



YUUZOO CORPORATION LIMITED
(Incorporated in Bermuda)
(Company Registration Number: 36658)

ANNOUNCEMENT IN RESPONSE TO BUSINESS TIMES ARTICLE “YUUZOO CORPORATION – A GOVERNANCE NIGHTMARE”

With reference to the Business Times article “YuuZoo Corporation – a governance nightmare” on Wednesday July 5th, the board of YuuZoo Corporation Ltd (“**YuuZoo**”) wishes, in response to SGX request for a reply to specific matters in the article, to state the following:

1. The reasons for the resignation or termination of each director and key officer has been given at the time of the resignation or termination.

The Board of YuuZoo has not been satisfied with the performance of the Company since the listing. Each key office holder is given exact targets and KPI's. The Board believes it is in the best interest of the shareholders to terminate any staff who do not perform his or her duties to the highest standard, or fails to deliver what has been agreed on. While some resignations have been for genuine reasons, YuuZoo has in some cases for compassionate reasons asked staff to resign rather than to officially terminate them.

The Company aims to continue with its policy of terminating any staff who after warnings and sufficient time to improve their performance still do not meet the standards set by the Company or do not deliver the agreed targets. This policy also includes directors of the Board.

2. Macquarie Capital (Singapore) Pte. Limited (“Macquarie”) was appointed as the Company's Compliance Adviser at the of SGX's request, who in their approval-in-principle letter to YuuZoo on May 29th 2014 listed the appointment of Macquarie as a condition for the listing. SGX stated that Macquarie was to advise the Company on compliance with the Exchange's Listing Requirements for a period of 2 years from the listing.

Macquarie informed YuuZoo that they would charge a fee for the 2 years of 1,000,000.00 USD (one million United States dollars), a fee that was at least 10 times higher than the normal market rate for such compliance advise.

YuuZoo immediately, after the listing, sought permission from the SGX to change Macquarie to a qualified compliance adviser who would charge a normal market fee as Macquarie's fees were too high. YuuZoo also informed the SGX that it, as a newly listed company, needed a compliance adviser with sufficient experience, and that Macquarie had admitted that they did not have the experience of acting as a compliance adviser in Singapore and themselves had to hire an adviser to advise them on how to advise YuuZoo.

In October 2015, the SGX confirmed that the Company could make the change.

It is to be noted that the compliance adviser YuuZoo switched to charges an annual fee that is less than 6% (six percent) of what YuuZoo had to pay Macquarie for their first year of services.

3. The appointment of an internal auditor is done by the Board at the recommendation of the Audit Committee (“AC”). Earlier Audit Committees have not made any recommendations on the matter to the Board. The current chairman of the AC has informed the board that the current AC is in the midst of identifying a suitable internal auditor and that a recommendation to the Board soon will be made.



4. In July 2015, Hecklerco LLC, James Heckler and Andrew Heckler issued a complaint in the United States Court Southern District of New York, USA against a number of parties, YuuZoo Corporation Limited (the "**Company**") being one of them.

The Plaintiffs alleged that they suffered financial damage as before the Company's Reverse Take Over of YuuZoo Corporation, they bought a relatively small amount of privately held YuuZoo Corporation Shares from an individual, but could not immediately upon listing sell them due to the three month moratorium imposed on all YuuZoo shareholders by Macquarie after the listing.

Whilst the name of the Company is included as a Defendant, the complaint is based on frivolous and false claims that the individuals who actually sold the shares to the Plaintiffs, did so as agents for YuuZoo.

This is both incorrect and false. All individuals who were involved in the sale of the shares to the Plaintiffs have submitted affidavit evidence, under the penalty of perjury pursuant to the laws of the United States of America, confirming that they did not act as agents for the Company in the private share sale and that the Plaintiffs' complaint is a completely fictitious fabrication.

Immediately upon being notified of the complaint in 2015, the board of directors discussed the matter and whether to disclose the complaint. YuuZoo has absolutely nothing to do with the case, and had no involvement in and no knowledge of the alleged share sale by the alleged individual. In view of this and the fact that the complaint involves a financially small sum that would have no material impact on the Company, the board decided that the matter did not warrant disclosure under chapter 7 of the SGX Rulebook, and made the decision not to make any public statements.

The Company would like to clarify that in December 2016, it communicated with the SGX on this matter and informed SGX about its decision, SGX will be informed as and when there are any material changes to the situation.

The current position of the complaint is that the Company is seeking to appeal further the decision made by the court on 12 June 2017 that it has personal jurisdiction over the Company.

5. There is no truth in the allegations that Yuuzoo would have failed to list in the United States due to accounting irregularities. Initial discussions to do a RTO on Nasdaq in 2011 were abandoned after the Nasdaq listed target vehicle for YuuZoo's RTO was delisted by Nasdaq.
6. The Company appointed new auditors, RT LLP (the "Auditors") to take over from its former auditors, Moore Stephens LLP, who in 2016 were unable to express an opinion on the financial statements for FY 2015 of the Company due to what they perceived as shortcomings in the valuation report done for YuuZoo by a big 4 audit firm and subsequently did not seek re-appointment.

In line with the Company's announcement dated 12 May 2016, the Company asked RT LLP to audit not only the financial statements for FY 2016 but to also re-audit the financial statements for FY 2015, in particular to address issues in connection with the valuation of the shares in the franchisee companies received as payment for the franchise licenses.

To ensure a smooth re-audit process of the financial statements for FY 2015 by the Auditors, the Company expended much time and efforts in working together and communicating with the Auditors during the course of the re-audit process, ensuring that the Auditors were fully appraised of the accounting policies and processes adopted by the Company in respect of the financial statements for FY 2015, policies that the Company had been advised on by another big 4 audit firm.



The Company has in relation to the audit decided to adopt significantly more conservative accounting policies. This has included a large number of adjustments to the relevant financial statements in order to make them more prudent and conservative.

The discussions and changes required a significant amount of time, which together with the fact that the finance department of YuuZoo during the audit period faced a shortage of manpower resulted in a delay of the audit and subsequently a delay in the AGM.

The 2015 auditors of the Company are the party to comment on the delay with the 2015 AGM.

On 6 July 2017, Mark Yuen Teen published a second article on YuuZoo. The comments made in this article will be addressed by YuuZoo in a separate announcement.

By Order of the Board

Thomas Zilliacus
Executive Chairman
6 July 2017