Business Update

SINGAPORE, 13 November 2020:- Following the amendments to 705（2）of the Listing Manual of the Singapore Exchange Securities Trading Limited Listing Rules (Mainboard) which took effect from 7 February 2020, Straco Corporation Limited ("Straco" or "the Company") had on 3 March 2020, announced that it would now report its financial results half-yearly and continue to provide updates on material developments relating to the Company and the Group as and when appropriate.

At the onset of the COVID-19 pandemic, the Company had on 21 May, provided a brief business update, including a summary of the Group's unaudited results for the first quarter ended 31 March 2020 ("1Q2020"). On 13 August, the Company released its first half result, with group revenue down 87.8% year on year and a net loss of $6.65 million for the first half of 2020. Amid the fight to contain the spread of the COVID-19 pandemic and the precautionary measures to prevent a resurgence, businesses, especially those in the tourism sector continue to be adversely affected by the absence of tourists, in the case of Singapore. However, the large domestic tourism market has provided key support in the gradual recovery of the Company's businesses in China. The Company is pleased to provide a brief business update and a continual assessment of the impact of Covid-19 have on the Company's financial, including a summary of the Group's unaudited results for the third quarter ended 30 September 2020 ("3Q2020"), as follows:

S$'000	**3Q2020**	**3Q2019**	***% change***	**9 months YTD 2020**	**9 months YTD 2019**	***% change***
Revenue	14,707	43,103	*-65.9*	20,933	94,110	*-77.8*
Operating profit	9,376	28,566	*-67.2*	2,670	55,328	*-95.2*
Profit/ (Loss) after tax	6,650	19,962	*-66.7*	(724)	38,535	*n.m.*
Profit/ (Loss) attributable to shareholders	6,453	18,834	*-65.7*	(197)	36,346	*n.m.*

For the quarter under review, the Company's China operations were able to operate uninterrupted, except for 10 days of precautionary closures of its cable car operation following advisories of heavy and incessant rain. The Company's Singapore Flyer operation resumed rides on 23 July operating four days a week with shorter operating hours.

Consequently, overall visitation to all our attractions was 65% lower than the corresponding period in 3Q2019.

The Group managed to generate a Group revenue of $14.71 million in 3Q2020 while operating under restrictive circumstances of daily capacity limitation and precautionary measures in place, registering a shortfall of 65.9% when compared to the corresponding period in 2019. Including foreign exchange gain recorded, amid the stronger Renminbi against the Singapore dollars, and receipts from the government's support measures, the Group posted a net profit of $6.45 million for the quarter. Cumulatively, the Group generated operating profit of $2.67 million and narrowed the net loss to $0.197 million. The Group continues to operate under challenging business environment, especially in the Singapore market.

The Group's financial position remains strong with net cash holdings of $158.91 million as at 30 September 2020. The Group's strong financial and its measured response to the challenging business landscape will allow it to ride over the Covid-19 crisis and we remain well placed to seize any business opportunities or viable collaborations.

COVID-19 impact and outlook

Given the difficulties in bringing the global COVID-19 pandemic under control and in the absence of an effective vaccine, the impact on the tourism industry in the short to medium term will continue to be severe. The establishment of air travel bubbles is unlikely to see the resumption of air travel to near pre covid-19 level, amidst border controls and travel restrictions remain in place around the world.

Precautionary measures, such as safe distancing and operating with reduced daily capacity and travel restrictions will have an adverse impact on revenue. Like all operators in the tourism industry, we had re-modelled our processes and right sized our resources to cater to the reduced demand, but the cost saving will not be very significant, given the cost structure of our business operations.

With significant decline in revenues across all subsidiaries, the Group continues to be mindful of cost savings. Senior management's pay cut at head office, ranging from 30% to 50% since 1 April 2020 will remain at least till end of the year. At subsidiaries level, especially the Singapore operation, staff cost reduction such as no pay leave, pay cut or wage freeze, and manpower freeze continue to apply, in addition to other cost savings initiatives such as cutting down on outsourced services, deferral of non-essential expenditure, and tightened controls on discretionary expenditure.

Our Singapore Flyer will also be negotiating with DBS for further extension of the monthly loan principal repayment when the current loan moratorium expires at the end of the year.

Given that there is no visibility on how the Covid-19 global pandemic or its abatement will pan out in the near term, the Group will continue to monitor the performance of its businesses in the remaining months of FY2020.

##

About Straco Corporation

Straco Corporation Limited (“Straco”), listed on the Singapore Stock Exchange in 2004, is a leading developer and operator of aquatic-related facilities and tourism-related assets. Straco’s main operating assets include Shanghai Ocean Aquarium, situated in the New Pudong Area, next to Shanghai’s landmark Oriental Pearl Tower; Lixing cable car service at Mount Lishan in Lishan in Lintong District, Shaanxi province; Underwater World Xiamen on the scenic Gulangyu Island, a key tourist attraction of Xiamen City, and the Singapore Flyer, an iconic landmark located in the Marina Bay skyline.

Straco constantly sources for tourism projects to tap into the expected tourism boom in Asia. The Group will leverage on its experience and track record in the China market to form strategic investment alliances to develop and operate tourism resources in China and the region.