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

DISCLAIMER OF OPINION IN THE AUDIT REPORT

In compliance with Rule 704(5) of the SGX-ST Listing Manual, the Board of Directors of the Company (the "**Board**") wishes to announce that Moore Stephens LLP (the "**Auditors**") have in their finalised Auditors' report dated 11 May 2016 (the "**Report**"), included a disclaimer of opinion (the "**Disclaimer of Opinion**") in relation to the audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 31 December 2015 (the "**Financial Statements**").

Please refer to the copy of the Report and extracts of the relevant notes to the financial statements attached herein.

DIRECTORS' OPINION

The Board would like to express its opinions as set out below in this announcement.

The Auditors have included a Disclaimer of Opinion in their Report stating that they *"…. have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion…"* in relation to the Company's franchise business.

Nevertheless, the Board of the Company is, due to the reasons given below, of the view that it is appropriate for the Financial Statements of the Company and the Group to contain the statements related to the Company's businesses as recorded in the Company's unaudited financial results.

1. **Background**

   YuuZoo grows its social e-commerce and payments business ("**YuuZoo business**") through an international network of franchisees. Franchisees buy a license to operate the YuuZoo business in a particular market, and pay for the license in cash, in shares in the franchise company, or in a combination of both. This franchise model has been structured for YuuZoo by a big-4 accounting firm. The same big-4 accounting firm has confirmed that under International Financial Reporting Standards ("**IFRS**") the value of the shares received by YuuZoo as payment for licenses are to be recognised as revenue. The auditors do not disagree with this.

2. **1st Valuation**

   In order to accurately and independently assess the value of the shares in cases where the payment has been made in shares, YuuZoo has commissioned another big-4 accounting firm to perform a valuation (the "**1st Valuation**") of the shares that during the financial year 2015 have been transferred as payment to YuuZoo ("**Franchise Shareholding**"). The 1st Valuation by the big-4 accounting firm provided YuuZoo with a narrow range of values, the mid-point of which has been used in recording the fair value of this asset in the Group's revenue and balance sheet for the 2015 year. The same Valuation methodology has been used to assess

the value of certain shares that have been pledged to guarantee the recoverability of certain trade and other receivables.

3. **Validation of 1st Valuation**

YuuZoo thereafter engaged CharFi Valuation Services, LLC ("**CharFi**"), a recognised New York-based investment bank with specialist expertise in YuuZoo's business sectors to validate the 1st Valuation. CharFi performed an independent validation ("Validation) and confirmed that the value of YuuZoo's holding of franchise share received as payment during the financial year 2015 was within the same narrow range as the big-4 Valuation. CharFi concluded that the 1st Valuation represents the fair value of the shares.

4. **2nd Valuation**

After the auditors stated that they in spite of the 1st Valuation and the Validation were unable to confirm whether the value confirmed by the 1st Valuation and by the Validation was the correct value, YuuZoo commissioned, at the suggestion of the auditors, CharFi to conduct a 2nd independent Valuation, without any reference to the 1st Valuation done by the big-4 accounting firm. Again, the 2nd Valuation came up with a value within the same range as the 1st Valuation and the Validation.

5. **Market price**

The market has also confirmed the value of the shares. The Company has signed term sheets with a number of independent third party investors to sell some of the shares it has received as payment and which are held as *"Assets available for sale"* at 31 December 2015, at the same value as the 1st Valuation, the Validation and the 2nd Valuation.

6. **Management and Boards' opinion**

The Management and the Board believe the expert opinions expressed by the 1st Valuation, the Validation and the 2nd Valuation, as well as the term sheets signed, all of which confirm a value within the same range, represent the 'fair value' required under IFRS to be included in the financial statements.

The Company finds it surprising that as the Auditors do not express an adverse opinion they have not been able to form the basis for an audit opinion, despite the Company providing the Auditors with 2 separate valuation reports and one validation report as described above.

7. **Change of auditor**

The Auditors have advised YuuZoo that they as a result of this, do not intend to stand for re-election at the AGM to be held soon. They have suggested that YuuZoo should look for an auditor equipped with the industry-knowledge required to address the audit needs of YuuZoo as a 3rd generation social e-commerce company.

YuuZoo has started the search for a new auditor that has full knowledge and understanding of the modern digital business space. At the time of this announcement, the Company has commenced discussions with relevant auditors, and expects to make an announcement of its new auditor shortly.

Once appointed, the new auditors will immediately be tasked to re-audit the 2015 Financial Statements to address the only outstanding issue, the valuation of the shares received as payment for franchise licenses.

DIRECTORS' CONFIRMATION

To the best of their knowledge, the Directors confirm that sufficient information has been disseminated to the shareholders of the Company to ensure orderly trading in the Company's shares.

The Company will further provide the shareholders with regular updates and details to make all relevant and necessary announcements upon material development of the matters as contained in this announcement.

BY ORDER OF THE BOARD

Thomas Zilliacus
Executive Chairman
12 May 2016