UNIVERSAL RESOURCE AND SERVICES LIMITED

Annual Report 2014

Towards Success

Company Profile

Founded in 1995, Universal Resource and Services Limited (URS) has carved a strong reputation as a proven oil services provider in the People's Republic of China ("PRC").

Today, URS offers a wide range of services to the PRC oil industry, including rental of rigs, technical, drilling and oil well maintenance services. URS also plans to focus on opportunities within the oil & gas and natural resources industries in other geographic regions.

URS's success is built on our technical expertise and strong network of relationships in the PRC oil industry, and is backed by a strong focus on R&D. We have long working relationship with many of the subsidiaries of China National Petroleum Corporation (CNPC), China's largest integrated oil & gas company.

URS's experienced management team is led by Chief Executive Officer Mr. Liu Qingzeng who has over 30 years of experience in the PRC oil & gas industry.

URS was listed on the Mainboard of the Singapore Stock Exchange on 10 November 2005.

Results at a Glance

STATEMENTS OF FINANCIAL POSITION

ASSETS	FY2014	FY2013	
Current assets:	S$'000	S$'000	
Cash and bank balances	19,761	97,892	Decrease in bank balances was due to the payments for new drilling equipment and deposit for the proposed acquisition of oil blocks in Indonesia
Other receivables	64,638	12,315	Mainly due to the deposit for the proposed acquisition of oil blocks in Indonesia
Total current assets	**84,399**	**110,207**	
Non-current assets:			
Plant and equipment	75,154	44,425	Mainly due to new drilling equipment acquired
Deferred tax assets	855	-	
Total non-current assets	**76,009**	**44,425**	
TOTAL ASSETS	**160,408**	**154,632**	
LIABILITIES AND EQUITY			
Current liabilities:			
Other payables	6,021	7,657	
Income tax payable	836	43	There was tax credits in FY2013 relating to the disposal of drilling equipment
Total current liabilities	**6,857**	**7,700**	
Non-current liability:			
Deferred tax liabilities	3,036	2,492	
Total non-current liabilities	**3,036**	**2,492**	
Total liabilities	**9,893**	**10,192**	
Capital and reserves:			
Share capital	68,080	68,080	
Reserves	79,245	73,212	
Equity attributable to equity holders of the Company	**147,325**	**141,292**	
Non-controlling interests	3,190	3,148	
Total equity	**150,515**	**144,440**	
Total liabilities and equity	**160,408**	**154,632**	

CONSOLIDATED INCOME STATEMENT

	FY2014 S$'000	FY2013 S$'000	
Continuing operations			
Revenue	20,269	16,215	Revenue increased was mainly due to the new contributions from the new drilling equipment.
Cost of services	(12,838)	(6,486)	
Gross profit	**7,431**	**9,729**	Lower gross profit was mainly due to revision in the estimated useful life and depreciation method of drilling equipment
Other operating income	1,094	860	Mainly due to interests earned from surplus cash.
Administrative expenses	(2,634)	(2,838)	
Other expenses	-	(8,633)	Loss recognised in FY2013 in relation to aged drilling equipment.
Profit / (Loss) before income tax from continuing operations	**5,891**	**(882)**	
Taxation	(2,338)	(989)	There were tax credits granted in respect of the loss on drilling equipment.
Profit / (Loss) from continuing operations, net of tax	**3,553**	**(1,871)**	
Profit from discontinued operations, net of tax	**-**	1,667	Profit from the discontinued Transportation Segment.
Profit / (Loss) for the year	**3,553**	**(204)**	
Profit / (Loss) attributable to:			
Equity holders of the Company	3,554	(1,033)	
Non-controlling interestes	(1)	829	
	3,553	(204)	

Chairman's Message

Dear Stakeholders,

On behalf of the Board of Universal Resource and Services Limited, I would like to present to you the shareholders' report for the Financial Year 2014. FY2014 has been a challenging year for the company though we managed to report a net profit after tax of approximately S$3.6million.

Management has faced numerous challenges in trying to expand or diversify the business within and outside China. As reported in various media sources, there have been numerous changes in the leadership within the oil and petroleum industry in China and this has posed challenges to management's efforts in expanding the business in China.

The group has been exploring business opportunities in the region and the Board has taken a prudent and cautious approach in the expansion and diversification of our existing business.

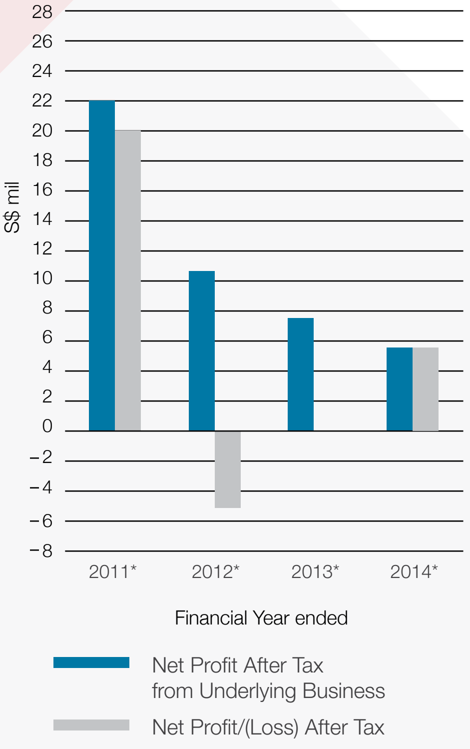
However, at the end of FY2014, our Chief Executive Officer has entered into a contract on behalf of the Company's subsidiary in China which the Board has yet to approve. The Board is concerned and actions have been taken by the Board on this matter. Shareholders should refer to our company's announcements for additional information.

The auditors of the company have also commented on the matter and details can be found in the Auditors' Report in this Annual Report.

We would like to take this opportunity to thank all our Stakeholders for your support and we look forward to your continuous support. While the outlook of the business remains challenging, the Board will endeavour to deliver value to shareholders.

The group has been exploring business opportunities in the region and the Board has taken a prudent and cautious approach in the expansion and diversification of our existing business.

Net Profit After Tax From Underlying Business



** Net Profit after Tax from Underlying Business excludes lose on disposal / impairment of asset in 2011, 2012 and 2013.*

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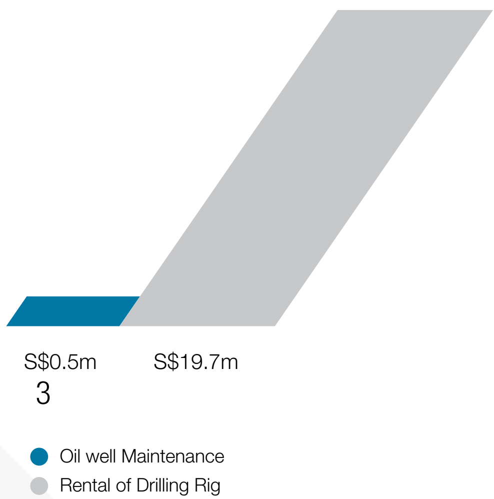

Back to Profitability

The Group's acquisition of rental rigs to expand the business in this segment allowed the Group to turn profitable in FY2014. Revenue grew 25% to S$20.3 million, and FY2013's loss of S$1.9 million was reversed with the Group recording net profit of S$3.6 million in FY2014.

Group revenue during the year was predominately from the Rental of Drilling Rigs. Revenue in this segment grew 26% to S$19.7 million, driven primarily by additional drilling equipment purchased in 2Q2014. Revenue from Oil Well maintenance edged up 4% to $0.5 million.

The market conditions faced by our Group during the year were challenging due to lower oil prices as well as a general slowdown in the economic climate within China. To prudently reflect the expected usage, physical wear and tear and pattern of future consumption the Group revised the depreciation method on our oil-drilling equipment during the year.

The useful life of drilling equipment has been revised from ten years to eight years and the method of depreciation revised from straight-line to the diminishing balance method. These changes were effective from 1 July 2014 and the cumulative effect is to increase estimated

depreciation expense by S$3.2 million and S$5.0 million in the financial years ended 31 December 2014 and ending 31 December 2015 respectively.

As a result of this change, gross profit from the Rental of Drilling Rigs declined 24% to S$7.4 million in FY2014. Gross profit from Oil Well Maintenance grew 9% to S$0.05 million.

Financial Performance

Following the disposal of the Transportation Segment last year, the Group's revenue is predominantly from the Rental of Drilling Rig. This segment generated satisfactory and relatively stable revenue, income and cashflow during the year.

Group Revenue

Group revenue grew 25% to S$20.3 million in FY2014. Revenue from the Rental of Drilling Rigs grew 26% to S$19.7 million, largely due to new drilling equipment purchased in 2Q2014. Revenue from Oil Well maintenance also edged up 4% to $0.5 million during the year.

Gross Profit

Gross profit of S$7.4 million in FY2014 was 24% lower compared to the prior year. The decline was due primarily to the change in depreciation method to better reflect the expected usage, physical wear and tear, and pattern of future consumption for our drilling equipment as outlined earlier.

Operations Review

Pro tability

	FY2014		FY2013	
	S$'000	%	S$'000	%
Rental of Drilling Rig	7,383	37%	9,686	62%
Oil well Maintenance	48	9%	43	9%
	7,431	37%	9,729	60%
Transportation Services (discontinued)	-	-	744	13%
	7,431	37%	10,473	48%

Other Income and Expenses

The Group has been debt free since FY2010. Interest earned on cash balances grew 34% to S$1.1 million during the year. Our Group maintained tight cost control and reduced administrative expenses yet again, bringing this item down by another 6% to S$2.6 million in FY2014.

Tax expenses in FY2014 were S$2.3 million. This was higher compared to the prior year which benefitted from tax credits granted in respect of the loss on disposal of our ZJ40 drilling equipment.

Net Profit and Earning Per Share

As a result of the above, the Group recorded a net profit after tax S$3.5 million, equivalent to earnings per share of 0.89 Singapore cents. This compares with the S$0.2 million loss from continuing operations recorded in the prior year, which was equivalent to a loss of 0.26c Singapore cents per share.

Balance Sheet and Liquidity

The Group's balance sheet remained healthy. Changes in the business landscape in China have made our existing business less attractive and riskier than before and resulted in a sharp decline in the Group's ROE from 6.8% to 4.3% during the year.

As described in our various announcements, the Company's CEO entered into a conditional sale and purchase agreement on 29 December 2014 on behalf of a wholly-owned subsidiary to acquire an ultimate effective equity interest

of approximately 49% in oilfields located in Indonesia to allow our Group to participate into upstream oil production and diversify our operations without being solely dependent on a single operation segment, without approval of the Board.

The first tranche payment for the proposed acquisition for the oilfields has been made. As a result cash balances ended the year at $$19.8 million and receivables rose significantly to $64.1 million at year end.

The Board is still reviewing the proposed acquisition and none of the actions to date should be taken as an indication that the Board is ratifying the proposed acquisition.

Net Asset Value Per Share

Net Asset Value per share increased during the year from 35.2 cents to 36.7 cents. The NAV per share rose as a result of profits generated during the year, with the impact slightly offset by a depreciation of the Chinese RMB against the Singapore dollar during the year.

Financial Highlights

For the year	2014 000	2013 000	2012 000	2011 000	2010 000
Turnover	20,269	21,860	45,162	55,908	66,931
- from continuing operations	20,269	16,215	21,886	25,995	61,560
- from discontinuing operations	-	5,645	23,276	29,913	5,371
Earnings Before Interests, Tax, Depreciation and Amortisation (EBITDA) from continuing operations	17,924	4,775	17,324	21,030	41,745
Profit / (Loss) Before Tax from continuing operations	5,891	(882)	11,362	15,667	28,981
Profit / (Loss) After Tax and Non-controlling Interests	3,554	(1,033)	(6,493)	15,201	15,510
t Year nd					
Total ssets	160,408	154,632	190,419	209,810	191,492
Total Liabilities	6,857	7,700	18,806	25,189	32,657
Total borrowings	-	-	-	-	6,490
Shareholders quity	147,325	141,292	135,592	150,747	131,372
ash and bank balances	19,761	97,892	27,509	31,219	65,809
Debt to quity ratio times	-	-	-	-	0.05
Per Share					
arnings Loss Per Share cents	0.89	(0.26)	(1.62)	3.79	4.74
From continuing operations	0.89	(0.46)	1.81	3.01	4.75
From discontinuing operations	-	0.20	(3.43)	0.78	(0.01)
et Tangible ssets alue Per Share cents	36.70	35.20	33.78	34.53	28.66
Returns (%)					
Return on Turnover	18%	-5%	-14%	27%	23%
Return on Shareholders' Equity	2%	-1%	-5%	10%	12%
Return on Total Assets	2%	-1%	-3%	7%	8%

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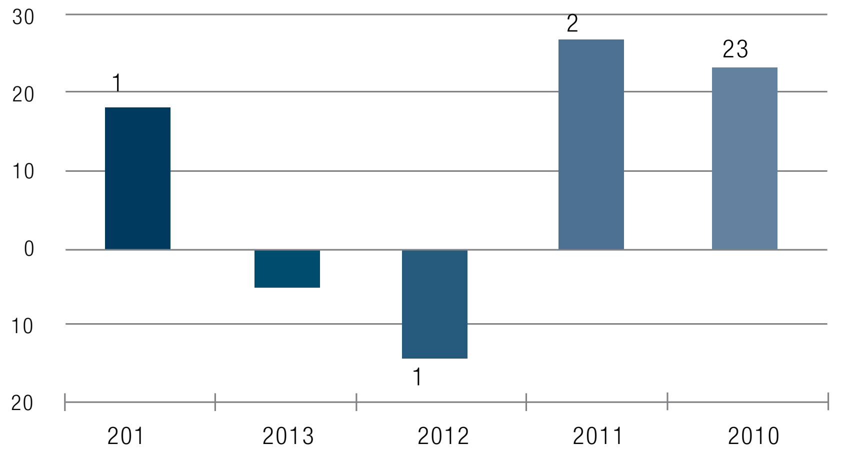

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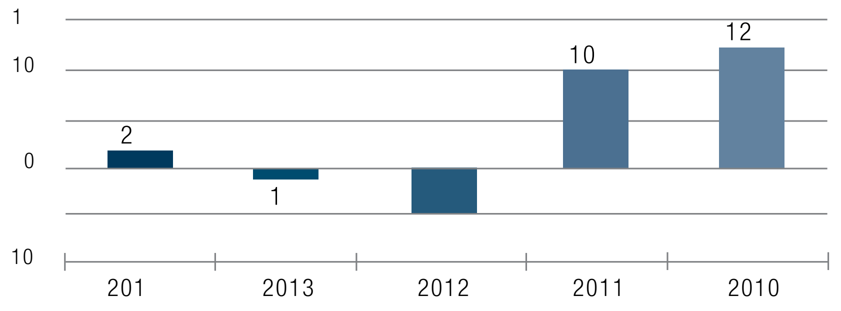

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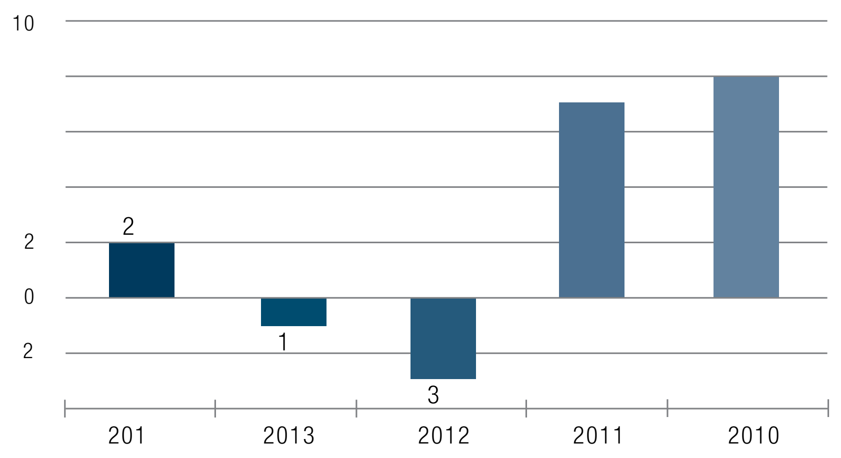

Board of Directors

MR NE IM IN
Chairman

Mr. Neo is our Non-executive Independent Chairman. He joined our Board as an Independent Director in November 2008 and was re-elected on 25 April 2013. He is also the Chairman of our Audit Committee and a member of our Nominating Committee and Remuneration Committee.

Mr. Neo is the founding director of Dollar Tree Inc Pte. Ltd, a business advisory company incorporated in Singapore in 2004. He is also a non-executive director on the Board of Ban Leong Technologies Ltd, a company listed on SGX-ST. He is a board member of the P.R. China. Guangdong Province Overseas Exchange Association and Ningxia Autonomous Region Overseas Exchange Association.

Prior to 2004, He was in the banking sector overseeing a portfolio of corporate clientele from 1994-2001. He joined Jackspeed Corporation Ltd in 2001, and as executive director, he spearheaded the listing of the group in 2003 on SGX Mainboard. He left Jackspeed Corporation Ltd in 2004 and re-joined Jackspeed in 2009 till 2011 as the Group Chief Executive Officer, and was responsible for the turning around of the business profitability and execution of strategic plans. He successfully re-structured the group into profitability before leaving in 2011.

Mr. Neo holds a Bachelor of Science Degree in Mathematics (Honours) from the National University of Singapore.

MR LIU INEN
Chief Executive Officer

Mr. Liu Qingzeng was appointed as our Executive Director in September 2004 and was re-elected on 25 April 2013. He is the founder and Chief Executive Officer of our Group.

Mr. Liu has decided to retire from our Board of Directors after the conclusion of the forthcoming AGM. Therefore, Mr. Liu is not seeking re-election at the forthcoming AGM.

Prior to the founding of our Group, he had worked in various positions at both Huabei and Dagang oilfields, accumulating many years of technical and management experience in geological exploration, oil extraction, oil well construction and operation. He was previously a member of senior management at the Dagang Oilfield Management Bureau. He was a department head at the Huabei Oilfield Management Bureau, where he was in charge of various portfolios including petroleum engineering, market development and project works. Thereafter, he took several years off to study, prior to returning to work at the Huabei Oilfield Petroleum Engineering Construction Company as a manager.

Mr. Liu Qingzeng is a graduate of the Daqing Petroleum Institute and the Industrial and Commercial Management Academy of Tsinghua University.

MR A YULIN
Executive Director

Mr. Gao Yulin was appointed as our Executive Director in March 2006 and resigned on 29 December 2014. He was the Chief Operating Officer of our Group. He was also a member of our Nominating Committee.

Prior to the joining of our Group, he had served in a variety of senior appointments in both government and commercial organizations. He was Vice Secretary of the Communist Youth League in the Jilin Province, Vice-General Manager of International Trust & Investment Company of the Jilin Province, and President of Xinhua Security Co., Ltd and Chairman of the Board of Gaosheng Financial Investments Co Ltd. Mr. Gao Yulin holds a Master degree in Economics from Jilin University.

MS U CUNLAN

Executive Director

Ms. Wu Chunlan was appointed as our Executive Director in June 2009 and will be due for re-election at the forthcoming AGM. She is also the Acting Chief Operating Officer. She joined our Group in 2003 as a project manager and possesses extensive knowledge of Petroleum industry and substantial experience in market development and enterprise management.

Prior to the joining of our Group, she had served Liaohe Oilfield Xiyuan Science and Technology Co., Ltd as Chairman of the Board and General Manager. Ms. Wu Chunlan holds a Bachelor degree from the Huazhong University of Science and Engineering.

MR CN C UAT

Independent Director

Mr. Chng Hock Huat was appointed as our Independent Director in July 2011 and is currently the Chairman of the company's Remuneration Committee. He was last elected on 29 April 2014.

Mr. Chng is currently a non-executive director of Ban Leong Technologies and the founder and Chairman of HM Group in Singapore focusing on art education and art-related investments. Mr. Chng was the Chief Executive Officer of Keane Inc. Asia with a global revenue of US$ 1 Billion and 13,000 employees covering North America, Europe, Middle East and the Asia Pacific from 2006 to 2010. Prior to being acquired by Keane Inc., Mr. Chng founded Opentech Corporation in Singapore, which was awarded Top 500 SME before being acquired by Keane Inc. in 2006.

Mr. Chng was awarded the Entrepreneur of the Year by the Association of SME (ASME) in 2004 and is also the Vice Chairman of the Social Service, and Chairman for Youth Group of the Singapore Hokkien Huay Kuan, a leading ethnic Chinese association managing six leading schools with over $300 million assets.

Mr. Chng is also a member of the Citizen Consultative Committee (CCC) for Nanyang CC assisting the Member of Parliament in organizing charity events, award of scholarships and bursaries to the university students there.

Mr. Chng has a Master in Art Business (MAAB) from Sotheby's Institute of Art and University of Manchester, United Kingdom.

LIU AIN

Independent Director

Mr. Liu Aizhong was appointed as our Independent Director in August 2014 and is currently a member of the Company's Audit Committee, Remuneration Committee and Nominating Committee. He will be due for re-election in the forthcoming AGM.

Mr. Liu Aizhong was qualified as an Economist in China in 2000 and he has extensive experience in commercial banking industry and with specializations in credit risk and loans. In his professional career of over 20 years, Mr Liu participated in the assessment and decision processes of various corporate credit and commercial loans. In 2003, Mr. Liu Aizhong was appointed as the Director of the Rural Credit Cooperative Union in Renqiu City, Hebei Province, People's Republic of China. He was then promoted as the Supervisory Director and the Director of the Discipline Committee of the Renqiu City Rural Credit Cooperative Union until 2012.

Mr. Liu Aizhong is a graduate of the Party School of the Central Committee of the CPC and holds a degree in Economics and Management.

Senior Management

MR LI CA FU

Chief Financial Officer

Mr Li Chak Fu is our Chief Financial Officer and he joined our Group in March 2010. He oversees the Group's financial functions as well as liaising with external parties in respect of Group's financial matters. Mr Li's responsibilities also include acquisition evaluation, review of the Group's performance and funding structure and managing investor relations. Mr Li has more than 15 years of experience in financial management and accounting.

Prior to joining our Group, he had been with various key financial positions within the commercial fields in China and Hong Kong. Mr Li also worked with one of the big four international accounting firms as senior manager. He is a Fellow of the Association of Chartered Certified Accountants of United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants.

MR AN SANEN

Chief Engineer

Mr Wang Shanzhen is our Chief Engineer and he joined our Group in 1998. He is in charge of all the technical services and technical solutions. He also oversees the technical services aspect of our business which includes managing and maintaining our relationships with our customers, monitoring our service delivery, monitoring our new technologies and advising on business exigencies. Mr Wang has been in the oil industry for more than 30 years. He started out as an extraction technician at the Daqing Oilfield and subsequently became a senior extraction engineer and then vicemanager at the Huabei Oilfield. He then joined the Extraction Factory of Huabei Oilfield as a manager. Mr Wang is a graduate of the Northeast Petroleum Institute (now known as Daqing Petroleum Institute).

MR DN SULIN

Chief Operating Officer (Production)

Mr Dong Sulin is our Chief Operating Officer (Production). He joined our Group in 2001. He was previously a researcher at Huabei Oilfield Underwell Research Institute and thereafter a team leader of a well-drilling team on the Dagang and Liaohe oilfields. Mr Dong is an engineering graduate of the Beijing Petroleum University.

MS DU PIN

Human Resource Director

Ms Du Ping is our Human Resource Director. She joined our company in April 2004. Ms Du holds a master degree in Human Resource Management from the University of Sunderland in the United Kingdom. She has more than 15 years of experience in personnel administration and human resource management. She is also a member of the Chartered Institute of Personnel and Development (CIPD), UK.

Corporate Information

ARD F DIRECTRS

Neo im iong
(Non-Executive Chairman and
Independent Director)

Liu ingeng
(Chief Executive Officer and Executive Director)

Chng ock uat
(Independent Director)

Liu Aihong
(Independent Director)

u Chunlan
(Acting Chief Operating Officer and Executive Director)

CMPANY SECRETARIES

Yap ai Ming (LL.B. (Honors))
Lean Min-te (LL.B. (Honors))

AUDIT CMMITTEE

Neo im iong (Chairman)
Chng ock uat
Liu Aihong

REMUNERATIN CMMITTEE

Chng ock uat (Chairman)
Neo im iong
Liu Aihong

NMINATIN CMMITTEE

Chng ock uat (Chairman)
Liu Aihong
Neo im iong

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SN YUAN FFICE

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SINAPRE FFICE

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Singapore 038989

AUDITRS

Foo on Tan LLP
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Partner-in-charge: Robin Chin Sin Beng
Date of appointment: 12 January 2012

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ACS Priate Limited
63 Cantonment Road
Singapore 089758

PRINCIPAL ANERS

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Block 27 Yijing Garden
Tianjin 300385
People's Republic of China

DS ank Ltd
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Marina Bay Financial Centre Tower 3,
Singapore 018982

Financial Contents

Statement of Corporate Governance

The Board of Directors and Management of Universal Resource and Services Limited (the "**Company**", collectively with its subsidiaries the "**Group**") is committed to setting and maintaining high standards of corporate governance to ensure greater corporate transparency and to protect shareholders' interests and enhance shareholders' value.

This report describes the Company's corporate governance processes and activities with specific reference made to the principles and guidelines as set out in the Code of Corporate Governance 2012 (the"**Code**") issued by the Monetary Authority of Singapore. The Code forms part of the Continuing Obligations of the Listing Manual issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The Company is pleased to report on our corporate governance processes and activities as required by the Code. For the financial year ended 31 December 2014, the Group has complied in all material respects with the principles laid down by the Code, and where there is any deviation, appropriate explanation has been provided within this Report. For easy reference, sections of the Code under discussion in this Report are specifically identified. However, this Report should be read as a whole as other sections of this Report may also have an impact on the specific disclosures.

BOARD MATTERS

PRINCIPLE 1: The Board's Conduct of its Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the Management to achieve this and the Management remains accountable to the Board.

The board of directors of the Company (the "**Board**") is responsible for overall corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Company. The Board supervises the Management on the businesses and affairs of the Company. The principal functions of the Board are:

1. approving the Group's overall long-term strategies and financial objectives and monitor the performance of management;

2. overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

3. identifying the key stakeholder groups and review the effect of their perception on the company's reputation;

4. considering sustainability issues as part of its strategic formulation;

5. approving the nominations of directors and appointment of key personnel;

6. approving annual budgets, major funding proposals, major investment and divestment proposals; material acquisitions and disposals of assets; the release of the Group's Quarterly, Half Year and Full Year results; and

7. assuming responsibility for corporate governance.

The Board makes decisions in matters specifically involving material acquisitions and disposal of assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders and other matters which require Board approval as specified under the Company's policy.

The Board conducts regular scheduled meetings and attendances by directors are regular. Ad-hoc meetings are convened when circumstances require. The Company's Articles of Association allow a board meeting to be conducted by way of telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other.

The Board is supported by the Audit Committee (**"AC"**), the Remuneration Committee (**"RC"**) and the Nominating Committee (**"NC"**) and these committees function within their terms of references. The attendances of the directors at these meetings as well as the frequency of such meetings held for the financial year ended 31 December 2014 ("**FY2014**") are disclosed in the following table.

	BOARD OF DIRECTORS			AUDIT COMMITTEE			REMUNERATION COMMITTEE			NOMINATING COMMITTEE		
	Position held	No. of meetings held	No. of Meetings attended	Position held	No. of meetings held	No. of Meetings attended	Position held	No. of meetings held	No. of Meetings attended	Position held	No. of meetings held	No. of Meetings attended
Mr. Liu Qingzeng	M	8	8	-		-	-	-	-	-	-	-
Ms Gao Yulin (note 1)	M	8	4	-	-	-	-	-	-	M	2	1
Mr. Neo Gim Kiong	C/M	8	8	C/M	5	5	M	1	1	M	2	2
Ms. Wu Chunlan	M	8	7	-	-	-	-	-	-	-	-	-
Mr. Feng Jian Gang (note 2)	M	8	0	M	5	1	M	1	0	C	2	0
Mr. Chng Hock Huat (note 3)	M	8	8	M	5	5	C/M	1	1	C/M	2	2
Mr. Liu Aizhong (note 4)	M	8	5	M	5	2	M	1	1	M	2	1

Note (1): Mr. Gao Yulin resigned from the Board as an Executive Director and a member of the Nominating Committee on 29 December 2014.

Note (2): Mr. Feng Jian Gang retired from the Board as an Independent Director and the Chairman of the Nominating Committee and a member of the Remuneration Committee and the Audit Committee on 29 April 2014.

Note (3): Mr. Chng Hock Huat was appointed as the Chairman of the Nominating Committee on 11 August 2014.

Note (4): Mr. Liu Aizhong was appointed to the Board as an Independent Director on 11 August 2014 and was appointed as member of the Nominating Committee, the Audit Committee and the Remuneration Committee on 11 August 2014.

Mr. Liu Aizhong was appointed as a new director of the Company on 11 August 2014. When a new director is to be appointed, a formal letter of appointment shall be provided to the new director. The letter sets out the terms and conditions of his appointment, explains the regulatory requirements that a director has to comply with on appointment, and the on-going obligations of a director under the Companies Act (Chapter 50) of Singapore, the Listing Manual of the SGX-ST and other regulatory requirements. In addition, the director is also given access to the Board resources, including the Company's constitutional and governing documents, the Board and each committee's terms of reference, the Group's policies, annual reports, Board meeting papers and other pertinent information for reference.

Orientation programmes for the new Directors are conducted to familiarize them with the business activities of the Company, its strategic plans and direction and corporate governance practices.

The Non-Executive Directors and Independent Directors are routinely briefed by the Executive Directors or the Executive Officers at Board meetings or at separate sessions on business developments of the Group. The Non-Executive Directors and the Independent Directors, either individually or as a group, have full access to the Executive Directors, the Management and the Company Secretary.

Briefings and updates provided to the Directors in FY2014:

- the AC received a Risk Assessment Report prepared by the Management together with an international accounting firm;
- the external auditors briefed the AC members on developments in accounting and governance standards at their attendance in the AC meetings half yearly;
- CEO and COO updated the Board at quarterly meetings on strategic and business development of the Group; and
- CEO and CFO updated the Board at quarterly meetings on the segmental business operation and development of the Group.

Board members are encouraged to attend seminars and receive training at the Company's expenses to enable them to perform effectively as Directors.

PRINCIPLE 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises three (3) Independent Directors, namely Mr. Neo Gim Kiong, Mr. Liu Aizhong and Mr. Chng Hock Huat and have two (2) Executive Directors, namely Mr. Liu Qingzeng and Ms. Wu Chuanlan following the resignation of Mr. Gao Yulin as an Executive Director on 29 December 2014. The Board considers its current Board size appropriate for the nature and scope of the Group's operations. However, following the cessation of Mr. Gao Yulin as the Executive Director of the Company, the Company is now actively searching for a suitable candidate to fill up the vacancy of Executive Director. The independence of each director is reviewed annually by the NC and the criterion for independence is based on the Code's definition of what constitutes an Independent Director. The Board considers an "Independent Director" as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers who could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment in the conduct of the Group's affairs. The Board believes it is able to exercise independent judgment on corporate affairs and provide Management with a diverse and objective perspective on issues. There is therefore no individual or small group of individuals, who/which dominates the Board's decision making. The independence of each Director is reviewed annually by the NC. Each Independent Director is required to complete a Confirmation of Independence annually to confirm his independence based on the guidelines as set out in the Code.

The NC is of the view that the current Board consists of respectable individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary and that no individual or small group of individuals dominate the Board's decision making process. The Independent Directors communicate regularly to discuss matters such as the Group's financial performance, progress of acquisition and corporate governance plan. Key information regarding the directors is given in the "Board of Directors" section of the annual report.

PRINCIPLE 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Group's Non-Executive Chairman is Mr. Neo Gim Kiong and the Chief Executive Officer ("**CEO**") is Mr. Liu Qingzeng as of the date of this report.

The Chairman's role includes:

- providing effective leadership to the Board in relation to all Board matters;
- guiding the agenda and conducting all Board meetings;
- in conjunction with the Company Secretaries, arranging regular Board meetings throughout the year, confirming that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Directors;
- overseeing Board succession;
- acting as a conduit between the Management and the Board, and being the primary point of communication between the Board and CEO;
- setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate at the Board;
- representing the views of the Board to the public; and
- taking a leading role in creating and maintaining an effective corporate governance system.

The CEO is responsible for the implementation of Group's corporate plans, policies and executive decision-makings, and daily operation of the Group's business.

PRINCIPLE 4: Board Membership

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC consists of three (3) directors, of whom all are Independent Directors. The NC is chaired by Mr. Chng Hock Huat, an Independent Director. The members of the NC as of the date of this report are:

Mr. Chng Hock Huat	(Chairman)
Mr. Neo Gim Kiong	(Member)
Mr. Liu Aizhong	(Member)

The principal functions of the NC are:

4.1. identifying candidates and review all nominations for the appointment or re-appointment of members of the Board of Directors and the members of the various Board Committees for the purpose of proposing such nominations to the Board for its approval;

4.2. determining the criteria for identifying candidates and reviewing nominations for the appointments referred to in paragraph 1;

4.3. deciding the manner in which the Board's performance may be evaluated and propose objective performance criteria for the Board's approval; and

4.4. assessing the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness of the Board.

4.5. determining annually whether or not a Director is independent pursuant to the guidelines as set out in the Code, and by such amendments made thereto to from time to time.

4.6 making recommendations to the Board on re-nomination, appointment and re-appointment of Directors.

4.7 reviewing board succession plans for Directors, Chairman and CEO;

4.8 reviewing training and professional development program for the Board;

4.9 assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board, and to decide how the Board's performance may be evaluated and propose objective performance criteria; and

4.10 deciding 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 representations and other principal commitments; and

At present, new directors are appointed by the Board of Directors upon the NC's recommendation of their appointment. The Board has used its best effort to ensure that directors appointed to the Board possess the appropriate background, experience and knowledge of the Group's business.

The new directors must submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company. In addition, the Company's Articles of Association requires all directors to retire from office at regular intervals and at least once every three years.

Although the Independent Directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as directors. These directors would widen the experience of the Board and give it a broader perspective. The NC is satisfied that these Directors have been able to devote adequate time and attention to fulfil their duties as Directors of the Company, notwithstanding their multiple board representations and other principal commitments.

The Code requires listed companies to fix the maximum number of board representations on other listed companies that their directors may hold and to disclose this in their annual report. Details of such directorships and other principal commitments of our Directors may be found on pages 12 to 13. In determining whether each Director is able to devote sufficient time to discharge his duties, the Board has taken cognizance of the Code requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director and their respective principal commitments in itself. Holistically, the contributions by our Directors to and during meetings of the Board and the Audit Committee as well as their attendance at such meetings should also be taken into account.

PRINCIPLE 5: Board Performance

There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC, in considering the re-appointment of any director, evaluates the performance of the director. The assessment parameters include attendance record at meetings of the Board and Board Committees, active participation at meetings, the quality of contributions and other contributions.

The NC will evaluate the effectiveness of the Board as a whole and the Board Committees on an annual basis. The assessment process adopted both the quantitative and qualitative criteria such as return on equity, the effectiveness of the Board in monitoring management's performance against the goals that have been set by the Board.

PRINCIPLE 6: Access to Information

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to the Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

In order to ensure that the directors are able to fulfil their responsibilities, management has provided the directors with monthly updates on the operational and financial performance of the Group and explanation on forecast variances. As a general rule, prior to each Board meeting, the Board is supplied with complete, adequate and relevant information by the management pertaining to matters to be brought before the Board for decision, including financial statements together with background and explanatory statements, and progress reports of the Group's business operations. Further, the Directors are entitled to request from Management such additional information as required in order to make informed and timely decisions. In addition, the directors have been provided with the contact details such as email particulars of the Group's senior management and Company secretary to facilitate independent access.

Should directors, whether individually or as a group, need independent professional advice, the Company will, upon direction by the Board, appoint a professional advisor selected by the group or individual, and approved by the Chairman to render advice. The cost of such professional advice will be borne by the Company.

The Company secretary attends most of the Board and Committee meetings and is responsible to ensure that board procedures are followed, that applicable rules and regulations are complied with and that proper minutes of the same are taken and kept.

REMUNERATION MATTERS

PRINCIPLE 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises three (3) Independent Directors and is chaired by Mr. Chng Hock Huat. The members of the RC as of the date of this report are:

Mr. Chng Hock Huat	(Chairman)
Mr. Neo Gim Kiong	(Member)
Mr. Liu Aizhong	(Member)

The principal functions of the RC are:

7.1. recommending to the Board a framework of remuneration which covers directors' fees, executive directors and senior management base pay levels, benefits and incentive opportunities, and identify components of pay which can best be used to focus management staff on achieving corporate objectives, including identifying equity-based incentives such as stock options;

7.2. recommending to the Board the structure of the compensation programme for directors and senior management to ensure that the programme is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully;

7.3. reviewing compensation packages of directors, senior management and employees who are related to the Executive Directors and Controlling Shareholders (including the compensation package of the CEO) annually and determine appropriate adjustments for approval by the Board;

7.4 reviewing the Company's obligation arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clause which are not overly generous; and

7.5 administering the Universal Resource and Services Performance Share Plan ("**PSS**") and Universal Resource and Services Employee Share Option Scheme ("**ESOS**") adopted at the Extraordinary General Meeting held on 28 January 2008, in accordance with the rules of the PSS and ESOS.

PRINCIPLE 8: Level and Mix of Remuneration

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. However, companies should avoid paying more than is necessary for this purpose.

The Company adopts a remuneration policy for staff comprising basis salary (fixed component) and variable bonus (variable component) that is linked to the performance of the Company and the individual. The RC reviews the remuneration of the senior management to ensure that it commensurate with the Company's and their performance, taking into consideration the financial and commercial health and business needs of the Group.

The directors' fees paid to the Independent Directors are also reviewed by the RC to ensure that the remuneration commensurate with the contributions, responsibilities of the directors and the need to pay competitive fees to attract and retain the directors. Director fees recommended to the Board for payment are subject to the shareholders' approval at each Annual General Meeting.

The remuneration for the executive directors comprises fixed salary and variable bonus that is linked to the performance of the Company and individual. Share options are granted on the demonstration of leadership competencies. Their service contracts are for a fixed appointment period of at least 3 years with a notice period of six months but no onerous removal clauses. The above actions enable the Company to align the remuneration of directors and key management with long-term interest and risk policies of the Group, which serves to attract and motivate the directors to provide good stewardship of the Company; and key management personnel to successfully manage the Company.

PRINCIPAL 9: Disclosure on Remuneration

Each Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Generally, the nature of the role performed and market practice are taken into consideration in determining the composition of the remuneration package for each of its staff. For key executive officers, the Company adopts a performance-driven approach to compensation with rewards linked to individual, team and corporate performance.

The following table shows the remuneration bands and composition of the directors' and top 5 key executives' remuneration for the financial year ended 31 December 2014:

	Salary %	Bonus %	Share Option %	Directors' Fees %	Total %
DIRECTORS					
S$200,000 - below S$250,000					
Liu Qingzeng	100	-	-	-	100
S$150,000 – below S$250,000					
Nil					
S$100,000 – below S$150,000					
Gao Yulin	100	-	-	-	100
Below S$100,000					
Wu Chunlan	100	-	-	-	100
Neo Gim Kiong	-	-	-	100	100
Chng Hock Huat	-	-	-	100	100
Feng Jian Gang	-	-	-	100	100
Liu Aizhong	-	-	-	100	100

A breakdown of each key management personnel remuneration, in percentage terms showing the level and mix for FY2014, is as follows:

	Salary %	Bonus %	Share Option %	Fees %	Total %
KEY MANAGEMENT					
S$100,000 - below S$200,000					
Li Chak Fu	100	-	-	-	100
Below S$100,000					
Dong Sulin	100	-	-	-	100
Du Ping	100	-	-	-	100
Wang Shanzhen	100	-	-	-	100

The remuneration of the Directors and the CEO is not disclosed as the Company and the management have concerns that disclosing the detailed breakdown of the remuneration of the directors and the CEO may compromise sensitive information to the Company's competitors, having regard to the highly competitive industry conditions and the sensitivity and confidentiality of remuneration matters.

The aggregate amount of the total remuneration paid to the Key Management staff (who are not directors or the CEO) is approximately S$309,000.

None of the employees who are immediate family members of a Director or the CEO received remuneration exceeding S$50,000 during FY2014.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is mindful of its obligations to provide shareholders with a comprehensive view of the Company's financial performance, position and prospects on a timely basis that would allow a balanced and understandable assessment of the Group's financial position and prospects. The AC has been tasked to review the Company's financial information to ensure that the objective is met. The Board will update the shareholders on the operations and financial position of the Company through quarterly and full year announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

Price sensitive information is first publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

On a monthly basis, the Boards is provided with the monthly financial statements and other information on the Group's performance and progress of the various projects undertaken by the Group for effective monitoring and decision making. Management currently provides the Board with appropriately detailed management accounts and such explanation and information on a regular basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

PRINCIPLE 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and evaluate potential financial effects, as well as for the authorisation of capital expenditure and investments. The systems are intended to provide reasonable assurance, but not an absolute guarantee, against material financial misstatement of loss, and regarding the safeguarding of investments and assets, reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification of business risks.

The internal and external auditors carry out, an annual review of the adequacy and effectiveness of the Group's key internal controls, including financial, operational and compliance controls as well as risk management to the extent of their scope as laid out in their audit plan. In addition, annual review to ensure that safeguards, checks and balances are put in place to prevent any conflicts of interest or any weakening of internal controls. Any material weaknesses in internal controls, together with recommendation for improvement, are reported to the AC. The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal and external auditors in this respect. To facilitate the AC, internal and external auditors to make an informed assessment of the Group's internal controls, information such as financial records and financial statements are provided by the Management. The AC will ensure that recommendations by the Internal and External Auditors, arising from the FY2014 audits be followed up and implemented by Management at the next audit reviews or within the timeline stipulated in the respect audit reports for FY2015.

Risk Management

As the Group does not have a risk management committee, the Board, AC and Management assume the responsibility of the risk management function. Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC.

The Company has an Enterprise Risk Management Framework in place for the Group. The said Framework has been reviewed by the AC and approved by the Board of Directors. The AC and the Management will continually assess the adequacy and effectiveness of the risk management framework and processes.

Internal Controls

The Board recognizes the importance of maintaining a sound system of internal controls and risk management to safeguard the interests of the shareholders and the Group's assets.

The Group currently does not have any sophisticated information technology platform nor do the financial reporting system and operations of the Group rely on any complex information technology systems. The management of the Company has reviewed the information technology risk of the Group and relevant controls and the Board, with the concurrence of the management, is of the view that the information technology controls currently put in place by the Group are adequate and the risk associated with information technology is manageable and not significant.

The AC ensures that a review of the effectiveness of the Group's material internal controls, including financial, operational, compliance controls is conducted annually. The AC reviews the audit plans, and the findings of the auditors and will ensure that the Group follows up on auditors' recommendations raised, if any, during the audit process.

During the audit of its FY2014 financial statements, the external auditors informed the AC on 27 February 2015 and subsequently updated on 30 March 2015 that they have not been able to obtain sufficient appropriate audit evidence to satisfy themselves as to the appropriateness of the carrying amount of S$57.8 million included in trade and other receivables stated on the consolidated statement of financial position as at 31 December 2014.

As disclosed in Note 8 to the FY2014 financial statements, together with the announcement made by the Company on 12 January 2015 and subsequent announcements on 30 January 2015 and 27 February 2015, this amount relates to the first payment of US$49,990,000 (RMB 271,220,000) made on 30 December 2014, pursuant to a conditional sale and purchase agreement (the "SPA") entered into by SKY Petroleum Technology Development (Tianjin) Co., Ltd ("SKY Tianjin"), a wholly-owned subsidiary of the Company, with Calgary Petroleum Service Co., Limited (the "Vendor") on 29 December 2014 for the proposed acquisition of 5,764 ordinary shares, representing approximately 57.64% of the issued and paid-up capital of Hongkong New Wing Energy Development Company Limited, a wholly owned subsidiary of the Vendor. According to the SPA, the first payment is to be refunded with interest by the Vendor to SKY Tianjin in the event that the Company is unable to obtain approval for the proposed acquisition from (i) the Company's shareholders at an extraordinary general meeting of the Company to be convened; or (ii) the Singapore Exchange Securities Trading Limited. The proposed acquisition is still pending at the date of this report, the Board is still reviewing the proposed acquisition and considering whether amendments and/or supplements need to be made to the SPA to ensure the proposed acquisition meets the requirements of the Listing Manual of the SGX-ST. As such, none of the actions described is an indication that the Board is ratifying the proposed acquisition.

In view of the single incident disclosed above and in the Company's recent announcements, the Board decided and authorized the AC to conduct a fact finding process on the issues, and take any further actions as they deem fit. The AC had commissioned the external auditors to perform a review of its internal processes and controls with respect to the signing of the SPA and the making of the payment.

Pending such review, starting from 13 January 2015, as a short term enhancement to the existing internal controls, all finance seals of the Chinese subsidiaries have been personally held by the Chief Financial Officer and the legal representative seals have been held by the Independent Directors Mr. Liu Aizhong.

In its review of the external auditors' examination and evaluation of the system of internal controls to the extent as reviewed by them to form an opinion on the financial statements, no other significant weakness in the system has come to the attention of the AC to cause it to believe that the system of internal controls is inadequate, except for the incident disclosed above.

Any material weaknesses in internal controls or recommendations from internal and external auditors to further improve the internal controls were reported to the AC. The AC is following up with Management on the recommendations made by the auditors. Based on the reports submitted by the internal and external auditors to the AC and the Board, areas of improvements have been identified and management is in the process of tightening its internal control and risk management processes.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors and reviews performed by the Management, the Board, with the concurrence of the Audit Committee, is of the view that the Company's internal controls addressing all material financial, operational, compliance risks were adequate to meet the needs of the Group in its current business environment as at 31 December 2014, except for there was a breach on the single incident as explained above and in various announcements.

PRINCIPLE 12: Audit Committee

The Board should establish an Audit Committee with written terms of reference, which clearly set out its authority and duties.

The AC comprisesthree (3) Independent Directors and is chaired by Mr. Neo Gim Kiong. The members of the AC as of the date of this report are:

Mr. Neo Gim Kiong	(Chairman)
Mr. Chng Hock Huat	(Member)
Mr. Liu Aizhong	(Member)

The principal functions of the AC are:

1. recommending to the Board of Directors the external and internal auditors to be nominated, approves the compensation of the auditors, and reviews the scope and results of the audit, and its cost-effectiveness;

2. reviewing (with the other committees, management, and the external and internal auditors) significant risks or exposures that exist and assessing the steps management has taken to minimise such risk to the Company;

3. reviewing with the Chief Financial Officer and external auditors at the completion of the annual examination:

   - the Company's audited annual financial statements and related footnotes, and the integrity of financial reporting of the Company including the accounting principles for recommendation to the Board for approval;
   - the external auditors' audit of the annual financial statements and reports;
   - the adequacy of the Company's system of accounting controls;
   - the assistance and co-operation given by management to external auditors;
   - any significant findings and recommendations of the external auditors and internal auditors and the management's responses thereto; and
   - any significant changes required in the external auditors' audit plan, any serious difficulties or disputes with management encountered during the course of the audit and their resolution, and other matters related to the conduct of the audit.

4. reviewing with the management and internal auditors annually the following major items:

   - The internal audit plans, determines the scope of review and approves the internal audit budget;
   - significant internal audit observations and the responses and actions from the management to correct any differences;
   - the effectiveness of the Company's internal controls; and
   - any changes required in the internal audit plan and any difficulties encountered in the course of their audits such as access to required information.

5. reviewing legal and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies, and programmes and reports received from regulators;

6. reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

8. reporting actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and

9. reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).

The AC has the express power to conduct or authorize investigations into any matters within its terms of reference. The AC is authorized to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company. Minutes of AC meetings are regularly submitted to the Board for its information and review.

The AC meets with both the external and internal auditors, without the presence of management, at least once a year to review any matter that might be raised.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The breakdown of the aggregate fees billed by the external auditors in respect of each of two most recent financial years is provided in Note 16 to the financial statements for the year ended 31 December 2014.

Foo Kon Tan LLP, the external auditors of the Company, were responsible for providing services in connection with the audit of the financial statements of the Group and the Company for FY2014. For FY2014, the total remuneration in respect of audit services and non-audit services provided by Foo Kon Tan LLP for the Group amounted to S$240,000 and S$50,000, respectively.

In discharging its duties, the Audit Committee met with the internal and external auditors and reviewed both their audit plans and reports. All audit findings and recommendations are presented to the Audit Committee for discussion. In addition, updates on changes in accounting standards and treatment are prepared by external auditors and circulated to members of the Audit Committee.

The Company confirms that it is in compliance with Rule 712 and Rule 715 of the SGX-ST Listing Manual in relation to its auditing firm.

The AC has reviewed and is satisfied that non-audit services provided by the external auditors to the Group during the FY2014 that will not prejudice their independence and objectivity.

Whistle-Blowing Policy

The Company has put in place a whistle-blowing policy and procedures duly endorsed by the AC, where employees of the Group may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters such as suspected fraud, corruption, dishonest practices etc. All reports including unsigned reports, reports weak in details and verbal reports are considered. All complaints are to be treated as confidential and are to be brought to the attention of the AC.

Assessment, investigation and evaluation of complaints are conducted by or at the direction of the AC, if it deems appropriate, independent advisors engaged at the Group's expense. Following investigation and evaluation of a complaint, the AC will then decide on recommended disciplinary or remedial action, if any. The action so determined by the AC to be appropriate shall then be brought to the Board or to the appropriate members of Senior Executive for authorization or implementation respectively.

In the event that the report is about a director, that director shall not be involved in the review and any decisions with respect to that report. The policy aims to encourage the reporting of such matters in good faith, with the confidence that any employees making such reports will be treated fairly and be protected from reprisals.

There were no whistle-blowing letters received during the financial year ended 31 December 2014 and until the date of this report.

PRINCIPLE 13: Internal Audit

The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Internal Audit ("**IA**") function for the year ended 31 December 2014 was outsourced to RSM Ethos Pte Ltd who reported directly to the chairman of the AC on audit matters.

The principal functions of the IA are:

1. develop the control risk matrix based on the inputs from the management and their understanding of the business;

2. evaluate the adequacy of the existing controls and test its effectiveness; and

3. develop and recommend to management improved internal control procedures to enhance controls' effectiveness.

All findings and recommendations of the Internal Auditor are submitted to the AC for deliberation with copies of these reports extended to the external auditors and the relevant senior management officers.

PRINCIPLE 14: Shareholder Rights and Responsibilities

Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

PRINCIPLE 15: Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

PRINCIPLE 16: Conduct of Shareholder meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company is committed to establishing a corporate governance culture that promotes fair and equitable treatment of all shareholders. All shareholders are treated fairly and equitably, and enjoy specific rights under the Companies Act (Chapter50) of Singapore and the Articles of the Association of the Company.

The Company does not practice selective disclosure of material information. Material developments, press releases, quarterly, half year and full year results, analysts briefing materials and other changes in the Company or its business which would be likely materially affect the price or value of the Company are always released through the SGXNET pursuant to the rules of the Listing Manual of the SGX. When analysts briefings are held to discuss on major events and financial results, the management will only meet the analysts after the announcement is released on the SGXNET.

All shareholders of the Company are encourage to participate at General Meetings. Information on shareholders' meeting disseminated through notices published in newspapers, as well as through reports or circulars sent to all shareholders, to allow shareholders to be informed of the rules, including voting procedures that govern general meetings of shareholders.

At each AGM, the Board presents the performance of the Company to the shareholders. There will also be a question and answer session for the shareholders to ask directors or management questions regarding the Company. Chairman, executive directors and chairman of the various committees together with the external auditors and legal advisors (if necessary) are present to respond to any queries raised by shareholders. The Company's general meetings are the forum for dialogue with shareholders and allow the Board and management to address shareholder questions and concerns. These meetings provide a forum for management to explain the Group's strategy and financial performance. Management also uses meetings with investors and analysts to solicit their perceptions of the Group.

Each item of special business included in the notice of meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting for approval.

The Articles of Association allow a member of the Company to appoint one or two proxies to attend and vote in place of the member.

The Company respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure. All material information and changes in the company or its business which would be likely to materially affect the price or value of the Company's shares are disclosed in a timely manner via SGXNET announcements.

DEALINGS IN SECURITIES

The Company has adopted internal codes pursuant to the SGX-ST Best Practices Guide applicable to all directors and executives of the Group in relation to dealings in the Company's securities. Its directors and executives are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's quarterly results, one month before the announcement of the Company's full year results and ending on the date of the announcement of the results, or if they are in possession of published price-sensitive information of the Group.

In addition, all directors and key executives of the Group are required to observe the insider trading laws at all times and discourage from dealing in the Company's securities on a short term basis.

INTERESTED PERSON TRANSACTIONS

As a company listed on the Singapore Exchange, the Company is required to comply with Chapter 9 of the Singapore Exchange Listing Manual on interested person transactions.

To ensure compliance with Chapter 9, all interested person transactions to be entered into by the Company will be reviewed by the management to ensure the terms and charges are fair and reasonable prior to submission to the AC and Board for approval.

The director concerned will not participate and is refraining from the approval of the transactions.

There are no interested persons transactions during the financial year ended 31 December 2014.

MATERIAL CONTRACTS

There are no material contracts (including loans) of the Company or its subsidiaries involving the interests of the CEO, Directors or Controlling Shareholder which subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

Directors' Report

For the financial year ended 31 December 2014

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 31 December 2014.

Names of directors

The directors of the Company in office at the date of this report are:

Liu Qingzeng
Wu Chunlan
Neo Gim Kiong (Independent Director)
Chng Hock Huat (Independent Director)
Liu Aizhong (Independent Director) (Appointed on 11 August 2014)

Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares or debentures of the Company or of any other corporate body, other than as disclosed in this report.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year was interested in shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director		**Holdings in which director is deemed to have an interest**	
	As at 1.1.2014	**As at 31.12.2014 and 21.1.2015 #**	As at 1.1.2014	**As at 31.12.2014 and 21.1.2015 #**
The Company - Universal Resource and Services Limited	**Number of ordinary shares**			
Liu Qingzeng	-	**-**	88,774,000	**88,774,000**
Neo Gim Kiong	8,000	**8,000**	-	**-**

There were no changes to the above shareholdings between the end of the financial year and 21 January 2015.

Directors' interest in shares or debentures (cont'd)

Liu Qingzeng, by virtue of the provisions of Section 7 of the Companies Act, Cap. 50, is deemed to have an interest in all the subsidiaries of the Company.

According to the Register of Directors' Shareholdings, certain director holding office at the end of the financial year had interest in options to subscribe for ordinary shares of the Company granted pursuant to the Employee Share Option Scheme as set out below:

	As at 1.1.2014	**As at 31.12.2014**
The Company - Universal Resource and Services Limited	**Number of unissued ordinary shares under option**	
Wu Chunlan	75,000	**75,000**

Directors' benefits

Since the end of the previous financial year, no director has received or has become entitled to receive a benefit under a contract which is required to be disclosed under Section 201(8) of the Companies Act, Cap. 50, except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Note 16 to the financial statements.

Employee Share Option Scheme

At an Extraordinary General Meeting held on 28 January 2008, the shareholders of the Company approved the SKY China Employee Share Option Scheme (now known as Universal Resource and Services Employee Share Option Scheme) (the "ESOS") for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible directors and employees.

The ESOS is administered by the Remuneration Committee whose members at the date of this report are:

Chng Hock Huat (Chairman)
Liu Aizhong
Neo Gim Kiong

No share options were granted during the financial year.

Employee Share Option Scheme (cont'd)

Under the ESOS, options granted to the directors and employees may, except in certain special circumstances, be exercised at any time after the first anniversary of the date of the grant of option and before the fifth and tenth anniversary of the date of the grant of option respectively. The ordinary shares of the Company under option may be exercised in full or in part only in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The exercise price is based on the average of closing prices ("market price") of the shares on the Singapore Exchange Securities Trading Limited for the three consecutive trading days immediately preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20 percent to the market price. No options have been granted at a discount.

Share options granted

Details of options granted to directors and employees under the ESOS are as follows:

	Options granted for financial year ended 31.12.2014	Aggregate options granted since commencement of the ESOS to 31.12.2014	Aggregate options exercised since commencement of the ESOS to 31.12.2014	Aggregate options forfeited since commencement of the ESOS to 31.12.2014	Aggregate options outstanding as at 31.12.2014
Directors					
Neo Gim Kiong	-	8,000	(8,000)	-	-
Wu Chunlan	-	75,000	-	-	75,000
Others					
Former directors	-	742,000	(442,000)	(200,000)	100,000
Employees	-	2,325,000	(375,000)	(340,000)	1,610,000
	-	3,150,000	(825,000)	(540,000)	1,785,000

The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of the Company or any corporation in the Group.

There have been no options granted to the controlling shareholders of the Company or their associates (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited). No employee, other than three former directors and four employees who have been granted a total of 1,192,000 share options, has received 5% or more of the total number of options available under the ESOS.

No options to take up unissued shares of the Company or its subsidiaries have been granted during the financial year.

Unissued shares under option

The unissued shares of the Company under option at the end of the financial year are as follows:

Date of grant of options	Balance at 1.1.2014	Granted during the year	Exercised during the year	Forfeited during the year	Balance at 31.12.2014	Exercise price per share	Number of option holders at 31.12.2014	Exercise period
29.8.2008	1,785,000	-	-	-	1,785,000	S$0.165	29	29.8.2009 to 28.8.2018

There are no unissued shares of subsidiaries under option at the end of the financial year.

Except as disclosed above, no shares have been issued during the financial year by virtue of the exercise of the options to take up unissued shares of the Company or its subsidiaries.

Performance Share Plan

On 28 January 2008, the shareholders of the Company at an Extraordinary General Meeting approved the SKY China Performance Share Plan (now known as Universal Resource and Services Performance Share Plan) (the "PSP") pursuant to which awards of fully paid-up ordinary shares in the Company will be granted, free of payment, to selected eligible participants, when and after achieving prescribed performance targets and upon expiry of prescribed vesting periods. The awards may be settled by the issue of new shares and/or the delivery of treasury shares and/or payment of the equivalent value in cash to participants in lieu of issuing or delivering shares to the participants or combinations thereof at the sole discretion of the Company.

No awards have been granted under the PSP since its commencement.

The total number of new shares which may be issued pursuant to the awards granted under the PSP, when added to the number of shares issued and issuable in respect of all options granted under the PSP, shall not exceed 15% of the issued shares of the Company from time to time.

The PSP is administered by the Remuneration Committee of the Company.

Audit Committee

At the date of this report, the Audit Committee comprises the following members:

Neo Gim Kiong (Chairman)
Chng Hock Huat
Liu Aizhong

The Audit Committee has met four times since the last Annual General Meeting and has reviewed the following, where relevant, with the executive directors and the internal auditors and external auditors of the Company:

a) the audit plans of the external auditors and internal auditors and results of the internal auditors' examination and evaluation of the Group's system of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the directors of the Company and the external auditors' report on those financial statements;

d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Group and the Company;

e) the cooperation and assistance given by the management to the Group's internal auditors and external auditors; and

f) the re-appointment of the external auditors.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors and internal auditors have unrestricted access to the Audit Committee.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

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LIU QINGZENG

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NEO GIM KIONG

Dated: 31 March 2015

Statement by Directors

For the financial year ended 31 December 2014

In our opinion:

(a) the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

On behalf of the Directors

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LIU QINGZENG

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NEO GIM KIONG

Dated: 31 March 2015

Independent Auditor's Report
to the members of Universal Resource and Services Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Universal Resource and Services Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

<u>Basis for Qualified Opinion</u>

Included in trade and other receivables stated on the face of the consolidated statement of financial position as at 31 December 2014 is an amount of S$57,824,000. As disclosed in Note 8 to the financial statements, this amount relates to the first payment in cash of US$49,990,000 (RMB 271,220,000) made on 30 December 2014, pursuant to the conditional sale and purchase agreement (the “SPA”) entered into by SKY Petroleum Technology Development (Tianjin) Co., Ltd (“SKY Tianjin”), a wholly-owned subsidiary of the Company, with Calgary Petroleum Service Co., Limited (the “Vendor”) on 29 December 2014 for the proposed acquisition of 5,764 ordinary shares, representing approximately 57.64% of the issued and paid-up capital of Hongkong New Wing Energy Development Company Limited, a wholly owned subsidiary of the Vendor. According to the SPA, the first payment is to be refunded with interest by the Vendor to SKY Tianjin in the event that the Company is unable to obtain approval for the proposed acquisition from (i) the Company’s shareholders at an extraordinary general meeting of the Company to be convened; or (ii) the Singapore Exchange Securities Trading Limited. The proposed acquisition is still pending approval by the Board of Directors at the date of this report, and based on the information available to us, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the appropriateness of the carrying amount of S$57,824,000.

<u>Qualified Opinion</u>

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 31 March 2015

Statements of Financial Position

As at 31 December 2014

		The Group		The Company	
		2014	2013	**2014**	2013
	Note	**S$'000**	S$'000	**S$'000**	S$'000
ASSETS					
Non-Current Assets					
Plant and equipment	4	**75,154**	44,425	**2**	11
Intangible asset	5	**-**	-	**-**	-
Subsidiaries	6	**-**	-	**82,606**	82,606
Deferred tax asset	7	**855**	-	**-**	-
		76,009	44,425	**82,608**	82,617
Current Assets					
Trade and other receivables	8	**64,616**	12,263	**10,386**	10,981
Prepayments		**22**	52	**22**	18
Cash and cash equivalents	9	**19,761**	97,892	**404**	535
		84,399	110,207	**10,812**	11,534
Total assets		**160,408**	154,632	**93,420**	94,151
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	10	**68,080**	68,080	**68,080**	68,080
Reserves	11	**79,245**	73,212	**24,225**	25,595
Equity attributable to owners of the Company		**147,325**	141,292	**92,305**	93,675
Non-controlling interests		**3,190**	3,148	**-**	-
Total equity		**150,515**	144,440	**92,305**	93,675
Non-Current Liability					
Deferred tax liability	7	**3,036**	2,492	**-**	-
Current Liabilities					
Other payables and accruals	12	**6,021**	7,657	**1,114**	475
Current tax payable		**836**	43	**1**	1
		6,857	7,700	**1,115**	476
Total liabilities		**9,893**	10,192	**1,115**	476
Total equity and liabilities		**160,408**	154,632	**93,420**	94,151

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2014

	Note	**2014 S$'000**	2013 S$'000
Continuing operations			
Revenue	3	**20,269**	16,215
Cost of services		**(12,838)**	(6,486)
Gross profit		**7,431**	9,729
Other income	13	**1,094**	860
Administrative expenses		**(2,634)**	(2,838)
Other expenses *		**-**	(8,633)
Profit/(Loss) before taxation from continuing operations		**5,891**	(882)
Taxation	14	**(2,338)**	(989)
Profit/(Loss) after taxation from continuing operations		**3,553**	(1,871)
Profit from discontinued operations, net of tax	15	**-**	1,667
Profit/(Loss) for the year	16	**3,553**	(204)
Other comprehensive income after tax:			
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences on consolidation		**2,923**	10,070
Currency translation differences reclassified to profit or loss on disposal of a subsidiary		**-**	(56)
Other comprehensive income for the year, net of tax of nil		**2,923**	10,014
Total comprehensive income for the year		**6,476**	9,810
Profit/(Loss) attributable to:			
Owners of the Company			
- profit/(loss) from continuing operations, net of tax		**3,554**	(1,851)
- profit from discontinued operations, net of tax	15	**-**	818
		3,554	(1,033)
Non-controlling interests			
- loss from continuing operations, net of tax		**(1)**	(20)
- profit from discontinued operations, net of tax	15	**-**	849
		(1)	829
		3,553	(204)

* Other expenses mainly comprised loss on disposal of a subsidiary of S$570,000 (Note 15) and loss on disposal of plant and equipment of S$7,643,000 (Note 16).

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

For the financial year ended 31 December 2014

	Note	2014 S$'000	2013 S$'000
Total comprehensive income attributable to:			
Owners of the Company			
- total comprehensive income from continuing operations, net of tax		**6,434**	6,590
- total comprehensive income from discontinued operations, net of tax		**-**	1,418
		6,434	8,008
Non-controlling interests			
- total comprehensive income from continuing operations, net of tax		**42**	270
- total comprehensive income from discontinued operations, net of tax		**-**	1,532
		42	1,802
		6,476	9,810
Earnings/(Loss) per share attributable to owners of the Company (Singapore cent)			
From continuing and discontinued operations			
- basic and diluted	17	**0.89**	(0.26)
From continuing operations			
- basic and diluted	17	**0.89**	(0.46)
From discontinued operations			
- basic and diluted	17	**-**	0.20

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2014

	Attributable to owners of the Company								
	Share capital S$'000	Share option reserve S$'000	Exchange fluctuation reserve S$'000	Other reserve * S$'000	Statutory common reserve S$'000	Retained earnings S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance at 1 January 2013	68,080	166	(2,310)	(1,454)	21,904	49,206	135,592	33,431	169,023
(Loss)/Profit for the year	-	-	-	-	-	(1,033)	(1,033)	829	(204)
Other comprehensive income for the year									
- currency translation differences	-	-	7,587	1,454	-	-	9,041	973	10,014
Total comprehensive income for the year	-	-	7,587	1,454	-	(1,033)	8,008	1,802	9,810
Contributions by and distributions to owners									
- dividends declared (Note 22)	-	-	-	-	-	(964)	(964)	-	(964)
Changes in ownership interests in subsidiaries									
- disposal of a subsidiary	-	-	-	-	(1,344)	-	(1,344)	(32,085)	(33,429)
Transactions with owners in their capacity as owners	-	-	-	-	(1,344)	(964)	(2,308)	(32,085)	(34,393)
Balance at 31 December 2013	68,080	166	5,277	-	20,560	47,209	141,292	3,148	144,440

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity (cont'd)

For the financial year ended 31 December 2014

	Attributable to owners of the Company								
	Share capital S$'000	Share option reserve S$'000	Exchange fluctuation reserve S$'000	Other reserve * S$'000	Statutory common reserve S$'000	Retained earnings S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance at 1 January 2014	68,080	166	5,277	-	20,560	47,209	141,292	3,148	144,440
Profit for the year	**-**	**-**	**-**	**-**	**-**	**3,554**	**3,554**	**(1)**	**3,553**
Other comprehensive income for the year									
- currency translation differences	**-**	**-**	**2,880**	**-**	**-**	**-**	**2,880**	**43**	**2,923**
Total comprehensive income for the year	**-**	**-**	**2,880**	**-**	**-**	**3,554**	**6,434**	**42**	**6,476**
Contributions by and distributions to owners									
- dividends declared (Note 22)	**-**	**-**	**-**	**-**	**-**	**(401)**	**(401)**	**-**	**(401)**
Transactions with owners in their capacity as owners									
Balance at 31 December 2014	**68,080**	**166**	**8,157**	**-**	**20,560**	**50,362**	**147,325**	**3,190**	**150,515**

* Other reserve relates to the cumulative income or expense recognised directly in other comprehensive income relating to the non-current asset and disposal group classified as held for sale.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

	Note	**2014 S$'000**	2013 S$'000
Cash Flows from Operating Activities			
Profit/(Loss) before taxation from continuing operations		**5,891**	(882)
Profit before taxation from discontinued operations	15	**-**	448
Total profit/(loss) before taxation		**5,891**	(434)
Adjustments for:			
Depreciation of plant and equipment	4	**12,033**	6,647
Gain on disposal of non-current asset held for sale		**-**	(489)
Interest income	13	**(1,094)**	(828)
Loss on disposal of a subsidiary		**-**	570
Loss on disposal of plant and equipment	16	**-**	7,643
Unrealised currency translation differences		**(274)**	(4,034)
Operating profit before working capital changes		**16,556**	9,075
Increase in operating receivables		**(6,323)**	(191)
Decrease in operating payables		**(1,636)**	(690)
Cash generated from operations		**8,597**	8,194
Income taxes paid		**(1,833)**	(2,078)
Net cash generated from operating activities		**6,764**	6,116
Cash Flows from Investing Activities			
Deposits refunded	A	**-**	23,892
Disposal of a subsidiary, net of cash disposed of	B	**6,533**	1,004
First payment for proposed acquisition	8	**(57,824)**	-
Interest received		**1,094**	828
Proceeds from disposal of non-current asset held for sale	C	**5,291**	11,945
Proceeds from disposal of plant and equipment		**-**	5,997
Purchase of plant and equipment		**(39,942)**	(113)
Net cash (used in)/generated from investing activities		**(84,848)**	43,553
Cash Flows from Financing Activities			
Dividends paid	22	**(401)**	(964)
Net cash used in financing activities		**(401)**	(964)
Net (decrease)/increase in cash and cash equivalents		**(78,485)**	48,705
Cash and cash equivalents at beginning of year		**97,892**	42,954
Exchange differences on translation of cash and cash equivalents at beginning of year		**354**	6,233
Cash and cash equivalents at end of year	9	**19,761**	97,892

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTE:

A. Deposits refunded

Deposits refunded relate to the amounts of S$14,932,000 (RMB 75 million) and S$8,960,000 (RMB 45 million), being 50% and 30% respectively of the cash consideration of RMB 150 million, in relation to the purchase of an office building and land use right in Beijing, The People's Republic of China. The deposits were fully refunded by the vendor to the Group in 2013 upon the termination of the conditional sale and purchase agreement by the mutual consent of both parties.

B. Disposal of a subsidiary

On 28 June 2013, the Group completed the disposal of its entire interest in the subsidiary, Wenling Xinghai Ocean Shipping Co., Ltd, for a cash consideration of S$21,483,000 (RMB 105,300,000). The effects of the disposal on the cash flows of the Group were as follows:

The Group	2013 S$'000
Plant and equipment	42,875
Intangible assets	3,640
Trade and other receivables	3,458
Cash and bank balances	13,867
Deferred tax liabilities	(2,494)
Other payables and accruals	(1,074)
Current tax payable	(4,734)
Net assets	55,538
Statutory common reserve	(1,344)
Exchange fluctuation reserve	(56)
Non-controlling interests	(32,085)
Loss on disposal of subsidiary	(570)
Total consideration, to be satisfied in cash	21,483

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

B. Disposal of a subsidiary (cont'd)

The Group	2013 S$'000
Satisfied by:	
Cash	14,871
Consideration receivable (Note 8) *	6,612
	21,483
Analysis of net flow of cash and bank balances arising on disposal:	
Cash consideration received	14,871
Cash and bank balances disposed of	(13,867)
	1,004

* The outstanding fourth and final tranche payment of RMB 31,590,000 (approximately S$6,533,000) in relation to the disposal of the subsidiary, Wenling Xinghai Ocean Shipping Co., Ltd, was received by the Group in 2014.

C. Disposal of non-current asset held for sale

On 28 June 2013, the Group completed the disposal of the vessel, Feng Chang, for a cash consideration of RMB 85,280,000. Payments amounting to RMB 59,696,000 (approximately S$11,945,000) were received by the Group in 2013. The remaining outstanding fourth and final tranche payment of RMB 25,584,000 (approximately S$5,291,000) was received by the Group in 2014.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements
For the financial year ended 31 December 2014

1 General information

The financial statements of Universal Resource and Services Limited (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company is incorporated as a limited liability company and is domiciled in Singapore.

The registered office is located at 10 Collyer Quay #27-00, Ocean Financial Centre, Singapore 049315.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (“FRS”) including related Interpretations promulgated by the Accounting Standards Council (“ASC”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollar which is the Company’s functional currency. All financial information is presented in Singapore dollar and rounded to the nearest thousand, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

2(a) Basis of preparation (cont'd)

<u>Critical judgements in applying accounting policies</u>

<u>Operating leases as a lessor</u>

The Group has entered into commercial leases on its oil-drilling equipment with customers. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these leased assets and accordingly accounts for the contracts as operating leases.

<u>Determination of functional currency</u>

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. The functional currency of the Company is determined based on management's assessment of the primary economic environment in which the Company operates, i.e. the one in which it primarily generates and expends cash. In determining the Company's functional currency, judgement is required to determine the currency that most faithfully represents the economic effects of the Company's underlying transactions, events and conditions. Management has applied its judgement to determine the currency that mainly influences the Company's operating, investing and financing activities as an investment holding company, which is assessed to be Singapore dollar.

<u>Critical assumptions used and accounting estimates in applying accounting policies</u>

<u>Depreciation of plant and equipment</u>

Plant and equipment are depreciated on a diminishing balance basis (for oil-drilling equipment) and straight-line basis (for all other plant and equipment) over their estimated useful lives. Management estimates the useful lives of plant and equipment to be within 1 to 8 years. In particular, management estimates the useful life of oil-drilling equipment to be 8 years. This is a common economic life expectancy applied in the oil exploration and extraction industry. The carrying amount of the Group's plant and equipment at the end of the reporting period is disclosed in Note 4 to the financial statements. Changes in the expected level of usage, maintenance programmes and technological developments could affect the economic useful lives and residual values of the assets; therefore future depreciation charges could be revised. If depreciation on the Group's plant and equipment increases/decreases by 10% from management's estimates, the Group's results for the year will decrease/increase by S$1,203,000 (2013: S$665,000).

2(a) Basis of preparation (cont'd)

<u>Critical assumptions used and accounting estimates in applying accounting policies (cont'd)</u>

<u>Impairment of plant and equipment</u>

Plant and equipment are assessed at the end of each reporting period whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets are estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in profit or loss.

Management judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by its market value or the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the growth rate and discount rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result may potentially affect the Group's results.

<u>Impairment of subsidiaries</u>

The Company assesses at the end of each reporting period whether there is any indication that the investments in subsidiaries may be impaired. If any indication exists, the investment is tested for impairment. The determination of the recoverable amount requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amount of the Company's subsidiaries at the end of the reporting period is disclosed in Note 6 to the financial statements.

2(a) Basis of preparation (cont'd)

Critical assumptions used and accounting estimates in applying accounting policies (cont'd)

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 8 to the financial statements. If the present value of estimated future cash flows decreases by 10% from management's estimates, the Group's allowance for impairment of loans and receivables will increase by S$6,412,000 (2013: S$1,232,000).

Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement and estimates are involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's deferred tax asset and liability at the end of the reporting period and the Group's income taxes for the year are disclosed in Note 7 and Note 14 to the financial statements, respectively.

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

2(b) Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the following FRS that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

Reference	**Description**
Revised FRS 27	Separate Financial Statements
Revised FRS 28	Investments in Associates and Joint Ventures
Amendments to FRS 27, FRS 110 and FRS 112	Investment Entities
Amendments to FRS 36	Recoverable Amount Disclosures to Non-Financial Assets
Amendments to FRS 39	Novation of Derivatives and Continuation of Hedge Accounting
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
INT FRS 121	Levies

Revised FRS 27 *Separate Financial Statements* and FRS 110 *Consolidated Financial Statements*

As a result of FRS 110, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

FRS 110 applies to all entities including special purpose entities. The changes introduced by FRS 110 will require management to exercise significant judgement to determine whether entities are controlled and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group. The revised FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in the separate financial statements.

The Group has reassessed of which entities the Group controls and there are no resulting changes required.

2(c) FRS not yet effective

The following are the new or amended FRS and INT FRS issued in 2014 that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 19	Defined Benefit Plan: Employee Contribution	1 July 2014
Amendments to FRS 27	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 16 and FRS 41	Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 28 and FRS 110	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 111	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 109	Financial Instruments	1 January 2018
FRS 114	Regulatory Deferral Accounts	1 January 2016
FRS 115	Revenue from Contracts with Customers	1 January 2017
Improvements to FRSs (January 2014):		
- Amendment to FRS 16	Property, Plant and Equipment	
- Amendment to FRS 24	Related Party Disclosures	1 July 2014
- Amendment to FRS 38	Intangible Assets	1 July 2014
- Amendment to FRS 102	Share-based Payment	1 July 2014
- Amendment to FRS 103	Business Combinations	1 July 2014
- Amendments to FRS 108	Operating Segments	1 July 2014
Improvements to FRSs (February 2014):		
- Amendment to FRS 40	Investment Property	1 July 2014
- Amendment to FRS 103	Business Combinations	1 July 2014
- Amendment to FRS 113	Fair Value Measurement	1 July 2014

2(c) FRS not yet effective (cont'd)

Reference	Description	Effective date (Annual periods beginning on or after)
Improvements to FRSs (November 2014):		
- Amendment to FRS 19	Employee Benefits	1 January 2016
- Amendment to FRS 34	Interim Financial Reporting	1 January 2016
- Amendment to FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
- Amendments to FRS 107	Financial Instruments: Disclosures	1 January 2016

Management does not anticipate that the adoption of the above FRS in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following:

Amendments to FRS 16 *Clarification of Acceptable Methods of Depreciation*

Amendments to FRS 16 *Clarification of Acceptable Methods of Depreciation* clarify that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technical or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate, because it generally reflects factors other than the consumption of the economic benefits of the asset. For example, revenue is affected by other inputs and processes, selling activities and changes in sales volumes and prices. The price component of revenue may be affected by inflation, which has no bearing upon the way in which an asset is consumed. The Group has reassessed the application and does not expect any impact to the financial statements.

Improvements to FRSs (January 2014) Amendment to FRS 24 *Related Party Disclosures*

Improvements to FRSs (January 2014) Amendment to FRS 24 *Related Party Disclosures* clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Group and the Company when implemented.

2(c) FRS not yet effective (cont'd)

Improvements to FRSs (January 2014) Amendments to FRS 108 *Operating Segments*

Improvements to FRSs (January 2014) Amendments to FRS 108 *Operating Segments* clarify that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. In addition, the entity is required to disclose the judgements made by management in applying the aggregation criteria to operating segments. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Group and the Company when implemented.

2(d) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee if and only if the Group has all of the following:

(i) power over the investee;

(ii) exposure, or rights or variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2(d) Summary of significant accounting policies (cont'd)

Consolidation (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and 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 and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRS).

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and other comprehensive income, and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Consolidation of the subsidiaries in the People's Republic of China ("PRC") is based on the subsidiaries' financial statements prepared in accordance with FRS. Profits reflected in the financial statements prepared in accordance with FRS may differ from those reflected in the statutory financial statements of the subsidiaries prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the subsidiaries are based on the amounts stated in the statutory financial statements.

Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated using the diminishing balance method (for oil-drilling equipment) and straight-line method (for all other plant and equipment) to allocate their depreciable amount over their estimated useful lives as follows:

Oil drilling equipment	8 years
Renovations	3 years
Office equipment	1 to 8 years
Motor vehicles	5 to 8 years

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items.

2(d) Summary of significant accounting policies (cont'd)

Plant and equipment and depreciation (cont'd)

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that 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.

For acquisitions and disposals during the financial year, depreciation is recognised in profit or loss from the month that the plant and equipment are installed and are available for use, and to the month of disposal, respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

During the financial year, the estimated useful life and depreciation method of oil-drilling equipment were revised, from ten years to eight years, and from straight-line method to diminishing balance method, respectively. The revisions in the estimated useful life and depreciation method of oil-drilling equipment are to better reflect the expected usage, physical wear and tear, and pattern of consumption of the future economic benefits embodied in the oil-drilling equipment.

The changes in estimates have been applied prospectively from 1 July 2014. The effects of the changes in estimates for the current and future periods are an increase/(decrease) in depreciation expense, as follows:

Financial year ended 31 December	**Amount S$'000**
2014	4,552,000
2015	7,688,000
2016	5,069,000
2017	2,843,000
2018	(457,000)
2019	(3,262,000)
2020	(5,216,000)
2021	(2,487,000)
2022	(2,695,000)
2023	(4,025,000)
2024	(2,010,000)

2(d) Summary of significant accounting policies (cont'd)

Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortised over the estimated 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 are reviewed at least at the end of each reporting period. 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 in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as 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.

<u>Non-proprietary technologies</u>

Non-proprietary technologies were acquired separately and amortised on a straight-line basis over its finite useful life of five years. The amortisation expense is recognised in the consolidated statement of profit or loss and other comprehensive income under "administrative expenses".

Subsidiaries

In the Company's separate statement of financial position, subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

2(d) Summary of significant accounting policies (cont'd)

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the end of the reporting period with the exception that a financial asset shall not be reclassified into or out of the fair value through profit or loss category while it is held or issued.

All financial assets are recognised on their trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not hold any financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

2(d) Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Loans and receivables (cont'd)

Loans and receivables include trade and other receivables and cash and cash equivalents. They are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks and fixed deposits.

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and:

(i) represents a separate major line of business or geographical area of operations;

(ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(iii) is a subsidiary acquired exclusively with a view to resale.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Dividends

Final dividends proposed by the directors are not accounted for in owner's equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

2(d) Summary of significant accounting policies (cont'd)

Financial liabilities

The Group's financial liabilities comprise other payables and accruals.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as an expense in "finance cost" in profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Other payables and accruals are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Leases

Where the Group is the lessee,

<u>Operating leases</u>

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.

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in profit or loss when incurred.

Where the Group is the lessor,

<u>Operating leases</u>

Assets leased out under operating leases are included in plant and equipment in the statement of financial position and are depreciated on a straight-line basis over their estimated useful lives. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2(d) Summary of significant accounting policies (cont'd)

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity.

2(d) Summary of significant accounting policies (cont'd)

Employee benefits

Pension obligations

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. The subsidiaries in the PRC are required to provide certain staff pension contributions to their employees under existing PRC regulations. Pension contributions are provided at rates stipulated by the PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees. The Company makes contributions to the Central Provident Fund, a defined contribution pension scheme regulated and managed by the Government of Singapore.

A defined contribution national pension scheme is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions to national pension schemes are charged to profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Employee share option scheme

The Company has an employee share option plan for the granting of non-transferable options.

The Group issues equity-settled share-based payments to certain employees. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss 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. Non-market vesting conditions are included in the estimation of the number of shares under option that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under option 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.

2(d) Summary of significant accounting policies (cont'd)

Employee benefits (cont'd)

Employee share option scheme (cont'd)

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

The share option reserve is transferred to retained earnings upon expiry of the options.

Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) both entities are joint ventures of the same third party.
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) the entity is controlled or jointly controlled by a person identified in (a);
(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2(d) Summary of significant accounting policies (cont'd)

Related parties (cont'd)

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss recognised for a cash-generating unit is charged *pro rata* to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

An impairment loss is charged to profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

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 if no impairment loss had been recognised.

A reversal of an impairment loss is recognised as income in profit or loss.

2(d) Summary of significant accounting policies (cont'd)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Rental income

Rental income arising from operating leases of oil-drilling equipment is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease terms on a straight-line basis.

Rendering of services

Revenue from the rendering of oil well maintenance services is recognised when the services have been rendered.

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Value-added tax

The Group's rental of oil-drilling equipment in the PRC is subject to value-added tax ("VAT") at the applicable tax rate of 17%. Input VAT on local purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the tax authority is submitted on a monthly basis and is included as part of "trade and other receivables" or "trade and other payables" in the consolidated statement of financial position.

2(d) Summary of significant accounting policies (cont'd)

Value-added tax (cont'd)

Revenue, expenses and assets are recognised net of the amount of VAT except:

(i) where VAT incurred on purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of VAT included.

Functional currencies

Functional and presentation currency

Items included in the 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 financial statements of the Group and the Company are presented in Singapore dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss.

When a foreign operation is disposed of, the accumulated currency translation differences related to the foreign operation is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions.

2(d) Summary of significant accounting policies (cont'd)

Conversion of foreign currencies (cont'd)

Group entities

The results and financial positions of all the entities (none of which has the currency of a hyperinflationary economy) within the Group 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 rates at the end of each reporting period;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at exchange rates at the dates of the transactions; and

(iii) All resulting currency translation differences are recognised as other comprehensive income in the currency translation reserve in equity.

Operating segments

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 that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 21 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire plant and equipment.

2(d) Summary of significant accounting policies (cont'd)

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3 Revenue

Significant categories of revenue, excluding applicable value-added tax, are detailed as follows:

The Group	Continuing operations		Discontinued operations (Note 15)		Total	
	2014	2013	**2014**	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Oil well maintenance	**527**	508	**-**	-	**527**	508
Rental of oil-drilling equipment	**19,742**	15,707	**-**	-	**19,742**	15,707
Transportation of petroleum products	**-**	-	**-**	5,645	**-**	5,645
	20,269	16,215	**-**	5,645	**20,269**	21,860

4 Plant and equipment

The Group	Oil-drilling equipment S$'000	Renovations S$'000	Office equipment S$'000	Motor vehicles S$'000	Total S$'000
Cost					
At 1 January 2013	76,751	87	68	127	77,033
Additions	111	-	2	-	113
Disposals	(20,916)	-	-	(42)	(20,958)
Exchange difference on translation	4,706	-	3	7	4,716
At 31 December 2013	60,652	87	73	92	60,904
Additions	**39,942**	**-**	**-**	**-**	**39,942**
Exchange difference on translation	**3,555**	**-**	**1**	**2**	**3,558**
At 31 December 2014	**104,149**	**87**	**74**	**94**	**104,404**
Accumulated depreciation					
At 1 January 2013	15,851	54	57	112	16,074
Depreciation	6,615	25	6	1	6,647
Disposals	(7,286)	-	-	(32)	(7,318)
Exchange difference on translation	1,067	-	2	7	1,076
At 31 December 2013	16,247	79	65	88	16,479
Depreciation	**12,019**	**7**	**7**	**-**	**12,033**
Exchange difference on translation	**735**	**-**	**1**	**2**	**738**
At 31 December 2014	**29,001**	**86**	**73**	**90**	**29,250**
Net book value					
At 31 December 2014	**75,148**	**1**	**1**	**4**	**75,154**
At 31 December 2013	44,405	8	8	4	44,425

4 Plant and equipment (cont'd)

The Company	Renovations S$'000	Office equipment S$'000	Total S$'000
Cost			
At 1 January 2013	85	20	105
Additions	-	3	3
At 31 December 2013 and **31 December 2014**	**85**	**23**	**108**
Accumulated depreciation			
At 1 January 2013	52	17	69
Depreciation	26	2	28
At 31 December 2013	78	19	97
Depreciation	**7**	**2**	**9**
At 31 December 2014	**85**	**21**	**106**
Net book value			
At 31 December 2014	**-**	**2**	**2**
At 31 December 2013	7	4	11

5 Intangible asset

The Group	Non-proprietary technologies S$'000
Cost	
At 1 January 2013	9
Exchange difference on translation	1
At 31 December 2013 and **31 December 2014**	**10**
Accumulated amortisation	
At 1 January 2013	9
Exchange difference on translation	1
At 31 December 2013 and **31 December 2014**	**10**
Net book value	
At 31 December 2014	**-**
At 31 December 2013	-

5 Intangible asset (cont'd)

Non-proprietary technologies

Non-proprietary technologies represent the rights obtained by the Group to use patented technologies. These technologies relate to sand removal, shield stabilisers and automatic closure system. The intangible asset is amortised on a straight-line basis over a period of five years.

6 Subsidiaries

The Company	**2014 S$'000**	2013 S$'000
Unquoted equity investments, at cost	**24,854**	24,854
Amount due from a subsidiary (non-trade)	**57,752**	57,752
	82,606	82,606

The non-trade amount due from a subsidiary represents an extension of the Company's net investment in the subsidiary. The amount is unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment losses, if any.

6 Subsidiaries (cont'd)

There is no allowance for impairment losses arising from the investments in subsidiaries and the non-trade amount due from a subsidiary.

Details of the subsidiaries are:

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of equity held	
			2014	2013
			%	%
Held by the Company				
Tianjin Dagang Shengkang Petroleum Development Co., Ltd [1]	Inactive	People's Republic of China	**95**	95
Tianjin Ganghua Petroleum Technology Service Co., Ltd [1]	Inactive	People's Republic of China	**95**	95
SKY Petroleum Technology Development (Tianjin) Co., Ltd [1]	Provision of rental services	People's R epublic of China	**100**	100
Held by SKY Petroleum Technology Development (Tianjin) Co., Ltd				
Song Yuan Tian Yuan Oil Exploration Technology Service Co., Ltd [2]	Provision of technical maintenance services	People's Republic of China	**100**	100

[1] Statutory auditor is Hua Qing CPA Co., Ltd

[2] Statutory auditor is Ji Lin Zhong Qing CPA Co., Ltd

The subsidiaries in the PRC are audited by Certified Public Accountants in the PRC for the purpose of PRC statutory reporting and re-audited by Foo Kon Tan LLP for the purpose of the Group's consolidated financial statements to comply with FRS.

7 Deferred taxation

The Group	2014 S$'000	2013 S$'000
Deferred tax asset		
At 1 January	**-**	-
Recognised in profit or loss	**(818)**	-
Exchange difference on translation	**(37)**	-
At 31 December	**(855)**	-
- To be recovered after one year	**(855)**	-
Deferred tax liability		
At 1 January	**2,492**	2,590
Recognised in profit or loss	**565**	(142)
Exchange difference on translation	**(21)**	44
At 31 December	**3,036**	2,492
- To be settled after one year	**3,036**	2,492

The Company	2014 S$'000	2013 S$'000
Deferred tax liability		
At 1 January	**-**	150
Recognised in profit or loss	**-**	(150)
At 31 December	**-**	-

7 Deferred taxation (cont'd)

Deferred taxation is attributable to the following:

The Group	Excess of tax written down value over net book value of qualifying plant and equipment S$'000	Undistributed profits of subsidiaries S$'000	Others S$'000	Total S$'000
At 1 January 2013	-	2,448	142	2,590
Recognised in profit or loss (Note 14)	-	-	(142)	(142)
Exchange difference on translation	-	44	-	44
At 31 December 2013	-	2,492	-	2,492
Recognised in profit or loss (Note 14)	**(818)**	**565**	**-**	**(253)**
Exchange difference on translation	**(37)**	**(21)**	**-**	**(58)**
At 31 December 2014	**(855)**	**3,036**	**-**	**2,181**

The Company				
At 1 January 2013	-	-	150	150
Recognised in profit or loss	-	-	(150)	(150)
At 31 December 2013 and **31 December 2014**	-	-	-	-

7 Deferred taxation (cont'd)

On 22 February 2008, the Ministry of Finance and the State Administration of Taxation of the PRC issued a joint circular Caishui [2008] No. 1 which states that the distribution of dividends after 1 January 2008 from profits derived before 1 January 2008 will be exempted from withholding tax on distribution to foreign invested enterprises. Whereas, dividends distributed out of profits generated thereafter, shall be subject to Enterprise Income Tax ("EIT") at 10% and withheld by foreign invested enterprises, pursuant to Articles 3 and 27 of the EIT Law and Article 91 of its Detailed Implementation Regulations. As a result, there were no deferred tax liabilities arising from undistributed profits of the PRC subsidiaries accumulated up till 31 December 2007 (the "exemption period"). After the exemption period, the Group recognises deferred tax liabilities to the extent per FRS 12 *Income Taxes* on profits accumulated from 1 January 2008.

Deferred tax asset has not been recognised in respect of the following item:

The Group	**2014** **S$'000**	2013 S$'000
Unutilised tax loss	**886**	848

At the end of the reporting period, the Group has tax loss of RMB 16,625,000 (2013: RMB 16,625,000), approximately S$3,544,000 (2013: S$3,392,000) that is allowed to be carried forward for five years and used to offset against future taxable profits of a PRC subsidiary in which the loss arose, for which no deferred tax asset has been recognised due to the uncertainty of its recoverability. The use of the tax loss by the PRC subsidiary is subject to agreement by the relevant PRC tax authority and compliance with the provisions of the applicable PRC tax regulation.

8 Trade and other receivables

	The Group		The Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Accrued rental income	**521**	-	**-**	-
Amounts due from subsidiaries (non-trade)	**-**	-	**10,310**	10,919
Consideration receivable	**-**	11,967	**-**	-
First payment for proposed acquisition	**57,824**	-	**-**	-
Input VAT	**6,074**	-	**-**	-
Other deposits	**52**	49	**38**	35
Other receivables	**145**	247	**38**	27
	64,616	12,263	**10,386**	10,981

The non-trade amounts due from subsidiaries, which represent advances to and payments on behalf of the subsidiaries, are unsecured, interest-free and repayable on demand. There is no allowance for impairment of receivables arising from the outstanding balances.

Consideration receivable as at 31 December 2013 pertained to the outstanding fourth and final tranche payments of S$6,612,000 (RMB 31,590,000) and S$5,355,000 (RMB 25,584,000), being 30% of the cash considerations of RMB 105,300,000 and RMB 85,280,000, in relation to the disposals of the subsidiary, Wenling Xinghai Ocean Shipping Co., Ltd, and the vessel, Feng Chang, respectively (Note 15). The amounts were fully collected by the Group in 2014.

First payment for proposed acquisition relates to the first payment in cash of US$49,990,000 (RMB 271,220,000) (the "First Payment") made on 30 December 2014, pursuant to the conditional sale and purchase agreement (the "SPA") entered into by SKY Petroleum Technology Development (Tianjin) Co., Ltd ("SKY Tianjin"), a wholly-owned subsidiary of the Company, with Calgary Petroleum Service Co., Limited (the "Vendor") on 29 December 2014 for the proposed acquisition of 5,764 ordinary shares (the "Sale Shares"), representing approximately 57.64% of the issued and paid-up capital of Hongkong New Wing Energy Development Company Limited, a wholly owned subsidiary of the Vendor, from the Vendor (the "Proposed Acquisition"). According to the SPA, the First Payment is to be refunded with interest by the Vendor to SKY Tianjin in the event that the Company is unable to obtain approval for the proposed acquisition from (i) the Company's shareholders at an extraordinary general meeting of the Company to be convened; or (ii) the Singapore Exchange Securities Trading Limited.

8 Trade and other receivables (cont'd)

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Renminbi	**64,541**	12,201	**-**	874
Singapore dollar	**75**	62	**9,862**	9,221
United States dollar	**-**	-	**924**	886
	64,616	12,263	**10,386**	10,981

There are no trade and other receivables which are past due but not impaired at the end of the reporting period.

9 Cash and cash equivalents

	The Group		The Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Cash on hand	**3**	4	**-**	-
Cash in banks	**570**	45,563	**404**	535
Fixed deposits	**19,188**	52,325	**-**	-
	19,761	97,892	**404**	535

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Renminbi	**19,357**	97,357	**-**	-
Singapore dollar	**403**	534	**403**	534
United States dollar	**1**	1	**1**	1
	19,761	97,892	**404**	535

The fixed deposits have an average maturity of 57 days (2013: 87 days) from the end of the reporting period with a weighted average effective interest rate of 2.4% (2013: 3.0%) per annum at the end of the reporting period.

10 Share capital

The Group and The Company	2014 '000	2013 '000	2014 S$'000	2013 S$'000
	Number of ordinary shares			
Issued and fully paid, with no par value				
At 1 January and 31 December	**401,430**	401,430	**68,080**	68,080

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

11 Reserves

	The Group		The Company	
	2014 S$'000	2013 S$'000	**2014 S$'000**	2013 S$'000
Statutory common reserve	**20,560**	20,560	**-**	-
Share option reserve	**166**	166	**166**	166
Exchange fluctuation reserve	**8,157**	5,277	**-**	-
Retained earnings	**50,362**	47,209	**24,059**	25,429
	79,245	73,212	**24,225**	25,595

Statutory common reserve

In accordance with the relevant laws and regulations of the PRC, each subsidiary in the PRC is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory net profit for each year, as determined in accordance with the applicable PRC accounting standards and regulations, must be allocated to the SRF until the cumulative total of the SRF reaches at least 50% of the registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital. The SRF is not available for dividend distribution to owners. The directors have decided that 10% of the net profit, as reported in the statutory financial statements of the PRC subsidiaries, be appropriated each year to the SRF.

The appropriation to SRF ended as at 31 December 2012 after it has reached 50% of the registered capital of the PRC subsidiaries.

11 Reserves (cont'd)

Share option reserve

Share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

Exchange fluctuation reserve

Exchange fluctuation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the presentation currency.

12 Other payables and accruals

	The Group		The Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Accrued expenses	**4,705**	4,721	**422**	475
Advances from a customer	**213**	1,514	**-**	-
Amount due to a former subsidiary (non-trade)	**361**	361	**-**	-
Amount due to a subsidiary (non-trade)	**-**	-	**692**	-
Output VAT	**-**	319	**-**	-
Purchase consideration payable for acquisition of a subsidiary	**742**	742	**-**	-
	6,021	7,657	**1,114**	475

Advances from a customer relate to payments received by a subsidiary, SKY Petroleum Technology Development (Tianjin) Co., Ltd ("SKY Tianjin") from a customer, Tianjin Botenaer Petroleum Engineering Co., Ltd, in advance for the rental of the SKY Tianjin's oil-drilling equipment.

The non-trade amount due to a former subsidiary, Song Yuan Tian Xi Harbor Oil Exploration Co., Ltd ("Tian Xi"), which relates to payments made by Tian Xi on behalf of Song Yuan Tian Yuan Oil Exploration Technology Service Co., Ltd in prior years, is unsecured, interest-free and repayable on demand.

12 Other payables and accruals (cont'd)

The non-trade amount due to a subsidiary, which represents advances from and payments on behalf by the subsidiary, is unsecured, interest-free and repayable on demand.

Other payables and accruals are denominated in the following currencies:

	The Group		The Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Renminbi	**5,599**	7,182	**692**	-
Singapore dollar	**422**	475	**422**	475
	6,021	7,657	**1,114**	475

13 Other income

	Continuing operations		Discontinued operations (Note 15)		Total	
	2014	2013	**2014**	2013	**2014**	2013
The Group	**S$'000**	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Exchange gain, net	**-**	45	**-**	-	**-**	45
Gain on disposal of non-current asset held for sale	**-**	-	**-**	489	**-**	489
Interest income from cash and cash equivalents	**1,094**	815	**-**	13	**1,094**	828
	1,094	860	**-**	502	**1,094**	1,362

14 Taxation

The Group	2014 S$'000	2013 S$'000
Current taxation - continuing operations		
- current year	**2,591**	1,131
Deferred taxation - continuing operations		
- reversal of temporary differences	**(253)**	(142)
Taxation attributable to continuing operations	**2,338**	989
Current taxation - discontinued operations		
- over provision in respect of prior years	**-**	(1,219)
Taxation attributable to discontinued operations (Note 15)	**-**	(1,219)
Total taxation	**2,338**	(230)
Current taxation		
- continuing operations	**2,591**	1,131
- discontinued operations	**-**	(1,219)
	2,591	(88)
Deferred taxation (Note 7)		
- continuing operations	**(253)**	(142)
Total taxation	**2,338**	(230)

14 Taxation (cont'd)

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the applicable rate of income tax on (losses)/profits as a result of the following:

The Group	**2014 S$'000**	2013 S$'000
Profit/(Loss) before taxation from continuing operations	**5,891**	(882)
Profit before taxation from discontinued operations (Note 15)	**-**	448
Total profit/(loss) before taxation	**5,891**	(434)
Tax at statutory rates applicable to different jurisdictions	**1,576**	(88)
Tax effect on non-deductible expenses	**224**	229
Deferred tax liabilities relating to withholding tax on undistributed profits of subsidiaries	**565**	-
Deferred tax assets on temporary differences not recognised	**-**	848
Over provision of current taxation in respect of prior years	**-**	(1,219)
Others	**(27)**	-
	2,338	(230)

The corporate income tax rate applicable to the Company is 17% for the year of assessment 2011 onwards.

In accordance with the Enterprise Income Tax ("EIT") Law of the PRC, the PRC subsidiaries are subject to the applicable EIT rate of 25% (2013: 25%) for the current financial year.

At the end of the reporting period, subject to agreement with the relevant PRC tax authority, the Group has unutilised tax loss of RMB 16,625,000 (2013: RMB 16,625,000), approximately S$3,544,000 (2013: S$3,392,000) available for offset against future taxable profits of a PRC subsidiary provided that the provisions of the applicable PRC tax regulation are complied with. The related tax benefit of S$886,000 (2013: S$848,000) has not been recognised in the financial statements due to the uncertainty of its recoverability (Note 7).

15 Discontinued operations

On 28 December 2012, the Board of Directors announced the decision to discontinue the Group's transportation of petroleum products and time charter businesses through the signing of a conditional sale and purchase agreement to dispose of the 49% equity interest of Tianjin Dagang Shengkang Petroleum Development Co., Ltd in Wenling Xinghai Ocean Shipping Co., Ltd ("Xinghai"), coupled with the disposal of the vessel, Feng Chang, of which the beneficial owner is SKY Petroleum Technology Development (Tianjin) Co., Ltd.

The decision is to align to the Group's strategy to focus on its core competency of rental of oil-drilling equipment and to divest its transportation of petroleum products and time charter businesses which are unlikely to provide a reasonable return on investment in the near future, to better position itself to seek other opportunities in the global oil industry.

Accordingly, the results relating to the two operating segments, namely transportation of petroleum products and time charter, have been presented in the consolidated statement of profit or loss and other comprehensive income as "profit from discontinued operations, net of tax".

The disposals of Xinghai and the vessel, Feng Chang, were completed on 28 June 2013.

15 Discontinued operations (cont'd)

Results of discontinued operations

The Group	Note	2013 S$'000
Revenue	3	5,645
Cost of services		(4,901)
Gross profit		744
Interest income	13	13
Gain on disposal of non-current asset held for sale	13	489
Administrative expenses		(212)
Other expenses		(16)
Loss on disposal of subsidiary	16	(570)
Profit before taxation		448
Taxation	14	1,219
Profit from discontinued operations, net of tax		1,667
Profit attributable to:		
Owners of the Company		818
Non-controlling interests		849
		1,667
Basic and diluted earnings per share (Singapore cent)	17	0.20

Earnings per share from discontinued operations

The basic and diluted earnings per share from discontinued operations for the financial year ended 31 December 2013 are calculated by dividing the profit from discontinued operations, net of tax, attributable to owners of the Company of S$818,000, by the weighted average number of ordinary shares outstanding of 401,430,000 (Note 17).

Cash flows attributable to discontinued operations

The Group	2013 S$'000
Net cash generated from operating activities	603
Net cash generated from investing activities	13
Net cash used in financing activities	(2,194)
Net cash flows for the year	(1,578)

16 Profit/(Loss) for the year

The Group	Note	2014 S$'000	2013 S$'000
Profit/(Loss) for the year has been arrived at after charging:			
Depreciation of plant and equipment	4	**12,033**	6,647
Exchange loss, net		**7**	-
Loss on disposal of a subsidiary	15	**-**	570
Loss on disposal of plant and equipment		**-**	7,643
Operating lease expenses		**273**	255
Audit fees paid/payable to:			
- auditor of the Company		**240**	220
- other auditors		**17**	19
Non-audit fees paid/payable to:			
- auditor of the Company		**50**	-
<u>Staff costs</u>			
Directors:			
Directors' fees		**184**	200
Directors' remuneration other than fees:			
- salaries and other related costs		**450**	466
- contributions to defined contribution plans		**1**	1
Key management personnel (other than directors):			
- salaries and other related costs		**289**	273
- contributions to defined contribution plans		**21**	16
Other than directors and other key management personnel:			
- salaries and other related costs		**693**	1,719
- contributions to defined contribution plans		**76**	70
		1,714	2,745

17 Earnings/(Loss) per share

The calculation of basic and diluted earnings/(loss) per share was based on the profit/(loss) attributable to ordinary shareholders of S$3,554,000 (2013: loss of S$1,033,000) and a weighted average number of ordinary shares outstanding of 401,430,000 (2013: 401,430,000), calculated as follows:

Profit/(Loss) attributable to ordinary shareholders

The Group	**Continuing operations S$'000**	**Discontinued operations S$'000**	**Total S$'000**
2014			
Profit attributable to ordinary shareholders	**3,554**	**-**	**3,554**
2013			
(Loss)/Profit attributable to ordinary shareholders	(1,851)	818	(1,033)

Weighted average number of ordinary shares

The Group	**2014 '000**	2013 '000
Issued ordinary shares at beginning and end of year (Note 10)	**401,430**	401,430
Weighted average number of ordinary shares during the year	**401,430**	401,430

Earnings/(Loss) per share attributable to ordinary shareholders

The Group	**Continuing operations**	**Discontinued operations**	**Total**
2014			
Earnings per share attributable to ordinary shareholders (Singapore cent)	**0.89**	**-**	**0.89**
2013			
(Loss)/Earnings per share attributable to ordinary shareholders (Singapore cent)	(0.46)	0.20	(0.26)

17 Earnings/(Loss) per share (cont'd)

The 1,785,000 (2013: 1,785,000) share options granted to directors and employees under the existing employee share option scheme do not have a dilutive effect because the average market price of the Company's ordinary shares for the financial years ended 31 December 2014 and 2013 during which the options were outstanding does not exceed the exercise price of the options.

18 Equity-settled share-based payment transactions

Share option scheme

The Company has a share option scheme for employees of the Group. The share option scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the average of the last done prices of the shares of the Company on the Singapore Exchange Securities Trading Limited for the three consecutive trading days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is one year from the date of grant. If the options remain unexercised after a period of five years for non-executive directors and ten years for employees from the date of grant, the options expire. Options are forfeited if any director or employee ceases to be under appointment or employment of the Company or any of the companies within the Group before the options vest.

There has been no cancellation or modification to the share option scheme during the financial year.

Information with respect to the number and weighted average exercise price of options granted under the share option scheme is as follows:

	Number of options 2014	**Weighted average exercise price 2014 S$**	Number of options 2013	Weighted average exercise price 2013 S$
Outstanding at beginning and end of year	**1,785,000**	**0.165**	1,785,000	0.165
Exercisable at end of year	**1,785,000**	**0.165**	1,785,000	0.165

No share options were granted or exercised during the financial year.

18 Equity-settled share-based payment transactions (cont'd)

The options outstanding at the end of the financial year have an exercise price of S$0.165 (2013: S$0.165) and a weighted average remaining contractual life of 3.7 years (2013: 4.7 years).

The grant date fair value of options granted under the share option scheme remained unchanged during the financial year as the vesting period of options granted under the share option scheme had ended in 2010 and no new options were granted since then.

The fair value of options granted under the share option scheme was measured based on the Binomial pricing model. Expected volatility was estimated by considering the historical volatility of the Company's share price over the period commensurate with the expected term.

19 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties:

The Group	**2014** **S$'000**	2013 S$'000
Repayments of advances previously made by a director	**-**	(731)

20 Operating lease commitments (non-cancellable)

Where the Group and the Company are the lessees,

At the end of the reporting period, the Group and the Company were committed to making the following payments in respect of non-cancellable operating leases of office premises and employee accommodations:

	The Group		The Company	
	2014 **S$'000**	2013 S$'000	**2014** **S$'000**	2013 S$'000
Not later than one year	**182**	147	**154**	21
Later than one year and not later than five years	**21**	126	**21**	-
	203	273	**175**	21

20 Operating lease commitments (non-cancellable) (cont'd)

Where the Group and the Company are the lessees, (cont'd)

The leases on the Group's and the Company's office premises on which rentals are payable will expire on 31 December 2015 and 28 February 2016, and the current rent payable on the leases is S$11,000 (RMB 50,000) and S$11,000 per month, respectively.

The leases have no renewal option or contingent rent provision included in the contracts.

Where the Group is the lessor,

At the end of the reporting period, the Group had the following rental income under non-cancellable operating leases of oil-drilling equipment:

The Group	**2014** **S$'000**	2013 S$'000
Not later than one year	**16,231**	6,392
Later than one year and not later than five years	**37,182**	-
	53,413	6,392

The leases on the oil-drilling equipment on which rentals are receivable by the Group will expire between 28 February 2015 and 30 June 2019, and the current rental receivable on the leases ranges from S$38,000 (RMB 180,000) to S$59,000 (RMB 275,000) per quarter for each unit.

The leases have no renewal option or contingent rent provision included in the contracts.

21 Operating segments

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) The rental of oil-drilling equipment segment is in the business of leasing oil-drilling equipment to third parties through SKY Petroleum Technology Development (Tianjin) Co., Ltd ("SKY Tianjin").

(ii) The oil well maintenance segment provides technical maintenance services on oil wells through Song Yuan Tian Yuan Oil Exploration Technology Service Co., Ltd.

(iii) The transportation of petroleum products segment provides shipping intermediary services and distribution of oil products for ship and non-dangerous chemical fuel oil through Wenling Xinghai Ocean Shipping Co., Ltd ("Xinghai").

(iv) The corporate segment is involved in group-level corporate services and treasury functions.

No operating segments have been aggregated to form the above reportable operating segments.

The transportation of petroleum products segment was classified as discontinued operations following the signing of a conditional sale and purchase agreement to dispose of the 49% equity interest of Tianjin Dagang Shengkang Petroleum Development Co., Ltd in Xinghai, coupled with the disposal of the vessel, Feng Chang, of which the beneficial owner is SKY Tianjin (Note 15). The disposals of Xinghai and the vessel, Feng Chang, were completed on 28 June 2013.

The Group's CEO, who is the chief operating decision maker, monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Income taxes are managed on a group basis and are not allocated to operating segments.

Information regarding the results of each reportable segment is included in the following table. Performance is measured based on segment profit/(loss) before taxation, as included in the internal management reports that are regularly reviewed by the Group's CEO. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

21 Operating segments (cont'd)

The Group	Continuing operations				Discontinued operations	
	Rental of oil-drilling equipment S$'000	Drilling services and oil well maintenance S$'000	Corporate S$'000	Total continuing operations S$'000	Transportation of petroleum products S$'000	Total S$'000
2014						
Revenue						
External customers	19,742	527	-	20,269	-	20,269
Results						
Interest income	1,094	-	-	1,094	-	1,094
Depreciation	(11,885)	(136)	(12)	(12,033)	-	(12,033)
Segment profit/(loss) before taxation	7,213	(16)	(1,306)	5,891	-	5,891
Income tax expense	(1,761)	(12)	(565)	(2,338)	-	(2,338)
Segment profit/(loss) for the year	5,452	(28)	(1,871)	3,553	-	3,553
Assets and liabilities						
Segment assets	159,189	654	565	160,408	-	160,408
Segment liabilities	3,267	296	6,330	9,893	-	9,893
Capital expenditure	39,942	-	-	39,942	-	39,942

21 Operating segments (cont'd)

The Group	Continuing operations				Discontinued operations	
	Rental of oil-drilling equipment S$'000	Drilling services and oil well maintenance S$'000	Corporate S$'000	Total continuing operations S$'000	Transportation of petroleum products S$'000	Total S$'000
2013						
Revenue						
External customers	15,707	508	-	16,215	5,645	21,860
Results						
Interest income	815	-	-	815	13	828
Depreciation	(6,491)	(125)	(31)	(6,647)	-	(6,647)
Loss on disposal of plant and equipment	(7,643)	-	-	(7,643)	489	(7,154)
Segment profit/(loss) before taxation	494	108	(1,484)	(882)	448	(434)
Income tax (expense)/credit	(974)	(15)	-	(989)	1,219	230
Segment (loss)/profit for the year	(480)	93	(1,484)	(1,871)	1,667	(204)
Assets and liabilities						
Segment assets	146,353	667	7,612	154,632	-	154,632
Segment liabilities	4,098	287	5,807	10,192	-	10,192
Capital expenditure	-	111	2	113	-	113

21 Operating segments (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets are as follows:

All revenues of the Group are derived from the PRC.

S$2,000 (2013: S$11,000) of the non-current assets of the Group are located in Singapore and the rest are located in the PRC.

Information about major customers

Revenue from the rental of oil-drilling equipment was derived from two customers (2013: one customer), amounting to S$19,742,000 (2013: S$15,707,000). Revenue from the transportation of petroleum products attributable to two major customers amounted to S$4,718,000 for the financial year ended 31 December 2013.

22 Dividends

The Group and The Company	**2014 S$'000**	2013 S$'000
Final tax-exempt (one-tier) dividend of 0.10 Singapore cent (2013: 0.24 Singapore cent) per share paid in respect of the previous financial year	**401**	964

At the Annual General Meeting on 29 April 2014, a final tax-exempt (one-tier) dividend of 0.10 Singapore cent per share amounting to S$401,000 was proposed. These dividends paid were accounted for as a reduction in equity as a distribution of retained earnings for the current financial year.

23 Financial risk management objectives and policies

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and risk management philosophy. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

23 Financial risk management objectives and policies (cont'd)

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis for interest rate risk (Note 23.3) and foreign currency risk (Note 23.4).

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

23.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group has established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group grants credit to the customer. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers which do not meet the Group's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through ongoing credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

The Group evaluates whether there is any objective evidence that trade and other receivables are impaired, and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the receivable balances, creditworthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

23 Financial risk management objectives and policies (cont'd)

23.1 Credit risk (cont'd)

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's assessment of their creditworthiness and in accordance with the Group's policy.

In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the trade and other receivables from the date credit was initially granted up to the end of the reporting period.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Group's major classes of financial assets are bank deposits and trade and other receivables. Cash is held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 8.

23.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's financial liabilities comprising other payables and accruals with contractual undiscounted cash flows approximating the carrying amount mature in less than one year. Nevertheless, the Group ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group maintains sufficient level of cash on hand and at banks to meet its working capital requirements.

23.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its cash in banks at floating rates which are contractually repriced at intervals of less than 6 months (2013: less than 6 months) from the end of the reporting period. Fixed deposits bear interest at fixed rate. All other financial assets and liabilities are interest-free.

23 Financial risk management objectives and policies (cont'd)

23.3 Interest rate risk (cont'd)

At the end of the reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	S$'000	S$'000	**S$'000**	S$'000
Fixed rate instruments				
Financial assets				
- Fixed deposits	**19,188**	52,325	**-**	-
Variable rate instruments				
Financial assets				
- Cash in banks	**570**	45,563	**404**	535

<u>Fair value sensitivity analysis for fixed rate instruments</u>

The Group does not account for any fixed rate assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

<u>Cash flow sensitivity analysis for variable rate instruments</u>

At the end of the reporting period, if interest rates had been 75 (2013: 75) basis points higher/lower with all other variables held constant, the Group's and the Company's results net of tax and equity would have been S$4,000 (2013: S$342,000) and S$3,000 (2013: S$4,000) higher/lower, respectively, arising mainly as a result of higher/lower interest income from cash in banks at floating rate.

The Group's policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

23.4 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group and the Company have transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of group entities, namely Renminbi for the subsidiaries in the PRC and Singapore dollar for the Company.

23 Financial risk management objectives and policies (cont'd)

23.4 Foreign currency risk (cont'd)

At the end of the reporting period, the Company has balances due from subsidiaries, which are denominated in Renminbi and United States dollar. The Company also holds cash in banks denominated in United States dollar for working capital purposes.

Consequently, the Group and the Company are exposed to movements in foreign currency exchange rates. However, the Group and the Company do not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

The Group's and the Company's exposures in financial instruments to the various foreign currencies are mainly as follows:

The Group	**Renminbi S$'000**	**United States dollar S$'000**
2014		
Cash and cash equivalents	**-**	**1**
Other payables and accruals	**(692)**	**-**
Net exposure	**(692)**	**1**
2013		
Trade and other receivables	874	-
Cash and cash equivalents	-	1
Net exposure	874	1
The Company		
2014		
Trade and other receivables	**-**	**924**
Cash and cash equivalents	**-**	**1**
Other payables and accruals	**(692)**	**-**
Net exposure	**(692)**	**925**
2013		
Trade and other receivables	874	886
Cash and cash equivalents	-	1
Net exposure	874	887

23 Financial risk management objectives and policies (cont'd)

23.4 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Renminbi (RMB) and United States dollar (USD) exchange rates (against Singapore dollar), with all other variables held constant, of the Group's and the Company's results net of tax and equity.

The Group		**2014 S$'000**	2013 S$'000
RMB	- strengthened 5% (2013: 5%)	**(35)**	44
	- weakened 5% (2013: 5%)	**35**	(44)
The Company			
RMB	- strengthened 5% (2013: 5%)	**(35)**	44
	- weakened 5% (2013: 5%)	**35**	(44)
USD	- strengthened 5% (2013: 5%)	**46**	44
	- weakened 5% (2013: 5%)	**(46)**	(44)

23.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group does not hold any quoted or marketable financial instruments, hence, is not exposed to any movement in market prices.

24 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;

(b) To support the Group's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's risk management capability; and

(d) To provide an adequate return to shareholders.

24 Capital management (cont'd)

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

There were no changes in the Group's approach to capital management during the financial year.

The Company is not subject to externally imposed capital requirements.

As disclosed in Note 11, the subsidiaries in the PRC are required by the relevant laws and regulations of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is restricted. This externally imposed capital requirement has been complied with by the PRC subsidiaries for the financial years ended 31 December 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises other payables and accruals, less cash and cash equivalents. Total capital represents equity attributable to owners of the Company less the PRC subsidiaries' restricted statutory reserve fund.

The Group	**2014** **S$'000**	2013 S$'000
Other payables and accruals (Note 12)	**6,021**	7,657
Total debt	**6,021**	7,657
Less: Cash and cash equivalents (Note 9)	**(19,761)**	(97,892)
Net cash	**(13,740)**	(90,235)
Equity attributable to owners of the Company	**147,325**	141,292
Less: Statutory common reserve (Note 11)	**(20,560)**	(20,560)
Total capital	**126,765**	120,732
Total capital and net cash	**113,025**	30,497
Gearing ratio	**N.A.**	N.A.

N.A.: Not applicable

25 Financial instruments

Fair values

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

However, the Group does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables, cash and cash equivalents, and other payables and accruals, are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

26 Events after end of reporting period

On 29 January 2015, the pledge over the Sale Shares was executed by the Vendor in favour of SKY Tianjin and duly registered with the Hong Kong Companies Registry.

On 26 February 2015, the CEO agreed to provide a personal guarantee in favour of the Company and SKY Tianjin, that if the Vendor fails to refund the First Payment with interest in the event the Proposed Acquisition is not approved by the Company's shareholders or by the Singapore Exchange Securities Trading Limited, the CEO shall guarantee a full refund to SKY Tianjin the First Payment with interest.

On 27 February 2015, the Company announced the termination of the proposed renounceable non-underwritten rights issue of 200,714,770 new ordinary shares, at an issue price of S$0.064 for each rights share, on the basis of one rights share for every two existing shares in the capital of the Company.

On 27 March 2015, the Company announced that an Extraordinary General Meeting will be held on 27 April 2015 (the same date as the Company's forthcoming Annual General Meeting), on the following resolutions:

(i) To remove Mr Liu Qingzeng as Director of the Company;
(ii) To remove Mr Neo Gim Kiong as Director of the Company;
(iii) To remove Mr Chng Hock Huat as Director of the Company;
(iv) To appoint Mr Chow Wai San as Director of the Company; and
(v) To appoint Mr David Chin Yew Choong as Director of the Company.

Statistics of Shareholdings

As at 20 March 2015

ISSUED AND FULLY PAID-UP CAPITAL : S$67,692,624
CLASS OF SHARES : ORDINARY SHARES
NUMBER OF SHARES : 401,429,540

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	6	0.18	107	0.00
100 - 1,000	48	1.44	44,982	0.01
1,001 - 10,000	1,227	36.85	9,350,626	2.33
10,001 - 1,000,000	2,024	60.78	147,835,966	36.83
1,000,001 & ABOVE	25	0.75	244,197,859	60.83
TOTAL	3,330	100.00	401,429,540	100.00

TWENTY LARGEST SHAREHOLDERS	NO. OF SHARES	%
CITIBANK NOMINEES SINGAPORE PTE LTD	90,128,000	22.45
ZHANG HE	44,430,000	11.07
PHILLIP SECURITIES PTE LTD	38,170,000	9.51
OCBC SECURITIES PRIVATE LTD	11,152,000	2.78
UOB KAY HIAN PTE LTD	6,715,899	1.67
UNITED OVERSEAS BANK NOMINEES PTE LTD	6,368,000	1.59
RHB SECURITIES SINGAPORE PTE LTD	6,108,000	1.52
DBS NOMINEES PTE LTD	6,065,000	1.51
MAYBANK KIM ENG SECURITIES PTE LTD	4,349,000	1.08
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,000,000	1.00
SHIE YONG FAH	3,960,000	0.99
RAFFLES NOMINEES (PTE) LTD	3,234,200	0.80
OCBC NOMINEES SINGAPORE PTE LTD	2,367,000	0.59
LIM TJHUN SENG OR LIE SIOE GIAN	2,000,000	0.50
BOON KOK HUP	1,675,000	0.42
TBH INDUSTRIAL & MARINE PTE LTD	1,651,000	0.41
TAN TENG CHYE	1,597,000	0.40
HONG LEONG FINANCE NOMINEES PTE LTD	1,429,000	0.35
WONG YEE FAI ANTOINE	1,404,760	0.35
NG BOON GUAT	1,400,000	0.35
	238,203,859	59.34

Statistics of Shareholdings

As at 20 March 2015

SUBSTANTIAL SHAREHOLDERS

As at 20 March 2015 (as recorded in the Register of Substantial Shareholders)

	No. of shares held as Direct	No. of shares held as Deemed
PREMIUM SINO FINANCE LIMITED	-	88,774,000 [1]
ZHANG HE	44,430,000	-

[1] Mr Liu Qingzeng owns the entire equity interest in Premium Sino Finance Limited and is thus deemed to be interested in the 88,774,000 shares held through its nominee UBS AG.

Based on the information provided, to the best knowledge of the Directors and the substantial shareholders of the Company, 66.8% of the issued share capital of the Company is held in the hands of the public as at 20 March 2015. Accordingly, Rule 723 of the Singapore Exchange Listing Manual has been complied with.

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held on Monday, 27 April 2015 at 9.00 a.m. at 168 Robinson Road, Capital Tower, 9th Floor, FTSE Room, Singapore 068912 for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To note the retirement of Mr Liu Qingzeng, retiring pursuant to Article 91 of the Company's Articles of Association. **[Explanatory Note 1]**

3. To re-elect Ms Wu Chunlan being a Director who retires pursuant to Article 91 of the Company's Articles of Association. **(Resolution 2)**

4. To re-elect Mr Liu Aizhong being a Director who retires pursuant to Article 97 of the Company's Articles of Association. **[Explanatory Note 2]** **(Resolution 3)**

5. To approve the payment of Directors' Fees of S$200,000 for the financial year ending 31 December 2015. (2014: S$200,000) **[Explanatory Note 3]** **(Resolution 4)**

6. To re-appoint Foo Kon Tan LLP as Auditors of the Company for the financial year ending 31 December 2015 and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider and, if deemed fit, to pass the following Ordinary Resolutions with or without modifications:

8. **SHARE ISSUE MANDATE**

THAT pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Companies Act**") and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

I. (a) issue and allot shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

(b) make or grant offers, agreements or options (collectively, "**Instruments**") that may or would require shares to be issued, including but not limited to the creation and issue of 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 may in their absolute discretion deem fit; and;

II. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued share capital of the Company (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued share capital of the Company (excluding treasury shares)(as calculated in accordance with sub-paragraph (b) below);

(b) (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-paragraph (a) above, the percentage of issued share capital shall be calculated based on the issued share capital of the Company (excluding treasury shares) at the time of the passing of this Resolution, after adjusting for:

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

(ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

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

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(d) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company (the "**AGM**") or the date by which the next **AGM** of the Company is required by law to be held, whichever is earlier. **[Explanatory Note 4]** **(Resolution 6)**

9. **AUTHORITY TO ISSUE AND ALLOT SHARES UNDER**

(a) <u>UNIVERSAL RESOURCE AND SERVICES PERFORMANCE SHARE PLAN</u>

THAT the Directors of the Company be and are hereby authorized to offer, allot and issue or deliver from time to time such number of fully paid-up shares as may be required to be issued pursuant to the vesting of awards under the Universal Resource and Services Performance Share Plan (the "**Plan**") provided always that the aggregate number of shares to be issued pursuant to the Plan, when added to the number of shares issued and/or issuable under other share-based incentives schemes of the Company, shall not exceed fifteen per cent (15%) of the total issued share capital (excluding treasury shares) of the Company from time to time. **[Explanatory Note 5]** **(Resolution 7A)**

(b) UNIVERSAL RESOURCE AND SERVICES EMPLOYEE SHARE OPTION SCHEME

THAT the Directors of the Company be and are hereby authorized to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Universal Resource and Services Employee Share Option Scheme (the "**Scheme**") provided always that the aggregate number of shares to be issued pursuant to the Scheme, when added to the number of shares issued and/or issuable under other share-based incentives schemes of the Company shall not exceed fifteen per cent (15%) of the total issued share capital (excluding treasury shares) of the Company from time to time. **[Explanatory Note 5]** **(Resolution 7B)**

10. **SHARE BUY-BACK MANDATE**

(a) for the purposes of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the ordinary shares in the capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") transacted on the SGX-ST or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act, and otherwise in accordance with all other provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next **AGM** of the Company is held or required by law to be held;

(ii) the date on which the share buy-backs are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last **AGM** was held and required by law to held and expiring on the date the next **AGM** is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price;

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase or the date on which the Company announces an Off-Market Purchase Offer stating the purchase price and the relevant terms of the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution. **[Explanatory Note 6]** **(Resolution 8)**

11. To transact any other business that may properly be transacted at an Annual General Meeting.

By Order of the Board

Yap Wai Ming
Lean Min-Tze
Company Secretaries

Singapore, 10 April 2015

EXPLANATORY NOTES:

(1) Mr Liu Qingzeng is due to retire as Director pursuant to Article 91 of the Articles of Association of the Company. Pursuant to Article 93(ii), Liu Qingzeng has given notice to the Company that he is not seeking re-election as Director of the Company and will retire at the conclusion of the **AGM**.

(2) **Resolution 3** – Mr Liu Aizhong, if re-elected, will remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. He is considered independent pursuant to Rule 704(8) of the SGX-ST Listing Rules.

(3) **Resolution 4** – This Resolution is to facilitate payment of Directors' fees during the financial year in which the fees are incurred. The aggregate amount of Directors' fees provided in the resolution is calculated on the assumption that all the present Directors will hold office for the whole of the financial year ending 31 December 2015 ("**FY 2015**"). Should any Director hold office for only part of FY 2015 and not the whole of FY 2015, the Director's fee payable to him/her will be appropriately pro-rated.

(4) **Resolution 6** – This Resolution, if passed, will empower the Directors, effective until (i) the conclusion of the next **AGM** of the Company, or (ii) the date by which the next **AGM** of the Company is required by law to be held or (iii) the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of issued share capital of the Company (excluding treasury shares), of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time this Resolution is passed, after adjusting for:

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

(b) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 9, provided the options or awards were granted in compliance with Part VIII or Chapter 8 of the Listing Manual of the SGX-ST; and

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

(5) **Resolutions (7A) & (7B)** – the aggregate number of shares to be issued under Universal Resource and Services Share Performance Plan and Universal Resource and Services Employee Share Option Scheme shall not exceed 15% of the total issued ordinary share capital (excluding treasury shares) of the Company from time to time.

(6) **Resolution 8** – This Resolution, if passed, will empower the Directors of the Company from the date of this **AGM** until the date of the next **AGM** of the Company, to repurchase ordinary Shares of the Company by way of Market Purchases or Off-market Purchases up to 10% of the issued Shares in the capita of the Company at the Maximum Price. Details of the Share Buy-back Mandate are set out in greater details in the Appendix to this Notice of **AGM** to be circulated to shareholders.

Notice of the Annual General Meeting

NOTES:

1. A member of the Company entitled to attend and vote at the **AGM** of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

3. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he deems fit.

4. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.

5. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney.

6. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50).

7. The signature on the instrument appointing a proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.

8. The instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758 not less than 48 hours before the time appointed for holding of the Annual General Meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.

GENERAL:

The Company shall be entitled to reject the instrument 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 appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting or adjourned meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) 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), 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) 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.

UNIVERSAL RESOURCE AND SERVICES LIMITED
(Incorporated in the Republic of Singapore)
(Reg. No. 200312303R)

PROXY FORM – ANNUAL GENERAL MEETING

1. For investors who have used their CPF monies to buy shares in the capital of Universal Resource and Services Limited, this report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. 2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ (full name in capital letters)
NRIC No./Passport No./Company No. ______________________________ of

____

(full address) being a member/members of Universal Resource and Services 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 Annual General Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held on Monday, 27 April 2015, at 9.00 a.m. at 168 Robinson Road, Capital Tower, 9th Floor, FTSE Room, Singapore 068912 and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matters arising at the Annual General Meeting and at any adjournment thereof.)

Resolution No.	ORDINARY BUSINESS	For	Against
Resolution 1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.		
Resolution 2	To re-elect Ms Wu Chun Lan being a Director who retires pursuant to Article 91 of the Company's Articles of Association.		
Resolution 3	To re-elect Mr Liu Aizhong being a Director who retires pursuant to Article 97 of the Company's Articles of Association.		
Resolution 4	To approve payment of Directors' Fees.		
Resolution 5	To re-appoint Auditors.		
	SPECIAL BUSINESS		
	Ordinary Resolution		
Resolution 6	To approve and adopt Share Issue Mandate.		
Resolution 7A	To authorize Directors to allot and issue shares pursuant to the provisions of the Universal Resource and Services Performance Share Plan.		
Resolution 7B	To authorize Directors to allot and issue shares pursuant to the provisions of the Universal Resource and Services Employee Share Option Scheme.		
Resolution 8	To approve and adopt Share Buy-Back Mandate.		

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Dated this ______________ day of ___________ 2015

Total Number of Shares held in :	
CDP Register	
Register of Members	

____
Signature(s) of members(s) or Common Seal

NOTES :

1. Please insert the total number of Shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstained as he thinks fit.

5. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.

6. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney.

7. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

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9. The instrument appointing a proxy must be deposited at the Office of the Share Registrar of the Company, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758, not less than 48 hours before the time appointed for holding of the Annual General Meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.

GENERAL:

The Company shall be entitled to reject the instrument 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 appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting or adjourned meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

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 10 April 2015.

Designed & Produced by
+65 6880 2828 Xpress®

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