Company Registration No.: 200312303R

UNIVERSAL RESOURCE AND SERVICES LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 DECEMBER 2017

UNIVERSAL RESOURCE AND SERVICES LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

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UNIVERSAL RESOURCE AND SERVICES LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The board of directors of the Company (the "**Board**") hereby present its statement to the members together with the audited consolidated financial statements of Universal Resource and Services Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the financial year ended 31 December 2017 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2017.

As the underlying books and accounting records of the subsidiaries in the People's Republic of China ("**PRC**") could not be located and the management did not have access to the relevant key finance personnel based in the PRC (the "**Limitations**"), this set of financial statements have been prepared on a best effort basis based on information available to the Company and the findings from the Special Audit (Note 20(d)) as announced by the Company on 18 May 2020 (the "**Findings**").

Subject to the Limitations and the Findings, to the best knowledge and belief of the directors, in the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, cash flows and changes in equity of the Group and the changes in equity of the Company for the financial year ended on that date; and

(b) based on the information available as at the date of this statement and the assumptions as disclosed in Note 3(b) "Going concern assumption", as at the date of this statement there are uncertainties as to whether the Group and the Company are able to meet their contractual obligations in the next twelve (12) months as and when they fall due, and consequently, there are uncertainties as to their respective abilities to continue as going concerns for the next twelve (12) months. Notwithstanding the above, the directors have assessed and are of the view that it is appropriate that this set of financial statements of the Group and Company be prepared on a going concern basis.

1 Directors

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

Wu Chunlan
David Chin Yew Choong
Chow Wai San
Liu Aizhong

2 Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

2 Arrangements to enable directors to acquire shares or debentures (cont'd)

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

	Direct interest		Deemed interest	
Name of directors and companies in which interests are held	At the beginning of the financial year	At the end of the financial year	At the beginning of the financial year	At the end of the financial year
The Company				
Share options				
Wu Chunlan	3,750	3,750	-	-

There were no changes to the above shareholdings between the end of the financial year and 21 January 2018.

3 Employee share option scheme

At an Extraordinary General Meeting ("**EGM**") 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 (the "**RC**") whose members at the date of this report are:

David Chin Yew Choong (Chairman)
Chow Wai San
Liu Aizhong

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 (the "**SGX-ST**") for the three consecutive trading days immediately preceding the date of grant. The RC 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 since the establishment of the ESOS.

3 Employee share option scheme (cont'd)

Share options granted

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

	Options granted for the financial year ended 31 December 2017	Aggregate options granted since commencement of the ESOS to 31 December 2017	Aggregate options exercised since commencement of the ESOS to 31 December 2017	Aggregate options forfeited since commencement of the ESOS to 31 December 2017	Aggregate options outstanding as at 31 December 2017
Directors					
Wu Chunlan	-	3,750	-	-	3,750
Others					
Former directors	-	37,500	(22,500)	(15,000)	-
Employees	-	116,250	(18,750)	(97,500)	-
	-	157,500	(41,250)	(112,500)	3,750

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 SGX-ST) during the financial year. No individual participant of the ESOS has been granted 5% or more of the total number of options available under the ESOS.

The total number of new shares which may be issued pursuant to the ESOS, when added to the number of shares issued and issuable in respect of all options granted under the ESOS and Universal Resource and Services Performance Share Plan, shall not exceed 15% of the issued shares of the Company from time to time.

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

3 Employee share option scheme (cont'd)

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 as at 1 January 2017	Granted during the financial year	Exercised during the financial year	Forfeited during the financial year	Balance as at 31 December 2017	Exercise price per share	Number of option holders at 31 December 2017	Exercise period
29 August 2008	3,750	-	-	-	3,750	S$3.30	1	29 August 2009 to 28 August 2018

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

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.

4 Performance share plan

On 28 January 2008, the shareholders of the Company at an Extraordinary General Meeting (**"EGM"**) 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 can 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 ESOS and PSP, shall not exceed 15% of the issued shares of the Company from time to time.

The PSP is administered by the RC of the Company.

5 Audit committee

At the date of this report, the Audit Committee (the "**AC**") comprises the following members:

Chow Wai San (Chairman)
David Chin Yew Choong
Liu Aizhong

The AC carried out its functions to the best of its abilities in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following (where applicable), subject to the Limitations and Findings:

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

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

(c) reviewed the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company and the external auditors' report on those financial statements before their submission to the Board;

(d) reviewed the quarterly, half-yearly and annual announcements as required under the Listing Manual of SGX-ST;

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

(f) evaluated the re-appointment of the external auditors.

Subject to the Limitations and Findings, the AC 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 AC.

6 Independent auditors

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board

吴春兰

....
WU CHUNLAN

....
LIU AIZHONG

Singapore

28 July 2023

MOORE

MOORE STEPHENS LLP
CHARTERED ACCOUNTANTS OF SINGAPORE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

UNIVERSAL RESOURCE AND SERVICES LIMITED
(Incorporated in Singapore)

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit 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 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the "Basis for disclaimer of opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

We expressed a disclaimer opinion in our independent auditor's report dated 20 April 2023 on the financial statement of the Group for the financial year ended 31 December 2016 ("**Financial Statements**") due to the following matters:

1. Limitation of scope on the audit of the Group's subsidiaries in the People's Republic of China ("**PRC**") ("**PRC Subsidiaries**"); and
2. Appropriateness of the going concern assumption

Our current year audit opinion is also modified as the above-mentioned matters are not resolved and there is a possible effect of the comparability of the current year's figures and the corresponding figures in addition to the impact on the financial statements for the year ended 31 December 2017.

We provide an update on the aforementioned matters as follows:

(i) *Limitation of scope on the audit of the PRC subsidiaries in PRC*

As disclosed in Note 3(a) to the financial statements, the underlying books and accounting records of the PRC Subsidiaries could not be located and the management still did not have access to the relevant key finance personnel based in the PRC (the "**Limitations**"). As such, we were not provided with the necessary information and explanations that we considered necessary nor were we able to carry out alternative audit procedures, to obtain sufficient and appropriate audit evidence over the financial information of the PRC Subsidiaries for the financial year ended 31 December 2017, as well as the comparatives for the financial year ended 31 December 2016.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

UNIVERSAL RESOURCE AND SERVICES LIMITED
(Incorporated in Singapore)

Basis for disclaimer of opinion (cont'd)

(ii) *Appropriateness of the going concern assumption*

As disclosed in Note 3(b) to the financial statements, the Group and the Company incurred a net loss and total comprehensive loss of S$472,000 for the financial year ended 31 December 2017 (2016: net loss and total comprehensive loss of S$788,000). As at 31 December 2017, the Group's and the Company's capital deficiency and net current liabilities amounted to S$708,000 and S$708,000 respectively (31 December 2016: S$450,000 and S$450,000 respectively), and the cash and cash equivalents of the Group and the Company amounted to S$218,000 (31 December 2016: S$15,000). The Group also had a net cash outflow in operating activities of S$266,000 for the financial year ended 31 December 2017 (2016: S$677,000).

The above conditions indicate the existence of material uncertainties that may cast doubt on the abilities of the Group and Company to continue as going concerns and to realise their assets and discharge their liabilities in the normal course of business. Notwithstanding the above, the board of directors is of the opinion that the use of the going concern assumption for the Group and Company is appropriate for the preparation and presentation of these financial statements for the financial year ended 31 December 2017 for the reasons disclosed in Note 3(b) to the financial statements.

However, based on the information made available to us, we were unable to obtain sufficient audit evidence to conclude on the appropriateness of the going concern assumption used in the preparation of the financial statements.

In the event that the Group and the Company are unable to continue as going concerns, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statements of financial position. No such adjustments have been made to these financial statements.

Responsibilities of management and directors 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 ("**FRSs**"), 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's and the Company's abilities to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and or the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

MOORE

MOORE STEPHENS LLP
CHARTERED ACCOUNTANTS OF SINGAPORE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

UNIVERSAL RESOURCE AND SERVICES LIMITED
(Incorporated in Singapore)

Auditor's responsibilities for the audit of the Financial Statements

Our responsibility is to conduct an audit of the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company in accordance with Singapore Standards on Auditing ("**SSAs**") and to issue an auditor's report. However, because of the matters described in the "Basis for disclaimer of opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on other legal and regulatory requirements

In our opinion, in view of the significance of the matters referred to in the "Basis for disclaimer of opinion" section of our report, we do not express an opinion on whether 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.

The engagement partner on the audit resulting in this independent auditor's report is Lao Mei Leng.

Moore Stephens LLP

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
28 July 2023

UNIVERSAL RESOURCE AND SERVICES LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 S$'000	2016 S$'000
Revenue		-	-
Cost of services		-	-
Gross profit		-	-
Administrative expenses		(473)	(788)
Loss before income tax		(473)	(788)
Income tax credit	5	1	-
Loss after income tax		(472)	(788)
Loss for the financial year and total comprehensive loss for the financial year attributable to owners of the Company	6	(472)	(788)
		Singapore cent	**Singapore cent**
Loss per share attributable to owners of the Company - basic and diluted	7	(1.96)	(3.62)

The accompanying notes form an integral part of the financial statements

UNIVERSAL RESOURCE AND SERVICES LIMITED
(Incorporated in Singapore)

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STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017	**2016**	**2017**	**2016**
		S$'000	**S$'000**	**S$'000**	**S$'000**
ASSETS					
Non-current asset					
Plant and equipment	**8**	-	-	-	-
Subsidiaries	**9**	-	-	-	-
		-	-	-	-
Current assets					
Trade and other receivables	**10**	1	16	1	16
Prepayments		5	5	5	5
Cash and cash equivalents	**11**	218	15	218	15
		224	36	224	36
Total assets		**224**	**36**	**224**	**36**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	**12**	68,642	68,642	68,642	68,642
Reserves	**13**	(69,350)	(69,092)	(69,350)	(69,092)
Capital deficiency attributable to owners of the Company		**(708)**	**(450)**	**(708)**	**(450)**
Current liabilities					
Accruals	**14**	677	485	677	485
Advances from a third party	**15**	255	-	255	-
Current tax payable		-	1	-	1
		932	486	932	486
Total liabilities		**932**	**486**	**932**	**486**
Total equity and liabilities		**224**	**36**	**224**	**36**

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group and Company	Note	Attributable to owners of the Company			
		Share capital S$'000	Share option reserve S$'000	Accumulated losses S$'000	Total capital deficiency S$'000
Balance as at 1 January 2016		**68,080**	**166**	**(68,470)**	**(224)**
Issuance of shares	12	562	-	-	562
Transfer from share option reserve	13	-	(159)	159	-
Loss for the financial year and total comprehensive loss for the financial year		-	-	(788)	(788)
Balance as at 31 December 2016		**68,642**	**7**	**(69,099)**	**(450)**
Balance as at 1 January 2017		**68,642**	**7**	**(69,099)**	**(450)**
Refund of unclaimed dividend	13	-	-	214	214
Loss for the financial year and total comprehensive loss for the financial year		-	-	(472)	(472)
Balance as at 31 December 2017		**68,642**	**7**	**(69,357)**	**(708)**

The accompanying notes form an integral part of the financial statements

UNIVERSAL RESOURCE AND SERVICES LIMITED
(Incorporated in Singapore)

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED

31 DECEMBER 2017

	Note	2017 S$'000	2016 S$'000
Cash flows from operating activities			
Loss before income tax		(473)	(788)
Adjustments for:			
Depreciation of plant and equipment		-	1
Operating cash flows before working capital changes		(473)	(787)
Changes in working capital:			
Accruals		192	67
Other receivables		15	32
Prepayments		-	11
Cash flows used in operations and net cash used in operating activities		(266)	(677)
Cash flows from financing activities			
Advances from a third party		255	-
Refund of unclaimed dividend	13	214	-
Proceeds from issuance of shares	12	-	562
Net cash generated from financing activities		469	562
Net increase/(decrease) in cash and cash equivalents		203	(115)
Cash and cash equivalents at the beginning of the financial year		15	130
Cash and cash equivalents at the end of the financial year	11	218	15

The accompanying notes form an integral part of the financial statements

These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

1 General

Universal Resource and Services Limited (the "**Company**") is a public limited liability company incorporated and domiciled in Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The trading of the Company' shares on SGX-ST was voluntarily suspended since 16 February 2017.

The Company's registered office and principal place of business is located at 10 Collyer Quay #10-01, Ocean Financial Centre, Singapore 049315.

The principal activity of the Company is that relating to investment holding. The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

The board of directors of the Company (the "**Board**") has authorised the issue of the financial statements of the Company and its subsidiaries (the "**Group**") on the date of the directors' statement.

2 New and revised Financial Reporting Standards ("FRSs")

Adoption of new/amended FRSs which are effective

On 1 January 2017, the Group adopted the following significant and relevant FRSs 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 FRSs.

Reference	Description
Amendments to FRS 7	Statement of Cash Flows: Disclosure Initiative
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these new and amended FRSs did not result in changes to the Group's and Company's accounting policies and did not have any significant impact on the financial statements of the Group and Company for the financial year ended 31 December 2017.

2 New and revised Financial Reporting Standards ("FRSs") (cont'd)

Relevant new and revised FRSs issued but not yet effective

The following are the relevant new or amended FRSs issued that are not yet effective for the current financial year:

Reference	Description	Effective for annual periods beginning on or after
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
Improvements to FRSs (December 2016)		
FRS 101	First-time Adoption of International Financial Reporting Standards	1 January 2018
Improvements to FRSs (March 2018)		
Amendments to FRS 12	Income Taxes	1 January 2019

Management does not anticipate that the adoption of the above FRSs and amended FRSs 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. Certain additional disclosures may be required arising from the adoption of the following:

(i) FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

Under FRS 109, an investment in an equity instrument that does not have a quoted price in an active market for an identical instrument shall be measured at fair value at the date of initial application. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the entity applies FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group has assessed the application of FRS109 and does not expect any material impact to its financial statements.

2 New and revised Financial Reporting Standards ("FRSs") (cont'd)

Relevant new and revised FRSs issued but not yet effective (cont'd)

(ii) FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group has assessed the application of FRS 115 and does not expect any material impact to its financial statements.

(iii) Convergence with International Financial Reporting Standard

Singapore-incorporated companies listed on the Singapore Securities Exchange Trading Limited ("**SGX**") are required to apply a new financial reporting framework identical to the International Financial Reporting Standards ("**SFRS(I)**") for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SFRS(I) First-time adoption of International Financial Reporting Standards for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group does not expect any material impact to its financial statements.

Other than the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

3 Significant accounting policies

(a) Basis of preparation

The financial statements are prepared in accordance with FRSs including related interpretations promulgated by the Accounting Standards Council. 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 (S$) which is the Company's functional currency. All financial information is presented in Singapore dollar (S$) and rounded to the nearest thousand (S$'000), unless otherwise stated.

3 **Significant accounting policies** (cont'd)

(a) Basis of preparation (cont'd)

As the underlying books and accounting records of the subsidiaries in the People's Republic of China ("**PRC**") could not be located and the management did not have access to the relevant key finance personnel based in the PRC (the "**Limitations**"), this set of financial statements have been prepared on a best effort basis based on information available to the Company and the findings from the Special Audit (Note 20(d)) as announced by the Company on 18 May 2020 (the "**Findings**").

(b) Going concern assumption

The Group and the Company incurred a net loss and total comprehensive loss of S$472,000 for the financial year ended 31 December 2017. As at 31 December 2017, the Group's and the Company's capital deficiency and net current liabilities amounted to S$708,000 and the cash and cash equivalents of Group and the Company amounted to S$218,000. The Group also had a net cash outflow in operating activities of S$266,000 for the financial year ended 31 December 2017.

The above conditions indicate the existence of material uncertainties that may cast doubt on the abilities of the Group and Company to continue as going concerns and to realise their assets and discharge their liabilities in the normal course of business. Notwithstanding the above, the Board is of the opinion that the use of going concern assumption for the Group and Company is appropriate for the preparation and presentation of this financial statements for the financial year ended 31 December 2017 for the following reasons:

(i) as at 31 December 2017, taking into account that Group's resources, the Group and the Company have no bank loans and the Group and the Company have undertaken effective cost controlling measures which reduced cash outflow to minimal. These measures included, amongst others, the deferment of the payment of the independent directors' fees, reducing the Chief Executive Officer (the "**CEO**") cum executive director pay to zero and obtaining informal understanding from all services providers to delay payments due to them; and

(ii) based on the review of accruals, the Board believes that the Group and the Company have adequate working capital and financial resources which will enable the Group and the Company to pay their liabilities as and when they fall due and continue as going concerns for twelve (12) months from the date of this set of financial statements.

In the event that the Group and the Company are unable to continue as going concerns, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statements of financial position. No such adjustments have been made to these financial statements.

3 Significant accounting policies (cont'd)

(c) 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.

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.

3 Significant accounting policies (cont'd)

(d) 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 straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Renovations	3 years
Office equipment	1 to 8 years

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

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. Fully depreciated plant and equipment are retained in the books until they are no longer in use or disposed.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the reporting period the asset is derecognised.

(e) Subsidiaries

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

(f) 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.

3 Significant accounting policies (cont'd)

(f) Financial assets (cont'd)

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.

Loans and receivables

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 twelve (12) months after the end of the reporting period which are classified as non-current assets.

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.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash in banks.

3 **Significant accounting policies** (cont'd)

(h) 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.

(i) Financial liabilities

The Group's financial liabilities comprise accruals and advances from a third party.

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.

Accruals and advances from a third party are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

(j) 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.

3 **Significant accounting policies** (cont'd)

(j) Income taxes (cont'd)

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.

(k) Employee benefits

Defined contribution plans

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. 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.

3 **Significant accounting policies** (cont'd)

(k) Employee benefits (cont'd)

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 directors and employees. The fair value of 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.

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.

Performance share plan

The cost of equity-settled transactions is determined by the fair value at the date when the award is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

3 **Significant accounting policies** (cont'd)

(k) Employee benefits (cont'd)

Performance share plan (cont'd)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the participant. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

(l) Related parties

A related party is defined as follows:

(i) 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.

3 Significant accounting policies (cont'd)

(l) Related parties (cont'd)

(ii) 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 (i); or

(VII) a person identified in (i)(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).

<u>Key management personnel</u>

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.

(m) 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.

3 Significant accounting policies (cont'd)

(m) Impairment of non-financial assets (cont'd)

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.

(n) 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.

(o) Functional currencies

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 i.e. the 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.

(p) Conversion of foreign currencies

<u>Transactions and balances</u>

Transactions in a currency other than the functional currency i.e. 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.

3 **Significant accounting policies** (cont'd)

(p) Conversion of foreign currencies (cont'd)

Transactions and balances (cont'd)

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

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 of 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 exchange fluctuation reserve in equity.

(q) 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 potentially dilutive ordinary shares, which comprise outstanding share options and share awards.

4 Critical accounting judgements and key sources of estimation uncertainty

(a) Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRSs 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.

Other than the Limitations and "Going concern assumption" as disclosed in Note 3(a) and 3(b) respectively, there were no other critical accounting estimates and assumptions used and areas involving a high degree as at the reporting date.

5 Income tax

	Group	
	2017	**2016**
	S$'000	**S$'000**
Over-provision for prior years	(1)	-

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate in Singapore for the respective financial years are as follow:

	Group	
	2017	**2016**
	S$'000	**S$'000**
Relationship between tax expense and accounting loss		
Loss before taxation	(473)	(788)
Tax calculated using Singapore tax rate at 17% (2016: 17%)	(80)	(134)
Tax effect on non-deductible expenses	80	134
Over-provision for prior years	(1)	-
	(1)	-

6 Loss for the financial year

	Group	
	2017 S$'000	2016 S$'000
Loss for the year has been arrived at after charging:		
Directors' fees		
- current financial year	185	155
- under-provision for prior financial year	-	2
Audit fees	35	126
Depreciation	-	1

7 Loss per Share

The basic and diluted loss per share were calculated as follows:

	Group	
	2017	2016
Loss attributable to ordinary shareholders (S$'000)	(472)	(788)
Weight average number of ordinary shares during the financial year ('000)	24,086	21,744
Loss per share attributable to ordinary shareholders (Singapore cent)	(1.96)	(3.62)

The basic and diluted loss per share were the same for both financial years as the outstanding share options were anti-dilutive.

8 Plant and equipment

	Group and Company		
	Renovation S$'000	Office equipment S$'000	Total S$'000
2017			
Cost			
As at 1 January and 31 December	-	-	-
Accumulated depreciation and impairment losses			
As at 1 January and 31 December	-	-	-
Net book value			
As at 31 December	-	-	-
2016			
Cost			
As at 1 January	85	23	108
Write-off	(85)	(23)	(108)
As at 31 December	-	-	-
Accumulated depreciation and impairment losses			
As at 1 January	85	22	107
Depreciation	-	1	1
Write-off	(85)	(23)	(108)
As at 31 December	-	-	-
Net book value			
As at 31 December	-	-	-

9 Subsidiaries

	Company	
	2017 S$'000	2016 S$'000
Unquoted equity investments and amounts from subsidiaries (non-trade), at cost		
As at 1 January and 31 December	32,097	32,097
Allowance for impairment losses		
As at 1 January and 31 December	32,907	32,097
Carrying amount	-	-

Details of the subsidiaries are:

Name of Subsidiaries (Country of incorporation/ Principal place of business)	Principal activities	Percentage of equity held	
		2017 %	2016 %
Held by the Company			
SKY Petroleum Technology Development (Tianjin) Co., Ltd ("**SKY Tianjin**") [1] (PRC)	Dormant	100	100
Held by SKY Tianjin			
Renqiu Kai Yuan Petroleum Technology Development Co., Ltd ("**Kai Yuan**")[1] (PRC)	Dormant	100	100

Notes

1 Due to the Limitations, the financial statements were not audited.

10 Trade and other receivables

	Group and Company	
	2017	2016
	S$'000	S$'000
Deposits	1	16

The balances are denominated in Singapore dollar, non-trade in nature, unsecured, interest-free and repayable on demand. There is no allowance for impairment arising from the outstanding balances.

Balances are not past due. There are no balances which are past due but not impaired at the end of the financial year.

11 Cash and cash equivalents

	Group and Company	
	2017	2016
	S$'000	S$'000
Cash in bank	218	15

Cash and cash equivalents are denominated in Singapore dollar.

12 Share capital

	Group and Company			
	2017		2016	
	No. of shares '000	S$'000	No. of shares '000	S$'000
Issued and fully paid				
At 1 January	24,086	68,642	20,072	68,080
Issuance of new shares	-	-	4,014	562
At 31 December	24,086	68,642	24,086	68,642

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.

On 13 June 2016, the Company announced that it had entered into two conditional subscription agreements with two investors pursuant to which the investors will subscribe for 4,014,292 new shares in the Company at the issue price of S$0.14 per share for an aggregate consideration of S$562,001. The allotment and issuance of these new shares, which rank *pari passu* with the existing shares of the Company, were completed on 3 August 2016.

13 Reserves

	Group and Company	
	2017	2016
	S$'000	S$'000
Share option reserve	7	7
Accumulated losses	(69,357)	(69,099)
	(69,350)	(69,092)

Share option reserve

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

During the financial year ended 31 December 2016, S$159,000 was transferred from the share option reserve to accumulated losses due to forfeiture of share option previously granted.

Refund of unclaimed dividend

During the financial year ended 31 December 2017, the Company obtained S$214,000 in refund of unclaimed dividend previously declared by the Company for the six year period before year 2011.

14 Accruals

	Group and Company	
	2017	2016
	S$'000	S$'000
Directors' fee	332	147
Accrued expenses	345	338
	677	485

Accruals are all denominated in Singapore dollar, non-interest bearing and repayable on demand.

15 Advances from a third party

	Group and Company	
	2017	2016
	S$'000	S$'000
Advances	255	-

On 19 May 2017, the Company and a third party entered into a financial support agreement to formalise S$30,000 previously provided by the third party to the Company to meet its operating cash flow requirements and an additional S$220,000 to support the payment of the Company operating expenses and working capital requirements (the "**Financial Support Agreement**"). Subsequent to the entry into the Financial Support Agreement, the Company's payment obligations increased by S$5,000 beyond the sum of S$250,000 provided under the Financial Support Agreement and the third party extended in total S$255,000 to the Company (by mutual agreement). These advances are denominated in Singapore dollar, unsecured, interest-free and repayable on demand.

16 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 (the "**RC**"). Options are exercisable at a price based on the average of the last done prices of the shares of the Company on the SGX-ST for the three consecutive trading days preceding the date of grant. The RC 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 shall 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:

	2017		2016	
	No. of options	Weighted average exercise price S$	No. of options	Weighted average exercise price S$
Outstanding and exercisable at the end of the financial year	3,750	3.30	3,750	3.30

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

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

The options outstanding at the end of the financial year have an exercise price of S$3.30 (2016: S$3.30) and a weighted average remaining contractual life of 0.7 year (2016: 1.7 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 ESOS 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.

17 Operating segments

As at 31 December 2017 and 31 December 2016, in view of the Findings, the Group only has a single segment, being the corporate segment relating to Company's operation in Singapore, Hence, segmental information is not separately disclosed.

18 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.

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.

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

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

(a) 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 objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

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.

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.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

An allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. When the financial asset is considered irrecoverable, the carrying amount of the impaired financial asset is written off against the amount standing in the allowance account or the profit or loss in the absence of such allowance account.

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 statements of financial position.

The Group's and the Company's major classes of financial assets are cash in bank and trade and other receivables. Cash is placed with established financial institutions with good credit standing. Further details of credit risks on trade and other receivables are disclosed in Note 10.

The Group and the Company have minimal exposure to credit risk.

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

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulties meeting commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may also result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily due to losses incurred which depleted their cash balances.

The Group's and the Company's financial liabilities comprising accruals and advances from a third party with contractual undiscounted cash flows approximating the carrying amount which mature in less than one year.

The Group and the Company maintain sufficient level of cash and cash equivalents to meet its working capital requirements; obtain debt or equity financing (where possible) and, if required, seek indulgences from their creditors to delay payment of sum due to them.

The risk relating to going concern of the Group and the Company are disclosed in Note 3(b).

(c) Interest rate risk

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

The Group and the Company have minimal exposure to interest rate risk as the trade and other receivables, cash at bank, accruals and advances from a third party are not interest-bearing.

(d) 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 minimal exposure to foreign currency as the trade and other receivables, cash at bank, accruals and advances from a third party are denominated in Singapore dollar.

(e) 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 and the Company do not hold any quoted or marketable financial instruments, hence, are not exposed to any movement in market prices.

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

(f) 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.

The Group and the Company do not anticipate that the carrying amounts recorded at the end of the financial year 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, accruals and advances from a third party, are assumed to approximate their fair values.

19 Capital management

The Group's and the Company's objectives when managing capital are:

(a) to safeguard the Group's and the Company's abilities to continue as going concerns;

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

(c) to provide capital for the purpose of strengthening the Group's and the Company's risk management capabilities; and

(d) to provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage their capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company, their capital efficiencies, prevailing and projected performance, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

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

19 Capital management (cont'd)

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital and net debt. Net debt comprises accruals and advances from a third party, less cash and cash equivalents. Total capital represents equity attributable to owners of the Company.

	Group and Company	
	2017	**2016**
	S$'000	**S$'000**
Net debt	714	470
Total capital and net debt	6	20
Gearing ratio	119.00	23.50

20 Subsequent Events

(a) On 12 February 2018, the Company announced that it had sought a further extension of time to announce the unaudited results of the financial year ended 31 December 2016 ("**FY2016**"), the unaudited results of the first to third quarters of the financial year ended 31 December 2017 ("**FY2017**") and to hold the AGMs for FY2016 and FY2017 by 1 December 2018 and 30 April 2019 respectively.

(b) On 27 November 2018, the Company announced that it had applied for a further extension of time to announce its unaudited results of FY2016, the unaudited results of the first to third quarters of FY2017 and the financial year ended 31 December 2018 ("**FY2018**") and to AGMs for FY2016, FY2017 and FY2018 by 30 April 2018 and 30 June 2019 respectively; and to submit its Resumption of Trading Proposal by 30 September 2019.

(c) On 12 February 2020, the Company announced that the Company has incorporated a wholly-owned subsidiary in Singapore known as URS Equipment Services Pte. Ltd. ("**URS Equipment**") with a registered capital of USD1.

URS Equipment will be principally engaged in the businesses of provision of value added services in the supply of oil and gas field equipment.

20 Subsequent Events (cont'd)

(d) On 18 May 2020, the Company announced that Moore Stephens LLP has completed the Special Audit and submitted its report (the "**Special Audit Report**"). An executive summary of the Special Audit Report was released with the said announcement. The Special audit was convened to:

(i) investigate the irregularities in the cash and bank balances reported by Moore Stephens LLP Chartered Accountants of Singapore and also investigate the credit and debit entries in the bank accounts of the PRC Subsidiaries; and

(ii) identify and investigate any other questionable matters and transactions other than those mentioned in item (i) above, including without limitation, the acquisition of drilling equipment as announced by the Company on 20 June 2014, the proposed acquisition of 57.64% of Hongkong New Wing Energy Development Company Limited as announced by the Company on 12 January 2015 and the acquisition of second hand drilling equipment and machines as announced by the Company on 31 August 2015.

(e) On 15 September 2020, the Company announced that due to the outbreak of the COVID-19, the Company had submitted an application for a further extension of time to submit its Resumption Of Trading Proposal by 14 September 2021.

(f) On 30 March 2021, the Company announced that

(i) on or about 25 August 2020, the Company received a letter from the Accounting and Corporate Regulatory Authority ("**ACRA**") noting that the Company had not held its AGMs or filed its annual returns since FY2016 which is in contravention of Sections 175 and 197 of the Singapore Companies Act (Chapter 50). The Company had on 16 September 2020 made an application to ACRA to request an extension of time for the Company to comply with Sections 175 and 197 of the Companies Act for the financial years ended 31 December 2016 to 2019; and

(ii) the Company has engaged Beijing Tianzhi Certified Tax Agents Co., Ltd., a member firm of the Baker Tilly network, to assist with the striking off of the Company's PRC Subsidiaries.

Kai Yuan and SKY Tianjin were dissolved on 2 September 2021 and 5 May 2022 respectively.

20 Subsequent Events (cont'd)

(g) On 7 January 2022, the Company announced that an application was made to the SGX-ST to:

(i) request for the approval of appointment of the Company's new statutory auditors;

(ii) apply for extensions of time to:

- submit the Resumption Of Trading Proposal;
- announce the Company's full year financial statements for the financial years ended/ending 31 December 2016 to 2021 ("**FY2016 to FY2021**");
- and to announce the Company's financial statements for the first three quarters of FY2022 (if required); and

(iii) apply for waivers from the requirement to:

- announce the Company's unaudited financial statements for each of its first three quarters in FY2016 to FY2021; and
- to issue the Company's sustainability reports for FY2017 to FY2021.

(h) On 28 April 2022, the Company announced that it intends to seek approval from the Company's shareholders to change its auditors from Foo Kon Tan LLP to Moore Stephens LLP ("**MS**") for FY2016.

Pursuant to the extraordinary meeting of held on 26 July 2022, MS was appointed as auditors of the Company.

(i) Pursuant to the findings of the Special Audit, on 11 January 2023, the Company released the revised financial statements for the financial year ended 31 December 2015 dated 31 October 2022 in accordance with the Companies (Revision of Defective Financial Statements, or Consolidated Financial Statements or Balance-Sheet) Regulations 2018.