# Annual Report 2020

STRACO
星雅集团

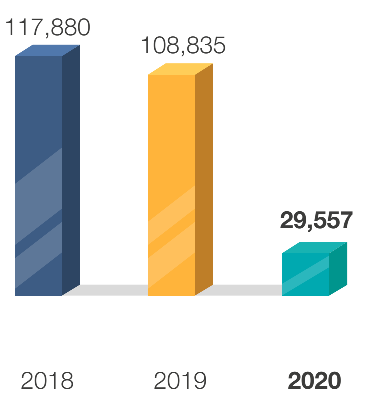
# CONTENTS

# FINANCIAL HIGHLIGHTS

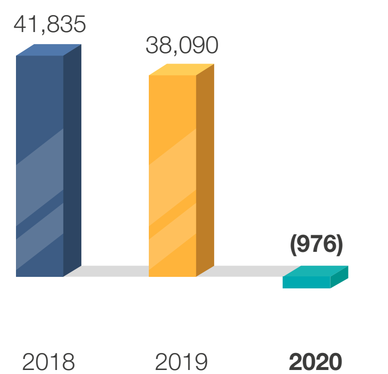
Year ended 31 December

| | 2020 | 2019 | *2020 vs 2019 Change %* |
|---|---|---|---|
| **INCOME STATEMENT (S$'000)** | | | |
| Revenue | **29,557** | 108,835 | *(72.8)* |
| (Loss)/ Profit before tax | **(870)** | 56,540 | *n.m.* |
| Attributable net (loss)/ profit | **(976)** | 38,090 | *n.m.* |
| **STATEMENT OF FINANCIAL POSITION (S$'000)** | | | |
| Shareholders' equity | **269,535** | 288,424 | *(6.5)* |
| Total assets | **382,210** | 409,079 | *(6.6)* |
| Total cash | **178,671** | 200,452 | *(10.9)* |
| Total borrowings | **22,900** | 25,900 | *(11.6)* |
| **FINANCIAL RATIO (%)** | | | |
| Return on average shareholders' equity: | | | |
| - (Loss)/ Profit before tax | **(0.31)** | 19.77 | *n.m.* |
| - Attributable net (loss)/ profit | **(0.35)** | 13.32 | *n.m.* |
| **PER SHARE DATA (CENTS)** | | | |
| Attributable net (loss)/ profit | **(0.11)** | 4.41 | *n.m.* |
| Net assets | **31.52** | 33.43 | *(5.7)* |

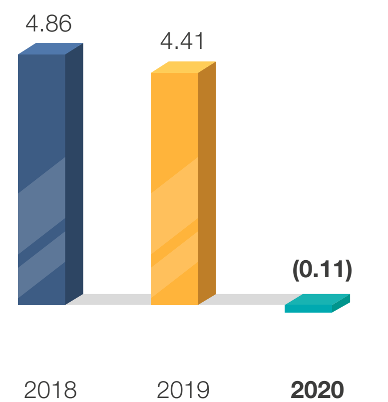
**Revenue (S$'000)**



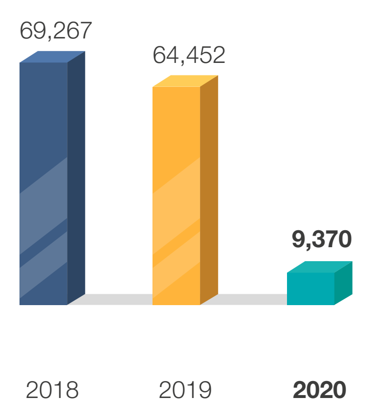

**Net (loss)/ profit (S$'000)**




**EPS (cents)**




**EBITDA* (S$'000)**




* EBITDA= Earnings before interest, taxes, depreciation, amortisation and impairment loss

# CHAIRMAN'S STATEMENT

## WEATHERING THE PERFECT STORM

In January last year, the Group faced an unprecedented moment where for the first time since inception, its business operations went into hiatus due to precautionary regulatory measures implemented by the local authorities. To say that the Covid-19 global pandemic engulfed all in its path is an understatement. Medical protocols and health advisories were, and remain the order of the day, and the crisis was contained and managed with varying degrees of success across jurisdictions. There has been a heightened vigilance in the approach. For a disease that is airborne and often asymptomatic, the reliance on protective gear, safe distancing and observing good personal hygiene were deemed as key measures to observe. Despite the consensus among medical experts that the COVID-19 pandemic will come to pass, the recovery is expected to occur over an extended period of global restrictions on movement and travel, which to date have decimated tourist traffic and revenues in the global tourism industry.

The Group has faced business disruptions during the SARs episode in 2003 and this has helped to build in crisis preparedness from the early days of our business operations. Our subsidiaries had business continuity plans in place at the onset, and embarked on a series of measures, including protecting key assets; cost cuttings; right sizing operations, and deferring non-essential expenditures. Under the guidance of the Board and senior management, businesses resumed operations upon approval of the authorities, while ensuring utmost safety of staff and customers.

Operating parameters, including capacity cuts and visits by appointment required changes to our operating processes. The digital transformation is prevalent (such as the full transition to online ticketing in China) and the adoption has been smooth.

Amidst the disruptions experienced throughout the year with temporary closures, the group managed to generate sufficient revenue to maintain positive cash inflow at the operating level.

For the year under review, the Group generated a revenue of S$29.56 million and registered a net loss of S$0.98 million, attributed primarily to a non cash impairment loss of S$2.6 million recognised on its investment property while registering a positive net operating cash inflow of S$0.5 million.

With a net cash holding of S$154.77 million as at 31 December 2020, we remain resilient in face of the current ongoing health crisis, and will be well placed to seize business opportunities and participate in any viable collaborations in the future.

Despite the net losses incurred by the Group amidst an adverse and challenging operating environment, we propose a first and final dividend of 1.0 cent per share, taking cognizance of the Group's healthy financial position. This proposed payment represents our appreciation of the support shown by shareholders and is a show of solidarity with all our stakeholders.

## KEEPING THE DREAM ALIVE

It has been most heartening to see the joy of the many families while visiting our attractions and the positivity arising from the experience. It serves as a good reminder of our main mission to provide unique and memorable experiences for all our customers, and restores some hope despite the impact of temporary closures. To this end, we have continued to enhance our exhibits, with additions of new offerings such as the new Time Capsule attraction at the Singapore Flyer, as well as the revamped, multimedia Sperm Whale exhibit at Underwater World Xiamen.

## OUTLOOK ON TOURISM

The inoculation exercise now ongoing globally will provide some respite in the current fight to contain the Covid-19 pandemic. However, as we are still in the early stages and most precautionary measures and travel curbs are likely to take some time to roll back, the outlook for the tourism industry and international travel remains uncertain, at least for the first half of 2021. We are however cautiously optimistic that moderate recovery is in sight and the worst may be over. Businesses, especially those in the tourism sectors like us, will need to be careful with their cash management to ride over this perfect storm. We are thankful to the Government for the many financial assistance programmes and policies that have helped businesses and their staff during this trying time.

## GRATITUDE

Our achievement and performance have always been the result of a collaborative effort, and resilience in the face of unexpected challenges. I would like to express my sincere gratitude to our staff, management, directors and business partners for their contribution and sacrifices made for the year under review:

- Our staff and management team at our business units for constantly improving themselves and committing to their roles and responsibilities, despite the circumstances. Their positive and righteous attitude is the key factor in ensuring that we have a stable work force amidst the disruptions.
- Our various other stakeholders, business associates and professional consultants who have helped us.
- My fellow directors on the Board and all directors of our group companies for their valuable counsel and contributions.
- Last but not least, our shareholders for their faith, trust and encouragement and for displaying solidarity with us.

We will continue to build on the solid foundation that we have laid, as well as the resilient business model we have adopted to ride over the current challenges. We remain committed to a multi-pronged approach in generating value through effective corporate governance, innovation and value-added investments.

**WU HSIOH KWANG**
*EXECUTIVE CHAIRMAN*


上海银行
中国平安
上海海洋水族馆
SHANGHAI OCEAN AQUARIUM

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr Wu Hsioh Kwang (Executive Chairman)
Mr Li Weiqiang
Mdm Chua Soh Har
Mr Tay Siew Choon (Lead Independent Director)
Mr Lim Song Joo
Mr Teo Ser Luck
Mr Hee Theng Fong
Ms Wu Xiuyi (Alternate Director to Mr Wu Hsioh Kwang)
Mr Sean Wu Xiuzhuan (Alternate Director to Mdm Chua Soh Har)

## AUDIT & RISK COMMITTEE

Mr Lim Song Joo (Chairman)
Mr Teo Ser Luck
Mr Hee Theng Fong

## REMUNERATION COMMITTEE

Mr Tay Siew Choon (Chairman)
Mr Teo Ser Luck
Mdm Chua Soh Har

## NOMINATING COMMITTEE

Mr Tay Siew Choon (Chairman)
Mr Hee Theng Fong
Mr Wu Hsioh Kwang

## REGISTERED OFFICE

10 Anson Road #30-15
International Plaza
Singapore 079903
**Tel:** 65 6223 3082
**Fax:** 65 6223 3736

## COMPANY SECRETARY

Mdm Lotus Isabella Lim Mei Hua

## SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte Ltd)

80 Robinson Road, #02-00
Singapore 068898
**Tel:** 65 6236 3333
**Fax:** 65 6236 3405

## PRINCIPAL BANKERS

Bank of Shanghai
China Construction Bank
DBS Bank Limited
Industrial and Commercial Bank of China Limited
United Overseas Bank Limited

## AUDITOR

PricewaterhouseCoopers LLP
7 Straits View, Marina One,
East Tower, Level 12
Singapore 018936

**Partner-in-charge:**
Mr Tham Tuck Seng (since 29 April 2016)

## INTERNAL AUDITOR

Ernst & Young Advisory Pte Ltd

## SENIOR MANAGEMENT

Mr Wu Hsioh Kwang
*Executive Chairman*

Mr Amos Ng Chiau Meng
*Chief Financial Officer*

Mr Wang Liang
*Senior Vice President (Operations, China)*

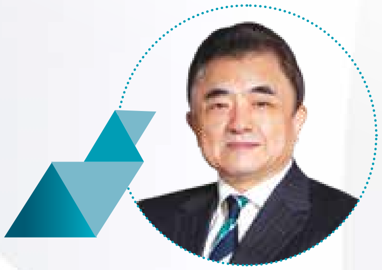
Mr Zhao Aimin
*Senior Vice President (Cable Car Operations)*

Mdm April Ng Kim
*Senior Vice President*

Ms Wu Xiuyi
*Senior Vice President*

Mr Sean Wu Xiuzhuan
*Senior Vice President*
*(Corporate Development & Risk Management)*

# BOARD OF DIRECTORS



## MR WU HSIOH KWANG

*EXECUTIVE CHAIRMAN / EXECUTIVE DIRECTOR*

Mr Wu Hsioh Kwang is the founder of Straco Corporation Limited and has been instrumental in driving the Group's growth since its inception. Mr Wu was appointed as Executive Chairman of the Company in March 2003, to lead the Group in its strategic vision and overall management. As Chairman of the Board, Mr Wu provides valuable business insight and guidance to the Board in developing growth strategies for the Group's businesses. Mr Wu's other appointments include, Council Member of Singapore Chinese Chamber of Commerce and Industry, First Vice-Chairman (China & North Asia Business Group) of Singapore Business Federation, and Vice-Chairman of Singapore Chinese Orchestra. He is also Director of Business China, Director of Confucius Institute, Board Member of Sun Yat Sen Nanyang Memorial Hall, Member of the Board of Governor of NTU's Chinese Heritage Centre, as well as Board Member of the Haas School of Business. In 2015, Mr Wu was awarded the White Magnolia Award in Shanghai for his contributions to the Municipal City of Shanghai. In 2016, he received the Public Service Medal at the Singapore National Day Awards, and in the same year, he was awarded the Nanyang Distinguished Alumni Award by Nanyang Technological University (Singapore). Mr Wu holds a Bachelor of Commerce degree from the former Nanyang University (Singapore).

## MR TAY SIEW CHOON

*LEAD INDEPENDENT DIRECTOR*

Mr Tay Siew Choon was appointed as an Independent Director in November 2003 and has been the Lead Independent Director since 1 March 2014. He was the Managing Director and Chief Operating Officer of Singapore Technologies Pte Ltd till 31st March 2004. He is currently a director of TauRx Therapeutics Ltd, Wista Laboratories Ltd, Gotruck Holdings Pte Ltd and Poredeen Pte Ltd. He is also the Chairman of GoTruck Pte Ltd, Non-Executive Chairman of Pan-United Corporation Ltd and Deputy Chairman of TauRx Pharmaceuticals Ltd. Mr Tay graduated from Auckland University with a Bachelor of Engineering (Electrical) degree with Honours under a Colombo Plan Scholarship. He also holds a Master of Science in Systems Engineering from the former University of Singapore.

## MR LIM SONG JOO

*INDEPENDENT DIRECTOR*

Mr Lim Song Joo was appointed as a non-Executive Director in May 2011 and re-designated as Independent Director from 29 February 2012. He was the Chief Financial Officer of Macao Studio City (Hong Kong) Limited, an integrated leisure resort properties Group, from 2007 to 2009. From 1987 to 2007, Mr Lim also had held various senior management positions with MediaCorp Pte Ltd, Temasek Holdings Pte Ltd, StarHub Ltd, Singapore Technologies Industrial Corporation Ltd, and Singapore Computer Systems Limited. Mr Lim graduated from the former University of Singapore with a Bachelor of Accountancy degree (Hons). He is a Fellow Member of the Chartered Institute of Management Accountants (FCMA) in the United Kingdom and a Fellow Member of the Institute of Singapore Chartered Accountants (FCA).

## MR HEE THENG FONG

*INDEPENDENT DIRECTOR*

Mr Hee Theng Fong was appointed as an Independent Director in April 2016. He is a senior lawyer in Singapore with over 30 years of experience. Mr Hee has handled about two hundred cases in civil litigation and international arbitration as lead counsel, presiding arbitrator, co-arbitrator and sole arbitrator. He is on the panel of arbitrators of SIAC, CIETAC, BAC/BIAC, SHIAC, HKIAC, HIAC and AIAC. Mr Hee is also a specialist Mediator (China) and Ambassador of Singapore International Mediation Centre.

Mr Hee also serves as a director of several listed companies. He has been regularly invited to speak on directors' duties and corporate governance.

Mr Hee also serves as the Deputy Chairman of Singapore Medishield Life Council. He is also a member of Advisory Committee for the China Ready Programme under the Ministry of Law and a committee member of ACRA's Complaints and Disciplinary Panel. Mr Hee has been appointed as a Justice of Peace (JP) since 2018.

## MR TEO SER LUCK

*INDEPENDENT DIRECTOR*

Mr Teo Ser Luck was appointed as an Independent Director in July 2019. He is currently the Chairman of BRC Asia Limited, Deputy Chairman of Serial Systems Limited, Lead Independent Director of China Aviation Oil (Singapore) Corporation Limited and MindChamps PreSchool Limited, and Independent Director of Yanlord Land Group Limited.

Mr Teo is an entrepreneur and investor with business ventures in various sectors, mainly technology related in the areas of e-commerce, finance, education, food, hardware, general commodities, sports and fitness, event management and consumer brand and franchise. He is the founding investor of a listed software company.

He is also adviser to the Institute of Singapore Chartered Accountants ("ISCA") and Singapore Fintech Association.

Mr Teo was a Member of the Parliament ("MP") of Singapore representing the Pasir Ris-Punggol Group Representation Constituency from May 2006 to July 2020. In his 11 years of full-time political office holder till July 2017, he had served as Minister of State for Trade and Industry, Minister of State for Manpower, Mayor of the North East District of Singapore and coordinating Chairman of Mayors Committee. He was also the Senior Parliamentary Secretary in the Ministry of Community Development, Youth and Sports and had served as Advisor for the inaugural Youth Olympic Games that was held in Singapore in August 2010. Mr Teo holds a Bachelor of Accountancy Degree from the Nanyang Technological University, Singapore.

## MDM CHUA SOH HAR

*NON-EXECUTIVE DIRECTOR*

Mdm Chua Soh Har, spouse of Mr Wu Hsioh Kwang, was appointed as a non-Executive Director in June 2010. Mdm Chua played an instrumental role in the establishment of Straco Corporation Limited. Together with Mr Wu, Mdm Chua was a founding member of the Group's China businesses. Mdm Chua is a director of non-listed Straco Holding Pte Ltd, the substantial shareholder of Straco Corporation Limited. With more than 30 years of experience in business management, international trading and investment, she has provided much guidance and advice for new opportunities that are relevant to the Group's businesses. Mdm Chua holds a Bachelor of Commerce degree from the former Nanyang University (Singapore).

## MR LI WEIQIANG

*NON-EXECUTIVE DIRECTOR*

Mr Li Weiqiang was appointed as a non-Executive Director in October 2012. He is currently secretary to the Board of China Poly Group Corporation Ltd., and Executive Vice President of Poly Culture Group Corporation Ltd. In his previous role as director of Enterprise Development Department of China Poly Group Corporation, he was responsible for the Group's strategic planning, development of annual plan, day-to-day management and investment project management, etc. Mr Li has vast experience in the areas of strategic planning, business management, and investment management. He holds a PhD Degree in Management from University of International Business and Economics, Beijing.

# MANAGEMENT & OPERATIONAL TEAM

**MR WU HSIOH KWANG**
*EXECUTIVE CHAIRMAN*
*CHIEF EXECUTIVE OFFICER*

Mr Wu Hsioh Kwang is the founder of Straco Corporation Limited and has been instrumental in driving the group's growth since its inception. Mr Wu was appointed as Executive Chairman of the Company in March 2003, to lead the Group in its strategic vision and overall management. As Chairman of the Board, Mr Wu provides valuable business insight and guidance to the Board in developing growth strategies for the Group's businesses. Mr Wu's other appointments include, Council Member of Singapore Chinese Chamber of Commerce and Industry, First Vice-Chairman (China & North Asia Business Group) of Singapore Business Federation, and Vice-Chairman of Singapore Chinese Orchestra. He is also Director of Business China, Director of Confucius Institute, Board Member of Sun Yat Sen Nanyang Memorial Hall, Member of the Board of Governor of NTU's Chinese Heritage Centre, as well as Board Member of the Haas School of Business. In 2015, Mr Wu was awarded the White Magnolia Award in Shanghai for his contributions to the Municipal City of Shanghai. In 2016, he received the Public Service Medal at the Singapore National Day Awards, and in the same year, he was awarded the Nanyang Distinguished Alumni Award by Nanyang Technological University (Singapore). Mr Wu holds a Bachelor of Commerce degree from the former Nanyang University (Singapore).

**MR AMOS NG CHIAU MENG**
*CHIEF FINANCIAL OFFICER*
*SENIOR VICE PRESIDENT (FINANCE & ADMINISTRATION)*

Mr Amos Ng Chiau Meng joined us in September 2000. He is responsible for the finance and accounting, human resources and administration, and financial reporting and statutory compliance of our Group. Prior to joining the Group, Mr Ng worked with PSA Corporation Ltd as the General Manager of its overseas JV subsidiary – China Merchants-PSA Logistics Network Co. Mr Ng had also worked as the Senior Manager, Finance & Administration of a wholly owned subsidiary of Neptune Orient Lines Ltd. Mr Ng's other appointments include, member of the Finance & Investment Committee of Singapore Chinese Cultural Centre, member of the Practice Monitoring sub-committee with Accounting and Corporate Regulatory Authority (ACRA), Chairman of the Audit Committee of the Autism Association (Singapore), Global Council Member of ACCA, and member of the Ethics Committee of the Institute of Singapore Chartered Accountants (ISCA). Mr Ng also served as Chairman of Network Panel ACCA Singapore from 2015 to 2017. Mr Ng is both a Fellow Member of the Institute of Singapore Chartered Accountants (FCA) and a Fellow Member of the Association of Chartered Certified Accountants (FCCA).

**MR WANG LIANG**
*SENIOR VICE PRESIDENT (OPERATIONS, CHINA)*
*GENERAL MANAGER – SHANGHAI OCEAN AQUARIUM (SOA)*

Mr Wang Liang joined us in January 1997. He oversees the management and operations at Shanghai Ocean Aquarium (SOA). He has been involved in the initial development and the operation of SOA since its inception. Prior to joining the Group, Mr Wang was the Manager of the Shanghai office of China Poly Group Corporation. Mr Wang holds a diploma in engineering from Aeronautical Technology Institute of People's Liberation Army (Navy).

**MDM APRIL NG KIM**
*SENIOR VICE PRESIDENT*
*ASSISTANT TO EXECUTIVE CHAIRMAN*

Mdm April Ng Kim joined us in January 1997. She assists the Executive Chairman in monitoring the daily operations of the Group's subsidiaries and facilitating internal communication. Prior to joining the Group, Mdm Ng was the Secretary in charge of Chinese Affairs with Golden Resources Development Ltd (Hong Kong). Her other experiences include serving as Office Manager with Ta Kung Industrial Co., Ltd (Ta Kung Pao Hong Kong). Mdm Ng graduated from Jiangnan University with a degree in Chinese Language and Literature.

**MS WU XIUYI**
*SENIOR VICE PRESIDENT*
*ASSISTANT TO EXECUTIVE CHAIRMAN*

Ms Wu Xiuyi joined us in October 2004. She assists the Executive Chairman in monitoring the daily operations of the Group's subsidiaries. Ms Wu has been involved in various management roles within the Group, including marketing, human resource, operations and business development. She was the Assistant General Manager at Shanghai Ocean Aquarium and is currently a director for a few subsidiaries of the Group in Singapore and China. Before joining us, Ms Wu has worked at a Singapore law firm and an international audit firm. She holds a Bachelor of Arts (Psychology) Degree from the University of Sydney.

**MR ZHAO AIMIN**
*SENIOR VICE PRESIDENT (CABLE CAR OPERATIONS, CHINA)*
*GENERAL MANAGER – LINTONG LIXING CABLE CAR (LLC)*
*GENERAL MANAGER – CHAO YUAN GE (CYG)*

Mr Zhao Aimin joined us in March 1992. He is responsible for the management and operations of our cable-car service; and is also in charge of the Chao Yuan Ge development project under Xi'an Lintong Zhongxin Tourism Development Co.Ltd. Prior to joining the Group, Mr Zhao was the Deputy Director of Lintong Cultural Heritage Bureau and has held various senior positions in the Xi'an and Lintong government sectors.

# MANAGEMENT & OPERATIONAL TEAM

## MR SEAN WU XIUZHUAN

*SENIOR VICE PRESIDENT (CORPORATE DEVELOPMENT & RISK MANAGEMENT)*

Mr Sean Wu joined the Group in November 2007. Starting as an assistant to the Chief Financial Officer, he has since taken on additional roles including quality control and due diligence for new investments, coordination of the Group's risk management efforts, as well as oversight of existing operations, with a focus on internal controls and capability upgrading. Since joining, he has been involved in the execution of key M&A transactions including Underwater World Xiamen and the Singapore Flyer.

Prior to joining Straco, Mr. Wu served as a Senior Officer at the Economic Development Board. He holds a Bachelor's Degree in Economics from University College London and a Master Degree in Business Administration from the Haas School of Business at the University of California, Berkeley.

## MR RINGO LEUNG KWOK HO

*VICE PRESIDENT (OPERATIONS, SINGAPORE)*
*GENERAL MANAGER – SINGAPORE FLYER (SF)*

Mr Ringo Leung joined us in January 2015. He is in charge of the management and operations at Singapore Flyer. Prior to joining the Group, Mr Leung was the General Manager of nex, one of Singapore's largest regional malls. Mr Leung has more than 30 years of experience in the lifestyle, leisure and hospitality industries across Singapore, Hong Kong and Mainland China. Mr Leung holds a Master of Arts degree in Sport and Recreation Management from the Victoria University of Technology, Australia.

## MR JIM YANG YONG

*VICE PRESIDENT (MARKETING & SALES, CHINA)*
*DEPUTY GENERAL MANAGER – SHANGHAI OCEAN AQUARIUM (SOA)*
*DIRECTOR (MARKETING & SALES) – SHANGHAI OCEAN AQUARIUM (SOA)*

Mr Jim Yang Yong joined us in June 2013. He is responsible for the areas of marketing and sales, retail and operations at our subsidiaries in China. Mr Yang has more than 20 years of experience in the tourism industry in China with a strong focus on Marketing and Sales and Attraction Management. Prior to joining us, Mr Yang worked for Merlin Entertainments Group as Marketing Director of Shanghai Cluster and General Manager of Madame Tussauds Shanghai. Mr Yang holds a Diploma in Educational Communication & Technology from Shanghai International Studies University, and a Master Degree in International Hotel & Tourism Management from Institut Vatel (France).

## MR WANG XIAOPING

*VICE PRESIDENT (FINANCE, CHINA)*
*DEPUTY GENERAL MANAGER – SHANGHAI OCEAN AQUARIUM (SOA)*
*DIRECTOR (FINANCE) – SHANGHAI OCEAN AQUARIUM (SOA)*

Mr Wang Xiaoping joined the group in December 2011. He is responsible for financial accounting, internal controls and finance functions at Shanghai Ocean Aquarium. He also supervises the finance functions of our other subsidiaries in China. Mr Wang has over 30 years of experience in the finance profession. Prior to joining the group, he has worked in Shanghai Ming De Meritus Hotel as Financial Controller and has held various senior positions in the hospitality industry. Mr Wang graduated from Shanghai Commercial Accounting School in 1980 and holds an Intermediate Accounting Certificate conferred by the Ministry of Finance of the People's Republic of China.

## MR CHARLES CAI YIWEI

*VICE PRESIDENT (TECHNICAL,CHINA)*
*GENERAL MANAGER – UNDERWATER WORLD XIAMEN (UWX)*
*DIRECTOR (TECHNICAL) – SHANGHAI OCEAN AQUARIUM (SOA)*

Mr Charles Cai Yiwei joined us in March 2011. He is involved in the areas of technical-related matters at our subsidiaries in China. As of January 2016, Mr. Cai has been overseeing overall operations at Underwater World Xiamen as General Manager. Prior to joining us, Mr Cai was the Deputy General Manager of Shanghai Aufun Investment Consulting and Project Manager at the TOA Canada Corporation, Siemens Building Technologies Ltd and Frisco Bay Industry Ltd. Mr Cai holds a Master Degree in Material Science and Engineering from Shanghai Jiao Tong University and has received the Global Credential – Project Management Professional by Project Management Institute (USA) in 2001. Mr Cai also serves as Supervisor of The Fifth Supervisory Board (2018-2023) at Xiamen Tourism Association, Representative of the Eighth Congress of Xiamen Society of Science and Technology (2019-2024), Member of the Seventh Council of Xiamen Association of Enterprises with Foreign Investment (XAEFI) (2019-2024), and Member of the first organization of Chinese White Dolphin Conservation Alliance (CWDCA).

## MS JANE PENG LIJIN

*VICE PRESIDENT (EDUCATION EXPERIENCES, CHINA)*
*DIRECTOR (EDUCATION) & MANAGER (GM OFFICE) – SHANGHAI OCEAN AQUARIUM (SOA)*

Ms Jane Peng Lijin joined us in July 2001. She is responsible for the areas of education, government liaison and corporate social responsibility at our subsidiaries in China. Ms Peng has close to 30 years of working experience in the industry of museums and aquariums, with a focus on education and government liaison. Prior to joining the Group, Ms Peng has worked at Shanghai Museum of Natural History, and Victoria Museum at Melbourne, Australia. Ms Peng graduated from Shanghai Normal University with a degree in Biological Science.

# OPERATIONS REVIEW

## OVERVIEW

The Group registered net loss of $0.98 million in FY2020, compared to a net profit of $38.09 million in FY2019, as the Covid-19 pandemic significantly impacted our performance. Prolonged closures of our Attractions in 1H2020 and subsequent re-openings with daily capacity restrictions and precautionary measures in place saw overall visitor numbers for FY2020 plummet by more than 70% below FY2019. Our China attractions and Singapore Flyer registered about 65% and 92% declines in visitors' arrival respectively. Group revenue was $29.56 million for FY2020, 72.8% lower than in FY2019. Overall visitor arrivals to all the Group's attractions were 1.31 million, 71.6% lower than FY2019.

The Group's main operating assets during the past year include:

- Shanghai Ocean Aquarium ("SOA"), a premier tourist attraction located in the Lujiazui Financial District of Pudong, Shanghai
- Singapore Flyer, one of the world's largest observation wheels located in the Marina Bay Precinct, Singapore
- Underwater World Xiamen ("UWX"), located on the scenic Gulangyu Island in Xiamen City
- Lixing Cable Car ("LCC"), a cable car service at the historic Mount Lishan in Xi'an

The prevention and control of the spread of Covid-19 was the Group's top priority as the coronavirus pandemic evolved. In accordance with the government's directive, all our three China attractions shut down operations at the start of the Chinese New Year holiday in January 2020. Management promptly formulated the business continuity plans and carried out specific arrangements and staff deployment. With the significant declines in business volume across all subsidiaries, various cost cutting measures were also subsequently implemented, including trimming of wage cost with pay cuts across all staff levels, no pay leave during the temporary closure periods, wage freeze and headcount freeze; renegotiation of outsourced services, deferral of non-essential expenditure; and tightened controls on discretionary expenditure.

As part of the preventive measures, our subsidiaries also stepped up on the implementation of contactless ticket purchase by enhancing the ticketing systems for online payments and increased co-operation with online travel agencies to facilitate online transactions.

China's economy grew 2.3% in 2020, compared to 6.1% in the previous year. Though the Chinese economy suffered a steep 6.8% slump in 1Q2020 when large-scales shutdowns and quarantine were implemented to contain the coronavirus outbreak, it steadily recovered in subsequent quarters and reported positive growth.

The Group's flagship attraction, SOA, reported much lower but positive earnings in 2020 as visitor numbers fell 66% below 2019, while average ticket yield improved marginally. During the Spring festival of 2020, a temporary Chinese Zodiac theme exhibition was organized to celebrate the Year of the Rat, but as the pandemic broke out, SOA was closed the first day of Chinese New Year on 25 January 2020 and remained closed until normal operations resumed on 15 May 2020, though it briefly re-opened for 12 days on 18 March 2020. As operations stabilized in the second half of the year amid daily capacity restrictions and precautionary measures in place, SOA organised several marketing activities during the summer school holidays from July to August, including an online photography contest, H5 games with aquatic animal knowledge contest, road shows, and promotion of night visits to the aquarium. During the National Day golden week holiday in October, a special exhibition with the theme of "Garden under the Sea" was launched, with TV reports and online coverage on social media, Weibo and WeChat, and the appearance of SOA's mascot "Seahorse Didi" to interact with visitors. The golden week welcomed over 60,000 visitors, about 70% of 2019 pre Covid-19 period. During the Christmas season, SOA further expand its social media exposure through footages on Tik Tok.

At UWX, annual visitor numbers dropped 67% from 2019 as the aquarium was closed for more than three months from the start of Chinese New Year. After its re-opening in May, various popular science/ technology initiatives were actively launched to promote the aquarium. Four large-scale special exhibitions were launched throughout the year, including "Beautiful Fish Fun Marine Creatures" during Spring Festival in January, "Exploring Whales with Surprise and Joy in Summer" during summer holiday, "Underwater Concert" during National Day holidays in October, and "Ocean Star Tour" science exhibition during Christmas in December. Apart from these special thematic exhibitions, UWX also published many popular science-related information and constantly update its aquatic knowledge content on the company's WeChat, Weibo official websites and Tik Tok. It also printed flyers, questionnaires, popular science manuals for free distribution at scenic spots, event sites and business partners.

In 2020, UWX introduced various innovative promotion models and achieved good results. It launched "Tickets + Gifts", "Parent-child value tickets package", "Discounted annual membership card", and partner with Yongshun Sightseeing Cart to offer "Scenic Spot + Transport" packages. It also cooperated with Sunlight Rock Scenic Spot for the first time to offer "Up to the Mountain and Dive into the Sea" adult combination tickets.


To further enhance its online ticketing sales, it also partnered with Ctrip.com and Meituan.com to sell tickets directly via these online travel agencies.

Throughout the year, UWX actively participated and organized various popular science academic activities, such as "Marine Culture Publicity Activity" organized by Xiamen Ocean Development Bureau, "Light Up Your Dreams" charity study tour, launching ceremony of "2020 National Science Popularization Day", and the Science Carnival organized by Xiamen Association for Science and Technology. It also held the launching ceremony of "Caring for Aquatic Animals and Building a Harmonious Home" together with Xiamen Marine Development Bureau and carried out the activities of "Reducing Plastic Action" throughout the Aquarium. In October, it participated in the launching ceremony of the "2020 National Aquatic Wildlife Protection Popularization Month and the 30th Wildlife Protection Publicity Month in Fujian Province". In December 2020, UWX was awarded the title of Xiamen Popular Science (Education) Base.

Lixing Cable Car registered a 60% decline in revenue and an 80% decrease in profitability in FY2020 compared to a year ago as ridership declined more than 60% as it was closed from 24 January 2020 to 19 March 2020 due to the coronavirus outbreak, and also suspended operations for more than a week in August following advice from the local authority due to stormy weather.

Singapore Flyer's revenue and visitor numbers plummeted more than 90% as travel restrictions and borders closures resulted in sharp decline of international tourist arrivals. Amidst the extraordinary times, Singapore Flyer has been staying resilient, rolling out several initiatives and offerings in 2020.

# OPERATIONS REVIEW


Since the start of the year, Singapore Flyer had implemented safe management measures to protect guests and staff in the fight against Covid-19. Stricter safety management measures were introduced with the reopening of Singapore Flyer in July. Some of these measures include mandatory wearing of face masks at all times and reduced capacity limits for capsules and indoor experiences. Contactless payment and redemption were also adopted. Other measures such as safe distancing, mandatory temperature screening and SafeEntry check-in and out, frequent disinfection of the premises, informational signage as well as the availability of hand sanitisers continued to be maintained. To assist guests in easing into the new normal, it developed an online "Welcome Guide" detailing safety management measures at various phases of the guest journey.

Time Capsule, Singapore Flyer's newest attraction was officially launched on 9 December 2020 and opened to public on 10 December 2020. The media-exclusive launch event was graced by Mr Alvin Tan, Minister of State for Trade and Industry, and Culture, Community and Youth. Spanning over two levels, the Time Capsule is a complementary addition to the Singapore Flyer. It draws on the concept of time travel taking guests through a journey through Singapore's 700-year history. At the end of the journey and upon stepping into the Giant Observation Wheel, guests will be able to witness Singapore's transformation and marvel at the beautiful skyline.

As one of the country's iconic attractions, Singapore Flyer also participated in the SingapoRediscovers Vouchers scheme, as part of the Singapore government's plan to revive local tourism, which kicked off on 1 December 2020. In addition, Singapore Flyer is supporting a SingapoRediscovers Vouchers donation campaign initiated by It's Raining Raincoats, a social enterprise. The campaign, which started in late December, calls for Singaporeans to purchase Singapore Flyer tickets using their SingapoRediscovers Vouchers for migrant workers. More than three thousand tickets have been donated by the public, and for every three tickets donated, Singapore Flyer will match with two complimentary tickets.

Other community engagement initiatives by Singapore Flyer include supporting the annual Speak Mandarin Campaign Family Talent Competition and the inaugural light up for Singapore World Diabetes Day on 6 November 2020. Singapore Flyer was honoured to be the venue sponsor to Diabetes Singapore for the light up event, shining a light on diabetes.

Apart from marketing initiatives and activities, Singapore Flyer has also been developing its technological capabilities.

In the last quarter of 2020, the Singapore Flyer's official website (singaporeflyer.com) was revamped and launched. The new website is mobile responsive, with an enhanced user experience and interface to increase the website's sales conversion rate and the long-term

objectives of increasing lead generations.

Throughout the year, Singapore Flyer has also embarked on three key digital transformation initiatives.

- A Data Transformation Programme led by the Singapore Tourism Board (STB) and supported by its appointed partner, KPMG. The focus for the Data Transformation Projection is on consolidating key revenue and digital marketing data to track key performance metrics over time to reduce manual processes and enable more timely data driven business decisions. The Data Transformation Programme is Singapore Flyer's first step of a three-year transformation roadmap initiated by STB.

- Another initiative is the Singapore Tourism Accelerator, which is co-run by STB and its appointed partner Found8. Singapore Flyer has identified its AI partner which is an AI-powered guest engagement cloud that uses automation to drive revenue and guest satisfaction. It allows marketing automation, online reputation management, personalised upselling and provides a singular view of guest data.

- Singapore Flyer has also been working with a vendor on the development of an Artificial Intelligent Chatbot with the goals of improving guest communication, replacing Singapore Flyer hotline services with round-the-clock customer support, and boosting business growth. The chatbots, which are both voice-activated and text-based chatbots, will be incorporated into Singapore Flyer's branded channels in phases.

## FINANCIAL COMMENTARY

The Group incurred a net loss before tax of $0.87 million as compared to a profit before tax of $56.54 million a year ago, mainly attributable to lower profits generated by the China attractions, and losses incurred by Singapore Flyer including an impairment loss of $2.6 million recognized on its investment property. Expenses, excluding finance cost, decreased $17.33 million, or 30.3% as compared to FY2019, mainly attributable to lower operating expenses and staff cost incurred, and exchange gain recognized; partially offset by impairment loss recognised.

The Group's net cash flow from operating activities amounted to approximately $0.50 million in FY2020. During the year, the Group used $21.66 million to pay out dividends and $3.41 million to repay borrowings and interest on loans. Monthly principal repayment of the bank loan at Singapore Flyer has been granted deferment since April 2020. The company also utilized $3.88 million cash for share buybacks. As of 31 December 2020, the Group's cash and cash equivalent balance (excluding bank deposits pledged) amounted to $177.67 million, a decrease of 10.9% for the year.

SUSTAINABILITY REPORT

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# BOARD STATEMENT

The Board of Directors (the "Board") at Straco Corporation Limited ("Straco") hereby presents the Sustainability Report for 2020. Our fourth Sustainability Report demonstrates our continued commitment to sustainable development and how it is an important part of our business strategy formulation and decision-making process. In this report, we are proud to share Straco's sustainability practices, performance and targets for the year ended 31 December 2020.

As a leading developer, operator and investor of premier tourist attractions, we aspire to create a unique, fulfilling and enriching experience for our visitors. We believe comprehensive consideration of Environmental, Social and Governance ("ESG") issues is fundamental to achieving our goals and creating long-term value for our stakeholders.

Through strong corporate governance, we continue to manage our ESG impacts. We strive to minimise our environmental footprint and promote conservation. Capitalising on the high footfall in our public aquariums, we undertake the responsibility of raising awareness on environmental protection and biodiversity conservation. We seek to provide a safe working environment and a dynamic and rewarding career development platform for our employees. Meanwhile, we endeavour to contribute to charitable causes and the community at large.

With the ongoing global COVID-19 pandemic and the global economic slowdown, international tourism has been hindered in 2020. Amidst the global border restrictions and uncertainties, the tourism sector was severely disrupted. Despite the tough circumstances where all our attractions had to close for some time throughout the year due to the pandemic, we utilised the periods of temporary closure to focus on maintenance and on completing renovations and projects, to tailor and refine our offerings to better suit today's context.

In 2020, we reviewed and validated the material ESG factors of high importance to our business and stakeholders. The Board continues to oversee the management of ESG risks and opportunities, with support from our Sustainability Steering Committee ("SSC"). The disclosures of sustainability performance and targets in this report are approved by the Board.

The Board would like to thank those who have been with us throughout our sustainability journey. We will continue our sustainability efforts to enhance the long-term value and trust of all our stakeholders.

# 2020 AT A GLANCE

In spite of the challenges brought by the COVID-19 pandemic during the year, Straco has met most of its targets set for 2020. For the targets that were not met, it was mainly because of the reduction of operating hours and the limits placed on large-scale events in both China and Singapore. More information can be found in the table below.

| MATERIAL FACTORS | INDICATOR | PERFORMANCE FOR FY2020 | TARGET FOR FY2020 | TARGET FOR FY2021 |
|---|---|---|---|---|
| **ENVIRONMENTAL** | | | | |
| **Energy**[1] | Energy intensity | Energy Consumption: 51,191,379 MJ<br><br>Energy Intensity: 8,341 MJ / hour of operation | Not Achieved - Maintain or reduce energy intensity and GHG emissions intensity from the previous year: 5,054 MJ/hour of operation and 0.57 tC02e/hour of operation respectively.<br><br>Rationale: Although energy consumption (63,912,938 MJ in 2019) and GHG emissions decreased (7,159 tC02e in 2019), the operational hours were significantly reduced due to COVID-19, resulting in increase of the intensity numbers. | Maintain or reduce energy consumption and GHG emissions from 2019 levels.[2] |
| | GHG emissions intensity | GHG Emissions: 5,690 (tCO2e)<br><br>GHG Emissions Intensity: 0.93 tCO2e / hour of operation | | |
| **Water Management**[3] | Water intensity | Water Consumption: 176 m3<br><br>Water intensity: 29 m3/hour of operation | Not Achieved - Maintain or reduce water intensity from the previous year: 18 m3/hour of operation.<br><br>Rationale: Although water consumption decreased (232 m3 in 2019), the operational hours were significantly reduced due to COVID-19, resulting in increase of the intensity numbers. | Maintain or reduce water consumption from the 2019 levels.[4] |
| **Animal Sourcing and Well-being** | Use of global and national standards and initiatives on conservation | Followed accepted global and national standards, where available and relevant, for responsible animal sourcing and animal well-being and continued conservation efforts | Achieved - Continue to practice responsible sourcing of animals, explore new ways to further enhance the well-being of animals and actively partake in conservation efforts. | Continue to practice responsible sourcing of animals, explore new ways to further enhance the well-being of animals and actively partake in conservation efforts. |

*[1] Although the indicators for energy are energy intensity and GHG emissions intensity, the energy consumption and GHG emissions data are also reflected here for a more representative comparison.*
*[2] Straco will set performance targets by total consumption of energy and GHG emissions until the operational hours return to pre-COVID-19 levels.*
*[3] Although the indicator for water is water intensity, the water consumption data is also reflected here for a more representative comparison.*
*[4] Straco will set performance targets by total consumption of water until the operational hours return to pre-COVID-19 levels.*

| MATERIAL FACTORS | INDICATOR | PERFORMANCE FOR FY2020 | TARGET FOR FY2020 | TARGET FOR FY2021 |
|---|---|---|---|---|
| **SOCIAL** | | | | |
| **Talent Retention and Training** | Annual new hires rate | 11% (0.9% per month) | Not Achieved - Maintain current average of 12 training hours per employee and provide performance review to all eligible permanent employees.<br><br>Rationale: Despite the COVID-19 situation, Straco successfully provided training to all its employees, with only a minor decrease in the average training hours per staff. Performance reviews for Singapore Flyer were temporarily deferred. Singapore Flyer will resume performance reviews in 2021. | Maintain current average hours of training per employee from the previous year and provide performance review to all eligible permanent employees. |
| | Annual turnover rate | 30.3% (2.5% per month) | | |
| | Average training hours per employee, per year | 11 hours | | |
| | Percentage of eligible permanent employees receiving regular performance review | China Entities: 100%<br><br>Singapore Flyer: Temporarily deferred | | |
| **Health and Safety** | Number of work-related fatalities | 0 | Achieved - Continue to provide relevant training on health and safety and achieve zero high-consequence work-related injuries, including fatalities. | Continue to provide relevant training on health and safety and achieve zero high-consequence work-related injuries, including fatalities. |
| | Number of high-consequence work-related injuries (excluding fatalities) | 0 | | |
| | Accident Frequency Rate | 5.83 | | |
| **Local Communities** | Initiatives on conservation education and charitable events | • SOA organised 7 educational programmes during the year<br>• UWX collaborated with partner institutions to create unique educational experience for the local community<br>• SF supported Speak Mandarin Campaign and PA Community Event through sponsorships. Singapore Flyer also participated in the donation campaign held by It's Raining Raincoats. | Not Achieved - Continue to support conservation education and contribute back to society<br>• Shanghai Ocean Aquarium: organise 10 to 15 educational programmes and CSR activities<br>• Underwater World Xiamen: continue to collaborate with partner institutions to create unique educational experience for the local community<br>• Singapore Flyer: host at least 2 CSR events for charitable causes<br><br>Rationale: Due to the COVID-19 restrictions, many of the planned outreach events were not possible. However, Straco was still successful in organising some initiatives on conservation education and charitable events. | • UWX/SF: To continually support the local communities during the COVID-19 pandemic through partnerships and educational programmes<br>• SOA: organise 7 educational programmes |
| **GOVERNANCE** | | | | |
| **Regulatory Compliance** | Number of environmental and socio-economic non-compliance | Zero non-compliance with environmental and socio-economic regulations | Achieved - Zero non-compliance with environmental and socio-economic regulations. | Uphold the same high standard of conduct and maintain zero non-compliance with environmental and socio-economic regulations. |

# ABOUT THIS REPORT

This sustainability report sets out Straco's policies, practices, performance and targets in relation to the material ESG factors identified from 1 January 2020 to 31 December 2020. The report covers the listed entity, Straco Corporation Limited, and its three main revenue-generating assets, Shanghai Ocean Aquarium ("SOA"), Underwater World Xiamen ("UWX") and Singapore Flyer ("SF"). As the corporate headquarters consume insignificant amount of environmental resources, "Energy" and "Water Management" sections in this report solely focus on the three above-mentioned assets, SOA, UWX and SF. Meanwhile, "Animal Sourcing and Well-being" section is only applicable to the two aquariums, SOA and UWX.

This report is aligned with the reporting requirements of SGX Listing Rules 711A and 711B and prepared with reference to the Global Reporting Initiative ("GRI") Standards, a globally recognised framework to report on ESG issues. This report references the following GRI Standards and topic-specific disclosures:

- Disclosure 302-1 and 302-3 from GRI 302: Energy 2016
- Disclosure 303-3 and 303-4 from GRI 303: Water and Effluents 2018
- Disclosures 305-1, 305-2 and 305-4 from GRI 305: Emissions 2016
- Disclosure 307-1 from GRI 307: Environmental Compliance 2016
- Disclosure 401-1 from GRI 401: Employment 2016
- Disclosure 403-9 from GRI 403: Occupational Health and Safety 2018
- Disclosure 404-1, 404-2 and 404-3 from GRI 404: Training and Education 2016
- Disclosure 405-1 from GRI 405: Diversity and Equal Opportunity 2016
- Disclosure 413-1 from GRI 413: Local Communities 2016
- Disclosure 419-1 from GRI 419: Socioeconomic Compliance 2016

All information is disclosed in good faith to the best of our knowledge. No external assurance has been sought for this report. Straco welcomes your feedback. Please forward enquiries and feedback to contact@stracocorp.com.

# STAKEHOLDER ENGAGEMENT

Open and relevant engagement is essential to create value for Straco's key stakeholders. This engagement communicates expectations and supports improvement in our sustainability practices.

In line with COVID-19 advisories and guidance from the authorities, Straco enhanced the usage of digital communication channels to engage our stakeholders. The following table identifies Straco's key stakeholders and shows how they are engaged.

| STAKEHOLDERS | MAIN OBJECTIVE | ENGAGEMENT METHODS | FREQUENCY |
|---|---|---|---|
| **Customers** | To understand customer expectations and enrich customer experience | • Feedback box<br>• Customer review on official website and official social media platforms<br>• Market research and analysis | • Throughout the year<br>• At least once a year |
| **Local Communities** | To contribute to local communities through conservation education and research, as well as charitable activities | • Education programmes<br>• Charitable events | • Throughout the year |
| **Employees** | To create a safe, inclusive and rewarding working environment to sustain employee morale | • Safety training<br>• Training or skill upgrading<br>• Suggestion box<br>• Workers' Union meeting on employee welfare<br>• Team bonding activities | • Throughout the year<br>• Bimonthly to twice a year<br>• Once to twice a year |
| **Investors/ Shareholders** | To disseminate accurate and timely information on the company's progress and direction | • Release of financial results and other relevant disclosures through SGXNET and Straco's website<br>• Annual General Meeting<br>• Participation in non-deal road show<br>• Meeting with investors and stock analysts | • Throughout the year<br>• Once a year<br>• Ad hoc<br>• Throughout the year |

# MATERIAL ESG FACTORS

Straco conducted a formal materiality assessment workshop in 2017 to determine the ESG factors of significant interest to our business and key stakeholders. The materiality assessment was guided by the GRI Principles of Materiality and Stakeholder Engagement.

In 2020, we reviewed and revalidated the list of material factors as material factors for Straco. The following table summarises Straco's material factors identified:

| ASPECT | MATERIAL ESG FACTORS |
|---|---|
| **Economic** | • Economic Performance |
| **Environmental** | • Energy<br>• Water Management<br>• Animal Sourcing and Well-being |
| **Social** | • Talent Retention and Training<br>• Health and Safety<br>• Local Community (including conservation education) |
| **Governance** | • Regulatory Compliance |

# ECONOMIC PERFORMANCE

In view of the ongoing global COVID-19 pandemic, which has exacerbated geopolitical tensions such as the US-China trade tensions and the global economic slowdown, international tourism experienced a halt in 2020. The tourism sector took the hardest hit amidst travel restrictions, temporary closures and capacity restrictions. Overall, Straco's operations were significantly impacted by the COVID-19 pandemic. Our attractions in both China and Singapore were forced to close for extended periods in the year.

Consequently, in 2020, Straco registered a net loss of S$0.98 million, primarily from an impairment loss; and generated revenue of S$29.56 million. Details of Straco's financial performance in 2020 can be found in the Financial Review section of this Annual Report.

As the global COVID-19 situation remains uncertain, the Group will continue to monitor its impact on our operations. We strive to sustain robust economic performance into the long run and keep our business relevant and resilient by differentiating our services, keeping our team strong and committing to delivering good ESG performance.

# ENERGY

Against the backdrop of intensifying climate change, energy consumption and associated Greenhouse Gas ("GHG") emissions are emerging global concerns. Straco strives to mitigate our environmental impacts and reduce our GHG emissions by developing innovative solutions and adopting energy-efficient practices.

The operational teams in SOA, UWX and SF actively monitor, report and review their energy consumption in accordance to formal energy management frameworks. To ensure compliance with energy efficiency standards, equipment is regularly maintained, and consumption trends are closely analysed to identify and address any inefficiencies. In 2020, Straco carried out a few key energy-saving initiatives:

**SOA:**

- Conducted the capacitance value detection and safety hazard investigation of the capacitor compensation cabinet in the substation and distribution station. The faulty capacitor equipment was replaced and therefore now achieved the power factor standard requirements by Shanghai Electric Power Company.
- Completed several projects aimed at optimizing equipment efficiency. This included:
  - Exchanging and repairing the air-conditioning to reduce energy wastage
  - Conducting renovation work on the cooling tower, which increased its heat dissipation efficiency.

**UWX:**

- Conduct regular maintenance of all equipment to ensure that they maintain the best energy performance, thereby reducing energy consumption. For example, the escalators that were replaced in 2018 adopt variable frequency intelligent control so that when there are no tourists, the escalators will gradually run slowly to conserve energy.
- Ensure that employees do their part to reduce energy consumption; for example, when employees are off work, they are to turn off the power of the computer host, unnecessary lights, and the centralized hot water supply and keep the temperature of the air conditioner at a suitable temperature.
- Use more energy-efficient equipment, such as replacing incandescent bulbs with more energy-efficient LED lights, using air-source cooling and heating machines to heat or cool the fish tank water body, replacing the original heating rods, improving the energy efficiency ratio, and adopting LED special aquarium lights to replace the original metal halide lamps or fluorescent lamps.

**SF:**

- Conduct regular trimming of trees and landscape to provide more natural light penetration into the carpark and Main Terminal Building.
- When the carpark occupancy rate is low, level 2 of the carpark will be closed to save energy.
- Constant review on building and surrounding temperature and make necessary setting for Chilled Water Supply temperature to the Building for energy saving.
- To pledge our support and to help raise awareness for environmental causes, Singapore Flyer participates in nationwide campaigns every year. In March 2020, Singapore Flyer was lit blue in support of Singapore World Water Day as well as switched off all non-essential lightings including those on the Giant Observation Wheel for Earth Hour.
- Actively encouraging our employees to practising the 3Rs – reduce, reuse and recycle – to reduce our environmental impact. Some examples will be the reusing of festive decorations and reducing the usage of air-conditioning and non-essential lightings.

# ENERGY

SF (managed by Straco Leisure Pte Ltd) had joined the Ministry of Sustainability and the Environment[5] ("MSE") in 2018 to pledge its commitment in taking climate action. Since then, SF has been abiding by its pledge and remains committed to climate action. Please refer to our pledge and action goals below.


STRACO LEISURE PTE LTD

SINGAPORE FLYER
a moving experience at every turn

Share this pledge:

**Our climate action pledge**
The company is committed to continuously improving our performance and reducing the usage of energy (Electricity, Water and Gases), and will make strenuous efforts towards improving energy management within the operations and work towards energy-efficient best practices where cost-effective. We believe that everyone in our company shares the responsibilities for protecting the environment. The following steps should be practiced to support the policy:

1.1 Develop a corporate culture of responsible management of energy by educating, involving and motivating our employees
1.2 Purchase energy at the most effective cost and reduce energy usage where possible
1.3 Implement a Continuous Energy Improvement program, monitoring and reporting procedures to communicate our performance within the company

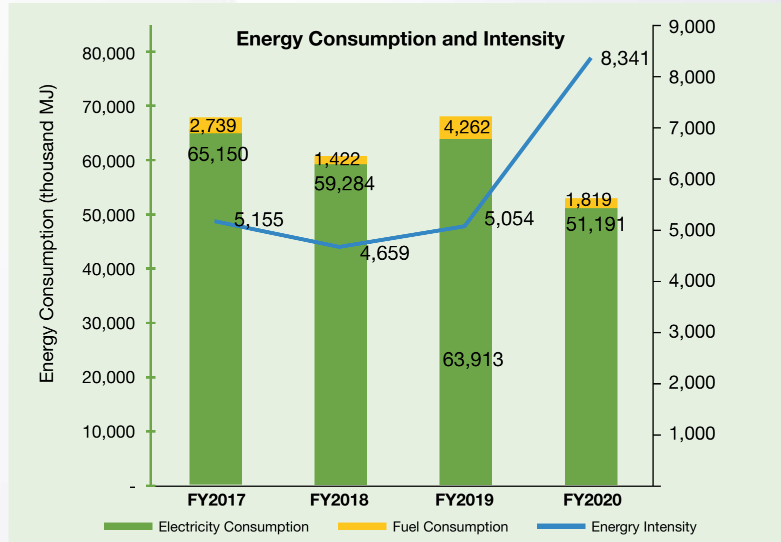
**Our climate action goals**
Reduce carbon footprint by 1%

*Figure 1. Singapore Flyer's Climate Action pledge in 2018*

[5] Previously the Ministry of the Environment and Water Resources ("MEWR")

In 2020[6], there was a major reduction in SF's GHG emissions by 54% compared to 2017, mainly due to the COVID-19 pandemic affecting operating hours. We will continue to identify energy inefficiencies and areas for improvement in our efforts to combat climate change.

The chart below illustrates our total energy consumption which consists of fuel and electricity used within our operations under SOA, UWX and SF for 2017[7] , 2018 [8], 2019[9] and 2020[10]. Our total energy intensity, which is calculated based on total energy consumption over hours of operation during the year, is also shown below.




[6] In 2020, the giant observation wheel at Singapore Flyer suspended its operation for more than 6 months. After it is reopened in July, SF is operating on shortened week and shortened hours. Other facilities, including food and beverage outlets and shops, were also closed during the Circuit Breaker period due to the pandemic. Therefore, energy consumption in 2020 should be interpreted with this consideration in mind.

[7] The fuel consumption, total energy consumption and energy intensity figures for 2017 and 2018 have been restated due to updates in conversion factors used and inadvertent omission of LPG in the calculations for those years.

[8] In 2018, the giant observation wheel at Singapore Flyer suspended its operation for 2 months. However, other facilities, including food and beverage outlets and shops, were still open during the period. Therefore, energy consumption should be interpreted with this consideration in mind.

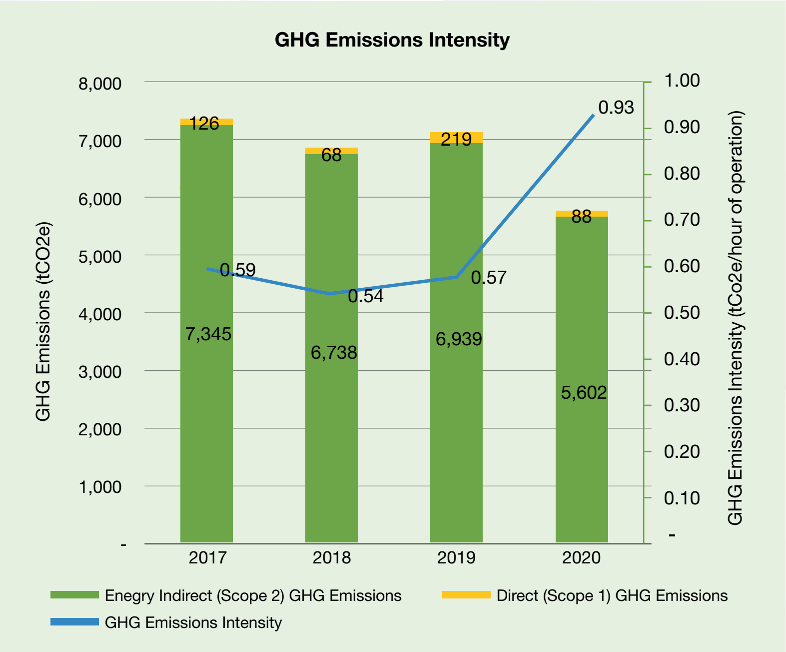
[9] In 2019, the giant observation wheel at Singapore Flyer suspended its operation for more than 1 month. Other facilities, including food and beverage outlets and shops were still open during the period. Therefore, energy consumption in 2019 should be interpreted with this consideration in mind.

[10] In 2020, SOA and UWX were closed for about 4 months; while SF was closed for more than 6 months due to COVID-19 restrictions. Therefore, energy consumption in 2020 should be interpreted with this consideration in mind.

# ENERGY

In 2020, SOA, UWX and SF consumed 51,191,379 Mega Joule ("MJ") of energy, comprising 49,372,142 MJ of electricity consumption and 1,819,236[11] MJ of fuel consumption including Liquefied Natural Gas ("LNG"), town gas (Singapore), diesel and Liquefied Petroleum Gas ("LPG"). This was a 20% decrease in total energy consumption from last year[12], while the energy intensity increased by 65% from 5,054 MJ per hour of operation in 2019 to 8,341 MJ per hour of operation in 2020. Although Straco's energy consumption in 2020 has decreased, the operational hours were significantly reduced due to COVID-19, resulting in an increase in energy intensity.

The following chart depicts the total GHG emissions arising from operations under SOA, UWX and SF, which consists of direct (Scope 1) GHG emissions[13] and indirect (Scope 2) GHG emissions[14], and the total GHG emissions intensity.




Following reductions in total energy consumption, our total GHG emissions decreased by 21% from 7,159 tCO2e in 2019 to 5,690 tCO2e in 2020. However, our GHG emissions intensity has since increased by 63% from 0.57 tCO2e/hour of operation in 2019 to 0.93 tCO2e/hour of operation in 2020. The increase in our GHG emissions intensity is similarly attributed to operational hours which has significantly reduced due to COVID-19.

In 2021, Straco aims to maintain or reduce energy consumption and GHG emissions from 2019 levels.

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*11 The above figure includes calculations using net caloric value of the respective fuels and conversion factors sourced from 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Eurogas Statistical Report 2011 and International Energy Agency ("IEA") Energy Statistics Manual 2005.*

*12 Last year energy consumption was at 63,912,938 MJ*

*13 Direct (scope 1) GHG emissions arose from fuel consumption and are calculated using GHG Protocol Global Warming Potential ("GWP") Values. The gases included in the above emissions calculation are CO2, CH4 and N2O. The emission factors and GWP rates are sourced from 2006 IPCC Guidelines for National Greenhouse Gas Inventories and IPCC Fifth Assessment Report, 2014 (AR5) respectively.*

*14 Energy indirect (Scope 2) GHG emissions arose from electricity consumption. The emissions were calculated based on Grid Emission Factors of Singapore in 2020, adapted from Singapore Energy Statistics 2020.*

# WATER MANAGEMENT

As water is a shared resource, we manage our water withdrawal and discharge with consideration for the interest of local communities and ecosystems. Recognising that water is a key resource in Straco's day-to-day operations, we are committed to conserving water and preventing water pollution. In addition, water conservation translates to cost savings for Straco as our assets are often subjected to water consumption quota or tiered pricing.

Our operations under SOA, UWX and SF continue to employ water-efficient practices and install water-efficient fittings to conserve water. Across our assets, we perform regular equipment maintenance and have water meters installed at key water usage areas to track and monitor water usage. We hold ourselves accountable for water management and comply with reporting requirements in respect of water consumption and water discharge quality.

Straco's key water management practices and initiatives for 2020 are as follows.

**SOA:**

- Monitored the drop rate of copper ion concentration of the exhibition tank under different conditions and compared the difference. The use of activated carbon helps to absorb the copper ions faster, which effectively reduces the usage of seawater.
- In 2019, the Ministry of Aquaculture evaluated the aging of the biological aquaculture system that has been in operation for nearly 20 years. Among them, the sand quartz tank used to filter the aquaculture water body was found to have worn out. Therefore, a plan was made to replace the fine-grain sand in the aquarium's sand tank in two batches in 2019 and 2020. The replacement of quartz sand for the remaining exhibition tanks in the hall was completed in 2020. Inspection, evaluation and analysis of the sand in the sand tank of the exhibition tank were also carried out. By adjusting the strength and frequency of recoil, the frequency of cleaning the sand tank is also reduced, which helps to save water and ensure water quality.

**UWX:**

- Use water-saving labels or equivalent water-saving accessories, such as automatic flow control faucets, flush valves and water-saving toilet tanks.
- Installed water meters in high water-usage areas to monitor water consumption in real time.
- The central air conditioning cooling tower uses circulating water for cooling.
- Adopts an automatic sprinkler irrigation system.
- Improves water conservation awareness for both employees and visitors by displaying educational posters in public areas.

**SF:**

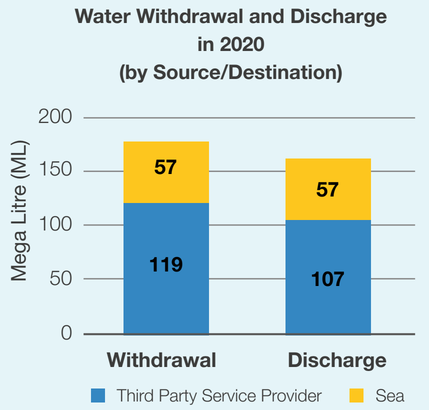
- In support of the national water conservation movement, SF adopts a Water Efficiency Management Plan ("WEMP")[15] which details water management policies and practices and is submitted annually to the Public Utility Board ("PUB") for review. The WEMP has allowed SF to identify areas to further reduce consumption and raise efficiency. SF installed private water meters at various water usage areas within their premises to track and monitor water usage.
- Uses recycled water – NEWater – for landscape irrigation.

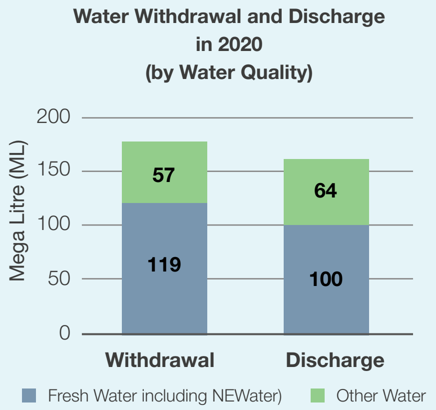
Any water that cannot be reused will be discharged. Straco either sends effluents to third party water treatment facilities or treats the effluents in-house before discharging to the sea. Straco has measures in place to manage the quality of water discharged from our assets. We conduct regular maintenance at our sewage systems and have procedures in place to ensure that we comply with local water discharge regulations. Priority substances of concern in discharges such as suspended solids, chemical oxygen demand, ammonia nitrogen, etc. are controlled and limited within the allowable range in accordance to national standards, namely the 2018 Shanghai Municipal Comprehensive Sewage Discharge Standard and PUB regulations, and through inspections by the Xiamen Environmental Protection Bureau. There were no incidents of non-compliance with discharge limits in 2020.

[15] *In March 2020, PUB informed SF that their water consumption at the premises for the past 3 years (2017, 2018 and 2019) fell below 60,000 cu m/calendar year. Thus, going forward, SF will no longer be required to submit WEMP to PUB every year.*

# WATER MANAGEMENT

The charts below detail the breakdown of water withdrawal and discharge[16] by source/destination and by water quality in 2020[17].

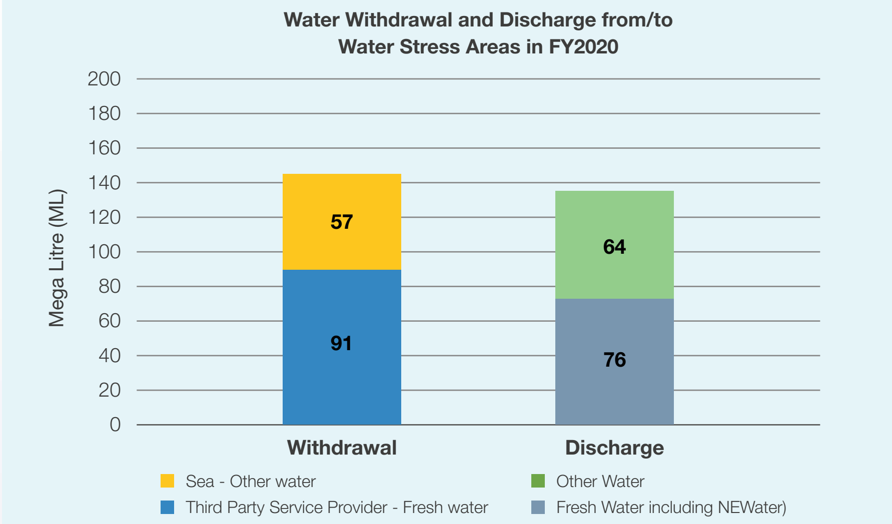



In 2020, SOA, UWX and SF withdrew 176 Mega Litres ("ML") of water, comprising 119 ML of municipal water and 57 ML of seawater. There was a 24% decrease in the amount of water withdrawal as compared to 232 ML in 2019. Water intensity, calculated using total water withdrawal divided by total hours of operation, increased to 29 $m^3$ per hour of operation in 2020 compared to the 18 $m^3$ per hour of operation in 2019. The 2020 target of maintaining or reducing water intensity from the previous year was thus not met even though water consumption decreased, as the operational hours were significantly reduced due to COVID-19, resulting in an increase in intensity numbers. In 2021, Straco aims to maintain or reduce water consumption from 2019 levels.

This year, 164ML of water was discharged, comprising of 107ML of used freshwater sent to third-party water treatment facilities and 57ML of other water[19] discharged to both the sea and third-party water treatment facilities.

The chart below provides a breakdown of the water withdrawal and discharge in water stress areas.




According to the World Resource Institute's Aqueduct Water Risk Atlas, SOA's and UWX's locations in Shanghai and Xiamen are categorised under "High" and "Medium to High" Overall Water Risk respectively. In 2020, 148 ML of water was withdrawn from, and 140 ML of water was discharged to areas of water stress. The third-party water withdrawn comprises 79 ML of groundwater and 12 ML of surface water.

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[16] *The water withdrawal data for municipal water is compiled based on meter readings stated on the payment notices issued by third party water providers. As for water discharged to third party treatment facilities, SOA estimates discharge volume at 90% of water withdrawal (which is the standard used by the third-party companies in charging wastewater treatment fees) as not all water balance testing equipment have been installed at present. A water balance testing plan will be determined in due time. SF uses the Water Balance Chart to calculate the water discharge volume and UWX compiles the water discharge data based on water meter readings. For seawater, the withdrawal and discharge data are based on the volume of the pool which stores the seawater extracted and discharged.*

[17] *Numbers have been rounded for reporting purposes.*

[18] *Based on GRI Standards (2018), freshwater is defined as water with concentration of total dissolved solid equal or below 1000 mg/L.*

[19] *Based on GRI Standards (2018), other water is defined as water with concentration of total dissolved solid more than 1000 mg/L.*

# ANIMAL SOURCING AND WELL-BEING[20]

As the plight of climate change and degradation of natural habitats worsens, biodiversity and the health of natural ecosystems are increasingly pressing global concerns. As the operator of two public aquariums, our key stakeholders expect greater commitment from Straco regarding conservation and biodiversity.

**OUR COMMITMENT:**

We do not practice punitive animal training. We refrain from animal performance purely for commercial purpose, instead, we focus on displaying natural behaviours for education.

## RESPONSIBLE SOURCING

Straco pledges to obtain animals from ethical and sustainable sources in line with national and international legislation. Our main sources of animals include in-house breeding programmes, certified suppliers, donations from civic society, as well as fishery rescues. Straco diligently tracks and manages the method of acquisition and origin of animals, particularly for endangered species falling under the Convention on International Trade in Endangered Species of Wild Fauna and Flora ("CITES")[21] or national conservational schemes. All protected species are obtained through legitimate sources and endorsed with the necessary permits. Our aquariums are subjected to stringent government supervision regarding animal sourcing and have passed various spot checks and routine inspections without any breaches found. Meanwhile, we use sustainable alternatives for habitat enhancement to minimise disturbance to natural ecosystems. For example, we use artificial corals in our displays to prevent any removal of coral reef from wild habitats.

## WILDLIFE CONSERVATION

Straco's conservation efforts include a wide range of breeding programmes for marine life, especially endangered species. Artificial breeding enables inter-aquarium exchange and alleviates the demand for wild aquatic animals, thus protecting the wildlife population. Through in-depth research on the species' preferred living conditions, including environmental features, animal behaviors, water quality and nutrition, Straco has gained considerable progress in its breeding endeavors.

In 2020, 13 species of creatures were bred for a total of 3,318, of which 541 were successfully displayed in the tank, and one leopard shark was successfully hatched on January 21, 2020.

Furthermore, in 2020, the number of treatments that were needed to be carried out in the exhibition tank reduced from 54 times in 2019 to 24 times. This was due to Straco's continuous efforts in maintaining the cleanliness and efficiency of the exhibition tank, by performing regular inspections, optimizing systems' efficiency and solving the related causes of previous illnesses. Straco has also formed a strong partnership with the Law Enforcement Team of the Shanghai Municipal Agriculture and Rural Committee (formerly the Fishery Supervision and Administration Office). On November 12, 2020, the National Aquatic Wildlife Conservation Publicity Month and the Giant Salamander Science Exhibition Cooperation Signing Ceremony was officially held in our aquarium, where we gave away 3 giant salamanders in our aquarium for science display.

Furthermore, through our research work on animal physiology and reproduction, we contribute to the body of scientific knowledge, thereby helping to advance biodiversity conservation. In recognition of our innovations in the in-depth development of a functioning miniature ozone generator, SOA won a nominee award in the Pudong Employees Innovation in Science and Technology Award in 2020.

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[20] *This chapter focuses on Straco's two aquariums, SOA and UWX only.*

[21] *CITES is an international agreement between governments, with the principle aim to prevent the international trade in specimens of wild animals and plants from threatening their survival. For the many non-endangered wildlife species in trade, the existence of an agreement adds extra assurance of the sustainability of the trade in the long run.*

# ANIMAL SOURCING AND WELL-BEING

With a wealth of expertise in wildlife biology and veterinary science, Straco's aquariums collaborate with local wildlife departments and contribute to wildlife rescue missions. As part of Shanghai Bureau of Fisheries' initiative to protect and rescue marine wildlife, SOA actively treats and temporarily houses rescued animals including the critically endangered hawksbill sea turtle and the Chinese giant salamander. In October 2020, both UWX and SOA actively participated in the nation-wide "Conservation Month for Aquatic Wildlife" to raise awareness on aquatic biodiversity and marine conservation.

On October 23, 2020, together with the Xiamen Municipal Ocean Development Bureau, UWX launched the ceremony of "Caring for Aquatic Animals and Building a Harmonious Home" and carried out their "Plastic Reduction Action" activity.

## ANIMAL WELL-BEING

For animals kept in our aquariums, we strive to provide them with a nurturing and low stress environment, while fostering natural and healthy behaviours. Straco believes our animals deserve the best care and our dedicated team of professional curators and veterinarians are trained to deliver exceptional attention to their needs. To ensure that our aquariums abide by the national standards on animal keeping and our animals live and grow in the best conditions, we have formalised our practices in a set of Standard Operating Procedures ("SOPs") and conduct regular testing and reporting of water quality.

UWX continuously upgrades the aquarium's facilities. These upgrades include enhancing the living habitat in the aquariums, optimising the water circulation systems and other equipment, disinfecting water and improving the temperature control systems.

Our veterinarians conduct routine health monitoring and spot checks of our animals. New animals are also quarantined to identify and treat any potential disease before being added into the aquarium. Guided by professional research on sound nutritional science, we have developed a well-structured feeding plan, specifying the type and amount of feed for different animals. Moreover, we use various nutritional additives to re-create the animals' natural living conditions as much as possible.

Moving forward, we will continue to source for animals responsibly, taking into consideration the local context, latest conservation status updates and climate conditions. Meanwhile, we also aim to invest in research and enhancements of our animals' living environments to encourage natural behaviours and promote animal well-being. In addition, we seek to actively partake in conservation and research efforts to protect biodiversity.

# TALENT RETENTION AND TRAINING

As we consider human capital to be Straco's key asset, we seek to attract and retain our talents by pursuing employee satisfaction and job fulfilment through employee engagement and training programmes. In this way, our employees are able to deliver high-quality work and in turn contribute to the overall success of our business.

## HIRING AND RETENTION

Straco's human resource policies are grounded in the principles of transparency and equal opportunity. We are committed to creating a diverse and inclusive work environment where unique talents, experiences and perspectives are welcomed and respected. All qualified candidates will be considered for employment without discrimination. Discriminatory clauses on geographical origin, gender and appearances are strictly prohibited in our job advertisements.

Straco collaborates with universities, online hiring platforms and recruitment agencies to attract a sustainable pipeline of talents. In addition to maintaining our regular recruitment channels, Straco has increased cooperation with professional recruitment companies, by joining as a 597-talent recruitment network member, and Xiamen Zhilian recruitment network member. As of 31 December 2020, we have a total of 9 Directors[22] and 426 permanent employees. A breakdown of our workforce is shown in the charts below. We have a fairly equal split of males and females at most employee levels, with a slightly higher proportion of males at the management levels. Age groups are well distributed with older age groups more represented at more senior levels.

## BOARD OF DIRECTORS

**By Gender**
Female: 2
Male: 7

**By Age Group**
< 30 years old: 0
30 – 50 years old: 2
> 50 years old: 7

## EMPLOYEES

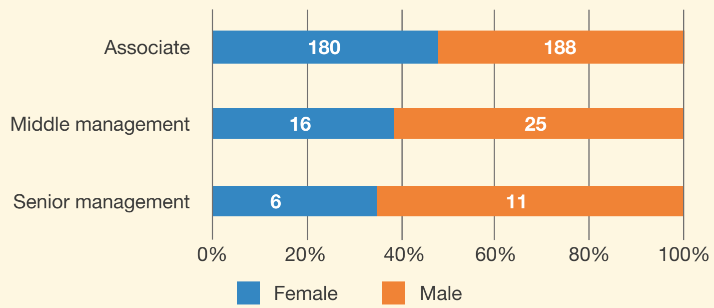
**By Location**
China: 320
Singapore: 106

**By Gender**
Female: 197
Male: 229

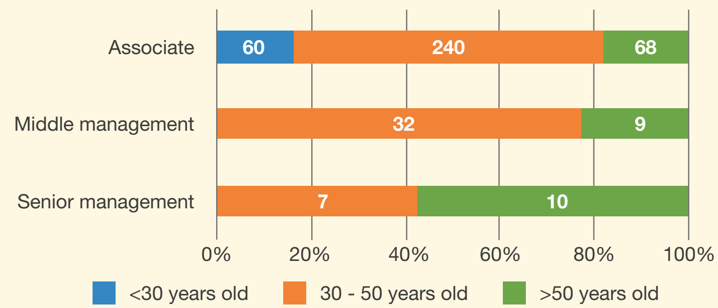
**By Employee Category**
Senior Management: 17
Middle Management: 41
Associate: 368

**By Age Group**
< 30 years old: 60
30 – 50 years old: 281
> 50 years old: 85

**Percentage Employees per Employee Category By Gender**




**Percentage of Employees per Employee Category By Age Group**




[22] *Information pertaining to Board of Directors is applicable for Straco Corporation Limited.*

# TALENT RETENTION AND TRAINING

We reward our employees with competitive salaries in line with market standards. Compensation is objectively determined based on employee position, competency and performance. Furthermore, employees are entitled to a variety of benefits, including medical insurance, social insurance, housing allowance, paid leave, transportation subsidies, complimentary tickets to attractions, team-building trips and tokens of appreciation. For instance, the Service Star Award was granted to SF's employees in recognition of those who received at least 3 compliments during the year. SF also nominates employees who deliver exceptional service to receive the Excellent Service Award, a national award managed by Association of Singapore Attractions.

With the interests of our employees in mind, we provide feedback channels for employees to express their views and concerns. Examples of communication channels include:

- Representations in workers' unions
- Website feedback portals
- Suggestion box

The Human Resource ("HR") Department practises strategic workforce planning by monitoring the new hires and turnover rates. In 2020, our average annual rates of new employee hires and employee turnover stood at 11% and 30% respectively, which are steep changes in comparison to the 2019 rates of 22% for both, both mainly due to natural attrition rates and hiring freezes because of COVID-19. The table below[23] provides a breakdown of the average annual rates of new employee hires and employee turnover by age, gender and region.

| | New employee hires | | Employee turnover | |
|---|---|---|---|---|
| | Number | Annual Rate[24] | Number | Annual Rate[25] |
| **By age group** | | | | |
| < 30 years old | 15 | 25% | 38 | 63% |
| 30 - 50 years old | 20 | 7% | 65 | 23% |
| > 50 years old | 11 | 13% | 26 | 31% |
| **By gender** | | | | |
| Male | 19 | 8% | 66 | 29% |
| Female | 27 | 14% | 63 | 32% |
| **By region** | | | | |
| China | 36 | 11% | 72 | 23% |
| Singapore | 10 | 9% | 57 | 54% |
| **Overall** | | | | |
| Overall | 46 | 11% | 129 | 30% |

[23] *Numbers have been rounded for reporting purposes.*
[24] *The above rate is calculated based on number of new employee hires per category during the year divided by the total number of employees per category as at financial year end.*
[25] *The above rate is calculated based on number of employee turnover per category during the year divided by the total number of employees per category as at financial year end.*

# TALENT RETENTION AND TRAINING

## TRAINING AND EDUCATION

Straco seeks to provide employees with opportunities for systematic and continued training as retaining competent and motivated employees is one of our priorities. Our training and development programs are tailored to the different professional and learning needs of our employees. Due to the COVID-19 pandemic restrictions, training programmes were either hosted online, or held in line with the safe distancing measures to ensure the safety of our employees. Examples of training programmes conducted in 2020 are illustrated in the table below.

| Type | Training Programmes conducted |
|---|---|
| **Orientation** | • New staff orientation<br>• Employee code of conduct<br>• Corporate culture induction<br>• Volunteers induction programme |
| **Capacity Building** | • Personal grooming<br>• Managerial and leadership skills |
| **Service Quality** | • Service etiquettes<br>• Service recovery: how to effectively handle complains<br>• Business English |
| **Aquarium Curation** | • Animal keeping SOPs<br>• Industrialised circular aquaculture technology<br>• Understanding Life Support System ("LSS")<br>• Water quality testing and control<br>• Skills for guiding educational tours<br>• Fish digestive systems and nutritional science<br>• Fish anatomy and prevention of common diseases<br>• Aquatic disease diagnosis and treatment<br>• Diver certification courses |

| Type | Training Programmes available |
|---|---|
| | • Servicing of diving equipment<br>• Aquarium industry conferences<br>• Basic knowledge for animal trainers<br>• Basic medical knowledge for marine animals<br>• Basic seawater chemistry knowledge<br>• Jellyfish breeding<br>• Aquatic plants landscaping |
| **Health and Safety** | • First Aid<br>• Fire drill SOPs<br>• Food safety<br>• Safety SOPs for aquatic department<br>• Fire fighting facility operation |
| **Specialised Training** | • Procurement skills and SOPs<br>• Operating system / software<br>• HR IT Management System<br>• Continued training for accountants<br>• Microsoft Excel<br>• Sales skills<br>• Forklift driving license<br>• Electrical / mechanical certifications |

# TALENT RETENTION AND TRAINING

Apart from the above training programmes, we support employees who wish to attend external trainings to build up their managerial and technical capabilities. In addition, we promote training and education by offering preferential compensation and promotional opportunities to employees who undergo skills upgrades.

Despite the disruptions from the COVID-19 pandemic, Straco has successfully provided training to its permanent employees, with only a slight decrease in the average training hours per employee[26]. In 2020, our permanent employees received 11 hours of training on average, with a breakdown shown in the table below.

| Average hours of training per permanent employee per year[27] | | | |
|---|---|---|---|
| | FY2018 | FY2019 | FY2020 |
| **By gender** | | | |
| Female | 11 hours | 13 hours | 10 hours |
| Male | 10 hours | 12 hours | 12 hours |
| **By employee category** | | | |
| Associate | 9 hours | 11 hours | 9 hours |
| Middle management | 17 hours | 23 hours | 20 hours |
| Senior management | 29 hours | 23 hours | 20 hours |
| **Overall** | | | |
| Overall | 11 hours | 12 hours | 11 hours |

## SOA: JIAOTONG UNIVERSITY IN-HOUSE TRAINING PROGRAMME

On November 27, 2020, SOA partnered with Jiaotong University Overseas training institution to arrange an in-house service training course, inviting professional lecturers to the company instead of hosting an external training course, so that more front-line employees can participate. On the day of the training, a total of 31 employees participated, including staff from the operations department, retail department, security department, catering department, personnel administration front desk department, and general manager office. The training was carried out smoothly with the average score of the evaluation feedback at 98.48. Common feedback was that the lecturers were professional and the curriculum design was practical and operational. It was also mentioned that the practical on-site dialogue and experience are closely integrated with work, which is helpful for daily work.

*Figure 2. Internal Service Training for SOA employees*

To facilitate employees in their retirement planning, we assist them with relevant retirement procedures and offer re-employment opportunities with equal employment terms.

In support of our employees' professional development, Straco provides regular performance reviews to communicate employees' performance and career goals. Employee appraisals help us make informed decisions on promotion, transfer, remuneration adjustment and training planning. Straco conducts an annual process review to continually improve the transparency and fairness of the appraisal system. The process review identifies areas for improvement based on experience and feedback. The proposed improvement will be reported to the Corporate Headquarters for approval and will subsequently be incorporated into Straco's formal HR polices. In 2020, 100% of eligible permanent employees[28] for our China entities have received one performance review. The performance reviews for SF were temporarily deferred because of COVID-19, but there are plans to resume this in the coming year.

In 2021, we aim to maintain current average hours of training per employee and provide performance review to all eligible permanent employees.

[26] *In 2019, the average training hours per permanent employee was at 12 hours.*

[27] *Numbers have been rounded for reporting purposes.*

[28] *Exclude permanent employees who were under probation.*

# HEALTH AND SAFETY

We place utmost importance on the safety and well-being of our employees and visitors. To prevent, minimise and manage health and safety risks, we adhere to our established SOPs and contingency plans. Occupational health and safety risk assessments are conducted, reviewed and updated regularly. To improve accountability, we provide an open communication channel to gather feedback on health and safety related issues. In 2019, in recognition of its robust management of occupational health and safety, Singapore Flyer has been certified under ISO 45001, which replaces OHSAS 18001, have since carried out its second ISO 45001 surveillance audit on October 6, 2020.

Our employees are provided with access to medical and healthcare services through medical insurance. For instance, SOA supports expenses for medical treatment and work injury and provides all employees with commercial insurance.

Comprehensive measures are put in place to manage the higher inherent risks of certain work processes, such as the operation of machinery, handling of animals, as well as scuba diving. In Straco's aquariums, there are established manuals to guide diver safety. Apart from the necessary scuba diving certificates, divers are trained on safe handling of aquatic animals, especially for predatory and venomous species. As part of the SOP, divers are required to work in pairs, so that underwater emergencies can be addressed promptly by dive buddies. SOA also enrols divers in first aid courses and offers hyperbaric oxygen treatment to all scuba divers as a precautionary measure to build resilience against decompression sickness. In addition, protective equipment is provided to SOA's employees, such as wire protection arm sleeves when dealing with ferocious animals, and noise-reduction earmuffs to protect against deafening noises in engine rooms and other workplaces where decibel conditions have been tested.

We provide extensive health and safety training to all employees and ensure that they undergo compulsory training both prior to the commencement of their work and regularly during the year. For instance, SOA conducts monthly workplace safety trainings for the aquarium department, and each employee is required to attend at least 2 trainings every year.

**What is ISO 45001?**

ISO 45001 is an international standard that specifies requirements for an occupational health and safety ("OH&S") management system, with guidance for its use, to enable an organisation to proactively improve its OH&S performance in preventing injury and ill-health.

Straco equips its employees with necessary first aid skills to help those in need. SOA provides employees with on-site training on emergency response and first aid and at present, 61 employees have obtained basic first aid certificates. Similarly, in SF, 1 out of twenty employees is a Certified First Aider. SF's trained first aiders are sent on refresher courses once every 2 years and Automated External Defibrillators ("AED") refresher courses are conducted for all employees on an annual basis. To facilitate swift emergency response and provide constant surveillance, our premises are installed with sophisticated networks of CCTVs and card access control system. In 2020, the CCTV system in UWX has been gradually upgraded to achieve full coverage of the premises for increased security. Within the span of 3 years, Straco has managed to transform the security system from an analogue system to a fully digital system. 32 digital high-definition cameras have been added as planned. In addition, in order to prevent security control and biosecurity in the backyard, two new face recognition access controls and six fingerprint access controls have been added. Full coverage of UWX's premises has been achieved both inside and outside their facility. With enhanced monitoring, this serves as an added form of safety and protection for tourists' personal wellbeing and property.

# HEALTH AND SAFETY

As we operate tourist attractions with a high traffic, we place high importance on fire safety. We ensure that our property, including elevators, escalators and stairwells, are well-maintained and our safety equipment is inspected and upgraded whenever necessary. To ensure emergency preparedness, company-wide fire drills are conducted regularly. Straco's employees have received the necessary fire safety training to facilitate a safe evacuation for all. In SF, designated employees in the Company Emergency Response Team ("CERT") received fire-fighting training and underwent refresher courses on a regular basis. Tabletop exercises as well as an audit on the fire drill and CERT were conducted in 2020. In addition to 2 fire drills conducted for all employees in 2020, UWX also provided a power outage drill and counter-terrorism trainings and drills to employees.

Located in tropical Singapore, SF ensures that pest control treatment is carried out weekly to prevent health risks such as dengue fever transmitted through infected Aedes mosquitoes.

The following table shows the number of work-related injuries of all permanent employees in 2020.

| Number of work-related injuries | | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| Fatalities as a result of work-related injury[29] | 0 | 0 | 0 |
| High-consequence work-related injuries[30] (excluding fatalities) | 1 | 0 | 0 |
| Recordable work-related injuries[31] | 2 | 9 | 5 |

In 2020, the rate of recordable work-related injuries for permanent employees was 5.8[32] , calculated based on total man-hours worked of 857,008 in 2020. The work-related injuries mainly included cuts on hands, burns on feet due to hot liquid spillage, moped accidents when commuting to work, and a fall due to a slip after lunch. Overall, the reportable amount of such incidents has fallen as compared to 2019, where there were 9 recordable work-related injuries with a rate of 8.7 based on 1,038,904 man-hours worked.

Through risk assessments, Straco has identified the following work-related hazards that pose a risk of high-consequence injury: falling from height while working on elevated equipment and collision with moving equipment during maintenance for SF's employees and underwater animal attacks for SOA's and UWX's employees. None of the above have caused or contributed to a high-consequence injury in 2020. In order to minimise the risks arising from these hazards, we conduct risk assessments prior to commencement of work, continuously review and strengthen operating procedures, enhance safety training and equip employees with protective equipment such as defibrillators. For SF, workers and supervisors are required to undergo work at heights training and abide by safety SOPs, including proper use of safety equipment and conducting safety briefing before commencement of work.

Apart from the abovementioned, to minimise risks of other work-related hazards, SF implements measures such as requiring security officers to wear high-visibility vests when carrying out traffic control work and cleaners to use rubber gloves when handling chemicals.

In 2020, we have achieved our target set of continuing to provide relevant training on health and safety as well as maintained zero workplace fatalities. For 2021, we aim to continue providing relevant training on health and safety and achieve zero high-consequence work-related injuries, including fatalities.

*29 A work-related injury is defined as negative impacts on health arising from exposure to hazards at work. In 2019, there was one workplace fatality which was not work-related, involving an employee who suffered from a heart attack during working hours. In addition, an employee was involved in a traffic accident while commuting to work and sustained a non-work-related injury.*

*30 A high-consequence workplace injury is a work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.*

*31 A recordable work-related injury is a work-related injury that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.*

*32 The above rate is calculated based on* $\frac{\text{number of recordable work-related injuries}}{\text{number of man-hours worked}} \times 1{,}000{,}000$ *hours worked. Outsourced workers who are not employees, such as contract cleaners, security and landscaping workers, have been excluded in this disclosure as their data are submitted to their respective employers.*

# LOCAL COMMUNITY

As a responsible corporate citizen, Straco aspires to create positive environmental and social impacts. We position our aquariums as ambassadors for marine conservation and seek to play our part in education and research. Across its assets, Straco also contributes to the local communities through our social and charitable initiatives.

## CONSERVATION EDUCATION

*Figure 3. SOA organised the "Underwater School" themed educational tour*

As SOA and UWX are operating aquarium attractions with high visitor flow, we have undertaken the social responsibility to educate the public and inspire passion for marine conservation through educational programmes.

In 2020, SOA and UWX continue to organise a range of in-house tours and outreach programmes. The department of science and education from SOA organises educational programmes in schools and local communities once every month on average. During the holidays and significant occasions such as World Environment Day and World Ocean Day, SOA initiates educational displays and activities, such as science exhibitions on plastic pollution. Throughout the year, SOA conducted 130 educational performances for groups, and received 500 participants for their "night aquarium" educational lecture. Similarly, UWX conducts lectures in schools and various activities such as competitions and educational tours in local communities and within its aquarium to spread marine knowledge and advocate the importance and urgency of environmental protection, thus transforming the aquarium experience. During the year, UWX conducted 11 of such activities which reached an estimate of over 5,000 people. However, with the circumstances brought about by the pandemic, many of the initiatives had to be reduced in size, and online campaigns were introduced to promote awareness via online platforms.

Below are some highlights of the educational programmes and initiatives in 2020:

### 1. SOA: SUSTAINABLE DIDI CLASSROOM'S EDUCATIONAL CAMPAIGN

*Figure 4. SOA organised the "Didi Classroom" themed educational campaign*

SOA utilised the Shanghai Popular Science Service platform and launched educational campaigns known as the "Didi Classroom". SOA published 4 online courses on the Shanghai Popular Science Service Platform, namely: Didi Classroom Community Tour, Didi Classroom Shanghai Science and Technology Festival Series Activities, Didi Classroom Shanghai Ocean Aquarium National Science Day Series Activities, and Didi Classroom Overnight Aquarium Activities to educate their audience on sustainable consumption and marine conservation. Capitalising on major local online platforms, the campaign reached an audience of more than 100,000.

# LOCAL COMMUNITY

### 2. UWX: SHARING MARINE KNOWLEDGE


*Figure 5. UWX providing complimentary access for Linxia County Summer Camp*

In 2020, UWX offered complimentary lectures and classes to educate students on marine science. A total of 120 summer camp students and teachers from Linxia County – Xiamen Siming were given complimentary access to participate in marine research activities and gained knowledge and awareness on marine science and conservation in August 2020.

## SOCIAL COHESION AND CHARITY

Straco is also committed to serving the local community through social and charitable activities. Below are the highlights in 2020:

### 1. SOA: COMPLIMENTARY VISITS, VOLUNTEERING OPPORTUNITIES AND CARING FOR THE UNDERPRIVILEGED

- As part of the nation-wide "Science Passport" initiative to encourage public participation in scientific and educational activities, SOA distributed 20,000 complimentary aquarium tickets.
- SOA had more than 100 university student volunteers in 2020 and have reached long-term volunteer service collaborations with 15 universities in Shanghai, thereby igniting the spirit of volunteerism in the community. Furthermore, SOA extended their educational programmes to students as well as donated books to the ethnic minorities in poverty areas.

### 2. UWX: COMPLIMENTARY VISITS AND REACHING OUT TO THE LESSER-SERVED COMMUNITIES

- Complimentary aquarium visits were extended to 400 Xiamen grassroots workers and 350 participants of the Sea Defense Walk.
- UWX organized complimentary tours for 20 underprivileged parent-child pairs.
- Complimentary tours were given to 60 persons with intellectual disabilities in Siming District.
- Organized a charity flea market event in collaboration with local community organisations in Gulangyu Island.

### 3. SF: INVOLVING THE UNDERPRIVILEGED, THE DISABLED AND THE ELDERLY


*Figure 6. Donation Campaign initiated by It's Raining Raincoats and supported by Singapore Flyer*

- SF sponsored the Speak Mandarin Campaign Family Talent Competition 2020 organised by the Promote Mandarin Council
- SF sponsored the People's Association Community event
- SF is also supporting a SingapoRediscover Vouchers donation campaign initiated by a social initiative - It's Raining Raincoats. The campaign started in late December, calls for Singaporeans to purchase Singapore Flyer tickets using their SingapoRediscover Vouchers for migrant workers. For every three tickets donated, Singapore Flyer will match with two complimentary tickets. Till date, more than 3,000 tickets have been donated and the first visit to the Singapore Flyer happened in January 2021

In 2020, despite the COVID-19 restrictions, we followed through on our commitment to continually support conservation and contribute to society. During the year, SOA organised 7 educational programmes, UWX continued to collaborate with partner institutions to create unique educational experiences for the local community through its abovementioned initiatives. SF has hosted 1 CSR event and sponsored 2 events for charitable causes.

Going forward, we will remain committed to our efforts in conservation education, building social cohesion and charitable giving. In 2021, SOA targets to organise 7 educational programmes, while UWX and SF strive to continually support the local communities during the COVID-19 pandemic through partnerships and educational programmes.

# REGULATORY COMPLIANCE

Straco adopts strong corporate governance to ensure sustainable development and manage ESG performance. We continue to strengthen our internal control and risk management, to comply with relevant laws and regulations and uphold a high level of business ethics.

At Straco, we actively identify and manage our regulatory risks. We adhere to relevant environmental and socio-economic laws concerning a range of issues including effluent discharge, labour practices, employee and customer health and safety, animal sourcing, as well as animal well-being and prevention of zoonotic diseases. Relevant policies and procedures are covered in our employee induction programme and formalised as part of our employee conduct. As part of the assurance and monitoring process, Straco has established whistle-blowing channels to empower employees to report any impropriety, non-compliance or fraudulence.

In view of the constantly evolving regulatory landscape, Straco's management team monitors changes to the applicable laws and regulations and relevant matters are discussed during management meetings. Our internal risk management policies and employee communications are updated accordingly to keep abreast of regulatory changes. For example, in consideration of climate change and evolving population studies, the conservation status of animals in CITES are subjected to continued updates. In response, Straco's aquariums closely follow the latest updates of CITES requirements and conduct thorough supplier due diligence before acquiring animals. We also make sure all voluntary and mandatory licenses are updated as necessary.

In 2020, there were no incidents of non-compliance with environmental and socio-economic laws and regulations which resulted in significant fines or sanctions. Thus, Straco has achieved its target set for the year. In the coming year, Straco intends to achieve the same target.

# AWARDS AND RECOGNITIONS

In 2020, Straco has received several awards and certifications in recognition of its achievements in sustainability. Below are some examples:

## SHANGHAI OCEAN AQUARIUM

- 2018-2019 Pudong New Area Consumer Rights Protection Liaison Station Advanced Individual Award (selection announced in November 2020)
- Certificate of Appreciation for the "Learning from Lei Feng" series of activities in Lujiazui Street in 2020
- Bronze award, Pudong New Area Science Popularization Competition
- 2020 Pudong New Area Science and Technology Festival Advanced Group Award
- 2019-2020 Pudong New Area Environmental Education Base Excellent Organization Award
- Excellent Environmental Protection Volunteer, 2019-2020 Pudong New Area Environmental Education Base
- Third prize of "Shanghai Fisheries Science 2019-2020 Excellent Scientific Papers" and China Excellent paper of "Journal of Fisheries" by the Fisheries Society, for the paper "Analysis of Biochemical Components and Fatty Acid Nutrition Evaluation of Three Aquarium Precious Fishes" written by Yang Shunting from the Department of Aquarium in collaboration with East China Normal University
- 2020 Pudong Employees Innovation in Science and Technology Award, as the finalist of the best advanced operation method

## UNDERWATER WORLD XIAMEN

- Xiamen Popular Science (Education) Base by the Xiamen Association for Science and Technology, from the Propaganda Department of the Xiamen Municipal Committee, and the Xiamen Science and Technology Bureau

## SINGAPORE FLYER

- Certified Water Efficient Building by Public Utility Board of Singapore
- ISO 45001 Occupational Health and Safety Management Systems
- BizSafe Star Certification by Workplace Safety and Health Council
- SG Clean certified for Singapore Flyer including F&B, Retail and Time Capsule (expiry on 30 June 2021)

# GROUP STRUCTURE

STRACO CORPORATION LIMITED

100% Infotainment Development & Management Pte Ltd

100% Straco Creation Pte Ltd

95% Shanghai Ocean Aquarium Co., Ltd

100% New Bay Holdings Pte Ltd

100% Underwater World Xiamen Co., Ltd

95% Xi'an Lintong Zhongxin Tourism Development Co., Ltd

95% Lintong Lixing Cable Car Co., Ltd

100% Bay Attractions Pte Ltd

90% Straco Leisure Pte Ltd

**The details of our Group are as follows:**

| Name of Company | Date and place of incorporation | Principal business | Principal place of business | Effective Percentage Owned |
|---|---|---|---|---|
| Straco Corporation Limited | 25 April 2002 Singapore | Development and management of tourism-related businesses | 10 Anson Road, #30-15 International Plaza, Singapore 079903 | - |
| Shanghai Ocean Aquarium Co., Ltd | 18 December 1995 People's Republic of China ("PRC") | Development and operation of aquatic-related facilities | No. 1388 Lujiazui Ring Road, Shanghai, PRC | 95% |
| Xi'an Lintong Zhongxin Tourism Development Co., Ltd | 25 December 1995 PRC | Development and operation of tourism-related facilities | Middle Section, Huaqing Road, Lintong, Xi'an, PRC | 95% |
| Lintong Lixing Cable Car Co., Ltd | 31 March 1992 PRC | Operation of cable car facilities | No. 25, Huaqing Road, Lintong, Xi'an, PRC | 95% |
| Infotainment Development & Management Pte Ltd | 3 February 1996 Singapore | Provision of management and consulting services and overall project management for the Group and third parties | 10 Anson Road, #30-15 International Plaza, Singapore 079903 | 100% |
| Straco Creation Pte Ltd | 8 August 2006 Singapore | Dormant | 10 Anson Road, #30-15 International Plaza, Singapore 079903 | 100% |
| New Bay Holdings Pte Ltd | 29 September 1993 Singapore | Investment Holding | 10 Anson Road #30-15 International Plaza, Singapore 079903 | 100% |
| Underwater World Xiamen Co., Ltd | 11 October 1994 PRC | Operation of aquatic-related facilities and performances | No.2, Longtou Road, Gulangyu Park, Xiamen City, PRC | 100% |
| Bay Attractions Pte Ltd | 1 August 2014 Singapore | Investment Holding | 10 Anson Road #30-15 International Plaza, Singapore 079903 | 100% |
| Straco Leisure Pte Ltd | 1 Feb 2011 Singapore | Operation of a circular giant observation structure, and provision of retail space | 30 Raffles Avenue Singapore 039803 | 90% |

# CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of Straco Corporation Limited ("**Straco**" or the "**Company**") is committed to good standards of corporate governance to enhance corporate performance and accountability. The Company has adopted, as far as possible, the principles and practices of corporate governance in line with the recommendations of the Code of Corporate Governance 2018 (the "**Code**").

The Board recognizes the need to keep balance with accountability, in creating and preserving shareholder value and achieving its corporate vision for the Company and its subsidiaries (the "**Group**").

This statement on the corporate governance practices of Straco describes the corporate governance policies practiced by Straco during the year ended 31 December 2020, with specific references made to each of the principles and provisions set out in the Code. Explanations are provided where there are deviations from the Code.

## BOARD MATTERS

### *Principle 1: The Board's Conduct of Affairs*

The Board holds meetings on a regular basis throughout the year to approve the Group's key strategic plans as well as major investments, disposals and funding decisions. The Board is also responsible for the overall corporate governance of the Group.

The principle functions of the Board include the following:

- Set long-term strategic objectives, monitor the progress towards achieving these goals, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;
- Oversee the establishment and operation of an enterprise risk management framework and the review of the adequacy and effectiveness of the Company's risk management and internal control systems, including safeguarding of shareholders' interests and the company's assets;
- Establish, with management, the strategies and financial objectives to be implemented, and monitor the performance of management;
- Identify the key stakeholder groups to understand and consider their key focus areas;
- Set the company's culture and ethical standards;
- Consider sustainability issues, including environmental, social and governance factors, when formulating the company' strategies.

All Directors objectively discharge their duties and responsibilities at all time as fiduciaries in the interests of the Company. The Board also sets appropriate tone from the top and desired organisational culture, in areas of code of conduct and ethics, and ensures proper accountability within the company.

# CORPORATE GOVERNANCE

To assist the Board in the execution of its responsibilities, the Board is supported by three (3) sub-committees namely, the Audit and Risk, Nominating, and Remuneration Committees (collectively the "**Board Committees**"), the details of which are set out below. These Board Committees have the authority to examine particular issues under each of their committee's own defined terms of reference and operating procedures and report back to the Board with their recommendations. The Board Committees play an important role in ensuring good corporate governance in the Company and within the Group. Nonetheless, the ultimate responsibility for the final decision on all matters, lies with the entire Board.

The Board hosts regular scheduled meetings on a quarterly basis, that is attended by a significant majority of the Board Members. When circumstances require, ad-hoc meetings are arranged. A Board member contributes both at formal Board meetings as well as outside of these meetings. Therefore, to focus on a Director's attendances at formal Board meetings may not reflect the level of contributions made outside of those meetings and may lead to a narrow view of a Director's contributions. The Group is thus of the view that the reporting of Director attendances at Board meetings and Board Committees meetings is unnecessary as per Provision 1.5 of the CG Code.

The matrix of the Board member's involvement in the various Board Committees is appended below:

| | **Audit & Risk Committee** | **Nominating Committee** | **Remuneration Committee** |
|---|---|---|---|
| **Board Members** | | | |
| Wu Hsioh Kwang<br>*Executive Chairman*<br>(Alternate: Wu Xiuyi) | - | M | - |
| Li Weiqiang<br>*Non-Executive Director* | - | - | - |
| Chua Soh Har<br>*Non-Executive Director*<br>(Alternate: Wu Xiuzhuan) | - | - | M |
| Tay Siew Choon<br>*Lead Independent Director* | - | C | C |
| Lim Song Joo<br>*Independent Director* | C | - | - |
| Teo Ser Luck<br>*Independent Director* | M | - | M |
| Hee Theng Fong<br>*Independent Director* | M | M | - |

(C) – Chairman
(M) - Member

The Company's Constitution provides for the Directors to participate in the meetings of the Board and Board Committees by means of telephonic conference or in such manner as the Board may determine to facilitate Board participation.

# CORPORATE GOVERNANCE

### Matters Requiring Board Approval

The Board has identified a number of areas for which the Board has direct responsibility for decision making. Interested Person Transactions and the Group's internal control procedures are also reviewed by the Board.

The Board also meets to consider the following corporate matters that require Board approval:-

- Review and approve results announcements;
- Approval of the Annual Reports and year-end financial statements;
- Convening of Shareholders' Meetings;
- Approval of Corporate Strategies;
- Material Acquisitions and Disposal of assets;
- Approval of annual business plan and annual budget;
- Reports of the Board Committees;
- Conflict of Interest and IPT Register;
- Disclosure of Directors' interests pursuant to Sections 156/165 of the Companies Act. Cap. 50;
- Review of Board Assurance Framework;
- Review and approve major investments, divestments, and funding decisions.

A formal Delegation of Authority document, setting approval delegations from the Board to Management, is in place and was approved by the Board.

Internal guidelines have been established which require all Board members who have a conflict of interest in a particular agenda item to abstain from participating in the relevant Board discussion.

### Director's Training and Induction

All Directors are updated regularly concerning any changes in the Company's policies, risks management, key changes in the relevant laws, regulations, regulatory requirements and accounting standards. The Company also provides ongoing education on Board processes, governance and best practices.

The Company funds Directors' participation at industry conferences, seminars or any training programme in connection with their duties as Directors.

Newly appointed Directors with no prior experience as a director of a listed issuer on the Singapore Stock Exchange will undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Newly appointed Directors are also briefed on the business activities of the Group and its strategic directions. Upon appointment, the Company will provide each newly appointed director with a formal letter and will provide a briefing by senior management of the Company to the new directors on the business activities of the Group and its strategic directions, as well as setting out their duties and responsibilities as directors. They are also provided with relevant information on the Company's policies and procedures. There would be an orientation program to ensure that newly appointed Directors are familiar with the Group's business and governance practices. The Company will also provide training in areas such as accounting, legal and industry-specific knowledge as appropriate for Directors who have no prior experience as a director of a listed company.

# CORPORATE GOVERNANCE

In order to ensure that the Board is able to discharge its responsibilities, all directors have unrestricted access to the Company's records and information. Management is required to provide complete, adequate and timely information to the Board on the Board's affairs and issues that require the Board's decision as well as ongoing reports relating to operational and financial performance of the Company.

The Management understands its role to provide all members of the Board with management accounts and such explanation and information in a balanced and informed assessment of the Company's performance, position and prospects. All Board members are provided with monthly management report on the Group's performance for effective monitoring and decision making.

Generally, Board papers which comprise of quarterly or half-yearly results, SGX announcements, internal audit reports, and other information or financial analysis as required for the meeting discussion, are prepared for each meeting and normally circulated four to seven days in advance of each meeting, to give directors sufficient time to review and consider the matters to be discussed so that discussions during the meeting can be more meaningful and productive. The Board papers provide sufficient background and explanatory information from the Management relating to matters to be discussed, and copies of disclosure documents, formal presentations made by Management in attendance at the meetings, or by external consultants engaged on specific projects. Annual budget papers with explanations on material forecast variances are also tabled for the Board approval. Directors are also informed as and when there is any significant development or events relating to the Group's business operations.

The Board has separate and independent access to the senior management and the Company Secretary at all times. Directors are also entitled to request from management and be provided with such additional information as needed to make informed decisions. If the Directors, whether as a group or individually, need independent professional advice, the Company will upon directions by the Board, appoint a professional advisor selected by the group or individual to render the advice. The cost of such professional advice will be borne by the Company.

The Board has delegated specific responsibilities to the committees of the Board, namely, the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**") and the Audit & Risk Committee ("**ARC**") (collectively, the "**Board Committees**"). These Board Committees, have been formed with clear written terms of reference which clearly set out its objectives, scope of duties and responsibilities, rules and regulations, and procedures governing the manner in which each operates and how decisions are to be taken, assists the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. These Board Committees are each chaired by an Independent Director.

More details on each of the Board Committees, including the names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions and a summary of their activities, are set out in the further sections of this Report.

The Company Secretary, or her representatives, attends all Committee and Board meetings and is responsible to ensure that the required procedures are adopted. Together with the management, the Company Secretary is responsible for the compliance with all rules and regulations, including requirements of the Companies Act, Securities and Future Act, and the Listing Rules of the SGX-ST, which are applicable to the Company, with the Board retaining ultimate responsibility for compliance.

The appointment and removal of the Company Secretary are subject to the approval of the Board.

# CORPORATE GOVERNANCE

***Principle 2: Board Composition and Guidance***

The Board comprises an Executive Chairman and six non-executive Directors. Of the six non-executive Directors, four are independent Directors, making up more than one-half of the Board.

The independence of each Director is reviewed annually by the Nominating Committee in accordance with the Code's definition of independence to ensure that the Board is capable of exercising objective judgment on corporate affairs of the Group. The Nominating Committee has reviewed the "Confirmation of Independence" forms completed by each independent director, and is of the view that the four independent Directors are independent in accordance with the definition of independence in the Code and the Listing Rule 210 (5)(d)(i) and (ii). The Independent Directors have confirmed that they do not have any relationship with the Company, its related companies, its officers or its 5% shareholders that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment. The appointment of each Director is based on his caliber, experience, stature and potential contribution to the Company and its businesses. Our current Directors are respected individuals with diverse expertise and good track record in their respective fields.

Mr Tay Siew Choon and Mr Lim Song Joo have served as independent Director for more than nine years. The Board has carried out a rigorous review of their independence status. The Board's view is that Mr Tay Siew Choon and Mr Lim Song Joo continue to demonstrate their abilities to exercise strong independent judgment in their deliberation and act in the best interests of the Company and that their length of service on the Board have not affected their independence from management. Both Mr Tay and Mr Lim continue to express their views, debate issues and objectively and actively scrutinize and challenge management. Further, having gained in depth understanding of the business and operating environment of the Group, and significant insights in the Group's operations, they provide the Company with much needed experience and knowledge of the industry, critical to its continual success. After taking into account all these factors and having weighed the need for Board refreshment against tenure for relative benefit, the Nominating Committee and the Board (save for Mr Tay and Mr Lim who have abstained from deliberation of this matter) have reviewed and determined that Mr Tay and Mr Lim continue to be independent Directors, notwithstanding that their service on the Board have been more than nine years.

The Board noted that while Mr Hee Theng Fong is currently a Consultant in Harry Elias Partnership LLP, a legal firm which has rendered legal services to, and received fees from the Group in FY2020, he is not the partner acting for the Group.

The NC has reviewed and concluded that the professional fees of S$124,000/- paid to Harry Elias Partnership LLP (and not to Mr Hee Theng Fong) did not exceed the threshold provided in Practice Guidance 2 of the Code and is of the view that the relationship does not affect Mr Hee Theng Fong's ability and willingness to operate independently.

Throughout the years, the Non-Executive Directors including the Independent Directors participate actively during Board meetings, constructively challenge and help develop proposals on strategy, review the performance of Management in achieving the agreed goals and objectives and monitor the reporting of performance. The Non-Executive Directors including the Independent Directors will meet without the presence of the Management so as to facilitate a more effective check on Management.

The Nominating Committee is of the view that the current Board is capable of providing the necessary expertise to meet the Board's objectives and that no individual or small group of individuals dominates the Board's decision-making process.

# CORPORATE GOVERNANCE

The Board is of the view that the current Board size of seven Directors is appropriate, taking into account the nature and scope of the Company's operations. Nonetheless, where necessary, the Board will review its current size to ensure that it is appropriate and effective to facilitate decision making, taking into account the nature and scope of the Company's operations.

A Board Diversity Policy is in place and was approved by the Board. The Company believes in diversity and values the benefits that diversity can bring to its Board. Diversity promotes the inclusion of different perspectives and ideas, mitigates against groupthink and ensures that the Company has the opportunity to benefit from all available talent. The Company seeks to maintain a Board comprised of talented and dedicated directors with a diverse mix of expertise, experience, skills and background. The skills and background collectively represented on the Board should reflect the diverse nature of the business environment in which the Company operates. For purposes of Board composition, diversity includes but is not limited to, business experience, geography, age, gender and ethnicity.

In terms of gender diversity, the Company has one female Director, namely Mdm Chua Soh Har, on the Board, representing 14.3% of the total Board membership. Mdm Chua has been a member of the Board since 2010. The Company continues to benefit from her contributions in terms of improved and robust discussion and decision-making at the Board.

The Nominating Committee and the Board also applies the same rigorous standards as set out above in their consideration of any alternate director to be appointed by any existing Board member, whether it be an Executive or an Independent Director. The Nominating Committee and Board members has carried out a rigorous review of the two existing alternate directors of the Company and are of the view that they have the necessary qualifications and experience to carry out their duties as alternate directors in the Company.

Key information regarding the Directors' qualifications and experience can be found under the "Board of Directors" section of this Annual Report.

***Principle 3: Chairman and Chief Executive Officer***

The Executive Chairman of the Board is Mr Wu Hsioh Kwang. The Board is of the opinion that the present Group structure and business scope does not warrant a meaningful split of the roles of the Chairman and the Chief Executive Officer. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence.

As Executive Chairman, Mr Wu plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and overall business directions. He leads the Board to ensure its effectiveness on all aspects of its role, and ensures that each member of the Board and the Management works well together with integrity and competency.

With the assistance of the Company Secretary, the Executive Chairman schedules and prepares the agenda for Board meetings and ensures adequate time is available for discussion of all agenda items, in particular strategic issues. He promotes an open culture for debate and ensure that independent and non-executive directors are able to speak freely and contribute effectively. He also exercises control over the quality, quantity and timeliness of the flow of information between management and the Board.

# CORPORATE GOVERNANCE

In addition, Mr Wu plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the Management at AGMs and other shareholders meetings. He also takes a leading role in ensuring that the Company drives to achieve and maintain a high standard of corporate governance practices with the full support of the Board, the Company Secretary, and Management.

All major decisions made by the Executive Chairman are reviewed by the Board and his remuneration package is reviewed periodically by the Remuneration Committee.

Mr Tay Siew Choon, the lead independent Director of the Company, is also an independent channel of communication for Independent Directors and shareholders who have concerns and for which contact with the Executive Chairman or Chief Financial Officer has failed or is inappropriate.

***Principle 4: Board Membership***

The Nominating Committee comprises Mr Tay Siew Choon, Mr Wu Hsioh Kwang and Mr Hee Theng Fong. Mr Tay Siew Choon is the Chairman of the Nominating Committee and in accordance with the Code, he is not, or is not directly associated with, a substantial shareholder (with interest of five per centum or more in the voting shares of the Company). Mr Tay Siew Choon and Mr Hee Theng Fong are independent Directors.

The responsibilities of the Nominating Committee include the nomination of Directors, determining the independence of a Director, deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director and reviewing the succession plans for the Board and other key positions. The criterion for independence is based on the definition as set out in the Code.

Key information on the Directors and their shareholdings in the Company are found on pages 6, 7 and 63 of this Annual Report respectively.

In the nomination and selection process, the Nominating Committee reviews the composition of the Board by taking into consideration the mix of expertise, skills and attributes of existing Board members, to identify desirable competencies for a particular appointment. In so doing, it will source for candidates who possess the experience, core competency, industry knowledge and general ability that will contribute to the Board's proceedings and the strategic business areas of the Group. Newly appointed Directors are however required to submit themselves for re-election at the next annual general meeting of the Company ("**AGM**").

We believe that Board renewal must be an ongoing process, to both ensure good governance and maintain relevance to the changing needs of the Company and business. Our Constitution require at least one-third of our Directors to retire and subject themselves to re-election by shareholders at every AGM and no Director stays in office for more than three years without being re-elected by shareholders.

A retiring Director shall be eligible for re-election. In recommending that a Director be nominated for re-election, the Nominating Committee assesses each candidate's suitability for re-appointment prior to making its recommendation, carefully taking into consideration factors such as the Director's record of attendance and participation, his candour, performance and overall contribution to the Board and the Group; as well as his/her ability to adequately carry out the duties expected while performing his/her roles in other companies or in other appointments. Each member of the Nominating Committee will abstain from voting on any resolution and making any resolutions and/or participating in any deliberations of the Nominating Committee in respect of the assessment of his performance or nomination for re-election as a Director.

# CORPORATE GOVERNANCE

This year, Mr Tay Siew Choon, Mr Lim Song Joo and Mr Wu Hsioh Kwang will be retiring at the forthcoming AGM, pursuant to the requirements of Article 95 of the Company's Constitution, and will be seeking re-election as Directors of the Company. Article 95 provides that at least one-third of the Directors shall retire from office at every annual general meeting.

The Nominating Committee has reviewed and is satisfied with their contribution and performance as Directors and has endorsed their nomination for re-election.

In preparation for Rule 210(5)(d) of the Listing Manual of the SGX-ST, which will come into force on 1 January 2022, and requires a director who has been a director for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an independent director to seek approval in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officer.

Mr Tay Siew Choon and Mr Lim Song Joo have advised the Nominating Committee that they wish to seek re-election as Directors of the Company. Mr Tay Siew Choon was appointed a director of the Company on 5 November 2003 and has been in the service of the Company for 17 years and Mr Lim Song Joo, who was appointed on 13 May 2011 has reached a tenure of 9 years.

In connection therewith, the resolutions to seek the approval of the shareholders for the re-election of Mr Tay Siew Choon and Mr Lim Song Joo as Independent Directors of the Company will be put to the vote at the forthcoming Annual General Meeting in accordance with the abovementioned required two-tier voting mechanism.

Although some of the Board members have multiple board representations and other principal commitments, the Nominating Committee is satisfied that the Directors have devoted sufficient time and attention to the Group. The Board does not see any reason to set the maximum number of listed board representations that any Director may hold as all the Directors are able to devote to the Company's affairs in light of their other commitments. However, as a general guideline to address time commitments that may be faced, a Director who holds more than five listed company board representations will consult the Chairman of the Nominating Committee before accepting any new appointments as a Director.

Ms Wu Xiuyi was appointed as alternate director to Mr Wu Hsioh Kwang and Mr Sean Wu Xiuzhuan was appointed as alternate director to Mdm Chua Soh Har. The Nominating Committee notes the Code's practice guidance which provides that alternate directors should be appointed for limited periods and in exceptional cases. The Nominating Committee further notes that all alternate directors bear all the duties and responsibilities of a director. The Nominating Committee and the Board will review the period for the appointment of the alternate Director where necessary. Having considered the expertise and experience of Ms Wu Xiuyi and Mr Sean Wu Xiuzhuan, the Nominating Committee and the Board are of the view that the two alternate directors are appropriately appointed.

***Principle 5: Board Performance***

The Nominating Committee will use its best efforts to ensure that Directors appointed to the Board and its Board Committees possess the necessary background, experience and knowledge to enable balanced and well-considered decisions to be made by the Board and the Board Committees.

# CORPORATE GOVERNANCE

In line with the principles of good corporate governance, the Nominating Committee had, without the engagement of an external facilitator, implemented an annual performance evaluation process to assess the overall effectiveness of the Board as a whole. The members of the respective Board Committees are requested to complete the evaluation forms to assess the effectiveness of the Board Committees. To evaluate the effectiveness of the Board as a whole, the Nominating Committee considered the adequacy and size of the Board, the Board's access to information, Board processes and accountability, and communication with senior management. Individual evaluation is also carried out to assess whether each Director continues to contribute effectively and demonstrates commitment to his/her role and duties. The criteria for evaluation are reviewed by the Nominating Committee each year and changes are made where circumstances require. The results of the evaluation are used constructively by the Nominating Committee to identify areas of improvement and recommend to the Board the appropriate action. Following the review, the Board is of the view that the Board and its Board Committees operate effectively.

In assessing individual Director's contribution and performance and in considering the re-election of any Director, the Nominating Committee had considered, but not limited to the attendance record at meetings of the Board and Board Committees, the intensity of participation in the proceedings at meetings and quality of contributions made.

Apart from the fiduciary duties (i.e. to act in good faith, with due diligence and care and in the best interest of the Company and its shareholders), the Board's key responsibilities are to set strategic directions and to ensure that the long-term objective of enhancing shareholders' value is achieved. The Board's performance is also measured by its ability to support management especially in times of crisis and to steer the Company towards profitable directions. In doing so, the Board will take into consideration financial and other indicators for evaluating the Board's performance.

## REMUNERATION MATTERS

***Principle 6: Procedures for Developing Remuneration Policies***
***Principle 7: Level and Mix of Remuneration***

The Remuneration Committee comprises three non-executive Directors, two of whom (including the chairman of the Remuneration Committee), are independent Directors. The members of the Remuneration Committee are Mr Tay Siew Choon, who is also the Chairman of the Remuneration Committee, Mr Teo Ser Luck and Mdm Chua Soh Har.

The Remuneration Committee is governed by its written terms of reference which set out its authority and duties. The key function of the Remuneration Committee is to review and recommend to the Board, in consultation with management, a framework for all aspects of remuneration such that there is a formal and transparent procedure for fixing the remuneration package of individual Directors. The Remuneration Committee also determines the specific remuneration packages and terms of employment for the executive Director as well as senior executives. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind shall be covered by the Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations in respect of his/her remuneration package.

# CORPORATE GOVERNANCE

The Remuneration Committee has authority to engage expert professional advice on human resource matters whenever there is a need to consult externally. The Remuneration Committee will, in its deliberations for such, take into consideration industry practices and norms in compensation in addition to the Company's relative performance and the performance of the individual Directors. No expert advice was sought during the financial year.

The Remuneration Committee will review 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. The Remuneration Committee aims to be fair and avoid rewarding poor performance.

The Remuneration Committee reviews the remuneration packages for the Executive Directors and key management personnel. In its review, the Remuneration Committee takes into consideration the pay and employment conditions within the industry and comparable companies, as well as the Company's relative performance and the performance of the individual Director and key management personnel when setting remuneration packages so as to attract, retain and motivate them to run the Group successfully.

The executive directors and key management personnel's performance is annually assessed against set performance criteria (including leadership competencies, core values, personal development and commitment). This assessment is taken into account in determining their remuneration. The Company's performance is measured based on a balanced set of financial and non-financial criteria including operational performance, financial performance and customer satisfaction. For the financial year 2020, the Remuneration Committee was of the view that performance conditions were met.

The Remuneration Committee has ensured that the level and structure of remuneration are aligned with the risk policies and long-term interests of the Company.

The Non-Executive Independent Directors receive Directors' Fees. In determining the quantum of Directors' fees, factors such as effort and time spent for serving on the Board and Board Committees, and responsibilities of the Directors are taken into account. The Remuneration Committee will ensure that Non-Executive Directors will not be overly compensated to the extent that their independence may be compromised.

The Executive Chairman does not receive Director's fee. The Executive Chairman entered into a service agreement with the Company on 7 January 2004 for a period of three years, renewable automatically thereafter. The service agreement provides for termination by either the Executive Chairman or the Company upon giving no less than three months' notice. The Executive Chairman's compensation consists of his salary, bonus, share options granted and benefits.

The remuneration of non-executive Directors shall be determined by his/her contribution to the Company, taking into account factors such as efforts and time spent as well as his/her responsibilities on the Board. Generally, Directors who undertake additional duties as chairman and/or members of the Board Committees will receive higher fees because of their additional responsibilities. The Board will recommend the remuneration of the non-executive Directors for shareholders' approval at the AGM.

The Remuneration Committee, having assessed the risk associated with the Group's business model, and the variable components of the remuneration which are considered moderate, is of the view that at present there is no necessity for the Company to institute contractual provisions in the terms of employment to reclaim incentive components of remuneration paid in prior years.

# CORPORATE GOVERNANCE

***Principle 8: Disclosure on Remuneration***

The following table sets out the quantum of Directors' Remuneration for the year ended 31 December 2020, together with a breakdown (in percentage terms) of each Director's remuneration earned through base/fixed salary, variable or performance related income/bonuses, share options granted, and Director fees/ attendance fees proposed to be paid to each Director subject to the approval of shareholders at the AGM:

| | Percentage (%) | | | Total (round off to nearest thousand dollars) S$'000 |
|---|---|---|---|---|
| | Remuneration earned through: | | | |
| | Base / fixed salary | Variable or performance related income/ bonuses/ share options granted | Director Fees / Attendance Fees | |
| Wu Hsioh Kwang | 94% | 6% | - | 690 |
| Li Weiqiang | - | 38% | 62% | 50 |
| Chua Soh Har | - | 32% | 68% | 61 |
| Tay Siew Choon | - | 20% | 80% | 98 |
| Lim Song Joo | - | 23% | 77% | 83 |
| Teo Ser Luck | - | - | 100% | 58 |
| Hee Theng Fong | - | 25% | 75% | 78 |
| Wu Xiuyi | 81% | 19% | - | 175 |
| Wu Xiuzhuan | 80% | 20% | - | 162 |

Note: Base/fixed salary includes the 13th month payment or the annual wage supplement, fixed bonus and allowances. No variable or performance related bonus were paid to Mr Wu Hsioh Kwang, Ms Wu Xiuyi, and Mr Wu Xiuzhuan in 2021 for the financial year ended 31 December 2020. Non-executive and Independent directors do not receive variable or performance related income/bonuses.

Ms. Wu Xiuyi and Mr. Wu Xiuzhuan are respectively the daughter and son of the Executive Chairman and their respective remuneration for the year ended 31 December 2020 are disclosed in the table above. Save as disclosed, there is no other employee of the Group who is an immediate family member of a Director or the Chief Executive Officer whose remuneration exceeds S$100,000 for the financial year ended 31 December 2020.

Of the remunerations, including share options granted, of the top five key management personnel who are not Directors, Alternate Directors, or the Chief Executive Officer of the Company for the financial year ended 31 December 2020, the remuneration of four executives fell within the remuneration range of $250,000 and below, and the remuneration of one executive fell within the remuneration band of between $250,000 and $500,000. Given the sensitive nature of key management personnel remuneration, the names of these employees are not set out in the interest of maintaining confidentiality of staff remuneration matters as per CG Code Provision 8.1.

# CORPORATE GOVERNANCE

In aggregate, the total annual remuneration of the top five key management personnel, who are neither Directors, Alternate Directors, nor the Chief Executive Officer, for the financial year ended 31 December 2020 amounted to $1.16 million. The Board is of the view that it is in the best interests of the Company not to fully disclose each individual's remuneration, given the competitive business environment and possible negative impact on the Group's business.

Share options are granted to align staff's interest with that of shareholders' interest. The aggregate numbers of shares over which options may be granted shall not exceed 15% of the total issued Shares (excluding Treasury Shares) of the Company on the date immediately preceding the date of grant. These options are granted with reference to the desired remuneration structure target and valued based on the Binomial model. Details of the share option scheme can be found in the "Directors' Statement" section and note 23(b) to the financial statements of this Annual Report.

No termination, retirement and post-employment benefit were granted to any Director, the Chief Executive Officer or any top five key management personnel for the year ended 31 December 2020.

## ACCOUNTABILITY AND AUDIT

### *Principle 9: Risk Management and Internal Controls*

The Board has ultimate responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The system of internal controls is intended to provide reasonable but not absolute assurance against material misstatement or loss, and include 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.

The Audit and Risk Committee assists the Board in overseeing the risk governance in the Company to ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Company's assets. The Audit and Risk Committee's functions in this area include the following:

i) Review and report to the Board the risk profile or risk tolerance the Company undertakes to achieve its business goals and strategies;

ii) Review the risk management framework, policies, monitoring, measurements and reporting within the spectrum of Enterprise Risk Management of the Group;

iii) Review and report to the Board at least annually, the adequacy and effectiveness of the Company's risk management and internal controls systems in addressing significant risks including financial, operational, compliance and information technology risks; and

iv) Recommend to the Board the opinion and disclosure in the Annual Report on the adequacy and effectiveness of the Company's risk management and internal controls systems in accordance with the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**") and Code of Corporate Governance.

# CORPORATE GOVERNANCE

A Whistle-Blowing policy is also in place to provide an avenue through which employees may report or communicate, in good faith and in confidence, any concerns relating to financial and other matters, so that independent investigation of such matters can be conducted and appropriate follow-up action taken. The Chairman of the Audit and Risk Committee is in charge of managing this specific area. The Whistle-Blowing Policy has been reviewed by the Audit and Risk Committee to ensure that it has been properly implemented.

The Whistle-Blowing procedure is intended to be used for serious and sensitive issues. Serious concerns relating to financial reporting, unethical or illegal conduct should be reported to the Chairman of the Audit and Risk Committee via a designated email. The action to be taken will depend on the nature of the concern. Initial inquiries will be made by the Chairman of the Audit & Risk Committee to determine whether an investigation is appropriate, and the form that it should take. Some concerns may be resolved by agreed action without the need for investigation. If investigation is necessary, the Audit and Risk Committee of the Company will direct an independent investigation to be conducted on complaint received. The Board of Directors will receive a report stating the complaint received and findings of investigation, as well as a follow-up report on actions taken by the Audit and Risk Committee. The Company will update the complainant of the actions taken in respect of the complaint in two weeks. Subject to any legal constraints the complainant will be notified about the outcome of any investigations.

The Company shall maintain the confidentiality of the whistle-blower(s) to the fullest extent reasonably practicable within the legitimate needs of the law and any ensuing evaluation or investigation. Complainant(s) who make a report in good faith will be protected from reprisals, victimization or harassment.

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the Audit and Risk Committee and the Board. The risk issues are highlighted on pages 143 to 154 under note 27 to the financial statements.

The external auditors, in the course of conducting their annual audit procedures on the statutory financial statements, also reviewed the Group's significant internal financial controls to the extent of their scope as laid out in their audit plan. Any material non-compliance and internal financial control weaknesses noted by the external auditors are reported to the Audit and Risk Committee together with the external auditors' recommendations. Management would then take appropriate actions to rectify the weaknesses highlighted.

The Audit and Risk Committee, in the course of their review of the reports presented by the internal auditors and external auditors, also reviewed the adequacy and effectiveness of the Group's system of internal controls, including the financial, operational, compliance and information technology controls, and risk management systems.

At the financial year-end, the Chief Executive Officer and Chief Financial Officer have provided a letter of assurance on the integrity of the financial records/statements. The Chief Executive Officer and other key management have also provided assurances regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Such assurances included that:

(a) the financial records of the Group have been properly maintained and the financial statements for the financial year ended 31 December 2020 give a true and fair view of the Group's operations and finances;

# CORPORATE GOVERNANCE

(b) risk management systems and internal control systems were properly maintained;

(c) material information relating to the Company was disclosed on a timely basis for the purposes of preparing financial statements; and

(d) the company's risk management systems and internal control systems (including financial, operational, compliance and information technology controls) were adequate and effective as at the end of the financial year.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

Based on the external and internal auditors' findings, the Board with the concurrence of the Audit and Risk Committee is satisfied that the Group's risk management and internal controls systems, including financial, operational, compliance and information technology controls, are adequate and effective and provide reasonable (though not absolute) assurance against material financial misstatements and loss, and safeguard the Group's assets. The internal controls ensure the Group's maintenance of proper accounting records, compliance with applicable regulations and best practices, and timely identification and containment of financial, operational and compliance risks. The Audit and Risk Committee is also satisfied that there were no material weaknesses identified with regards to the risk management and internal control system.

***Principle 10: Audit and Risk Committee***

The Audit and Risk Committee comprises of three independent non-executive Directors, Mr Lim Song Joo, Mr Teo Ser Luck and Mr Hee Theng Fong. Mr Lim Song Joo is the Chairman of the Audit and Risk Committee.

The Board is satisfied that two of the Audit and Risk Committee members, including the Committee's chairman, have relevant accounting and related financial management expertise or experience and are appropriately qualified to discharge their responsibilities.

No former partner or director of the Company's existing auditing firm is a member of the Audit and Risk Committee.

The Audit and Risk Committee holds periodic meetings to perform the following functions:

(a) review with external auditors the audit plan, and the results of the external auditors' examination and evaluation of the Group's system of internal controls;

(b) review the financial statements and the external auditors' report on those financial statements, before submission to the Board for approval;

(c) review the co-operation given by our management to our external auditors and internal auditors;

(d) nominate the appointment and re-appointment of external auditors to the Board and approve the remuneration and terms of engagement of the external auditors;

(e) review interested person transactions;

# CORPORATE GOVERNANCE

(f) review internal audit reports and internal audit plans of the Group;

(g) review the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function;

(h) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, and by such amendments made thereto from time to time: and

(i) review the assurance from the CEO and CFO/other KMPs on the financial records and financial statements and risk management and internal control systems.

The Audit and Risk Committee has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management, full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

In addition to the above, the Audit and Risk Committee is empowered to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which are or is likely to have a material impact on our Group's operating results and/or financial position.

Each member of the Audit and Risk Committee shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the Audit and Risk Committee in respect of matters in which he is interested.

The Audit and Risk Committee has discussed the key audit matters with management and the external auditors. The Audit and Risk Committee concurs with the basis and conclusions included in the auditor's report with respect to the key audit matters. Please refer to pages 70 to 71 of this Annual Report for more information on the key audit matters.

The Audit and Risk Committee meets our external auditor (PricewaterhouseCoopers LLP) and internal auditor (Ernst & Young Advisory Pte Ltd) separately without the presence of management at least once a year and reviews the assistance given by the Company's officers to the respective auditors.

Pursuant to Rule 1207 (6)(b) and (6)(c) of the Listing Manual, the Audit and Risk Committee undertook the review of the independence and objectivity of the external auditors as well as reviewing the non-audit services provided by the incumbent external auditors, and the aggregate amount of audit fees paid to them. During the current financial year, the Group has engaged PricewaterhouseCoopers Singapore Pte Ltd to provide tax compliance and advisory services at an aggregate fee of $15,200. The Audit and Risk Committee is satisfied that neither their independence nor their objectivity is put at risk, and that they are still able to meet the audit requirements and statutory obligations of the Company. Accordingly, the Audit and Risk Committee has recommended the re-appointment of the auditors at the forthcoming AGM of the Company. In recommending the re-appointment of the auditors, the Audit and Risk Committee considered and reviewed a variety of factors including adequacy of resources, experience of supervisory and professional staff to be assigned to the audit, and size and complexity of the Group, its businesses and operations.

In appointing the external auditors of the Company and its subsidiaries, the Company has complied with the requirements of Rules 712 and 715 of the Listing Manual.

# CORPORATE GOVERNANCE

Pursuant to Rule 1207 (6)(a), the fees payable to the external auditors for audit services for the financial year ended 31 December 2020 was $295,700.

During the financial year, the Audit and Risk Committee has reviewed with the Group Chief Financial Officer and the external auditors, changes in accounting standards and issues which are relevant to the Group and have a direct impact on the Group's financial statements.

The Audit and Risk Committee's responsibility in overseeing that the Company's risk management system and internal controls are adequate and effective will be complemented by the outsourced internal auditor, Ernst & Young Advisory Pte Ltd, whom the Company has appointed. The internal auditor had adopted the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Audit and Risk Committee is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with relevant experience and adequately resourced and is independent and effective in carrying out its function.

The Audit and Risk Committee has the authority to hire, remove, evaluate and determine compensation of the internal audit firm.

The internal auditor will report directly to the Chairman of the Audit and Risk Committee on audit matters. The internal auditor will plan its audit work in consultation with, but independently of, the management, and its yearly plan will be submitted to the Audit and Risk Committee for approval at the beginning of the year. The internal auditor will report to the Audit and Risk Committee regarding its findings. The Audit and Risk Committee will meet the internal auditor at least once a year, without the presence of the management to review the assistance given by the Company's officers to the internal auditor. The internal auditor has full access to all the Company's documents, records, properties and personnel including access to the Audit and Risk Committee.

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

***Principle 11: Shareholder Rights and Conduct of General Meetings***
***Principle 12: Engagement with Shareholders***

We believe in regular and timely communication with shareholders as part of the Group's effort to help our shareholders understand our business better.

The Board is mindful of its obligations to provide timely and fair disclosure of material information in compliance with statutory reporting requirements. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts, or simultaneously with such meetings. As part of the Company's commitment to have regular communication with our shareholders, the Company has adopted half yearly reporting as required by the Code. Financial results and annual reports will be announced or issued within the mandatory period.

In line with the continuous obligations of the Company pursuant to the Listing Manual and the Companies Act, the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact on the Company or the Group. It is also the Board's policy that all corporate news, strategies and announcements are promptly disseminated through SGXNET, press releases as well as various media. The Company does not practice selective disclosure.

# CORPORATE GOVERNANCE

As a result of the amendments to Rule 705(2) of the Listing Manual of Singapore Exchange Securities Trading Limited, which took effect from 7 February 2020, the Company has changed from quarterly to half-yearly reporting from 2020. Nonetheless, the Board continues to meet on a quarterly basis to be apprised of the operational and financial performance of the Company and also to discuss and approve any matters as required. The Company will continue to provide updates in compliance with its continuing disclosure obligations, as and when appropriate.

To enhance and encourage communication with shareholders and investors, the Company provides a dedicated email account, contact@stracocorp.com to which shareholders and investors may send their enquiries to the Company. Enquiries received from shareholders and investors are responded by the Company's senior management.

Shareholders are encouraged to attend all shareholders' meeting through published notices and reports or circulars sent to all shareholders, to ensure a high level of accountability by the Company and for shareholders to stay informed of the Company's strategy and goals. The general meeting procedures provide the shareholders with opportunities to raise questions relating to each resolution tabled for approval. Shareholders are given the opportunity to participate, engage and openly communicate their views on matters relating to the Company to the directors. Shareholders are also informed of the rules, including voting procedures, governing shareholders' meeting.

All individual shareholders who are unable to attend and vote in person are entitled to appoint a proxy to attend and vote on their behalf. All shareholders are therefore given the opportunity to vote, either in person or by proxy at all shareholders' meetings. In addition, all relevant intermediaries as defined under Section 181 of the Companies Act, Cap 50 are also given the opportunity to appoint one or more proxies to attend and vote at all general meetings. A relevant intermediary is defined as follows:-

1. a banking corporation defined under the Banking Act, Cap.19, or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

2. a capital market services license holder which provides custodial services for securities under the Securities and Futures Act, Cap 289 and holds shares in that capacity; or

3. the Central Provident Fund Board established by the Central Provident Fund Act, Cap 36, in respect of shares purchased on behalf of investor.

Pursuant to SGX Listing Rule 730A, all resolutions are put to the vote by poll at shareholders' meetings to ensure greater transparency in the voting process. Independent party was appointed as scrutineer to count and validate the votes at the AGM. Detailed results of the number of votes cast for and against each resolution and the respective percentages are announced for each resolution.

In compliance with the requirements of the Companies Act, Cap 50, all resolutions are voted upon separately at each general meeting and are single item resolutions

Directors, the External Auditors, Management and legal advisors (where necessary) are present at all shareholders' meetings to address shareholders' queries.

Minutes of shareholders' meeting include details of questions raised and the responses from the Company as a permanent record. In addition, hard copies of the minutes are made available to all shareholders of the Company upon request.

# CORPORATE GOVERNANCE

The Company's dividend policy endeavours to balance dividend return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure. The Company strives to provide shareholders with a consistent and sustainable ordinary dividend on an annual basis, based on cash position, working capital, expenditure plans, acquisition opportunities and market environment.

The Company has been declaring dividends at year-end. Payouts, if any, are communicated to shareholders via announcement on SGXNET when the Company discloses its financial results.

## MANAGING STAKEHOLDER RELATIONSHIPS

***Principle 13: Engagement with Stakeholders***

We strive to maintain open and fair communication with our key stakeholders, to understand their views, concerns, and objectives, as well as communicate expectations and support improvement in our continuous engagement to achieve sustainable objectives. We identified stakeholder groups which have a significant influence and interest in our operations and businesses, and engaged these stakeholders to understand their ESG expectations.

The key stakeholders identified are the Board, employees, customers, local communities, investors and shareholders.

The Sustainability Report section of the Annual Report provides more details about the strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

The Company maintains a current corporate website at www.stracocorp.com and an email alert option is available to subscribers who wish to be notified of newly posted announcements, press releases, presentations and publications.

In this way, the Company hopes to have good communication and engagement with all its material stakeholders.

## DEALING IN SECURITIES

All Directors and Executives of the Group are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for the first and third quarters of its financial year (if applicable) and one month before the announcement of the Company's half yearly and full year financial statements, as the case may be.

Internal guidelines applicable to all Directors and affected staff of the Group with regard to dealings in the shares of the Company have been adopted whereby such dealings are strictly prohibited during prescribed periods until the announcements of the relevant results are made. The employees and Directors of the Group are also reminded to observe the insider trading laws at all times even when dealing in securities within permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

# CORPORATE GOVERNANCE

## INTERESTED PERSON TRANSACTIONS POLICY

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

Details of the interested person transactions are disclosed as follows:

| Name of Interested Person | Aggregate value of all interested person transactions during the financial year ended 31 December 2020 (excluding transactions less than S$100,000/- and transactions conducted under the shareholders' mandate pursuant to Rule 920) (S$'000) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000/-) (S$'000) |
|---|---|---|
| Shanghai Surpass Corp. Ltd | 302 | N.A. – the Company does not have a shareholders' mandate for interested person transactions |
| Harry Elias Partnership LLP (formerly known as Eversheds Harry Elias LLP) | 124 | |

## MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Chief Executive Officer, any Director or controlling shareholder, either still subsisting at the end of the financial year ended 31 December 2020 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2019.


# FINANCIAL REVIEW

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2020 and the statement of financial position of the Company as at 31 December 2020.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 75 to 160 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 2020 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:

Wu Hsioh Kwang
Li Weiqiang
Chua Soh Har
Tay Siew Choon
Lim Song Joo
Hee Theng Fong
Teo Ser Luck

**Alternate Directors**

| | |
|---|---|
| Wu Xiuyi | (alternate Director to Wu Hsioh Kwang) |
| Wu Xiuzhuan | (alternate Director to Chua Soh Har) |

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

## 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' interests in shares or debentures

(a) 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 31.12.2020** | At 1.1.2020 | **At 31.12.2020** | At 1.1.2020 |
| **Straco Corporation Limited** (No. of ordinary shares) | | | | | |
| Wu Hsioh Kwang | | **8,888,000** | 8,888,000 | **470,679,980** | 470,679,980 |
| Li Weiqiang | | **330,000** | 330,000 | **-** | - |
| Chua Soh Har | | **11,804,000** | 11,804,000 | **467,763,980** | 467,763,980 |
| Tay Siew Choon | | **2,150,000** | 2,150,000 | **-** | - |
| Lim Song Joo | | **1,224,000** | 1,224,000 | **-** | - |
| Wu Xiuyi | (Alternate Director to Wu Hsioh Kwang) | **35,205,000** | 35,205,000 | **-** | - |
| Wu Xiuzhuan | (Alternate Director to Chua Soh Har) | **27,656,000** | 27,656,000 | **-** | - |

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

**Directors' interests in shares or debentures** (continued)

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Straco Share Option Scheme as set out below and under "Share options" below.

| | No. of unissued ordinary shares under option | |
|---|---|---|
| | **At 31.12.2020** | At 1.1.2020 |
| Name of Directors | | |
| Wu Hsioh Kwang (also the controlling shareholder of the Company) | **2,800,000** | 3,300,000 |
| Li Weiqiang | **1,124,000** | 1,188,000 |
| Chua Soh Har | **1,124,000** | 1,188,000 |
| Tay Siew Choon | **1,124,000** | 1,188,000 |
| Lim Song Joo | **860,000** | 924,000 |
| Hee Theng Fong | **860,000** | 660,000 |
| | **7,892,000** | 8,448,000 |
| Alternate Directors and associates of controlling shareholder | | |
| Wu Xiuyi | **1,804,000** | 1,984,000 |
| Wu Xiuzhuan | **1,710,000** | 1,730,000 |
| | **3,514,000** | 3,714,000 |

(c) The directors' interests in the ordinary shares and convertible securities of the Company as at 21 January 2021 were the same as those as at 31 December 2020.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

## Share options

(a) Straco Share Option Scheme

Description of the share option scheme can be found in Note 23(b) of the financial statements.

As at 31 December 2020, a total of 29,450,000 (2019: 29,450,000) ordinary shares were allotted pursuant to options which had been exercised and a total of 1,920,000 (2019: 1,920,000) options had lapsed/expired under the 2004 Scheme. Options to subscribe for a total of 750,000 (2019: 750,000) options which have not yet been exercised remained outstanding.

As at 31 December 2020, 5,974,000 (2019: 5,974,000) ordinary shares were allotted pursuant to options which had been exercised and a total of 5,508,000 (2019: 2,662,000) options had lapsed/expired under the 2014 Scheme. Options to subscribe for a total of 25,856,000 (2019: 24,940,000) which have not yet been exercised remained outstanding.

Details of the options granted to directors of the Company and controlling shareholder of the Company and his associates under the Schemes are as follows:

| | No. of unissued ordinary shares of the Company under option | | | |
|---|---|---|---|---|
| Name of directors | Granted in financial year ended 31.12.2020 | Aggregate granted since commencement of scheme to 31.12.2020 | Aggregate exercised/ expired/ forfeited since commencement of scheme to 31.12.2020 | Aggregate outstanding as at 31.12.2020 |
| Wu Hsioh Kwang (also the controlling shareholder of the Company) | 300,000 | 8,500,000 | (5,700,000) | 2,800,000 |
| Li Weiqiang | 200,000 | 1,718,000 | (594,000) | 1,124,000 |
| Chua Soh Har | 200,000 | 2,348,000 | (1,224,000) | 1,124,000 |
| Tay Siew Choon | 200,000 | 3,338,000 | (2,214,000) | 1,124,000 |
| Lim Song Joo | 200,000 | 2,348,000 | (1,488,000) | 860,000 |
| Hee Theng Fong | 200,000 | 860,000 | - | 860,000 |
| | 1,300,000 | 19,112,000 | (11,220,000) | 7,892,000 |
| Alternate Directors and Associates of controlling shareholder | | | | |
| Wu Xiuyi | 300,000 | 4,624,000 | (2,820,000) | 1,804,000 |
| Wu Xiuzhuan | 300,000 | 2,730,000 | (1,020,000) | 1,710,000 |
| | 600,000 | 7,354,000 | (3,840,000) | 3,514,000 |

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

**Share options** (continued)

(a) Straco Share Option Scheme (continued)

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 Scheme, shall not exceed 15% of the issued shares of the Company on the day preceding that date.

No participant under the Schemes has received 5% or more of the total number of shares under option available under the Schemes, during the financial year under review.

During the financial year, there was no exercise of share options and therefore no treasury shares were re-issued.

(b) Share options outstanding

The number of unissued ordinary shares of the Company under option in relation to the Schemes outstanding at the end of the financial year was as follows:

| Date of grant of option | No. of unissued ordinary shares under option at 31.12.2020 | Exercise price | Exercise period |
|---|---|---|---|
| **2004 Scheme** | | | |
| 06/05/2013 | 750,000 | 0.311 | 07/05/2014 to 06/05/2023 |
| **2014 Scheme** | | | |
| 12/05/2014 | 1,580,000 | 0.630 | 13/05/2015 to 12/05/2024 |
| 12/05/2015 | 2,208,000 | 1.060 | 13/05/2016 to 12/05/2025 |
| 12/05/2016 | 2,176,000 | 0.790 | 13/05/2017 to 12/05/2021 |
| 12/05/2016 | 2,220,000 | 0.790 | 13/05/2017 to 12/05/2026 |
| 11/05/2017 | 2,460,000 | 0.840 | 12/05/2018 to 11/05/2022 |
| 11/05/2017 | 2,200,000 | 0.840 | 12/05/2018 to 11/05/2027 |
| 21/05/2018 | 2,610,000 | 0.780 | 22/05/2019 to 21/05/2023 |
| 21/05/2018 | 2,200,000 | 0.780 | 22/05/2019 to 21/05/2028 |
| 23/05/2019 | 2,260,000 | 0.780 | 24/05/2020 to 23/05/2024 |
| 23/05/2019 | 2,180,000 | 0.780 | 24/05/2020 to 23/05/2029 |
| 03/07/2020 | 1,900,000 | 0.510 | 04/07/2021 to 03/07/2025 |
| 03/07/2020 | 1,862,000 | 0.510 | 04/07/2021 to 03/07/2030 |
| | 26,606,000 | | |

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

**Audit and Risk Committee**

The members of the Audit and Risk Committee at the end of the financial year were as follows:

Lim Song Joo (Chairman)
Hee Theng Fong
Teo Ser Luck

All members of the Audit and Risk Committee were independent non-executive directors.

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee 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 and internal auditors;
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2020 before their submission to the Board of Directors; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit and Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

**Independent auditor**

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

| | |
|---|---|
| Wu Hsioh Kwang<br>Director | Lim Song Joo<br>Director |

15 March 2021

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STRACO CORPORATION LIMITED

## Report on the Audit of the Financial Statements

### Our Opinion

In our opinion, the accompanying consolidated financial statements of Straco Corporation Limited ("the Company") and its subsidiaries ("the Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

*What we have audited*

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2020;
- the consolidated statement of financial position of the Group as at 31 December 2020;
- the statement of financial position of the Company as at 31 December 2020;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

*Independence*

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

### Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STRACO CORPORATION LIMITED

**Our Audit Approach** (continued)

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| **Impairment assessment of property, plant and equipment, investment property and right-of-use assets** | |
| As at 31 December 2020, the carrying value of property, plant and equipment and investment property, including right-of-use assets, amounted to $174.3 million and $20.7 million respectively.<br><br>These assets are predominantly made up of land and buildings which the Group's key attractions operate on and the machinery and equipment which are used in the day-to-day business of the key attractions.<br><br>Management considers individual components of each attraction as a separate cash-generating unit ("CGU") and has carried out impairment assessments on each of the components' carrying amounts to identify whether there are indicators for impairment. The recoverable amount is determined based on the higher of the CGU's value-in-use and fair value less costs of disposal. External valuation on components with impairment indicators are obtained from independent professional valuers when the internal assessments indicate impairment indicators.<br><br>Based on the impairment assessments carried out by management and the report of the independent professional valuer as at 31 December 2020, an impairment loss of $2.6 million was charged against the consolidated statement of comprehensive income during the year ended 31 December 2020.<br><br>We focused on this area as the impairment assessment and valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The external valuation is highly sensitive to key assumptions applied in deriving the capitalisation rate and discount rate. | We focused our audit work on the underlying assumptions and factors used in the assessment performed by management and the independent external valuer.<br><br>Our audit procedures included the following:<br><br>• Assessing how management identified indicators for impairment;<br>• Assessing external professional valuer's competence, capabilities and objectivity, and reading the valuation report prepared by the external valuer;<br>• Assessing the appropriateness of methodologies used by external valuer;<br>• For fair value less costs of disposals, corroborated the inputs used by external valuer such as capitalisation rate and discount rate by comparing them against historical rates and available industry data, taking into consideration comparability and market factors; and<br>• Assessing how the impact of the COVID-19 pandemic and market uncertainty has been considered by management and external valuer in determining the recoverable amounts of the assets.<br><br>Based on our work and the evidence obtained, we found the significant judgements and estimates adopted by management in the value-in-use and fair value less costs of disposal calculations supportable. In addition, we found that the external valuer is a member of a recognised professional bodies for external valuers and the valuation methodologies used were in line with the generally accepted market practices and the key assumptions used were within range of market data. |

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STRACO CORPORATION LIMITED

**Our Audit Approach** (continued)

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| **Impairment assessment of property, plant and equipment, investment property and right-of-use assets** (continued) | |
| Furthermore, the impact of Coronavirus Disease 2019 ("COVID-19") pandemic has resulted in market uncertainty and volatility. Due to the unknown future impact that COVID-19 might have on the tourism industry, the external valuer has also recommended to keep the valuation of these assets under frequent review. | We also found the disclosure on the estimates used by management in performing the impairment assessment in Note 3 to be appropriate. |
| **Useful lives of property, plant and equipment and investment property** | |
| As at 31 December 2020, the carrying value of property, plant and equipment and investment property, excluding right-of-use ("ROU") assets, amounted to $134.9 million and $17.9 million respectively.<br><br>The Group reviews annually the estimated useful lives of property, plant and equipment and investment property, excluding ROU assets, based on factors that include:<br><br>- Asset utilisation and visitorship to the attractions;<br>- Technological changes and obsolescence;<br>- Government regulations or re-designation of land space; and<br>- Internal technical evaluation on safety and maintenance plans.<br><br>We focused on the useful lives of property, plant and equipment and investment property, excluding ROU assets, due to their contribution to the statement of financial position and the subjectivity of the assessment whereby future results of operations could be materially affected by changes in these estimates arising from changes in factors above. | We focused our audit work on the underlying assumptions and factors used in the assessment performed by management, taking into consideration past utilisation of assets and future asset maintenance and investment plans.<br><br>Our audit procedures included the following:<br><br>• Obtained key contracts and agreements entered into for usage or lease of land space for the Group's key attractions;<br>• Obtained evidence of annual renewal of operating permit granted by the authority;<br>• Reviewed actual useful lives of fully depreciated assets which still remain in use;<br>• Obtained and reviewed planned maintenance expenditure information; and<br>• Considered other similar established industry practices.<br><br>We found management's basis of estimating the useful lives to be appropriate.<br><br>We also found the disclosure on the estimates of useful lives by management in the determination of useful lives of property, plant and equipment and investment property in Note 3 to be appropriate. |

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STRACO CORPORATION LIMITED

**Other Information**

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon. We obtained the other information (excluding Shareholding Statistics) prior to the date of this auditor's report. The Shareholding Statistics of the Annual Report ("Shareholding Statistics") is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Shareholding Statistics, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

**Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STRACO CORPORATION LIMITED

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STRACO CORPORATION LIMITED

**Auditor's Responsibilities for the Audit of the Financial Statements** (continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**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.

The engagement partner on the audit resulting in this independent auditor's report is Tham Tuck Seng.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 15 March 2021

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

| | Note | **2020** **$** | 2019 $ |
|---|---|---|---|
| Revenue | 4 | **29,556,827** | 108,834,742 |
| Other income | 5 | **11,413,443** | 7,410,020 |
| Expenses | | | |
| Depreciation and amortisation | 6 | **(10,258,249)** | (10,652,009) |
| Changes in inventories and purchases of goods | | **(577,739)** | (2,009,497) |
| Professional and legal fees | | **(1,005,396)** | (1,044,656) |
| Sales and marketing | | **(982,688)** | (1,778,680) |
| Exchange gains/(losses) - net | | **2,506,787** | (957,482) |
| Rental expenses | 16(d) | **(1,363,489)** | (3,852,554) |
| Property and other taxes | | **(1,278,895)** | (1,501,281) |
| Government grant expense – rent concessions | | **(244,744)** | - |
| Loss on derecognition of lease receivables | | **(334,989)** | - |
| Repair and maintenance | | **(3,186,483)** | (4,857,570) |
| Employee compensation | 7 | **(15,825,046)** | (23,516,327) |
| Utilities | | **(1,892,176)** | (2,662,425) |
| Loss on disposal of property, plant and equipment | | **(79,770)** | (32,448) |
| Impairment loss on investment property | | **(2,600,000)** | - |
| Other expenses | | **(2,677,119)** | (4,268,241) |
| Finance cost | | **(2,039,985)** | (2,571,534) |
| (Loss)/profit before income tax | | **(869,711)** | 56,540,058 |
| Income tax expense | 8(a) | **(801,788)** | (16,212,512) |
| **Total (loss)/profit** | | **(1,671,499)** | 40,327,546 |
| **Other comprehensive income/(loss):** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Currency translation differences arising from consolidation - gains/(losses) | | **7,314,394** | (4,605,002) |
| **Other comprehensive income/(loss), net of tax** | | **7,314,394** | (4,605,002) |
| **Total comprehensive income** | | **5,642,895** | 35,722,544 |

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

| | Note | **2020** **$** | 2019 $ |
|---|---|---|---|
| **(Loss)/profit attributable to:** | | | |
| Equity holders of the Company | | **(975,516)** | 38,090,339 |
| Non-controlling interests | | **(695,983)** | 2,237,207 |
| | | **(1,671,499)** | 40,327,546 |
| **Total comprehensive income/(loss) attributable to:** | | | |
| Equity holders of the Company | | **6,074,360** | 33,642,841 |
| Non-controlling interests | | **(431,465)** | 2,079,703 |
| | | **5,642,895** | 35,722,544 |
| **(Loss)/earnings per share for profit attributable to equity holders of the Company** (cents per share) | | | |
| **Basic (loss)/earnings per share** | 9 | **(0.11)** | 4.41 |
| **Diluted (loss)/earnings per share** | 9 | **(0.11)** | 4.41 |

*The accompanying notes form an integral part of these financial statements.*

# STATEMENT OF FINANCIAL POSITION - GROUP

As at 31 December 2020

| | Note | 2020 $ | 2019 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 10 | **178,670,523** | 200,452,309 |
| Trade and other receivables | 11 | **4,880,540** | 5,145,760 |
| Inventories | 12 | **2,204,826** | 2,251,850 |
| | | **185,755,889** | 207,849,919 |
| **Non-current assets** | | | |
| Investment property | 14 | **20,670,334** | 24,059,159 |
| Property, plant and equipment | 15 | **174,294,695** | 175,676,755 |
| Intangible assets and goodwill | 18 | **1,489,283** | 1,493,633 |
| | | **196,454,312** | 201,229,547 |
| **Total assets** | | **382,210,201** | 409,079,466 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 19 | **7,817,364** | 8,865,845 |
| Current income tax liabilities | 8(b) | **993,240** | 1,493,435 |
| Borrowings | 20 | **20,000,000** | 12,000,000 |
| Lease liabilities | | **1,451,501** | 1,016,154 |
| | | **30,262,105** | 23,375,434 |
| **Non-current liabilities** | | | |
| Borrowings | 20 | **2,900,000** | 13,900,000 |
| Lease liabilities | | **42,434,904** | 43,091,446 |
| Deferred income | | **161,680** | 150,242 |
| Deferred income tax liabilities | 21 | **19,498,952** | 22,299,600 |
| Provision for reinstatement cost | 22 | **5,948,140** | 5,825,798 |
| | | **70,943,676** | 85,267,086 |
| **Total liabilities** | | **101,205,781** | 108,642,520 |
| **NET ASSETS** | | **281,004,420** | 300,436,946 |
| **EQUITY** | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | |
| Share capital | 23 | **76,985,514** | 76,985,514 |
| Other reserves | 24 | **14,827,852** | 11,068,612 |
| Retained profits | | **177,722,146** | 200,369,765 |
| | | **269,535,512** | 288,423,891 |
| **Non-controlling interests** | 13 | **11,468,908** | 12,013,055 |
| **Total equity** | | **281,004,420** | 300,436,946 |

*The accompanying notes form an integral part of these financial statements.*

# STATEMENT OF FINANCIAL POSITION - COMPANY

As at 31 December 2020

| | Note | 2020<br>$ | 2019<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 10 | **44,378,542** | 49,184,722 |
| Trade and other receivables | 11 | **494,316** | 497,224 |
| | | **44,872,858** | 49,681,946 |
| | | | |
| **Non-current assets** | | | |
| Investments in subsidiaries | 13 | **76,070,954** | 76,070,954 |
| Property, plant and equipment | 15 | **1,907,889** | 1,967,734 |
| Loans and advances to subsidiaries | | **26,750,000** | 26,750,000 |
| | | **104,728,843** | 104,788,688 |
| **Total assets** | | **149,601,701** | 154,470,634 |
| | | | |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 19 | **916,324** | 1,316,730 |
| Current income tax liabilities | 8(b) | **170,583** | 152,811 |
| **Total liabilities** | | **1,086,907** | 1,469,541 |
| **NET ASSETS** | | **148,514,794** | 153,001,093 |
| | | | |
| **EQUITY** | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | |
| Share capital | 23 | **76,985,514** | 76,985,514 |
| Other reserves | 24 | **1,074,017** | 4,483,265 |
| Retained profits | | **70,455,263** | 71,532,314 |
| **Total equity** | | **148,514,794** | 153,001,093 |

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

| | Note | Share capital | Treasury shares | Share option reserve | General reserve | Currency translation reserve | Capital reserve | Retained profits | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ← Attributable to equity holders of the Company | | | | | | | → | | |
| | | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **At 1 January 2020** | | **76,985,514** | **(3,627,018)** | **9,338,541** | **16,519,552** | **(9,934,206)** | **(1,228,257)** | **200,369,765** | **288,423,891** | **12,013,055** | **300,436,946** |
| Loss for the year | | - | - | - | - | - | - | (975,516) | (975,516) | (695,983) | (1,671,499) |
| Other comprehensive income for the year | | - | - | - | - | 7,049,876 | - | - | 7,049,876 | 264,518 | 7,314,394 |
| **Total comprehensive (loss)/ income for the year** | | **-** | **-** | **-** | **-** | **7,049,876** | **-** | **(975,516)** | **6,074,360** | **(431,465)** | **5,642,895** |
| Dividend to non-controlling shareholders of subsidiaries | | - | - | - | - | - | - | - | - | (112,682) | (112,682) |
| Dividend relating to 2019 paid | 25 | - | - | - | - | - | - | (21,553,490) | (21,553,490) | - | (21,553,490) |
| Treasury shares purchased | 23(a) | - | (3,879,624) | - | - | - | - | - | (3,879,624) | - | (3,879,624) |
| Share-based payment transactions | 7 | - | - | 470,375 | - | - | - | - | 470,375 | - | 470,375 |
| Transfer to general reserve fund | | - | - | - | 118,613 | - | - | (118,613) | - | - | - |
| **Total transactions with owners, recognised directly in equity** | | **-** | **(3,879,624)** | **470,375** | **118,613** | **-** | **-** | **(21,672,103)** | **(24,962,739)** | **(112,682)** | **(25,075,421)** |
| **At 31 December 2020** | | **76,985,514** | **(7,506,642)** | **9,808,916** | **16,638,165** | **(2,884,330)** | **(1,228,257)** | **177,722,146** | **269,535,512** | **11,468,908** | **281,004,420** |

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

| | Note | Share capital | Treasury shares | Share option reserve | General reserve | Currency translation reserve | Capital reserve | Retained profits | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | ← Attributable to equity holders of the Company | | | | | | | → | | |
| | | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **At 1 January 2019** | | **76,985,514** | **(4,547,241)** | **8,825,879** | **16,412,024** | **(5,486,708)** | **(1,376,602)** | **192,630,954** | **283,443,820** | **11,856,806** | **295,300,626** |
| Profit for the year | | - | - | - | - | - | - | 38,090,339 | 38,090,339 | 2,237,207 | 40,327,546 |
| Other comprehensive loss for the year | | - | - | - | - | (4,447,498) | - | - | (4,447,498) | (157,504) | (4,605,002) |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | **-** | **(4,447,498)** | **-** | **38,090,339** | **33,642,841** | **2,079,703** | **35,722,544** |
| Dividend to non-controlling shareholders of subsidiaries | | - | - | - | - | - | - | - | - | (1,923,454) | (1,923,454) |
| Dividend relating to 2018 paid | 25 | - | - | - | - | - | - | (30,244,000) | (30,244,000) | - | (30,244,000) |
| Treasury shares purchased | 23(a) | - | (981,032) | - | - | - | - | - | (981,032) | - | (981,032) |
| Share options exercised | 23(a) | - | 1,901,255 | - | - | - | 148,345 | - | 2,049,600 | - | 2,049,600 |
| Share-based payment transactions | 7 | - | - | 512,662 | - | - | - | - | 512,662 | - | 512,662 |
| Transfer to general reserve fund | | - | - | - | 107,528 | - | - | (107,528) | - | - | - |
| **Total transactions with owners, recognised directly in equity** | | **-** | **920,223** | **512,662** | **107,528** | **-** | **148,345** | **(30,351,528)** | **(28,662,770)** | **(1,923,454)** | **(30,586,224)** |
| **At 31 December 2019** | | **76,985,514** | **(3,627,018)** | **9,338,541** | **16,519,552** | **(9,934,206)** | **(1,228,257)** | **200,369,765** | **288,423,891** | **12,013,055** | **300,436,946** |

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

| | Note | 2020<br>$ | 2019<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Total (loss)/profit | | **(1,671,499)** | 40,327,546 |
| Adjustments for: | | | |
| - Income tax expense | | **801,788** | 16,212,512 |
| - Depreciation of property, plant and equipment | | **9,461,439** | 8,456,431 |
| - Depreciation of investment property | | **788,825** | 1,633,978 |
| - Amortisation of intangible assets | | **7,985** | 561,600 |
| - Equity-settled shared-based payment transactions | | **470,375** | 512,662 |
| - Amortisation of government grants | | **(109,571)** | (72,503) |
| - Loss on disposal of property, plant and equipment | | **79,770** | 32,448 |
| - Impairment loss on investment property | | **2,600,000** | - |
| - Interest income | | **(4,657,636)** | (5,310,651) |
| - Interest expenses | | **2,039,985** | 2,571,534 |
| - Unrealised currency translation (gains)/losses | | **(2,515,131)** | 926,313 |
| | | **7,296,330** | 65,851,870 |
| Change in working capital | | | |
| - Inventories | | **102,614** | (90,187) |
| - Trade and other receivables | | **(783,107)** | 1,884,593 |
| - Trade and other payables | | **(1,959,089)** | (1,421,500) |
| **Cash generated from operations** | | **4,656,748** | 66,224,776 |
| Income tax paid | | **(4,160,341)** | (16,057,343) |
| **Net cash provided by operating activities** | | **496,407** | 50,167,433 |
| | | | |
| **Cash flows from investing activities** | | | |
| Additions to property, plant and equipment | | **(5,572,223)** | (5,646,148) |
| Additions to intangible assets | | **-** | (79,011) |
| Government grant received | | **115,328** | 38,795 |
| Disposal of property, plant and equipment | | **1,094** | 823 |
| Interest received | | **5,894,032** | 4,506,782 |
| **Net cash provided by/(used in) investing activities** | | **438,231** | (1,178,759) |

*The accompanying notes form an integral part of these financial statements.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

| | Note | 2020<br>$ | 2019<br>$ |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from exercise of share options | | **-** | 2,049,600 |
| Repurchase of own shares | | **(3,879,624)** | (981,032) |
| Repayment of borrowings | | **(3,000,000)** | (12,000,000) |
| Principal payment of lease liabilities | | **(879,326)** | (993,488) |
| Interest paid on lease liabilities | | **(1,284,133)** | (1,543,290) |
| Interest paid on borrowings | | **(412,926)** | (925,361) |
| Dividends paid to equity holders of the Company | | **(21,553,490)** | (30,244,000) |
| Dividends paid to non-controlling interests | | **(110,319)** | (1,899,432) |
| **Net cash used in financing activities** | | **(31,119,818)** | (46,537,003) |
| | | | |
| **Net (decrease)/ increase in cash and cash equivalents** | | **(30,185,180)** | 2,451,671 |
| | | | |
| **Cash and cash equivalents** | | | |
| Beginning of financial year | 10 | **199,452,309** | 201,695,371 |
| Effects of currency translation on cash and cash equivalents | | **8,403,394** | (4,694,733) |
| End of financial year | 10 | **177,670,523** | 199,452,309 |

**Reconciliation of liabilities arising from financing activities**

| | | Non-cash changes | | | | | |
|---|---|---|---|---|---|---|---|
| | **1 January**<br>**$** | **Adoption of SFRS(I) 16**<br>**$** | **Effects of foreign currency translation**<br>**$** | **Additions**<br>**$** | **Interest expense**<br>**$** | **Cash flows**<br>**$** | **31 December**<br>**$** |
| Group | | | | | | | |
| **2020** | | | | | | | |
| Borrowings | 25,900,000 | - | - | - | - | (3,000,000) | 22,900,000 |
| Interest payable | 15,853 | - | - | - | 405,707 | (412,926) | 8,634 |
| Lease liabilities | 44,107,600 | - | 416,866 | 13,462 | 1,511,936 | (2,163,459) | 43,886,405 |
| | | | | | | | |
| **2019** | | | | | | | |
| Borrowings | 37,900,000 | - | - | - | - | (12,000,000) | 25,900,000 |
| Interest payable | 32,796 | - | - | - | 908,418 | (925,361) | 15,853 |
| Lease liabilities | - | 45,350,739 | (249,651) | - | 1,543,290 | (2,536,778) | 44,107,600 |

*The accompanying notes form an integral part of these financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

## 1. General information

Straco Corporation Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 10 Anson Road #30-15, International Plaza, Singapore 079903.

The principal activities of the Group and the Company are the development and management of tourism-related businesses.

## 2. Significant accounting policies

### 2.1 Basis of preparation

These financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) 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 2020**

On 1 January 2020, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") 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 SFRS(I) and INT SFRS(I).

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.2 Revenue

Sales comprise 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. Sales are presented, net of value-added 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 the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of tickets*

Revenue from the sale of admission tickets is recognised when the tickets are utilised. Tickets sold are non-refundable.

(b) *Sale of goods*

Revenue from the sale of goods is recognised when the Group has delivered the products to the customers, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(c) *Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(d) *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.

(e) *Deferred revenue*

Sales of pre-sold tickets and annual passes are contract liabilities that are recognised and presented under "Trade and other payables" (Note 19). Pre-sold tickets are recognised as revenue when utilised and annual passes are recognised as revenue on a straight-line basis over the validity of the annual passes. Unutilised amounts are recognised as revenue upon expiry.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.3 Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received, and the Group will comply with all the attached conditions. Government grants are shown separately as other income.

Income related grants are recognised in profit or loss over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Assets-related grants are accounted for as deferred income on the statement of financial position and recognised in profit or loss on a systematic and rational basis over the useful lives of the assets.

### 2.4 Group accounting

*(a) Subsidiaries*

*(i) Consolidation*

Subsidiaries are all 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. Subsidiaries 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, intercompany transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary'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 statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

**2. Significant accounting policies** (continued)

**2.4 Group accounting** (continued)

*(a) Subsidiaries*

*(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 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 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. Please refer to the paragraph "Intangible assets – Goodwill on acquisitions" (Note 2.6(a)) for the subsequent accounting policy on goodwill.

*(iii) Disposals*

When a change in the Group's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary 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.

Any retained equity interest in the entity is remeasured 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 subsidiaries" (Note 2.9) for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.4 Group accounting (continued)

*(b) Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary 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.

### 2.5 Property, plant and equipment

*(a) Measurement*

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

*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. Cost also includes borrowing costs. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purposes other than to produce inventories.

*(b) Depreciation*

Depreciation on 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 | Shorter of lease term or 50 years |
| Leasehold buildings | 20 to 50 years |
| Leasehold improvements | 10 years |
| Cable car equipment | 10 to 20 years |
| Giant observation wheel | 5 to 35 years and 7 months |
| Office equipment, furniture and fittings | 3 to 5 years |
| Motor vehicles | 5 to 8 years |
| Machinery | 3 to 20 years |
| Fishes and marine livestock | 5 years |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.5 Property, plant and equipment (continued)

*(b) Depreciation* (continued)

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

No depreciation is provided on construction in progress.

*(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 "Loss on disposal of property, plant and equipment".

### 2.6 Intangible assets

*(a) Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of 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 (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.6 Intangible assets (continued)

*(b) Logo and trademark*

Logo and trademark that arise from the acquisition of the Singapore Flyer are initially recognised at fair value and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives, from the date on which they are available for use. The estimated useful lives are as follows:

| | Useful lives |
|---|---|
| Logo and trademark | 5 to 10 years |

### 2.7 Finance income and finance costs

Finance income comprises interest income on bank balances. Interest income is recognised as it accrues, using the effective interest method. Finance income is included in other income.

Finance costs comprise interest expenses on lease liabilities, loans and borrowings and reinstatement costs.

### 2.8 Investment property

Investment property comprises property that is held for long-term rental yields and/or for capital appreciation.

Investment property is initially recognised at fair value from the acquisition through business combination and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amount over the estimated useful life of 35 years 7 months, representing the remaining lease term from the date of acquisition.

Investment property is 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 improvements is recognised in profit or loss when incurred.

The residual values, useful lives and depreciation method of investment property are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are included in profit or loss when the changes arise.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.9 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.10 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Intangible assets*
*Property, plant and equipment*
*Right-of-use assets*
*Investment property*
*Investments in subsidiaries*

Intangible assets, property, plant and equipment, right-of-use assets, investment property and investments in subsidiaries 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 CGU to which the asset belongs.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.10 Impairment of non-financial assets (continued)

*(b)* *Intangible assets*
*Property, plant and equipment*
*Right-of-use assets*
*Investment property*
*Investments in subsidiaries* (continued)

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 asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.11 Financial assets

(a) *Classification and measurement*

The Group classifies its financial assets in the following measurement category:

- Amortised cost

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

*At initial recognition*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

*At subsequent measurement*

(i) *Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

The subsequent measurement category is depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.11 Financial assets (continued)

*(b) Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

*(c) Recognition and derecognition*

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 debt instrument, 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.

### 2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

### 2.13 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.14 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting 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.

### 2.15 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.

### 2.16 Leases

*(a) When the Group is the lessee*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.16 Leases (continued)

*(a) When the Group is the lessee* (continued)

- Right-of-use assets (continued)

  Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

  Right-of-use asset which meets the definition of an investment property is presented within "Investment property" and accounted for in accordance with Note 2.8.

- Lease liabilities

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

  Lease payments include the following:

  - Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
  - Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
  - Amount expected to be payable under residual value guarantees;
  - The exercise price of a purchase option if is reasonably certain to exercise the option; and
  - Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

  For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a change in the Group's assessment of whether it will exercise an extension option; or
  - There are modifications in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

**2. Significant accounting policies** (continued)

**2.16 Leases** (continued)

(a) *When the Group is the lessee* (continued)

- Short term and low value leases

  The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

  Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 16.

(b) *When the Group is the lessor*

The Group leases its investment property under operating leases to non-related parties.

- *Lessor – Operating leases*

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

  Rental due but unpaid is presented under “Trade and other receivables”. The Group has provided rent concessions to its tenants by waiving contractual past due rent which is accounted for as a forgiveness of rental receivables. Refer to Note 2.11(c) for the accounting policy for derecognition of financial assets.

  Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.16 Leases (continued)

(b) *When the Group is the lessor* (continued)

- *Lessor – Subleases*

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease under "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

### 2.17 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.18 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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 subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unutilised capital allowances, tax losses and donations 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 reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment property. Investment property measured at fair value is presumed to be recovered entirely through sale.

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, productivity and innovative credit) 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.19 Provisions

Provisions for reinstatement costs 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.

The Group recognises the estimated liability with a corresponding recognition in property, plant and equipment and investment property at the reporting date. The provision is 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 cost.

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

### 2.20 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.

(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 employee 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 reporting 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.20 Employee compensation (continued)

(c) *Employee leave entitlement*

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 employees up to the reporting date.

(d) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 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 Dollars, 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 reporting 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 currency 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 "exchange gains/(losses) - 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 2. Significant accounting policies (continued)

### 2.21 Currency translation (continued)

*(c) Translation of Group 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

(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 with loss of control of the foreign operation.

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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Chairman ("EC") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the EC include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

**2. Significant accounting policies** (continued)

### 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, balances 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. Pledged deposits are excluded from cash and cash equivalents.

### 2.24 Share capital and treasury shares

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

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

### 2.25 Dividends to Company's shareholders

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 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.

Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in Singapore and the People's Republic of China, both of which have been affected by the spread of COVID-19 in 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 December 2020:

- The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

- In 2020, border closures and workplace closures have resulted in periods where the Group's operations were temporarily suspended to adhere to the respective governments' movement control measures. These have negatively impacted business operation volume in 2020, resulting in a negative impact on the Group's financial performance for 2020.

- The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31 December 2020. The significant estimates and judgement applied on impairment of investment property, property, plant and equipment and right-of-use assets are disclosed below.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

Impairment of investment property, property, plant and equipment and right-of-use assets

The Group assesses at each balance sheet date whether there are any indicators of impairment for investment property, property, plant and equipment and right-of-use assets.

The Group considers individual component of each attractions as a separate cash-generating unit ("CGU") and has carried out assessments on each of the components' carrying amounts to identify whether there are indicators for impairment. The recoverable amount is determined based on the higher of the CGU's value-in-use and fair value less costs of disposal. External valuation on components with impairment indicators are obtained from independent professional valuers when the internal assessments indicate impairment indicators.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 3. Critical accounting estimates, assumptions and judgements (continued)

Impairment of investment property, property, plant and equipment and right-of-use assets (continued)

The valuation process which identifies whether the carrying values of investment property, property, plant and equipment and right-of-use assets are impaired involves significant judgement in determining an appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The external valuations are highly sensitive to key assumptions applied in deriving the capitalisation rate and discount rate, as disclosed in Note 14.

Due to the unknown future impact that COVID-19 might have on the tourism industry, the external valuer has also recommended to keep the valuation of these assets under frequent review.

The carrying amounts of investment property (inclusive of impairment loss recognised), property, plant and equipment and right-of-use assets are disclosed in Notes 14, 15 and 16 respectively.

Useful lives of investment property and property, plant and equipment

*Estimation of useful life of investment property*

As at 31 December 2020, the carrying amount of investment property excluding right-of-use assets is $17.9 million. Included in the carrying amount of investment property of S$20.7 million (Note 14) is right-of-use assets of $2.8 million (Note 16).

The cost of investment property is depreciated on a straight-line basis over its useful life. Management estimates the useful life of the investment property to be 35 years 7 months. The Group reviews annually the estimated useful life of investment property based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the asset. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful life of investment property would increase depreciation expense and decrease investment property.

The carrying amounts of investment property are disclosed in Note 14.

*Estimation of useful lives of property, plant and equipment*

As at 31 December 2020, the carrying amount of property, plant and equipment excluding right-of-use assets is $134.9 million. Included in the carrying amount of property, plant, and equipment of $174.3 million (Note 15) is right-of-use assets of $39.4 million (Note 16).

The costs of property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment in Note 2.5. The Group reviews annually the estimated useful lives of property, plant and equipment based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease property, plant and equipment.

The carrying amounts of property, plant and equipment are disclosed in Note 15.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 3. Critical accounting estimates, assumptions and judgements (continued)

Lease liabilities

*Estimation of discount rate for lease liabilities*

The discount rate used in the calculation of the lease liabilities are based on estimates of incremental borrowing cost. These estimates of incremental borrowing costs are mainly dependent on the territory of the relevant lease, and hence the currency used, and the lease term.

*Critical judgement over the lease terms*

As at 31 December 2020, the Group's lease liabilities, which are measured with reference to an estimate of the lease term, amounted to $43,886,405 of which $21,814,456 arose from extension options. Extension options are included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option.

For leases of office space and land, the following factors are considered to be most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group typically includes the extension option in lease liabilities;
- If the land is located in strategic locations that will contribute to the continued profitability of the related operating segments, the Group typically includes the extension option in lease liabilities;
- Otherwise, the Group considers other factors including its historical lease periods for similar assets, costs required to obtain replacement assets, and business disruptions.

The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee. During the current financial year, there was no revision to lease terms to reflect the effect of exercising extension options.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 4. Revenue

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| **Revenue from contracts with customers** | | |
| Ticketing | **26,927,020** | 99,595,807 |
| Retail | **918,544** | 3,940,811 |
| Food and beverages | **786,561** | 3,429,322 |
| Others | **189,044** | 640,610 |
| | **28,821,169** | 107,606,550 |
| **Other revenue** | | |
| Rental from leases under investment property (Note 14) | **735,658** | 1,228,192 |
| | **29,556,827** | 108,834,742 |

All the revenue from contracts with customers are recognised at a point in time.

## 5. Other income

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Interest income | **4,657,636** | 5,310,651 |
| Government grants | **5,718,147** | 131,761 |
| Rental income from sales counters | **586,729** | 1,405,556 |
| Miscellaneous | **450,931** | 562,052 |
| | **11,413,443** | 7,410,020 |

Included in the Group's government grants are:

(i) Grant income of $2,381,884 (2019: Nil) relating to the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees; and

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 5. Other income (continued)

(ii) Grant income of $2,395,237 (2019: Nil) relating to property tax rebates and cash grant received from the Singapore Government to help businesses deal with the impact from COVID-19. For the property tax rebates, the Group is obliged to pass on the benefits to its tenants and has transferred these to the tenants in form of rent rebates during the current financial year. For the cash grant, the Group is obliged to waive up to four months of rental to eligible tenants.

Grant expense relating to the property tax rebates and cash grant received that were transferred to tenants in the form of rent rebates and rental waivers provided to eligible tenants as part of the qualifying conditions of the grant are presented as "Government grant expense – rent concessions" under the "Consolidated Statement of Comprehensive Income".

## 6. Depreciation and amortisation

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Amortisation of intangible assets (Note 18) | **7,985** | 561,600 |
| Depreciation of property, plant and equipment (Note 15) | **9,461,439** | 8,456,431 |
| Depreciation of investment property (Note 14) | **788,825** | 1,633,978 |
| Total depreciation and amortisation | **10,258,249** | 10,652,009 |

## 7. Employee compensation

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Wages and salaries | **12,805,403** | 18,816,240 |
| Employer's contribution to defined contribution plans | **1,780,914** | 3,158,885 |
| Other staff benefits | **768,354** | 1,028,540 |
| Share option expense (Note 23(b)) | **470,375** | 512,662 |
| | **15,825,046** | 23,516,327 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 8. Income taxes

(a) Income tax expense

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Tax expense attributable to profit is made out of: | | |
| - Taxation for current financial year: | | |
| Current income tax | | |
| - Singapore | **129,753** | 176,611 |
| - Foreign | **2,980,107** | 13,308,291 |
| | **3,109,860** | 13,484,902 |
| Deferred income tax (Note 21) | **(2,845,340)** | 929,854 |
| Withholding tax | **435,826** | 1,762,036 |
| | **700,346** | 16,176,792 |
| - Under/(Over) provision in prior financial years: | | |
| Current income tax | **56,750** | 121,817 |
| Deferred income tax (Note 21) | **44,692** | (86,097) |
| | **101,442** | 35,720 |
| Total tax expense | **801,788** | 16,212,512 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 8. Income taxes (continued)

(a) Income tax expense (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

| | Group 2020 $ | Group 2019 $ |
|---|---|---|
| (Loss)/Profit before tax | **(869,711)** | 56,540,058 |
| Tax calculated at tax rate of 17% (2019: 17%) | **(147,851)** | 9,611,810 |
| Effects of: | | |
| - different tax rates in other countries | **896,275** | 4,058,903 |
| - tax incentives | **(17,551)** | (18,573) |
| - expenses not deductible for tax purposes | **362,615** | 787,480 |
| - income not subject to tax | **(894,727)** | (78,677) |
| - utilisation of previously unrecognised capital allowances | **(670)** | (1,405) |
| - under provision of tax in prior financial years | **101,442** | 35,720 |
| - withholding tax | **435,826** | 1,762,036 |
| - others | **66,429** | 55,218 |
| Tax charge | **801,788** | 16,212,512 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 8. Income taxes (continued)

(b) Movement in current income tax liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **$** | $ | **$** | $ |
| Beginning of financial year | **1,493,435** | 2,224,988 | **152,811** | 84,606 |
| Currency translation differences | **57,710** | (42,965) | **-** | - |
| Income tax paid - net | **(3,604,302)** | (13,774,004) | **(96,981)** | (83,894) |
| Withholding tax paid | **(556,039)** | (2,283,339) | **(107,049)** | (1,827,281) |
| Tax expense | **3,545,686** | 15,246,938 | **236,802** | 1,980,092 |
| Under/(over) provision in prior financial years | **56,750** | 121,817 | **(15,000)** | (712) |
| End of financial year | **993,240** | 1,493,435 | **170,583** | 152,811 |

## 9. Earnings per share

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

| | **2020** | 2019 |
|---|---|---|
| Net (loss)/profit attributable to equity holders of the Company ($) | **(975,516)** | 38,090,339 |
| Weighted average number of ordinary shares outstanding for basic (loss)/earnings per share | **860,985,968** | 863,054,436 |
| Basic (loss)/earnings per share (cents per share) | **(0.11)** | 4.41 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 9. Earnings per share (continued)

(b) Diluted (loss)/earnings per share

For the purpose of calculating diluted (loss)/earnings per share, (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares, which comprises share options granted to employees.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net (loss)/profit.

Diluted (loss)/earnings per share attributable to equity holders of the Company is calculated as follows:

| | **2020** | 2019 |
|---|---|---|
| Net (loss)/profit used to determine diluted earnings per share ($) | **(975,516)** | 38,090,339 |
| Weighted average number of ordinary shares outstanding for basic (loss)/earnings per share | **860,985,968** | 863,054,436 |
| Adjustments for | | |
| - Share options | **305,036** | 881,696 |
| | **861,291,004** | 863,936,132 |
| Diluted (loss)/earnings per share (cents per share) | **(0.11)** | 4.41 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 10. Cash and cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **$** | $ | **$** | $ |
| Cash at bank and on hand | **8,801,547** | 13,696,657 | **1,775,104** | 485,817 |
| Short-term bank deposits | **169,868,976** | 186,755,652 | **42,603,438** | 48,698,905 |
| | **178,670,523** | 200,452,309 | **44,378,542** | 49,184,722 |

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Cash and bank balances (as above) | **178,670,523** | 200,452,309 |
| Less: Bank deposits pledged | **(1,000,000)** | (1,000,000) |
| Cash and cash equivalents per consolidated statement of cash flows | **177,670,523** | 199,452,309 |

Bank deposits are pledged as security for the banker's guarantee on the lease of land on which the investment property (Note 14) and property, plant and equipment (Note 15) are situated.

The weighted average effective interest rates relating to fixed deposits of the Group and the Company are 2.61% (2019: 2.80%) and 2.37% (2019: 2.24%), respectively. Interest rates reprice at intervals of between 1 week and 24 months.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 11. Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **$** | $ | **$** | $ |
| Trade receivables | | | | |
| - Amounts due from non-related parties | **584,746** | 274,265 | **-** | - |
| | **584,746** | 274,265 | **-** | - |
| Non-trade receivables | | | | |
| - Amounts due from subsidiaries | **-** | - | **417,160** | 416,587 |
| - Interest receivables | **2,576,324** | 3,650,959 | **49,271** | 52,995 |
| - Other receivables | **115,111** | 153,989 | **-** | - |
| - Deposits | **107,028** | 102,562 | **2,147** | 1,000 |
| | **2,798,463** | 3,907,510 | **468,578** | 470,582 |
| Other tax receivables | **167,050** | 301,059 | **-** | - |
| Prepayments | **880,083** | 662,926 | **25,738** | 26,642 |
| Government grant receivable | **450,198** | - | **-** | - |
| | **4,880,540** | 5,145,760 | **494,316** | 497,224 |

The non-trade amounts due from subsidiaries were unsecured, interest-free and repayable on demand.

The carrying amount approximates fair value.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 12. Inventories

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Consumables | **2,204,826** | 2,251,850 |

The cost of inventories recognised as an expense and included in "Changes in inventories and purchases of goods" amounted to $577,739 (2019: $2,009,497).

## 13. Investments in subsidiaries

| | Company | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| *Equity investments at cost* | | |
| Beginning and end of financial year | **76,070,954** | 76,070,954 |

The Group had the following subsidiaries as at 31 December 2020 and 2019:

**Group and Company**

| Name | Principal activities | Country of business/ incorporation | Proportion of ordinary shares directly held by parent | | Proportion of ordinary shares held by the Group | | Proportion of ordinary shares held by non-controlling interests | |
|---|---|---|---|---|---|---|---|---|
| | | | **2020** | 2019 | 2020 | 2019 | **2020** | 2019 |
| | | | **%** | % | % | % | **%** | **%** |
| Infotainment Development & Management Pte Ltd | Provision of management and consulting services and overall project management to the Group and third parties | Singapore | **100** | 100 | **100** | 100 | **-** | - |
| Straco Creation Pte Ltd | Dormant | Singapore | **-** | - | **100** | 100 | **-** | - |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 13. Investments in subsidiaries (continued)

**Group and Company** (continued)

| Name | Principal activities | Country of business/ incorporation | Proportion of ordinary shares directly held by parent | | Proportion of ordinary shares held by the Group | | Proportion of ordinary shares held by non-controlling interests | |
|---|---|---|---|---|---|---|---|---|
| | | | **2020** | 2019 | 2020 | 2019 | **2020** | 2019 |
| | | | **%** | % | % | % | **%** | % |
| New Bay Holdings Pte Ltd | Investment holding | Singapore | **100** | 100 | **100** | 100 | **-** | - |
| Underwater World Xiamen Co Ltd[2] | Operation of aquatic-related facilities and performance | People's Republic of China ("PRC") | **-** | - | **100** | 100 | **-** | - |
| Lintong Lixing Cable Car Co Ltd[1] | Operation of cable car facilities | PRC | **95** | 95 | **95** | 95 | **5** | 5 |
| Shanghai Ocean Aquarium Co Ltd[1] | Development and operation of aquatic-related facilities | PRC | **95** | 95 | **95** | 95 | **5** | 5 |
| Xi'an Lintong Zhongxin Tourism Development Co Ltd[1] | Development and operation of tourism-related facilities | PRC | **95** | 95 | **95** | 95 | **5** | 5 |
| Bay Attractions Pte Ltd | Investment holding | Singapore | **100** | 100 | **100** | 100 | **-** | - |
| Straco Leisure Pte Ltd | Operation of a circular giant observation structure and provision of retail space | Singapore | **-** | - | **90** | 90 | **10** | 10 |

[1] Audited by PricewaterhouseCoopers Zhong Tian LLP, PRC

[2] Audited by Xiamen Liangbang Certified Public Accountants Co. Ltd and audited by PricewaterhouseCoopers Zhong Tian LLP, PRC for consolidation purposes.

PricewaterhouseCoopers LLP, Singapore is the auditor of all other subsidiaries of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 13. Investments in subsidiaries (continued)

*Significant restrictions*

Cash and short-term deposits of $124,653,922 (2019: $128,993,915) are held in the PRC and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

| *Carrying value of non-controlling interests* | **2020** **$** | 2019 $ |
|---|---|---|
| Shanghai Ocean Aquarium Co Ltd | **5,349,128** | 4,767,741 |
| Straco Leisure Pte Ltd | **5,786,481** | 6,835,953 |
| Other subsidiaries with immaterial non-controlling interest | **333,299** | 409,361 |
| **Total** | **11,468,908** | 12,013,055 |

*Summarised financial information of subsidiaries with material non-controlling interests*

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

*Summarised statement of financial position*

| | Shanghai Ocean Aquarium Co Ltd | | Straco Leisure Pte Ltd | |
|---|---|---|---|---|
| | **2020** **$** | 2019 $ | **2020** **$** | 2019 $ |
| **Current** | | | | |
| Assets | **94,653,175** | 82,757,556 | **10,873,328** | 22,335,087 |
| Liabilities | **(6,469,021)** | (7,670,529) | **(24,459,065)** | (15,449,402) |
| Total current net assets/(liabilities) | **88,184,154** | 75,087,027 | **(13,585,737)** | 6,885,685 |
| **Non-current** | | | | |
| Assets | **18,903,016** | 20,386,766 | **155,643,134** | 160,016,542 |
| Liabilities | **(104,614)** | (118,956) | **(84,202,406)** | (98,552,521) |
| Total non-current net assets | **18,798,402** | 20,267,810 | **71,440,728** | 61,464,021 |
| **Net assets** | **106,982,556** | 95,354,837 | **57,854,991** | 68,349,706 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 13. Investments in subsidiaries (continued)

*Summarised statement of comprehensive income*

| | Shanghai Ocean Aquarium Co Ltd For year ended 31 December | | Straco Leisure Pte Ltd For year ended 31 December | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **$** | $ | **$** | $ |
| Revenue | **19,070,927** | 54,613,740 | **3,434,446** | 34,868,595 |
| **Profit/(loss) before income tax** | **9,032,508** | 38,778,732 | **(13,175,150)** | 8,294,661 |
| Income tax (expense)/credit | **(2,309,850)** | (9,692,863) | **2,680,435** | (1,555,939) |
| **Post-tax profit/(loss) from continuing operations** | **6,722,658** | 29,085,869 | **(10,494,715)** | 6,738,722 |
| Currency gains/(losses) arising from consolidation | **4,905,062** | (2,944,376) | **-** | - |
| **Total comprehensive income/(loss)** | **11,627,720** | 26,141,493 | **(10,494,715)** | 6,738,722 |
| Total comprehensive income/(loss) allocated to non-controlling interests | **581,386** | 1,307,075 | **(1,049,472)** | 673,872 |
| Dividends paid to non-controlling interests | **-** | 1,821,301 | **-** | - |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 13. Investments in subsidiaries (continued)

*Summarised statement of cash flows*

| | Shanghai Ocean Aquarium Co Ltd | | Straco Leisure Pte Ltd | |
|---|---|---|---|---|
| | For year ended 31 December | | For year ended 31 December | |
| | **2020** | 2019 | **2020** | 2019 |
| | **$** | $ | **$** | $ |
| Cash flows from operating activities | | | | |
| Cash generated from/(used in) operations | **8,781,079** | 40,443,686 | **(4,210,037)** | 15,688,523 |
| Income tax paid | **(2,869,097)** | (10,283,229) | **-** | - |
| **Net cash provided by/(used in) operating activities** | **5,911,982** | 30,160,457 | **(4,210,037)** | 15,688,523 |
| **Net cash provided by/(used in) investing activities** | **1,814,810** | 2,020,505 | **(3,256,952)** | (2,895,914) |
| **Net cash used in financing activities** | **-** | (38,474,687) | **(4,876,829)** | (14,769,874) |
| **Net increase/(decrease) in cash and cash equivalents** | **7,726,792** | (6,293,725) | **(12,343,818)** | (1,977,265) |
| Cash and cash equivalents at beginning of year | **76,613,253** | 85,215,539 | **19,294,491** | 21,271,756 |
| Exchange gains/(losses) on cash and cash equivalents | **3,976,368** | (2,308,561) | **-** | - |
| **Cash and cash equivalents at end of year** | **88,316,413** | 76,613,253 | **6,950,673** | 19,294,491 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 14. Investment property

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| **Cost** | | |
| Beginning of financial year | **27,643,160** | 51,635,372 |
| Adoption of SFRS(I) 16 | **-** | 5,528,631 |
| Additions* | **-** | 180,015 |
| Reclassified to fixed assets (Note 15)** | **-** | (29,700,858) |
| End of financial year | **27,643,160** | 27,643,160 |
| | | |
| **Accumulated depreciation and impairment** | | |
| Beginning of financial year | **3,584,001** | 5,873,747 |
| Depreciation charge (Note 6) | **788,825** | 1,633,978 |
| Impairment | **2,600,000** | - |
| Reclassified to fixed assets (Note 15)** | **-** | (3,923,724) |
| End of financial year | **6,972,826** | 3,584,001 |
| | | |
| **Net book value** | **20,670,334** | 24,059,159 |

* In 2019, included in additions was an amount of $180,015 for the provision of reinstatement cost.

** In 2019, the Group reclassified carrying amount $25,777,134 from investment property to fixed assets due to commencement of the Group's owner-occupation.

Investment property comprises a commercial property that is leased to third parties under operating leases (Note 4). Currently, each of the leases is fixed for a period of 6 months to 3 years, and subsequent renewals are negotiated at prevailing market rates and terms. The investment property has been mortgaged to secure bank loans (Note 20).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 14. Investment property (continued)

The following amounts are recognised in profit and loss:

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Rental from leases under investment property (Note 4) | **735,658** | 1,228,192 |
| Direct operating expenses arising from: | | |
| - Investment property that generates rental income | **486,271** | 1,058,618 |

At the reporting date, the details of the Group's investment property are as follows:

| | |
|---|---|
| Location: | 30 Raffles Avenue, Singapore Flyer, Singapore 039803 |
| Description: | Existing use: 3-storey terminal building |
| Tenure: | 30 years less 1 day lease commencing on 5 July 2005 with an option to extend for a further 15 years less 1 day lease subject to renewal of head lease |

The fair value of investment property at 31 December 2020 is approximately $21,000,000 (2019: $26,700,000).

The fair value was determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. As at 31 December 2020, the fair values of the property has been determined by Colliers International (2019: Jones Lang Lasalle). The fair value of the Group's investment property is classified within Level 3 of the fair value hierarchy and has been derived using the discounted cash flow approach and capitalisation approach. The most significant input in each valuation approach is the discount rate and capitalisation rate of 8.0% and 5.5% (2019: 8.0% and 5.5%) respectively.

As at 31 December 2020, the Group has determined that the recoverable amount based on fair value is lower than the carrying value of the investment property and an impairment loss of $2,600,000 was recognised. No impairment loss was recognised in the year ended 31 December 2019 as the recoverable amount based on fair value was higher than the carrying value of the investment property.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 15. Property, plant and equipment

| | Leasehold land and buildings $ | Leasehold improvements $ | Cable car equipment $ | Giant observation wheel $ | Office equipment, furniture and fittings $ | Motor vehicles $ | Machinery $ | Fishes and marine livestock $ | Construction in progress $ | Total $ |
|---|---|---|---|---|---|---|---|---|---|---|
| Group | | | | | | | | | | |
| **2020** | | | | | | | | | | |
| *Cost* | | | | | | | | | | |
| Beginning of financial year | 103,574,410 | 6,603,127 | 6,106,305 | 86,396,062 | 9,705,295 | 611,561 | 53,593,018 | 8,044,254 | 8,129,807 | 282,763,839 |
| Currency translation differences | 1,994,203 | 341,848 | 308,106 | - | 357,447 | 30,297 | 1,986,228 | 352,091 | 197,070 | 5,567,290 |
| Additions | 12,592 | - | 41,700 | - | 313,308 | - | 82,716 | 42,988 | 5,796,015 | 6,289,319 |
| Disposals/ write-off | - | (16,207) | - | (27,085) | (256,178) | (32,132) | (45,856) | - | (24,455) | (401,913) |
| Reclassification | 1,687,641 | 3,630,552 | - | - | 270,362 | - | 2,591,733 | - | (8,180,288) | - |
| End of financial year | 107,268,846 | 10,559,320 | 6,456,111 | 86,368,977 | 10,390,234 | 609,726 | 58,207,839 | 8,439,333 | 5,918,149 | 294,218,535 |
| *Accumulated depreciation and impairment* | | | | | | | | | | |
| Beginning of financial year | 23,801,304 | 6,176,906 | 5,005,261 | 12,209,935 | 6,259,554 | 566,455 | 45,135,008 | 7,685,905 | 246,756 | 107,087,084 |
| Currency translation differences | 923,190 | 302,455 | 254,701 | - | 238,160 | 28,026 | 1,602,119 | 335,290 | 12,425 | 3,696,366 |
| Depreciation charge (Note 6) | 3,362,736 | 180,439 | 173,501 | 2,476,607 | 1,145,347 | - | 1,999,300 | 123,509 | - | 9,461,439 |
| Disposals/ write-off | - | (14,788) | - | (3,869) | (230,356) | (32,132) | (39,904) | - | - | (321,049) |
| End of financial year | 28,087,230 | 6,645,012 | 5,433,463 | 14,682,673 | 7,412,705 | 562,349 | 48,696,523 | 8,144,704 | 259,181 | 119,923,840 |
| ***Net book value*** | | | | | | | | | | |
| **End of financial year** | **79,181,616** | **3,914,308** | **1,022,648** | **71,686,304** | **2,977,529** | **47,377** | **9,511,316** | **294,629** | **5,658,968** | **174,294,695** |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 15. Property, plant and equipment (continued)

| | Leasehold land and buildings $ | Leasehold improvements $ | Cable car equipment $ | Giant observation wheel $ | Office equipment, furniture and fittings $ | Motor vehicles $ | Machinery $ | Fishes and marine livestock $ | Construction in progress $ | Total $ |
|---|---|---|---|---|---|---|---|---|---|---|
| Group | | | | | | | | | | |
| **2019** | | | | | | | | | | |
| *Cost* | | | | | | | | | | |
| Beginning of financial year | 34,734,020 | 6,708,035 | 6,212,132 | 86,029,368 | 8,924,634 | 637,668 | 54,621,154 | 8,154,177 | 4,765,438 | 210,786,626 |
| Adoption of SFRS(I) 16 | 39,930,831 | - | - | - | 54,759 | - | 7,721 | - | - | 39,993,311 |
| Currency translation differences | (1,171,607) | (188,693) | (180,576) | - | (205,437) | (18,177) | (1,169,348) | (206,332) | (108,857) | (3,249,027) |
| Additions | 54,277 | 749 | 92,038 | 371,578 | 617,118 | - | 161,774 | 96,409 | 4,594,233 | 5,988,176 |
| Disposals/ write-off | - | - | (150,428) | (4,884) | (264,580) | (7,930) | (28,283) | - | - | (456,105) |
| Reclassification | 326,031 | 83,036 | 133,139 | - | 578,801 | - | - | - | (1,121,007) | - |
| Reclassified from investment property (Note 14) | 29,700,858 | - | - | - | - | - | - | - | - | 29,700,858 |
| End of financial year | 103,574,410 | 6,603,127 | 6,106,305 | 86,396,062 | 9,705,295 | 611,561 | 53,593,018 | 8,044,254 | 8,129,807 | 282,763,839 |
| *Accumulated depreciation and impairment* | | | | | | | | | | |
| Beginning of financial year | 17,892,070 | 6,224,602 | 5,144,358 | 9,734,182 | 5,570,918 | 581,450 | 44,103,483 | 7,741,510 | 254,071 | 97,246,644 |
| Currency translation differences | (521,546) | (175,990) | (148,326) | - | (134,459) | (16,782) | (917,013) | (195,450) | (7,315) | (2,116,881) |
| Depreciation charge (Note 6) | 2,507,056 | 128,294 | 159,656 | 2,476,302 | 1,062,854 | 9,717 | 1,972,707 | 139,845 | - | 8,456,431 |
| Disposals/ write-off | - | - | (150,427) | (549) | (239,759) | (7,930) | (24,169) | - | - | (422,834) |
| Reclassified from investment property (Note 14) | 3,923,724 | - | - | - | - | - | - | - | - | 3,923,724 |
| End of financial year | 23,801,304 | 6,176,906 | 5,005,261 | 12,209,935 | 6,259,554 | 566,455 | 45,135,008 | 7,685,905 | 246,756 | 107,087,084 |
| ***Net book value*** | | | | | | | | | | |
| **End of financial year** | **79,773,106** | **426,221** | **1,101,044** | **74,186,127** | **3,445,741** | **45,106** | **8,458,010** | **358,349** | **7,883,051** | **175,676,755** |

(a) Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 16(a).

(b) In 2019, included within additions was an amount of $342,028 for the provision of reinstatement cost.

(c) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of $99,413,409 (2019: $99,186,190) (Note 20).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 15. Property, plant and equipment (continued)

| | Leasehold buildings $ | Leasehold improvements $ | Office equipment, furniture and fittings $ | Total $ |
|---|---|---|---|---|
| Company | | | | |
| **2020** | | | | |
| *Cost* | | | | |
| Beginning and end of financial year | 2,727,449 | 221,355 | 331,557 | 3,280,361 |
| *Accumulated depreciation* | | | | |
| Beginning of financial year | 777,323 | 214,728 | 320,576 | 1,312,627 |
| Depreciation charge | 54,549 | 866 | 4,430 | 59,845 |
| End of financial year | 831,872 | 215,594 | 325,006 | 1,372,472 |
| ***Net book value*** | | | | |
| **End of financial year** | **1,895,577** | **5,761** | **6,551** | **1,907,889** |
| **2019** | | | | |
| *Cost* | | | | |
| Beginning of financial year | 2,727,449 | 220,606 | 334,748 | 3,282,803 |
| Additions | - | 749 | 2,899 | 3,648 |
| Disposals | - | - | (6,090) | (6,090) |
| End of financial year | 2,727,449 | 221,355 | 331,557 | 3,280,361 |
| *Accumulated depreciation* | | | | |
| Beginning of financial year | 722,774 | 213,880 | 321,640 | 1,258,294 |
| Depreciation charge | 54,549 | 848 | 5,026 | 60,423 |
| Disposals | - | - | (6,090) | (6,090) |
| End of financial year | 777,323 | 214,728 | 320,576 | 1,312,627 |
| ***Net book value*** | | | | |
| **End of financial year** | **1,950,126** | **6,627** | **10,981** | **1,967,734** |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 16. Leases – The Group as a lessee

**Nature of the Group's leasing activities**

### Leasehold land

Underwater World Xiamen Co Ltd entered into an agreement for a land use right with its co-operative partner in the PRC for a period of 40 years from 11 October 1994 to 10 October 2034. The annual rental shall increase by 10% every 4 years until the end of the lease period. The leasehold land for Underwater World Xiamen is recognised within Property, plant and equipment (Note 15).

Straco Leisure Pte Ltd has a lease agreement for a plot of land for a period of 20 years 7 months from 28 November 2014 to 4 July 2035 with an option to renew for a further 15 years. The annual rental is fixed for the duration of the current lease. The leasehold land for Straco Leisure Pte Ltd is recognised within Investment property (Note 14) and Property, plant and equipment (Note 15).

There are no externally imposed covenants on these lease arrangements.

### Equipment and Machinery

The Group leases equipment and machinery for its operations. The equipment and machinery are recognised within Property, plant and equipment (Note 15).

(a) *Carrying amounts*

ROU assets classified within Property, plant and equipment

| | **2020** | 2019 |
|---|---|---|
| | **$** | $ |
| Leasehold land | **39,387,971** | 40,623,397 |
| Office equipment | **19,802** | 37,281 |
| Machinery | **7,292** | 594 |
| | **39,415,065** | 40,661,272 |

ROU assets classified within Investment property

The right-of-use asset relating to the leasehold land presented under Investment properties (Note 14) is stated at cost less accumulated depreciation and accumulated impairment losses and has a carrying amount at balance sheet date of $2,795,907 (2019: $2,890,684).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 16. Leases – The Group as a lessee (continued)

(b) *Depreciation charge during the year*

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| ROU assets classified within Property, plant and equipment | | |
| Leasehold land | **1,621,082** | 1,534,630 |
| Office equipment | **17,479** | 17,479 |
| Machinery | **6,764** | 7,127 |
| | **1,645,325** | 1,559,236 |
| ROU assets classified within Investment property | | |
| Investment property | **94,777** | 175,512 |
| | **94,777** | 175,512 |
| | **1,740,102** | 1,734,748 |

(c) *Interest expense*

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Interest expense on lease liabilities | **1,511,936** | 1,543,290 |

(d) *Lease expense not capitalised in lease liabilities*

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Lease expense – low-value leases | **3,180** | 2,640 |
| Variable lease payments which do not depends on an index or rate | **1,360,309** | 3,849,914 |
| | **1,363,489** | 3,852,554 |

(e) Total cash outflow for all the leases in 2020 was $3,526,948 (2019: $6,389,332).

(f) Addition of ROU assets during the year was $13,462 (2019: Nil).

**16. Leases – The Group as a lessee** (continued)

(g) Future cash outflow which are not capitalised in lease liabilities:

*Variable lease payments*

Shanghai Ocean Aquarium Co Ltd entered into an agreement for a land use right. Rental is fixed at a percentage of its total revenue and is payable annually. Such variable lease payments are recognised to profit or loss when incurred and amounted to $1,239,610 (2019: $3,549,893) for the financial year ended 31 December 2020.

Straco Leisure Pte Ltd has obtained permission for right to use outdoor refreshment area. Rental is variable and dependent on the Development Charge rates which are reviewed on a bi-annual basis by the relevant authorities. Such variable lease payments are recognised to profit or loss when incurred and amounted to $120,699 (2019: $300,021) for the financial year ended 31 December 2020.

**17. Leases – The Group as a lessor**

**Nature of the Group's leasing activities – Group as a lessor**

The Group has leased out their owned investment property to a third party for monthly lease payments. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment property are disclosed in Note 4 and Note 14.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

| | **2020** | 2019 |
|---|---|---|
| | **$** | $ |
| Less than one year | **540,242** | 735,992 |
| One to two years | **126,907** | 529,703 |
| Two to three years | **-** | 137,441 |
| Total undiscounted lease payment | **667,149** | 1,403,136 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 18. Intangible assets and goodwill

| | Goodwill on consolidation $ | Logo and trademark $ | Total $ |
|---|---|---|---|
| Group | | | |
| **2020** | | | |
| *Cost* | | | |
| Beginning of financial year | 1,419,013 | 3,339,295 | 4,758,308 |
| Currency translation differences | - | 3,887 | 3,887 |
| End of financial year | 1,419,013 | 3,343,182 | 4,762,195 |
| | | | |
| *Accumulated amortisation* | | | |
| Beginning of financial year | - | 3,264,675 | 3,264,675 |
| Currency translation differences | - | 252 | 252 |
| Amortisation charge (Note 6) | - | 7,985 | 7,985 |
| End of financial year | - | 3,272,912 | 3,272,912 |
| | | | |
| ***Net book value*** | | | |
| **End of financial year** | **1,419,013** | **70,270** | **1,489,283** |
| | | | |
| **2019** | | | |
| *Cost* | | | |
| Beginning of financial year | 1,419,013 | 3,262,101 | 4,681,114 |
| Currency translation differences | - | (1,817) | (1,817) |
| Additions | - | 79,011 | 79,011 |
| End of financial year | 1,419,013 | 3,339,295 | 4,758,308 |
| | | | |
| *Accumulated amortisation* | | | |
| Beginning of financial year | - | 2,703,136 | 2,703,136 |
| Currency translation differences | - | (61) | (61) |
| Amortisation charge (Note 6) | - | 561,600 | 561,600 |
| End of financial year | - | 3,264,675 | 3,264,675 |
| | | | |
| ***Net book value*** | | | |
| **End of financial year** | **1,419,013** | **74,620** | **1,493,633** |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 18. Intangible assets and goodwill (continued)

(a) Goodwill arising on consolidation

*Impairment tests for goodwill*

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to countries of operation and business segments.

For the purpose of impairment testing, goodwill is allocated to the Group's CGU for a subsidiary in the PRC, Underwater World Xiamen Co Ltd, whose principal activity is the operation of an underwater aquarium.

The recoverable amount of this CGU is based on its value-in-use and is determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value-in-use in 2020 is determined in a similar manner as in 2019 and is based on the following key assumptions:

- Cash flows were projected based on past operating performances and a five-year business plan;
- The anticipated annual revenue growth included in the cash flow projections is 3% for the years 2021 to 2025 (2019: 4% for the years 2020 to 2024); and
- A pre-tax discount rate of 7.40% (2019: 5.02%) was applied in determining the recoverable amount of the unit. The discount rate used reflects the risk-free rate and the premium for specific risks relating to the business unit.

The values assigned to the key assumptions represent management's assessment of future industry trends and are based on both external and internal sources and both past performance (historical data) and its expectations for market development.

Management believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 19. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **$** | $ | **$** | $ |
| Trade payables | | | | |
| - Amounts due to non-related parties | **2,047,254** | 1,676,805 | **-** | - |
| | **2,047,254** | 1,676,805 | **-** | - |
| Non-trade payables | | | | |
| - Amounts due to subsidiaries | **-** | - | **509,006** | 493,697 |
| - Accrued expenses | **1,825,661** | 2,271,519 | **399,309** | 814,864 |
| - Interest payable | **8,634** | 15,853 | **-** | - |
| - Salary payable | **1,139,059** | 2,151,781 | **-** | - |
| - Refundable deposit | **154,579** | 150,604 | **-** | - |
| - Rental payable | **305,124** | 507,598 | **-** | - |
| - Utilities payable | **105,913** | 103,444 | **-** | - |
| - Other payables | **435,095** | 523,905 | **8,009** | 8,169 |
| | **3,974,065** | 5,724,704 | **916,324** | 1,316,730 |
| Deferred revenue | **1,050,643** | 793,098 | **-** | - |
| Other tax payables | **148,246** | 671,238 | **-** | - |
| Deferred government grant | **597,156** | - | **-** | - |
| | **7,817,364** | 8,865,845 | **916,324** | 1,316,730 |

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

The carrying amount approximates fair value.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 20. Borrowings

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| *Current* | | |
| Bank borrowings | **20,000,000** | 12,000,000 |
| | **20,000,000** | 12,000,000 |
| *Non-current* | | |
| Bank borrowings | **-** | 11,000,000 |
| Loan from shareholder of a subsidiary | **2,900,000** | 2,900,000 |
| | **2,900,000** | 13,900,000 |
| Total borrowings | **22,900,000** | 25,900,000 |

The loan from shareholder of a subsidiary is unsecured, interest-free and has no fixed terms of repayment and will not be repaid until the secured bank loan is repaid.

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the reporting date are as follows:

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| 3 months or less | **20,000,000** | 23,000,000 |

(a) Security granted

Total borrowings include secured liabilities of $20,000,000 (2019: $23,000,000) for the Group. Bank borrowings of the Group are secured over the property, plant and equipment with carrying amount of $99,413,409 (2019: $99,186,190) (Note 15), investment property with carrying amounts of $17,126,008 (2019: $20,394,686) (Note 14), and corporate guarantee from the Company.

(b) Fair value of non-current borrowings

The fair value of the non-current borrowings approximates the carrying amount and bear interest at SOR + 1.25% per annum. The effective interest rate as at balance sheet date is 1.43% (2019: 2.80%) and the interest rate is repriced every three months.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 21. Deferred income tax liabilities

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, are shown on the statement of financial position as follows:

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Deferred income tax liabilities | | |
| - To be settled within one year | **1,253,343** | 842,864 |
| - To be settled after one year | **18,245,609** | 21,456,736 |
| | **19,498,952** | 22,299,600 |

Movement in deferred income tax account is as follows:

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Beginning of financial year | **22,299,600** | 21,455,843 |
| Tax (credited)/charged to | | |
| - profit or loss (Note 8(a)) | **(2,800,648)** | 843,757 |
| End of financial year | **19,498,952** | 22,299,600 |

Deferred income tax assets are recognised for unutilised capital allowances, tax losses and donations carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has the following items for which deferred income tax assets have not been recognised at the reporting date:

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| - Unutilised capital allowances | **402,990** | 402,990 |
| - Unutilised tax losses | **1,979,881** | 1,979,881 |
| - Unutilised donations | **300,000** | 302,310 |
| | **2,682,871** | 2,685,181 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 21. Deferred income tax liabilities (continued)

These items 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 in their respective countries of incorporation. These items have no expiry date except for donations, which will expire between 2021 and 2025.

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

Group

*Deferred income tax liabilities*

| | Accelerated tax depreciation $ | Withholding tax on undistributed profits $ | Lease assets $ | Total $ |
|---|---|---|---|---|
| **2020** | | | | |
| Beginning of financial year | 17,960,058 | 4,740,392 | 6,072,512 | 28,772,962 |
| Credited to | | | | |
| - profit or loss | (1,089,347) | (120,213) | (200,150) | (1,409,710) |
| End of financial year | **16,870,711** | **4,620,179** | **5,872,362** | **27,363,252** |
| **2019** | | | | |
| Beginning of financial year | 16,445,105 | 5,261,695 | - | 21,706,800 |
| Charged/(Credited) to | | | | |
| - profit or loss | 1,514,953 | (521,303) | 6,072,512 | 7,066,162 |
| End of financial year | 17,960,058 | 4,740,392 | 6,072,512 | 28,772,962 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 21. Deferred income tax liabilities (continued)

Group (continued)

*Deferred income tax assets*

| | Provisions<br>$ | Tax losses and capital allowances<br>$ | Lease liabilities<br>$ | Total<br>$ |
|---|---|---|---|---|
| **2020** | | | | |
| Beginning of financial year | (219,860) | (178,410) | (6,075,092) | (6,473,362) |
| Charged/(Credited) to | | | | |
| - profit or loss | 83,070 | (1,533,137) | 59,129 | (1,390,938) |
| End of financial year | **(136,790)** | **(1,711,547)** | **(6,015,963)** | **(7,864,300)** |
| **2019** | | | | |
| Beginning of financial year | (196,557) | (54,400) | - | (250,957) |
| Credited to | | | | |
| - profit or loss | (23,303) | (124,010) | (6,075,092) | (6,222,405) |
| End of financial year | (219,860) | (178,410) | (6,075,092) | (6,473,362) |

## 22. Provision for reinstatement cost

| | Group | |
|---|---|---|
| | **2020**<br>**$** | 2019<br>$ |
| Beginning of financial year | **5,825,798** | 5,183,929 |
| Provision made during year | **-** | 522,043 |
| Finance cost | **122,342** | 119,826 |
| End of financial year | **5,948,140** | 5,825,798 |

The Group has contractual obligation to remove certain assets and reinstate the demised property to its original state and condition as at the date of the handing over of possession of the demised property to the lessor. The costs are included as part of the carrying values of the property, plant and equipment and investment property.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 23. Share capital and treasury shares

| | No. of ordinary shares | | Amount | |
|---|---|---|---|---|
| | Issued share capital | Treasury shares | Share capital $ | Treasury shares $ |
| Group and Company | | | | |
| **2020** | | | | |
| Beginning of financial year | 868,929,580 | (6,250,000) | 76,985,514 | (3,627,018) |
| Treasury shares purchased | - | (7,583,900) | - | (3,879,624) |
| Treasury shares re-issued | - | - | - | - |
| End of financial year | 868,929,580 | (13,833,900) | 76,985,514 | (7,506,642) |
| **2019** | | | | |
| Beginning of financial year | 868,929,580 | (8,275,300) | 76,985,514 | (4,547,241) |
| Treasury shares purchased | - | (1,434,700) | - | (981,032) |
| Treasury shares re-issued | - | 3,460,000 | - | 1,901,255 |
| End of financial year | 868,929,580 | (6,250,000) | 76,985,514 | (3,627,018) |

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 dividends as and when declared by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 23. Share capital and treasury shares (continued)

(a) Treasury shares

The Company acquired 7,583,900 (2019: 1,434,700) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was $3,879,624 (2019: $981,032) and this was presented as a component within shareholders' equity.

The Company re-issued 3,460,000 treasury shares in 2019 pursuant to the Straco Share Option Scheme for a total consideration of $2,049,600 upon the exercise of options by:

| Options holders of | No. of ordinary shares 2019 | Exercise price $ |
|---|---|---|
| **2004 Scheme** | | |
| 08/05/2012 | 300,000 | 0.196 |
| **2014 Scheme** | | |
| 12/05/2014 | 3,160,000 | 0.630 |
| | 3,460,000 | |

The weighted average cost of the treasury shares re-issued in 2019 amounted to $1,901,255. Accordingly, a gain on re-issue of treasury shares of $148,345 was recognised in the capital reserve (Note 24).

There were no treasury shares re-issued in 2020.

(b) Straco Share Option Scheme

The Straco Share Option Scheme (the "2004 Scheme") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 12 January 2004. Details of the 2004 Scheme were described in the Prospectus dated 10 February 2004 on the Company's initial public offer of shares. On 28 April 2010, the Company amended the 2004 Scheme to allow controlling shareholders and their associates, who are in the employment of the Group, to be eligible to participate in the 2004 Scheme. The 2004 Scheme is currently administered by the Company's Remuneration Committee, comprising three directors, namely Tay Siew Choon, Chua Soh Har and Teo Ser Luck as at the end of the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 23. Share capital and treasury shares (continued)

(b) Straco Share Option Scheme (continued)

Information regarding the 2004 Scheme was as follows:

- The exercise price of the options could be set at a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant;
- The options could be exercised 1 year after the grant for market price options and 2 years for discounted options; and
- The options granted would expire after 5 years for non-executive directors, and 10 years for executive directors and employees of the Company and its subsidiaries.

Participation in the 2004 Scheme ceased on 11 January 2014.

On 29 April 2014, the shareholders of the Company approved the adoption of a new share option scheme known as the "Straco Share Option Scheme 2014" (the "2014 Scheme" and together with the 2004 Scheme, the "Schemes"), the rules of which are set out in the Company's circular to shareholders dated 11 April 2014. The 2014 Scheme is administered by the Company's Remuneration Committee, comprising of three directors, namely, Tay Siew Choon, Teo Ser Luck and Chua Soh Har.

Information regarding the 2014 Scheme is as follows:

- The exercise price of the options can be the market price or at a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant;
- The options are exercisable 1 year and 2 years after the grant for market price options and for discounted options respectively; and
- The options granted will expire after 5 years for non-executive directors, and 10 years for executive directors and employees of the Company and its subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 23. Share capital and treasury shares (continued)

(b) Straco Share Option Scheme (continued)

Movements in the number of unissued ordinary shares under option and their exercise prices are as follows:

| | ← No. of ordinary shares under option | | | | → | | |
|---|---|---|---|---|---|---|---|
| **Date of grant of options** | **Beginning of financial year** | **Granted during financial year** | **Expired/ Forfeited during financial year** | **Exercised during financial year** | **End of financial year** | **Exercise price** | **Exercise period** |
| Group and Company | | | | | | | |
| **2020** | | | | | | | |
| **2004 Scheme** | | | | | | | |
| 06/05/2013 | 750,000 | - | - | - | 750,000 | 0.311 | 07/05/2014 to 06/05/2023 |
| **2014 Scheme** | | | | | | | |
| 12/05/2014 | 1,580,000 | - | - | - | 1,580,000 | 0.63 | 13/05/2015 to 12/05/2024 |
| 12/05/2015 | 2,656,000 | - | (2,656,000) | - | - | 1.06 | 13/05/2016 to 12/05/2020 |
| 12/05/2015 | 2,208,000 | - | - | - | 2,208,000 | 1.06 | 13/05/2016 to 12/05/2025 |
| 12/05/2016 | 2,176,000 | - | - | - | 2,176,000 | 0.79 | 13/05/2017 to 12/05/2021 |
| 12/05/2016 | 2,260,000 | - | (40,000) | - | 2,220,000 | 0.79 | 13/05/2017 to 12/05/2026 |
| 11/05/2017 | 2,460,000 | - | - | - | 2,460,000 | 0.84 | 12/05/2018 to 11/05/2022 |
| 11/05/2017 | 2,250,000 | - | (50,000) | - | 2,200,000 | 0.84 | 12/05/2018 to 11/05/2027 |
| 21/05/2018 | 2,610,000 | - | - | - | 2,610,000 | 0.78 | 22/05/2019 to 21/05/2023 |
| 21/05/2018 | 2,250,000 | - | (50,000) | - | 2,200,000 | 0.78 | 22/05/2019 to 21/05/2028 |
| 23/05/2019 | 2,260,000 | - | - | - | 2,260,000 | 0.78 | 24/05/2020 to 23/05/2024 |
| 23/05/2019 | 2,230,000 | - | (50,000) | - | 2,180,000 | 0.78 | 24/05/2020 to 23/05/2029 |
| 03/07/2020 | - | 1,900,000 | - | - | 1,900,000 | 0.51 | 04/07/2021 to 03/07/2025 |
| 03/07/2020 | - | 1,862,000 | - | - | 1,862,000 | 0.51 | 04/07/2021 to 03/07/2030 |
| | 25,690,000 | 3,762,000 | (2,846,000) | - | 26,606,000 | | |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 23. Share capital and treasury shares (continued)

(b) Straco Share Option Scheme (continued)

| Date of grant of options | Beginning of financial year | Granted during financial year | Expired/ Forfeited during financial year | Exercised during financial year | End of financial year | Exercise price | Exercise period |
|---|---|---|---|---|---|---|---|
| | No. of ordinary shares under option | | | | | | |
| Group and Company | | | | | | | |
| **2019** | | | | | | | |
| **2004 Scheme** | | | | | | | |
| 08/05/2012 | 300,000 | - | - | (300,000) | - | 0.196 | 09/05/2013 to 08/05/2022 |
| 06/05/2013 | 750,000 | - | - | - | 750,000 | 0.311 | 07/05/2014 to 06/05/2023 |
| **2014 Scheme** | | | | | | | |
| 12/05/2014 | 2,990,000 | - | (330,000) | (2,660,000) | - | 0.63 | 13/05/2015 to 12/05/2020 |
| 12/05/2014 | 2,080,000 | - | - | (500,000) | 1,580,000 | 0.63 | 13/05/2015 to 12/05/2024 |
| 12/05/2015 | 2,920,000 | - | (264,000) | - | 2,656,000 | 1.06 | 13/05/2016 to 12/05/2020 |
| 12/05/2015 | 2,208,000 | - | - | - | 2,208,000 | 1.06 | 13/05/2016 to 12/05/2025 |
| 12/05/2016 | 2,440,000 | - | (264,000) | - | 2,176,000 | 0.79 | 13/05/2017 to 12/05/2021 |
| 12/05/2016 | 2,260,000 | - | - | - | 2,260,000 | 0.79 | 13/05/2017 to 12/05/2026 |
| 11/05/2017 | 2,690,000 | - | (230,000) | - | 2,460,000 | 0.84 | 12/05/2018 to 11/05/2022 |
| 11/05/2017 | 2,250,000 | - | - | - | 2,250,000 | 0.84 | 12/05/2018 to 11/05/2027 |
| 21/05/2018 | 2,840,000 | - | (230,000) | - | 2,610,000 | 0.78 | 22/05/2019 to 21/05/2023 |
| 21/05/2018 | 2,250,000 | - | - | - | 2,250,000 | 0.78 | 22/05/2019 to 21/05/2028 |
| 23/05/2019 | - | 2,260,000 | - | - | 2,260,000 | 0.78 | 24/05/2020 to 23/05/2024 |
| 23/05/2019 | - | 2,230,000 | - | - | 2,230,000 | 0.78 | 24/05/2020 to 23/05/2029 |
| | 25,978,000 | 4,490,000 | (1,318,000) | (3,460,000) | 25,690,000 | | |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 23. Share capital and treasury shares (continued)

(b) Straco Share Option Scheme (continued)

The number and weighted average exercise prices of share options are as follows:

| | **Weighted average exercisable price 2020 $** | **Number of options 2020 $** | Weighted average exercisable price 2019 $ | Number of options 2019 $ |
|---|---|---|---|---|
| Outstanding at 1 January | **0.8228** | **25,690,000** | 0.7989 | 25,978,000 |
| Exercised during the year | **-** | **-** | 0.5924 | (3,460,000) |
| Expired/ Forfeited during the year | **-** | **(2,846,000)** | - | (1,318,000) |
| Granted during the year | **0.5100** | **3,762,000** | 0.7800 | 4,490,000 |
| Outstanding at 31 December | **0.7551** | **26,606,000** | 0.8228 | 25,690,000 |
| Exercisable at 31 December | **0.7955** | **22,844,000** | 0.8319 | 21,200,000 |

The options outstanding at 31 December 2020 have an exercise price in the range of $0.311 to $1.06 (2019: $0.311 to $1.06) and a weighted average remaining contractual life of 4.57 years (2019: 4.70 years).

The weighted average share price at the date of exercise for share options exercised in 2019 was $0.80. There were no share options exercised in 2020.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the binomial method. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 23. **Share capital and treasury shares** (continued)

(b) Straco Share Option Scheme (continued)

*Fair value of share options and assumptions*

| Date of grant of options | 3 July 2020 | 3 July 2020 | 23 May 2019 | 23 May 2019 | 21 May 2018 | 21 May 2018 | 11 May 2017 | 11 May 2017 | 12 May 2016 | 12 May 2015 | 12 May 2014 | 6 May 2013 | 8 May 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fair value at measurement date | $0.0933 | $0.1226 | $0.1189 | $0.1675 | $0.1186 | $0.1732 | $0.1287 | $0.1876 | $0.2728 | $0.3471 | $0.2281 | $0.08 | $0.04 |
| Share price | $0.505 | $0.505 | $0.76 | $0.76 | $0.77 | $0.77 | $0.84 | $0.84 | $0.785 | $1.005 | $0.645 | $0.310 | $0.180 |
| Exercise price | $0.51 | $0.51 | $0.78 | $0.78 | $0.78 | $0.78 | $0.84 | $0.84 | $0.79 | $1.06 | $0.630 | $0.311 | $0.196 |
| Expected volatility | 31.61% | 31.61% | 22.78% | 22.78% | 21.21% | 21.21% | 21.30% | 21.30% | 60.61% | 62.26% | 62.24% | 54.72% | 49.56% |
| Expected option life | 5 years | 10 years | 5 years | 10 years | 5 years | 10 years | 5 years | 10 years | 5-10 years | 5-10 years | 5-10 years | 5-10 years | 5-10 years |
| Expected dividends | 4.95% | 4.95% | 4.61% | 4.61% | 3.25% | 3.25% | 2.98% | 2.98% | 3.18% | 1.99% | 3.10% | 4.03% | 4.17% |
| Risk-free interest rate | 0.52% | 0.89% | 2.01% | 2.19% | 2.27% | 2.67% | 1.66% | 2.20% | 1.98% | 2.39% | 2.34% | 1.47% | 1.50% |

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share options granted. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

During the year ended 31 December 2020, the Group recognised share option expenses of $470,375 (2019: $512,662) in employee compensation (Note 7).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 24. Other reserves

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **$** | $ | **$** | $ |
| Composition: | | | | |
| Share option reserve | **9,808,916** | 9,338,541 | **9,808,916** | 9,338,541 |
| Capital reserve | **(1,228,257)** | (1,228,257) | **(1,228,257)** | (1,228,257) |
| General reserve | **16,638,165** | 16,519,552 | **-** | - |
| Currency translation reserve | **(2,884,330)** | (9,934,206) | **-** | - |
| Treasury shares | **(7,506,642)** | (3,627,018) | **(7,506,642)** | (3,627,019) |
| | **14,827,852** | 11,068,612 | **1,074,017** | 4,483,265 |

The movements in reserves for the Group are set out in the statement of changes in equity.

*Share option reserve*

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

*Currency translation reserve*

The currency translation reserve comprises:

a. exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company; and

b. exchange difference on translation of monetary items which in substance form part of the Company's net investment in foreign operations.

*Capital reserve*

Capital reserve arises from gains or losses on the reissuance of own shares.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 24. Other reserves (continued)

*General reserve*

The subsidiaries that are established in the PRC follow the accounting principles and relevant financial regulations of the PRC applicable to sino-foreign joint venture enterprises ("Joint Ventures") in the preparation of the accounting records and statutory financial statements.

These subsidiaries are required by the articles of the Joint Ventures to appropriate to the general reserve part of their annual profits. The amount to be allocated to this reserve is at the discretion of the Board of Directors of the Joint Ventures. Appropriation to the general reserve must be made before distribution of dividends to investors.

Other reserves are non-distributable.

## 25. Dividends

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| *Ordinary dividends paid* | | |
| Dividend paid in respect of the previous financial year of 2.5 cents (2019: 3.5 cents) per share | **21,553,490** | 30,244,000 |

At the forthcoming Annual General Meeting, a final dividend of 1.0 cent per share 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 2021.

## 26. Commitments

*Capital commitments*

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Property, plant and equipment | **2,218,992** | 5,051,463 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 27. Financial risk management

*Financial risk factors*

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

(a) Market risk

*(i) Currency risk*

The Group is exposed to sales and purchases, inter-company balances that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to foreign currency risk are primarily the Chinese Renminbi ("RMB") and United States Dollar ("USD").

The Group's currency profile and exposure based on the information provided to key management is as follows:

| | SGD<br>$ | USD<br>$ | RMB<br>$ |
|---|---|---|---|
| At 31 December 2020 | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | 18,410,389 | 18,983 | 160,241,151 |
| Trade and other receivables | 613,595 | - | 2,769,614 |
| Intra-group receivables | 32,270,386 | 132,172 | 7,576,977 |
| | 51,294,370 | 151,155 | 170,587,742 |
| **Financial liabilities** | | | |
| Trade and other payables | (2,998,874) | - | (3,022,445) |
| Intra-group payables | (32,270,386) | (132,172) | (7,576,977) |
| Borrowings | (22,900,000) | - | - |
| Lease liabilities | (35,389,239) | - | (8,497,166) |
| | (93,558,499) | (132,172) | (19,096,588) |
| **Currency profile of net financial (liabilities)/ assets** | **(42,264,129)** | **18,983** | **151,491,154** |
| **Currency exposure of net financial (liabilities)/ assets excluding those denominated in the respective entities' functional currencies** | **(5,478,407)** | **(113,114)** | **32,867,526** |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

**27. Financial risk management** (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

| | SGD $ | USD $ | RMB $ |
|---|---|---|---|
| At 31 December 2019 | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | 25,777,004 | 19,349 | 174,655,956 |
| Trade and other receivables | 329,480 | - | 3,852,295 |
| Intra-group receivables | 32,546,275 | 134,792 | 15,847,098 |
| | 58,652,759 | 154,141 | 194,355,349 |
| **Financial liabilities** | | | |
| Trade and other payables | (3,666,004) | - | (3,735,505) |
| Intra-group payables | (32,546,275) | (134,792) | (15,847,098) |
| Borrowings | (25,900,000) | - | - |
| Lease liabilities | (35,740,611) | - | (8,366,989) |
| | (97,852,890) | (134,792) | (27,949,592) |
| **Currency profile of net financial (liabilities)/ assets** | **(39,200,131)** | **19,349** | **166,405,757** |
| **Currency exposure of net financial (liabilities)/ assets excluding those denominated in the respective entities' functional currencies** | **(5,749,762)** | **(115,366)** | **51,706,938** |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 27. Financial risk management (continued)

(a) Market risk (continued)

*(i) Currency risk* (continued)

The Company's currency profile and exposure based on the information provided to key management is as follows:

| | SGD<br>$ | RMB<br>$ |
|---|---|---|
| At 31 December 2020 | | |
| **Financial assets** | | |
| Cash and cash equivalents | 8,781,623 | 35,596,919 |
| Trade and other receivables | 409,367 | 59,211 |
| Loans and advances to subsidiaries | 26,750,000 | - |
| | 35,940,990 | 35,656,130 |
| **Financial liabilities** | | |
| Trade and other payables | (426,380) | (489,944) |
| | (426,380) | (489,944) |
| **Currency profile of net financial assets** | **35,514,610** | **35,166,186** |
| **Currency exposure of net financial assets excluding those denominated in the Company's functional currency** | **-** | **35,166,186** |
| At 31 December 2019 | | |
| **Financial assets** | | |
| Cash and cash equivalents | 3,513,030 | 45,671,692 |
| Trade and other receivables | 416,220 | 54,362 |
| Loans and advances to subsidiaries | 26,750,000 | - |
| | 30,679,250 | 45,726,054 |
| **Financial liabilities** | | |
| Trade and other payables | (850,273) | (466,457) |
| | (850,273) | (466,457) |
| **Currency profile of net financial assets** | **29,828,977** | **45,259,597** |
| **Currency exposure of net financial assets excluding those denominated in the Company's functional currency** | **-** | **45,259,597** |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 27. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the USD and RMB both change against the SGD by 5% (2019: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

| | **Increase/(Decrease)** | |
|---|---|---|
| | **2020** | 2019 |
| | **Loss after tax** | Profit after tax |
| | **$** | $ |
| Group | | |
| USD against SGD | | |
| - Strengthened | **4,694** | (4,788) |
| - Weakened | **(4,694)** | 4,788 |
| RMB against SGD | | |
| - Strengthened | **(1,364,002)** | 2,145,838 |
| - Weakened | **1,364,002** | (2,145,838) |
| Company | | |
| RMB against SGD | | |
| - Strengthened | **(1,459,397)** | 1,878,273 |
| - Weakened | **1,459,397** | (1,878,273) |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

**27. Financial risk management** (continued)

(a) Market risk (continued)

*(ii) Interest rate risk*

At the reporting date, the interest rate profile of the interest-bearing financial instruments, as reported to the management, was as follows:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **Nominal amount** | | **Nominal amount** | |
| | **2020** | 2019 | **2020** | 2019 |
| | **$** | $ | **$** | $ |
| **Variable rate instruments** | | | | |
| Borrowings | **20,000,000** | 23,000,000 | **-** | - |

*Fair value sensitivity analysis*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 1% (2019: 1%) in interest rates at the reporting date would have increased/(decreased) profit or (increased)/decreased loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 31 December 2020 and 2019.

| | **Profit or loss** | |
|---|---|---|
| | **1% increase** | **1% decrease** |
| | **$** | **$** |
| **Group** | | |
| **31 December 2020** | | |
| Variable rate instruments | (166,000) | 166,000 |
| **31 December 2019** | | |
| Variable rate instruments | (190,900) | 190,900 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 27. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a 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 and receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history, and buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

As at the reporting date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

| | Company | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Corporate guarantee provided to bank on subsidiary's loan | **20,000,000** | 23,000,000 |

These guarantees are subject to the impairment requirements of SFRS(I) 9. The Group and the Company has assessed that its subsidiary has strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

*(i) Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

**27. Financial risk management** (continued)

(b) Credit risk (continued)

*(ii) 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, loans to subsidiaries and other receivables.

The age analysis of these classes of financial assets past due but not impaired is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **$** | $ | **$** | $ |
| Past due 31-60 days | **47,160** | 25,744 | **-** | - |
| Past due 61-90 days | **20,702** | 16,223 | **-** | - |
| Past due 91-180 days | **27,329** | 53,650 | **-** | - |
| Past due 181-365 days | **-** | - | **-** | - |
| Past due >365 days | **29,593** | 22,849 | **417,160** | 416,587 |
| | **124,784** | 118,466 | **417,160** | 416,587 |

Based on historical default rates, the Group and Company believe that no impairment allowance is necessary in respect of trade and other receivables, other than those already provided for. These receivables are mainly due from customers that have a good payment record with the Group and the Company.

The factors considered in providing for the specific loss components of the Group and the Company include, but are not limited to, the length of the Group's and the Company's relationship with the debtors, their payment behaviour and known market factors.

In measuring the expected credit losses, trade debtors are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade debtors are written off when there is no reasonable expectation of recovery. There are no expected credit losses to be recognised as a result of management's assessment for the year ended 31 December 2020 and 2019.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

**27. Financial risk management** (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or rising damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days. Currently, the Group places excess funds in fixed deposits with banks and financial institutions which are regulated.

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 reporting 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.

| | **Less than 1 year $** | **Between 1 and 5 years $** | **Over 5 years $** |
|---|---|---|---|
| Group | | | |
| **At 31 December 2020** | | | |
| Trade and other payables | (6,021,319) | - | - |
| Lease liabilities | (2,932,265) | (10,423,459) | (52,308,420) |
| Borrowings | (20,241,684) | (2,900,000) | - |
| **At 31 December 2019** | | | |
| Trade and other payables | (7,401,509) | - | - |
| Lease liabilities | (2,514,338) | (10,219,783) | (54,488,146) |
| Borrowings | (12,496,354) | (14,053,555) | - |
| Company | | | |
| **At 31 December 2020** | | | |
| Trade and other payables | (916,324) | - | - |
| Financial guarantee contracts | (20,000,000) | - | - |
| **At 31 December 2019** | | | |
| Trade and other payables | (1,316,730) | - | - |
| Financial guarantee contracts | (23,000,000) | - | - |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 27. Financial risk management (continued)

(d) Capital risk

*Capital management*

The policy of the Board of Directors is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group defines capital as total shareholders' equity. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

The Group's return on capital at the end of the reporting year was as follows:

| | **2020** | 2019 |
|---|---|---|
| | **$** | $ |
| Net (loss)/profit before tax | **(869,711)** | 56,540,058 |
| Add/(Less): | | |
| - Interest income | **(4,657,636)** | (5,310,651) |
| - Interest expense | **2,039,985** | 2,571,534 |
| - Loss on disposal of property, plant and equipment | **79,770** | 32,448 |
| - Impairment loss on investment property | **2,600,000** | - |
| Net operating (loss)/income | **(807,592)** | 53,833,389 |
| Total shareholders' equity | **281,004,420** | 300,436,946 |
| Return on capital at 31 December | **-0.3%** | 17.9% |

The target of the Board of Directors is for employees of the Group to hold up to 10% of the Company's ordinary shares by 2024. Assuming that all current outstanding share options vest and are exercised, present employees will hold approximately 3.1% (2019: 3.0%) of the Company's share capital.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return on capital of between 8% and 12% (2019: 10% and 20%).

From time to time, the Group purchases its own shares on the market under the mandate approved by the shareholders. The shares purchased are held as treasury shares.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

**27. Financial risk management** (continued)

(d) Capital risk (continued)

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

The Group's bank borrowings (classified as current during the year) are subjected to covenant clauses, whereby the borrower, Straco Leisure Pte Ltd ("SLPL"), a subsidiary of the Group, is required to meet certain key financial ratios. As at 31 December 2020, SLPL did not fulfil the debt service ratio as required in the facility agreement.

Due to this breach of the covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of $20,000,000 (Note 20). Nonetheless, as the loan will mature in November 2021, the outstanding balance is presented as a current liability as at 31 December 2020.

The bank had not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors. Management is in the process of renegotiating the terms of the loan agreement with the bank and has assessed that the bank will not request for repayment of the loan immediately.

Other than SLPL's breach of debt covenant as described above, the Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

(e) Fair value measurements

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 27. Financial risk management (continued)

(e) Fair value measurements (continued)

Significant valuation issues are reported to the Group's Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

*Level 3* Inputs for the asset of liability that are not based on observable marked data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of non-current borrowings for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximate their fair values. See Note 20 for the disclosure of the fair value of non-current borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 27. Financial risk management (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed below:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 |
| | **$** | $ | **$** | $ |
| Cash and cash equivalents | **178,670,523** | 200,452,309 | **44,378,542** | 49,184,722 |
| Trade and other receivables | **3,383,209** | 4,181,775 | **468,578** | 470,582 |
| Loans and advances to subsidiaries | **-** | - | **26,750,000** | 26,750,000 |
| Financial assets at amortised cost | **182,053,732** | 204,634,084 | **71,597,120** | 76,405,304 |
| Trade and other payables | **(6,021,319)** | (7,401,509) | **(916,324)** | (1,316,730) |
| Lease liabilities | **(43,886,405)** | (44,107,600) | **-** | - |
| Borrowings | **(22,900,000)** | (25,900,000) | **-** | - |
| Financial liabilities at amortised cost | **(72,807,724)** | (77,409,109) | **(916,324)** | (1,316,730) |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 28. Related party transactions

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

Key management personnel compensation is as follows:

| | Group | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Short-term employee benefits | **1,502,320** | 2,053,193 |
| Employer's contribution to defined contribution plans, including Central Provident Fund | **66,600** | 72,930 |
| Bonus and variable compensation | **142,940** | 1,114,963 |
| Directors' fees | **332,200** | 317,825 |
| Share option expense | **345,557** | 442,905 |
| | **2,389,617** | 4,001,816 |

Directors also participate in the share option scheme. The share options granted are on the same terms and conditions as those offered to other employees of the Company as described in Note 23(b). During the year, 1,900,000 share options (2019: 2,260,000) with total fair value of $177,270 (2019: $268,714) were granted to the directors of the Company.

## 29. Segment information

Reportable segments of the Group consist of the Group's strategic business units that are managed separately. For each of the strategic business units, the Group's Executive Chairman ("EC") reviews internal management reports on a monthly basis.

The Group has two reportable segments, as described below, which consists of the Group's strategic business units which are managed separately.

- Aquariums - This represents the operation of aquatic-related facilities and tourist attractions, including sea mammal performances in People's Republic of China ("PRC"). Retail, food and beverage are auxiliary goods and services arising from the operation of the above facilities.

- Giant Observation Wheel ("GOW") - This represents the operation of a circular giant observation structure, and provision of commercial space in Singapore.

Other operations include the operation of cable-car facility. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2020 or 2019.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 29. **Segment information** (continued)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's EC. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The segment information provided to the Group's EC for the reportable segments are as follows:

*Information about reportable segments*

| | Aquariums | | Giant Observation Wheel | | Others | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 | **2020** | 2019 | **2020** | 2019 |
| | **$** | $ | **$** | $ | **$** | $ | **$** | $ |
| Ticketing | **22,984,770** | 65,409,994 | **1,846,806** | 28,930,615 | **2,095,444** | 5,255,198 | **26,927,020** | 99,595,807 |
| Retail | **763,062** | 2,196,548 | **155,482** | 1,744,263 | **-** | - | **918,544** | 3,940,811 |
| Food and beverages | **279,105** | 1,104,407 | **507,456** | 2,324,915 | **-** | - | **786,561** | 3,429,322 |
| Others | **-** | - | **189,044** | 640,610 | **-** | - | **189,044** | 640,610 |
| Rental from leases under investment property (Note 14) | **-** | - | **735,658** | 1,228,192 | **-** | - | **735,658** | 1,228,192 |
| External revenue | **24,026,937** | 68,710,949 | **3,434,446** | 34,868,595 | **2,095,444** | 5,255,198 | **29,556,827** | 108,834,742 |
| Interest income | **3,513,299** | 3,842,477 | **83,435** | 398,806 | **65,825** | 69,805 | **3,662,559** | 4,311,088 |
| Interest expense | **(409,171)** | (418,154) | **(1,630,672)** | (2,153,082) | **-** | (4,902) | **(2,039,843)** | (2,576,138) |
| Other material non-cash items | | | | | | | | |
| - Depreciation and amortisation | **(4,000,826)** | (3,900,027) | **(5,841,756)** | (6,338,652) | **(346,237)** | (346,825) | **(10,188,819)** | (10,585,504) |
| - Impairment loss on investment property | **-** | - | **(2,600,000)** | - | **-** | - | **(2,600,000)** | - |
| Reportable segment profit/(loss) before income tax | **10,683,571** | 47,716,924 | **(13,175,150)** | 8,294,661 | **482,241** | 3,035,568 | **(2,009,338)** | 59,047,153 |
| Reportable segment assets | **160,508,998** | 164,680,943 | **166,516,462** | 182,351,629 | **10,611,731** | 12,123,002 | **337,637,191** | 359,155,574 |
| Capital expenditure | **1,754,519** | 1,392,321 | **4,078,103** | 3,345,835 | **433,261** | 893,049 | **6,265,883** | 5,631,205 |
| Reportable segment liabilities | **16,722,508** | 26,762,037 | **108,661,471** | 114,001,923 | **4,826,030** | 4,678,549 | **130,210,009** | 145,442,509 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

**29. Segment information** (continued)

(a) Reconciliations

*(i) Segment profits or losses*

A reconciliation of segment profits or losses to profit or loss before tax is as follows:

| | **2020 $** | 2019 $ |
|---|---|---|
| Segment (losses)/profits for reportable segments | **(2,009,338)** | 59,047,153 |
| Unallocated: | | |
| Head office and corporate expense | **(3,444,274)** | (5,970,683) |
| Interest and other income | **3,483,786** | 1,070,763 |
| Elimination on consolidation | **1,100,115** | 2,392,825 |
| **(Loss)/Profit before tax** | **(869,711)** | 56,540,058 |

*(ii) Segment assets*

Segment assets are reconciled to total assets as follows:

| | **2020 $** | 2019 $ |
|---|---|---|
| Segment assets for reportable segments | **337,637,191** | 359,155,574 |
| Unallocated: | | |
| Property, plant and equipment | **1,921,166** | 1,977,119 |
| Right-of-use assets | **1,168** | 4,670 |
| Loan and advances to subsidiaries | **26,750,000** | 26,750,000 |
| Other amounts due from subsidiaries | **9,722,498** | 18,464,507 |
| Cash and bank balances | **46,064,734** | 51,162,660 |
| Others | **92,978** | 93,101 |
| Elimination on consolidation | **(39,979,535)** | (48,528,165) |
| | **382,210,200** | 409,079,466 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

**29. Segment information** (continued)

(a) Reconciliations (continued)

(iii) *Segment liabilities*

Segment liabilities are reconciled to total liabilities as follows:

| | 2020<br>$ | 2019<br>$ |
|---|---|---|
| Segment liabilities for reportable segments | **130,210,009** | 145,442,509 |
| Unallocated: | | |
| Accruals and other payables | **623,597** | 1,477,846 |
| Amount due to subsidiaries | **5,554,896** | 5,328,553 |
| Deferred tax liabilities | **4,620,179** | 4,740,392 |
| Current tax liabilities | **175,413** | 176,611 |
| Lease liabilities | **1,221** | 4,774 |
| Elimination on consolidation | **(39,979,535)** | (48,528,165) |
| | **101,205,780** | 108,642,520 |

(b) Geographical information

The assets and operations of the Group are primarily located in the PRC and Singapore. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the facilities. Segment assets are based on the geographical location on the assets.

| | Revenue | |
|---|---|---|
| | **2020<br>$** | 2019<br>$ |
| Singapore | **3,434,446** | 34,868,595 |
| PRC | **26,122,381** | 73,966,147 |
| | **29,556,827** | 108,834,742 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 29. Segment information (continued)

(b) Geographical information (continued)

| | Non-current assets | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Singapore | **157,565,468** | 161,998,331 |
| PRC | **38,888,844** | 39,231,216 |
| | **196,454,312** | 201,229,547 |

There is no concentration of revenue from a single external customer.

## 30. 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 2021 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-16 *Property, Plant and Equipment: Proceeds before Intended Use* (effective for annual periods beginning on or after 1 January 2022)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

## 31. New or revised accounting standards and interpretations (continued)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

## 32. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Straco Corporation Limited on 15 March 2021.

# SHAREHOLDINGS STATISTICS

As at 15 March 2021

**Issued and fully paid up**

| | | |
|---|---|---|
| Number of Issued Shares (excluding Treasury Shares) | : | 855,095,680 |
| Number (Percentage) of Treasury Shares | : | 13,833,900 (1.62%) |
| Class of Shares | : | Ordinary Shares |
| Voting Right (excluding Treasury Shares) | : | One vote per share |

**TWENTY LARGEST SHAREHOLDERS**

| NO. | SHAREHOLDER'S NAME | NUMBER OF SHARES HELD | % |
|---|---|---|---|
| 1 | STRACO HOLDING PTE LTD | 314,885,440 | 36.82 |
| 2 | CHINA POLY GROUP CORPORATION | 189,803,600 | 22.20 |
| 3 | STRACO (HK) LIMITED | 143,990,540 | 16.84 |
| 4 | UOB KAY HIAN PTE LTD | 72,312,900 | 8.46 |
| 5 | DBS VICKERS SECURITIES (S) PTE LTD | 31,970,700 | 3.74 |
| 6 | DBS NOMINEES PTE LTD | 13,543,400 | 1.58 |
| 7 | BPSS NOMINEES SINGAPORE (PTE.) LTD. | 6,621,200 | 0.77 |
| 8 | TEH KIU CHEONG @TEONG CHENG @ CHENG CHIU CHANG | 5,000,000 | 0.58 |
| 9 | WU HSIOH KWANG @ NG HOK KUONG | 4,900,000 | 0.57 |
| 10 | MAYBANK KIM ENG SECURITIES PTE. LTD | 3,250,900 | 0.38 |
| 11 | RAFFLES NOMINEES (PTE) LIMITED | 3,234,900 | 0.38 |
| 12 | WU XIUYI | 2,340,000 | 0.27 |
| 13 | TAY SIEW CHOON | 2,150,000 | 0.25 |
| 14 | GOH HAN PENG (WU HANPING) | 2,077,300 | 0.24 |
| 15 | CGS-CIMB SECURITIES (SINGAPORE) PTE LTD | 2,010,565 | 0.24 |
| 16 | CHOONG CHOW SIONG | 1,820,000 | 0.21 |
| 17 | NG KIM | 1,635,500 | 0.19 |
| 18 | ZHAO AIMIN | 1,320,000 | 0.15 |
| 19 | PHILLIP SECURITIES PTE LTD | 1,294,400 | 0.15 |
| 20 | LIM SONG JOO | 1,224,000 | 0.14 |
| | **TOTAL** | **805,385,345** | **94.16** |

# SHAREHOLDINGS STATISTICS

As at 15 March 2021

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 - 99 | 2 | 0.10 | 35 | 0.00 |
| 100 - 1,000 | 468 | 23.52 | 434,400 | 0.05 |
| 1,001 - 10,000 | 1,013 | 50.90 | 4,285,300 | 0.50 |
| 10,001 - 1,000,000 | 483 | 24.27 | 40,708,700 | 4.76 |
| 1,000,001 AND ABOVE | 24 | 1.21 | 809,667,245 | 94.69 |
| **TOTAL** | **1,990** | **100.00** | **855,095,680** | **100.00** |

## SUBSTANTIAL SHAREHOLDERS

| No. | Shareholder's Name | Direct Interest | % of Shares | Deemed Interest | % of Shares |
|---|---|---|---|---|---|
| 1. | Straco Holding Pte Ltd | 314,885,440 | 36.82 | - | - |
| 2. | China Poly Group Corporation | 189,803,600 | 22.20 | - | - |
| 3. | Straco (HK) Limited | 143,990,540 | 16.84 | - | - |
| 4. | Wu Hsioh Kwang | 8,888,000 | 1.04 | 470,679,980[1] | 55.04 |
| 5. | Chua Soh Har | 11,804,000 | 1.38 | 467,763,980[1] | 54.70 |

Based on the information available to the Company as at 15 March 2021, approximately 13.94% of the ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

(1) Mdm Chua Soh Har is the spouse of Mr Wu Hsioh Kwang. Mr Wu Hsioh Kwang is deemed interested in the shares in which Mdm Chua Soh Har is interested.

Note:

- "Substantial Shareholders" are those shareholders who own at least 5% of the equity of the Company.
- "Deemed Interest" in shares arise, for example, when a person (including a company) owns at least 20% of another company which in turn own shares in Straco Corporation Limited. The person is "deemed" to have an interest in the Straco Corporation Limited shares owned by that other company. It is, therefore, possible for several persons to be deemed interested in the same shares.

  Mr Wu Hsioh Kwang and Mdm Chua Soh Har together collectively beneficially own 100% of the issued share capital of Straco Holding Pte Ltd and Straco (HK) Limited and are therefore deemed interested by virtue of Section 7 of the Companies Act, Cap 50 in the shares held by these said companies in the capital of the Company.

  China Poly Group Corporation is a state-owned enterprise, which is owned and supervised by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

This note is merely illustrative. For full understanding of the scope of the regulations, it is necessary to refer to the Singapore Companies Act.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held by way of electronic means on Tuesday, 27 April 2021 at 3.00 pm to transact the following business:-

**AS ORDINARY BUSINESS**

1. To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2020 and the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of 1.0 cent per share for the financial year ended 31 December 2020. **(Resolution 2)**

3. To approve the Directors' fees of S$332,200/- for the financial year ended 31 December 2020 (FY2019: S$317,825/-). **(Resolution 3)**

4. To re-elect Mr Wu Hsioh Kwang, the Director retiring by rotation pursuant to the requirements of Article 95 of the Company's Constitution. **(Resolution 4)**

5. To re-elect Mr Tay Siew Choon, a Director retiring by rotation pursuant to the requirements of Article 95 of the Company's Constitution. **(Resolution 5)**

6. To re-elect Mr Lim Song Joo, a Director retiring by rotation pursuant to the requirements of Article 95 of the Company's Constitution. **(Resolution 6)**

7. To re-appoint Messrs PricewaterhouseCoopers LLP as the auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 7)**

# NOTICE OF ANNUAL GENERAL MEETING

**AS SPECIAL BUSINESS**

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

8. That subject to, and contingent upon the passing of Ordinary Resolution 5 and Ordinary Resolution 9, members to approve the continued appointment of Mr Tay Siew Choon as an Independent Director, pursuant to Rule 210(5)(d)(iii)(A) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX Listing Manual") (that will take effect on 1 January 2022), until the earlier of the retirement or resignation of Mr Tay Siew Choon as a Director, or the conclusion of the third Annual General Meeting of the Company following the passing of this resolution.

   *(See Explanatory Note 3)* **(Resolution 8)**

9. That subject to, and contingent upon the passing of Ordinary Resolution 8 above, members (excluding the Directors and Chief Executive Officer ("CEO") of the Company, and associates of such Directors and CEO), to approve the continued appointment of Mr Tay Siew Choon, as an Independent Director, pursuant to Rule 210(5)(d)(iii)(B) of the SGX Listing Manual, until the earlier of the retirement or resignation of Mr Tay Siew Choon as a Director, or the conclusion of the third Annual General Meeting of the Company following the passing of this resolution.

   **(Resolution 9)**

   Note: Mr Tay Siew Choon will, upon re-election as an Independent Director of the Company, remain as the Chairman of the Nominating and Remuneration Committees and will be considered independent for the purposes of Rule 704(8) of the SGX Listing Manual.

10. That subject to, and contingent upon the passing of Ordinary Resolution 6 and Ordinary Resolution 11, members to approve the continued appointment of Mr Lim Song Joo, as an Independent Director, pursuant to Rule 210(5)(d)(iii)(A) of the SGX Listing Manual (that will take effect on 1 January 2022), until the earlier of the retirement or resignation of Mr Lim Song Joo as a Director, or the conclusion of the third Annual General Meeting of the Company following the passing of this resolution.

    *(See Explanatory Note 3)* **(Resolution 10)**

11. That subject to, and contingent upon the passing of Ordinary Resolution 10 above, members (excluding the Directors and CEO of the Company, and associates of such Directors and CEO), to approve the continued appointment of Mr Lim Song Joo as an Independent Director, pursuant to Rule 210(5)(d)(iii)(B) of the SGX Listing Manual, until the earlier of the retirement or resignation of Mr Lim Song Joo as a Director, or the conclusion of the third Annual General Meeting of the Company following the passing of this resolution.

    **(Resolution 11)**

    Note: Mr Lim Song Joo will, upon re-election as an Independent Director of the Company, remain as the Chairman of the Audit & Risk Committee and will be considered independent for the purposes of Rule 704(8) of the SGX Listing Manual.

# NOTICE OF ANNUAL GENERAL MEETING

12. **Authority to allot and issue shares**

That:

(a) pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

(i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

a) new shares arising from the conversion or exercise of convertible securities, or

b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX Listing Manual, and

c) any subsequent bonus issue, consolidation or subdivision of the Company's shares, and

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

**(Resolution 12)**

*(See Explanatory Note 1)*

# NOTICE OF ANNUAL GENERAL MEETING

13. **The Proposed Renewal of Share Buy Back Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("Shares") in the capital of the Company not exceeding in aggregate the Prescribed Limit (as defined hereinafter), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined hereinafter), whether by way of:

(i) market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited (the "SGX-ST"); and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable and is hereby authorised and approved generally and unconditionally (the "Share Buy Back Mandate");

(b) unless varied or revoked by the shareholders of the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held; or

(ii) the date by which the next Annual General Meeting of the Company is required by law or the Constitution of the Company to be held;

(c) In this resolution:

"Prescribed Limit" means that number of Shares representing 10% of the total number of issued Shares in the capital of the Company as at the date of the passing of this resolution (excluding any Shares which are held as treasury shares); and

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price

# NOTICE OF ANNUAL GENERAL MEETING

where:

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period; and

(d) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this resolution. **(Resolution 13)**

*(See Explanatory Note 2)*

**BY ORDER OF THE BOARD**

Lotus Isabella Lim Mei Hua
Company Secretary

12 April 2021

# NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:-

1. The proposed Ordinary Resolution no. 12 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 per cent (50%) of total number of issued shares excluding treasury shares of the Company, of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 per cent (20%) of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

2 The proposed Ordinary Resolution no. 13, if passed, will empower the Directors of the Company effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per cent (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in the Circular dated 12 April 2021. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2020 are set out in greater detail in the Letter to Shareholders enclosed together with the Annual Report.

3 Mr Tay Siew Choon and Mr Lim Song Joo were appointed as directors of the Company on 5 November 2003 and 13 May 2011 respectively. Both directors have served the Board beyond nine years. Rule 210(5)(d)(iii) of the SGX Listing Manual , which takes effect on 1 January 2022, requires that the continued appointment of an independent director who has been a director for an aggregate period of more than nine years (whether before or after listing) should be approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officer. In connection therewith, the resolutions to seek the approval of the shareholders for the re-election of Messrs Tay Siew Choon and Lim Song Joo as Independent Directors of the Company will be put to the vote at the forthcoming Annual General Meeting in accordance with the abovementioned required two-tier voting mechanism.

   Consequently, subject to and contingent upon the passing of Ordinary Resolutions 5, 6, 8, 9, 10, and 11 respectively, Messrs Tay Siew Choon and Lim Song Joo will continue to serve as Independent Directors of the Company, with effect from the passing of these resolutions proposed at the forthcoming Annual General Meeting, until the conclusion of the third Annual General Meeting of the Company following the passing of these resolutions.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTES**

1. A member of the Company (other than a member who is a relevant intermediary as defined in Note 2 below) shall not be entitled to appoint more than two proxies to attend and vote at the Annual General Meeting on his behalf. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy needs not be a member of the Company.

2. Pursuant to Section 181 of the Act, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

   A proxy needs not be a member of the Company.

3. The instrument appointing a proxy or proxies shall, in the case of an individual, be signed by the appointor or his attorney, and in case of a corporation, shall be either under the common seal or signed by its attorney or an authorised officer on behalf of the corporation.

4. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898 not later than 48 hours before the time appointed for the Meeting.

**PRE REGISTRATION**

This Annual General Meeting ("AGM") be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 2) Order 2020. The Orders were amended on 29 September 2020 to extend the alternative meeting arrangements to 30 June 2021, and make other refinements to some Orders. On 1 October 2020, the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation have updated a checklist to guide listed and non-listed entities on the conduct of general meeting arising from the latest updates from the Multi-Ministry Taskforce to ease safe management measures to facilitate business operations.

The Company is arranging for a live webcast of the AGM proceedings (the "Live AGM Webcast") which will take place on 27 April 2021 at 3.00 p.m. Shareholders will be able to watch the AGM proceedings through the Live AGM Webcast, and the Company will not accept any physical attendance by shareholders. Any shareholder seeking to attend the AGM physically in person will be turned away.

# NOTICE OF ANNUAL GENERAL MEETING

Printed copies of this Notice, Annual Report of the Company for the financial year ended 31 December 2020 ("Annual Report 2020"), the proxy form, and the Circular dated 12 April 2021 will not be sent to members. Instead, these documents will be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at www.stracocorp.com

**Participation in the AGM via live webcast or live audio feed**

1. As the AGM will be held by way of electronic means, shareholders will NOT be able to attend the AGM in person. All shareholders or their corporate representatives (in the case of shareholders which are legal entities) will be able to participate in the AGM proceedings by accessing a live webcast or live audio feed. To do so, shareholders are required to pre-register their participation in the AGM ("Pre-registration") at this link: https://on.skr.ma/straco-corp-agm-egm ("AGM Registration Form") by 3.00 p.m. on 25 April 2021 ("Registration Deadline") for verification of their status as shareholders (or the corporate representatives of such shareholders).

2. Upon successful verification, each such shareholder or its corporate representative will receive an email by 3.00 p.m. on 26 April 2021. The email will contain instructions to access the live webcast or live audio feed of the AGM proceedings. Shareholders or their corporate representatives must not forward the email to other persons who are not shareholders and who are not entitled to participate in the AGM proceedings. Shareholders or their corporate representatives who have pre-registered by the Registration Deadline in accordance with paragraph 1 above but do not receive an email by 3.00 p.m. on 26 April 2021 may contact the Company for assistance at (65) 62233082.

**Voting by proxy**

3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting. The accompanying proxy form for the Annual General Meeting may be accessed at the Company's website at www.stracocorp.com, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

4. Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the Meeting as their proxy to do so on their behalf and must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

5. The duly executed proxy form must be submitted via one of the following means:

   (a) deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898, or

# NOTICE OF ANNUAL GENERAL MEETING

(b) submitted by email to sg.is.proxy@sg.tricorglobal.com

not later than 48 hours before the time set for the Annual General Meeting.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

6. A Depositor shall not be regarded as a member of the Company unless his/her name appears on the Depository Register 72 hours before the time appointed for the Annual General Meeting.

**Submission of Questions**

7. Shareholders may submit questions relating to the items on the agenda of the AGM via the AGM Registration Form. All questions must be submitted by 3:00 p.m. on 20 April 2021.

8. The Company will endeavour to address the substantial and relevant questions received in advance of the AGM either before or during the AGM. The responses to such questions from shareholders, together with the minutes of the AGM, will be posted on the SGXNET and the Company's website within one month after the date of the AGM.

9. Please note that shareholders will not be able to ask questions at the AGM "live" during the webcast and the audio feed, and therefore it is important for shareholders to pre-register their participation in order to be able to submit their questions in advance of the AGM.

**Important reminder**

10. Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM. Further, in light of the current COVID-19 measures, which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.

# NOTICE OF ANNUAL GENERAL MEETING

**PERSONAL DATA POLICY**

**By (a) submitting an instrument appointing the Chairman of the Meeting as a proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:**

**(i) administration and analysis of the Company (or its agents or service providers) for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");**

**(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty;**

**(iii) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as a proxy for the AGM (including any adjournment thereof);**

**(iv) the processing of the Pre-registration for purposes of granting access to members (or their corporate representatives in the case of members which are legal entities) to the live webcast or live audio feed of the AGM proceedings and providing them with any technical assistance where necessary;**

**(v) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;**

**(vi) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and**

**(vii) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.**

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Messrs Tay Siew Choon, Lim Song Joo and Wu Hsioh Kwang are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 27 April 2021 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

| | MR TAY SIEW CHOON | MR LIM SONG JOO | MR WU HSIOH KWANG |
|---|---|---|---|
| Date of Appointment | 5 November 2003 | 13 May 2011 | 13 March 2003 |
| Date of last re-appointment | 27 April 2018 | 27 April 2018 | 26 April 2019 |
| Age | 73 | 66 | 70 |
| Country of principal residence | Singapore | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Tay Siew Choon for re-appointment as a Non-Executive Independent Director of the Company. The Board have reviewed and concluded that Mr Tay Siew Choon possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr. Lim Song Joo for re-appointment as a Non-Executive Independent Director of the Company. The Board have reviewed and concluded that Mr. Lim Song Joo possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr. Wu Hsioh Kwang for re-appointment as Executive Chairman of the Company. The Board have reviewed and concluded that Mr. Wu Hsioh Kwang possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR TAY SIEW CHOON | MR LIM SONG JOO | MR WU HSIOH KWANG |
|---|---|---|---|
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive | Non-Executive | Executive, Mr. Wu Hsioh Kwang is responsible for developing growth strategies for the Group's business. |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Lead Independent Director, and Chairman of the Nominating and Remuneration Committees | Independent Non-Executive Director, and Chairman of the Audit and Risk Committee | Chief Executive Officer, Executive Chairman, Director of the Board and member of Nominating Committee. |
| Professional qualifications | - Bachelor of Engineering (Electrical) degree with Honours under a Colombo Plan Scholarship.<br>- Master of Science in Systems Engineering from the former University of Singapore. | - Bachelor of Accountancy degree (Hons).<br>- Fellow Member of the Chartered Institute of Management Accountants (FCMA) in the United Kingdom<br>- Fellow Member of the Institute of Singapore Chartered Accountants (FCA). | Bachelor of Commerce degree from the former Nanyang University (Singapore) |
| Working experience and occupation(s) during the past 10 years | Ongoing Board Matters | Ongoing Board Matters | Executive Chairman and Chief Executive Officer of the Company |
| Shareholding interest in the listed issuer and its subsidiaries | Please refer to Directors' Statement, Directors' interests in shares or debentures on pages 63 and 64 of this annual report. | Please refer to Directors' Statement, Directors' interests in shares or debentures on pages 63 and 64 of this annual report. | Please refer to Directors' Statement, Directors' interests in shares or debentures on pages 63 and 64 of this annual report. |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | No | No | Mr. Wu Hsioh Kwang is the spouse of Mdm. Chua Soh Har, non-executive director of the Company. |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR TAY SIEW CHOON | MR LIM SONG JOO | MR WU HSIOH KWANG |
|---|---|---|---|
| Conflict of Interest (including any competing business) | No | No | No |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes | Yes |
| Other Principal Commitments* Including Directorships#<br>Present | Director of<br>TauRx Therapeutics Ltd,<br>Wista Laboratories Ltd,<br>Poredeen Pte Ltd,<br>Gotruck Holdings Pte Ltd<br><br>Non-Executive Chairman of<br>Pan-United Corporation Ltd.<br><br>Chairman of GoTruck Pte Ltd<br><br>Deputy Chairman of TauRx Pharmaceuticals Ltd. | NIL | 1. Infotainment Development & Management Pte Ltd<br>2. New Bay Holdings Pte Ltd<br>3. Bay Attractions Pte Ltd<br>4. Straco Leisure Pte Ltd<br>5. Lintong Lixing Cable Car Co. Ltd<br>6. Shanghai Ocean Aquarium Co. Ltd<br>7. Xi'an Lintong Zhongxin Tourism Development Co. Ltd<br>8. Underwater World Xiamen Co. Ltd<br>9. Lushan-Straco Cable Car Co. Ltd<br>10. Sound Trading (1975) Pte Ltd<br>11. Straco (HK) Ltd<br>12. Straco Holding Pte Ltd<br>13. Straco International Corporation Pte Ltd<br>14. Straco Cable-Car Investments Pte Ltd<br>15. Straco Synergies Pte Ltd<br>16. Business China, Director<br>17. Singapore Chinese Chamber of Commerce and Industry, Council Member |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR TAY SIEW CHOON | MR LIM SONG JOO | MR WU HSIOH KWANG |
|---|---|---|---|
| | | | 18. Singapore Business Federation, First Vice-Chairman (China & North Asia Business Group)<br>19. Sun Yat Sen Nanyang Memorial Hall, Board Member<br>20. NTU's Chinese Heritage Centre, Member of the Board of Governors<br>21. Confucius Institute, Director<br>22. Haas School of Business, Board Member<br>23. Singapore Chinese Orchestra, Vice-Chairman |
| Past (for the last 5 years) | NIL | NIL | 1. Cartan Industries Limited<br>2. Jigongshan-Straco Cable Car Co. Ltd |
| Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given. | | | |
| a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No | No |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR TAY SIEW CHOON | MR LIM SONG JOO | MR WU HSIOH KWANG |
|---|---|---|---|
| b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No | No |
| c) Whether there is any unsatisfied judgment against him? | No | No | No |
| d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No | No |
| e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No | No |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR TAY SIEW CHOON | MR LIM SONG JOO | MR WU HSIOH KWANG |
|---|---|---|---|
| f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No | No |
| g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No | No |
| h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No | No |
| i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No | No |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR TAY SIEW CHOON | MR LIM SONG JOO | MR WU HSIOH KWANG |
|---|---|---|---|
| j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–<br><br>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or<br><br>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or<br><br>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or<br><br>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere<br><br>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | No | No |

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | MR TAY SIEW CHOON | MR LIM SONG JOO | MR WU HSIOH KWANG |
|---|---|---|---|
| k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No | No |
| **Disclosure applicable to the appointment of Director only** | | | |
| Any prior experience as a director of a listed company? | This relates to re-appointment of Director | This relates to re-appointment of Director | This relates to re-appointment of Director |
| If yes, please provide details of prior experience. | N.A. | N.A. | N.A. |
| If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. | N.A. | N.A. | N.A. |
| Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | N.A. | N.A. | N.A. |

# STRACO CORPORATION LIMITED

Registration Number: 200203482R
(Incorporated in the Republic of Singapore)

# PROXY FORM
# ANNUAL GENERAL MEETING

**IMPORTANT**
1. Pursuant to Section 181 (1C) of the Companies Act, Cap 50, Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
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. CPF or SRS investors who wish to appoint the Chairman of AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 pm on 15 April 2021.
3. CPF investors are requested to contact their respective Agent Banks for any queries that they may have with regard to their appointment as proxies.

*I/We, ______________________________ (Name) ______________________ (NRIC/Passport no.)

of ______________________________________________________ (Address)

being *a member/members of Straco Corporation Limited (the "Company"), hereby appoint the Chairman of the Meeting as my/our proxy to vote for me/us at the Annual General Meeting of Straco Corporation Limited (the "Company") to be held by electronic means on Tuesday, 27 April 2021 at 3.00 p.m., and at any adjournment thereof.

*I/ We have indicated with an "X" in the appropriate box against each item below how I/we wish the Chairman of the Meeting as my/our proxy to vote, or to abstain from voting.

| No. | Ordinary Resolutions | For | Against | Abstain |
|---|---|---|---|---|
| 1. | To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 December 2020 and the Directors' Statement and Auditors' Report thereon. | | | |
| 2. | To declare a first and final one-tier tax exempt dividend of 1.0 cent per share for the financial year ended 31 December 2020. | | | |
| 3. | To approve the Directors' fees of S$332,200/- for the financial year ended 31 December 2020 (FY2019: S$317,825/-). | | | |
| 4. | To re-elect Mr Wu Hsioh Kwang pursuant to Article 95 of the Company's Constitution. | | | |
| 5. | To re-elect Mr Tay Siew Choon pursuant to Article 95 of the Company's Constitution. | | | |
| 6. | To re-elect Mr Lim Song Joo pursuant to Article 95 of the Company's Constitution. | | | |
| 7. | To re-appoint Messrs PricewaterhouseCoopers LLP as auditors of the Company and to authorise the Directors to fix their remuneration. | | | |
| 8. | To approve the continued appointment of Mr Tay Siew Choon as an Independent Director by all members. | | | |
| 9. | To approve the continued appointment of Mr Tay Siew Choon as an Independent Director by members (excluding the Directors and Chief Executive Officer ("CEO") of the Company, and associates of such Directors and CEO). | | | |
| 10. | To approve the continued appointment of Mr Lim Song Joo as an Independent Director by all members. | | | |
| 11. | To approve the continued appointment of Mr Lim Song Joo as an Independent Director by members (excluding the Directors and CEO of the Company, and associates of such Directors and CEO). | | | |
| 12. | To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50. | | | |
| 13. | To approve the renewal of the Share Buy Back Mandate. | | | |

Note: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of ordinary shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this ____________ day of ____________ 2021

| Total number of Shares in: | No. of Shares held |
|---|---|
| (a) CDP Register | |
| (b) Register of Members | |

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

**IMPORTANT.** Please Read Notes before Completing this Proxy Form

**Notes:-**

1. This instrument appointing a proxy or proxies must be under the hand of the appointer or 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 its attorney or duly authorised officer.

2. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.**

3. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, may be

   (a) deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898, or

   (b) submitted by email to sg.is.proxy@sg.tricorglobal.com

   not later than 48 hours before the time set for the Annual General Meeting.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

5. The Company shall be entitled to reject the instrument appointing the Chairman as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2021.

AFFIX
STAMP

The Share Registrar of

**STRACO CORPORATION LIMITED**

**c/o Tricor Barbinder Share Registration Services**

80 Robinson Road, #11-02

Singapore 068898

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STRACO
星雅集团

(Company Registration No.200203482R)

(Incorporated in the Republic of Singapore on 25 April 2002)
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