Annual Reports and Related Documents::

Issuer & Securities

Issuer/ Manager	UPP HOLDINGS LIMITED
Securities	UPP HOLDINGS LIMITED - SG1K55001665 - U09
Stapled Security	No

Announcement Details

Announcement Title	Annual Reports and Related Documents
Date & Time of Broadcast	13-Apr-2016 17:08:27
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Submitted By (Co./ Ind. Name)	Koh Wan Kai
Designation	Executive Director
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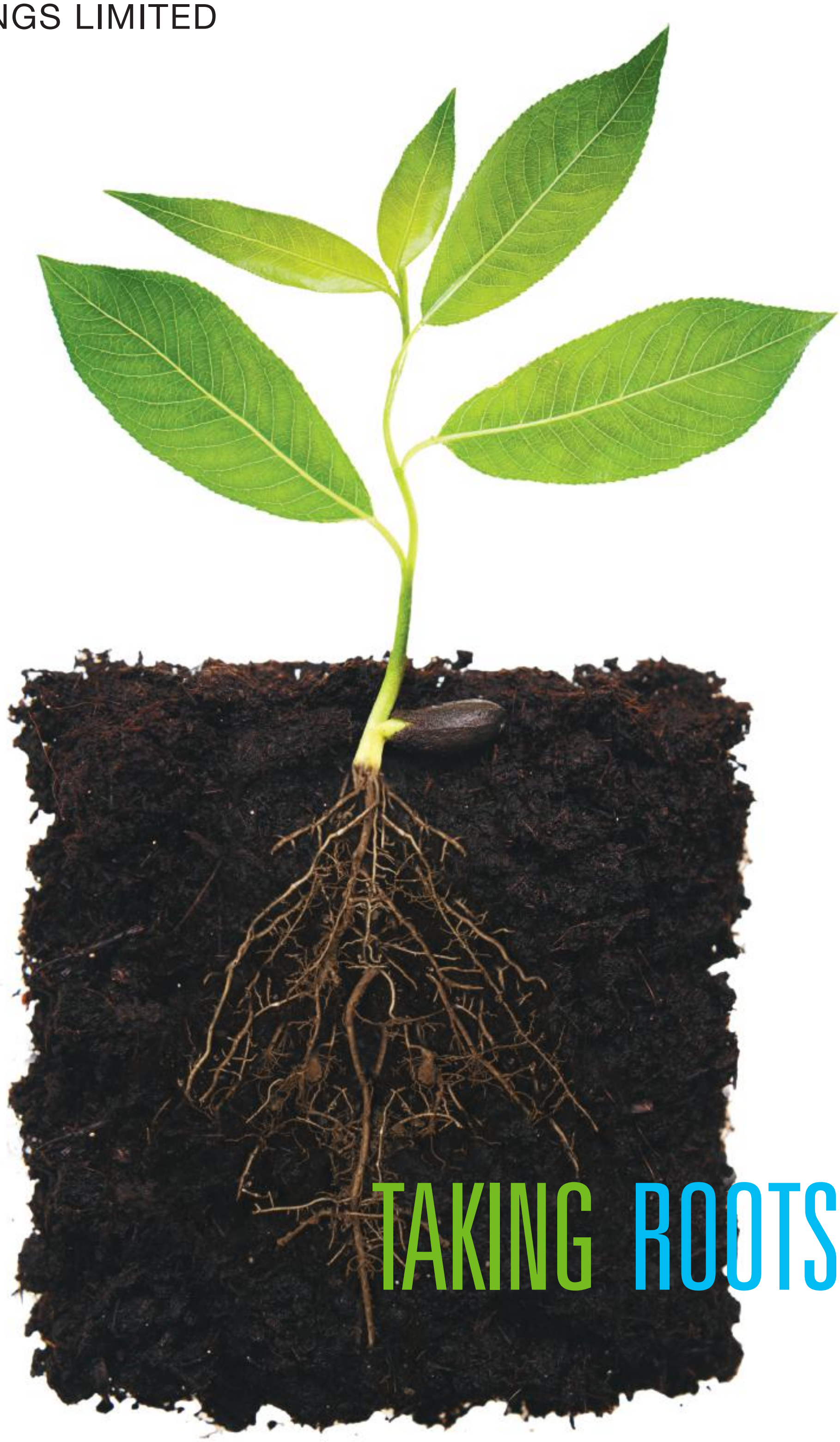
Additional Details

Period Ended	31/12/2015

Attachments	UPP_AR2015.pdf Total size =7146K

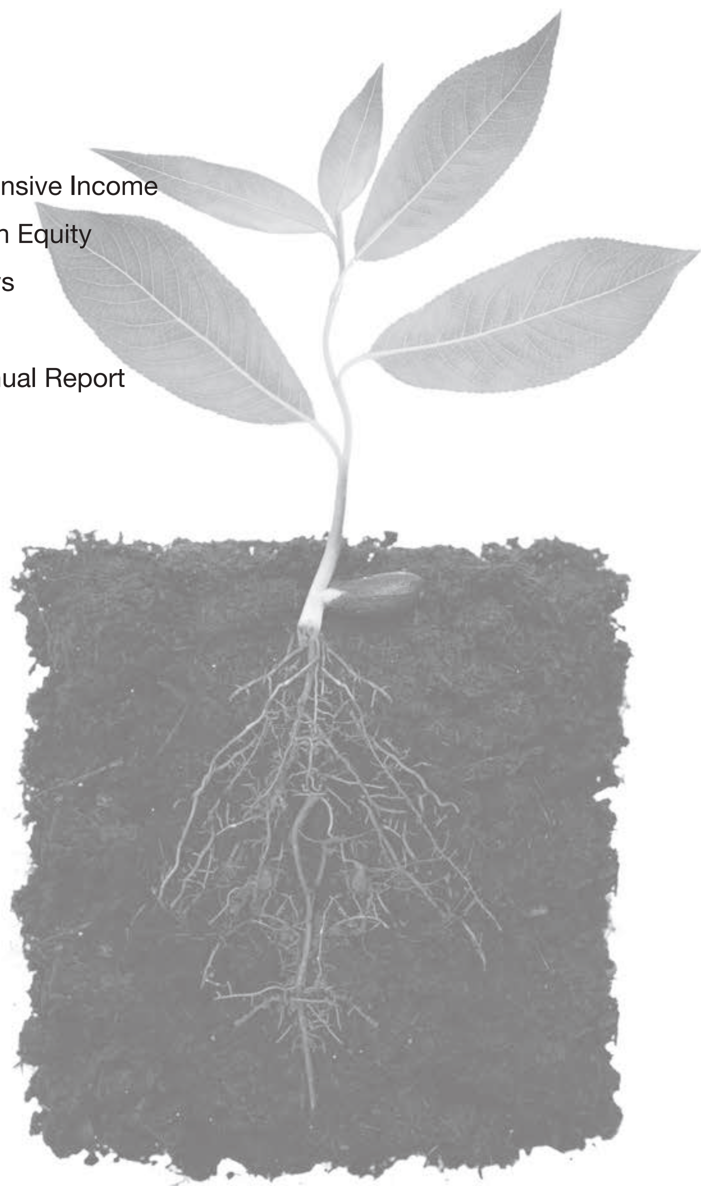
UPP HOLDINGS LIMITED



TAKING ROOTS

Annual Report 2015

CONTENTS



CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Tong Kooi Ong
Executive Chairman and Chief Executive Officer

Koh Wan Kai
Executive Director, President and Chief Operating Officer

Khoo Hsien Ming Kevin
Executive Director and President, Investments

Gary Ho Kuat Foong
Lead Independent Director

Ng Shin Ein
Independent Director

Kalimullah Bin Masheerul Hassan
Independent Director

Ong Pang Liang
Independent Director

COMPANY SECRETARY
Song Ruoh Jin

AUDIT AND RISK MANAGEMENT COMMITTEE
Gary Ho Kuat Foong *(Chairman)*
Ng Shin Ein
Ong Pang Liang

NOMINATING COMMITTEE
Kalimullah Bin Masheerul Hassan *(Chairman)*
Gary Ho Kuat Foong
Ong Pang Liang

REMUNERATION COMMITTEE
Ng Shin Ein *(Chairman)*
Kalimullah Bin Masheerul Hassan
Ong Pang Liang

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Singapore 068902

AUDITORS
Nexia TS Public Accounting Corporation
100 Beach Road
Shaw Tower #30-00
Singapore 189702
Kristin YS Kim *(Director in-charge)*

BANKERS
CIMB Bank Berhad
DBS Bank Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

CHAIRMAN'S AND **CEO'S STATEMENT**

Dear fellow shareholders,

Let me start my statement this year with a piece of good news. Your Board is recommending a first and final one-tier tax exempt dividend of 1 cent per share for the financial year ended 31 December 2015, for your approval at the forthcoming Annual General Meeting. This is an effective yield of 6.3% of the stock's closing price as at 25 February 2016, when the Group's full year financial results announcement setting out the dividend recommendation was made.

More importantly, we will endeavour to pay a final dividend of 1 cent per share annually for each of the next three financial years ending 31 December 2016, 2017 and 2018. The foregoing is barring any unforeseen circumstances and subject to the Company's financial performance and compliance with the Companies Act. We will review our dividend policy for the financial years thereafter.

This is a reflection of our confidence in the sustainability of our earnings and cash flows going forward.

This statement is my annual report card to you, as your manager, in my role as the Chairman and CEO of your Company.

Over the past year, I am pleased to report that the Group has reached a new level in terms of profitability and balance sheet strength.

Net profit attributable to shareholders of the Group increased 42.4% from S$9.0 million for 2014 to S$12.8 million for 2015.

Revenue declined from S$116.9 million to S$61.1 million, as the previous year included the power plant's construction costs amounting to S$58.8 million, in accordance with the INT FRS 112 Accounting Standards for Service Concession Arrangements. Excluding this, the underlying revenue increased 5.2% for the year.

Operating activities during the year generated net cash of S$18.8 million, up 34.7% from S$14 million in 2014.

Shareholders' equity increased by a smaller margin of 0.8% to S$178.1 million as the weak Malaysian ringgit ("**MYR**") affected the carrying value of our Malaysian assets in Singapore dollar ("**SGD**") terms. This was offset by stronger retained earnings and a strengthening of the US dollar ("**USD**") for our Myanmar assets.

The Group had net cash of S$54.9 million as at end-2015, equivalent to 30.8% of shareholders' funds and S$0.07 per share.

I am pleased to note that this is the highest level of operational profitability ever achieved by the Group in recent decades.

More significantly, it was achieved amid a backdrop of challenging economic conditions in Malaysia, a steep depreciation of the MYR and a pivotal election year in Myanmar.

The results vindicate our efforts to diversify our income base from being solely reliant on pulp and paper in Malaysia, to power in Myanmar. Our 50-megawatt ("**MW**") independent power plant in Myanmar, with its revenue denominated in USD, was the main driver of earnings growth over the past two years.

With the Group now sitting on substantial cash, the next question is: Could we have done more or better? And what should we do next?

CHAIRMAN'S AND **CEO'S STATEMENT**

To explain our actions (or inactions) over the last 12 months and to share our plans for the next 12 months, I have to take you back to May 2012 when I started this journey as your Chairman and CEO.

Below are extracts of my statements in the 2012, 2013 and 2014 Annual Reports. Reading them together provides greater clarity on our chain of thoughts and actions. We have created value for your Company. Even more importantly, we believe the improved earnings are sustainable, with limited risk.

Extracts of Chairman's and CEO's Statement in 2012 Annual Report

> I like to start this letter by acknowledging that since taking office as your Executive Chairman in May 2012, I have little to show except for a couple of Memorandum of Understandings ("**MOUs**") and I am indeed sorry.
>
> It is not for a lack of effort. The process of moving the MOUs forward is very exhaustive, complicated and subject to constant changes.
>
> The investments we are committing to are not only relatively large for UPP but also very long-term in nature. We need to be prudent in mitigating risks and in ensuring the integrity and enforceability of any agreements we entered into.

Extracts of Chairman's and CEO's Statement in 2013 Annual Report

> I am so happy to report that our efforts to expand into Myanmar have finally come to fruition, and this should help elevate the Group's earnings in the coming years.
>
> After over a year of negotiations, we have, on 11 February 2014, signed the Power Purchase Agreement ("**PPA**") with Myanma Electric Power Enterprise ("**MEPE**"), of the Ministry of Electric Power, Republic of the Union of Myanmar.
>
> The 50 MW power plant has since started commercial operations and will provide the Group with relatively assured income over the next 30 years.
>
> We are also pleased to note that we are Myanmar's first foreign-owned independent power producer, incorporated under its new Foreign Investment Law.

Extracts of Chairman's and CEO's Statement in 2014 Annual Report

> The year 2014 marks a milestone for the Group. Our efforts to expand into Myanmar, to diversify and broaden our income base, have finally borne fruit.
>
> In particular, I am happy to report our 50 MW power plant in Yangon, Myanmar has been operating successfully, and has contributed substantially to the increase in the Group's profitability in 2014.
>
> The power plant will provide the Group with relatively assured income over the duration of the concession, and complement earnings from the pulp and paper mill.

CHAIRMAN'S AND **CEO'S STATEMENT**

Extracts of Chairman's and CEO's Statement in 2014 Annual Report (Continued)

> While the economic outlook ahead is more challenging, we are confident of riding out the storm. Demand for our two core businesses should be relatively defensive and our balance sheet is strong. However, there are also risks inherent when investing and operating in emerging markets.
>
> We will continue to look for more investment opportunities in Myanmar and the region, to increase returns for our shareholders. At the same time, we will continue to be prudent to mitigate risks.

The following table summarizes the financial impact of our decisions and actions over the past five years, from 2011, just before I joined the board; to 2015.

Table: Financial performance of the Group from 2011 to 2015

	For the Financial Year Ended 31 December				
	2015	**2014**	**2013**	**2012**	**2011**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Revenue	61,103	116,901	48,087	49,996	51,125
Pre-tax profit/(loss)	13,255	9,694	1,489	2,423	(398)
Net profit/(loss)	13,241	9,658	1,468	2,517	(445)
Net profit/(loss) after non-controlling interests	12,785	8,978	946	1,994	(612)
Total assets	188,970	189,026	182,087	183,141	129,255
Total equity	183,434	182,628	174,364	172,827	119,121
Cash net of borrowings	54,893	40,824	68,648	75,714	20,733

When I joined your board in May 2012, the Group's financial performance had fluctuated between minor profits and losses for several years.

Out of the preceding seven years, three years were loss-making, with net losses, after non-controlling interests, as much as S$5.7 million in 2005. The best year saw a net profit of just S$1.5 million in 2007. Just before I joined, 2011 saw a net loss of S$0.6 million.

The weak results reflected the competitive and cyclical nature of the pulp and paper industry, which is highly commoditized. The industry in Malaysia as a whole, faced challenging times for many years and it did not help that we were a relatively small player.

Thus, we embarked on a diversification strategy to improve returns. We identified Myanmar's power and infrastructure sectors as the key areas to focus on. The country was just starting to emerge from decades of isolation and hence, offered strong growth prospects with the need to improve its infrastructure.

CHAIRMAN'S AND **CEO'S STATEMENT**

We successfully raised S$40.3 million from a private placement exercise in 2012, which was used to fund the power plant project in Myanmar.

At the same time, we continued to improve on operational efficiency for our pulp and paper operations, focusing on optimizing product mix and quality, and improving efficiency and output through plant upgrading. We are pleased to note that our pulp and paper operations are now chalking up record profits.

With the commercial operations of the power plant in February 2014, the Group's net profit after non-controlling interests jumped from S$0.9 million in 2013 to S$9.0 million in 2014 and S$12.8 million in 2015. Net cash has grown from S$20.7 million in 2011 to S$54.9 million in 2015, despite having invested S$58.8 million in the power plant.

Going forward, we have put into place a more balanced and sustainable earnings profile for the Group. We have a more diversified country, industry and currency risk profile for your Company, backed by a strong balance sheet.

The power plant, with its revenues in USD and backed by a 30-year power purchase agreement, should provide steady earnings to complement the more cyclical pulp and paper plant, with its earnings in MYR.

Nonetheless, we should be mindful that there are always inherent risks when investing in emerging markets. These include country, political, regulatory, market and currency risks, among others.

The last 12 months

I think it would be reasonable for shareholders to ask whether we could have done more. Should we not have invested more aggressively into new economies like Myanmar given our early mover advantage on the power plant? Why were we holding on to cash for all of last year?

Over the last few years, we had evaluated a number of opportunities, both of existing and new businesses, in Myanmar and other parts of the region.

They cover prospects from energy production in Myanmar and Indonesia; to quarry operations, vehicle distribution, infrastructure investments and property development in Myanmar. We also evaluated expanding our existing paper plant business in Malaysia.

However, we felt the macro environment was one of excessive asset valuations, overleveraging and unrealistic optimism. We were also concerned with the rising geo-political tensions.

Looking back, most of our decisions not to pursue the non-power investments in Myanmar turned out right.

Property prices in Yangon have fallen as supply rose, while changes in regulatory and market conditions would have affected many of the other investments we had evaluated. Due to its earlier closed economy, many goods and services were priced unrealistically high, and have since eased closer to more realistic levels.

As for further investments in Myanmar's power sector, we also had to balance between the long gestation period, high capital costs, as well as fuel and grid availability.

CHAIRMAN'S AND **CEO'S STATEMENT**

In the last year, regional currencies have fallen sharply against the USD and SGD. This would have lowered the asset values and profitability of any investment made, when converted back to your home currency. Against the SGD, the Myanmar kyat and MYR have both depreciated by about 12% to 15% over the past year.

Myanmar was also going through major elections. As a foreign investor, we felt it was prudent to wait for the outcome in the hope that there will be a smooth transition from basically a military regime to a democratically elected government.

Consequently, we opted to improve internal efficiencies and operating cash flows for our existing businesses, and build up our cash balances. In other words, we decided to strengthen our balance sheet and opted to be more risk adverse.

Choosing not to act is not the same as inaction. What we planted is carefully nurtured and is taking roots.

Next 12 months

In the last few months, we have seen major setbacks to the world economic system.

Commodity and crude oil prices have collapsed. Regional currencies have fallen sharply against the USD (note that our revenue from Myanmar for our power plant is in USD). Most Asian economies are experiencing much slower growth. Demand for property is very weak, and we expect prices to fall further. More critically, we do not think the worst is over yet.

Meanwhile, geo-political tensions continue to rise, especially in the South China Sea. There are also rising political uncertainties in some countries, including Malaysia.

The bright spot is Myanmar, where the results of the general elections and the peaceful transition process are positive.

Nevertheless, the process of accommodating the outgoing party, the Union Solidarity and Development Party, and the settling into new administrative roles by the incoming party, The National League for Democracy, may take some time and could also pose some challenges.

What this means is that we will likely see many opportunities in the months ahead. We have prepared ourselves to be in a position to act on some of these opportunities, if and when they arise.

We are currently well positioned to capitalize on opportunities. But we will be judicious. We will continue to be prudent and responsible. But we will also need to be decisive and take calculated risks when the time comes.

We are aware that as the custodian of your Company, we have a responsibility to improve the returns on the assets of your Company, including the cash we have built up. If we fail to find good assets to invest in, we should hand the cash back to shareholders.

OPERATIONS REVIEW

Pulp and paper mill

Revenue at the pulp and paper mill was RM139.6 million in 2015, an increase of 13.4% compared with RM123.1 million in 2014. At the pre-tax profit level, the division registered its fourth consecutive year of record profits. Pre-tax profit rose 42.2% to RM18.2 million in 2015 from RM12.8 million in 2014.

The higher profitability was mainly due to the Group's continuing effort in improving production efficiencies and effective cost controls.

During the course of the year, we have also further upgraded part of the production machines which gave rise to better operational efficiency. I am also pleased to announce that the paper mill has on 22 December 2015 been awarded ISO 9001:2008 Certification by ISOQAR LTD.

From January 2016, the Malaysian authority has reduced its subsidy and rebate on electricity for the special industrial tariff, and Gas Malaysia Berhad has also further increased its gas tariff. The Group will continue to review its operational process and improve operational efficiency to mitigate the cost challenges.

Ywama power plant

The Group's 50 MW gas power plant is located in Ywama, Insein Township, 25 km northeast of downtown Yangon, Myanmar.

Under the PPA signed with the MEPE, MEPE undertakes to purchase a minimum of 350 million kWh per year for a period of 30 years from the commercial operation date on 11 February 2014.

As I write this report, the plant has just completed its first two years of commercial operations, and I am pleased to report that we have met our obligations to MEPE in terms of minimum contracted production and gas efficiency.

For the second year of commercial operations (11 February 2015 to 10 February 2016), we have supplied about 370.45 million kWh of power to MEPE. This was 5.8% above the minimum 350 million kWh contracted, and 4.4% more than the 354.84 million kWh generated in the first year of operations.

During the course of the year, further enhancements were made to improve the plant's operational efficiency, including installation of centrifugal fans and fabricated reservoirs.

Prospects for electricity demand are positive in Myanmar as the country has a low electrification rate of only 33%. An increase in electricity generation capacity is essential to improve living standards and establish the infrastructure for increased investments in the country.

CHAIRMAN'S AND **CEO'S STATEMENT**

During the year, we also started our Corporate Social Responsibility ("**CSR**") programme in Myanmar.

We donated a low-cost house towards a home rebuilding programme initiated by the Ministry of Electric Power for residents affected by major floods in the Sagaing region in mid-2015.

We have engaged with a national primary school in Insein, near our power plant, where we hope to improve the school's conditions. As a first step, we have replaced two-thirds of the school's old furniture with new desks and chairs to accommodate some 200 pupils per session, or 400 pupils in total.

Going forward, we hope to accelerate our CSR activities in Myanmar.

Board addition

Your board has appointed Khoo Hsien Ming, Kevin as an additional Executive Director on 1 September 2015. Kevin has been the President for Investments since July 2012 and was the key person in successfully completing the power plant project in Myanmar. This appointment also reflects the importance of the role in evaluating new investments for your Company.

On 1 January 2016, Ong Pang Liang has been re-designated as an independent director from a non-executive director previously.

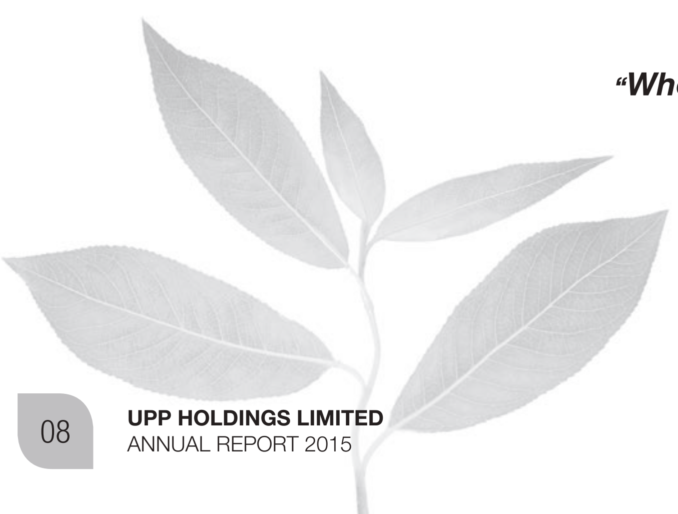
Acknowledgement

I would like to express my appreciation to all my fellow colleagues in Malaysia, Singapore and Myanmar for their contributions towards our journey, in collectively bringing the Group to where it is today.

We hope you, as our shareholders, will continue to join us in the journey ahead.

Thank you.

TONG KOOI ONG
Chairman of the Board and CEO



"Whenever you find yourself on the side of the majority, it is time to pause and reflect."
Mark Twain

BOARD OF **DIRECTORS**

TONG KOOI ONG
Executive Chairman, Chief Executive Officer
Appointed to the Board on 15 March 2012

Mr. Tong is a businessman with interests in media, property development and other businesses in Malaysia, Singapore and Canada. He is on the board of M+S Pte Ltd, a joint venture between Khazanah Nasional Berhad and Temasek Holdings (Private) Ltd. He is also the Chairman of the Board of Taiga Building Products Limited, a distributor of building products, listed on the Toronto Stock Exchange, with annual sales of over C$1.0 billion and Chairman of 3Cnergy Limited, formerly HSR Global Limited is a Singapore-based investment holding company, listed on the Singapore Exchange.

His media interests are in The Edge Media Group Pte Ltd (TEMG), which publishes *The Edge Singapore, The Edge Malaysia, The Edge Financial Daily* and other print and digital publications. TEMG also owns two online portals; theedgemarkets.com which covers business and general news and stocks investment ideas, and theedgeproperty.com, an innovative and comprehensive property portal. Both portals offer useful analytics, news, data and insights that aim to help the public make better decisions.

Mr. Tong holds a Bachelor of Arts in Business Administration and a Master of Arts in Economics and Finance from Simon Fraser University, Canada. In 2002, he was bestowed his Doctor of Laws (Honoris Causa) from the same university.

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

Mr. Koh was appointed President of the Company on 1 April 2008. He is currently the President and Chief Operating Officer 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 Singapore Chartered Accountants.

KHOO HSIEN MING, KEVIN
Executive Director and President, Investments
Appointed to the Board on 1 September 2015

Mr. Khoo was appointed President, Investments of UPP Capital (M) Sdn. Bhd. on 16 July 2012. He is responsible for identifying and evaluating new investment opportunities for the Group. He is also the Managing Director of UPP Power (Myanmar) Limited with responsibility for the Group's power plant operations in Myanmar.

Prior to joining UPP Capital, Mr. Khoo was the group Editor-in-Chief of The Edge Communications Sdn Bhd, a Malaysian media company which publishes *The Edge Malaysia, The Edge Financial Daily* and other publications.

Mr. Khoo has extensive management and operations experience in Malaysia, particularly in equities research, media and banking. He started his career in Standard Chartered Bank Malaysia under its management trainee program, and later moved on to equities research in PhileoAllied Securities Sdn. Bhd. and Asia Analytica Sdn. Bhd.

Mr. Khoo holds a Bachelor of Commerce degree from the University of Melbourne.

GARY HO KUAT FOONG
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 also serves on the board of directors of Rowsley Ltd. and Secura Group Limited, both listed companies on the Singapore Exchange and TMC Life Sciences Berhad, listed on the stock exchange in Malaysia.

He holds two Bachelor degrees in Commerce and Science from the University of Western Australia. He is also a member of the Institute of Singapore Chartered Accountants and CPA Australia.

BOARD OF **DIRECTORS**

NG SHIN EIN
Independent Director
Appointed to the Board on 20 April 2013

Ms. Ng Shin Ein is the Managing Director of Blue Ocean Associates Pte Ltd, a pan-Asian private investment firm investing in companies regionally. Prior to this, Ms. Ng was with the Singapore Exchange, where she was responsible for developing Singapore's capital market by bringing companies to list in Singapore. Additionally, she was part of the Singapore Exchange's IPO Approval Committee.

Admitted as an advocate and solicitor of the Singapore Supreme Court, Ms. Ng started as a corporate lawyer in Messrs Lee & Lee for a number of years. While in legal practice, she advised on joint ventures, mergers and acquisitions and fundraising exercises.

Ms. Ng sits on the boards of NTUC Fairprice Cooperative Limited, First Resources Limited and Eu Yan Sang International Limited. Additionally, she is also an adjunct research fellow with the Business School of the National University of Singapore where she focuses on her areas of interest, philanthropy and social enterprises.

KALIMULLAH BIN MASHEERUL HASSAN
Independent Director
Appointed to the Board on 20 April 2013

Dato' Seri Kalimullah Hassan, a Malaysian, age 58, is a former journalist and became a businessman in 1995. He has served on various Government agencies, including as Chairman of the National News Agency, Bernama, the National Unity Advisory Panel, the Multimedia Development Corporation (MDeC) and the National Information Technology Council (NITC). He has also served on the boards of various public listed companies.

He started his own boutique financial services company and investment bank, ECM Libra Financial Services Group Berhad, with two partners, Chua Ming Huat and Lim Kian Onn and served as its Chief Executive Officer (2002-2004) and (2006-2010). The three partners also set up an education foundation, which has won the Prime Minister's Award for Corporate Social Responsibility twice in the last six years. Dato' Seri Kalimullah stepped down as CEO of ECM Libra in 2010 and focuses his time in co-managing the foundation and carrying out charity work amongst the poor.

He remains as Non-Executive Chairman of ECM Libra Financial Group Berhad, Chairman of the ECM Libra Foundation, and is an adjunct professor at LimKokWing University. He is also a member of the Board of Governors of his alma mater, the Methodist Boys School (Penang). He is a major shareholder in long-haul budget airline AirAsia X and a director and shareholder in the international budget hotel group, Tune Hotels.

ONG PANG LIANG
Independent Director
Appointed to the Board on 1 August 2010

Mr. Ong joined the Company in 2010 from Rowsley Ltd., where he was the Chief Financial Officer. He relinquished his Finance Director role in the Company on 20 April 2012 and remained as Non-Executive Director. He was re-designated to Independent Director on 1 January 2016.

Mr. Ong also sits on the boards of Rowsley Ltd. and Secura Group Limited, both listed companies on the Singapore Exchange.

He has over 25 years of experience in banking and finance. His career in various international banks covered management responsibilities in currency trading, treasury operations and corporate banking. He was a Managing Director at Bank of America where he spent 15 years, and held positions of Head of Foreign Exchange in Singapore and General Manager of Bank of America Shanghai PRC.

Mr. Ong holds a degree in Business Administration from the National University of Singapore.

REPORT ON
CORPORATE GOVERNANCE

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 2012 (the "**Code**"). In areas where the Group's practice deviates from the Code, the rationale for these deviations are provided. 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 of the Company (the "**Management**") and the Management remains accountable to the Board.

The Company has formulated guidelines setting forth matters reserved for the Board's decision. The matters reserved for the Board's decision are as follows:

(a) material acquisitions and disposals of assets/investments;
(b) corporate or financial restructuring;
(c) financial/funding arrangements;
(d) material capital expenditures;
(e) share issuances;
(f) dividend payments to shareholders; and
(g) other transactions of a material nature requiring announcement under the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

Management was also given clear directions on matters (including setting thresholds for certain operational matters relating to subsidiaries) that require the Board's approval.

In accordance with the Code, the Board has, without abdicating its responsibility, established three (3) board committees (the "**Board Committees**") namely, the Audit and Risk Management Committee ("**ARMC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), each of which has been delegated with specific authority. Each Board Committee is chaired by an Independent Director and has its own terms of reference to address their respective areas of focus.

During the financial year ended 31 December 2015 ("**FY2015**"), the Board conducted regular scheduled meetings on a quarterly basis to coincide with the announcement of the Group's quarterly and full year financial results and to keep abreast of significant business activities and overall business environment.

Apart from board meetings, important or urgent matters concerning the Group are also presented for the Board's decision by way of written resolutions, fax, electronic mail and telephone conferencing. The Company's Constitution (the "**Constitution**") provides for meetings to be held via telephone, radio, conference television or similar communication equipment or any other form of audio or audio-visual communication by which all persons participating in the meeting are able to hear and be heard by all other participants, for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. 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 27 of this Annual Report.

Upon the appointment of any new Director, the Company will provide a formal letter to the Director, setting out the Director's duties and obligations. The Company will conduct briefings to ensure that any incoming and/or new Directors become familiar with the Group's business and 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. The 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. All Board members are also encouraged to attend regular training, at the Group's expense, particularly on relevant new laws, regulations and changing commercial risks from time to time. 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 the Directors' disclosure obligations, Directors are briefed either during Board meetings or at specially-convened sessions conducted by professionals. In particular, Directors are encouraged to attend relevant courses conducted by the Singapore Institute of Directors ("**SID**"), SGX-ST and consultants.

Mr Khoo Hsien Ming Kevin attended the "LCD – Module 1: Listed Company Director Essentials: Understanding the Regulatory Environment in Singapore – What Every Director Ought to Know" course conducted by the SID.

Principle 2: Board Composition and Guidance

UPP is headed by an effective Board to lead, control and direct UPP and the Board has a pivotal role in charting the strategic course and direction of the Group. The Board comprised seven (7) Directors as at 31 December 2015, namely, Mr. Tong Kooi Ong, Mr. Koh Wan Kai, Mr. Khoo Hsien Ming Kevin, Mr. Gary Ho Kuat Foong, Ms. Ng Shin Ein, Dato' Seri Kalimullah Bin Masheerul Hassan and Mr. Ong Pang Liang. It is chaired by Mr. Tong Kooi Ong who is also the Chief Executive Officer ("**CEO**") of the Group. He is responsible for the leadership and objective functioning of the Board.

As at 31 December 2015, the Board comprised the following members:

Mr. Tong Kooi Ong	Executive Chairman and Chief Executive Officer
Mr. Koh Wan Kai	Executive Director, President and Chief Operating Officer
Mr. Khoo Hsien Ming Kevin(1)	Executive Director and President, Investments
Mr. Gary Ho Kuat Foong	Lead Independent Director
Ms. Ng Shin Ein	Independent Director
Dato' Seri Kalimullah Bin Masheerul Hassan	Independent Director
Mr. Ong Pang Liang(2)	Non-Executive Director(2)

Notes:

(1) Mr. Khoo Hsien Ming Kevin was appointed as an Executive Director with effect from 1 September 2015.
(2) Mr. Ong Pang Liang was re-designated from Non-Executive Director to Independent Director with effect from 1 January 2016.

The Chairman of the Board and the CEO are the same person. The Independent Directors made up half (1/2) of the Board prior to Mr. Khoo Hsien Ming Kevin's appointment to the Board on 1 September 2015. As at 31 December 2015, the Independent Directors made up more than one-third (1/3) of the Board. Under the Code of Corporate Governance 2005 (the "**2005 Code**"), where the Chairman and the CEO is the same person, the Company may appoint an independent non-executive director to be the lead independent director. As Mr. Gary Ho Kuat Foong is a non-executive Lead Independent Director, the Company fulfils the 2005 Code's recommendation. The Code's recommendation that the Independent Directors should make up at least half (1/2) of the Board where the Chairman and the CEO is the same person will come into effect for the financial year commencing on 1 January 2017. With effect from 1 January 2016, Mr. Ong Pang Liang was re-designated from Non-Executive Director to Independent Director and the Independent Directors made up more than half (1/2) of the Board.

All directors are required to disclose any relationships or appointment which would impair their independence to the Board in a timely manner. Taking into account the views of the NC, the Board has determined that the Independent Directors are independent. The criteria for independence is based on the guidelines set out in the Code.

Mr. Gary Ho Kuat Foong has served on the Board for more than nine (9) years from the date of his first appointment. The Board has rigorously reviewed Mr Ho's independence and, after taking into consideration the views of the NC, considers Mr. Ho to be independent in accordance with the guidelines of the Code. The Board also took into consideration that Mr. Ho has, throughout his appointment, continued to demonstrate strong independence in character and judgement in the discharge of his responsibilities as a Director.

The Board is of the view that the current Board size facilitates effective decision-making and is appropriate, taking into consideration the nature and scope of the Group's operation, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

REPORT ON CORPORATE GOVERNANCE

The Board comprises Directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Group. They also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge. A brief description of the background of each director is presented in the "**Board of Directors**" section of this Annual Report.

Non-executive Directors are encouraged to meet regularly without the presence of Management.

Principle 3: Chairman and Chief Executive Officer

Mr. Tong Kooi Ong, the Chairman of the Board, is also the CEO. For FY2015, the role of the Chairman is not separate from that of the CEO as the Board believes that there is an appropriate balance of power, adequate accountability and capacity of the Board for independent decision making as reflected in the internal controls established with the Group.

Mr. Gary Ho Kuat Foong is the Lead Independent Director. The Lead Independent Director's role is to be available to shareholders when they have concerns, and for which contact through normal channels of the Chairman or the CEO has failed to resolve or is inappropriate. All the Independent Directors including the Lead Independent Director, meet at least annually without the presence of the other executive and non-independent Directors to discuss matters of significance which are thereon reported to the Chairman accordingly.

The Chairman is assisted by the Management 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 a majority of the ARMC, NC and RC consist of Independent Directors, the Board believes that there are sufficient 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 Directors. Mr. Gary Ho Kuat Foong, the Lead Independent Director, is a member of the NC.

As at 31 December 2015, the NC members were as follows:

Dato' Seri Kalimullah Bin Masheerul Hassan	(Chairman)
Mr. Gary Ho Kuat Foong	(Member)
Mr. Ong Pang Liang	(Member)

The NC has written terms of reference endorsed by the Board that sets out its duties and responsibilities. The NC's key responsibilities are as follows:–

(a) developing and maintaining a formal and transparent process for the appointment and re-appointment of Directors to the Board and all things incidental, including:
  (i) making recommendations to the Board on all appointments to the Board;
  (ii) re-nominating Directors at regular intervals; and
  (iii) determining annually, and as and when circumstances require, whether or not a Director is independent.
(b) assessing the effectiveness of the Board as a whole and its board committees, and the contribution by the Chairman and 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) reviewing of the development and succession plans for senior management; and
(e) reporting to the Board its findings from time to time on matters arising and requiring the attention of the NC.

Potential new Board members may be recommended from time to time via contacts. When considering a new Board member, the NC reviews the curriculum vitae of the potential candidate and considers his/her experience and likely contribution to the Board. Meetings with the potential candidate will be conducted before the NC makes its recommendation to the Board. The Board then makes the final determination for the appointment.

Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director.

New Directors are at present appointed by way of a Board resolution after the NC approves their appointment. Existing Directors who retire by rotation are at present re-appointed by way of a shareholders' resolution after the NC approves their re-appointment. All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three (3) years. The Company's Constitution also states that the Managing Director while holding that office, shall not be subject to retirement. This means that save for the Managing Director (who may be appointed for a fixed term of up to five (5) years), no Director stays in office for more than three (3) years without being re-elected by shareholders.

The NC has also reviewed the independence of the Directors with reference to the guidelines set out in the Code, and has determined Mr. Gary Ho Kuat Foong, Ms. Ng Shin Ein, Dato' Seri Kalimullah Bin Masheerul Hassan and Mr. Ong Pang Liang[(1)] to be independent.

The NC has also determined that the Directors have been adequately carrying out their duties as directors, notwithstanding the number of listed company board representations and other principal commitments of each Director. The Board believes that each Director has to personally determine the demands of his or her competing directorships and obligations and assess how much time is available to serve on the Board effectively, and this determination would be based on various factors and not only the number of listed company board representations that the Director has. Further, the NC from time to time assesses the independence of each Director, the performance of the Board as a whole, and the contribution of each Director to the effectiveness of the Board. Accordingly, the Board has not set a maximum number of board representations a Director may hold. For FY2015, the NC was satisfied that the Directors who have multiple board representations have devoted sufficient time and attention to the affairs of the Group to discharge their duties as Directors of the Company.

No alternate directors have been appointed by the Board.

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 and the Board.

The information on each Director's academic and professional qualifications, shareholdings, relationships (if any), directorship and other principal commitments is presented in the "**Board of Directors**" and "**Directors' Statement**" section of this Annual Report.

Principle 5: Board Performance

The NC is responsible for, *inter alia*, assessing the effectiveness of the Board as a whole and its board committees, and the contribution by the Chairman and each Director to the effectiveness of the Board. The NC has established processes for evaluating the effectiveness of the Board as a whole and the Board Committees, and the contribution by each individual Director to the effectiveness of the Board.

Each Board member is required to complete a Board appraisal assessment form (the "**Assessment Form**") on a yearly basis. Each member of the NC, ARMC and RC is further required to complete additional sections in the Assessment Form for the appraisal and assessment of each respective committee. On the basis of returns submitted, a consolidated report will be presented to the NC for consideration and adoption. The assessment of individual Directors is carried out by way of a feedback system whereby the directors are given the opportunity to raise feedback during a meeting of the NC or to the chairman of the NC.

In evaluating the performance of the Board and the Board Committees, the NC considers a set of objective performance criteria. Such objective performance criteria for the board evaluation are in respect of board size and composition, board processes, board information and accountability and board performance in relation to discharging its principal functions and responsibilities for financial targets.

(1) Mr. Ong Pang Liang was re-designated from Non-Executive Director to Independent Director with effect from 1 January 2016.

Principle 6: Access to Information

The Management provides the Board members with complete, adequate and timely information prior to Board meetings and on an ongoing basis. Board members also have separate and independent access to the Management to enable them to make informed decisions to discharge their duties and responsibilities. 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 the Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings. In respect of budgets, where there is a material variance between the projections and actual results, the Management will disclose and explain this to the Board.

Directors are also entitled to request from Management and are provided with such additional information by the Management as needed to make informed decisions.

The 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. The appointment and removal of the Company Secretary is a matter for the Board as a whole to decide. All Directors have separate, direct and independent access to the advice and services of the Company Secretary.

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

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The RC comprises three (3) Directors, the majority of whom, including the Chairman, are Independent Directors. All the members of the RC are Non-Executive Directors. As at 31 December 2015, the RC members were as follows:

Ms. Ng Shin Ein	(Chairman)
Dato' Seri Kalimullah Bin Masheerul Hassan	(Member)
Mr. Ong Pang Liang	(Member)

The RC has its terms of reference defining its role which include the following:

(a) ensuring a formal and transparent procedure for developing policy on key management personnel remuneration and fixing the remuneration packages of individual Directors;

(b) reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel, and also reviewing and recommending to the Board the specific remuneration packages for each Director as well as for the key management personnel;

(c) reviewing the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
(d) considering whether Directors and key management personnel should be eligible for benefits under long-term incentive schemes, including share schemes;
(e) considering the use of contractual provisions to allow the Company to reclaim incentive components of remunerations from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company;
(f) preparing a remuneration report annually providing clear disclosure of the Company's remuneration policy (including the link between remuneration paid to directors and key management personnel, and performance), level and mix of remuneration, and the procedure for setting remuneration, for recommendation to the Board;
(g) reporting to the Board its findings from time to time on matters arising and requiring the attention of the RC; and
(h) undertaking such other reviews, projects, functions, duties and responsibilities as may be requested by the Board.

If necessary, the RC will seek expert advice from external remuneration consultants in determining the Group's remuneration policy above. The remuneration policy recommended by the RC is submitted for approval by the Board.

The RC reviews the reasonableness of the contracts of service of executive directors and key management personnel. Where necessary, the RC obtains advice from external remuneration consultants for the Group's benchmarking of such contracts.

No remuneration consultants have been appointed for FY2015.

Having reviewed and considered the remuneration of the executive directors and the key management personnel, including the variable and discretionary component, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

In addition, the executive directors owe fiduciary duties to the Company. The Company should be able to avail itself of remedies against the executive directors in the event of such breach of fiduciary duties.

Principle 8: Level and Mix of Remuneration

In setting remuneration packages, the aim of the RC is to ensure that the level and structure of remuneration is aligned with the long-term interest and risk policies of the Company, and is appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. The RC takes into account the performance of the Group, as well as individual Directors and key management personnel, aligning their interests with those of shareholders to maximize long-term shareholder value, and linking rewards to corporate and individual performance. The RC also takes into consideration industry practices and norms in compensation.

Directors are paid Director's fees, determined by the Board based on the effort, time spent and responsibilities of the Directors. In ensuring a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual Directors, the RC aims to ensure that non-executive Directors are not overcompensated to the extent that their independence may be compromised. Directors' fees for Directors are subject to the approval of shareholders at the Annual General Meeting ("**AGM**").

Principle 9: Disclosure on Remuneration

The remuneration of Directors and key management personnel (who are not Directors or the CEO) of the Group for FY2015 is set out below:

(a) Directors	Fees (S$)	Salary (S$)	Bonus (S$)	Benefits (S$)	Total (S$)
Mr. Tong Kooi Ong	–	500,000	41,666	28,644	570,310
Mr. Koh Wan Kai	–	240,000	20,000	5,308	265,308
Mr. Khoo Hsien Ming Kevin	–	178,430	37,012	–	215,442
Mr. Gary Ho Kuat Foong	57,000	–	–	–	57,000
Ms. Ng Shin Ein	54,000	–	–	–	54,000
Dato' Seri Kalimullah Bin Masheerul Hassan	51,000	–	–	–	51,000
Mr. Ong Pang Liang	54,000	–	–	–	54,000

(b) Key Management Personnel of the Group	Fee (%)	Salary (%)	Bonus (%)	Benefits (%)	Total (%)
Below S$250,000					
Mr. Edward Lee Eng Chew	–	83	17	–	100
Ms. Tai Lai Yeen	–	92	8	–	100

The RC has considered the disclosure of the remuneration of the key management personnel and have decided to disclose these in bands of S$250,000 given the competitive environment the Group operates in and that the disclosure of the exact remuneration may facilitate the solicitation of the key management personnel.

Given the organisation structure of the Group, the Group does not have any other key management personnel other than the abovementioned two persons.

Total remuneration paid to the key management personnel (who are not Directors or the CEO) for FY2015 was approximately S$192,000.

The RC met once 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 FY2015. The RC's recommendations covered all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind.

The remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeded S$50,000 during FY2015 is set out below:

Between S$50,000 to S$100,000

Name	Designation	Relationship
Ian Tong	Executive Vice President, Investments	Son of Mr. Tong Kooi Ong (Executive Chairman and CEO)

The Group's remuneration framework comprises fixed pay and short-term and long-term incentives and is aimed to be aligned with the long-term interest and risk policies of the Group. The Group subscribes to linking remuneration to the performance of the Group, as well as individual Directors and key management personnel, based on an annual appraisal of employees and using indicators such as core values, competencies, key result areas, performance rating, and potential of the employees. Long-term incentive schemes are put in place to motivate and reward employees and align their interests with those of Shareholders to maximise long-term Shareholder value. Industry practices and norms are also taken into consideration.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board undertakes the responsibility of, *inter alia*, (a) approving annual budget and business plan, (b) setting overall strategies and supervision of the Group's business and affairs, and (c) reviewing the financial performance of the Group.

Management reports the operational and financial performance of the Group to the Board by keeping the Board informed and updated with the provision of financial and management reports, on a monthly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's prospects.

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 Company undertakes to circulate timely, adequate and non-selective disclosure of information. The Board also issues quarterly financial statements as reviewed by the ARMC to provide shareholders with comprehensive information and a balanced view on the Group's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

The Board determines the Group's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board also reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls annually. Such review is carried out internally.

For the financial year under review, the Board is of the view that the Group's internal controls (including financial, operational, compliance and information technology controls, and risk management systems) maintained by the 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 practices, and the identification and containment of business risk.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management, the Board and the ARMC are of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 December 2015.

The Board, together with the ARMC and the Management, will continue to enhance and improve the existing internal control framework to identify and address critical and significant risks relating to financial, operational, compliance and information technology. The system of internal controls established by the Group provides reasonable, but not absolute, assurance that the Group's assets and investments are safeguarded. The likelihood of achieving the internal control objectives is affected by limitations inherent in all internal control and risk management systems. The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The Board has received assurance from the CEO and the Chief Operating Officer that: (a) the financial records have been properly maintained, (b) the financial statements give a true and fair view of the Group's operations and affairs; and (c) regarding the effectiveness of the Group's risk management and internal control systems.

The ARMC has been tasked to assist the Board in carrying out its responsibility of overseeing the Group's risk management framework and policies adequately.

Principle 12: Audit and Risk Management Committee

The ARMC comprises three (3) Directors, the majority of whom, including the Chairman, are Independent Directors. All the members of the ARMC are Non-Executive Directors. The Chairman and one of its members have recent and relevant accounting or related financial management expertise and one of them is a Chartered Accountant of Singapore (CA (Singapore)).

As at 31 December 2015, the ARMC members were as follows:

Mr. Gary Ho Kuat Foong	(Chairman)
Ms. Ng Shin Ein	(Member)
Mr. Ong Pang Liang	(Member)

The ARMC has written terms of reference defining its role which include the following:

(a) review the scope and results of audit of the external audit and the independence (annually), its cost effectiveness and the objectivity of the external auditors;
(b) where the auditors also supply a substantial volume of non-audit services to the Company, the Committee shall keep the nature and extent of such services under review, seeking to maintain objectivity;
(c) meet with the external auditors and internal auditors without the presence of the Company's Management at least once a year:
  - discuss problems and concerns, if any, arising from the internal and external audits, and any matters which the auditors may wish to discuss; and
  - review the assistance given by Management to the auditors;
(d) determine the Company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems;
(e) review, comment and report to the Board at least annually, the adequacy and effectiveness of the Company's risk management and internal controls system;
(f) ensure that the internal audit function is adequately resourced (staffed with persons with the relevant qualifications and experience), independent of the activities it audits and has appropriate standing within the Company;
(g) review, at least annually, the adequacy and effectiveness of the internal audit function;
(h) review 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 Management's response;
(i) to ensure co-ordination where more than one audit firm is involved;
(j) to review the quarterly and annual financial statements before submission to the Board for approval, focusing in particular, on:
  - changes in accounting policies and practices;
  - major risk areas;
  - significant adjustments resulting from the audit;
  - the going concern statement;
  - compliance with accounting standards; and
  - compliance with stock exchange and statutory/regulatory/requirements;
(k) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
(l) review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement or 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 Management's response;
(m) review the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
(n) review interested person transactions, if any, as defined under the requirements of the Listing Manual;

(o) report to the Board its findings from time to time on matters arising and requiring the attention of the ARMC;
(p) undertake such other reviews and projects as may be requested by the Board;
(q) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors; and
(r) disclose the following information in the Company's annual report:–
- names of the members of the ARMC;
- details of the ARMC's activities;
- number of ARMC meetings held in that year; and
- the attendance of individual directors at such meetings.

The ARMC has the authority to conduct or authorise investigations into any matter within its terms of reference, full access to and cooperation of the Management, and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its function properly. Management is invited to attend all meetings of the ARMC.

The ARMC also conducted a review of the Group's interested person transactions.

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

The external auditors periodically provide briefings to members of the ARMC in relation to updates on changes in accounting standards and treatment, and their corresponding impact on financial statements, if any.

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "**Independent Auditor's Report**" which is found in this Annual report. During the year under review, the remuneration paid/payable to the Group's external auditors, Nexia TS (including auditor of subsidiaries which is the network of member firms of Nexia International), is set out below.

Service Category	**Fees Paid/Payable (S$'000)**
Audit Services	87
Non-Audit Services	20
Total Fees	**107**

The ARMC, having reviewed all non-audit services provided by the external auditors of the Group, Nexia TS Public Accounting Corporation ("**Nexia TS**"), 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 Group's external auditors, Nexia TS, is an accounting firm registered with the Accounting and Corporate Regulatory Authority. Having regard to Nexia TS's other auditing engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the audit, the ARMC is satisfied that Nexia TS and the audit engagement partner assigned to the audit have adequate resources and experience to meet its audit obligations. In this connection, the Group confirms that it is in compliance with Rules 712 and 715 of the Listing Manual.

The Group has introduced a whistle-blowing framework, where employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting and other matters. The ARMC has ensured that arrangements are in place for concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. Details of the whistle-blowing policies and arrangement were made available to all employees. The Group's whistle-blowing policy can be retrieved from its website. The Group seeks to continuously improve on and increase the effectiveness of its whistle-blowing measures.

None of the members nor the Chairman of the ARMC are former partners or directors of the Group's auditing firm.

Principle 13: Internal Audit

The Group recognises the importance of the internal audit function as an integral part of an effective system of good corporate governance. The internal audit function is independent of Management. The internal auditor has a direct and primary reporting line to the Chairman of the ARMC, with administrative reporting to the CEO and Executive Director.

The internal audit function assists the ARMC and the Board in monitoring risks and internal controls of the Group. The internal audit function is carried out by persons with the relevant qualifications and experience, is adequately resourced and has appropriate standing within the Company.

The internal audit schedules and scope of internal audit work each year are determined in consultation with, but independent of, Management and are submitted to the ARMC for approval.

Where outsourced internal audit services are required to supplement the internal audit work for the financial year, the appointment of the audit firm to perform such services is approved by the ARMC. The internal audit charter ensures the internal audit department has full access to all documents, records, properties and personnel of the Group.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Group is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the share price or value.

The AGM is the principal forum for dialogue with shareholders. The Board welcomes questions and comments relating to the Group's business or performance from shareholders at AGMs. Shareholders are given an opportunity to air their views and direct questions to the Board on matters affecting the Group. The Chairman of the Board and the respective Chairman of the ARMC, NC and RC, all other Directors, Management and representatives of the external audit firm are normally present at the AGM to address questions from shareholders. Shareholders will be informed of the rules, including voting procedures that govern general meetings of shareholders. Where a resolution has been put to vote, the Company will make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. The Company has not amended its Constitution 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. Minutes of general meetings are prepared and available to shareholders upon their request in accordance with applicable laws.

The Company also encourages active shareholder participation at its general meetings. Notices of meetings are published in the major newspaper 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 is aware of its obligations to shareholders and has devised investor relations policies to provide regular, effective and fair communication and convey pertinent information to shareholders. In line with continuous disclosure obligations of the Company pursuant to the Listing Manual, the Board's policy is that all shareholders should be equally and timely informed of all major developments and events that impact the Group. Information is communicated to shareholders through public announcements via SGXNET, news releases where appropriate and annual reports/circulars that are sent to all shareholders and notices of general meeting are advertised. The Group does not practice selective disclosure of material information. Material information is excluded from briefings with investors or analysts, unless it has been publicly released via SGXNET before, or concurrently with, such meetings. Where there is inadvertent disclosure made to a selected group, the Group makes the same disclosure publicly to all others as soon as practicable.

For FY2015, the Company will be paying a final dividend of 1 cent per share, if approved by the members of the Company at the forthcoming Annual General Meeting. Barring unforeseen circumstances and subject to compliance with the Companies Act, the Company will endeavour to continue to pay a final dividend of 1 cent per share annually for each of FY2016, FY2017 and FY2018, and will review its dividend policy for the financial years thereafter.

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 Group policies.

REPORT ON **CORPORATE GOVERNANCE**

DEALING IN SECURITIES

In line with Rule 1207(19) of the Listing Manual, the Group has issued a policy on share dealings by the Company and the Directors and key officers of the Group, setting out the implications of insider trading and recommendations of the best practices set out in Rule 1207(19). The Group adopts a code of conduct to provide guidance to its Directors and officers with regard to dealing by the Company and its Directors and officers 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. In addition, the policy also states that an officer should not deal in the Company's securities on short-term considerations.

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 two (2) weeks before the announcement of the Group's quarterly financial results, as the case may be, and if they are in possession of unpublished material and price-sensitive information. In the case of the Group's full year financial results announcement, the applicable period is one (1) month before the announcement of financial results.

CORPORATE INFORMATION

Particulars of Directors as at 31 December 2015

Name of Directors	Board Committee as Chairman or Member	Directorship: Date first appointed Date last re-elected	Board appointment	Directorship in other listed companies in Singapore (present)	Directorship in other listed companies in Singapore (held over preceding 3 years)
Mr. Tong Kooi Ong	–	15 March 2012 20 April 2012	Executive Chairman	3Cnergy Ltd	–
Mr. Koh Wan Kai	–	1 April 2009 25 April 2014	Executive	–	–
Mr. Khoo Hsien Ming Kevin	–	1 September 2015	Executive	–	–
Mr. Gary Ho Kuat Foong	Chairman: Audit and Risk Management Committee Member: Nominating Committee	31 October 2006 24 April 2015	Lead Independent	Rowsley Ltd. Secura Group Limited	–
Ms. Ng Shin Ein	Chairman: Remuneration Committee Member: Audit and Risk Management Committee	20 April 2013 25 April 2014	Independent	Yanlord Land Group Limited First Resources Ltd Eu Yan Sang International Ltd Sabana Shari'ah Compliant Industrial Real Estate Investment Trust	–
Dato' Seri Kalimullah Bin Masheerul Hassan	Chairman: Nominating Committee Member: Remuneration Committee	20 April 2013 25 April 2014	Independent	–	–
Mr. Ong Pang Liang	Member: Audit and Risk Management Committee Remuneration Committee Nominating Committee	1 August 2010 24 April 2015	Non-Executive	Secura Group Limited Rowsley Ltd.	–

Attendance at Board and Committee Meetings for the financial year ended 31 December 2015

Directors	Board		Audit and Risk Management Committee		Remuneration Committee		Nominating Committee	
	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance
Mr. Tong Kooi Ong	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Koh Wan Kai	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Khoo Hsien Ming Kevin(1)	1(1)	1	N.A.	N,A.	N.A.	N.A.	N.A,	N.A.
Mr. Gary Ho Kuat Foong	4	4	4	4	N.A.	N.A.	1	1
Ms. Ng Shin Ein	4	4	4	4	1	1	N.A.	N.A.
Dato' Seri Kalimullah Bin Masheerul Hassan	4	3	N.A.	N.A.	1	1	1	1
Mr. Ong Pang Liang	4	4	4	4	1	1	1	1

Note:

(1) Mr. Khoo Hsien Ming Kevin was appointed as a director on 1 September 2015. After the date of his appointment, there was one (1) Board meeting held.

Particulars of Key Management Personnel of the Group as at 31 December 2015

Edward Lee Eng Chew

Mr. Lee is the Executive Vice President (Corporate and Legal Service) of UPP Capital (M) Sdn. Bhd. and is responsible for the corporate and legal affairs of the Group. Prior to joining UPP Capital, Mr. Lee was the Head of the Legal Department of Sunrise Berhad, a Malaysian property developer listed on Bursa Malaysia. Mr. Lee has extensive legal expertise in property, media, and financial services sectors. He holds a Bachelor of Economics (Accounting) and Bachelor of Laws from Monash University, Melbourne.

Tai Lai Yeen

Ms. Tai is the Group Finance Manager and is responsible for the accounting, finance, taxation as well as internal control functions of the Group. Prior to joining the Group in December 2010, Ms. Tai was an Assurance Manager of an international firm of certified public accountants and she has extensive experience in the accounting and auditing profession. Ms. Tai holds a degree in Accountancy from the University of Putra Malaysia. She is a chartered accountant with the Institute of Singapore Chartered Accountants and member of The Institute of Internal Auditors Singapore.

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 FY2015.

REPORT ON
CORPORATE GOVERNANCE

UPDATE ON USE OF PROCEEDS

Shares Placement (completion of allotment on 16 May 2012)

As regards the subscriptions for up to an aggregate of 109,931,000 new ordinary shares in the capital of the Company (the "**Shares Placement**"), the amount of approximately S$31.3 million of the Shares Placement proceeds was utilised as follows:

(a) As announced on 28 February 2014, the Company has utilised an amount of S$24.0 million of the net proceeds of S$40.3 million raised from the Shares Placement (the "**Net Shares Placement Proceeds**") to satisfy the balance amount of the Part II Consideration.

The Company confirms that the above amounts of proceeds from the Shares Placement were used as previously disclosed.

(b) As announced on 26 March 2014, the Company has utilised an amount of approximately S$7.3 million of the Net Shares Placement Proceeds to satisfy the balance of the consideration which is due and payable under the Turnkey Agreement (the "**Turnkey Amount**").

The Company notes that the use of the Net Shares Placement Proceeds for the Turnkey Amount represents a change in the intended allocation of the Net Shares Placement Proceeds as stated in its announcement dated 4 May 2012.

The unutilised balance of the Net Shares Placement Proceeds is approximately S$9.0 million.

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to conduct its business activities in an ethical, and socially and environmentally sustainable manner.

We ensure that our business operations and processes are managed in a way that minimizes its impact on our environment. The Group recognises the importance of and is committed to ensuring a healthy and safe work environment for the well-being of our employees. Employees are also expected to maintain the highest standards of integrity and trust in all business relationships and dealings. The Group places great emphasis on accountability, transparency, ethical business conduct and good corporate governance.

During FY2015, the Group was engaged in a corporate social responsibility ("**CSR**") programme in Myanmar. In mid-2015, the Group donated a low-cost house as part of a home re-building programme initiated by Myanmar's Ministry of Electric Power for residents affected by major floods in the Sagaing region. As part of the Group's efforts to improve the conditions of a national primary school in Insein, the Group replaced two-thirds of the school's old furniture with new desks and chairs, to accommodate an aggregate of approximately 400 students in two school sessions. Going forward, the Group will endeavour to further enhance its CSR efforts.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 2015.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 35 to 87 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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.

Directors

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

Tong Kooi Ong	(Executive Chairman)
Koh Wan Kai	(Executive Director)
Gary Ho Kuat Foong	
Ng Shin Ein	
Kalimullah Bin Masheerul Hassan	
Ong Pang Liang	
Khoo Hsien Ming Kevin	(Appointed on 1 September 2015)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

DIRECTORS' **STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.12.2015	**At 1.1.2015**	**At 31.12.2015**	**At 1.1.2015**
Company				
(No. of ordinary shares)				
Tong Kooi Ong	–	213,561,000	213,561,000	–
Ong Pang Liang	5,000,000	5,000,000	–	–
Kalimullah Bin Masheerul Hassan	–	–	25,000,000	25,000,000

Mr Tong Kooi Ong, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiary corporations and in the shares held by the Company in the following subsidiary corporations that are not wholly owned by the Group:

	At 31.12.2015	**At 1.1.2015**
UPP Pulp & Paper (M) Sdn. Bhd.		
– No. of ordinary shares	145,858,112	145,858,112
UPP Recycled Fibre (M) Sdn. Bhd.		
– No. of ordinary shares	408,163	408,163
UPP-MSP Engineering Limited		
– No. of ordinary shares	50,000	50,000

The directors' interests in the ordinary shares and convertible securities of the Company as at 21 January 2016 were the same as those as at 31 December 2015.

Share options

Employee Share Option Scheme

The UPP Employee Share Option Scheme (the "**Option Scheme**") for any director (including a Non-Executive Director) or confirmed employee of the Group selected by the Committee (the "**Participant**") was approved by members of the Company at an Extraordinary General Meeting on 21 April 2011.

The purpose of the Option Scheme is to provide an opportunity for employees of the Group who have contributed significantly to the growth and performance of the Group, as well as directors, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. Additionally, the Option Scheme will help the Group to attract and retain the services of appropriate, qualified and experienced employees who would be able to contribute to the Group's business and operations.

Under the Option Scheme, subject to the absolute discretion of the Committee, options to subscribe for the ordinary shares of the Company are granted to Participants who have attained the age of 21 years on or prior to the relevant Date of Grant, are not undischarged bankrupts, have not entered into a composition with their respective creditors, and, where applicable, who have, as of the Date of Grant, been in the employment of the Group for a period of at least 12 months, or such shorter period as the Committee may determine, and Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group. The exercise price of the options is determined at the Market Price as quoted on the Singapore Exchange, or at a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price. Once the options are granted, they are exercisable within five years from the Date of Grant of the options. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Option Scheme, shall not exceed 15% of the issued share capital of the Company on the day preceding that date.

There were no options granted during the financial year, including options to controlling shareholders of the Company or their associates (as defined in the Listing manual of Singapore Exchange Securities Trading Limited), to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit and Risk Management Committee ("ARMC")

The members of the ARMC at the end of the financial year were as follows:

Gary Ho Kuat Foong (Chairman)
Ng Shin Ein
Ong Pang Liang

DIRECTORS' **STATEMENT**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

All members of the ARMC are independent and non-executive directors except for Mr Ong Pang Liang who was previously an Executive Director of the Company up to 20 April 2012.

The ARMC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the ARMC reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015 before their submission to the Board of Directors.

The ARMC has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Tong Kooi Ong
Director

Koh Wan Kai
Director

21 March 2016

INDEPENDENT
AUDITOR'S REPORT
TO THE MEMBERS OF UPP HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of UPP Holdings Limited (the "**Company**") and its subsidiary corporations (the "**Group**") set out on pages 35 to 87, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (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 financial statements and to maintain accountability of assets.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet 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 financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

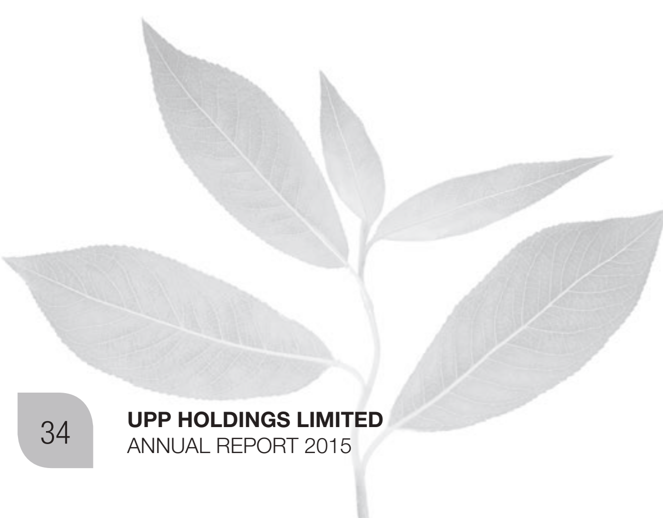
INDEPENDENT
AUDITOR'S REPORT
TO THE MEMBERS OF UPP HOLDINGS LIMITED

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 corporations incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
Director in-charge: Kristin YS Kim
Appointed since financial year ended 31 December 2012

Singapore
21 March 2016



BALANCE SHEETS

AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015	2014	2015	2014
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	4	54,893	40,824	47,212	35,214
Trade and other receivables	5	11,850	12,349	57,629	60,903
Service concession receivables	6	16,827	15,720	–	–
Inventories	7	5,438	9,160	–	–
		89,008	78,053	104,841	96,117
Property held-for-sale	11	7,742	7,742	–	–
		96,750	85,795	104,841	96,117
Non-current assets					
Property, plant and equipment	8	50,353	59,130	167	257
Investment property	9	–	–	–	–
Investments in subsidiary corporations	10	–	–	15,694	15,694
Service concession receivables	6	41,867	44,101	–	–
Other receivables	5	–	–	26,513	28,897
		92,220	103,231	42,374	44,848
Total assets		188,970	189,026	147,215	140,965
LIABILITIES					
Current liabilities					
Trade and other payables	12	4,851	5,713	804	462
Non-current liabilities					
Deferred income tax liabilities	13	685	685	–	–
Total liabilities		5,536	6,398	804	462
NET ASSETS		183,434	182,628	146,411	140,503
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	14	140,578	140,578	140,578	140,578
Retained profits/(accumulated losses)		55,155	46,553	5,759	(149)
Other reserves	15	(17,576)	(10,386)	74	74
		178,157	176,745	146,411	140,503
Non-controlling interests		5,277	5,883	–	–
Total equity		183,434	182,628	146,411	140,503

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group	
	Note	**2015**	**2014**
		$'000	**$'000**
Revenue	17	61,103	116,901
Cost of sales		(43,559)	(101,414)
Gross profit		17,544	15,487
Other income, net	18	3,203	1,753
Expenses			
– Selling and distribution		(2,083)	(2,139)
– Administrative		(5,405)	(5,359)
– Finance	21	(4)	(48)
Profit before income tax		13,255	9,694
Income tax expense	22	(14)	(36)
Net profit		13,241	9,658
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
– Fair value losses		–	(31)
– Reclassification		–	245
Currency translation differences arising from consolidation		(8,252)	(353)
Other comprehensive loss, net of tax		(8,252)	(139)
Total comprehensive income		4,989	9,519
Profit attributable to:			
Equity holders of the Company		12,785	8,978
Non-controlling interests		456	680
		13,241	9,658
Total comprehensive income attributable to:			
Equity holders of the Company		5,595	9,000
Non-controlling interests		(606)	519
		4,989	9,519
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
– Basic	23	1.53	1.07
– Diluted	23	1.53	1.07

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Share capital $'000	Retained profits[1] $'000	Capital reserve $'000	Currency translation reserve $'000	Fair value reserve $'000	Total other reserves $'000	Non-controlling interests $'000	Total equity $'000
		← Attributable to equity holders of the Company →							
2015									
Beginning of financial year		140,578	46,553	712	(11,098)	–	(10,386)	5,883	182,628
Profit for the year		–	12,785	–	–	–	–	456	13,241
Other comprehensive loss for the year		–	–	–	(7,190)	–	(7,190)	(1,062)	(8,252)
Total comprehensive income for the year		–	12,785	–	(7,190)	–	(7,190)	(606)	4,989
Dividend relating to 2014 paid	16	–	(4,183)	–	–	–	–	–	(4,183)
End of financial year		140,578	55,155	712	(18,288)	–	(17,576)	5,277	183,434

	Note	Share capital $'000	Retained profits[1] $'000	Capital reserve $'000	Currency translation reserve $'000	Fair value reserve $'000	Total other reserves $'000	Non-controlling interests $'000	Total equity $'000
		← Attributable to equity holders of the Company →							
2014									
Beginning of financial year		140,578	36,629	712	(10,202)	(214)	(9,704)	6,861	174,364
Profit for the year		–	8,978	–	–	–	–	680	9,658
Other comprehensive loss for the year		–	–	–	(192)	214	22	(161)	(139)
Total comprehensive income for the year		–	8,978	–	(192)	214	22	519	9,519
Dividend relating to 2013 paid	16	–	(1,255)	–	–	–	–	–	(1,255)
Deemed acquisition of non-controlling interest	10	–	2,201	–	(704)	–	(704)	(1,497)	–
End of financial year		140,578	46,553	712	(11,098)	–	(10,386)	5,883	182,628

(1) Retained profits of the Group are distributable.

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 $'000	Group 2014 $'000
Cash flows from operating activities			
Net profit		13,241	9,658
Adjustments for:			
– Income tax expense		14	36
– Depreciation of property, plant and equipment	8	2,587	2,845
– Depreciation of investment property	9	–	117
– Net loss on redemption of available-for-sale financial assets	18	–	245
– Gain on disposal of property, plant and equipment	18	(52)	(19)
– Bad debt written off	18	9	–
– Allowance for impairment of trade receivables	18	615	124
– Finance income	17	(6,784)	(5,980)
– Interest income	18	(370)	(284)
– Interest expense	21	4	48
– Unrealised currency translation gains		(5,012)	(1,789)
Operating cash flow before working capital changes		4,252	5,001
Changes in working capital			
– Trade and other receivables		11,687	7,711
– Inventories		3,722	373
– Trade and other payables		(1,059)	742
Cash generated from operations		18,602	13,827
Interest received		227	193
Interest paid		(4)	(48)
Income tax paid		(14)	(4)
Net cash provided by operating activities		18,811	13,968
Cash flows from investing activities			
Additions to property, plant and equipment		(1,196)	(267)
Disposal of property, plant and equipment		78	19
Redemption of available-for-sale financial assets		–	3,500
Service concession receivables		–	(44,093)
Net cash used in investing activities		(1,118)	(40,841)
Cash flows from financing activities			
Repayment of borrowings		–	(2,483)
Dividends paid to equity holders of the Company	16	(4,183)	(1,255)
Release of pledged fixed deposits		–	394
Net cash used in financing activities		(4,183)	(3,344)
Net increase/(decrease) in cash and cash equivalents		13,510	(30,217)
Cash and cash equivalents			
Beginning of financial year		40,824	70,740
Effects of currency translation on cash and cash equivalents		559	301
End of financial year	4	54,893	40,824

The accompanying notes form an integral part of these financial statements

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

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 21 March 2016.

1 GENERAL INFORMATION

UPP Holdings Limited (the "**Company**") is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and incorporated and domiciled in Singapore. The address of its registered office is 1 Kim Seng Promenade, #13-10 Great World City West Tower, Singapore 237994.

The principal activities of the Company are trading of paper products, investment holding and providing management services. The principal activities of the subsidiary corporations are stated in Note 10 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("**FRS**") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations of FRS ("**INT FRS**") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2 SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

2.2 Revenue recognition

Sales comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Sale of goods

Revenue from these sales 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.

(ii) Construction revenue

Please refer to the paragraph "Service concession arrangement" for the accounting policy for revenue from construction contracts (Note 2.8).

(iii) Operating and maintenance income

Operating and maintenance income relates to the income derived from managing and operation of infrastructure under service concession arrangement.

Operating and maintenance income are recognised when services are rendered.

(iv) Finance income

Finance income from service concession arrangement is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Finance income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(v) Interest income

Interest income is recognised using the effective interest method.

2 SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

2.2 Revenue recognition (Continued)

(vi) Dividend income

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

(vii) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.3 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

2 SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

2.3 Group accounting (Continued)

(a) *Subsidiary corporations (Continued)*

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (Continued)

(a) Subsidiary corporations (Continued)

(iii) Disposals (Continued)

Any retained equity interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs also includes borrowing costs (refer to Note 2.6 on borrowing costs).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (Continued)

(b) *Depreciation*

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	90 to 99 years
Building	50 years
Plant and machinery	3 to 40 years
Furniture, fixtures and office equipment	3 to 10 years
Motor vehicles	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other income, net”.

2.5 Investment properties

Investment properties include properties that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Investment properties (Continued)

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvement is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Service concession arrangement

(a) *Consideration given by the grantor*

A financial asset (receivable under service concession arrangement) is recognised to the extent that the Group has an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services. The Group has an unconditional right to receive cash if the grantor contractually guarantees to pay the Group (a) specified or determinable amounts or (b) the shortfall, if any, between amounts to be paid by the grantor based on the usage of the service and specified or determinable amounts, even if the payment is contingent on the Group ensuring that the infrastructure meets specified quality of efficiency requirements. The financial asset (receivable under service concession arrangement) is accounted for in accordance with the policy set out in Note 2.10 below.

(b) *Construction of service concession related infrastructure*

Revenue and costs relating to construction phase of a concession arrangement is accounted for in accordance with FRS 11 Construction Contracts. The Group recognised the construction revenue with reference to the fair value of the construction service delivered in the construction phase.

2 **SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.8 **Service concession arrangement** (Continued)

(b) Construction of service concession related infrastructure (Continued)

Where the outcome of a construction contract including construction or upgrade services of the infrastructure under a service concession arrangement can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(c) Operating services

Revenue relating to operating services is accounted for in accordance with the policy for "Revenue recognition (operating and maintenance income)" as described in Note 2.2 above.

(d) Contractual obligations to restore the infrastructure to a specified level of serviceability

When the Group has contractual obligations that it must fulfil as a condition for operating the infrastructure, that is (a) to maintain the infrastructure to a specified level of serviceability and/or (b) to restore the infrastructure to a specified condition before they are handed over to the grantor at the end of the service concession arrangement, these contractual obligations to maintain or restore the infrastructure are recognised and measured in accordance with the policy set out for "**Provisions**" below.

Repair and maintenance and other expenses that are routine in nature are expensed and recognised in profit or loss as incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiary corporations
Investment properties

Property, plant and equipment, investments in subsidiary corporations and investment properties are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("**CGU**") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the assets is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets as loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(a) Classification (Continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 5), "cash and cash equivalents" (Note 4) and "service concession receivables" (Note 6) on the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(d) Subsequent measurement (Continued)

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.10(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(e) Impairment (Continued)

(ii) Available-for-sale financial assets (Continued)

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.15 Leases

(a) When the Group is the lessee

The Group leases certain properties under operating leases from non-related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor

The Group leases investment property under operating leases to a non-related party.

Leases of investment property where the Group retains substantially all risks and reward incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Inventories

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

Raw materials – purchase costs on a weighted average basis; and

Finished goods and work in progress – cost of direct materials and labour and proportion of manufacturing overheads based on 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 the estimated costs of completion and applicable variable selling expenses.

2.17 Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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

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

Deferred income tax is measured:

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Income taxes (Continued)

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, investment and reinvestment allowance) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee compensation (Continued)

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

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

(c) Short-term compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employee up to the balance sheet date.

2.20 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the term of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company’s balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary corporations’ borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company’s balance sheet.

Intra-group transactions are eliminated on consolidation.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("**functional currency**"). The financial statements are presented in Singapore Dollar ("**SGD**"), which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("**foreign currency**") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "other income, net".

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

(c) *Translation of Group's entities financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Currency translation (Continued)

(c) *Translation of Group's entities financial statements (Continued)*

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors to make decisions about resources to be allocated to the segment and assess its performance.

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.24 Share capital

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

2.25 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

2.26 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Government grants (Continued)

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.27 Non-current assets held-for-sale

Non-current assets are classified as held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

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.

(a) Service concession arrangement

Where the Group performs more than one service under the concession arrangement, the consideration for the services provided under the concession arrangement is allocated to the components by reference to their relative fair values.

Estimation is exercised in determining the fair values of the receivables under service concession arrangement as well as impairment of the receivables under service concession arrangement subsequent to initial recognition. Discount rates, estimates of future cash flows and other factors are used in the determination of the amortised cost of financial asset and corresponding finance income.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

3.1 Critical accounting estimates and assumptions (Continued)

(a) Service concession arrangement (Continued)

The assumptions used and estimates made can materially affect the fair value estimates. The carrying amount of the Group's receivables arising from service concession arrangement at the end of the reporting period is disclosed in Notes 6 to the financial statements.

During the financial year, the Group has also recognised operating and maintenance income from service concession arrangement amounting to $5,162,000 (2014: $3,525,000) as disclosed in Note 17 to the financial statements.

(b) Depreciation of property, plant and equipment

The cost of plant and equipment 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 as at 31 December 2015 was $33,278,000 (2014: $38,924,000).

If the actual useful lives of these plant and machinery differ by 1 year (2014: 1 year) from management estimates, the carrying amount of the plant and machinery will be increased by $71,000 (2014: $85,000) or decreased by $80,000 (2014: $96,000) and correspondingly to profit or loss.

(c) Allowance for impairment of receivables

The Group makes allowances for impairment of receivables 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 impairment of receivables 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 allowance for impairment expenses in the period in which such estimate has been changed. As at 31 December 2015, the total allowances for impairment of receivables of the Group are $1,035,000 (2014: $528,000).

If the impairment of receivables differs by 10% from management's estimates, the allowance for impairment of the Group would have been lower/higher by $103,500 (2014: $52,800).

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

3.2 Critical judgements in applying the entity's accounting policies

(a) Deferred income tax assets

The Group recognises deferred income tax assets on carried forward capital allowances, and investment and reinvestment allowances to the extent that there are sufficient estimated future taxable profits and/or taxable temporary differences against which these allowances can be utilised and that the Group is able to satisfy the continuing ownership test. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The total carrying amount of recognised capital allowances, investment and reinvestment allowances and other temporary differences of the Group amounted to $34,188,000 (2014: $39,907,000) and the unrecognised tax losses, capital allowances, and investment and reinvestment allowances of the Group and unrecognised tax losses of the Company were $12,815,000 (2014: $21,173,000) and $54,000 (2014: $756,000) respectively. If the tax authority regards the group entities as not satisfying the continuing ownership test, the deferred income tax asset will have to be written off as income tax expense.

4 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	4,149	5,164	1,488	1,688
Short-term bank deposits	50,744	35,660	45,724	33,526
	54,893	40,824	47,212	35,214

Cash and bank balances denominated in foreign currency other than the functional currencies of the Group's entities at balance sheet date are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
United States Dollar	35,098	12,556	29,132	10,721

5 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Current trade and other receivables				
Trade receivables – non-related parties	12,280	12,088	45	824
Less: Allowance for impairment of receivables – non-related parties [Note 27(i)]	(1,035)	(528)	–	–
Trade receivables – net	11,245	11,560	45	824
Amounts due from subsidiary corporations – non-trade	–	–	53,053	55,869
Loan to a subsidiary corporation	–	–	4,419	4,128
Deposits	70	148	36	36
Prepayments	213	259	17	17
Others	322	382	59	29
	605	789	57,584	60,079
	11,850	12,349	57,629	60,903
Non-current other receivables				
Loan to a subsidiary corporation	–	–	26,513	28,897
	11,850	12,349	84,142	89,800

Trade receivables are non-interest bearing and are generally on 30 to 120 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The non-trade amounts due from subsidiary corporations are unsecured, interest-free and are repayable on demand.

Loan to a subsidiary corporation is unsecured, bears interest at 8% per annum and repayable in 8 equal annual instalments commencing on 28 February 2015.

The fair value of the non-current loan to a subsidiary corporation is as follows:

	Company	
	2015	**2014**
	$'000	**$'000**
Loan to a subsidiary corporation	26,513	28,897

5 TRADE AND OTHER RECEIVABLES (CONTINUED)

The fair value is determined from the cash flow analysis, discounted at effective interest rate of 8% (2014: 8%) which the management is of the opinion that is similar to the market interest rate for an instrument bearing the same risk profile and characteristics at the end of the reporting period. The fair value is within Level 2 of the fair value hierarchy.

Trade and other receivables denominated in foreign currency other than the functional currencies of the Group's entities at balance sheet date are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
United States Dollar	397	963	47,495	54,905

6 SERVICE CONCESSION RECEIVABLES

	Group	
	2015	**2014**
	$'000	**$'000**
Current portion	16,827	15,720
Non-current portion	41,867	44,101
	58,694	59,821

During the current financial year, the Group recognised finance income of $6,784,000 (2014: $5,980,000) and construction revenue of Nil (2014: $58,822,000) as revenue from service concession arrangement. The effective interest rate applied is 12% (2014: 12%) per annum.

The carrying value of the non-current portion of service concession receivables approximates its fair value, as management is of the opinion that the effective interest rate used is similar to the market interest rate for an instrument bearing the same risk profile and characteristics at the end of the reporting period.

The service concession receivables are denominated in the functional currency of the subsidiary corporation.

Service concession arrangement

The Group through its subsidiary corporation has entered into a service concession arrangement with Myanma Electric Power Enterprise ("**MEPE**"), a governmental body of the Republic of the Union of Myanmar (the grantor) to provide electricity generated by it to MEPE on a take or pay and Build-Operate-Transfer ("**BOT**") basis.

6 SERVICE CONCESSION RECEIVABLES (CONTINUED)

Service concession arrangement (Continued)

Under the service concession arrangement, the Group is responsible for the construction of the gas-fired electricity generating power plant (the "**plant**") in Ywama (Yangon), Myanmar. Upon completion of the construction, the Group is responsible for operating the plant and sale of electrical energy generated by it to MEPE, the off-taker. The concession period for the plant is 30 years. During the concession period, the Group receives guaranteed minimum annual payments from MEPE. These guaranteed minimum annual payments are recognised as financial receivables to the extent that the Group has contractual rights under the concession arrangements. The financial receivables are measured on initial recognition at their fair value.

The service concession agreement contains a renewal option. Subject to the terms and conditions of the service concession arrangement, the Group and MEPE have the right to terminate the agreement. At the end of the concession period, the title to the plant will be transferred to MEPE.

The counterparty of the above service concession arrangement is a governmental body in the Republic of the Union of Myanmar. Management is of the view that the associated credit risk is not significant.

7 INVENTORIES

	Group	
	2015	**2014**
	$'000	**$'000**
Finished goods	2,991	6,180
Raw materials	1,753	2,200
Work-in-progress	7	9
Production supplies	638	668
Goods-in-transit	49	103
	5,438	9,160

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $25,639,000 (2014: $25,058,000).

8 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land $'000	Leasehold Land and Building $'000	Plant and Machinery $'000	Furniture, Fixtures and Office Equipment $'000	Motor Vehicles $'000	Total $'000
Group						
2015						
Cost						
Beginning of financial year	4,306	20,150	64,224	1,526	1,737	91,943
Currency translation differences	(558)	(2,612)	(8,402)	(189)	(178)	(11,939)
Additions	–	–	1,282	41	70	1,393
Disposals	–	–	(38)	(3)	–	(41)
End of financial year	3,748	17,538	57,066	1,375	1,629	81,356
Accumulated depreciation						
Beginning of financial year	–	5,122	25,300	1,254	1,137	32,813
Currency translation differences	–	(688)	(3,402)	(158)	(133)	(4,381)
Charge for the year (Note 19)	–	373	1,904	73	237	2,587
Disposals	–	–	(14)	(2)	–	(16)
End of financial year	–	4,807	23,788	1,167	1,241	31,003
Net book value						
End of financial year	3,748	12,731	33,278	208	388	50,353
Group						
2014						
Cost						
Beginning of financial year	4,397	20,576	65,110	1,587	1,699	93,369
Currency translation differences	(91)	(426)	(1,357)	(21)	(28)	(1,923)
Additions	–	–	471	113	66	650
Disposals	–	–	–	(8)	–	(8)
Write offs	–	–	–	(145)	–	(145)
End of financial year	4,306	20,150	64,224	1,526	1,737	91,943
Accumulated depreciation						
Beginning of financial year	–	4,822	23,727	1,341	920	30,810
Currency translation differences	–	(110)	(542)	(16)	(21)	(689)
Charge for the year (Note 19)	–	410	2,115	82	238	2,845
Disposals	–	–	–	(8)	–	(8)
Write offs	–	–	–	(145)	–	(145)
End of financial year	–	5,122	25,300	1,254	1,137	32,813
Net book value						
End of financial year	4,306	15,028	38,924	272	600	59,130

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, Fixtures, and Office Equipment $'000	Motor Vehicles $'000	Total $'000
Company			
2015			
Cost			
Beginning of financial year	67	430	497
Additions	2	–	2
End of financial year	69	430	499
Accumulated depreciation			
Beginning of financial year	54	186	240
Charge for the year	6	86	92
End of financial year	60	272	332
Net book value			
End of financial year	9	158	167
Company			
2014			
Cost			
Beginning of financial year	203	430	633
Additions	14	–	14
Disposals	(6)	–	(6)
Write offs	(144)	–	(144)
End of financial year	67	430	497
Accumulated depreciation			
Beginning of financial year	200	100	300
Charge for the year	4	86	90
Disposals	(6)	–	(6)
Write offs	(144)	–	(144)
End of financial year	54	186	240
Net book value			
End of financial year	13	244	257

9 INVESTMENT PROPERTY

	Group	
	2015	**2014**
	$'000	**$'000**
Cost		
Beginning of financial year	–	10,545
Reclassified as property held-for-sale (Note 11)	–	(10,545)
End of financial year	–	–
Accumulated depreciation		
Beginning of financial year	–	2,686
Charge for the year (Note 19)	–	117
Reclassified as property held-for-sale (Note 11)	–	(2,803)
End of financial year	–	–
Net book value		
End of financial year	–	–

The tenancy agreement of the investment property expired in July 2014. As the carrying amount of the property will be recovered principally through a sale transaction, it was reclassified to property held-for-sale (Note 11).

The following amounts are recognised in profit or loss:

	Group	
	2015	**2014**
	$'000	**$'000**
Rental income (Note 17)	–	727
Direct operating expenses (including repairs and maintenance arising from rental generating property)	–	(117)

10 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2015	2014
	$'000	$'000
Equity investments at cost		
Beginning of financial year	15,694	15,469
Additions	–	225
End of financial year	15,694	15,694

Details of subsidiary corporations are as follows:

Name of companies	Country of business/ incorporation	Principal Activities	Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests		Proportion of preference shares held by the Group	
			2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Held by the Company								
(1)UPP Industries Pte. Ltd.	Singapore	Investment holding, rental and management of property	100	100	–	–	–	–
(1)UPP Greentech Pte. Ltd.	Singapore	Investment holding	100	100	–	–	–	–
(1)UPP Investment (Asia) Pte Ltd	Singapore	Investment holding	100	100	–	–	–	–
Held through subsidiary corporations								
(2)UPP Capital (M) Sdn. Bhd.	Malaysia	Investment holding	100	100	–	–	–	–
(2)UPP Pulp & Paper (M) Sdn. Bhd.	Malaysia	Manufacture and sale of paper products and trading in recycled fibre	92.8	92.8*	7.2	7.2	–	–*
(2)UPP Recycled Fibre (M) Sdn. Bhd.	Malaysia	Dormant	92.8	92.8*	7.2	7.2	–	–
(3)UPP-MSP Engineering Limited	Myanmar	Dormant	75	75	25	25	–	–
(3)UPP Power (Myanmar) Limited	Myanmar	Design, operate and maintain power plants for electricity generation and sell the electricity produced to the Myanmar Government	100	100	–	–	–	–

(1) Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International.
(2) Audited by SSY Partners Chartered Accountants, Malaysia, a member firm of Nexia International.
(3) Audited by Nexia TS Public Accounting Corporation for consolidation purposes.

10 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

* Deemed acquisition of non-controlling interests
On 8 December 2014, the Company's subsidiary corporation, UPP Industries Pte. Ltd. converted in full, all its 70,000,000 redeemable preference shares held in UPP Pulp & Paper (M) Sdn. Bhd. ("**UPPM**") into 70,000,000 new ordinary shares. Consequently, the Group's equity interest in UPPM was increased by 6.7% to 92.8% as at 31 December 2014.

There are no non-controlling interests that are material to the Group. There were no transactions with the non-controlling interests for the financial years ended 31 December 2015 and 2014.

11 PROPERTY HELD-FOR-SALE

	Group	
	2015	**2014**
	$'000	**$'000**
Reclassified from investment property (Note 9)	7,742	7,742

The details of the Group's property held-for-sale are as follows:

Location	Description/existing use	Tenure
35 Tuas View Crescent	Factory building	Leasehold with 30 years lease expiring 1 December 2029 with an option for a further term of 30 years.

12 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables – non-related parties	3,277	3,442	–	–
Accrued operating expenses	1,523	2,137	758	373
Other payables	51	134	46	89
	4,851	5,713	804	462

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

12 TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables denominated in foreign currency other than the functional currencies of the Group's entities at balance sheet date are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
United States Dollar	509	524	202	211

13 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting and their movement during the financial year, are shown on the balance sheets as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Deferred income tax liabilities		
To be settled after one year	685	685

Movement in deferred income tax account is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Beginning of financial year	685	653
Tax charged to profit or loss (Note 22)	–	32
End of financial year	685	685

13 DEFERRED INCOME TAXES (CONTINUED)

Movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Deferred income tax liabilities		
Accelerated tax depreciation		
Beginning of financial year	10,662	11,315
Currency translation differences	(1,294)	(212)
Credited to profit or loss	(136)	(441)
End of financial year	9,232	10,662

Deferred income tax assets

	Unabsorbed capital allowances $'000	**Unutilised investment and reinvestment allowances $'000**	**Provisions and others $'000**	**Total $'000**
Group				
2015				
Beginning of financial year	(3,339)	(6,574)	(64)	(9,977)
Currency translation differences	433	852	9	1,294
Charged/(credited) to profit or loss	1,709	(1,301)	(272)	136
End of financial year	(1,197)	(7,023)	(327)	(8,547)
Group				
2014				
Beginning of financial year	(5,049)	(5,574)	(39)	(10,662)
Currency translation differences	77	134	1	212
Charged/(credited) to profit or loss	1,633	(1,134)	(26)	473
End of financial year	(3,339)	(6,574)	(64)	(9,977)

13 DEFERRED INCOME TAXES (CONTINUED)

Deferred income tax assets are recognised for capital allowances and investment and reinvestment allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses, capital allowances and investment and reinvestment allowances of approximately $1,957,000 (2014: $2,720,000), $12,000 (2014: $14,000) and $10,846,000 (2014: $18,439,000) respectively and the Company has unrecognised tax losses of approximately $54,000 (2014: $756,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses, capital allowance and investment and reinvestment allowance in their respective countries of incorporation. The tax losses, capital allowances and investment and reinvestment allowances have no expiry date.

14 SHARE CAPITAL

	Group and Company			
	No. of shares 2015 ’000	**Amount 2015 $’000**	**No. of shares 2014 ’000**	**Amount 2014 $’000**
Beginning and end of financial year	836,667	140,578	836,667	140,578

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividend as and when declared by the Company.

Share options

The UPP Employee Share Option Scheme (the “**Option Scheme**”) for any director (including a Non-Executive Director) or confirmed employee of the Group selected by the Committee (the “**Participant**”) was approved by members of the Company at an Extraordinary General Meeting on 21 April 2011.

The purpose of the Option Scheme is to provide an opportunity for employees of the Group who have contributed significantly to the growth and performance of the Group, as well as directors, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. Additionally, the Option Scheme will help the Group to attract and retain the services of appropriate, qualified and experienced employees who would be able to contribute to the Group’s business and operations.

14 SHARE CAPITAL (CONTINUED)

Under the Option Scheme, subject to the absolute discretion of the Committee, options to subscribe for the ordinary shares of the Company are granted to Participants who have attained the age of 21 years on or prior to the relevant Date of Grant, are not undischarged bankrupts, have not entered into a composition with their respective creditors, and, where applicable, who have, as of the Date of Grant, been in the employment of the Group for a period of at least 12 months, or such shorter period as the Committee may determine, and Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group. The exercise price of the options is determined at the Market Price as quoted on the Singapore Exchange, or at a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price. Once the options are granted, they are exercisable within five years from the Date of Grant of the options. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Option Scheme, shall not exceed 15% of the issued share capital of the Company on the day preceding that date.

There were no options granted during the financial year to subscribe for unissued shares of the Company.

15 OTHER RESERVES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	712	712	74	74
Currency translation reserve	(18,288)	(11,098)	–	–
	(17,576)	(10,386)	74	74

Other reserves are non-distributable. Included in capital reserve of the Group is an amount of $638,000 (2014: $638,000) which relates to contribution by a non-controlling interest in excess of its shareholding.

The movement of other reserve is as disclosed on the Consolidated Statement of Changes in Equity.

16 DIVIDENDS

	Group	
	2015	2014
	$'000	$'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of 0.5 cents (2014: 0.15 cents) per share	4,183	1,255

At the coming Annual General Meeting on 29 April 2016, a final dividend of 1.00 cent per share amounting to a total of $8,367,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2016.

17 REVENUE

	Group	
	2015	2014
	$'000	$'000
Sale of goods	49,157	47,847
Construction revenue	–	58,822
Operating and maintenance income	5,162	3,525
Finance income	6,784	5,980
Rental income from investment property (Note 9)	–	727
	61,103	116,901

18 OTHER INCOME, NET

	Group	
	2015	2014
	$'000	$'000
Gain on disposal of property, plant and equipment	52	19
Allowance for impairment of trade receivables, net [Note 27(i)]	(615)	(124)
Bad debts written off	(9)	–
Interest income		
– Bank deposits	370	245
– Available-for-sale financial assets	–	39
Net loss on redemption of available-for-sale financial assets	–	(245)
Currency exchange gain – net	3,360	1,728
Others	45	91
	3,203	1,753

19 EXPENSES BY NATURE

	Group	
	2015	**2014**
	$'000	**$'000**
Fees on audit services paid/payable to:		
– Auditor of the Company	63	65
– Other auditor*	24	20
Fees on non-audit services paid/payable to:		
– Auditor of the Company	10	10
– Other auditor*	10	7
Purchase of inventories	21,917	24,685
Depreciation of property, plant and equipment (Note 8)	2,587	2,845
Depreciation of investment property (Note 9)	–	117
Directors' fees	216	180
Employee compensation (Note 20)	4,910	5,066
General and professional fees	126	328
Manufacturing overhead	2,295	2,162
Insurance	654	602
Rental expenses on operating leases	486	326
Transportation expenses	1,655	1,770
Utilities	7,474	7,778
Construction expense	–	58,822
Operating and maintenance fees	2,748	1,967
Other expenses	2,150	1,789
Changes in inventories	3,722	373
Total cost of sales, selling and distribution and administrative expenses	51,047	108,912

* Include auditor of subsidiary corporations which is the network of member firms of Nexia International.

20 EMPLOYEE COMPENSATION

	Group	
	2015	**2014**
	$'000	**$'000**
Salaries and wages	4,477	4,610
Employer's contribution to defined contribution plans including Central Provident Fund ("**CPF**")	260	284
Other short-term benefits	173	172
	4,910	5,066

21 FINANCE EXPENSES

	Group	
	2015	**2014**
	$'000	**$'000**
Interest expense		
– Bankers' acceptance	–	40
– Others	4	8
	4	48

22 INCOME TAX EXPENSES

	Group	
	2015	**2014**
	$'000	**$'000**
Tax expense attributable to profit is made up of:		
Profit for the financial year		
– Current income tax – foreign	14	4
– Deferred income tax (Note 13)	–	32
	14	36

The reconciliation between the income tax expense and the product of accounting profit multiplied by the applicable corporate tax for the year ended 31 December are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Profit before income tax	13,255	9,694
Tax at domestic rates applicable to profit in the countries where the Group operates	3,345	2,498
Effects of:		
– Expenses not deductible for tax purposes	758	722
– Income not subject to tax	(2,477)	(2,102)
– Utilisation of previously unrecognised deferred tax assets	(1,612)	(1,238)
– Deferred tax assets not recognised	–	137
– Others	–	19
	14	36

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

23 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015	**2014**
Net profit attributable to equity holders of the Company ($'000)	12,785	8,978
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	836,667	836,667
Basic and diluted earnings per share (cents per share)	1.53	1.07

24 RELATED PARTY TRANSACTIONS

(a) No transaction took place between the Group and related parties other than those disclosed elsewhere in the financial statements. Outstanding balances at 31 December 2015 are unsecured and receivable within 12 months from balance sheet date and are disclosed in Note 5.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Salaries and wages	1,424	1,806
Employer's contribution to defined contribution plans including Central Provident Fund ("**CPF**")	68	82
Other short-term benefits	34	32
	1,526	1,920
Comprise amounts paid to:		
Directors of the Company	1,135	1,308
Other key management personnel	391	612
	1,526	1,920

25 COMMITMENTS

Operating lease commitments – where the Group is a lessee

The Group leases land and office from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Not later than one year	359	330
Between one and five years	1,808	1,644
Later than five years	4,064	4,434
	6,231	6,408

26 CONTINGENT LIABILITIES

Financial support

The Company has provided letters of financial support to certain subsidiary corporations to enable these subsidiary corporations to operate as going concern and to meet their liabilities as and when they fall due.

27 FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk, capital risk and price risk. It is, and has been throughout the current and previous financial year the Group's and the Company'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 board of directors is responsible for setting the objectives and underlying principles of financial risk management of the Group. The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(i) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, trade and other receivables and service concession receivables.

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 on-going basis with the result that the Group's and the Company's exposure to bad debts is not significant.

For other financial assets (including cash and deposits), the Group and the Company minimise credit risk by dealing only with high credit rating financial institutions.

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

The trade receivables of the Group comprise eleven debtors (2014: eight debtors) that individually represented 3% to 7% (2014: 4% to 6%) and the trade receivables of the Company comprise one debtor (2014: one debtor) that represented 69% (2014: 85%) of trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
By geographical areas				
Singapore	45	824	45	824
Malaysia	10,849	10,597	–	–
Other countries	351	139	–	–
	11,245	11,560	45	824

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) ***Credit risk*** *(Continued)*

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and the Company. Bank deposits that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Past due < 1 month	1,935	2,583	–	182
Past due 1 to 3 months	1,170	1,512	–	163
Past due over 3 months	813	621	–	–
	3,918	4,716	–	345

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Gross amount	1,035	528
Less: Allowance for impairment	(1,035)	(528)
	–	–
Beginning of financial year	528	415
Currency translation differences	(108)	(11)
Allowance made, net (Note 18)	615	124
End of financial year	1,035	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 within the credit terms. These receivables are not secured by any collateral or credit enhancements.

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) 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 maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities from banks. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 4.

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.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Trade and other payables $'000
Group	
2015	
Less than one year	4,851
2014	
Less than one year	5,713
Company	
2015	
Less than one year	804
2014	
Less than one year	462

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

At the balance sheet date, the Group has no significant exposure to cash flow interest rate risk as it has no outstanding borrowings.

(iv) Foreign currency risk

The Group's and the Company's currency exposure based on the information provided to key management is as disclosed in Note 4, Note 5 and Note 12 to the financial statements.

There is no formal hedging policy with respect to foreign currency exposures. Exposures to currency risk are monitored on an ongoing basis and the Group endeavors to keep the net exposure at an acceptable level.

If the USD change against the SGD by 5% (2014: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(Decrease) Profit before tax	
	2015	**2014**
	$'000	**$'000**
Group		
USD against SGD		
– Strengthened	2,324	1,872
– Weakened	(2,324)	(1,872)
Company		
USD against SGD		
– Strengthened	3,821	3,271
– Weakened	(3,821)	(3,271)

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(v) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a debt-equity ratio. The debt-equity ratio is calculated as total liabilities divided by net assets.

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Total liabilities	5,536	6,398	804	462
Net assets	183,434	182,628	146,411	140,503
Debt-equity ratio (times)	0.030	0.035	0.005	0.003

The Group and the Company seeks to strike a balance between the higher returns that might be possible with higher levels of borrowings and the liquidity and security afforded by a sound capital position. There were no changes in the Group's and the Company's approach to capital management during the year.

The Group and the Company do not have any externally imposed capital requirements for the financial year ended 31 December 2015 and 2014.

(vi) Financial instruments by category

The carrying amounts of the financial instruments are as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Loans and receivables	125,224	112,735	131,337	124,997
Financial liabilities at amortised cost	4,851	5,713	804	462

28 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, collect and trades in waste paper products.

(2) Power division operates a 50 MW gas-fired generating plant in Ywama, Myanmar.

(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.

The Group's 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. The revenue from external parties reported to the Group's management is measured in a manner consistent with that in the statement of comprehensive income.

28 SEGMENT INFORMATION (CONTINUED)

	Paper Mill		Power Plant		Others		Total		Adjustments and elimination			Per consolidated financial statements	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	Note	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
Revenue:													
External customers	49,157	47,847	11,946	68,327	–	727	61,103	116,901	–	–		61,103	116,901
Inter-segment	–	–	–	–	–	–	–	–	–	–	A	–	–
Total revenue	49,157	47,847	11,946	68,327	–	727	61,103	116,901	–	–		61,103	116,901
Results:													
Finance costs	(4)	(48)	–	–	–	–	(4)	(48)	–	–		(4)	(48)
Interest income	57	27	–	–	313	257	370	284	–	–		370	284
Depreciation	(2,484)	(2,748)	(3)	–	(100)	(214)	(2,587)	(2,962)	–	–		(2,587)	(2,962)
Segment profit/ (loss) before taxation	6,371	4,915	7,834	6,292	(950)	(1,513)	13,255	9,694	–	–		13,255	9,694
Assets:													
Additions to non-current assets	1,388	592	3	38	2	20	1,393	650	–	–	B	1,393	650
Segment assets	74,348	84,270	58,967	60,138	55,655	44,618	188,970	189,026	–	–		188,970	189,026
Liabilities:													
Segment liabilities	2,927	3,936	851	1,028	1,073	749	4,851	5,713	685	685	C	5,536	6,398

28 SEGMENT INFORMATION (CONTINUED)

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

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

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

	Group	
	2015	**2014**
	$'000	**$'000**
Deferred income tax liabilities	685	685

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	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Malaysia	43,187	40,829	50,145	58,835
Singapore	1,062	4,281	167	257
Myanmar	11,946	68,327	41	38
ASEAN	381	453	–	–
Rest of Asia	2,938	1,493	–	–
Others	1,589	1,518	–	–
	61,103	116,901	50,353	59,130

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

Revenues of $11,946,000 (2014: $68,327,000) are derived from a single external customer. These revenues are attributable to the Myanmar power plant segment.

29 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2016 and which the Group has not early adopted:

- *FRS 16 Property, Plant and Equipment and FRS 38 Intangible assets (effective for annual periods beginning on or after 1 January 2016)*

  This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- *FRS 111 Joint Arrangements (effective for annual periods beginning on or after 1 January 2016)*

  This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a "**business**". The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- *FRS 110 Consolidated financial statements and FRS 28 Investments in associates and joint ventures (effective for annual periods beginning on or after 1 January 2016*)*

  These amendments address an inconsistency between FRS 110 and FRS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary corporation.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

* *The mandatory effective date of this Amendment had been revised from 1 Jan 2016 to a date to be determined by the ASC in Dec 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

29 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- *FRS 1 Presentation of financial statements (effective for annual periods beginning on or after 1 January 2016)*

  This amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- *FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)*

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

29 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- *FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)*

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("**OCI**") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required by is different to that currently prepared under FRS 39.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

ADDITIONAL
SGX DISCLOSURES IN THE ANNUAL REPORT

MATERIAL CONTRACTS

Since the end of the financial year ended 31 December 2015, the Company and its subsidiary corporations 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 27 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 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	3,518	99 years commencing from 13 May 1992
3, Persiaran Sungai Chua Pusat Perindustrian Sungai Chua 43000 Kajang, Selangor Malaysia	Office and factory	5,567	99 years commencing from 23 November 2007

SHAREHOLDING **STATISTICS**
AS AT 21 MARCH 2016

ISSUED AND FULLY PAID UP CAPITAL	:	S$140,578,423
NO. OF SHARES ISSUED	:	836,667,121
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	124	3.07	1,761	0.00
100 – 1,000	327	8.09	314,067	0.04
1,001 – 10,000	1,548	38.31	9,087,248	1.08
10,001 – 1,000,000	2,000	49.49	149,919,441	17.92
1,000,001 and above	42	1.04	677,344,604	80.96
Total	**4,041**	**100.00**	**836,667,121**	**100.00**

TOP 20 SHAREHOLDERS

S/No.	Name	Number of Shares held	%
1	CIMB SECURITIES (S) PTE LTD	220,586,198	26.36
2	LIM ENG HOCK	183,246,925	21.90
3	CITIBANK NOMINEES SINGAPORE PTE LTD	63,783,975	7.62
4	RAFFLES NOMINEES (PTE) LTD	24,517,800	2.93
5	UOB KAY HIAN PTE LTD	23,124,100	2.76
6	OCBC SECURITIES PRIVATE LTD	18,373,290	2.20
7	DBS NOMINEES PTE LTD	17,127,837	2.05
8	RHB SECURITIES SINGAPORE PTE LTD	13,144,000	1.57
9	UNITED OVERSEAS BANK NOMINEES PTE LTD	12,862,948	1.54
10	DB NOMINEES (S) PTE LTD	12,350,000	1.48
11	BANK OF SINGAPORE NOMINEES PTE LTD	11,020,000	1.32
12	MAYBANK KIM ENG SECURITIES PTE LTD	7,702,199	0.92
13	LIM JUEXIN LEONARD	6,466,000	0.77
14	KHOO POH KOON	5,748,001	0.69
15	DBS VICKERS SECURITIES (S) PTE LTD	5,492,300	0.66
16	MAYBANK NOMINEES (S) PTE LTD	4,179,000	0.50
17	OCBC NOMINEES SINGAPORE PTE LTD	4,151,483	0.50
18	KGI FRASER SECURITIES PTE LTD	3,839,000	0.46
19	PHILLIP SECURITIES PTE LTD	3,474,049	0.42
20	HSBC (SINGAPORE) NOMINEES PTE LTD	3,313,700	0.40
	Total	**644,502,805**	**77.05**

Source: The Central Depository (Pte) Limited

Substantial Shareholders	Number of Shares (Direct Interest)	Number of Shares (Deemed Interest)
Lim Eng Hock	183,246,925	–
Tong Kooi Ong	–	213,561,000[1]

Note:

(1) Shares held in the name of the registered holder, Phileo Capital Limited.

Approximately 48.77% of the issued Ordinary Shares are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Training Limited has accordingly been complied with.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 49th Annual General Meeting of **UPP HOLDINGS LIMITED** (the **Company**") will be held on Friday, 29 April 2016 at 3pm at Nordic Conference Room, 1st Floor, No. 3 International Business Park, Nordic European Centre, Singapore 609927 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' Statement and Audited Accounts of the Company for the year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve a final dividend of 1 cent tax exempt (one tier) dividend per share for the financial year ended 31 December 2015. **(Resolution 2)**

3. To approve the payment of Directors' fees of up to S$250,000 payable by the Company for the year ending 31 December 2016. **(Resolution 3)**

4. To re-elect Dato' Seri Kalimullah Bin Masheerul Hassan, retiring pursuant to Article 110 of the Constitution of the Company. *(See Explanatory Note (i))* **(Resolution 4)**

5. To re-elect Ms. Ng Shin Ein, retiring pursuant to Article 110 of the Constitution of the Company. *(See Explanatory Note (ii))* **(Resolution 5)**

6. To re-elect Mr. Khoo Hsien Ming Kevin, who ceases to hold office in accordance with Article 120 of the Constitution and who, being eligible, offers himself for re-election. *(See Explanatory Note (iii))* **(Resolution 6)**

7. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

8. 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:

9. That pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Act**") and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company 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 as calculated in accordance with sub-paragraph (2) below ("**Issued Shares**"), 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 (excluding treasury shares) in the capital of the Company 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; 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 Constitution of the Company; and (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 (iv)) **(Resolution 8)**

BY ORDER OF THE BOARD
Tong Kooi Ong
Chairman and CEO
14 April 2016

NOTICE OF
ANNUAL GENERAL MEETING

Notes:

1. (a) A member of the Company who is not a relevant intermediary entitled to attend and vote at the above Meeting may appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member (which number and class of Shares shall be specified). In such an event, such member shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "**Relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

2. A proxy need not be a member of the Company.

3. 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.

4. 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 4

Subject to his re-election, Dato' Seri Kalimullah Bin Masheerul Hassan will be re-appointed as an Independent Director. Dato' Seri Kalimullah Bin Masheerul Hassan is also the Chairman of the Nominating Committee and a member of the Remuneration Committee. Detailed information on Dato' Seri Kalimullah Bin Masheerul Hassan can be found under pages 10 and 26 in the Company's Annual Report 2015.

(ii) Ordinary Resolution 5

Subject to her re-election, Ms. Ng Shin Ein will be re-appointed as an Independent Director. Ms. Ng Shin Ein is also the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee. Detailed information on Ms. Ng Shin Ein can be found under pages 10 and 26 in the Company's Annual Report 2015.

(iii) Ordinary Resolution 6

Subject to his re-election, Mr. Khoo Hsien Ming Kevin will be re-appointed as an Executive Director. Detailed information on Mr. Khoo Hsien Ming Kevin can be found under pages 9 and 26 in the Company's Annual Report 2015.

(iv) Ordinary Resolution 8

The Ordinary Resolution 8 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 in the capital of the Company 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.

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PROXY FORM

UPP Holdings Limited
(Company Registration No. 196700346M)

ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2016
(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 at the Annual General Meeting ("**AGM**") of the Company to be held on Friday, 29 April 2016 at 3pm at Nordic Conference Room, 1st Floor, No. 3 International Business Park, Nordic European Centre, Singapore 609927, 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.	Resolutions relating to:	For	Against
	ORDINARY BUSINESS		
1	Adoption of Directors' Statement and Audited Accounts		
2	Approval of a final dividend of 1 cent tax exempt (one tier) dividend per share for the financial year ended 31 December 2015		
3	Approval of Directors' fees for the financial year ending 31 December 2016		
4	Re-election of Dato' Seri Kalimullah Bin Masheerul Hassan as Director		
5	Re-election of Ms. Ng Shin Ein as Director		
6	Re-election of Mr. Khoo Hsien Ming Kevin as Director		
7	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
8	To authorise Directors to issue shares and convertible securities under Section 161 of the Companies Act, Chapter 50		

Dated this ______________ day of ______________ 2016

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

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

Important: Please read notes overleaf

PROXY FORM

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 81SF of the Securities and Futures Act, Chapter 289 of Singapore (the "**Act**"), 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) A member of the Company ("**Member**") who is not a relevant intermediary 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. 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.

   (b) A Member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Member (which number and class of Shares shall be specified). In such an event, such Member shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "**Relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services license to provide custodial services for securities under the Act and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore (the "**CPF Act**"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A proxy need not be a Member.

4. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 1 Kim Seng Promenade, #13-10 Great World City West 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 is 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 seventy-two (72) 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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