



YUUZOO NETWORKS GROUP CORPORATION
(Incorporated in BVI)

**ANNOUNCEMENT RELATING TO 3rd REQUEST
TO LIFT THE SHARE TRADING SUSPENSION**

The Board of Directors of YuuZoo Networks Group Corporation ("YuuZoo" or "the Company") (SGX:AFG) wishes to announce that it has made a 3rd request to SGX RegCo to lift the share trading suspension which was imposed on the shares of the Company on 19 March 2018.

The board of the Company believes continuing to keep the suspension in place is unjustified and deeply damaging to YuuZoo shareholders and has therefore asked RegCo to lift the trading suspension imposed more than 19 months ago.

When imposing the trading suspension, RegCo stated the trading ban would be lifted when *"the Exchange is satisfied that the shares of the Company can be traded on a fair, orderly and transparent basis"*.

In an announcement dated July 19th 2019, RegCo stated, in a comment to the 2nd request of the Company to lift the trading suspension, that the Company *"has not to-date complied with the Notice of Compliance (NOC) dated 2 April 2018 issued by the Exchange on the release of the findings of Ernst & Young Advisory Pte Ltd on its revenue recognition from franchise sales. The Exchange has also required a review of the veracity of certain receivables of the Company. In addition, contrary to what the Company represented to the Exchange, investigations by the Commercial Affairs Department are ongoing."*

Pending the compliance with the NOC by the Company and clarity on these matters, existing shareholders and potential investors are not able to trade in the shares of the Company on an informed basis. On this basis, the trading suspension will continue".

In a letter sent to RegCo after RegCo made its July 19th, 2019 announcement, the Company has told RegCo that:

- a. On the issue of the release of the findings of Ernst & Young Advisory Pte Ltd on the revenue recognition from franchise sales, the Company in an announcement dated May 14th 2018 stated that the 1st Draft Report on the findings of Ernst & Young Advisory Pte Ltd on its revenue recognition from franchise sales, which 1st Draft Report was the basis on which RegCo had decided to refer the *"findings of EY"* to the authorities for investigation for *"possible breaches of the Securities & Futures Act"* included several statements which the Company considered inaccurate or misleading and had consequently sent a list of 79 questions to EY relating to the report.

The Company stated it had received no reply, and therefor had sent several reminders to EY seeking its response to the 79 questions posed to it.

To date, the Company has still not received any response from EY to those questions. While EY since had sent 3 updated review drafts to the Company, the review continues to include statements that YNG find misleading and erroneous. As a result, the findings of the review in the opinion of the Company has little value.

Nevertheless, as RegCo has put the release of the findings of Ernst & Young Advisory Pte Ltd on its revenue recognition from franchise sales as a condition for the lifting of the trading suspension, the Company in its letter to RegCo informed RegCo that it is prepared to release the EY findings that EY has sent to the Company.

- b. On the issue of the requirement for a review of the veracity of certain receivables of the Company, the Company did exactly as the Exchange in the NoC dated March 5th, 2018 required. The Exchange told the Company *“to engage its statutory auditors to provide an opinion on the veracity and reasonableness”* of certain items the Exchange had listed. The Company engaged its statutory auditor to do exactly this. The statutory auditors however declined to provide the opinion the Company had engaged them to provide.

In the absence of the requested opinion by the statutory auditors and in order to satisfy the requirements of the Exchange, the Company on May 22nd 2018 announced that it had written down to zero the AFS balance of S\$54.2 million as at 31 December 2017 and corresponding revenue of S\$38.4 million from network development and franchise sales for FY2017.

This was done although the revenue had been booked in accordance with the advice from the Company’s statutory auditors and as required under Singapore Accounting Standards. It further, after discussions with its statutory auditor, wrote down to S\$7 million the other income for FY2017.

The Company therefore believes it has fully complied with the requirements of the Exchange in its NoC dated March 5th, 2018.

- c. On the issue of the investigation by the CAD, the Company informed RegCo that CAD in early May 2019 informed that the investigation that RegCo on April 2nd, 2018 asked the CAD to commence had finished.

The Company, in view of what is stated above, believes all the requirements of RegCo for the share trading suspension to be lifted have been met.

24 November 2019
For and on behalf of the Board of
YuuZoo Networks Group Corporation