

STRACO CORPORATION LIMITED

(Company Registration Number: 200203482R)

CLARIFICATION ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 ("ANNUAL REPORT 2011")

The board of directors of Straco Corporation Limited (the "**Company**") refers to the Annual Report 2011.

Singapore Exchange Securities Trading Limited has raised queries in relation to the corporate governance report on page 20 of the Annual Report 2011. The Company's response to the queries is as follows:-

Query

We refer to page 20 of the Company's Annual Report for FY 2011.

For the purpose of complying with Listing Rule 1207(10), please note that both the Board and the AC must provide the opinion.

We note that the confirmation provided in the Annual Report is not consistent with some of the guidelines stated above. Hence, please provide a clean opinion that is in compliance with Listing Rule 1207(10), by making an SGXNet announcement before the AGM.

Company's response

The Audit Committee, in the course of their review of the reports presented by the internal auditors and external auditors, also reviewed the effectiveness of the Group's system of internal controls. The Board, with the concurrence of the Audit Committee, is of the opinion that there are adequate internal controls, and risk management systems to meet the financial, operational and compliance risks of the Group in its current business environment.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary
Date: 23 April 2012