ Group prior to 2013. The remaining outstanding receivables of SGD 2,403,000 were written off.

9. Trade and other receivables (continued)

Receivables from Infocomm Asia Holdings Pte. Ltd. ("IAH")

On 15 April 2016, YuuZoo Group advanced SGD 5,110,000 to IAH as part of its plan to acquire IAH and its subsidiaries. The acquisition plan was subsequently aborted and YuuZoo Group recognised an impairment loss of SGD 5,110,000 on the total receivables from IAH after taking into account of the cash flow projections and financial position of IAH.

Receivables from RM Bidder LLC ("RM Bidder")

On 31 October 2016, the Group announced it had signed an agreement to acquire 33.3% in Relativity Holdings LLC. The Group subsequent paid SGD 3,622,000 (USD 2,500,000) to RM Bidder, a party designated by Relativity Holdings LLC to be the receiving party for the funds. On 28 February 2017, YuuZoo Group announced that the planned equity investment in Relativity Holdings LLC had been cancelled due to conditions precedent to the investment not being met. Management is of the view that the outstanding amount that had been paid to RM Bidder would be recoverable based on advice from an external legal firm of which one of the independent director of the Company is a partner of the law firm and also the internal legal counsel of YuuZoo Group. No impairment allowance had been recognised as at 31 December 2016.

Movements in allowance for impairment in trade receivables were as follows:

	Group		Company	
	2016	2015	2016	2015
	SGD'000	SGD'000 (Restated)	SGD'000	SGD'000
Balance at the beginning of the financial year	2,886	–	–	–
Allowance for impairment in receivables	6,099	2,811	5,110	–
Currency translation differences	371	75	–	–
Balance at the end of the financial year	9,356	2,886	5,110	–

Significant estimates in respect of impairment loss for trade and other receivables are disclosed in Note 3.2 (b). Additional credit risk assessment has been disclosed in Note 25.1 to the financial statements.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2016	2015	2016	2015
	SGD'000	SGD'000 (Restated)	SGD'000	SGD'000
United States dollar	13,891	13,601	–	226
Singapore dollar	–	6,833	3,624	6,570
Japanese yen	–	3	–	–
Others	170	245	–	–
	14,061	20,682	3,624	6,796

10. Amounts due from subsidiaries

	Company	
	2016	2015
	SGD'000	SGD'000
Amounts due from subsidiaries	26,013	12,785
	26,013	12,785

The amounts due from subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

11. Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	SGD'000	SGD'000	SGD'000	SGD'000
Cash on hand and bank balances	3,813	3,748	90	628

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2016	2015	2016	2015
	SGD'000	SGD'000	SGD'000	SGD'000
United States dollar	1,042	1,130	–	–
Singapore dollar	1,804	2,311	90	628
Japanese yen	83	79	–	–
Euro	745	–	–	–
Others	139	228	–	–
	3,813	3,748	90	628

12. Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	SGD'000	SGD'000	SGD'000	SGD'000
Trade payables				
- third parties	2,218	10,192	–	–
Non-trade payables				
- third parties	184	317	76	130
- subsidiaries	–	–	5,510	1,110
	184	317	5,586	1,240
Accrued expenses	567	683	279	284
Total trade and other payables	2,969	11,192	5,865	1,524

Trade payables are unsecured, non-interest bearing and are generally on 7 to 30 days' (2015: 7 to 90 days') credit terms.

Non-trade payables are unsecured, non-interest bearing and repayable on demand.

12. Trade and other payables (continued)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2016	2015	2016	2015
	SGD'000	SGD'000	SGD'000	SGD'000
United States dollar	1,344	10,138	5,440	1,110
Singapore dollar	307	605	425	414
Japanese yen	61	112	–	–
Others	1,257	337	–	–
	2,969	11,192	5,865	1,524

13. Deferred revenue

Deferred revenue represents unearned income from e-commerce of which the services had yet to be completed for their merchants.

14. Share capital

Group

	Number of issued shares	Share capital	Share premium
		SGD'000	SGD'000
Balance as at 1 January 2016	634,383,682	56,952	46,402
Issue of shares during the year	84,915,073	11,736	2,251
Balance as at 31 December 2016	719,298,755	68,688	48,653
Balance as at 1 January 2015 (restated)	632,075,910	56,635	45,752
Issue of shares during the year	2,307,772	317	167
Reclassification from non-controlling interest	–	–	483
Balance as at 31 December 2015 (restated)	634,383,682	56,952	46,402

14. Share capital (continued)

Company

	2016	2015
	USD'000	USD'000
Authorised:		
792,203,422 (2015: 792,203,422) ordinary shares of USD 0.10 (2015: USD 0.10) each	79,220	79,220

	Number of the issued shares	Share capital	Share premium
		SGD'000	SGD'000
Balance as at 1 January 2016	634,383,682	80,172	253,165
Issuance of shares during the year	84,915,073	11,736	2,251
Balance as at 31 December 2016	719,298,755	91,908	255,416
Balance as at 1 January 2015	632,075,910	79,855	252,998
Issue of shares during the year	2,307,772	317	167
Balance as at 31 December 2015	634,383,682	80,172	253,165

Acquisition of YuuZoo BVI and its controlled entities

On 29 August 2014, YuuZoo BVI's original shareholders obtained a majority share interest in YuuZoo Corporation Limited (formerly known as W Corporation Limited) after the reverse takeover transaction. This transaction did not meet the definition of a business combination in FRS 103 *Business Combinations*. The acquisition was accounted for in the consolidated financial statements in accordance with FRS 102 *Share-based Payment*, as a continuation of the financial statements of YuuZoo BVI, together with a deemed issue of shares, equivalent to the shares held by the former shareholders of YuuZoo Corporation Limited. The shares issued have been recorded at the fair value of the consideration received.

The consolidated financial statements and share capital represents the continuation of YuuZoo BVI. The number of shares in issue reflects those of YuuZoo Corporation Limited.

The newly issued shares rank *pari passu* in all respects with the previously issued shares. The par value for all the issued shares is USD 0.10 as at the year end of 2015 and 2016.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

During the financial year ended 31 December 2016, the Group issued a total of 84,915,073 shares as follows:

(i) 15,000,000 shares to Infocomm Asia Holdings Pte Ltd ("IAH") for 30% shareholdings in IAH; (Note 6)

(ii) 15,000,000 shares to GEM Global Yield Fund for cash (First batch);

(iii) 14,915,073 shares for rationalisation transaction for acquiring of intangible asset; (Note 5)

(iv) 15,000,000 shares to GEM Global Yield Fund for cash (Second batch); and

(v) 25,000,000 shares to GEM Global Yield Fund for cash (Third batch)

15. Other reserves

	Group			Company	
	2016	2015	1.1.2015	2016	2015
	SGD'000	SGD'000 (Restated)	SGD'000 (Restated)	SGD'000	SGD'000
Foreign currency translation account	10,206	7,131	2,864	53,153	44,065
Share option reserve (Note 18)	1,517	1,481	82	1,517	1,481
	11,723	8,612	2,946	54,670	45,546

Foreign currency translation account

The foreign currency translation account is used to record exchange differences arising from the translation of the financial statements of operations whose functional currencies are different from that of the Group's presentation currency and is not distributable.

Share option reserve

The share option reserve arises on the grant of share options to employees under the employee share option plan.

The Share Incentive Plans (the "YuuZoo ESOS") implementation was approved by the Company's directors on 14 November 2014 to issue to its employees options of a total of up to 3.97% of the existing issued share capital of the Company. In 2015, options were granted that comprises 2.05% of the issued share capital of the Company.

Under the YuuZoo ESOS Scheme, the options vest after a period from between 1 to 3 years of the grant date subject to continued employment.

Movement in the numbers of unissued ordinary shares under the options and their exercise prices are as follows:

	Beginning of the financial year	Granted during the financial year	Exercised or cancelled during the financial year	End of the financial year	Exercise price (SGD)	Exercise period
Movement in 2016						
ESOS	27,481,345	–	(16,270,608)	11,210,737	0.14 – 0.25	15.12.2015 to 28.8.2015
Movement in 2015						
ESOS	8,527,136	23,710,411	(4,756,202)	27,481,345	0.14 – 0.25	15.12.2015 to 28.8.2025

The estimated fair value of options was determined using the Black Scholes and Trinomial option pricing models with the following inputs into the models:

Exercise price	SGD 0.14 to 0.25
Share price at valuation date	SGD 0.14 to 0.32
Expected volatility	10% to 45%
Expected life	2 – 3 years
Risk-free interest rate	0.2626% to 2.14%
Expected dividend yield	Nil

The expected volatility was determined by calculating the overall median volatility of comparable companies.

16. Revenue

	Group	
	2016	2015
	SGD'000	SGD'000 (Restated)
E-commerce	51,827	34,550
Network development fees and franchise sales	51,373	19,465
	103,200	54,015

E-commerce

E-commerce, a service offered under the trade name, "YuuCollect", refers to the merchant fee that the Group charges the merchants for collecting the funds from the end customers. The amount of cash collected from the end customers are recognised as gross revenue and the amount of cash paid to the merchant net of the relevant charges are recorded as cost of sales. As at 31 December 2016, the revenue recognised amounted to SGD 51,827,000 (2015: SGD 34,550,000) and the service charges recognised amounted to SGD 50,876,000 (2015: SGD 33,710,000).

Network development fees and franchise sales

In 2016, the Group sold 11 franchises (2015: 9 franchises) and recognised SGD 22,985,000 (2015: SGD 13,642,000) in shares in unquoted equity investments and receivables. The receivables relate to outstanding shares in those unquoted investments that the Group will be receiving.

In 2016, the Group sold networks to certain celebrities and received advertising rights that was recognised at fair value of SGD 28,369,000 (2015: SGD 5,471,000). The advertising rights are recognised as intangible assets and amortised over the contractual period of 2 to 3 years.

17. Other income

	Group	
	2016	2015
	SGD'000	SGD'000 (Restated)
Government grant - Productivity and Innovation Credit ("**PIC**")/Job Credit	173	80
Interest income	–	106
Others	240	160
	413	346

18. Employee benefits expense

	Group	
	2016	2015
	SGD'000	SGD'000
Expenses benefits expense		
- salaries and wages	4,180	4,087
- contributions to defined contribution plan	405	272
- other benefits	268	142
- share based compensation (Note 15)	36	1,399
- directors' fees	202	272
	5,091	6,172

19. Profit/(loss) before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the profit before income tax includes the following charges:

	Group	
	2016	2015
	SGD'000	SGD'000 (Restated)
Other expenses		
Audit fees paid to auditors		
- auditor of the Company	310	280
- other auditors	40	43
Operating lease expenses	539	492
Foreign exchange loss, net	658	1,417

20. Income tax expense

The Group's income tax has been calculated on the assessable profit for the financial year at the rates prevailing in the respective foreign tax jurisdictions. Details of the reconciliation of effective tax rate are as follows:

	Group	
	2016	2015
	SGD'000	SGD'000 (Restated)
Profit/(loss) before income tax	14,037	(4,988)
Tax on profit before income tax, calculated at 17% (2015: 17%)	2,386	(848)
Expenses not deductible for income tax purposes	522	144
Different tax rates of subsidiaries operating in other jurisdictions	(3,659)	(42)
Deferred tax asset not recognised	597	170
Utilisation of previous years' unrecognised tax losses	(118)	(6)
Others	272	582
	–	–

The Group has tax losses of approximately SGD 6,142,000 (2015: SGD 3,324,000) that are available for offset against future taxable profits of the subsidiaries in which the losses arose, for which no deferred tax assets is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective companies in which subsidiaries operate.

21. Significant Related Party Transactions

During the financial year, in addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the parties during the financial year:

	Group	
	2016	2015
	SGD'000	SGD'000
With related parties		
Companies controlled by one of the directors		
Service fee	267	226
Companies in which a director had 50-50 joint control		
Celebrity branded network revenue	16,960	689

Compensation of key management personnel

The remuneration of the key management personnel of the Group during the financial year was as follows:

	Group	
	2016	2015
	SGD'000	SGD'000
Directors' fees	202	272
Short-term employment benefits	1,509	1,776
Post-employment benefits	86	68
Share based compensation	37	740
	1,834	2,856

Included in key management personnel remuneration was Directors' remuneration of SGD 361,000 and SGD 503,000 for the financial years ended 31 December 2016 and 2015 respectively.

22. Operating lease commitments

The Group and Company as the lessee

As at the end of the reporting period, there were non-cancellable operating lease commitments for rental payable in subsequent accounting periods as follows:

	Group	
	2016	2015
	SGD'000	SGD'000
Not later than one financial year	384	502
After one financial year but within five financial years	87	494
	471	996

The above operating lease commitments are based on existing rental rates at the end of each reporting period.

23. Earnings/(loss) per share

The basic earnings/(loss) per share is calculated based on the consolidated profit/(loss) attributable to equity holders of the Company divided by the weighted average number of shares in issue of 668,585,000 (2015: 632,222,000) shares during the financial year.

Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the year or if later, the date of the issue of the potential ordinary shares.

The following tables reflect the profit or loss and share data used in the computation of basic and diluted earnings per share.

	Group	
	2016	2015
	SGD'000	SGD'000
Basic earnings/(loss) per share		
Profit/(loss) attributable to shareholders (SGD'000)	14,037	(4,988)
Weighted average number of ordinary shares in issue ('000)	668,585	632,222
Basic earnings/(loss) per share (SGD cents)	2.09	(0.79)
Diluted earnings per share		
Profit/(loss) attributable to shareholders (SGD'000)	14,037	(4,988)
Weighted average number of ordinary shares in issue ('000)	668,585	632,222
Effect of dilutive potential ordinary shares due to share options ('000)	11,211	27,481
Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)	679,796	659,703
Diluted earnings/(loss) per share (SGD cents)	2.06	(0.76)

In 2015, the diluted loss per share was higher after adding back the effect of the potential ordinary shares and therefore those potential ordinary shares were anti-dilutive. The earnings per share and diluted loss per share for 2015 was thus SGD 0.79 cents per share.

24. Segment reporting

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. For management purposes, the Group organised into business units based on services, and has two reportable segments as follows:

(a) The network development and franchise sales segment is principally involved in building mobile-optimised but device agnostic targeted social e-commerce networks for businesses and consumers and the sales of franchise and marketing rights of the Company's services.

(b) The e-commerce segment provides a range of services for online mobile transactions including payment processing, advertising, mobile social games and other online transactions.

Management monitors the operating results of the segment separately for the purpose of making decision about the resources allocated and of assessing performance. Segment performance is evaluated based on gross profits. Group financing (including finance costs), operating expenses and income taxes are managed on group basis and are not allocated to operating segments.

The Group does not have intersegment sales.

24. Segment reporting (Continued)

Business Segment

	Network development and franchise sales	E-commerce	Unallocated	Elimination	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
2016					
Revenue					
External revenue (including other income)	51,354	51,827	19	–	103,200
Results					
Profit/(loss) before income tax	24,169	(871)	(9,261)	–	14,037
Income tax					–
Net profit					14,037
Non-cash items					
Impairment loss on trade receivables	5,110	–	989	–	6,099
Impairment loss on associate	2,271	–	–	–	2,271
Impairment loss on available-for-sale investments	4,456	–	–	–	4,456
Depreciation of property, plant and equipment	86	49	–	–	135
Amortisation and impairment of intangible assets	16,807	36	–	–	16,843
Capital expenditure					
Property, plant and equipment	182	35	–	–	217
Assets and liabilities					
Segment assets	73,751	19,413	295	–	93,239
Segment liabilities	1,092	3,726	(148)	–	4,670

24. Segment reporting (Continued)

Business Segment (Continued)

	Network development and franchise sales	E-commerce	Unallocated (i)	Elimination	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
2015 (Restated)					
Revenue					
External revenue (including other income)	19,113	34,550	352	–	54,015
Results					
Profit/(loss) before income tax	3,634	(2,942)	(5,680)	–	(4,988)
Income tax					–
Profit after income tax					(4,988)
Non-cash items					
Write off of trade receivables	2,341	470	–	–	2,811
Depreciation of property, plant and equipment	68	4	–	–	72
Amortisation of intangible assets	9,977	374	63	–	10,414
Capital expenditure					
Property, plant and equipment	229	1	–	–	230
Assets and liabilities					
Segment assets	44,368	11,005	26,057	(12,804)	68,626
Segment liabilities	611	11,827	1,525	(2,771)	11,192

25. Financial instruments, financial risks and capital management

The Group's and the Company's activities expose it to financial risks (including credit risk, foreign currency risk, interest rate risk and liquidity risk) arising in the ordinary course of business. The Group's and the Company's overall risk management strategy seeks to minimise the adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board is responsible for setting the objectives and underlying principles of financial risk management of the Group and the Company. The management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk. The Group and the Company do not hold or issue derivative financial instruments for trading purposes.

25.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and does not require collaterals. Cash and cash equivalents are placed with banks and financial institutions which are regulated.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's and the Company's maximum exposure to credit risk.

The Group's and the Company's major classes of financial assets are trade and other receivables, amount due from subsidiaries and cash and cash equivalents.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group. The Group's historical experience in the collection of receivables falls within the credit terms granted.

The Group has credit exposure arising from 2 (2015: 2) trade receivables amounting to approximately SGD 1,847,000 (2015(restated): SGD 1,803,000) represents 13% (2015: 9%) in aggregate as at the end of the reporting period. Management considers that there has been no change in the credit quality of the receivables and therefore no impairment was necessary.

The age analysis of the Group's trade receivables as at the end of the reporting period that are past due but not impaired is as follows:

	Group	
	2016	2015
	SGD'000	SGD'000 (Restated)
Less than 3 months	280	9,397
3 months to 6 months	–	–
6 months to 12 months	9,006	3,347

The Group has entered into a renegotiation of credit terms with its customers who have amounts past due more than 6 months.

25. Financial instruments, financial risks and capital management (Continued)

25.1 Credit risk (Continued)

The Group is exposed to credit risk from third party service providers of the YuuCollect service (See note 2.11 and Note 3.1(e) for details). These third party service providers refer to financial institutions or entities which collect the funds from the end users who wishes to engage the merchants for their goods and services. The Group will guarantee to the received funds to the merchants within 2 weeks of the receipt of funds by the third party service providers. In the event that the third-party service providers were to default, the Group will be contractually liable to pay the merchants for the funds received. The Group manages this credit risk through its internal assessment of the credibility of these third party service providers.

25.2 Foreign currency risk

Foreign currency risks arise from transactions denominated in currencies other than the functional currency of the entities within the Group. The currency that gives rise to this risk is primarily the Singapore dollar.

The Group and the Company do not hedge foreign currency exposure using derivative financial instruments. The Group and the Company manage foreign currency risks by close monitoring of the timing of inception and settlement of the foreign currency transactions.

The Group and the Company monitor foreign exchange risks closely and maintains funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency translation risk arises when commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

It is not the Group's and the Company's policy to take speculative positions in foreign currencies. Where appropriate, the Group enters into foreign currency forward contracts with its principal bankers to mitigate the foreign currency risks. As at 31 December 2016 and 2015, there are no outstanding forward foreign currency contracts.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	SGD	USD	Others
	SGD'000	SGD'000	SGD'000
Group			
At 31 December 2016			
Financial assets			
Cash and cash equivalents and available-for-sale financial assets	1,804	34,294	967
Trade and other receivables	–	13,891	170
	1,804	48,185	1,137
Financial liabilities			
Trade and other payables	(307)	(2,218)	(444)
	–	–	–
Net financial assets	1,497	45,967	693
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	1,497	–	–

25. Financial instruments, financial risks and capital management (Continued)

25.2 Foreign currency risk (Continued)

	SGD	USD	Others
	SGD'000	SGD'000	SGD'000
Group			
At 31 December 2015			
Financial assets			
Cash and cash equivalents and available-for-sale financial assets	2,311	20,123	307
Trade and other receivables	6,833	13,601	248
	9,144	33,724	555
Financial liabilities			
Trade and other payables	(605)	(10,138)	(449)
Net financial assets	8,539	23,586	106
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	8,539	–	–

	SGD	USD
	SGD'000	SGD'000
Company		
At 31 December 2016		
Financial assets		
Cash and cash equivalents and available-for-sale financial assets	90	–
Trade and other receivables	–	3,623
Receivables from subsidiaries	22,951	3,062
	23,041	6,685
Financial liabilities		
Trade and other payables	(425)	(5,440)
	(425)	(5,440)
Net financial assets	22,616	1,245
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	22,616	–

25. Financial instruments, financial risks and capital management (Continued)

25.2 Foreign currency risk (Continued)

	SGD	USD
	SGD'000	SGD'000
Company		
At 31 December 2015		
Financial assets		
Cash and cash equivalents and available-for-sale financial assets	628	–
Trade and other receivables	6,570	226
Receivables from subsidiaries	12,792	(7)
	19,990	219
Financial liabilities		
Trade and other payables	(414)	(1,110)
	(414)	(1,110)
Net financial assets/(liabilities)	19,576	(891)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	19,576	–

The Group's and the Company's exposure to foreign currency risk are mainly in Singapore dollar.

The following table details the Group's and Company's sensitivity to a 5% (2015: 5%) changes in Singapore dollar against the United States dollar. The sensitivity analysis assumes an instantaneous 5% change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in Singapore dollar, are included in the analysis. Consequently, reported changes in the values of some of the financial instruments impacting the results of the sensitivity analysis are not matched with the offsetting changes in the values of certain excluded items that those instruments are designed to finance or hedge.

Management is of the view that the foreign currency risk from other foreign currency denoted financial assets and financial liabilities are not material and therefore no further disclosures are made.

	Profit or loss	
	2016	2015
	SGD'000	SGD'000 (Restated)
Group		
USD against SGD		
Strengthened	75	427
Weakened	(75)	(427)
Company		
USD against SGD		
Strengthened	1,131	979
Weakened	(1,131)	(979)

25. Financial instruments, financial risks and capital management (Continued)

25.3 Interest rate risk

The Group's and the Company's exposure to market risk for changes in interest rates relates primarily to interest bearing receivables and interest bearing liabilities.

The Group's and the Company's results are affected by changes in interest rates due to the impact of such changes on interest income and expenses from interest bearing receivables and interest bearing liabilities which are at floating interest rates. It is the Group's and the Company's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group and the Company.

The Group has no significant exposure to market risk for changes in interest rates as it does not have significant-bearing receivables and liabilities.

25.4 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to finance the Group's and the Company's operations. As part of their overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash to meet its working capital requirement.

On 4 September 2016, the Group entered into an agreement with GEM Global Yield Fund ("**GEM**"), a New York based private alternative investment group. Under the agreement GEM has agreed to provide the Company with up to SGD30 million over the next three years.

This SGD30 million is in the form of a Capital Commitment which allows YuuZoo to drawdown funds during the three year term of the Agreement by issuing ordinary shares to GEM at a price per share which represents a 10% discount on the closing price of YuuZoo shares on the date such drawdown is requested by YuuZoo.

The Agreement is supported by a share lending arrangement whereby shares controlled by YuuZoo's Chairman, Thomas Zilliacus are lent to GEM at no cost to YuuZoo during the period between YuuZoo making the drawdown request and the issue of shares under the Agreement.

The Agreement has both SGX-ST approval for the listing and quotation of the shares to be issued to GEM under the Agreement and YuuZoo's shareholders approval to enter into the Agreement.

Although the Group generated negative operating cash flows for 2016 and 2015, management is of the view that there is no liquidity risk due to the facility described above.

25. Financial instruments, financial risks and capital management (Continued)

25.4 Liquidity risk (Continued)

Contractual maturity analysis

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

	Within one financial year	After one financial year but within five financial years	Total
	SGD'000	SGD'000	SGD'000
Group			
2016			
Financial assets			
Trade and other receivables	6,563	1,847	8,410
Cash and cash equivalents	3,813	–	3,813
	10,376	1,847	12,223
Financial liabilities			
Trade and other payables	2,969	–	2,969
Total net undiscounted financial assets	7,407	1,847	9,254
2015 (Restated)			
Financial assets			
Trade and other receivables	17,182	1,803	18,985
Cash and cash equivalents	3,748	–	3,748
	20,930	1,803	22,733
Financial liabilities			
Trade and other payables	11,192	–	11,192
Total net undiscounted financial assets	9,738	1,803	11,541

25. Financial instruments, financial risks and capital management (Continued)

25.4 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within one financial year	After one financial year but within five financial years	Total
	SGD'000	SGD'000	SGD'000
Company			
2016			
Financial assets			
Trade and other receivables	3,624	–	3,624
Amount due from subsidiaries	26,013	–	26,013
Cash and cash equivalents	90	–	90
	29,727	–	29,727
Financial liabilities			
Trade and other payables	5,865	–	5,865
Total net undiscounted financial assets	23,862	–	23,862
2015 (Restated)			
Financial assets			
Trade and other receivables	6,796	–	6,796
Amount due from subsidiaries	12,785	–	12,785
Cash and cash equivalents	628	–	628
	20,209	–	20,209
Financial liabilities			
Trade and other payables	1,524	–	1,524
Total net undiscounted financial assets	18,685	–	18,685

The Group and the Company maintain sufficient cash and cash equivalents and cash flows generated from financing to finance their operations.

25.5 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as going concerns and to maintain an optimal capital structure so as to maximise shareholders' value.

The capital structure of the Group consists of equity attributable to owner of the parent, comprising issued capital, share premium, reserves and net of accumulated losses and retained earnings, as reflected in the consolidated statement of financial position. The Group is not subject to any external imposed capital requirements.

25. Financial instruments, financial risks and capital management (Continued)

25.6 Fair value of financial assets and financial liabilities

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- Level 3 – Unobservable inputs for the asset or liability.

Financial Asset	Fair value as at 2016 SGD'000	Fair value as at 2015 SGD'000	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Available-for-sale investments	33,252	18,993	Level 3	Cost approach - in this approach, the associated staff cost is used to determine the cost of development of platforms and networks and management adjustments.	• Associated staff costs in development department • Last transacted sales price	NA, the associated staff cost does not fluctuate to market conditions

Reconciliation of level 3 fair value measurements:

	Group 2016 SGD'000	Group 2015 SGD'000 (Restated)
Opening balance	18,993	–
Additional investment during the year	14,992	19,919
Translation loss	(733)	(926)
Closing balance	33,252	18,993

There are no changes to the fair value of the available-for-sale ("AFS") investment during the year. The changes in balance is due to the addition of AFS investment.

25. Financial instruments, financial risks and capital management (Continued)

25.7 Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2016	2015	2016	2015
	SGD'000	SGD'000 (Restated)	SGD'000	SGD'000
Financial assets				
Loans and receivables	16,027	22,627	29,727	20,209
Financial liabilities				
Other financial liabilities, at amortised cost	2,969	11,192	5,865	1,524

26. Contingent liabilities

(a) Legal case on consideration paid to Mr. Mark Cramer Roberts to facilitate extension and renewal of Etisalat contract

The Group entered into a service agreement with Mr. Mark Cramer-Roberts ("MCR") for a consideration amount of USD 1,960,000 (SGD 2,667,000) for the facilitation, extension and renewal of contract with Etisalat. The consideration was to be paid in shares of the Group and to the extent the realisable value of the shares at open market were to be below the consideration, the difference will be topped up with additional shares in the Group.

The Group had issued 14,913,073 shares to designated parties nominated by MCR at SGD 0.1788 per share, with total value of SGD 2,667,000. The value of the shares issued was capitalised as an intangible asset.

On 27 February 2017, the Group received a Writ of Summons and Statement of Claims from the nominated parties for additional shares with a value of SGD 270,879 in the Group.

Management was of the view that the loss from the legal case was not material and accordingly, no provision had been made.

(b) Legal case against ex-staff

The Group had taken up a lawsuit against an ex-staff alleging non-return of certain company assets and refund of certain expenses paid on behalf of the ex-staff.

Management was of the view that the financial impact of the case was not material to the consolidated financial statements.

(c) Allegations from customers from YuuPay Secure Pte Ltd

During the year, the Group received certain information from users of the YuuCollect services claiming that they had suffered losses due to the Merchants not acknowledging the funds that had been transferred. The Company are of the view that the Group is not liable for any of the claim by these users of the YuuCollect service as the Company is not responsible for the actions of the Merchants.

27. Events after the reporting period

On 4 January 2017, the Group issued 53,452,000 shares at an issue price of SGD 0.1359, at 10% of the closing bid price of SGD 0.151 on 16 November 2016 pursuant to the approval in principle of the Singapore Exchange Securities Trading Limited ("SGX-ST") dated 19 February 2016 and the mandate given by Shareholders, obtained at the Special General Meeting of the Company held on 21 March 2016. The New Shares rank pari passu in all respects with the existing shares in the Company from the date of issuance of the New Shares and raised total funds of SGD 7,264,127.

On 2 February 2017, the Group announced Mr. Ozi Amanat ceased to be an independent director and Audit Committee Chairman of the Group with effect from 31 January 2017.

On 2 February 2017, the previous Chief Financial Officer, Mr. Lim Aik Bin left the Group with effect from 1 February 2017.

On 6 February 2017, the Group appointed Mr. Vincent Strabo as an independent director of the Group with effect from 6 February 2017.

On 27 February 2017, the Group received Writ of Summons and Statement of Claim in relation to its rationalisation transaction for the amounts paid to Mr. Mark Cramer-Roberts for the Etisalat renewal agreement. Further details are disclosed in Note 26(a).

On 27 February 2017, the Group announced Mr. Raul Ikonen will be appointed as the new Chief Financial Officer of the Group with effect from 1 March 2017.

On 28 February 2017, the Group announced that it had cancelled the planned equity investment in Relativity Holdings LLC. Further details on the cancellation are disclosed in Note 9.

On 22 March 2017, the Group announced that it had acquired an exclusive option buy the holding company of Cinram Europe, one of the biggest logistics & distribution companies in Europe, from US-based 46 State Street LLC and an affiliate, for a consideration of 7.5 million shares of the Group. The acquisition is subject to satisfactory due diligence by the Group, and expires on 30 June 2017.

On 24 March 2017, the Group announced that Mr. Cheong Boon Leong Christopher has been appointed as an independent director and Chairman of the Audit Committee of the Group with effect from 24 March 2017.

On 17 April 2017, the Group disclosed Mobile FutureWorks Inc, a company beneficially owned by a director of the Group disposed 35,000,000 shares in the Group at a share price of SGD 0.143 per share.

On 26 April 2017, the Group announced that it had signed a framework agreement to set up the first eSports College and eSports Development Park in Harbin with the Municipal Government of Harbin in China.

On 4 May 2017, the Group announced the cessation of its Group Financial Controller Mr. Thai Youn Fatt due to a breach of employment contract with effect from 3 May 2017.

On 6 May 2017, the Group announced that it had filed a police report against its previous Group Financial Controller Mr. Thai Youn Fatt.

On 31 May 2017, the Group announced it had appointed Mr. Mohandas as the Group's Chief Operating Officer.

28. Prior period restatements

Certain comparative figures in the consolidated financial statements of the Group have been restated to correct errors and conform to the recognition and measurement policies and/or presentation adopted during the financial year ended 31 December 2016.

Consolidated statements of financial position

2015

		Prior period restatements					
		Change in accounting policies (a)		Correction of errors (b)			
	Previously reported	Valuation of franchises (i)	RTO accounting (ii)	Re-classification (i)	Receivables from YZ Group (ii)	Unconsolidation of YuuGames (iii)	As restated
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Non-current assets							
Property, plant and equipment	290	–	–	(64)	–	–	226
Intangible assets	11,953	–	–	64	12,729	–	24,746
Available-for-sale investments	54,989	(19,306)	–	–	(16,690)	–	18,993
Trade and other receivables	1,421	–	–	382	–	–	1,803
	68,653	(19,306)	–	382	(3,961)	–	45,768
Current assets							
Trade and other receivables	34,714	1,697	–	(382)	(17,254)	104	18,879
Prepayments	231	–	–	–	–	–	231
Cash and cash equivalents	3,748	–	–	–	–	–	3,748
	38,693	1,697	–	(382)	(17,254)	104	22,858
Less:							
Current liabilities							
Trade and other payables	11,192	–	–	–	–	–	11,192
Net current assets	27,501	1,697	–	(382)	(17,254)	104	11,666
Net assets	96,154	(17,609)	–	–	(21,215)	104	57,434
Capital and reserves							
Share capital	80,172	–	(23,220)	–	–	–	56,952
Share premium	23,182		23,220	–	–	–	46,402
Other reserves	9,609	(452)	–	–	(547)	2	8,612
Accumulated profits/ (losses)	(16,809)	(17,157)	–	–	(20,668)	102	(54,532)
Equity attributable to parents of the owner	96,154	(17,609)	–	–	(21,215)	104	57,434
Non-controlling interest	–	–	–	–	–	–	–
Total equity	96,154	(17,609)	–	–	(21,215)	104	57,434

28. Prior period restatements (Continued)

Consolidated statements of financial position (Continued)

2014

		Prior period restatements					
		Change in accounting policies (a)		Correction of errors (b)			
	Previously reported	Valuation of franchises (i)	RTO accounting (ii)	Re-classifiction (i)	Receivables from YZ Group (ii)	Unconsolida-tion of YuuGames (iii)	As restated
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Non-current assets							
Property, plant and equipment	97	–	–	(31)	–	–	66
Intangible assets	14,438	–	–	31	–	–	14,469
Available-for-sale investments	–	–	–	–	–	–	–
Trade and other receivables	–	–	–	–	–	–	–
	14,535	–	–	–	–	–	14,535
Current assets							
Trade and other receivables	32,491	–	–	–	–	–	32,491
Prepayments	58	–	–	–	–	–	58
Cash and cash equivalents	12,432	–	–	–	–	–	12,432
	44,981	–	–	–	–	–	44,981
Less:							
Current liabilities							
Trade and other payables	2,822	–	–	–	–	–	2,822
Deferred revenue	421	–	–	–	–	–	421
	3,243	–	–	–	–	–	3,243
Net current assets	41,738	–	–	–	–	–	41,738
Net assets	56,273	–	–	–	–	–	56,273
Capital and reserves							
Share capital	79,855	–	(23,220)	–	–	–	56,635
Share premium	22,532	–	23,220	–	–	–	45,752
Other reserves	2,946	–	–	–	–	–	2,946
Retained profits/ (accumulated losses)	(49,706)	–	–	–	–	–	(49,706)
Equity attributable to owners of the parent	55,627	–	–	–	–	–	55,627
Non-controlling interests	646	–	–	–	–	–	646
Total equity	56,273	–	–	–	–	–	56,273

28. Prior period restatements (Continued)

Consolidated statement of profit or loss and other comprehensive income

2015

		Prior period restatements					
		Change in accounting policies (a)		Correction of errors (b)			
	Previously reported	Valuation of franchises (i)	RTO accounting (ii)	Re-classification (i)	Receivables from YZ Group (ii)	Unconsolidation of YuuGames (iii)	As restated
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Revenue	90,061	(17,157)	–	–	(18,327)	(562)	54,015
Other income	346	–	–	–	–	–	346
Items of expense							
Service charges	(35,156)	–	–	–	–	739	(34,417)
Amortisation and impairment of intangible assets	(10,396)	–	–	(18)	–	–	(10,414)
Depreciation of property, plant and equipment	(90)	–	–	18	–	–	(72)
Employee benefits expense	(6,172)	–	–	–	–	–	(6,172)
Other expenses	(5,858)	–	–	–	(2,341)	(75)	(8,274)
Total expenses	(57,672)	–	–	–	(2,341)	664	(59,349)
Profit/(loss) before income tax	32,735	(17,157)	–	–	(20,668)	102	(4,988)
Income tax expense	–	–	–	–	–	–	–
Profit/(loss) for the financial year	32,735	(17,157)	–	–	(20,668)	102	(4,988)
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations, net of tax	5,263	(452)	–	–	(547)	2	4,266
	5,263	(452)	–	–	(547)	2	4,266
Total comprehensive income for the year	37,998	(17,609)	–	–	(21,215)	104	(722)

28. Prior period restatements (Continued)

The details of the restatement for the Group are as follows:

2015

		Prior period restatements					
		Change in accounting policies (a)		Correction of errors (b)			
	Previously reported	Valuation of franchises (i)	RTO accounting (ii)	Re-classification (i)	Receivables from YZ Group (ii)	Unconsolidation of YuuGames (iii)	As restated
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Capital and reserves							
Share capital	80,172	–	(23,220)	–	–	–	56,952
Share premium	23,182	–	23,220	–	–	–	46,402
Other reserves	9,609	(452)	–	–	(547)	2	8,612
Retained profits/ (accumulated losses)	(16,809)	(17,157)	–	–	(20,668)	102	(54,532)

2014

		Prior period restatements					
		Change in accounting policies (a)		Correction of errors (b)			
	Previously reported	Valuation of franchises (i)	RTO accounting (ii)	Re-classification (i)	Receivables from YZ Group (ii)	Unconsolidation of YuuGames (iii)	As restated
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Capital and reserves							
Share capital	79,855	–	(23,220)	–	–	–	56,635
Share premium	22,532	–	23,220	–	–	–	45,752

The details of the above restatements are as follows:

(a) Changes in accounting policies

(i) Valuation of franchises

In 2016, the Group revised its accounting policy on the revenue recognition for the sales of e-commence platforms deemed as franchise sales and the corresponding fair value of the available-for-sale investments received as consideration. Previously, the Group recognised the franchise revenue based on fair value calculated using the income approach which relied on future number of users, revenue from those users, that is future potential income. In view of the previous auditor comments and current auditor assessment on the valuation method and the inputs to the model, management changed the valuation methodology on those franchises and used the cost approach to value those franchises. The Board is of the view that the change in accounting policy will provide reliable and relevant information, especially in reflecting a significantly more conservative accounting policy. The associated staff cost incurred on the development of those franchises were used to estimate the fair value of those franchises. No future potential income are used in this valuation methodology. The change in valuation methodology resulted in a reduction in fair value of franchises sold in 2015 from SGD 54,989,000 to SGD 18,993,000, including reversal of fair value of one of its franchise that was returned from YZ Group of SGD 18,812,000 in note (b) (ii). The receivables of SGD 1,697,000 relates to shares of franchises to be received from the franchisee. Consequently, the Group did a retrospective adjustment and reduced the revenue and available-for-sale ("AFS") investments in those unquoted investments by the same amount. There was no such sale of franchises in 2014.

28. Prior period restatements (Continued)

The details of the above restatements are as follows (Continued):

(a) Changes in accounting policies (Continued)

(ii) Reverse Takeover Accounting ("RTO Accounting")

In 2014, upon the completion of the reverse takeover of W Corporation Limited, the Group posted an adjustment to harmonise the share capital of the Group to that of YuuZoo Corporation Limited (Accounting Acquiree). Under RTO accounting, YuuZoo Corporation BVI is recognised as the accounting acquirer and the share capital of the Group should reflect that of the accounting acquirer. The Group therefore posted an entry to reinstate the share capital of that of YuuZoo Corporation BVI.

(b) Correction of errors

(i) Reclassification of intangible assets and receivables

- In 2015, certain computer software with an amount of SGD 64,000, was classified under property, plant and equipment. The Group reclassified the cost of the computer software and the related amortisation expenses to intangible assets and amortisation of intangible assets to correct the error.
- In 2015, the Group classified certain receivables from a related party as current assets when it should have been classified under non-current assets. The related party refers to an entity that is beneficially owned by a director of YuuZoo Corporation Limited. A reclassification entry to reclass receivables of SGD 382,000 from current assets to non-current assets was posted to correct the error.

(ii) Receivables from YZ Group

In 2015, the Group had outstanding receivables of SGD 17,254,000 from YZ Group. YZ Group was made up of many companies that were beneficially owned by Mr. Mark Cramer-Roberts, a director of YuuZoo Nigeria Limited. YuuZoo Nigeria Limited is a subsidiary of YuuZoo Corporation Limited. No cash payments had been received by the Group since 2014.

In 2015, YZ Group returned certain franchises back to the Group as consideration for the settlement for those outstanding receivables. These franchises and intangible assets were sold by the Group to YZ Group prior to 2013. In receiving those franchises and intangible assets, the Group applied the same valuation methodology as how it had recognised its sales of franchises on those returned franchises and intangible assets. The Group thus recognised in intangible assets of SGD 12,402,000 and available for sale investment of SGD 2,122,000. The remaining receivables of SGD 2,403,000 was written off as impairment loss in 2015.

In 2015, the Group recognised revenue from the sale of one of its franchise that was returned from YZ Group of SGD 18,812,000. The returned franchise should have been booked as an AFS investment and no revenue should be recognised when the AFS investment was subsequently sold. Consequently, the Group reversed revenue of SGD 18,327,000 in 2015 profit or loss.

In total AFS investment reduced SGD 18,812,000 from reversal of the sale of one of its franchise and increased by SGD 2,122,000 resulting in a net decrease of SGD 16,690,000

28. Prior period restatements (Continued)

The details of the above restatements are as follows (Continued):

(b) Correction of errors (Continued)

(iii) Unconsolidation of Yuugames Network Technology Co., Ltd ("Yuugames")

In 2015, the Group announced that it had formed a joint venture company Yuugames with XG AMA, an external party. The Group signed an agreement which it will be able to obtain 49% of Yuugames from the current shareholder of XG AMA. The Group consolidated 100% of the revenue and expenses of Yuugames but did not consolidate any financial statement line items in the statement of financial position.

In 2016, the Group did a re-assessment of its interest in Yuugames and noted that it did not obtain the equity ownership of Yuugames and there was no certainty on obtaining those equity shares and determined that its exposure to risk and rewards of Yuugames was more of a creditor risk for its outstanding receivables from Yuugames. The Group thus reversed the consolidation of 100% of revenue of SGD 562,000 and expenses of SGD 1,134,000 of Yuugames in 2015. In addition, the Group performed an impairment assessment of its receivables from Yuugames and determined that the entire amount of receivables should be impaired and accordingly, an impairment loss of SGD 470,000 was recognised in profit or loss.

STATISTICS OF SHAREHOLDINGS

As at 26 May 2017

Authorised share capital	:	USD79,220,342.20
Issued and fully paid capital	:	SGD 99,637,000
Class of shares	:	Ordinary Shares of USD0.10 each
Number of Shares in Issue	:	772,750,755
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	213	3.71	7,484	0.00
100 - 1,000	1,270	22.15	538,280	0.07
1,001 - 10,000	1,143	19.93	6,858,735	0.89
10,001 - 1,000,000	3,036	52.94	332,648,256	43.05
1,000,001 and above	73	1.27	432,698,000	55.99
Total	**5,735**	**100.00**	**772,750,755**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders as at 26 May 2017)

	Direct Interest	%	Deemed Interest	%
Mobile Futureworks Inc.	–	–	136,507,764[(a)]	17.67
Thomas Henrik Zilliacus	7,946,677	1.03	136,507,764[(b)]	17.67

Notes:

(a) Mobile FutureWorks Inc. has a deemed interest in 49,055,391 shares held through JPMorgan Chase Singapore, 82,707,793 shares held through Raffles Nominees (Pte) Ltd., 4,744,580 shares held by Arlington Marble Holdings Inc.

(b) Mr. Thomas Zilliacus has a deemed interest in 49,055,391 shares held by Mobile FutureWorks Inc. through JPMorgan Chase Singapore, 82,707,793 shares held by Mobile FutureWorks Inc. through Raffles Nominees (Pte) Ltd. and 4,744,580 shares held by Arlington Marble Holdings Inc. by virtue of his shareholding in Mobile FutureWorks Inc. and Arlington Marble Holdings Inc.

STATISTICS OF SHAREHOLDINGS

As at 26 May 2017

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	RAFFLES NOMINEES (PTE) LIMITED	91,339,947	11.82
2.	DBSN SERVICES PTE. LTD.	79,447,536	10.28
3.	DBS NOMINEES (PRIVATE) LIMITED	32,241,164	4.17
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	17,468,443	2.26
5.	MAYBANK KIM ENG SECURITIES PTE LTD	16,466,934	2.13
6.	OCBC SECURITIES PRIVATE LIMITED	12,889,669	1.67
7.	CIMB SECURITIES (SINGAPORE) PTE LTD	12,844,251	1.66
8.	PHILLIP SECURITIES PTE LTD	10,553,810	1.37
9.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	9,084,458	1.18
10.	CHNG BENG HUA	7,800,000	1.01
11.	THOMAS HENRIK ZILLIACUS	7,696,677	1.00
12.	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	6,899,200	0.89
13.	MORGAN LEWIS STAMFORD LLC	6,663,848	0.86
14.	YEO SENG BUCK	6,000,000	0.78
15.	TEO CHOR KOK	5,033,700	0.65
16.	ARLINGTON MARBLE HOLDINGS INC	4,744,580	0.61
17.	UOB KAY HIAN PRIVATE LIMITED	3,911,280	0.51
18.	TOH BEE YONG	3,714,201	0.48
19.	YZELMAN GEOFFREY ERIC	3,594,000	0.47
20.	GILES SHANZHI LIM	3,580,000	0.46
	TOTAL	**341,973,698**	**44.26**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately, 81.17% of the Company's shares are held in the hands of the Public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **YUUZOO CORPORATION LIMITED** (the "**Company**") will be held at Auditorium, 31 International Business Park Singapore 609921 on Friday, 7 July 2017 at 11:00 am to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Auditors' Report thereon. **[Resolution 1]**

2. To approve the Director's fees of US$150,000 for the financial year ending 31 December 2017. (2016: US$138,000) **[Resolution 2]**

3. To re-elect Mr Anthony Williams, a Director retiring pursuant to Bye-Law 86(1) of the Company's Bye-Laws.
[See Explanatory Note 1] **[Resolution 3]**

4. To re-elect Mr James Vincent Strabo, a Director retiring pursuant to Bye-Law 85(6) of the Company's Bye-Laws.
[See Explanatory Note 2] **[Resolution 4]**

5. To re-elect Mr Cheong Boon Leong Christopher, a Director retiring pursuant to Bye-Law 85(6) of the Company's Bye-Laws.
[See Explanatory Note 3] **[Resolution 5]**

6. To re-appoint RT LLP as the Auditors of the Company and to authorize the Directors of the Company to fix their remuneration. **[Resolution 6]**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

8. Share Issue Mandate

To consider and, if thought fit, to pass the following resolution with or without any modifications as Ordinary Resolution:-

"THAT pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company (the "**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall be limited as follows:

(A) without prejudice to sub-paragraph (1)(B) below, the aggregate number of shares to be issued shall not exceed 50 per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20 per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below) (the "**General Limit**");

(B) in addition to the General Limit, the aggregate number of shares to be issued by way of renounceable rights issues on a pro rata basis (the "**Renounceable Rights Issues**") shall not exceed 50 per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below (the "**Additional Limit**");

(C) where an issue of shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limit, but only to the extent of the then remaining General Limit;

(D) where an issue of shares is to be issued otherwise than by way of Renounceable Rights Issue, that issue may only use the General Limit, but only to the extent of the then remaining General Limit;

(E) an issue of shares that is not for a financing purpose may only use the General Limit, but the number of such shares that may be issued shall be limited to the numerical number of the then remaining Additional Limit;

(2) the General Limit and the Additional Limit shall not, in aggregate, exceed 100 per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(3) no shares shall be issued pursuant to this Resolution after 31 December 2018, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50 per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below);

(4) (subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (1)(A) and (1)(B) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(5) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(6) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note 4] **[Resolution 7]**

9. Increase of Authorised Share Capital

To consider and, if thought fit, to pass the following resolution with or without any modifications as Ordinary Resolution:-

"THAT the authorised share capital of the Company be and is hereby increased from US$79,220,342.20 representing 792,203,422 shares of US$0.10 each to US$109,220,342.20 representing 1,092,203,422 shares of US$0.10 each, by the creation of additional 300,000,000 new shares of US$0.10 each ranking *pari passu* in all respects with the existing shares of the Company."

[See Explanatory Note 5] **[Resolution 8]**

10. Renewal of YuuZoo IPT Mandate

To consider and, if thought fit, to pass the following resolution with or without any modifications as Ordinary Resolution:-

"THAT:

(1) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, for the Company and its subsidiaries that are entities at risk (as that term is used in Chapter 9 of the Listing Manual), or any of them, to enter into any of the transactions falling within the interested person transactions described in the Appendix to the Annual Report dated 13 June 2017 (the "**Appendix**") with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and not prejudicial to the interest of the Company and the minority shareholders and in accordance with the Company's review procedures for such interested person transactions;

(2) the approval given in paragraph (1) above (the "**YuuZoo IPT Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; and

(3) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the YuuZoo IPT Mandate."

[See Explanatory Note 6] **[Resolution 9]**

11. Proposed Grant of Options under the YuuZoo Employee Share Option Scheme to Mr Thomas Zilliacus, the Executive Chairman and Director of the Company, and an associate of a Controlling Shareholder of the Company

To consider and, if thought fit, to pass the following resolution with or without any modifications as Ordinary Resolution:-

"THAT approval be and is hereby given to the Directors of the Company to offer and grant options to Mr Thomas Zilliacus in accordance with the rules of the YuuZoo ESOS and on the terms set out below, and to allot and issue or deliver from time to time such number of fully paid-up ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted by the Company under the YuuZoo ESOS:

(a)	Date of grant	:	Within four weeks from the date of the Annual General Meeting
(b)	Number of options granted	:	Up to 1,500,000
(c)	Exercise Price per option	:	Such price representing a discount of up to 20% to the Market Price, rounded up to the nearest cent in the event of fractional prices "**Market Price**" being the price that is equal to the average of the last dealt prices for a share, as determined by using the last done share price of the Company as published in the SGX website of the three (3) consecutive market days immediately preceding the offer date of that option, rounded up to the nearest whole cent in the event of fractional prices
(d)	Exercise Period of the Options	:	The period from the day after the second anniversary of the Date of grant to the day falling before the tenth anniversary of the Date of grant

[See Explanatory Note 7] **[Resolution 10]**

Dated this 21st day of June, 2017.

On behalf of the Board
Thomas Zilliacus
Executive Chairman

Notes:

A. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one proxy or two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

B. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd, 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619 not less than 48 hours before the time appointed for holding the Annual General Meeting.

C. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney, shall be attached to the instrument of proxy, failing which the instrument may be treated as invalid.

D. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 21 June 2017.

EXPLANATORY NOTES:

1. Mr Anthony Williams, upon re-election as a director of the Company, will remain as the Lead Independent Director, the Chairman of the Remuneration Committee, a member of the Audit Committee and the Nominating Committee and will be considered independent. Detailed information on Mr Anthony Williams can be found under the section entitled 'Board of Directors' on page 8 of the Annual Report.

2. Mr James Vincent Strabo, upon re-election as a director of the Company, will remain as a member of the Audit Committee, the Nominating Committee and the Remuneration Committee and will be considered independent. Detailed information on Mr James Vincent Strabo can be found under the section entitled 'Board of Directors' on page 9 of the Annual Report.

3. Mr Cheong Boon Leong Christopher, upon re-election as a director of the Company, will remain as the Chairman of the Audit Committee and will be considered independent. Detailed information on Mr Cheong Boon Leong Christopher can be found under the section entitled 'Board of Directors' on page 9 of the Annual Report.

4. The proposed Resolution 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting (the "**AGM**") of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding the aggregate of (i) 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to shareholders of the Company (the General Limit); and (ii) additional 50% for Renounceable Rights Issues, of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (the Additional Limit), provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares and subsidiary holdings) at the time Resolution 7 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

   The authority for the Additional Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date no further shares shall be issued pursuant to this Resolution, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (the "**Enhanced Rights Issue Limit**"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds in the annual report; and limitations in any existing mandate from shareholders.

The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders as it will allow the Company to raise funds expediently.

The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

5. The proposed Resolution 8, if passed, will increase the authorised share capital of the Company from US$79,220,342.20 to US$109,220,342.20 by the creation of additional 300,000,000 new shares of US$0.10 each. This approval is sought pursuant to the Bermuda Companies Act 1981 and the Bye-Laws of the Company.

6. The proposed Resolution 9, if passed, will renew the mandate to permit the Company and its subsidiaries or any of them, for the purpose of Chapter 9 of the Listing Manual, to enter into certain interested person transactions with interested persons as described in the Appendix. Please refer to the Appendix for further details.

7. The proposed Resolution 10, if passed, will empower the Directors of the Company to issue up to 1,500,000 shares in the Company to Mr Thomas Zilliacus, the Executive Chairman and Director of the Company, who is also a controlling shareholder of the Company, pursuant to the exercise of options to be granted by the Company under the YuuZoo ESOS and on the terms and subject to the conditions set out in Resolution 10.

Rationale for Resolution 10

Mr Thomas Zilliacus has been with the YuuZoo group from its inception. As the seed investor, he played a pivotal role in achieving the listing of the YuuZoo group by way of a reverse takeover. Mr Thomas Zilliacus is the Executive Chairman of the Company and was the Chief Executive Officer of the Company until the separation of the functions of Chief Executive Officer and Chairman. He is also an associate of the controlling shareholder of the Company, being Mobile FutureWorks Inc.

As Chief Executive Officer, he was responsible for management of the organisation's overall strategy, including assessing and executing the Company's mergers and acquisitions opportunities. He supervises the Company's investment and fundraising efforts and oversees all significant functions and budget preparation. As Executive Chairman, he focuses on chartering YuuZoo's strategic direction including exploring and evaluating partnership and mergers and acquisitions opportunities.

As at the date of this Notice, Mr Thomas Zilliacus has a total of 6,320,759 options. Pursuant to Rule 845(3) of the Listing Manual, assuming the proposed grant of options to Mr Thomas Zilliacus under Resolution 10 is approved and all options granted to Mr Thomas Zilliacus are issued, the aggregate number of options convertible into shares in the capital of the Company will be 7,820,759 representing 6.75% of the total number of shares available under the YuuZoo ESOS, which does not exceed the limit of ten per centum (10%) of the total number of shares available under the YuuZoo ESOS to each controlling shareholder or his associate.

Voting restrictions

Mr Thomas Zilliacus and his associates shall abstain from voting at the meeting in respect of Resolution 10 above and should not accept nominations as proxies or otherwise for voting at the meeting, in respect of the aforesaid ordinary resolution, unless specific instructions have been given in the proxy form on how the vote is to be cast for the aforesaid resolution.

Shareholders who are also persons eligible to participate in YuuZoo's ESOS should abstain from voting in respect of Resolution 10, and should not accept nominations as proxies or otherwise for voting at the meeting in respect of the said resolution, unless specific instructions have been given in the proxy form on how the vote is to be cast for the aforesaid resolution.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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YUUZOO CORPORATION LIMITED

(Incorporated in Bermuda)
(Company Registration No.36658)

ANNUAL GENERAL MEETING
MEMBER PROXY FORM

Personal data privacy

By submitting an instrument appointing a proxy and/or representative, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 21 June 2017.

I/We, _____ (Name) _____ (NRIC/Passport No.)

of _____

being a member/members of YuuZoo Corporation Limited (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") of the Company, to be held at Auditorium, 31 International Business Park Singapore 609921 on Friday, 7 July 2017 at 11:00 am and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

(If you wish to exercise all your votes 'For' or 'Against', please indicate with an 'X' within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	**Resolutions relating to:**	**No. of votes 'For'**	**No. of votes 'Against'**
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016		
2	Approval of Directors' fees amounting to US$150,000 for the financial year ending 31 December 2017		
3	Re-election of Mr Anthony Williams as a Director		
4	Re-election of Mr James Vincent Strabo as a Director		
5	Re-election of Mr Cheong Boon Leong Christopher as a Director		
6	Re-appointment of RT LLP as Auditors and authority to Directors to fix remuneration		
7	Share issue mandate		
8	Increase of authorised share capital		
9	Renewal of YuuZoo IPT Mandate		
10	Proposed Grant of Options at a discount under YuuZoo's ESOS to Mr. Thomas Zilliacus, Executive Chairman of the Company and as Associate of a controlling shareholder of the Company		

Dated this _____ day of _____ 2017

Total number of Shares in:	No. of Shares
Register of Members	

_____

Signature(s) of Member(s)
or Common Seal of Corporate Shareholder

IMPORTANT: Please read notes overleaf

Notes:

1. A member should insert the total number of Shares registered in his/her name in the Register of Members of the Company. If no number is inserted, this instrument or form appointing a proxy or proxies will be deemed to relate to all the Shares in the capital of the Company registered in his/her name(s) in the Register of Members of the Company.

2. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one proxy or two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

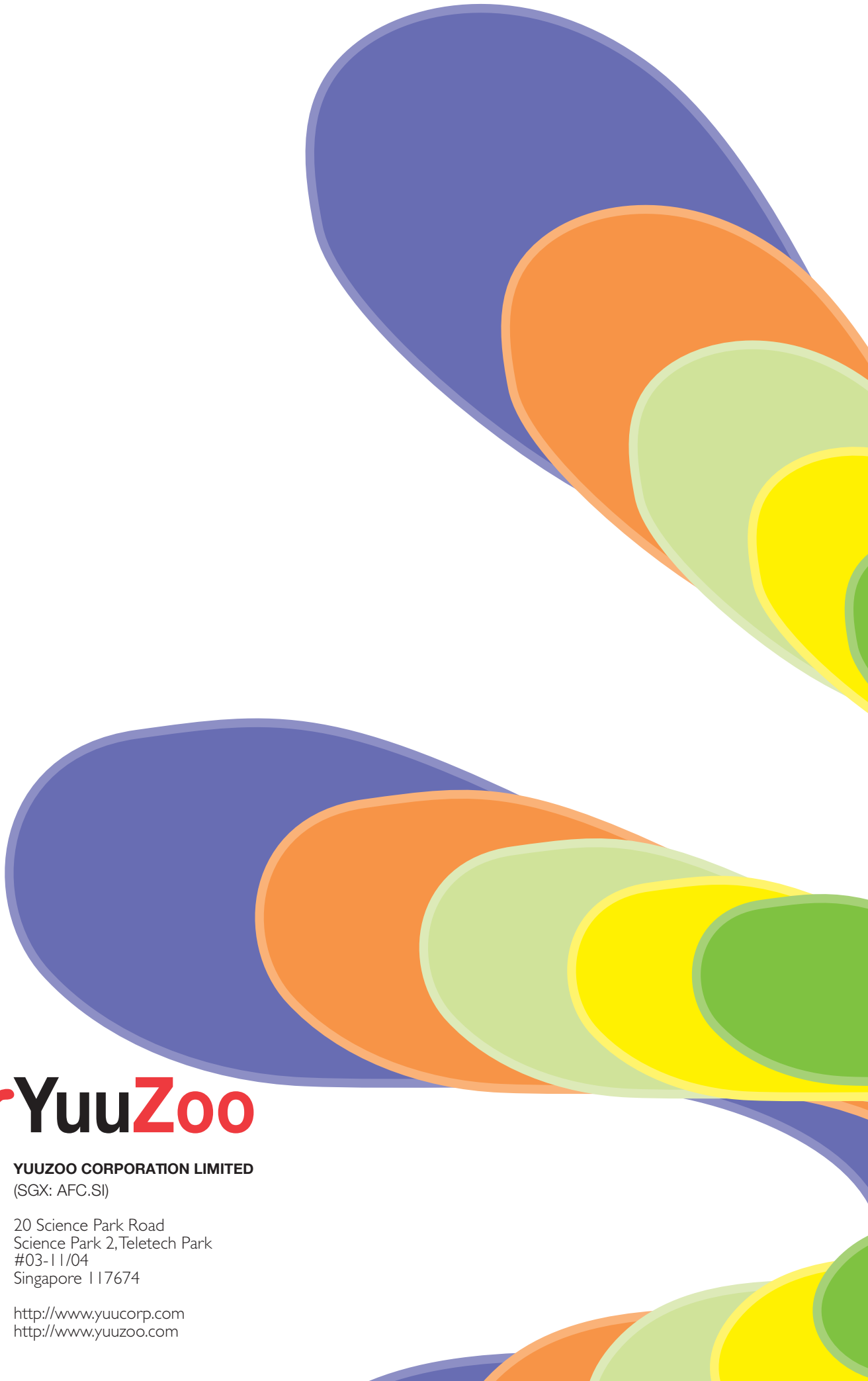
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney, shall be attached to the instrument of proxy, failing which the instrument may be treated as invalid.

5. The instrument or form appointing proxy or proxies, duly executed, must be deposited at the office of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd. either by hand or by post to 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619 not less than 48 hours before the time appointed for holding the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

6. The submission of an instrument or form appointing a proxy by a member of the Company shall not preclude him from attending and voting in person at the Annual General Meeting if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the rights to refuse to admit any person or persons appointed under the instrument of proxy to the Annual General Meeting.

General:

The Company shall be entitled to reject this instrument or form appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument or form appointing a proxy or proxies.



YuuZoo

YUUZOO CORPORATION LIMITED
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