



Business Update

SINGAPORE, 24 May 2022:- The Board of Directors (the “Board” or “Directors”) of Straco Corporation Limited (“Straco” or the “Company”, and together with its subsidiaries, the “Group”) would like to provide a voluntary update on the Group’s business and unaudited financial performance for the first quarter ended 31 March 2022 (“1Q2022”) to its shareholders.

Financial summary:

S\$'000	1Q2022	1Q2021	% change
Revenue	4,829	8,086	(40.3)
Operating profit/ (loss)	(3,140)	19	<i>n.m.</i>
Loss after tax	(3,278)	(511)	541.5
Loss attributable to shareholders	(2,959)	(390)	658.7

For the quarter under review, the Group’s business continued to be impacted by the COVID-19 pandemic and the various precautionary measures and restrictions put in place by local authorities. The Group’s operations in China had experienced short periods of suspension of service and like most operators in the tourism industry reported low level of business activities, even when COVID measures were temporarily lifted. We expect sentiment to improve with gradual de-escalation of COVID measures amid success in managing the situation by the authorities.

The Group’s Singapore Flyer was also affected by a closure from 16 January to 14 April due to a detection of a technical issue during its routine maintenance inspection. Operations were resumed after a comprehensive investigation carried out by professional parties engaged by Singapore Flyer.

Singapore Tourism Board (STB) had recently aired its optimism on tourist arrivals with the resumptions of Vaccinated Travel Lanes and further border relaxations.

The Group recorded lower revenue in 1Q2022, as compared to 1Q2021 as our attractions registered negative revenue growth and experienced business interruption. Consequently, net loss of \$2.96 million was registered for 1Q2022. Negative operating cash-flow of \$3.16 million was recorded for 1Q2022, compared to net cash generated of \$1.17 million for 1Q2021.

Despite the first quarter losses, the Group's financial position remains strong with net cash holdings of \$165.7 million as at 31 March 2022. The Group will continue with its prudent cash management practices and will be well placed to ride out this challenging time.

COVID-19 impact and outlook

The COVID-19 pandemic continues to have a severe impact on the tourism industry in the short to medium term, and intermittent tightening of measures are to be expected.

The Group will continue with the various cost cutting and cost containment measures while at the same time take cognizance of the need to look after the well-being and welfare of its workforce. The Group will continue to monitor and assess the impact on its operations and take appropriate actions from time to time to mitigate any fallout from the COVID-19 situation.

It remains uncertain about how the Covid-19 global pandemic or its abatement will eventually pan out, and any recovery in business performance will likely be gradual.

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About Straco Corporation

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

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