UNIVERSAL RESOURCE AND SERVICES LIMITED
(the "Company")
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200312303R)

UPDATE ON THE PROPOSED ACQUISITION OF 57.64% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF HONGKONG NEW WING ENERGY DEVELOPMENT COMPANY LIMITED

- REVIEW OF INTERNAL PROCESSES AND CONTROLS

Unless otherwise defined, all capitalised terms used in this Announcement shall have the same meanings ascribed to them in the Previous Announcements (as defined below).

The Board of Directors ("**Board**" or "**Directors**") of Universal Resource and Services Limited (the "**Company**", together with its subsidiaries collectively referred to as the "**Group**") refers to the announcements dated 12 January 2015, 30 January 2015, 27 February 2015 and 18 May 2015 (the "**Previous Announcements**") in respect of the proposed acquisition by SKY Petroleum Technology Development (Tianjin) Co., Ltd ("**SKY Tianjin**"), a wholly-owned subsidiary of the Company, of 5,764 ordinary shares, representing approximately 57.64% of the issued and paid-up capital of Hongkong New Wing Energy Development Company Limited from Calgary Petroleum Service Co., Limited (the "**Vendor**") (the "**Proposed Acquisition**") as well as the announcements dated 27 April 2015 and 22 June 2015 in respect of the changes of key personnel.

The Company had, amongst others, made several announcements in relation to the implementation of the following measures in 2015:

(a) The financial seals of the Group had been transferred to the custody of the Chief Financial Officer of the Company ("**CFO**"), while the legal representative seals of the Group's subsidiaries incorporated in the People's Republic of China (the "**PRC**") are currently being held by Mr. Liu Aizhong, the Independent Director of the Company who is based in Beijing. Mr. Liu Qingzeng, the ex-Chief Executive Officer of the Company ("**CEO**"), had relinquished all functions relating to the financial matters of the Group. Please refer to the Company's announcement dated 30 January 2015 for more information;

(b) Mr. Liu Qingzeng had, on 27 April 2015, ceased to be the CEO. Please refer to the Company's announcement dated 27 April 2015 for more information; and

(c) The Company had, on 22 June 2015, appointed Ms. Yu Chun Min as the new legal representative of SKY Tianjin. Please refer to the Company's announcement dated 22 June 2015 for more information.

The Company had also, on 30 January 2015, announced that the Board was, together with its auditors, reviewing the internal processes and controls with a view to improve internal governance. The management of the Company, having considered the recommendations from its auditors, has reviewed the internal processes and controls and has implemented the following additional internal measures in order to enhance the internal processes and the controls of the Group:

1. Policies and procedures in relation to the execution of documents ("Internal Control Measure 1")

The Internal Control Measure 1 provides for, amongst others, (i) the requirement of a review process prior to the execution of documents (including, without limitation, agreements and contracts); (ii) the approving authority for the various types of documents (based on contract amounts); and (iii) monitoring and reporting mechanisms in respect of the execution of such documents.

2. Policies and procedures in relation to the holding and affixation of seals ("Internal Control Measure 2")

The Internal Control Measure 2 sets out, amongst others, (i) the duties and responsibilities of the custodians of the seals; and (ii) the procedures in relation to the handing and taking over of the seals from the primary custodian in the event the primary custodian is unable to affix the seals (whether on business trips or otherwise).

The CEO will not hold any financial seal. In addition, at any point in time, any custodian cannot hold more than one seal of any of the subsidiaries.

Any change in the custodian of the seals, other than for reasons of business travels and short periods of absence from office, shall be approved by the Board.

3. Establishment of clear reporting lines in relation to finance matters

Finance staff of the Group will only report to the Group Finance Manager in the PRC, who will, in turn, only report to the CFO. The CFO will, in turn, report directly to the Board. The CEO has no direct authority over the finance staff of the Group in relation to finance matters.

4. Policies and procedures in relation to the placement of excess funds

Unless authorised by the Board, funds held by the subsidiaries incorporated in the PRC should not be more than the Group's estimated operating expenses for a certain period of time ("**Fund Cap**"). Funds in excess of the Fund Cap will be deposited with Renqiu Kai Yuan Petroleum Technology Development Co., Ltd. (任丘市凯源石油技术开发有限公司), the newly incorporated indirect subsidiary of the Company in the PRC ("**New Subsidiary**"). Please refer to the Company's announcement dated 21 October 2015 for more details of the New Subsidiary.

The financial seal of the New Subsidiary will be kept by the CFO in Singapore, while the company seal and the legal representative seal of the New Subsidiary will be kept in the PRC and held in accordance with the Internal Control Measure 2. Accordingly, as a result of the implementation of Internal Control Measure 2, the Board possesses control of the funds in excess of the Fund Cap, by way of having the CFO keep the financial seal of the New Subsidiary in Singapore.

The newly implemented internal measures will form part of the Company's internal control system, which will be subject to regular review by the Company's auditors.

The Board wishes to remind shareholders of the Company ("**Shareholders**") that these internal control measures are designed to provide reasonable, but not absolute assurance, to achieve certain objectives in respect of the effectiveness and efficiency of operations, reliability of financial reporting, compliance with applicable laws and regulations, and safeguarding of assets against unauthorised acquisition, use or disposition. In addition, such measures can only help the Group manage, rather than to eliminate, the risks of failing to meet such objectives.

CAUTIONARY STATEMENT

The above mentioned measures implemented are not indication that the Board is ratifying or will subsequently ratify the Proposed Acquisition, and/or of the merits of the Proposed Acquisition.

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition will proceed to completion and assuming that it is, that the potential exploration prospects will be realised, as oil and gas exploration is a high risk operation.

Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Wu Chunlan
Chairperson and Chief Executive Officer
22 December 2015