UPP HOLDINGS LIMITED

ANNUAL REPORT 2010

CONTENTS

CHAIRMAN'S AND CEO'S STATEMENT

I am pleased to report that the Group performed well in FY2010, after going through a challenging period that had been adversely affected by the global financial crisis.

Our paper business benefited from better production management and the global economic recovery in 2010. We were also able to achieve better sales volumes and selling prices for our paper products.

Group revenue rose to $53 million in FY2010, which represented an increase of 37% over the previous year. Gross profit was $8.4 million, compared with $4 million for FY2009. Gross margin improved by 5.5% to 15.9%. The net profit attributable to shareholders was $937,000, which represented an increase of 85% from FY2009.

Our Balance Sheet reflected a strong improvement in liquidity and in our capital base. During the year, we raised $23.9 million through a rights issue. This helped to strengthen our financial position and provide strong support for future business development.

Our consolidated shareholders' equity at 31 December 2010 amounted to $115 million, an increase of $36.3 million from 31 December 2009. This increase was attributable to the rights issue mentioned earlier and to conversions of warrants (approximately $10.6 million). As at 31 December 2010, the Group had cash and bank balances of approximately $32.7 million.

On 3 May 2010, the Company was renamed UPP Holdings Limited from United Pulp & Paper Company Limited, to reflect its intention to diversify beyond its paper related business. The Company is actively pursuing investments in new businesses in the renewable energy, water and related sectors.

To reward our shareholders, our Board has recommended a dividend of 0.1 cents per share.

UPP Paper Mill and Recycled Fibre Division

Sales at the Paper Mill Division increased to $46.4 million, from $32 million in the previous year. At pre-tax level, the Division registered a profit of $3.2 million, as compared with a loss of $1.3 million in the last financial year. Revenue and pre-tax profit from the Recycled Fibre Division, which included sales to the Paper Mill Division, also increased to $26.5 million and $0.4 million, respectively.

The Group merged the Recycled Fibre operations into the Paper Mill Division in January 2011. The merger is expected to result in additional cost savings from operations.

Proposed acquisition

On 12 September 2010, the Company signed a non-binding letter of intent with 安阳广源能源生物质能热电有限公司 (the "**Target Company**"), 管广生 and 管昌健 (the "**Sellers**"). Subject to definitive terms and conditions to be agreed, the Company intends to acquire 100% of the equity interest in the Target Company from the Sellers.

The principal activities of the Target Company are developing and operating biomass energy power generation plants. The Target Company is in the process of constructing a 2 X 12MW biomass energy power plant at Anyang County, Henan Province, China.

The due diligence on the proposed acquisition is ongoing. There are various operating licenses and permits for the Target Company which are conditions precedent for the acquisition, and the sellers are still working on them. As such, there is no certainty that the proposed acquisition will proceed.

General Offer by Lim Eng Hock

On 1 March 2010, Mr. Lim Eng Hock made a General Offer to acquire all the shares and warrants issued by the Company other than those already owned by him and his Concert Parties.

At the close of the offer on 16 April 2010, Mr. Lim Eng Hock and his Concert Parties' aggregate holdings of all shares owned including valid acceptances of the offer amounted to 324,278,925 Shares, representing 57.26% of the issued share capital of the Company.

Changes to the Board

I would like to take this opportunity to welcome two new Board members, Mr. Lim Chow Cher Charles and Mr. Ong Pang Liang.

They both have outstanding financial and management qualifications and have regional work experience. I believe that they will be able to contribute to the Group's growth.

I would also like to thank Mr. Tan Geok Kwang, who stepped down as a nominated director of Smartpro Holdings Limited, for his past services. Smartpro Holdings Limited has since ceased to be a substantial shareholder in the Company.

Outlook

The Group is hopeful that economic conditions in 2011 will continue to improve. Malaysia, in particular, with additional economic stimulus measures announced by its government, and a positive business outlook, augurs well for our paper business.

This year, we will be upgrading our Paper Mill facilities to increase production capacity and improve quality. The focus on improving production efficiencies will enable us to meet the increased demand for our paper products.

Nevertheless, we are mindful of the challenges inherent in the paper industry. For example, the price volatility of waste paper and fuel oil can adversely affect our cost of production and bottom line.

In an effort to diversify the Group's business, we are continuing our search for new businesses that will add value and be in the long term interest of shareholders.

Acknowledgement

On behalf of the Board, I would like to thank all our valued shareholders, clients and business partners for their support and confidence in the Company. My appreciation also goes to my fellow Board members, the management and employees for their contribution in the past year.

Koh Kim Huat
Chairman and CEO

BOARD OF DIRECTORS

Koh Kim Huat

Executive Chairman, Chief Executive Officer
Appointed to the Board on 31 October 2006

Mr. Koh was appointed the Executive Chairman and Chief Executive Officer of the Company on 1 August 2010. He is responsible for the business direction, strategies and development of the Group. Mr. Koh brings to the Group extensive experience and knowledge, having held senior positions in both the public and private sectors. He served several portfolios in Singapore Government's Administrative Service. He was head of the Singapore Consulate in Shanghai and was also Senior Vice President of GIC Special Investments Pte Ltd. In the private sector, Mr. Koh has extensive work experience in Europe and Asia, and is particularly familiar with China. He has helmed listed companies in Hong Kong and Singapore. A Singapore Government scholar, Mr. Koh graduated with an Honours degree in Civil Engineering from the National University of Singapore.

Koh Wan Kai

Executive Director, President and Chief Operating Officer
Appointed to the Board on 1 April 2009

Mr. Koh was appointed President and Chief Operating Officer on 1 August 2010, with responsibility for the Group's business operations. He started his career in an international accounting firm as an auditor and business consultant. He has more than 20 years experience in managerial positions spanning various industries. Prior to joining the Company, he was the Chief Financial Officer of SGX listed Rowsley Ltd.. Mr. Koh holds a Bachelor of Accountancy from the National University of Singapore. He is a Fellow member of the Institute of Certified Public Accountants of Singapore.

Ong Pang Liang

Executive Director, Finance Director
Appointed to the Board on 1 August 2010

Mr. Ong was appointed Executive Director on 1 August 2010 with responsibility for Group finance. He has over 25 years of experience in banking and finance. He joined the Company from Rowsley Ltd. where he was Chief Financial Officer. His banking career in various international banks covered responsibilities for business units in currency trading, treasury operations and corporate banking. He was a Managing Director at Bank of America, holding positions of Head of Foreign Exchange in Singapore and also assignment in China as General Manager of Bank of America Shanghai. Mr. Ong holds a degree in Business Administration from the National University of Singapore.

Gary Ho Kuat Foong

Lead Independent Director
Appointed to the Board on 31 October 2006

Mr. Ho has over 20 years' experience in corporate management and finance having been a Director of both publicly listed and private companies in Singapore, Malaysia and Australia. He holds two Bachelor degrees in Commerce and Science from the University of Western Australia. He is also a member of the Institute of Certified Public Accountants of Singapore and CPA Australia.

Adrian Chan Pengee

Independent Director
Appointed to the Board on 5 November 2002

Mr. Chan is Head of Corporate and a Senior Partner at Lee & Lee. He is also a Director of Hogan Lovells Lee & Lee, the joint law venture between Lee & Lee and the international law firm, Hogan Lovells, and is an independent director on the Boards of several publicly listed companies on the Singapore Stock Exchange. He holds a law degree from the National University of Singapore, is the Vice-Chairman of the Singapore Institute of Directors and serves on the Listed Companies Committee of The Singapore International Chamber of Commerce.

Lim Chow Cher Charles

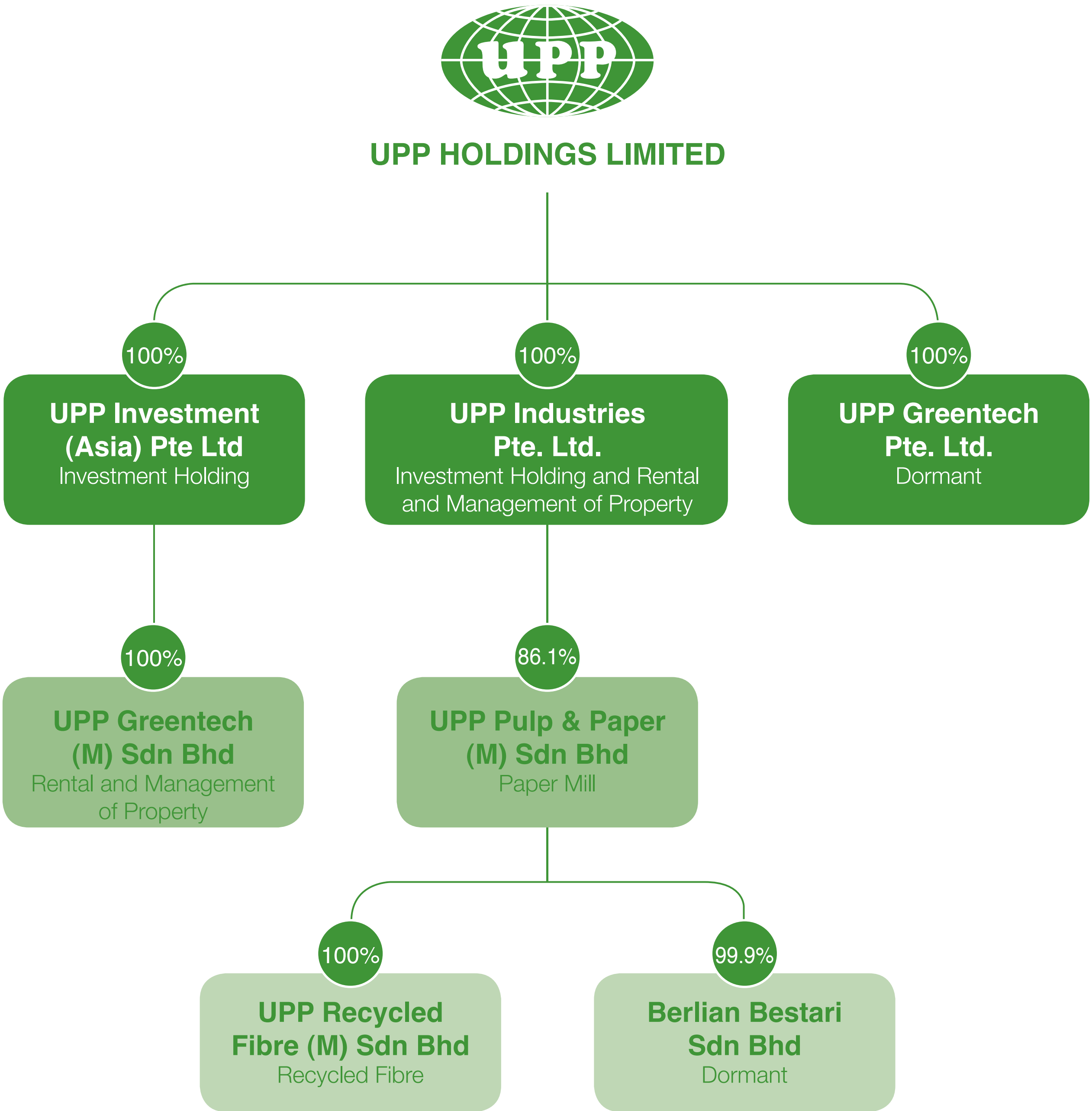
Independent Director
Appointed to the Board on 1 August 2010

Mr. Lim has over 20 years of experience in finance and management. He has worked in various countries including Hong Kong, China and Thailand in banking, securities and other industries. He was formerly a Chief Financial Officer and Executive Director of a publicly listed company in Singapore. He holds a B.A. Hons (Economics & Finance) degree from the University of California Los Angeles.

Hardjanto Adiwana

Non-Executive Director
Appointed to the Board on 1 December 2008

Mr. Hardjanto has over 10 years experience in business management. He sits on the Boards of various companies in Indonesia with business activities ranging from trading, lifestyle and food & beverage. He is also the business partner of FJ Benjamin Holdings Limited, a listed company in Singapore and Home Fix The DIY Store Singapore to distribute their products in Indonesia. He is a member of Indonesia Business Chamber of Commerce in retail association.



UPP HOLDINGS LIMITED
100%
UPP Investment (Asia) Pte Ltd
Investment Holding
100%
UPP Industries Pte. Ltd.
Investment Holding and Rental and Management of Property
100%
UPP Greentech Pte. Ltd.
Dormant
100%
UPP Greentech (M) Sdn Bhd
Rental and Management of Property
86.1%
UPP Pulp & Paper (M) Sdn Bhd
Paper Mill
100%
UPP Recycled Fibre (M) Sdn Bhd
Recycled Fibre
99.9%
Berlian Bestari Sdn Bhd
Dormant

CORPORATE INFORMATION

Board of Directors

Koh Kim Huat
Executive Chairman, Chief Executive Officer

Koh Wan Kai
Executive Director, President and Chief Operating Officer

Ong Pang Liang
Executive Director, Finance Director

Gary Ho Kuat Foong
Lead Independent Director

Adrian Chan Pengee
Independent Director

Lim Chow Cher Charles
Independent Director

Hardjanto Adiwana
Non-Executive Director

Company Secretary

Loo Hwee Fang

Audit Committee

Gary Ho Kuat Foong *(Chairman)*
Adrian Chan Pengee
Lim Chow Cher Charles

Nominating Committee

Adrian Chan Pengee *(Chairman)*
Gary Ho Kuat Foong
Hardjanto Adiwana

Remuneration Committee

Adrian Chan Pengee *(Chairman)*
Gary Ho Kuat Foong
Lim Chow Cher Charles

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Website: www.upp-group.com

Share Registrar

M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

Auditors

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583
Simon Yeo (Partner-in-charge since financial year ended 31 December 2008)

Principal Bankers

Ambank (M) Berhad
DBS Bank Limited
Malayan Banking Berhad
United Overseas Bank Limited
United Overseas Bank (Malaysia) Bhd
The Bank of East Asia, Limited

UPP Holdings Limited ("**UPP**" or the "**Company**") is committed to high standards of corporate governance within the UPP group of companies (the "**Group**") and adopts the corporate governance practices contained in the Code of Corporate Governance 2005 issued by the Ministry of Finance on 14 July 2005 and which came into effect on 1 January 2007 (the "**Code**"). We believe that good corporate governance establishes and maintains an ethical environment within the Group, which serves the interests of all shareholders.

BOARD MATTERS

Principle 1: Board's Conduct of Its Affairs

The Company is headed by the Board of Directors (the "**Board**") which is responsible for the overall management of the Company. The Board works closely with the management and the management remains accountable to the Board.

The principal functions of the Board, apart from its statutory responsibilities, include:

(a) approving the Group's corporate policies;

(b) approving annual budgets, key operational issues and major funding and investment proposals;

(c) setting overall strategies and supervision of the Group's business and affairs;

(d) reviewing the financial performance of the Group;

(e) approving nominations of Directors and appointments to the various Board committees and key managerial personnel; and

(f) assuming responsibility for corporate governance.

During the year, the Board met regularly and as warranted by circumstances. Board meetings were also scheduled to coincide with half-yearly financial results reporting in order to facilitate a review of the financial statements and announcement of the unaudited half-yearly results of the Group.

Ad-hoc Board meetings were convened when the need arose. Where the attendance of certain Directors was not physically possible, the meeting was conducted with these Directors through teleconferencing. To further facilitate the efficient management of the Group, resolutions of the Board were passed by way of circulating minutes pursuant to Article 133 of the Articles of Association of the Company.

To assist in the efficient discharge of its fiduciary duties, the Board had established three (3) Board Committees namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**"), and the Remuneration Committee ("**RC**"). Each Committee has its own terms of references to address their respective areas of focus.

Details of the number of Board meetings held in the year and attendance of each Board member at those meetings and meetings of the various Board committees are provided on page 17 of this Annual Report.

All Directors objectively take decisions in the interests of the Company. The management provides the Board with financial and operational updates, while decisions on all key matters such as material acquisition and disposal of assets or undertakings and the release of the Company's results are made by the Board.

Our Directors also sit on the boards of other listed companies, and are therefore not only well aware of their duties and responsibilities, but how to discharge such duties. For incoming and/or new Directors, if any, the Company will conduct briefings to ensure that any incoming and/or new Directors become familiar with the Group's businesses and corporate governance practices.

The Company has adopted a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Company's operations or businesses from the management.

Changes to regulations and accounting standards are monitored closely by the management. To keep pace with regulatory changes, where these changes have an important bearing on UPP's or Directors' disclosure obligations, Directors are briefed either during Board meetings or at specially-convened sessions conducted by professionals.

Principle 2: Board Composition and Balance

UPP is headed by an effective Board to lead, control and direct UPP in its pivotal role in charting the strategic course and direction of the Group. The Board comprises seven (7) Directors. It is chaired by Mr. Koh Kim Huat who is an Executive Director. He is responsible for the leadership and objective functioning of the Board.

As at 31 December 2010, the Board comprises the following members:

Mr. Koh Kim Huat	(Executive Chairman)(1)
Mr. Koh Wan Kai	(Executive)(2)
Mr. Ong Pang Liang	(Executive)(3)
Mr. Gary Ho Kuat Foong	(Lead Independent)(4)
Mr. Adrian Chan Pengee	(Independent)
Mr. Lim Chow Cher Charles	(Independent)(5)
Mr. Hardjanto Adiwana	(Non-Executive)

Notes:
On 1 August 2010, the following resignation, appointments and re-designations of Directors took place:

(1) Mr. Koh Kim Huat was appointed as the Chief Executive Officer and re-designated as an Executive Chairman.
(2) Mr. Koh Wan Kai was re-designated as President and Chief Operating Officer.
(3) Mr. Ong Pang Liang was appointed as an Executive Director and Finance Director.
(4) Mr. Gary Ho Kuat Foong was appointed as the Lead Independent Director.
(5) Mr. Lim Chow Cher Charles was appointed as an Independent Director.
(6) Mr. Tan Geok Kwang resigned as a Non-Executive Director.

The Board, of which more than one-third (1/3) are Independent Directors thereby fulfilling the Code's recommendation that Independent Directors make up at least one-third (1/3) of the Board, is able to exercise its powers objectively and independently from the management. The criterion for independence is based on the definition given in the Code. The size of the Board, the standing of members of the Board in the business community, and their experience, knowledge and expertise, provide for effective decision-making and direction for the Group in its mission to be a leading manufacturer and supplier of paper and packaging products, focused on service and product excellence for our customers, superior returns to our shareholders, and a rewarding career for our employees. Profiles of the Directors are set out on page 4 of this Annual Report and details of Directors' shareholdings in the Company and its subsidiary companies are set out on page 19 of this Annual Report.

The Board is of the view that the current Board size is appropriate, taking into consideration the nature and scope of the Company's operations.

Principle 3: Chairman and Chief Executive Officer

Mr. Koh Kim Huat is the Chairman and the Chief Executive Officer ("**CEO**"). The role of the Chairman is not separate from that of the CEO as the Board believes there is adequate accountability and transparency as reflected in the internal controls established with the Group. Moreover, Mr. Gary Ho Kuat Foong, has been appointed as the Lead Independent Director. The Lead Independent Director's role is to be available to shareholders when they have concerns, which contact through normal channels of the Chairman or the CEO has failed to resolve or for which such contact is inappropriate. To ensure a division of responsibilities and accountability for business operations, the Board has appointed a CEO for the Group's China operations and he reports to the Board.

The Chairman is assisted by the management team in the daily operations and administration of the Group's business activities and in the effective implementation of the Group's strategies.

The Chairman also oversees the workings of the Board, ensuring that the Board is able to perform its duties and that there is a flow of information between the Board and the management. The Chairman reviews most of the board papers before they are presented to the Board. The management staff who have prepared the papers, or who may provide additional insights, are invited to present the papers or attend the board meetings.

As the AC, NC and RC consist of all Independent Directors (save for the NC which consists of one (1) Non-Executive Director), the Board believes that there are sufficient and independent elements and adequate safeguards without undue influence, from the Chairman and the CEO, to allow for effective Board oversight.

Principle 4: Board Membership

The NC comprises three (3) Directors, a majority of whom, including the Chairman, are Independent Non-Executive Directors. The Chairman of the NC is not directly associated with a Substantial Shareholder of the Company within the meaning of the Code.

As at 31 December 2010, the NC members were as follow:

Mr. Adrian Chan Pengee	(Chairman)
Mr. Gary Ho Kuat Foong	(Member)
Mr. Hardjanto Adiwana	(Member)

The responsibilities of the NC are to make recommendations to the Board on all Board appointments.

In addition, the NC has its terms of reference defining its role which include the following:

(a) developing and maintaining a formal and transparent process for the appointment of Directors to the Board and all things incidental including re-nominating and re-electing Directors at regular intervals and determining annually whether or not a Director is independent;

(b) assessing the effectiveness of the Board as a whole, and the contribution by each Director to the effectiveness of the Board;

(c) deciding how the performance of the Board may be evaluated and to propose objective performance criteria;

(d) reporting to the Board its findings from time to time on matters arising and requiring the attention of the NC; and

(e) undertaking such other reviews, projects, functions, duties and responsibilities as may be requested by the Board.

When considering a new Board member, the NC reviewed the curriculum vitae of the potential candidate and considered his/her experience and likely contribution to the Board. Meetings with the potential candidate were subsequently conducted before the NC makes its recommendation to the Board. The Board then makes the final determination for the appointment.

The NC has fulfilled its duty of making the requisite recommendations to the Board on all Board appointments and has also carried out its duty of re-nomination and re-election.

New Directors are at present appointed by way of a Board resolution after the NC approves their appointment. Our Articles of Association require one-third (1/3) of our Directors to retire and subject themselves to re-election by the shareholders at every Annual General Meeting ("**AGM**"). This means that save for the CEO who has been appointed for a fixed term not exceeding five (5) years, no Director stays in office for more than three (3) years without being re-elected by the shareholders.

Each meeting of the NC was properly minuted and upon confirmation of such minutes by the Chairman, a copy of the confirmed minutes was duly circulated to all members of the NC and the Board.

Principle 5: Board Performance

In determining the objective performance criteria for evaluation and determination for the financial year ended 31 December 2010, the NC considered the attendance, participation and contribution of individual Directors at Board and Committee meetings and those factors set out in the Code to evaluate the individual Director's performance. The attendances at such meetings are set out on page 17 of this Annual Report.

Principle 6: Access to Information

Board members are provided with adequate and timely information prior to Board meetings on an ongoing basis, and have separate and independent access to UPP's senior management. Detailed Board papers are prepared for each meeting of the Board and are normally circulated in advance of each meeting. The Board papers include sufficient information from management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

A Company Secretary attends all Board meetings and is responsible to ensure that established procedures and all relevant statutes and regulations which are applicable to the Company are complied with. All Directors have separate, direct and independent access to the Company Secretary.

The Board also has in place procedures for Directors to take independent professional advice on matters affecting the Group, if necessary, at the Company's expense.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

As at 31 December 2010, the RC members were as follow:

Mr. Adrian Chan Pengee	(Chairman)
Mr. Gary Ho Kuat Foong	(Member)
Mr. Lim Chow Cher Charles	(Member)

<u>Note</u>:
On 1 August 2010, the RC was re-constituted and Mr. Koh Kim Huat resigned as a member of the RC while Mr. Lim Chow Cher Charles was appointed as an Independent Director and a member of the RC.

The RC has its terms of reference defining the scope of its role. The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual Directors and senior management. It reviews the remuneration packages with the aim of building capable and committed management teams through competitive remuneration compensation.

The RC's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board.

All the members of the RC are Independent Directors who are independent of the management and free from any business or other relationships which may materially interfere with the exercise of their independent judgment. The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally.

Principle 8: Level and Mix of Remuneration

In setting remuneration packages, the RC takes into account the performance of the Group, as well as individual Directors and key executives, aligning their interests with those of shareholders, and linking rewards to corporate and individual performance. In its deliberations, the RC takes into consideration industry practices and norms in compensation.

Directors are paid Directors' fees, determined by the Board based on the effort, time spent and responsibilities of the Directors. Directors' fees for Directors are subject to the approval of shareholders at the AGM.

Principle 9: Disclosure on Remuneration

The remuneration of Directors and key executives of the Group for the financial year ended 31 December 2010 is set out below:

Directors	Salary (S$)	Bonus (S$)	Benefits (S$)	Fees (S$)	Total (S$)
Mr. Koh Kim Huat(1)	208,333	83,333	110	27,708	319,484
Mr. Koh Wan Kai(2)	246,956	78,770	4,423	-	330,149
Mr. Ong Pang Liang(3)	100,000	40,000	491	-	140,491
Mr. Gary Ho Kuat Foong	-	-	-	45,000	45,000
Mr. Adrian Chan Pengee	-	-	-	45,000	45,000
Mr. Lim Chow Cher Charles(4)	-	-	-	15,625	15,625
Mr. Hardjanto Adiwana	-	-	-	32,500	32,500
Mr. Tan Geok Kwang(5)	-	-	-	20,417	20,417

Key Executives of the Group	Salary (%)	Bonus (%)	Benefits (%)	Fees (%)	Total (%)
Mr. Ho Siew Keong Kenneth[6]	86	14	-	-	100
Mr. Quek Kai Chua	82	18	-	-	100
Mr. Hung Wo Yi[7]	55	23	22	-	100
Mr. Tong Kim Chai	86	14	-	-	100
Ms. Tai Lai Yeen[8]	100	-	-	-	100

Notes:
(1) Mr. Koh Kim Huat was appointed as the CEO and re-designated as an Executive Chairman on 1 August 2010.
(2) Mr. Koh Wan Kai was re-designated as the President and Chief Operating Officer of the Company on 1 August 2010.
(3) Mr. Ong Pang Liang was appointed as an Executive Director and Finance Director on 1 August 2010.
(4) Mr. Lim Chow Cher Charles was appointed as an Independent Director on 1 August 2010.
(5) Mr. Tan Geok Kwang resigned as a Non-Executive Director on 1 August 2010.
(6) Mr. Ho Siew Keong Kenneth was appointed as the CEO (China) on 1 August 2010.
(7) Mr. Hung Wo Yi resigned as the Deputy General Manager of a subsidiary company in Malaysia on 31 July 2010.
(8) Ms. Tai Lai Yeen was appointed as the Finance Manager of the Company on 21 December 2010.

The Company does not employ any immediate family member of a Director or the CEO of the Group.

The RC met twice during the year to decide on Directors' fees, review the remuneration packages of the Executive Directors, assess the performance of senior management and determine their compensation packages (including bonus awards) for Year 2010. The RC's recommendations covered all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board undertakes the responsibility of overseeing the corporate performance of the Company and is accountable to shareholders for the processes and structure of directing and managing the Company's business and affairs. The management's role is to report to the Board the operational and financial performance of the Group by keeping the Board informed and updated with the provision of financial and management reports, on a regular basis.

Aside from adopting corporate governance practices in line with the spirit of the Code, the Company also observes obligations of continuing disclosure under the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Company undertakes to circulate timely, adequate and non-selective disclosure of information. The Board also issues half-yearly financial statements as reviewed by the AC to provide shareholders with comprehensive information and a balanced view on the Group's performance, position and prospects.

Principle 11: Audit Committee

As at 31 December 2010, the AC members were as follow:

Mr. Gary Ho Kuat Foong	(Chairman)
Mr. Adrian Chan Pengee	(Member)
Mr. Lim Chow Cher Charles	(Member)

Note:
On 1 August 2010, Mr. Tan Geok Kwang resigned as a Non-Executive Director and ceased to be a member of the AC. On the same day, Mr. Lim Chow Cher Charles was appointed as an Independent Director and a member of the AC.

All members are Non-Executive Directors appropriately qualified to discharge their responsibilities. They are also independent. The Chairman and its members have extensive management and financial experience.

The AC meets at least twice a year. Details of members and their attendance at such meetings are provided on page 17 of this Annual Report.

The AC has its terms of reference defining its role which include:

(a) reviewing the scope and results of audit, its costs effectiveness and the objectivity of the external auditors;

(b) reviewing the independence of the external auditors annually;

(c) where the auditors also supply a substantial volume of non-audit services to the Company, the AC shall keep under review the nature and extent of such services, so as to balance the maintenance of objectivity and value for money;

(d) meeting with the external auditors without the presence of the Company's management at least once a year;

(e) reviewing, at least annually, the effectiveness of the Company's material internal controls;

(f) ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company;

(g) ensuring, at least annually, the adequacy of the internal audit function;

(h) reviewing with the external auditors:

- the audit plan, including the nature and scope of the audit before the audit commences;
- their evaluation of the system of internal accounting controls;
- their audit report; and
- their management letter and the management's response;

(i) ensuring co-ordination where more than one (1) audit firm is involved;

(j) reviewing the half-year and annual financial statements before submission to the Board for approval;

(k) discussing problems and concerns, if any, arising from the internal and external audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(l) reviewing the assistance given by the management to the auditor;

(m) reviewing the balance sheet and income statements of the Company and the consolidated balance sheet and income statements, before approval by the Board;

(n) reviewing and discussing with the external auditors, any suspected fraud or irregularity, or suspected infringement of any Singapore law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the management's response;

(o) reporting to the Board on its findings from time to time on matters arising and requiring the attention of the AC;

(p) undertaking such other reviews and projects as may be requested by the Board; and

(q) considering the appointment/re-appointment of the external auditors, the audit fee and matters relating to the resignation or dismissal of the auditors.

The AC has explicit authority to conduct or authorise investigations into any aspect of the Group's financial affairs, audits and exposure to risks of a regulatory or legal nature, with full access to records, resources and personnel, to enable it to discharge its functions properly. The AC has full access to and cooperation of the management, and has full discretion to invite any Director and executive officer to attend its meetings. The management is invited to attend all meetings of the AC.

The AC has reviewed and is satisfied with the effectiveness of the Company's system of accounting controls including financial, operational and compliance controls. The AC also conducted a review of the Group's interested person transactions.

In performing its functions, the AC met with the external auditors, without the presence of the management. The external auditor has unrestricted access to the AC. Reasonable resources were made available to the AC to enable it to discharge its functions properly.

The AC, having reviewed all non-audit services provided by the external auditors of the Group, Messrs Ernst & Young LLP, is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors and recommends to the Board, the nomination of the external auditors for re-appointment.

The Company introduced a whistle-blowing framework, where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting and other matters. Details of the whistle-blowing policies and arrangements were made available to all employees.

Principle 12: Internal Controls

The Board recognises that it is responsible for the overall internal control framework and a review of the effectiveness of the Company's internal controls is conducted at least annually. It believes that the system of internal control maintained by the Company's management that was in place throughout the financial year and up to the date of this Annual Report provides reasonable, but not absolute, assurance against material financial misstatements or loss, including the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

Principle 13: Internal Audit

The Company recognises the importance of the internal audit function as an integral part of an effective system of good corporate governance. The Company fully outsourced its internal audit function to Centegy Governance Advisory Sdn Bhd which reports its findings and recommendations to the management and the Chairman of the AC.

Principle 14: Communication with Shareholders

The Company engages in regular, effective and fair communication with its shareholders. It regularly conveys pertinent information, gathers views or inputs, and addresses shareholders' concerns. The Company also discloses information on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company makes the same disclosure publicly to all others as soon as practicable.

Principle 15: Greater Shareholder Participation

The Board is mindful of the obligation to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. The Company is committed to timely dissemination of information and proper transparency and disclosure of relevant information to the public via the SGXnet system and the press when appropriate.

The Company also encourages active shareholder participation at its general meetings. Notices of meetings are published in the major newspapers together with explanatory notes or a circular on items of special business, at least fourteen (14) clear days before the meeting. Reports or circulars of the general meetings are despatched to all shareholders by post.

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. The Chairmen of the AC, RC and NC are normally available at the AGM to answer those questions relating to the work of these committees. The external auditors are also usually present to assist the Directors in addressing any relevant queries by shareholders.

Our Articles of Association permit a shareholder to appoint one (1) or two (2) proxies to attend and vote in his stead. The Company has not amended its Articles of Association to provide for absentia voting methods which call for elaborate and costly implementation of a fool-proof system, the need for which does not presently arise.

Separate resolutions are passed at every general meeting on each distinct issue.

CODE OF BUSINESS CONDUCT

The Group has adopted a Code of Business Conduct to regulate the standards of ethical conduct of the Group, which provides that its Directors, officers and employees are required to observe and maintain high standards of integrity in compliance with the law, regulations and Company policies.

DEALINGS IN SECURITIES

In line with Rule 1207(18) of the Listing Manual of the SGX-ST, the Group has issued a policy on share dealings by Directors and key officers of the Company, setting out the implications of insider-trading and recommendations of the best practices set out in Rule 1207(18). The Group adopts a code of conduct to provide guidance to its Directors and officers with regard to dealing in the Company's shares, which includes an annual declaration by the Company's Directors and officers with regard to securities trading and disclosure by the Company's Directors and officers when they deal in the Company's shares.

The Group also issues periodic circulars to its Directors, officers and employees reminding them that there must be no dealings in the Company's shares during the period commencing one (1) month before the half year or financial year, as the case may be, and ending on the date of announcement of the relevant results, and if they are in possession of unpublished material price-sensitive information.

In the opinion of the Directors, UPP is in compliance with the best practices set out in Rule 1207(18).

CORPORATE INFORMATION

Particulars of Directors as of 31 December 2010

	Board Committee as Chairman or Member	Directorship: Date first appointed Date last re-elected	Board Appointment	Directorship in other listed companies in Singapore (present & held over preceding 3 years)
Mr. Koh Kim Huat	-	31 October 2006 28 April 2009	Executive Chairman	Rowsley Ltd.
Mr. Koh Wan Kai*	-	1 April 2009	Executive	-
Mr. Ong Pang Liang*	-	1 August 2010	Executive	-
Mr. Gary Ho Kuat Foong	Chairman: Audit Committee Member: Remuneration Committee, Nominating Committee	31 October 2006 29 April 2010	Lead Independent	-
Mr. Adrian Chan Pengee*	Chairman: Remuneration Committee, Nominating Committee Member: Audit Committee	5 November 2002 29 April 2010	Independent	Isetan (Singapore) Limited Yoma Strategic Holdings Ltd. AEM Holdings Ltd. Global Investments Limited Biosensors International Group, Ltd.
Mr. Lim Chow Cher Charles*	Member: Audit Committee, Remuneration Committee	1 August 2010	Independent	-
Mr. Hardjanto Adiwana*	Member: Nominating Committee	1 December 2008 28 April 2009	Non-Executive	-

*Up for re-election

Notes:
On 1 August 2010, the various committees were re-constituted as follow:

Nominating Committee
Mr. Adrian Chan Pengee : Chairman
Mr. Gary Ho Kuat Foong : Member
Mr. Hardjanto Adiwana : Member

Remuneration Committee
Mr. Adrian Chan Pengee : Chairman
Mr. Gary Ho Kuat Foong : Member
Mr. Lim Chow Cher Charles : Member

Audit Committee
Mr. Gary Ho Kuat Foong : Chairman
Mr. Adrian Chan Pengee : Member
Mr. Lim Chow Cher Charles : Member

Attendance at Board and Committee Meetings for the financial year ended 31 December 2010

Directors	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance
Mr. Koh Kim Huat(1)	6	6	NA	NA	2	2	NA	NA
Mr. Koh Wan Kai	6	6	NA	NA	NA	NA	NA	NA
Mr. Ong Pang Liang(2)	6	3	NA	NA	NA	NA	NA	NA
Mr. Gary Ho Kuat Foong	6	6	2	2	2	2	2	2
Mr. Adrian Chan Pengee	6	6	2	2	2	2	2	2
Mr. Lim Chow Cher Charles(3)	6	3	2	1	2	0	NA	NA
Mr. Hardjanto Adiwana	6	5	NA	NA	NA	NA	2	1
Mr. Tan Geok Kwang(4)	6	2	2	1	NA	NA	NA	NA

Notes:
(1) Mr. Koh Kim Huat resigned as a member of the RC on 1 August 2010.
(2) Mr. Ong Pang Liang was appointed as an Executive Director on 1 August 2010. Hence, he did not participate in any Board and Committee meetings prior to his appointment for the financial year ended 31 December 2010.
(3) Mr. Lim Chow Cher Charles was appointed as an Independent Director on 1 August 2010. Hence, he did not participate in any Board and Committee meetings prior to his appointment for the financial year ended 31 December 2010.
(4) Mr. Tan Geok Kwang resigned as a Non-Executive Director on 1 August 2010.

Particulars of Key Management Staff as at 31 December 2010

Ho Siew Keong Kenneth

Mr. Ho is the Chief Executive Officer for the Group's China operations. He joined the Group in August 2010 and is responsible for seeking investment and business opportunities in China. He has over 10 years of experience in managing business operations and is particularly familiar with China. He holds an Honours degree in Economics and Political Science from York University, Toronto, Canada.

Tai Lai Yeen

Ms. Tai is the Finance Manager of UPP Holdings Limited. She joined the Group in December 2010 and is responsible for accounting, financial and taxation matters of the Company. She has over 8 years of experience in the accounting and auditing profession. She holds a degree in Accountancy from the University of Putra Malaysia.

Tong Kim Chai

Mr. Tong is the General Manager of UPP Recycled Fibre (M) Sdn Bhd ("**URF**"). He joined the Group in March 2000 and is responsible for the overall management of URF. He has more than 20 years of working experience in the paper recycling industry. In January 2011, the Group merged the URF operations into the paper mill operations under UPP Pulp & Paper (M) Sdn Bhd and Mr. Tong was re-designated as General Manager taking charge of all the operational matters.

INTERESTED PERSON TRANSACTIONS POLICY

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's interested person transactions.

There were no interested person transactions for the financial year ended 31 December 2010.

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of UPP Holdings Limited (the "**Company**" or the "**Parent**") and subsidiary companies (collectively, the "**Group**") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2010.

Directors

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

Koh Kim Huat	(Executive Chairman)
Koh Wan Kai	(Executive Director)
Ong Pang Liang	(Executive Director, appointed on 1 August 2010)
Gary Ho Kuat Foong	
Adrian Chan Pengee	
Lim Chow Cher Charles	(Appointed on 1 August 2010)
Hardjanto Adiwana	

Arrangements to enable Directors to acquire shares and debentures

Except as described in section "**Options**" below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement which objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interest in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company as stated below:

	Direct Interest	
Name of Director	**At the beginning of financial year or date of appointment**	**At the end of financial year**
Ordinary shares of the Company		
Ong Pang Liang	5,000,000	5,000,000
Adrian Chan Pengee	200,000	200,000

There was no change in the above-mentioned interest between the end of the financial year and 21 January 2011.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Options

The United Pulp & Paper Company Limited Share Option Scheme (the "**Scheme**") is administered by the Remuneration Committee ("**RC**"). The members of the RC at the date of this report are as follows:

Adrian Chan Pengee (Chairman)	(Independent)
Gary Ho Kuat Foong	(Lead Independent)
Lim Chow Cher Charles	(Independent)

Each share option entitles the employees of the Company to subscribe for one new ordinary share in the Company. The options are granted in consideration of $1 per option for all the shares in respect of which the option is granted. The options may be exercised after 1 year except under certain circumstances but not later than 5 years for Non-Executive Option and not later than 10 years for Executive Option from the date the share option was offered. The options may be exercised in full or in blocks of 1,000 shares or a multiple thereof on the payment of the exercise price. Options granted will, to the extent unexercised, immediately lapse and cease to have any effect when the option holder ceases to be in office (in the case of non-executive Directors) or under full-time employment of the Company or any corporation in the Group subject to certain exceptions at the discretion of the Company.

(A) Options granted under the Scheme:

No further options will be granted under the Scheme as it had expired on 16 January 2004. However, shares will continue to be issued pursuant to the exercise of those options granted prior to the expiry of the Scheme.

(B) Unissued shares under option:

Details of the options to subscribe for ordinary shares in the Company that were granted to employees of the Group pursuant to the Scheme are as follows:

Date of grant	Balance as at 1.1.2010	Options exercised	Options cancelled /lapsed	Balance as at 31.12.2010	Number of holders at 31.12.2010	Exercise price [1] ($)	Exercisable period
04.03.2002	10,000	(10,000)	–	–	–	0.013	04.02.2003 to 03.02.2012
15.01.2004	3,000	(3,000)	–	–	–	0.001	12.01.2005 to 11.01.2014

[1] The exercise prices of the Options were adjusted as a result of a rights issue exercise that was undertaken by the Company in 2007.

Audit Committee

The members of the Audit Committee ("**AC**") at the date of this report are as follows:

Gary Ho Kuat Foong (Chairman)	(Lead Independent)
Adrian Chan Pengee	(Independent)
Lim Chow Cher Charles	(Independent)

All members of the AC are non-executive directors.

The AC carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Company, and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors
- Reviews the half yearly and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the board of directors
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviews the cost effectiveness and the independence and objectivity of the external auditors
- Reviews the nature and extent of non-audit services provided by the external auditors
- Recommends to the board of directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit
- Reports actions and minutes of the AC to the board of directors with such recommendations as the AC considers appropriate
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

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 AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year with full attendance from majority of the members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditors

The auditors, Ernst & Young LLP, retiring at the forthcoming Annual General Meeting ("**AGM**") of the Company, will not be seeking reappointment.

The AC will be nominating Nexia TS Public Accounting Corporation as auditors of the Company at the forthcoming AGM of the Company.

On behalf of the Board of Directors:

Koh Kim Huat
Director

Ong Pang Liang
Director

22 March 2011

STATEMENT BY DIRECTORS

We, Koh Kim Huat and Ong Pang Liang, being two of the Directors of UPP Holdings Limited, do hereby state that, in the opinion of the Directors,

(a) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto 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 2010 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, 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 Board of Directors:

Koh Kim Huat
Director

Ong Pang Liang
Director

22 March 2011

INDEPENDENT AUDITORS' REPORT

For the financial year ended 31 December 2010

To the members of UPP Holdings Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of UPP Holdings Limited (the "**Company**" or the "**Parent**") and subsidiary companies (collectively, the "**Group**") set out on pages 26 to 86, which comprise the balance sheets of the Group and the Company as at 31 December 2010, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement 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 and fair presentation of these consolidated financial statements in accordance with the provisions of the Singapore Companies Act (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 account and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 judgment, 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards 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 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company 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 and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore

22 March 2011

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2010

	Note	Group 2010 $'000	Group 2009 $'000
Turnover	3	52,792	38,594
Cost of sales		(44,393)	(34,598)
Gross profit		8,399	3,996
Other items of income			
Interest income	4	228	28
Other income	5	316	1,594
Other items of expense			
General and administrative expenses		(3,498)	(2,111)
Selling and distribution expenses		(2,585)	(2,010)
Finance costs	6	(701)	(1,029)
Other operating expenses		(560)	(306)
Share of results of associate		–	(52)
Profit before tax	7	1,599	110
Income tax (expense)/benefit	8	(126)	360
Profit for the year		1,473	470
Attributable to:			
Owners of the parent		937	506
Non-controlling interests		536	(36)
		1,473	470
Earnings per share attributable to owners of the parent (cents per share)			
Basic	9	0.18	0.21
Diluted	9	0.17	0.21

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2010

	Group	
	2010	**2009**
	$'000	$'000
Profit for the year	1,473	470
Other comprehensive income:		
Net loss on fair value changes of available-for-sale financial assets	(135)	–
Foreign currency translation	1,510	(525)
Other comprehensive income for the year, net of tax	1,375	(525)
Total comprehensive income for the year	2,848	(55)
Attributable to:		
Owners of the parent	2,202	254
Non-controlling interests	646	(309)
	2,848	(55)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2010

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Non-current assets					
Property, plant and equipment	10	71,813	72,175	444	24
Investment properties	11	8,491	11,172	–	–
Investments in subsidiaries	12	–	–	15,422	15,422
Investment in associate	13	–	719	–	–
Investment securities	14	7,484	–	6,765	–
Current assets					
Inventories	15	6,550	5,258	–	–
Trade receivables	16	11,017	8,266	709	297
Other receivables	17	1,350	1,146	23,791	24,869
Tax recoverable		108	215	–	–
Prepaid operating expenses		191	410	15	260
Cash and bank balances	18	32,716	5,397	31,876	3,146
		51,932	20,692	56,391	28,572
Total assets		139,720	104,758	79,022	44,018
Current liabilities					
Amounts due to bankers	19	11,884	6,529	–	–
Trade payables and accruals	20	5,340	4,767	233	376
Other payables	21	435	389	104	50
Lease creditors	22	9	11	–	–
Provision for taxation		88	112	–	–
		17,756	11,808	337	426
Net current assets		34,176	8,884	56,054	28,146
Non-current liabilities					
Lease creditors	22	–	8	–	–
Deferred taxation	23	620	597	–	–
Bank loans	24	–	7,894	–	–
		620	8,499	–	–
Total liabilities		18,376	20,307	337	426
Net assets		121,344	84,451	78,685	43,592
Equity attributable to owners of the parent					
Share capital	25	82,833	48,705	82,833	48,705
Retained earnings/(Accumulated losses)		36,754	35,812	(4,087)	(5,192)
Other reserves		(4,670)	(5,930)	(61)	79
		114,917	78,587	78,685	43,592
Non-controlling interests		6,427	5,864	–	–
Total equity		121,344	84,451	78,685	43,592
Total liabilities and equity		139,720	104,758	79,022	44,018

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Group	Total equity $'000	Equity attributable to owners of the parent, total $'000	Share capital (1) (Note 25) $'000	Retained earnings $'000	Total other reserves $'000	Capital reserve (2) $'000	Employee share option reserve (3) $'000	Foreign currency translation reserve (4) $'000	Fair value reserve $'000	Non-controlling interests $'000
		Attributable to owners of the parent								
2010										
At 1 January 2010	**84,451**	**78,587**	**48,705**	**35,812**	**(5,930)**	**712**	**5**	**(6,647)**	**–**	**5,864**
Profit for the year	1,473	937	–	937	–	–	–	–	–	536
Other comprehensive income for the year, net of tax	1,375	1,265	–	–	1,265	–	–	1,400	(135)	110
Total comprehensive income for the year	**2,848**	**2,202**	**–**	**937**	**1,265**	**–**	**–**	**1,400**	**(135)**	**646**
Contributions by and distributions to owners										
Right issue of ordinary shares	23,856	23,856	23,856	–	–	–	–	–	–	–
Share issuance expense	(263)	(263)	(263)	–	–	–	–	–	–	–
Warrants 2010 conversions	10,535	10,535	10,535	–	–	–	–	–	–	–
Dividend paid to non-controlling shareholders	(83)	–	–	–	–	–	–	–	–	(83)
Exercise of employee share options	–	–	–	5	(5)	–	(5)	–	–	–
Transactions with owners in their capacity as owners	**34,045**	**34,128**	**34,128**	**5**	**(5)**	**–**	**(5)**	**–**	**–**	**(83)**
At 31 December 2010	**121,344**	**114,917**	**82,833**	**36,754**	**(4,670)**	**712**	**–**	**(5,247)**	**(135)**	**6,427**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

For the financial year ended 31 December 2010

		Attributable to owners of the parent								
Group	**Total equity** $'000	**Equity attributable to owners of the parent, total** $'000	**Share capital [1] (Note 25)** $'000	**Retained earnings** $'000	**Total other reserves** $'000	**Capital reserve [2]** $'000	**Employee share option reserve [3]** $'000	**Foreign currency translation reserve [4]** $'000	**Fair value reserve** $'000	**Non-controlling interests** $'000
2009										
At 1 January 2009	**83,720**	**77,695**	**48,705**	**35,225**	**(6,235)**	**74**	**86**	**(6,395)**	**–**	**6,025**
Profit for the year	470	506	–	506	–	–	–	–	–	(36)
Other comprehensive income for the year, net of tax	(525)	(252)	–	–	(252)	–	–	(252)	–	(273)
Total comprehensive income for the year	**(55)**	**254**	**–**	**506**	**(252)**	**–**	**–**	**(252)**	**–**	**(309)**
Contributions by and distributions to owners										
Capital contribution by non-controlling interests	786	638	–	–	638	638	–	–	–	148
Expiry of employee share options	–	–	–	81	(81)	–	(81)	–	–	–
Transactions with owners in their capacity as owners	**786**	**638**	**–**	**81**	**557**	**638**	**(81)**	**–**	**–**	**148**
At 31 December 2009	**84,451**	**78,587**	**48,705**	**35,812**	**(5,930)**	**712**	**5**	**(6,647)**	**–**	**5,864**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

For the financial year ended 31 December 2010

Company	Total equity $'000	Share capital [1] (Note 25) $'000	Accumulated losses $'000	Total other reserves $'000	Capital reserve [2] $'000	Employee share option reserve [3] $'000	Fair value reserve $'000
2010							
At 1 January 2010	**43,592**	**48,705**	**(5,192)**	**79**	**74**	**5**	**–**
Profit for the year	1,100	–	1,100	–	–	–	–
Other comprehensive income for the year	(135)	–	–	(135)	–	–	(135)
Total comprehensive income for the year	**965**	**–**	**1,100**	**(135)**	**–**	**–**	**(135)**
Contributions by and distribution to owners							
Right issue of ordinary shares	23,856	23,856	–	–	–	–	–
Share issuance expense	(263)	(263)	–	–	–	–	–
Warrants 2010 conversions	10,535	10,535	–	–	–	–	–
Exercise of employee share options	–	–	5	(5)	–	(5)	–
Total transactions with owners in their capacity as owners	**34,128**	**34,128**	**5**	**(5)**	**–**	**(5)**	**–**
At 31 December 2010	**78,685**	**82,833**	**(4,087)**	**(61)**	**74**	**–**	**(135)**
2009							
At 1 January 2009	**48,562**	**48,705**	**(303)**	**160**	**74**	**86**	**–**
Loss for the year	(4,970)	–	(4,970)	–	–	–	–
Other comprehensive income for the year	–	–	–	–	–	–	–
Total comprehensive income for the year	**(4,970)**	**–**	**(4,970)**	**–**	**–**	**–**	**–**
Contributions by and distribution to owners							
Expiry of employee share options and representing total transactions with owners in their capacity as owners	–	–	81	(81)	–	(81)	–
At 31 December 2009	**43,592**	**48,705**	**(5,192)**	**79**	**74**	**5**	**–**

(1) The holders of ordinary shares are entitled to receive dividends when declared by the Company. All ordinary shares carry one vote without restriction and have no par value.

(2) These are not available for distribution as dividends. Included in capital reserve of the Group is an amount of $638,000 which relates to contribution by a non-controlling interest in excess of its shareholding.

(3) Employee share option reserve represents the equity-settled share options granted to employee (Note 26). The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options. The reserve is reduced by the expiry or exercise of the share options.

(4) Foreign currency translation reserve is used to record exchange differences arising from the translation on the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2010

	2010 $'000	2009 $'000
Operating activities		
Profit before tax	1,599	110
Adjustments for:		
Depreciation of property, plant and equipment	2,836	2,762
Depreciation of investment properties	245	268
Property, plant and equipment written off	11	–
Gain on disposal of property, plant and equipment	(22)	(13)
Gain on disposal of an investment property	(237)	–
Share of results of associate	–	52
Allowance for doubtful trade debts	25	27
Write back of allowance for doubtful trade debts	(45)	(123)
Bad debts written off	–	47
Net gain arising from purchase of additional shares in a subsidiary company	–	(1,471)
Interest income	(228)	(28)
Interest expenses	701	1,029
Foreign currency translation adjustment	222	296
Operating cash flows before changes in working capital	5,107	2,956
Changes in working capital		
(Increase)/decrease in inventories	(1,292)	2,205
(Increase)/decrease in trade receivables	(2,731)	2,418
(Increase)/decrease in other receivables	(163)	1,132
Decrease/(increase) in prepaid operating expenses	219	(171)
Increase in trade payables and accruals	574	168
Increase/(decrease) in other payables	46	(81)
Cash flows from operations	1,760	8,627
Interest received	238	28
Interest paid	(701)	(1,029)
Income taxes paid	(20)	(181)
Net cash flows from operating activities	1,277	7,445
Investing activities		
Purchase of property, plant and equipment	(1,229)	(764)
Proceeds from disposal of property, plant and equipment	22	13
Proceeds from disposal of an investment property	2,704	–
Purchase of investment securities	(6,951)	–
Purchase of additional shares in a subsidiary company	–	(82)
Net cash flows used in investing activities	(5,454)	(833)
Financing activities		
Proceeds from loans and borrowings	8,691	–
Repayment of loans and borrowings	(11,230)	(7,500)
Net proceeds from the issuance of shares of the Company	34,128	–
Pledge of fixed deposits	(4,390)	–
Dividends paid to non-controlling interests of a subsidiary company	(83)	–
(Repayment of)/proceeds from finance lease obligations	(10)	11
Net cash flows from/(used in) financing activities	27,106	(7,489)
Net increase/(decrease) in cash and cash equivalents	22,929	(877)
Cash and cash equivalents at beginning of year	5,397	6,274
Cash and cash equivalents at end of year (Note 18)	28,326	5,397

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

UPP Holdings Limited (the "**Company**") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The registered office and principal place of business of the Company is located at 1 Kim Seng Promenade, #14-01 Great World City East Tower, Singapore 237994.

The principal activities of the Company are investment holding, providing management services and trading of paper products. The principal activities of the subsidiary companies are stated in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("**FRS**").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("**SGD**" or "**$**") and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("**INT FRS**") that are effective for annual periods beginning on or after 1 January 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as disclosed below:

FRS 103 Business Combinations (revised) and FRS 27 Consolidated and Separate Financial Statements (revised)

The revised FRS 103 Business Combinations and FRS 27 Consolidated and Separate Financial Statements are applicable for annual periods beginning on or after 1 July 2009. As of 1 January 2010, the Group adopted both revised standards at the same time in accordance with their transitional provisions.

FRS 103 Business Combinations (revised)

The revised FRS 103 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

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

2.2 ***Changes in accounting policies (cont'd)***

FRS 103 Business Combinations (revised) (cont'd)

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;

- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;

- The Group elects for each acquisition of a business, to measure non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and

- When a business is acquired in stages, the previously held equity interests in the acquire is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provision, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.

FRS 27 Consolidated and Separate Financial Statements (revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;

- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and

- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interest, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 January 2010. The changes will affect future transactions with non-controlling interests.

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

2.3 ***Standards issued but not yet effective***

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 32 *Financial Instruments: Presentation – Classification of Rights Issues*	1 February 2010
INT FRS 119 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010
Revised FRS 24 *Related Party Disclosures*	1 January 2011
Amendments to INT FRS 114 *Prepayments of a Minimum Funding Requirement*	1 January 2011
INT FRS 115 *Agreements for the Construction of Real Estate*	1 January 2011

Except for the revised FRS 24, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

2.4 ***Significant accounting judgements and estimates***

Estimates and assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent liabilities. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that there are no critical judgments in the application of accounting policies that have been made in the preparation of financial statements.

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

2.4 ***Significant accounting judgments and estimates (cont'd)***

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation or uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- ***Depreciation of plant and machinery***

  The cost of plant and machinery for the manufacturing activities is depreciated on a straight-line basis over the plant and machinery's estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be within 3 to 40 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at 31 December 2010 was $47,846,000 (2009: $48,584,000).

- ***Income taxes***

  The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is 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 impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables and tax recoverable at 31 December 2010 were $88,000 (2009: $112,000) and $108,000 (2009: $215,000) respectively.

- ***Allowances for bad and doubtful debts***

  The Group makes allowances for bad and doubtful debts based on an assessment of recoverability of trade and other receivables. Allowances are adopted to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgements and estimates, where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed. As at 31 December 2010, the total allowances for doubtful debts are $458,000 (2009: $528,000).

- ***Inventory related allowances***

  A review is made periodically on inventory for excess inventory obsolescence and declines in net realisable value below cost and record an allowance against the inventory balance for any such declines. These reviews require management to estimate future demand for our products. Possible changes in these estimates would result in revisions to the valuation of inventory.

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

2.5 ***Foreign currency***

The consolidated financial statements are presented in Singapore Dollars, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) ***Transactions and balances***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group and Company on disposal of the foreign operation.

(b) ***Group companies***

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

The Group has elected to recycle the accumulated exchange differences in the separate component of other comprehensive income that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

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

2.6 ***Subsidiaries and basis of consolidation***

(a) ***Subsidiaries***

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(b) ***Basis of consolidation***

<u>Business combinations from 1 January 2010</u>

The consolidated financial statements comprise the financial statements of the Company and subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies 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 intra-group transactions 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.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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

2.6 ***Subsidiaries and basis of consolidation (cont'd)***

(b) ***Basis of consolidation (cont'd)***

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill.

<u>Business combinations before 1 January 2010</u>

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquire are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group has a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.7 ***Associates***

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired.

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

2.7 *Associates (cont'd)*

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2.8 *Transactions with non-controlling interests*

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 income statement, consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.9 *Financial assets*

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

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

2.9 *Financial assets (cont'd)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) ***Loans and receivables***

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(b) ***Available-for-sale financial assets***

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

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

2.10 *Impairment of financial assets*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) ***Financial assets carried at amortised cost***

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) ***Financial assets carried at cost***

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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

2.10 *Impairment of financial assets (cont'd)*

(c) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.11 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

2.11 *Impairment of non-financial assets (cont'd)*

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.12 *Revenue*

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:

(a) ***Sale of goods***

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) ***Management fee***

Management fee is recognised when amounts are due to be received.

(c) ***Interest income***

Interest income is recognised using the effective interest method.

(d) ***Dividend income***

Dividend income is recognised when the Group's right to receive payment is established.

(e) ***Rental income***

Rental income arising on operating leases on investment properties 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 term on a straight-line basis.

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

2.13 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

2.13 *Taxes (cont'd)*

(b) *Deferred tax (cont'd)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.14 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.15 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.14. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

2.15 *Property, plant and equipment (cont'd)*

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the balance sheet date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the capital reserve in respect of an asset is transferred directly to accumulated profits on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold land and buildings	50 to 99 years
Plant and machinery	3 to 40 years
Furniture, fixtures and office equipment	3 to 10 years
Motor vehicles	5 to 7 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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 year the asset is derecognised.

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

2.16 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted for as finance leases.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses. Investment properties other than freehold land are depreciated on a straight-line basis to write off the cost of the assets to their residual values over the estimated useful life, at annual rates of 2%.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.15 up to the date of change in use.

2.17 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

Raw materials – purchase costs on a weighted average basis;

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

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

2.18 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, fixed deposits and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.19 ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, the financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.20 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.21 ***Government grants***

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants related to income shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss.

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

2.22 *Employee benefits*

(a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

(c) *Employee share option plans*

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees for awards granted after 22 November 2002 is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised 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 options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

2.23 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

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

2.23 ***Leases (cont'd)***

(a) ***As lessee***

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) ***As lessor***

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.12(e). Contingent rents are recognised as revenue in the period in which they are earned.

2.24 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

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

2.26 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.27 *Related parties*

A party is considered to be related to the Group if:

(a) The party, directly or indirectly through one or more intermediaries,

  (i) controls, is controlled by, or is under common control with, the Group; or
  (ii) has an interest in the Group that gives it significant influence over the Group; or
  (iii) has joint control over the Group;

(b) The party is an associate;

(c) The party is a member of the key management personnel of the Group or its parent;

(d) The party is a close member of the family of any individual referred to in (a) or (c); or

(e) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) The party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

3. Turnover

	Group 2010 $'000	Group 2009 $'000
Sale of goods	51,491	37,304
Rental income	1,301	1,290
	52,792	38,594

4. Interest income

	Group 2010 $'000	Group 2009 $'000
Interest income from:		
- Fixed deposits	132	28
- Available-for-sale financial assets	96	–
	228	28

5. Other income

	Group 2010 $'000	Group 2009 $'000
Gain on disposal of an investment property	237	–
Gain on disposal of property, plant and equipment	22	13
Write back of provision for doubtful trade debts – net	20	96
Net gain arising from purchase of additional shares in a subsidiary company (Note 12)	–	1,471
Grant income from Jobs Credit Scheme	3	14
Others	34	–
	316	1,594

During the financial year ended 31 December 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme ("**Scheme**"). Under this Scheme, the Group received a 12% cash grant on the first $2,500 of each month's wages for each employee on their Central Provident Fund payroll. The Scheme was phased out in 2010.

6. Finance costs

	Group 2010 $'000	Group 2009 $'000
Interest expense on:		
- Bank loans	(539)	(837)
- Bankers' acceptance	(149)	(177)
- Bank overdrafts	(8)	(4)
- Hire purchase	(1)	(2)
- Others	(4)	(9)
	(701)	(1,029)

7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group 2010 $'000	Group 2009 $'000
Non-audit fees paid to auditors of the Company	(32)	(36)
Employee benefit expenses (Note 26)	(3,669)	(3,244)
Depreciation of property, plant and equipment	(2,836)	(2,762)
Depreciation of investment properties	(245)	(268)
Foreign exchange loss	(559)	(282)
Operating lease expense	(149)	(90)
Bank charges	(68)	(64)
Write back of inventory obsolescence	43	1,137
Allowance for inventory obsolescence	–	(213)
Property, plant and equipment written off	(11)	–
Bad debts written off – trade	–	(47)

8. Income tax (expense)/credit

Major components of income tax (expense)/credit

The major components of income tax (expense)/credit for the years ended 31 December 2010 and 2009 are:

	Group	
	2010	2009
	$'000	$'000
Consolidated income statement:		
Current income tax:		
- Current income taxation	(107)	(161)
- Over-provision in respective of previous years	4	212
	(103)	51
Deferred income tax:		
- Origination and reversal of temporary differences	(23)	26
- Over-provision in respect of previous years	–	274
- Effect of reduction in tax rate	–	9
Income tax (expense)/credit recognised in consolidated income statement	(126)	360

Relationship between income tax (expense)/credit and accounting profit

The reconciliation between the income tax (expense)/credit and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December are as follows:

	Group	
	2010	2009
	$'000	$'000
Profit before tax	1,599	110
Tax at the domestic rates applicable to profits in the countries where the Group operates	(561)	46
Adjustments:		
Non-deductible expenses	(426)	(273)
Income not subject to taxation	111	424
Effect of reduction in tax rate	–	9
Over-provision in respect of previous years	4	486
Benefit from previously unrecognised deferred tax assets	797	–
Deferred tax assets not recognised	(51)	(318)
Others	–	(14)
Income tax (expense)/credit recognised in consolidated income statement	(126)	360

The corporate income tax rate applicable to Singapore companies of the Group was reduced to 17% for the year of assessment 2010 onwards from 18% for year of assessment 2009.

8. Income tax (expense)/credit (cont'd)

Relationship between income tax (expense)/credit and accounting profit (cont'd)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

At the end of the reporting period, the Group has unutilised tax losses, unabsorbed capital allowances and unabsorbed investment allowances of approximately $1,895,000 (2009: $1,880,000), $5,149,000 (2009: $5,068,000) and $37,099,000 (2009: $39,237,000) respectively, which are available for offset against future taxable profits subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. No deferred tax assets are recognised on these amounts due to uncertainties of its recoverability.

9. Earnings per share

Basic earnings per share amounts are calculated by dividing profit net of tax attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit net of tax attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2010	**2009**
	$'000	$'000
Profit for the year attributable to owners of the parent used in the computation of earnings per share	937	506
	No. of shares	**No. of shares**
	'000	'000
Weighted average number of ordinary shares for basic earnings per share computation	507,130	238,557
Effect of dilutive warrants	49,950	13
Adjusted weighted average number of ordinary shares for diluted earnings per share computation	557,080	238,570

10. Property, plant and equipment

Group	Freehold land $'000	Leasehold land and buildings $'000	Plant and machinery $'000	Furniture, fixtures and office equipment $'000	Motor vehicles $'000	Total $'000
Cost:						
At 1 January 2009	4,718	22,234	65,946	1,468	1,206	95,572
Net translation differences	(46)	(221)	(643)	(12)	(14)	(936)
Additions	–	–	593	131	40	764
Disposals	–	–	–	(1)	(42)	(43)
Write-off	–	–	(483)	(215)	–	(698)
At 31 December 2009 and 1 January 2010	4,672	22,013	65,413	1,371	1,190	94,659
Net translation differences	79	370	1,100	22	20	1,591
Additions	–	–	587	255	387	1,229
Disposals	–	–	–	–	(90)	(90)
Write-off	–	–	–	(84)	(29)	(113)
At 31 December 2010	4,751	22,383	67,100	1,564	1,478	97,276
Accumulated depreciation and impairment:						
At 1 January 2009	–	3,177	15,306	1,117	1,071	20,671
Net translation differences	–	(33)	(153)	(11)	(11)	(208)
Depreciation charge for the year	–	433	2,159	135	35	2,762
Disposals	–	–	–	(1)	(42)	(43)
Write-off	–	–	(483)	(215)	–	(698)
At 31 December 2009 and 1 January 2010	–	3,577	16,829	1,025	1,053	22,484
Net translation differences	–	53	250	15	17	335
Depreciation charge for the year	–	454	2,175	139	68	2,836
Disposals	–	–	–	–	(90)	(90)
Write-off	–	–	–	(73)	(29)	(102)
At 31 December 2010	–	4,084	19,254	1,106	1,019	25,463
Net carrying amount:						
At 31 December 2010	4,751	18,299	47,846	458	459	71,813
At 31 December 2009	4,672	18,436	48,584	346	137	72,175

10. Property, plant and equipment (cont'd)

Company	Furniture, fixtures and office equipment $'000	Motor vehicles $'000	Total $'000
Cost:			
At 1 January 2009	42	–	42
Additions	4	–	4
Disposals	(1)	–	(1)
At 31 December 2009 and 1 January 2010	45	–	45
Additions	185	290	475
Disposals	(31)	–	(31)
At 31 December 2010	199	290	489
Accumulated depreciation and impairment:			
At 1 January 2009	3	–	3
Depreciation charge for the year	18	–	18
At 31 December 2009 and 1 January 2010	21	–	21
Depreciation charge for the year	21	24	45
Disposals	(21)	–	(21)
At 31 December 2010	21	24	45
Net carrying amount:			
At 31 December 2010	178	266	444
At 31 December 2009	24	–	24

(a) As at 31 December 2010, the Group has motor vehicles with a total net carrying amount of $25,000 (2009: $32,000) under finance lease arrangements. Leased assets are pledged as security for the related finance lease liabilities.

(b) The net carrying amount of the Group's property, plant and equipment pledged as securities for bank borrowings amounted to $Nil (2009: $22,052,000) as at 31 December 2010.

11. Investment properties

	Group	
	2010	**2009**
	$'000	$'000
Balance sheet:		
Cost		
At 1 January	13,664	13,736
Disposals	(3,171)	–
Write-off	–	(41)
Net translation differences	52	(31)
At 31 December	10,545	13,664
Accumulated depreciation		
At 1 January	2,492	2,230
Depreciation charge for the year	245	268
Disposals	(704)	–
Net translation differences	21	(6)
At 31 December	2,054	2,492
Net carrying amount	8,491	11,172
Income Statement:		
Rental income from investment properties	1,301	1,290
Direct operating expenses (including repairs and maintenance arising from rental generating properties)	(18)	(28)

Valuation of investment properties

The fair value of the investment property as at 31 December 2010 (as estimated by management) is $15,900,000 (2009: $18,400,000), which has been determined based on the valuations performed by DTZ Debenham Tie Leung (SEA) Pte Ltd ("**DTZ**"), an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. The valuation is based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market. The property was last assessed by DTZ on 18 March 2010.

12. Investments in subsidiaries

	Company 2010 $'000	Company 2009 $'000
Unquoted equity shares, at cost	15,422	15,422

The subsidiary companies as at 31 December are:

Name of company (Country of incorporation)	Principal activities	Proportion of ownership interest 2010 %	Proportion of ownership interest 2009 %
Held by the Company			
[(1)] UPP Industries Pte. Ltd. (Formerly known as United Paper Industries Pte Ltd) (Singapore)	Investment holding and rental and management of property	100.0	100.0
[(3)] UPP Greentech Pte. Ltd. (Formerly known as United Green-Industries Pte Ltd) (Singapore)	Dormant	100.0	100.0
[(1)] UPP Investment (Asia) Pte Ltd (Singapore)	Investment holding	100.0	100.0
Held through subsidiary companies			
[(2)] UPP Greentech (M) Sdn Bhd (Formerly known as United Packaging Industries Sdn Bhd) (Malaysia)	Rental and management of property	100.0	100.0
[(2)] UPP Pulp & Paper (M) Sdn Bhd (Formerly known as United Paper Board (M) Sdn Bhd) (Malaysia)	Manufacture and sale of paper	87.5	87.5
[(2)] UPP Recycled Fibre (M) Sdn Bhd (Formerly known as United Re-cycled Fibre Sdn Bhd) (Malaysia)	Trading in recycled fibre	51.0	51.0
[(2)] Berlian Bestari Sdn Bhd (Malaysia)	Dormant	87.5	87.5

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firm of Ernst & Young Global in Malaysia
(3) Unaudited because it is exempted from audit in the country of incorporation

12. Investments in subsidiaries (cont'd)

Acquisition of non-controlling interests

In last financial year, the Group's subsidiary company, UPP Investment (Asia) Pte Ltd, acquired an additional 40% interest in UPP Greentech (M) Sdn Bhd from its non-controlling interests for a cash consideration of $82,000. As a result of this acquisition, UPP Greentech (M) Sdn Bhd became a wholly-owned subsidiary of UPP Investment (Asia) Pte Ltd. The non-controlling shareholder had also in the same transaction waived debts owing from UPP Greentech (M) Sdn Bhd and UPP Recycled Fibre (M) Sdn Bhd. The net gain arising from this transaction amounted to $1,471,000 was recognised in the consolidated income statement.

13. Investment in associate

	Group	
	2010	**2009**
	$'000	$'000
Unquoted shares, at cost	–	301
Share of post-acquisition reserves	–	470
Exchange differences	–	(52)
Carrying amount of investment	–	719

Investment in associate which was previously accounted for under equity accounting method is reclassified to investment securities (Note 14) as the Group has ceased to have significant influence following the resignation of certain directors for which the Group has lost its representation and participation in the board of directors of Samson Group.

The associate as at 31 December 2010 is:

Name of company (Country of incorporation)	**Principal activities**	**Effective equity interest held by the Group**	
		2010	**2009**
		%	%
Held through subsidiary company			
Samson Paper (M) Sdn Bhd (Malaysia) *	Manufacture and sale of paper and paper related products	–	30.0

* Audited by Crowe Horwath International, Malaysia

13. Investment in associate (cont'd)

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2010	2009
	$'000	$'000
Assets and liabilities:		
Current assets	–	8,268
Non-current assets	–	52
Total assets	–	8,320
Current liabilities	–	5,923
Total liabilities	–	5,923
Results:		
Revenue	–	5,903
Loss for the year	–	(174)

14. Investment securities

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Available-for-sale financial assets				
- SGD corporate bonds (unquoted)	6,765	–	6,765	–
Equity instruments (unquoted), at cost	719	–	–	–
	7,484	–	6,765	–

The Group's and Company's investment in SGD corporate bonds bear interest rates ranging from 3.13% to 3.56% per annum and are due within April 2013 and June 2014. These bonds have been pledged as security for a bank loans (Note 24). Under the terms and conditions of the loan, the Group is prohibited from disposing of this investment or subjecting it to further charges without furnishing a replacement security of similar value.

Unquoted equity instruments which was previously accounted for under equity accounting method is reclassified from investment in associate (Note 13) as the Group has ceased to have significant influence following the resignation of certain directors for which the Group has lost its representation and participation in the board of directors of Samson Group.

15. Inventories

	Group 2010 $'000	Group 2009 $'000
Balance Sheet:		
Raw materials	2,633	2,182
Work-in-progress	46	65
Goods-in-transit	43	25
Production supplies	595	578
Finished goods	3,233	2,408
Total inventories at lower of cost and net realisable value	6,550	5,258
Inventories are stated after deducting allowance for inventory obsolescence of:	2	44
Income Statement:		
Inventories recognised as an expense in cost of sales	(41,475)	(31,693)
Inclusive of the following charge/(credit):		
- Allowance for inventories obsolescence	–	213
- Write-back of inventories obsolescence	(43)	(1,137)

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

16. Trade receivables

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Trade receivables	11,475	8,794	709	297
Less: Allowance for doubtful debts	(458)	(528)	–	–
	11,017	8,266	709	297

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group is an amount of $1,177,000 (2009: $752,000) denominated in United States Dollars.

16. Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to $4,733,000 (2009: $4,334,000) and $241,000 (2009: $21,000) respectively that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Trade receivables past due but not impaired:				
- Less than 30 days	2,449	1,984	204	–
- 30 to 60 days	1,015	1,020	31	21
- 61 to 90 days	520	333	6	–
- 91 to 120 days	483	110	–	–
- More than 120 days	266	887	–	–
	4,733	4,334	241	21

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2010	**2009**
	$'000	$'000
Trade receivables – nominal amounts	458	528
Less: Allowance for doubtful debts	(458)	(528)
	–	–
Movements in allowance for doubtful debts account:		
At 1 January	528	804
Allowance during the year	25	27
Write-back during the year	(45)	(123)
Write-off during the year	(56)	(176)
Net translation difference	6	(4)
At 31 December	458	528

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

17. Other receivables

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Amounts due from subsidiary companies	–	–	23,539	24,813
Amounts due from associate	–	1,020	–	–
Deposits	194	73	124	24
Sundry debtor	1,020	–	–	–
Staff advances	43	6	40	–
Accrued interest	68	3	68	3
Others	25	44	20	29
	1,350	1,146	23,791	24,869

The amounts for non-trade receivables from subsidiary companies, associate, sundry debtor and staff advances are unsecured, non-interest bearing and repayable on demand. These amounts are to be settled in cash.

18. Cash and bank balances

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Cash at banks and on hand	1,811	2,234	1,317	153
Fixed deposits	30,905	3,163	30,559	2,993
	32,716	5,397	31,876	3,146

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.12% to 1.00% (2009: 0.64% to 2.00%) per annum. Fixed deposits are made for varying periods of between one week and twelve months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective fixed deposit rates. The interest rates as at 31 December 2010 for the Group and the Company are ranging from 0.25% to 1.00% (2009: 0.25% to 0.60%) per annum.

Included in fixed deposits of the Group and the Company is an amount of $4,390,000 (2009: $Nil) and $4,053,000 (2009: $Nil) respectively pledged to secure banking facilities granted to subsidiary companies.

Cash and bank balances denominated in foreign currency other than the functional currencies of the Group entities at 31 December are as follows:

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
United States Dollars	904	1,040	800	898

18. Cash and bank balances (cont'd)

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2010	2009
	$'000	$'000
Cash and bank balances	32,716	5,397
Less: Pledged fixed deposits	(4,390)	–
Cash and cash equivalents	28,326	5,397

19. Amounts due to bankers

	Group	
	2010	2009
	$'000	$'000
Trust receipts, bills payable and bankers' acceptance	1,459	3,658
Short-term portion of bank loans (Note 24)	10,425	2,871
	11,884	6,529

Trust receipts, bills payable and bankers' acceptance consist of:

- $1,459,000 (2009: $3,658,000) which bears interest of 4.05% to 4.88% (2009: 3.46% to 5.47%) per annum and is secured by fixed deposits of $129,000 (2009: $Nil) and a corporate guarantee of the Company.

20. Trade payables and accruals

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Trade payables	3,414	2,920	–	–
Accrued operating expenses	1,926	1,847	233	376
	5,340	4,767	233	376

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

20. Trade payables and accruals (cont'd)

Included in trade payables and accrued operating expenses are the following amounts denominated in foreign currencies other than functional currencies of the Group entities:

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
United States Dollars	278	214	2	–
Singapore Dollars	85	351	–	–
Chinese Renminbi	62	–	62	–
Hong Kong Dollars	–	29	–	–

21. Other payables

	Group		Company	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Sundry payables	296	252	104	50
Deferred income	139	137	–	–
	435	389	104	50

Sundry payables are non-interest bearing and have an average term of 6 months.

22. Lease creditors

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	2010		2009	
	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	$'000	$'000	$'000	$'000
Not later than one year	11	9	11	11
Later than one year but not later than five years	–	–	10	8
Total minimum lease payments	11	9	21	19
Less: Amounts representing finance charges	(2)	–	(2)	–
Present value of minimum lease payments	9	9	19	19
Amount repayable within one year	(9)	(9)	(11)	(11)
Amount repayable after one year	–	–	8	8

The effective interest rate for the finance lease is 3.55% (2009: 3.55%) per annum.

23. Deferred taxation

Deferred tax as at 31 December relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Deferred tax liabilities:				
Differences in depreciation	667	651	(16)	374
Deferred tax assets:				
Provisions	(47)	(54)	(7)	34
Unutilised tax losses	–	–	–	(21)
Others	–	–	–	(78)
	(47)	(54)		
Net deferred tax liabilities	**620**	**597**		
Deferred tax (expense)/credit			**(23)**	**309**

24. Bank loans

	Group	
	2010	2009
	$'000	$'000
Amount repayable within one year (Note 19)	10,425	2,871
Amount repayable after one year but within five years	–	7,894
	10,425	10,765

Bank loans bear interest at rates ranging from 3.91% to 4.28% (2009: 5.90% to 7.03%) per annum.

As at 31 December 2010, the Group's bank loans are secured by the following:

(i) the Group's and Company's fixed deposits of $4,261,000 and $4,053,000 respectively;
(ii) the Group's and Company's SGD corporate bonds of $6,765,000 (Note 14); and
(iii) a corporate guarantee of the Company.

Bank loans as at 31 December 2009 was secured by a legal mortgage over the freehold land of a subsidiary company in Malaysia and a corporate guarantee of the Company.

25. Share capital

	Group and Company			
	2010		2009	
	No of Shares '000	$'000	No of Shares '000	$'000
Issued and fully paid:				
At 1 January	238,557	48,705	238,557	48,705
Exercise of employee share option (Note 26)	13	–*	–	–
Rights issue	238,557	23,856	–	–
Share issuance expense	–	(263)	–	–
Warrants 2010 conversions	105,357	10,535	–	–
At 31 December	582,484	82,833	238,557	48,705

*Less than $1,000

On 4 March 2010, the Company issued 238,557,000 ordinary shares for a total consideration of $23,855,700 for cash by way of right issue to provide funds for working capital, repayment of bank borrowings and for investment (if opportunities arise). The newly issued shares rank pari passu in all respects with the previously issued shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Warrants

On 6 January 2010, the Company announced a renounceable rights issue of shares with warrants at the issue price of $0.10 for each right share with warrant, each warrant carrying the right to subscribe for 1 new ordinary share at an exercise price of $0.10, on the basis of 1 rights share with 1 warrant for every 1 existing ordinary shares.

On 4 March 2010, the Company allotted and issued 238,557,000 rights shares and 238,557,000 warrants for valid acceptances received.

The warrants are exercisable within three years from the date of issue of warrants on 4 March 2010 and will expire on 1 March 2013. As at 31 December 2010, 105,356,681 warrants were converted into ordinary shares and the outstanding warrants were 133,200,319.

Pursuant to the Company's rights issue exercise on 4 June 2007, 58,709,475 warrants convertible into one ordinary share each were issued. These warrants are exercisable within 5 years from the date of issue of the warrants and will expire on 29 May 2012. Outstanding warrants of 58,709,475 which were issued by the Company on 4 June 2007 (the "**2007 Warrants**") were adjusted to 65,231,718 and the exercise price was adjusted from $0.40 to $0.36 as a result of the Company's rights issue exercise on 4 March 2010. As at 31 December 2010, 65,231,718 warrants were outstanding.

26. Employee benefits

Employee benefits expense (including directors):

	Group 2010 $'000	Group 2009 $'000
Salaries related costs and bonuses	3,061	2,531
Pension contribution funds	192	181
Other short-term benefits	416	532
	3,669	3,244

The Company has an employee share incentive plan, United Pulp & Paper Company Limited Share Option Scheme (the "**Scheme**") for the granting of non-transferable options. Each share option entitles the employees of the Company to subscribe for one new ordinary share in the Company. The options are granted in consideration of $1 per option for all the shares in respect of which the option is granted. The options may be exercised after one year except under certain circumstances but not later than 10 years from the date the share option was offered. Options granted will, to the extent unexercised, immediately lapse and cease to have any effect when the option holder ceases to be under full employment of the Company or any corporation in the Group subject to certain exceptions at the discretion of the Company. Except for the options that were granted in 2000 at a discount of 14% to the market price, all other options are granted at market prices under the Scheme.

No further options will be granted under the Scheme as it had expired on 16 January 2004. However, shares will continue to be issued pursuant to the exercise of those options granted prior to the expiry of the Scheme.

Information with respect to the number of options granted to employees (including options granted to non-executive Directors) under the United Pulp & Paper Company Limited Share Option Scheme is as follows:

	2010		2009	
	Share options No.	**Weighted average exercise price *** $	**Share options** No.	**Weighted average exercise price *** $
Outstanding at beginning of year [1]	13,000	0.01	223,000	0.05
Forfeited	–	–	(210,000)	(0.04)
Exercised [2] (Note 25)	(13,000)	0.01	–	–
Outstanding at end of year [1] [3]	–	–	13,000	0.01
Exercisable at year end	–	–	13,000	0.01

* The weighted average exercise prices of the Options were adjusted as a result of a rights issue exercise that was undertaken by the Company in 2007.

(1) Included within these balances are equity-settled options that have not been recognised in accordance with FRS 102 as these equity-settled options were granted on or before 22 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 102.

26. Employee benefits (cont'd)

(2) The weighted average share price at the date of exercise for the options exercised during the financial year was $0.14 (2009: $Nil).

(3) The range of exercise prices for options outstanding at the end of the year was $Nil (2009: $0.001 to $0.013). The weighted average remaining contractual life for these options is Nil year (2009: 2.54 years).

27. Related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or (ii) it is subject to common control or common significant influence.

(a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2010	**2009**
	$'000	$'000
Sales to related companies	–	(448)

(b) *Compensation of key management personnel*

	Group	
	2010	**2009**
	$'000	$'000
Short-term employee benefits	1,090	719
Pension contribution funds	40	23
	1,130	742
Comprise amounts paid to:		
Directors of the Company	825	563
Other key management personnel	305	179
	1,130	742

The remuneration of key management personnel is determined by the performance of individuals and market trends.

28. Operating leases commitments

(a) *Operating lease commitments – as lessee*

The Group has entered into commercial leases for the use of properties as lessee. These leases have an average tenure of 60 to 99 years with no renewal option and contingent rent provision included in the contracts. There are no restrictions placed upon the Group by entering into these leases. The Group has sub-leased one of the properties to a third party.

Operating lease payments recognised as an expense in consolidated income statement for the year ended 31 December 2010 was $149,000 (2009: $90,000).

Future minimum lease payable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2010	**2009**
	$'000	$'000
Not later than one year*	250	240
Later than one year but not later than five years*	1,406	1,352
Later than five years	5,777	6,081
	7,433	7,673

* The lease payments amounting to $935,000 (2009: $1,175,000) shall be indemnified by the sub-tenant up to 21 July 2014 upon the exercise of a renewal option.

(b) *Operating lease commitments – as lessor*

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of 4 years (2009: between 2 and 4 years).

Future minimum rentals receivable under non-cancellable operating lease at the balance sheet date are as follows:

	Group	
	2010	**2009**
	$'000	$'000
Not later than one year	1,253	1,310
Later than one year but not later than five years	3,289	4,677
	4,542	5,987

29. Contingent liabilities

(a) *Unsecured contingent liabilities*

Corporate guarantees given to bankers in respect of facilities granted to:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Subsidiary companies	–	–	28,148	27,066
Unrelated party / associated company	1,601	1,575	1,601	1,575

(b) *Financial support*

The Company provided letters of financial support for certain of its subsidiary companies to enable these subsidiary companies to operate as going concerns and to meet their liabilities as and when they fall due.

30. Financial risk management objectives and policies

The Group and the Company 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 and foreign currency risk. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating financial institutions.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

30. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the balance sheets,
- A nominal amount of $1,601,000 (2009: $1,565,000) relating to a corporate guarantee provided by the Group to the bank on unrelated party's (previously was an associated company to the Group) banking facilities.
- A nominal amount of $29,749,000 (2009: $28,641,000) relating to a corporate guarantee provided by the Company to the banks on subsidiary companies' and unrelated party's (previously was an associated company to the Group) banking facilities.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade at the balance sheet date is as follows:

	Group			
	2010		2009	
	$'000	% of total	$'000	% of total
By country:				
Singapore	709	6	144	2
Malaysia	10,308	94	8,122	98
	11,017	100	8,266	100
By division:				
Paper Mill	10,614	96	7,835	95
Recycled Fibre	403	4	431	5
	11,017	100	8,266	100

At the balance sheets date, approximately:

- Nil% (2009: 15%) of the Group's trade and other receivables were due from related parties while almost all of the Company's receivables were balances with related parties.
- 31% (2009: 31%) of the Group's trade receivables were due from 5 major customers who are located in Malaysia.

30. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 (Trade receivables).

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group manages its liquidity risk by ensuring the availability of funding through adequate amount of committed facilities from banks.

Short term funding is obtained mainly from trade financing and short-term borrowing from banks. The Group monitors working capital projections regularly, taking into account the available banking and other borrowing facilities to ensure that the Group has adequate working capital to meet current requirements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations:

30. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Group	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
2010				
Financial assets:				
Trade receivables	11,017	–	–	11,017
Other receivables	1,350	–	–	1,350
Cash and bank balances	32,716	–	–	32,716
Total undiscounted financial assets	45,083	–	–	45,083
Financial liabilities:				
Amounts due to bankers	11,884	–	–	11,884
Trade payables and accruals	5,340	–	–	5,340
Other payables	435	–	–	435
Lease creditors	11	–	–	11
Total undiscounted financial liabilities	17,670	–	–	17,670
Total net undiscounted financial assets	27,413	–	–	27,413
2009				
Financial assets:				
Trade receivables	8,266	–	–	8,266
Other receivables	1,146	–	–	1,146
Cash and bank balances	5,397	–	–	5,397
Total undiscounted financial assets	14,809	–	–	14,809
Financial liabilities:				
Amounts due to bankers	6,529	7,894	–	14,423
Trade payables and accruals	4,767	–	–	4,767
Other payables	389	–	–	389
Lease creditors	11	10	–	21
Total undiscounted financial liabilities	11,696	7,904	–	19,600
Total net undiscounted financial assets/ (liabilities)	3,113	(7,904)	–	(4,791)

30. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Company	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
2010				
Financial assets:				
Trade receivables	709	–	–	709
Other receivables	23,791	–	–	23,791
Cash and bank balances	31,876	–	–	31,876
Total undiscounted financial assets	56,376	–	–	56,376
Financial liabilities:				
Trade payables and accruals	233	–	–	233
Other payables	104	–	–	104
Total undiscounted financial liabilities	337	–	–	337
Total net undiscounted financial assets	56,039	–	–	56,039
2009				
Financial assets:				
Trade receivables	297	–	–	297
Other receivables	24,869	–	–	24,869
Cash and bank balances	3,146	–	–	3,146
Total undiscounted financial assets	28,312	–	–	28,312
Financial liabilities:				
Trade payables and accruals	376	–	–	376
Other payables	50	–	–	50
Total undiscounted financial liabilities	426	–	–	426
Total net undiscounted financial assets	27,886	–	–	27,886

30. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

The table below shows the contractual expiry by maturity of the Group and the Company's corporate guarantee provided to the subsidiary companies and an unrelated party (previously was an associated company to the Group).

	One year or less $'000	One to five years $'000	Over five years $'000	Total $'000
Group				
2010				
Financial guarantees	1,601	–	–	1,601
2009				
Financial guarantees	1,575	–	–	1,575
Company				
2010				
Financial guarantees	29,749	–	–	29,749
2009				
Financial guarantees	28,641	–	–	28,641

(c) 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 their loans and borrowings and cash and bank balances. All of the Group's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2009: less than 6 months) from the end of the reporting period.

Sensitivity analysis

At the balance sheet date, if market interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit for the year would have been $101,000 (2009: $122,000) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings and cash and bank balances.

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD and Malaysia Ringgit (Ringgit). The foreign currency in which these transactions are denominated is mainly United States Dollars (USD). To minimise exposure on foreign currency risk, the Group usually settles such transactions within the given credit period.

30. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rate against the respective functional currencies of the Group entities, with all other variables held constant:

		Group Profit before tax 2010 $'000	Group Profit before tax 2009 $'000
USD/SGD	– strengthened 5% (2009: 5%)	77	51
USD/SGD	– weakened 5% (2009: 5%)	(77)	(51)
USD/Ringgit	– strengthened 5% (2009: 5%)	15	28
USD/Ringgit	– weakened 5% (2009: 5%)	(15)	(28)

31. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Group and Company

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2010				
Financial assets:				
Available-for-sale financial assets				
- SGD corporate bonds	–	6,765	–	6,765
2009				
Financial assets:				
Available-for-sale financial assets				
- SGD corporate bonds	–	–	–	–

31. Fair value of financial instruments (cont'd)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Determination of fair value

Unquoted SGD corporate bonds (Note 14): Fair value is determined by reference to the potential settlement to holders of the bonds.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Current trade receivables (Note 16), Other receivables (Note 17), Amounts due to bankers (Note 19), Trade payables and accruals (Note 20), Other payables (Note 21), and Non-current bank loans at floating rates (Note 24)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

32. Financial instruments by measurement category

Set out below is a comparison by category of carrying amounts of the Group's and the Company's financial instruments that are carried in the financial statements:

Group	Note	Loans and receivables $'000	Liabilities at amortised cost $'000	Total $'000
2010				
Assets				
Trade receivables	16	11,017	–	11,017
Other receivables	17	1,350	–	1,350
Cash and bank balances	18	32,716	–	32,716
		45,083	–	45,083
Liabilities				
Amounts due to bankers	19	–	11,884	11,884
Trade payables and accruals	20	–	5,340	5,340
Other payables	21	–	435	435
Lease creditors	22	–	9	9
Bank loans	24	–	–	–
		–	17,668	17,668
2009				
Assets				
Trade receivables	16	8,266	–	8,266
Other receivables	17	1,146	–	1,146
Cash and bank balances	18	5,397	–	5,397
		14,809	–	14,809
Liabilities				
Amounts due to bankers	19	–	6,529	6,529
Trade payables and accruals	20	–	4,767	4,767
Other payables	21	–	389	389
Lease creditors	22	–	19	19
Bank loans	24	–	7,894	7,894
		–	19,598	19,598

32. Financial instruments by measurement category (cont'd)

Company	Note	Loans and receivables $'000	Liabilities at amortised cost $'000	Total $'000
2010				
Assets				
Trade receivables	16	709	–	709
Other receivables	17	23,791	–	23,791
Cash and bank balances	18	31,876	–	31,876
		56,376	–	56,376
Liabilities				
Trade payables and accruals	20	–	233	233
Other payables	21	–	104	104
		–	337	337
2009				
Assets				
Trade receivables	16	297	–	297
Other receivables	17	24,869	–	24,869
Cash and bank balances	18	3,146	–	3,146
		28,312	–	28,312
Liabilities				
Trade payables and accruals	20	–	376	376
Other payables	21	–	50	50
		–	426	426

33. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

Management monitors capital using a gearing ratio. The gearing ratio is calculated as total borrowings divided by total equity. At 31 December 2010, the gearing ratio is 10.3% (2009: 18.4%).

34. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments.

(1) The paper mill division manufactures and sells industrial grade paper products including test liners, corrugated medium and grey chip board, core board and laminated board.

(2) The recycled fibre division collects and trades in waste paper products and recycled fibre. The main types of waste paper include old corrugated carton, double liner kraft and old newspapers.

(3) Others which included investment/corporate segment focus on identifying new investment opportunities locally and overseas that has the potential to increase revenue streams and produce good returns on investments.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

34. Segment information (cont'd)

	Paper Mill		Recycled Fibre		Others		Total		Adjustments and Eliminations		Notes	Per Consolidated Financial Statements	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009		2010	2009
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
Revenue:													
External customers	46,430	31,990	5,061	5,314	1,301	1,290	52,792	38,594	–	–		52,792	38,594
Inter-segment	–	–	21,424	10,438	–	–	21,424	10,438	(21,424)	(10,438)	A	–	–
Total revenue	46,430	31,990	26,485	15,752	1,301	1,290	74,216	49,032	(21,424)	(10,438)		52,792	38,594
Results:													
Finance costs	(649)	(985)	(52)	(44)	–	–	(701)	(1,029)	–	–		(701)	(1,029)
Interest income	–	5	–	–	228	23	228	28	–	–		228	28
Depreciation	(2,710)	(2,697)	(80)	(65)	(291)	(268)	(3,081)	(3,030)	–	–		(3,081)	(3,030)
Net gain arising from purchase of additional shares in a subsidiary	–	–	–	–	–	1,471	–	1,471	–	–		–	1,471
Share of results of associate	–	(52)	–	–	–	–	–	(52)	–	–		–	(52)
Segment profit before taxation	3,155	(1,251)	417	249	(1,973)	1,226	1,599	224	–	(114)	B	1,599	110
Assets:													
Investment in associate	–	719	–	–	–	–	–	719	–	–		–	719
Additions to non-current assets	686	719	67	45	476	–	1,229	764	–	–	C	1,229	764
Segment assets	88,114	86,619	2,555	2,129	49,051	16,010	139,720	104,758	–	–		139,720	104,758
Liabilities:													
Segment liabilities	13,883	16,433	3,002	2,199	783	966	17,668	19,598	708	709	D	18,376	20,307

34. Segment information (cont'd)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

Note A: Inter-segment revenues are eliminated on consolidation.

Note B: The following items are (deducted from)/added to segment profit to arrive at "Profit before tax" presented in the consolidated income statement:

	Group	
	2010	**2009**
	$'000	$'000
Share of results of associate	–	(52)
Acquisition of non-controlling interest	–	(67)
Unallocated corporate income	–	5
	–	(114)

Note C: Additions to non-current assets consist of additions to property, plant and equipment.

Note D: The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	Group	
	2010	**2009**
	$'000	$'000
Deferred taxation	620	597
Provision for taxation	88	112
	708	709

Geographical information

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

	Revenue		Non-current assets	
	2010	**2009**	**2010**	**2009**
	$'000	$'000	$'000	$'000
Singapore	4,868	3,116	8,935	8,738
ASEAN	43,415	31,682	71,369	74,609
Rest of Asia	3,354	2,501	–	–
Others	1,155	1,295	–	–
	52,792	38,594	80,304	83,347

Non-current assets information presented above consist of property, plant and equipment and investment properties as presented in the consolidated balance sheet.

There are no major customers which individually contribute significantly to the Group's revenue.

35. Dividends

	Group and Company	
	2010	2009
	$'000	$'000
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- First and final exempt (one-tier) dividend for 2010: 0.1 cents (2009: Nil cent) per share	583	–

36. Reclassifications

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's presentation.

The items reclassified in the financial statements are as follows:

	Group	
	2009	2009
	$'000	$'000
	(Reclassified)	(Previous)
Consolidated Income Statement:		
Interest income	28	–
Other income	1,594	1,471
Other operating expenses	(306)	(155)

37. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Directors on 22 March 2011.

ADDITIONAL SGX DISCLOSURES IN THE ANNUAL REPORT

Material Contracts

Since the end of the financial year ended 31 December 2010, the Company and its subsidiary companies did not enter into any material contracts involving interests of the Chief Executive Officer, Directors or controlling shareholders and no such material contract still subsist at the end of the financial year, save for Interested Person Transactions disclosed on page 18 of this Annual Report.

List of Major Properties

The following properties are owned/leased by the Group:

Location	Description	Land area (sq. m)	Tenure
UPP Industries Pte. Ltd. 35 Tuas View Crescent Singapore 637608	Office and factory	15,999	30 years commencing from 1 December 1999 (with an option to extend for an additional 30 years)
UPP Recycled Fibre (M) Sdn Bhd 3, Persiaran Sungei Chua Pusat Perindustrian Sungei Chua 43000 Kajang, Selangor Malaysia	Office and factory	5,567	99 years commencing from 23 November 2007
UPP Pulp & Paper (M) Sdn Bhd Lots 225-227 & Lots 240-242 Jalan Kuala Selangor, 45620 Ijok Batang Berjuntai, Selangor Malaysia	Office and factory	121,657	Freehold
Lot 538, Mukim of Ijok Kuala Selangor, Selangor Malaysia	Land	6,891	99 years commencing from 17 May 1984
Lot 2772, Mukim of Ijok Kuala Selangor, Selangor Malaysia	Land	3,399	99 years commencing from 12 May 1992

SHAREHOLDING STATISTICS

As at 16 March 2011

ISSUED AND FULLY PAID UP CAPITAL	:	S$83,293,972
NO. OF SHARES ISSUED	:	582,489,347
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 999	153	3.89	4,510	0.00
1,000 - 10,000	1,949	49.50	9,262,415	1.59
10,001 - 1,000,000	1,809	45.95	117,742,077	20.21
1,000,001 and above	26	0.66	455,480,345	78.20
Total	**3,937**	**100.00**	**582,489,347**	**100.00**

TOP 20 SHAREHOLDERS

S/No.	Name	Number of Shares Held	%
1	LIM ENG HOCK	215,022,925	36.91
2	SSP INNOVATIONS PTE LTD	108,136,000	18.56
3	DBS VICKERS SECURITIES (S) PTE LTD	30,951,000	5.31
4	DBS NOMINEES PTE LTD	16,062,060	2.76
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	13,739,851	2.36
6	OCBC SECURITIES PRIVATE LTD	12,795,090	2.20
7	HARTONO TJAHJADI	12,450,000	2.14
8	UOB KAY HIAN PTE LTD	7,666,000	1.32
9	OCBC NOMINEES SINGAPORE PTE LTD	5,830,000	1.00
10	CHEW CHOO POH	4,000,000	0.69
11	CITIBANK NOMINEES SINGAPORE PTE LTD	3,064,000	0.53
12	PHILLIP SECURITIES PTE LTD	2,430,419	0.42
13	GOH WAN PENG	2,200,000	0.38
14	LEE WHYE LEONG	2,100,000	0.36
15	YEO CHIN CHAI	2,100,000	0.36
16	MAYBAN NOMINEES (S) PTE LTD	2,004,000	0.34
17	LIM TIEN LOCK CHRISTOPHER	2,000,000	0.34
18	CHAN MENG SOON	1,900,000	0.33
19	WONG WEE SIONG	1,545,000	0.27
20	LIM & TAN SECURITIES PTE LTD	1,512,000	0.26
	Total	**447,508,345**	**76.84**

Source: The Central Depository (Pte) Limited

Substantial Shareholders	Number of Shares Direct Interest	Number of Shares Deemed Interest
Lim Eng Hock	215,022,925	108,136,000
SSP Innovations Pte Ltd	108,136,000	–
Garville Pte Ltd	–	108,136,000
Rowsley Ltd.	–	108,136,000

Approximately 41.35% of the issued Ordinary Shares are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

As at 16 March 2011

WARRANTS 2012 (W120529)
LISTING DATE : 4 JUNE 2007
EXPIRY DATE : 29 MAY 2012

Size of Warrantholdings	Number of Warrantholders	%	Number of Warrants	%
1 - 999	153	8.18	82,846	0.13
1,000 - 10,000	1,428	76.37	4,754,072	7.29
10,001 - 1,000,000	277	14.81	15,657,792	24.00
1,000,001 and above	12	0.64	44,735,342	68.58
Total	**1,870**	**100.00**	**65,230,052**	**100.00**

TOP 20 WARRANTHOLDERS

S/No.	Name	Number of Warrants Held	%
1	SSP INNOVATIONS PTE LTD	15,018,888	23.02
2	DBS VICKERS SECURITIES (S) PTE LTD	10,834,442	16.61
3	LIM ENG HOCK	2,525,306	3.87
4	TANG SONG HEE @ CHERN CHIANG CHENG	2,311,000	3.54
5	HARTONO TJAHJADI	2,249,999	3.45
6	HAN NGI KWANG @ HAN BO ANG	2,201,111	3.37
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,138,466	3.28
8	CHIEW POH CHENG	1,846,666	2.83
9	LIM TIEN LOCK CHRISTOPHER	1,821,666	2.79
10	CITIBANK NOMINEES SINGAPORE PTE LTD	1,499,999	2.30
11	CHUA CHAI TIANG	1,176,000	1.80
12	DBS NOMINEES PTE LTD	1,111,799	1.70
13	OCBC NOMINEES SINGAPORE PTE LTD	859,820	1.32
14	DMG & PARTNERS SECURITIES PTE LTD	857,777	1.32
15	OCBC SECURITIES PRIVATE LTD	629,597	0.97
16	PHILLIP SECURITIES PTE LTD	578,308	0.89
17	TOH PENG HUI	461,111	0.71
18	TAN CHOR KHER TERRY	388,888	0.60
19	UOB KAY HIAN PTE LTD	329,444	0.51
20	ALICE TEOH KUAN MOI	255,555	0.39
	Total	**49,095,842**	**75.27**

Source: The Central Depository (Pte) Limited

WARRANTHOLDING STATISTICS

As at 16 March 2011

WARRANTS 2013 (W130301)
LISTING DATE : 8 MARCH 2010
EXPIRY DATE : 1 MARCH 2013

Size of Warrantholdings	Number of Warrantholders	%	Number of Warrants	%
1 - 999	47	10.68	4,241	0.00
1,000 - 10,000	132	30.00	817,500	0.61
10,001 - 1,000,000	247	56.14	28,288,326	21.24
1,000,001 and above	14	3.18	104,086,252	78.15
Total	**440**	**100.00**	**133,196,319**	**100.00**

TOP 20 WARRANTHOLDERS

S/No.	Name	Number of Warrants Held	%
1	SSP INNOVATIONS PTE LTD	54,068,000	40.59
2	CITIBANK NOMINEES SINGAPORE PTE LTD	16,820,000	12.63
3	KHOO POH KOON	6,214,000	4.67
4	UOB KAY HIAN PTE LTD	5,352,000	4.02
5	HAN NGI KWANG @ HAN BO ANG	4,500,000	3.38
6	CHEW CHOO POH	4,000,000	3.00
7	OCBC SECURITIES PRIVATE LTD	3,486,000	2.62
8	HARTONO TJAHJADI	2,099,000	1.58
9	SEET HONG KIANG	1,549,000	1.16
10	DBS NOMINEES PTE LTD	1,439,002	1.08
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,258,250	0.94
12	LEE HONG KHIM	1,190,000	0.89
13	GOH CHONG HUA	1,060,000	0.80
14	SNG SIEW KHIM	1,051,000	0.79
15	SAMUEL NG CHEE YONG (SAMUEL WU ZHIYONG)	972,000	0.73
16	TAN CHOR KHER TERRY	965,000	0.72
17	HARRY HALIM @ LIM ENG LIAN	910,000	0.68
18	SINN KIT FOOK	900,000	0.68
19	KIM ENG SECURITIES PTE. LTD.	810,000	0.61
20	TAN HAI HONG	800,000	0.60
	Total	**109,443,252**	**82.17**

Source: The Central Depository (Pte) Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 44th Annual General Meeting of **UPP HOLDINGS LIMITED** (the "**Company**") will be held on Thursday, 21 April 2011 at 2.00 p.m. at Buona Vista Room, No. 87, Science Park Drive, Science Hub, Singapore 118260 for the following purposes:

AS ORDINARY BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the financial year ended 31 December 2010 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve a final dividend of 0.1 cents tax exempt (one-tier) dividend per share for the financial year ended 31 December 2010. **(Resolution 2)**

3. To approve the payment of Directors' fees of up to S$160,000 payable by the Company for the financial year ending 31 December 2011. **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to the Articles of Association of the Company:

   Mr. Ong Pang Liang (Retiring under Article 120) **(Resolution 4)**
   Mr. Lim Chow Cher Charles (Retiring under Article 120) *(See Explanatory Notes (i))* **(Resolution 5)**
   Mr. Koh Wan Kai (Retiring under Article 110) **(Resolution 6)**
   Mr. Hardjanto Adiwana (Retiring under Article 110) *(See Explanatory Notes (ii))* **(Resolution 7)**
   Mr. Adrian Chan Pengee (Retiring under Article 110) *(See Explanatory Notes (iii))* **(Resolution 8)**

5. To appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company in place of Messrs Ernst & Young LLP, the retiring auditors, and to authorise the Directors to fix their remuneration. *(See Explanatory Notes (iv))* **(Resolution 9)**

6. To transact any other ordinary business which may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. That pursuant to Section 161 of the Companies Act, Chapter 50 (the "**CA**") and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors be and are hereby authorised and empowered to issue:

   (i) shares in the capital of the Company ("**shares**"); or
   (ii) convertible securities; or
   (iii) additional convertible securities issued pursuant to adjustments; or
   (iv) shares arising from the conversion of the securities in (ii) and (iii) above,

(whether by way of rights, bonus or otherwise in pursuance of any offer, agreement or option made or granted by the Directors during the continuance of this authority or thereafter) 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 (notwithstanding the authority conferred by this Resolution may have ceased to be in force),

Provided That:

1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company "Issued Shares" as calculated in accordance with sub-paragraph (2) below Provided That the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of Issued Shares;

2) (subject to such manner of 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 (1) above, the percentage of Issued Shares shall be based on the total number of Issued Shares at the time this Resolution is passed, after adjusting for:

   (i) new shares arising from the conversion or exercise of any convertible securities;
   (ii) (where applicable) new shares arising from exercising 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 the listing manual of the SGX-ST; and
   (iii) any subsequent bonus issue, consolidation or subdivision of shares;

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

4) (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 "**AGM**" or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
See Explanatory Note (v) **(Resolution 10)**

BY ORDER OF THE BOARD
Koh Kim Huat
Chairman and CEO
6 April 2011

Notes

(i) A member of the Company (a "**Member**") entitled to attend and vote at the above Meeting may appoint not more than two (2) proxies to attend and vote in his stead.

(ii) Where a Member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a Member.

(iii) The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting.

(iv) If the Member is a corporation, the instrument appointing the proxy must be under common seal or the hand of an officer or attorney duly authorised.

Explanatory Notes

(i) Ordinary Resolution 5

Mr. Lim Chow Cher Charles, when re-elected, will be considered an Independent Director, and will remain a member of the Audit Committee and the Remuneration Committee.

(ii) Ordinary Resolution 7

Mr. Hardjanto Adiwana, when re-elected, will be considered as Non-Executive Director, and will remain as a member of the Nominating Committee.

(iii) Ordinary Resolution 8

Mr. Adrian Chan Pengee, when re-elected, will be considered an Independent Director, and will remain as the Chairman of the Nominating Committee and the Remuneration Committee and a member of the Audit Committee.

(iv) Ordinary Resolution 9

Messrs Ernst & Young LLP will not be seeking reappointment at the Annual General Meeting. A shareholder, Mr. Lim Ser Heng, has nominated Messrs Nexia TS Public Accounting Corporation as the Company's auditors for appointment in place of the retiring auditors Messrs Ernst & Young LLP. The Audit Committee of the Company has also recommended Messrs Nexia TS Public Accounting Corporation for appointment as the Company's auditors. Upon the appointment of Messrs Nexia TS Public Accounting Corporation at the Annual General Meeting, Messrs Ernst & Young LLP will cease to be the Company's auditors. Please refer to Appendix A of the Company's annual report 2010 for further details relating to the proposed change of auditors.

(v) Ordinary Resolution 10

The Ordinary Resolution 10 proposed above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to issue shares and to make or grant convertible securities, and to issue shares in pursuance of such convertible securities, without seeking any further approval from shareholders in general meeting, up to a number not exceeding fifty per cent. (50%) of the total number of Issued Shares of which up to twenty per cent. (20%) of the total number of Issued Shares may be issued other than on a pro rata basis to shareholders.

To: The Shareholders of UPP HOLDINGS LIMITED (the "Company")

Dear Sir/Madam,

THE PROPOSED CHANGE OF AUDITORS

1. INTRODUCTION

We refer to item 5 (Resolution 9) of the notice of the 44th Annual General Meeting (the "**AGM**") of the Company which is an Ordinary Resolution (the "**Ordinary Resolution**") to be proposed at the AGM for the proposed change of auditors of the Company ("**Auditors**").

The directors of the Company (the "**Directors**") had on 21 February 2011 received a letter of nomination (the "**Nomination Letter**") from a member of the Company, Mr. Lim Ser Heng, (a copy of which is attached at the Annexure to this letter) pursuant to section 205(11) of the Companies Act (Cap. 50) of Singapore for the appointment of Nexia TS Public Accounting Corporation ("**Nexia TS**") as the Auditors for the financial year ending 31 December 2011 in place of Ernst & Young LLP ("**EY**"). Accordingly, the abovementioned Ordinary Resolution has been included in the notice of the AGM.

The purpose of this letter is to provide shareholders of the Company ("**Shareholders**") with information relating to Ordinary Resolution to be proposed at the AGM in relation to the proposed change of Auditors.

2. PROPOSED CHANGE OF AUDITORS

EY have been the Auditors for the last 13 financial years. EY were last reappointed at the 43rd annual general meeting of the Company held on 29 April 2010 and the Directors were authorised to fix their remuneration.

The Company's management, in reviewing the audit fees for the current year, have been mindful of the need to manage and control the continual increases in business operating costs, including audit fees. Against this background, the Company had sought quotations for the audit of the Company and its subsidiaries (the "**Group**") from various audit firms. The various quotations were reviewed and considered by the Audit Committee of the Company. The Company's management, in consultation with the Audit Committee of the Company, has determined that the fee quote given by Nexia TS is more competitive than those from other audit firms.

The criteria used by the Company in the evaluation of the prospective audit firms and their audit proposals included, *inter alia*, (i) the international network and local reputation of the audit firm, (ii) the relevant experience of and list of clientele of the audit firm and engagement partner, and (iii) its proposed fees for the audit of the Group.

Having considered, *inter alia,* (i) the fee structure of Nexia TS, (ii) that a rotation of Auditors would be consistent with the Company's commitment to continually enhance its corporate governance, and (iii) the Nomination Letter referred to above, the Directors are seeking Shareholders' approval for the proposed change of Auditors from EY to Nexia TS.

3. ABOUT NEXIA TS PUBLIC ACCOUNTING CORPORATION

Nexia TS is an established accounting firm which is part of, Nexia International, a global network which operates from 590 offices in over 100 countries specialising in the provision of professional audit, tax, advisory and outsourcing solutions to a diverse and international clientele including public listed, government agencies and multi-national corporations.

Nexia TS (formerly practicing as Nexia Tan & Sitoh) was formed in 1993 by two Certified Public Accountants – Henry SK Tan and Sitoh Yih Pin. The directors of Nexia TS are audit committee chairmen of a number of listed companies in Singapore and have experience on corporate governance and auditing issues.

Nexia TS is currently the external auditors to several public listed companies. It has 10 directors and principals and about 100 professionals servicing a wide range of auditing, accounting, taxation, transactional services and others. Nexia TS has two offices in Singapore and Shanghai, People's Republic of China.

Subject to the Shareholders' approval being obtained for the Ordinary Resolution relating to the proposed change of Auditors at the AGM, Mr. Chin Chee Choon (a director of Nexia TS) will be the engagement director to be assigned to the audit of the financial statements of the Group.

4. DIRECTORS' CONFIRMATIONS

4.1 Requirements under Rule 712 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited (the "Listing Manual")

In considering if Nexia TS would be able to meet the audit requirements of the Group, the Directors, in consultation with the Audit Committee, have taken into account, *inter alia,* (i) the fee structure, adequacy of resources and the experience of Nexia TS (especially in relation to companies listed in Singapore), (ii) the number and experience of supervisory and professional staff to be assigned to the audit of the financial statements of the Group, (iii) Nexia TS' proposed audit arrangements for the Group and the size and complexity of the Group's operations.

Having considered the foregoing, the Directors (in consultation with the Audit Committee) are of the view that Nexia TS will be able to meet the audit requirements of the Group and accordingly recommend them for appointment as the Auditors for the financial year ending 31 December 2011 in place of EY. The Directors accordingly confirm that Rule 712 of the Listing Manual has been complied with.

4.2 Requirements under Rule 1203(5) of the Listing Manual

(a) The Company has received a copy of EY's professional clearance letter to Nexia TS confirming that it is not aware of any professional reasons why Nexia TS should not accept appointment as Auditors of the Company.

(b) The Directors have confirmed that there were no disagreements with EY on accounting treatments in the last 12 months.

(c) The Directors have confirmed that there are no circumstances connected with the change of Auditors that should be brought to the attention of Shareholders.

(d) As mentioned in paragraph 2 above, the reason for the proposed change of Auditors is because the Directors are of the view that a change of auditors, should take place to ensure cost effective audits of the Group.

5. AUDIT COMMITTEE'S STATEMENT

The proposed change of Auditors has been reviewed and recommended by the Audit Committee of the Company (comprising Mr. Gary Ho Kuat Foong, Mr. Adrian Chan Pengee and Mr. Lim Chow Cher Charles).

The appointment of Nexia TS as Auditors for the financial year ending 31 December 2011 will be effective upon obtaining the approval of the Shareholders at the AGM.

6. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed change of Auditors is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the Ordinary Resolution in respect of the proposed change of Auditors at the AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this letter) collectively and individually accept responsibility for the accuracy of the information contained in this letter and confirm, having made reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this letter are true and accurate in all material respects and that there are no material facts, the omission of which would make any statement in the letter misleading in any material respect.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf will find attached to the Annual Report a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 1 Kim Seng Promenade #14-01 Great World City East Tower Singapore 237994 not less than 48 hours before the time fixed for the AGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM in place of his proxy if he finds that he is able to do so.

9. CONSENTS

Nexia TS has given and has not withdrawn its written consent to the issue of this letter with the inclusion of its name and all references thereto, in the form and context in which they appear in this letter and to act in such capacity in relation to this letter.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at 1 Kim Seng Promenade #14-01 Great World City East Tower Singapore 237994 during the normal business hours from the date of this letter up to and including the date of the AGM:

(a) The Memorandum and Articles of Association of our Company;

(b) Nomination Letter;

(c) EY's professional clearance letter to Nexia TS dated 29 March 2011; and

(d) Letter of consent to act as Auditors from Nexia TS dated 29 March 2011.

Yours faithfully
For and on behalf of the Board of Directors of
UPP HOLDINGS LIMITED

Koh Kim Huat
Chairman and CEO
6 April 2011

ANNEXURE

21 February 2011

UPP Holdings Limited
1 Kim Seng Promenade
#14-01,
Great World City
East Tower
Singapore 237994

Dear Sirs,

CHANGE OF AUDITORS

I am a shareholder of UPP Holdings Limited (the "**Company**").

Pursuant to Section 205(11) of the Companies Act (Chapter 50) of Singapore, I wish to nominate Messrs Nexia TS Public Accounting Corporation as Auditors of the Company in place of Messrs Ernst & Young LLP.

Kindly table the appropriate resolution at the Company's forthcoming annual general meeting.

Thank you.

Yours faithfully

Name: Lim Ser Heng
Address: 17B Stevens Close
Singapore 257958
NRIC no.: S1304901G

PROXY FORM

UPP Holdings Limited

(Company Registration No. 196700346M)

ANNUAL GENERAL MEETING TO BE HELD ON 21 APRIL 2011
(Before completing this form, please see notes below)

IMPORTANT:

1. For investors who have used their CPF monies to buy shares in the capital of UPP Holdings Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
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, ______________________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)

being a member/members of UPP Holdings Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC / Passport No.	Proportion of Shareholdings (%)
and/or *(delete as appropriate)*			

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 "**AGM**" to be held on Thursday, 21 April 2011 at 2.00 p.m. at Buona Vista Room, No. 87, Science Park Drive, Science Hub, Singapore 118260, and at any adjournment thereof in the following manner indicated below: (Please indicate with a cross ("**X**") in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit.)

No.	Resolution	For	Against
	ORDINARY BUSINESS		
1	Adoption of Directors' Report and Audited Accounts		
2	Approval of final dividend of 0.1 cents tax exempt (one-tier) dividend per share for financial year ended 31 December 2010		
3	Approval of Directors' fees for financial year ending 31 December 2011		
4	Re-election of Mr. Ong Pang Liang as Director		
5	Re-election of Mr. Lim Chow Cher Charles as Director		
6	Re-election of Mr. Koh Wan Kai as Director		
7	Re-election of Mr. Hardjanto Adiwana as Director		
8	Re-election of Mr. Adrian Chan Pengee as Director		
9	Appointment of Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
10	To authorise Directors to issue shares and convertible securities under Section 161 of the Companies Act, Chapter 50		

Dated this ________ day of ___________ 2011

Total Number of Shares held:	
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) / Common Seal

Important: Please read notes overleaf

Notes

1. If you have shares in the capital of the Company ("**Shares**") entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, 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 entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument of proxy shall be deemed to relate to all the Shares held by you.

2. A member of the Company ("**Member**") entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a Member.

3. Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 1 Kim Seng Promenade #14-01 Great World City East Tower Singapore 237994, not less than forty-eight (48) hours before the time appointed for holding the AGM.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of an officer or attorney duly authorised.

6. 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 AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General

The Company shall be entitled to reject the instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the Member are not ascertainable from the instructions specified in the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument of proxy lodged if the Member, being the appointor, is not shown to have Shares entered against his name in the Depository Register forty-eight (48) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

UPP HOLDINGS LIMITED
Company Registration No. 196700346M
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Singapore 237994
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