Annual Report 2019

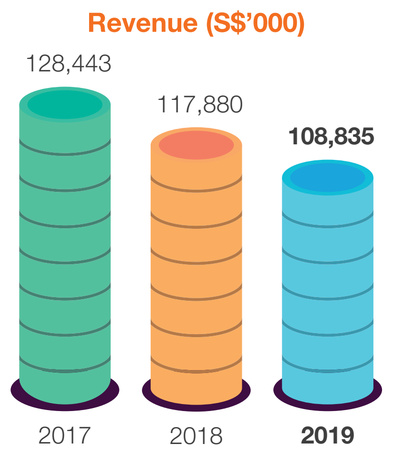
STRACO
星雅集团

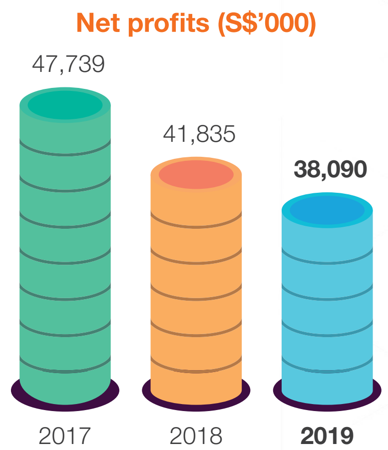
CONTENTS

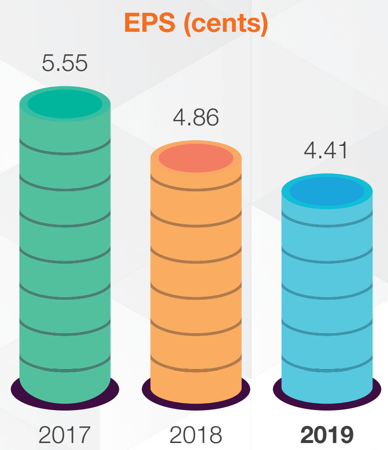
FINANCIAL HIGHLIGHTS

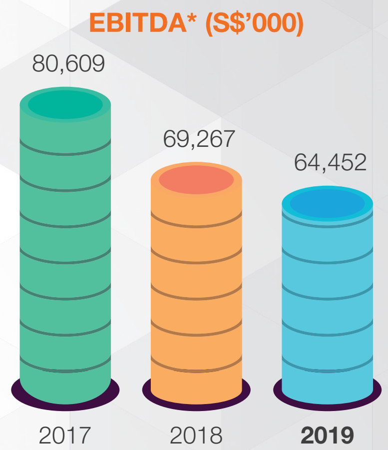
Year ended 31 December

	2019	2018	2019 vs 2018 Change %
INCOME STATEMENT (S$'000)			
Revenue	**108,835**	117,880	*(7.7)*
Profit before tax	**56,540**	62,472	*(9.5)*
Attributable net profit	**38,090**	41,835	*(9.0)*
STATEMENT OF FINANCIAL POSITION (S$'000)			
Shareholders' equity	**288,424**	283,444	*1.8*
Total assets	**409,079**	372,982	*9.7*
Total cash	**200,452**	202,695	*(1.1)*
Total borrowings	**25,900**	37,900	*(31.7)*
FINANCIAL RATIO (%)			
Return on average shareholders' equity:			
- Profit before tax	**19.77**	22.70	*(12.9)*
- Attributable net profit	**13.32**	15.20	*(12.4)*
PER SHARE DATA (CENTS)			
Attributable net profit	**4.41**	4.86	*(9.3)*
Net assets	**33.43**	32.93	*1.5*









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

CHAIRMAN'S STATEMENT

A MOMENT OF DÉJÀ VU

2019 by all accounts, has been an eventful year. Our Singapore operation, the Singapore Flyer, looked set to enjoy a full year of smooth operations, only to be undone by a technical issue affecting one of its spoke cables in late November of the year. In January 2020, just when our China attractions were gearing up to receive thousands of visitors during a joyous celebratory period of the Chinese Lunar New Year holiday, heightened precautionary measures were imposed with the emergence of the highly infectious COVID-19. All our operations in China, though geographically segregated in different provinces, were closed from 25 January 2020. While the action undertaken was initially voluntary, in support of the municipal authority efforts to contain the outbreak of the COVID-19, it subsequently evolved into a more coordinated effort led by respective local authorities to stagger the reopening of respective sectors.

There was certainly a sense of déjà vu for the management and staff. In 2003, the group had emerged from the SARs episode bruised but otherwise unscathed. Having put the appropriate measures in place and having reassured our frontline teams on our commitment to their safety and employment, we will ride over this trying period. Ultimately, public health and personal safety of our employees and stakeholders are of paramount importance. Given the consensus among medical experts that the COVID-19 may come to pass, albeit over an extended period of precautionary measures being in place, the tourism industry may need to adapt to a new normal.

Amidst the less than buoyant economic climate and operating environment throughout 2019, the tourism market in China and Singapore, prior to the onset of the COVID-19 outbreak, remain promising. This has contributed to another year of profitable performance by the Group. For the year under review, the Group generated a revenue of S$108.8 million and a net profit of S$38.1 million, registering shortfalls when compared to FY2018.

The Group continues to generate positive operating cash inflow and given the Group's strong financials, a net cash holding of S$173.6 million and untapped credit facilities, we remain resilient in face of the current health crisis, and will be well placed to seize business opportunities and participate in any viable collaborations in the future.

In view of the good performance and taking cognizance of the positive operating cash inflow generated for the year under review, we propose a first and final dividend of 2.5 cents per share. This proposed payment represents a payout ratio of 56.6% of the net distributable profit for the year. We remain committed to generating reasonable returns for our shareholders, while balancing our cash requirement for business operations, asset renewal, enhancements and seizing business opportunities.

STAYING RELEVANT AND PREPARING FOR RENEWAL

The advent of digital tools and mobile communication platforms continue to influence consumer behaviours and preferences. We continue to seek out cost effective solutions and participate in pilot projects to harness the potential of visitor data, as well as existing applications and systems. We are also mindful of the human touch so critical in the service industry and continue to invest in our staff's learning and training.

While we continue to generate organic growth from our existing operations, through a combination of exhibits rejuvenations and developing new market segments, the Group is also constantly assessing and evaluating potential tourism investments. Our process include adherence to strict assessment criteria for quality and market access, with a view to balance long term growth and returns with our commitment to sustainable business practices.

OUTLOOK OF TOURISM

The COVID-19 outbreak has been considered a black swan event for the tourism sector and the precautionary measures and travel curbs are likely to take some time to unwind. We are cautiously optimistic that tourist confidence will return to pre COVID-19 crisis levels in the foreseeable future. While regulatory measures and fiscal policies will alleviate the short term credit crunch faced by most businesses, it is important for business entities to keep a close watch on their cash flow requirement and take appropriate measures to conserve cash.

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 register my sincere gratitude to our staff, management, directors and business partners for their contribution to our continuing success:

- Our staff and management team at our business units for constantly improving themselves and committing to their roles and responsibilities. Their positive and righteous attitude is the key factor in ensuring that we have a stable work force.
- Our various other stakeholders, business associates and professional consultants who have contributed to our success
- 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.

We will continue to build on the solid foundation that we have laid and the resilient business model that 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


中国平安
上海银行
上海海洋水族馆
ShanghaiOceanAquarium

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, 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 has been an Independent Director since November 2003 and was appointed as Lead Independent Director on 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, and Pan-United Corporation Ltd. He is also the Chairman of GoTruck Pte 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 more than one 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 and Chairman of Citizenship Committee of Inquiry of Immigration and Checkpoints Authority of Singapore (ICA). He is also 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, the Lead Independent Director of China Aviation Oil (Singapore) Corporation Limited and United Engineers Limited, and the Deputy Chairman of Serial Systems Limited. Mr Teo is an entrepreneur and investor. He is also adviser to the Institute of Chartered Accountants of Singapore ("ISCA"), CNQC (South Pacific Pte Ltd) and Singapore Fintech Association.

Mr Teo is a Member of the Parliament ("MP") of Singapore representing the Pasir Ris-Punggol Group Representation Constituency since 2006. He had served as Minister of State at the Ministry of Trade and Industry and Ministry of Manpower, Mayor of the North East District of Singapore and Chairman of Mayors Committee. He was also the Senior Parliamentary Secretary in the Ministry of Community Development, Youth and Sports. 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 20 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, 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), member 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.

Mr Sean Wu Xiuzhuan

Senior Vice President
(Corporate Development & Risk Management)

Mr Sean Wu joined the Group in November 2007. Starting off as an assistant to the Chief Financial Officer, his role has expanded to include 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.

Prior to joining Straco, Mr. Wu served as 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), and Member of the Seventh Council of Xiamen Association of Enterprises with Foreign Investment (XAEFI) (2019-2024).

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 achieved a net profit of $38.09 million in FY2019, a decrease of 9.0% as compared to FY2018. Group revenue was $108.84 million for FY2019, 7.7% lower than in FY2018, as our two aquariums reported lower revenues year-on-year, as visitor numbers fell amid a challenging economic and operating environment. The weaker Chinese Yuan this year also impacted on our Group revenue when translated to Singapore Dollars. The extended period of the ride suspension at the Singapore Flyer, due to a technical issue concerning one of the Flyer's spoke cable discovered during a routine in-house maintenance inspection in 4Q2019, also impacted our revenue and profit. Overall visitor arrivals to all the Group's attractions was 4.60 million, 7.5% lower than FY2018.

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

China's economy grew 6.1% in 2019, slower than 6.6% in the previous year, but in line with the government's target. About 58% of China's growth was contributed by consumption; this contribution was lower than that in 2018, and could be attributable to the lower growth in per capita incomes and higher inflation. The Group's flagship attraction, SOA, reported lower earnings in 2019 as visitor numbers fell 15% below 2018, while average ticket yield remained fairly constant. During the main festivals and major holidays of the year, SOA launched various themed or special exhibitions generating brand awareness and attracting new visitors. These included a special themed exhibition featuring traditional Chinese culture and ancient poetry during the Chinese New Year, "Role Models in the Aquarium" Special Exhibition during the Labour Day holiday, "Happy Ocean" themed parties during Children's Day in June, a Dragon-related bio-marine exhibition launched during the Dragon Boat Festival and a science educational exhibition "Sound of the Ocean" during the summer school holidays in July. Before the China National Day holiday, a media conference was held to publicise the first ever SOA Mascot "Seahorse Didi", together with a special exhibit of sea dragon and seahorses. To end the year, SOA organized a themed activity "Season's Greetings from our Mascot, Seahorse Didi" during the Christmas season. In promoting and expanding market awareness of the above themed exhibitions and activities, SOA worked with various TV stations to report on these activities and engaged visitors through online and offline interactive activities on WeChat and Weibo platforms. There was also a filming of the behind-the-scene story of the aquatic animals and filming of a TV program from the Children's channel. During the year, SOA continued to support charitable causes by welcoming a group of visually impaired visitors on the International Day of the Blind and took part in the 2019 "Free the Sea Turtle" program.

In UWX, annual visitor numbers dropped 27.5% from 2018 as market adjusted to the new pricing, impacting on visitor arrivals to UWX. However, overall revenue for the year decreased only 6.1% on higher ticket yield. During the year, UWX planned and held five special themed exhibitions, including the "Gold and Jade" exhibition held during the Spring Festival in January, the "Green Outdoors - 2019 Green Environmental Protection" exhibition held during the spring outing in March, the funny "Underwater Circle" exhibition during June, the "I Love My Motherland and Underwater Grand Parade" exhibition held during the National Day and Autumn outing in October, and the "Green Festivals with Environmental Protection First" themed exhibition held during Christmas in December, further promoting the concept of environmental protection first introduced during the spring season, and raising tourists' awareness of marine conservation. Apart from the reporting and promotion of UWX through different local newspapers, TV media and official WeChat, UWX also published educational materials for free distribution at scenic spots, activity sites and to our partner organizations.

In 2019, UWX tried various tactical promotion models and achieved good results. For example, it launched a Family ticket package (2+1) promotion offer and offered them online through partnership with online travel portal such as Ctrip, the Travel Distribution Centre and Meituan. It also cooperated with Gulangyu Island's scenic spots for the first time and launched the "Attraction+Attraction" adult ticket package.

Through its active participation in various conservation promotion activities, including visits to schools to deliver lectures on marine science knowledge to students, carrying out many research study activities, and organizing night sleepover activities, the Xiamen Marine Development Bureau and Xiamen Education Bureau jointly awarded UWX the honorary medal of 'Xiamen Marine Culture Industry and Marine Awareness Publicity and Education" as a marine research base. In December, UWX was also awarded the title of "The First Batch of Primary and Secondary School Education Base" certified by Xiamen Education Bureau.

Lixing Cable Car registered 10.8% growth in revenue and 7.3% increase in profitability in FY2019 compared to a year ago on increased ridership. Effective and targeted advertising during the various long or short holidays, online ticket sales, improved rider's experience by installing audio speakers on the cable cars to provide tourist with historical information on popular attractions at Lintong District, as well as improved tourist services resulted in increased ridership from walk-in and tour groups.

The Singapore Flyer achieved 9.1% growth in revenue and higher profits compared to a year ago which was affected by a two-month suspension of the ride in the first quarter of 2018. In 2019, Singapore Flyer participated in numerous notable events. It partnered with Mattel to launch the World's First Barbie™ Flight experience in celebration of Barbie® 60th Anniversary. From March 9 to June 30, Singapore Flyer guests and avid Barbie® fans had the chance to discover Singapore's skyline in an exclusive Barbie® themed capsule.

In the second quarter of 2019, Singapore Flyer signed an agreement with the Attractions, Resorts & Entertainment Union (AREU) to partner on training, leadership and information sharing. The first recruitment drive for employees welcomed nearly 40 new members to the AREU.

In November 2019, it held closed-door preview sessions for the Time Capsule, the newest attraction by Singapore Flyer that will be unveiled in the first half of 2020. Premised on the Singapore Story, Time Capsule offers a multisensory experience of the Singapore story from 700 years ago to the present, and to a glimpse of the future. Key industry partners such as travel trade partners, institutions and the Singapore Tourism Board were invited to experience the attraction.

In December, Singapore Flyer participated in the iconic annual Marina Bay Singapore Countdown (MBSC) 2020. A joint initiative between the MBSC and Singapore Flyer, VOMG Rock Band New Year's Eve Party @ Singapore Flyer was more than a simple celebration. The event, attended by more than 1,000 performers, was an attempt to break a Guinness World Record with a medley of songs and fireworks to usher in the new year and showcase the next generation of empowered youths in Singapore. In the same month, Singapore Flyer also supported other local organizations in setting a new Guinness World Record for the largest display of lion dance. Held at the Floating Platform, Peace and Prosperity Singapura 2019 is a Singapore Bicentennial commemorative event that celebrates racial and religious harmony.

As one of the key attractions in Singapore, Singapore Flyer takes pride in delivering the best experience for its guests. In 2019, 13 employees were recognised for their commitment towards service excellence at the annual Excellent Service Awards organised by the Association of Singapore Attractions and Enterprise Singapore.

As part of Singapore Flyer's corporate social responsibility efforts to engage in community involvement, the Management continued to extend concession flights to non-profit organisations registered with the National Council of Social Service for their events. Some organisations that have enjoyed this privilege in 2019 are the Chinese Development Assistance Council (CDAC), AWWA, YMCA of Singapore and Fei Yue Community Services.

In June 2019, Singapore Flyer organised a Family Day Carnival to celebrate Hari Raya Puasa with underprivileged families from Children's Wishing Well and two other non-profit organisations under the National Heritage Board's HeritageCares programme. The half-day event which comprised of Malay Dance Performance, traditional games and activities and a flight on the giant observation wheel welcomed 200 beneficiaries, volunteers and Singapore Flyer staff. Supported by the Malay Heritage Centre, the community involvement programme was HeritageCares' first outreach programme.

In November 2019, the Management sponsored additional flight tickets to Promiseland Community Services to support their Family Day event taking place at the Singapore Flyer. This charity event reached out to children, youths and others from less privileged backgrounds.

Apart from activities held in Singapore Flyer, the Management also sponsored flight tickets for fundraising event held by the Cerebral Palsy Alliance Singapore and charity events held by SGX and MIJ Special Education. Throughout 2019, Singapore Flyer continued to support community events organised by the People's Association via the sponsorship of flight tickets, which were distributed as lucky draw prizes to the families.

As a prominent landmark in Singapore, Singapore Flyer is no stranger to light up events organised to raise awareness for community causes and movements. In 2019, Singapore Flyer lit up for Singapore World Water Day, World Heart Day, DrugsFreeSG and The Purple Parade.

Financial Commentary

The Group generated a net profit before tax of $56.54 million as compared to $62.47 million a year ago, a decrease of 9.5%, mainly attributable to lower profits generated by SOA and UWX. Expenses, excluding finance cost, decreased $3.98 million, or 6.5% as compared to FY2018. A finance cost of $2.57 million was recorded in the year, compared to $1.23 million in FY2018, mainly due to the interest expense on lease liabilities recognised following the adoption of SFRS(I) 16 starting 1 January 2019, while interest incurred on the bank loan taken up for the acquisition of the Singapore Flyer decreased due to lower principal amount outstanding.

The Group's cash flow from operating activities amounted to $48.62 million in FY2019. During the year, the Group used $32.14 million to pay out dividends and $12.93 million to repay borrowings and interest on loans. The company also utilized $0.98 million cash for share buybacks and received $2.05 million from the exercising of share options. As of 31 December 2019, the Group's cash and cash equivalent balance (excluding bank deposits pledged) amounted to $199.45 million, a marginal decrease of 1.1% for the year.

Sustainability Report

CONTENTS

BOARD STATEMENT

The Board of Directors (the “Board”) at Straco Corporation Limited (“Straco”) hereby presents the Sustainability Report for 2019. Our third 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 2019.

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.

In 2019, we revalidated the material ESG factors that were identified in the past two years as 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.

2019 AT A GLANCE

MATERIAL FACTORS	INDICATOR	PERFORMANCE FOR FY2019	TARGET FOR 2019	TARGET FOR FY2020
ENVIRONMENTAL				
Energy	Energy intensity	5,054 MJ / hour of operation	Achieved – Maintain or reduce 2017 energy intensity level - 5,341 MJ / hour of operation	Maintain or reduce energy intensity and GHG emissions intensity from the current year level
	GHG emissions intensity	0.566 tCO2e/hour of operation		
Water Management	Water intensity	18.3 m^3/hour of operation	Achieved - Maintain or reduce water intensity from the baseline year of 2017 intensity – 18.3 m^3/ hour of operation	Maintain or reduce water intensity from the current year level
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 and explore new ways to further enhance the well-being of animals	Continue to practice responsible sourcing of animals, explore new ways to further enhance the well-being of animals and actively partake in conservation efforts
SOCIAL				
Talent Retention and Training	Annual new hire rate	22%	Achieved - Maintain current average hours of training per employee (11 hours) and provide performance review to all eligible permanent employees	Maintain current average of 12 training hours per employee and provide performance review to all eligible permanent employees
	Annual turnover rate	22%		
	Average training hours per employee, per year	12 hours		
	Percentage of eligible permanent employees receiving regular performance review	100%		
Health and Safety	Number of work-related fatalities	0	Achieved - Continue to provide relevant training on health and safety and aim to maintain zero work-related 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		
	Number of recordable work-related injuries	9		

MATERIAL FACTORS	INDICATOR	PERFORMANCE FOR FY2019	TARGET FOR 2019	TARGET FOR FY2020
Local Communities	Initiatives on conservation education and charitable events	• Shanghai Ocean Aquarium organised 12 educational programmes during the year • Underwater World Xiamen continued to collaborate with partner institutions to create unique educational experience for the local community • Singapore Flyer hosted 3 Corporate Social Responsibility ("CSR") events	Achieved - • Shanghai Ocean Aquarium: organise 10 to 15 educational programmes • Underwater World Xiamen: continue to collaborate with partner institutions to create unique educational experience for the local community • Singapore Flyer: host at least 2 CSR events for charitable causes	Continue to support conservation education and contribute back to society • Shanghai Ocean Aquarium: organise at least 10 educational programmes and CSR activities • Underwater World Xiamen: continue to collaborate with partner institutions to create unique educational experience for the local community • Singapore Flyer: host at least 2 CSR events for charitable causes
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 2019 to 31 December 2019 ("2019"). 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. 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 • Customer review on official website • Market research and analysis	• Throughout the year • At least once a year
Local Communities	To contribute to local communities through conservation education and research, as well as charitable activities	• Education programmes • Charitable events	• Throughout the year
Employees	To create a safe, inclusive and rewarding working environment to sustain employee morale	• Safety training • Training or skill upgrading • Suggestion box • Workers' Union meeting on employee welfare • Team bonding activities	• Throughout the year • Bimonthly to twice a year • 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 • Annual General Meeting • Participation in non-deal road show • Meeting with investors and stock analysts	• Throughout the year • Once a year • Ad hoc • 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 2019, we have reviewed and revalidated the list of material factors identified in the past two years. We have enhanced the disclosures on energy by including information on emissions to further demonstrate our commitment towards managing our impacts on the environment.

The following table summarises Straco's material factors identified:

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

ECONOMIC PERFORMANCE

In view of geopolitical tensions such as the ongoing US-China trade tensions and global economic slowdown, international tourism experienced a slower growth in 2019. Nevertheless, the tourism sector remained resilient despite global uncertainties and slowdown, with Asia maintaining above-average growth compared to global performance. Overall, Straco's operations remained buoyant amidst marginal shortfalls in both revenue and net profit when compared to FY2018.

Straco continues to refresh its product offering to stay relevant and pursue a better utilisation of its capacity. On top of organic growth, Straco also actively seeks new leads for potential business opportunities in the tourism industry. We adopt a prudent and disciplined approach in our investment assessment, with an emphasis on sustainable economic returns and ESG considerations.

Overall, with the exception of the Singapore operation, which was impacted by the ride operation temporary suspension from late November, Straco's performance remained robust and continues to generate consistent margins at both the operating and net income levels. During the year, Straco generated a revenue of S$108.83 million and net profit of S$38.09 million in 2019. Details of the financial performance in 2019 can be found in the Financial Review section of this Annual Report. 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 2019, Straco carried out a few key energy-saving initiatives:

SOA:

- Equipped the central air-conditioning units with isolation valves to avoid refrigerant wastage and leakage, thus avoiding emissions of Chlorofluorocarbons ("CFCs") as global warming gases and air pollutants.
- Adopted real-time supervision and control of electrical equipment to reduce peak power consumption.
- Replaced the use of coal-based carbon with coconut shell-based activated carbon for filtration purposes in the aquarium in order to reduce non-renewable energy demand and carbon footprint.
- Improved energy-efficiency in the Life Support System ("LSS"), as elaborated in the case study on the right.

UWX:

- Reconciled monthly financial utility bills against energy usage records for tighter financial control and oversight.
- Continued use of variable-speed escalators with motion sensors and scheduling of the cooling operation of the air source heat exchanger to night time during the summer, in order to reduce energy consumption.

SF:

- Used Energy Policy Statement and Guidelines for Offices to encourage energy conservation in office administration.
- Set air conditioning to appropriate temperature based on regular review of visitor traffic and weather to minimise energy usage.

SOA: Optimising energy efficiency of the Life Support System ("LSS")

The LSS in SOA is a closed-loop water circulation system to sustain the suitable aquatic environment for animals. Considering the diverse range of animals kept in SOA, there are complex requirements regarding the water temperature and water quality. Thus, a sizeable number of electrical appliances are required for water filtration, sterilisation and temperature control.

Many of our marine species require a specific range of water temperature to thrive. Since SOA is located in a temperate region, there is a need to cool or warm the water according to the seasons. Since May 2018, SOA has rolled out a dual water temperature scheme for energy efficiency. Riding on our existing knowledge of the respective temperature range for different animals, in warmer months during summer (May to October), the target water in our heat exchangers is set at the upper limit of tolerable temperature of the animals. In colder months during winter (October to May), water temperature is set at the lower limit. This initiative of reducing the temperature gradient between ambient environment and the aquarium water reduces the energy demand for cooling in summer and heating in winter.

In 2019, SOA improved the energy efficiency of the LSS by optimising the use of temperature control systems and using energy-saving appliances, as illustrated below:

- After analysis and comparison of water quality data and behavioural feedback of the animals over the years, it was found that some animals are quite tolerant to cold weather and can adapt to Shanghai's ambient temperature in winter. Therefore, the temperature control equipment was closed in winter for these animals, including alligators, catfish, seals and moon jellyfish. In addition, the cooler used at an exhibition tank was connected to the plate exchanger of another exhibition tank in order to fully utilise heating equipment in winter. During the year, we also made use of the surplus cooling capacity of the indoor air-conditioning system to control the temperature of tanks containing moon jellyfish, thus reducing the use of coolers.
- Due to the needs of some animals, the exhibition tanks generally use metal halide lamps and fluorescent lamp lighting. In 2019, through continuous experimentation and analysis of results, we have gradually replaced current

lighting with more energy-efficient LED lights in exhibition tanks containing animals such as horseshoe crabs, big-belly seahorses, golden jellyfish and Pacific sea nettles.

As a result of the above initiatives in improving energy efficiency, SOA's energy consumption was reduced by 7% in 2019 compared to the baseline year of 2017.

SF (managed by Straco Leisure Pte Ltd) had joined the Ministry of the Environment and Water Resources ("MEWR") of Singapore in 2018 to pledge its commitment in taking climate action. Please refer to our pledge[1] 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

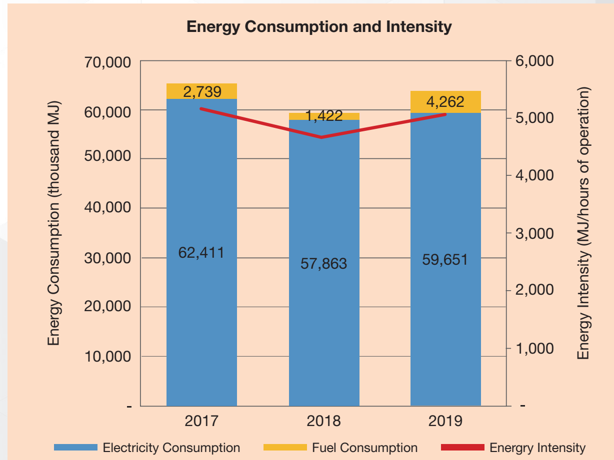
Our climate action goals
Reduce carbon footprint by 1%

Figure 1 Singapore Flyer's Climate Action pledge in 2018

[1] *To view the pledge gallery, please visit https://www.mewr.gov.sg/pledge-gallery*

In 2019[2], there was slight reduction of SF's GHG emissions by 0.4% compared to 2017. 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[3], 2018[3/4] and 2019. Our total energy intensity, which is calculated based on total energy consumption over hours of operation during the year, is also shown below.



In 2019, SOA, UWX and SF consumed 63,912,938[2] Mega Joule ("MJ") of energy, comprising 59,651,286 MJ of electricity consumption and 4,261,652[5] MJ of fuel

[2] *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.*

[3] *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.*

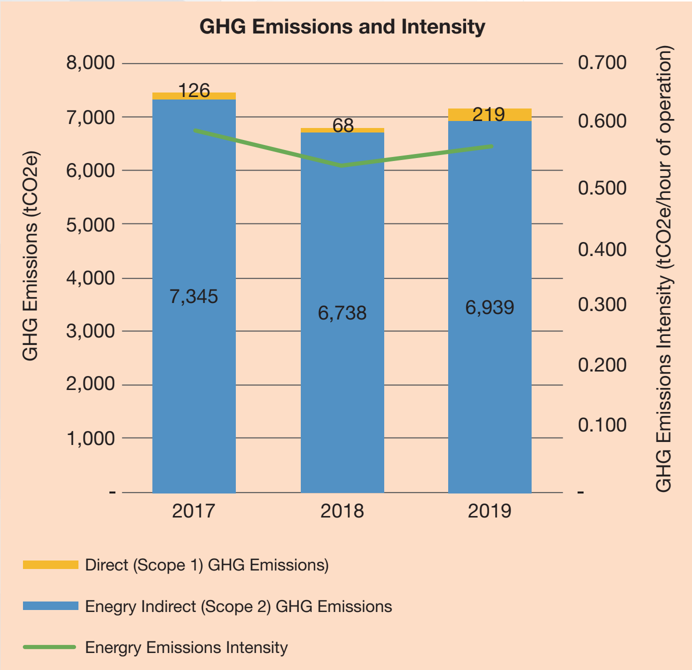
[4] *In 2018, the giant observation wheel at Singapore Flyer suspended its operation for 2 months. However, other facilities, including food and beverage outlets and shops, were still open during the period. Therefore, energy consumption should be interpreted with this consideration in mind.*

[5] *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.*

ENERGY

consumption including Liquefied Natural Gas ("LNG"), town gas (Singapore), diesel and Liquefied Petroleum Gas ("LPG"). There was a 5% decrease in total energy consumption from the baseline level of 67,496,456 MJ in 2017. Energy intensity was also reduced by 5% from 5,341 MJ per hour of operation in 2017 to 5,054 MJ per hour of operation in 2019. Thus, Straco is pleased to report that it has achieved its energy target set for 2019, which is to maintain or reduce energy intensity from the baseline level in 2017.

The following chart depicts the total GHG emissions arising from operations under SOA, UWX and SF, which consists of direct (scope 1) GHG emissions[6] and energy indirect (scope 2) GHG emissions[7], and the total GHG emissions intensity.



Following reductions in total energy consumption, our total GHG emissions decreased by 6% from 7,619 tCO2e in 2017 to 7,159 tCO2e in 2019[2] and GHG emissions intensity decreased by 6% from 0.603 tCO2e/hour of operation in 2017 to 0.566 tCO2e/hour of operation in 2019.

In 2020, Straco aims to maintain or reduce energy intensity and GHG emissions intensity from 2019 levels.

[6] 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.

[7] Energy indirect (Scope 2) GHG emissions arose from electricity consumption. The emissions were calculated based on Grid Emission Factors of Singapore in 2019, adapted from Singapore Energy Statistics 2019.

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 are as follows:

SOA:

- Due to the lack of natural seawater nearby, artificial saltwater is manufactured from municipal water. SOA adopts a closed-loop system in its LSS which enables a significant amount of water to be treated and reused.
- In 2019, leak detection and repair works were performed on peripheral fire protection pipelines to avoid wastage of water resources.
- A large-scale modification of 13 bathrooms was undertaken this year to upgrade water fittings to more water-efficient replacements.
- In 2019, through inspection and examination of the filtering capabilities of different types of sand, SOA is gradually replacing the original sand used with quartz sand. The latter has a larger particle size and functions as a more effective water filter. As a result, water quality has been improved and water loss is reduced.

UWX:

- Leveraging on its proximity to the sea, UWX uses treated seawater for the aquarium which minimises disturbance to local freshwater supplies. Water is filtered and re-circulated within the LSS to conserve water.
- Water-efficient fittings such as automatic flow control faucets, flushing valves, and water-saving toilet tanks and automatic sprinkler irrigation system are installed, while the central air-conditioning cooling tower makes use of recycled water.

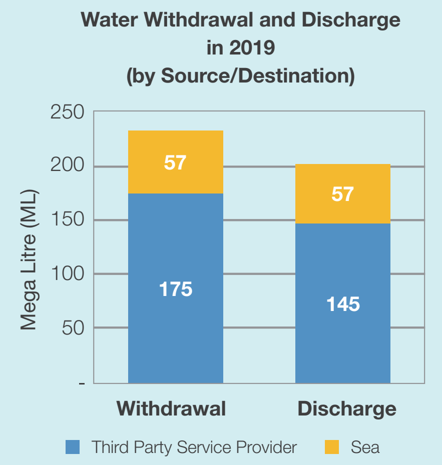
SF:

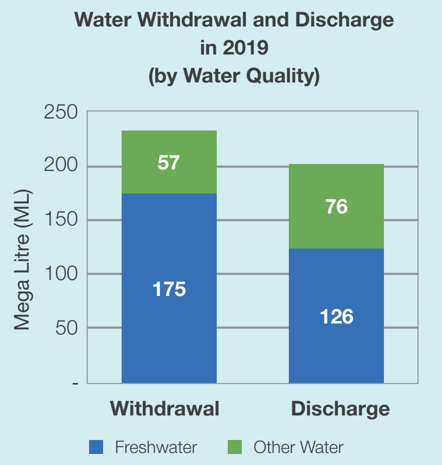
- In support of the national water conservation movement, SF adopts a Water Efficiency Management Plan ("WEMP") which details water management policies and practices and is submitted annually to the Public Utility Board ("PUB") for review. The WEMP has allowed SF to identify areas to further reduce consumption and raise efficiency.
- 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 with 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 2019.

WATER MANAGEMENT

The charts below detail the breakdown of water withdrawal and discharge[8] by source / destination and water quality in 2019.

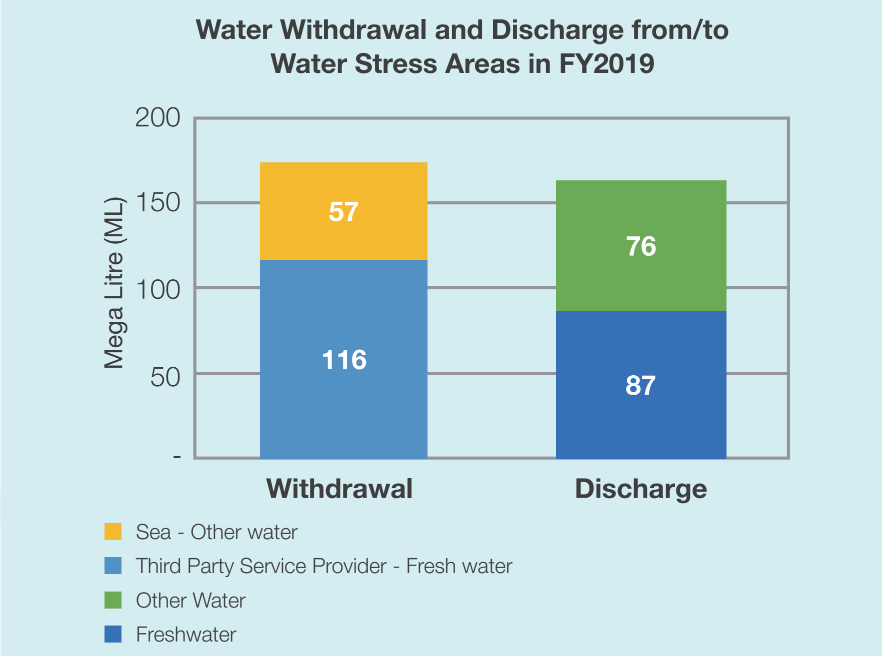




In 2019, SOA, UWX and SF withdrew 232 Mega Litres ("ML") of water, comprising 175 ML of municipal water and 57 ML of seawater. There was a 0.3% decrease in the amount of water withdrawal as compared to the baseline level of 231 ML in 2017. Water intensity, calculated using total water withdrawal over total hours of operation, remained constant at 18.3 m^3 per hour of operation in 2017 and 2019. The 2019 target of maintaining or reducing water intensity from the baseline year of 2017 was met. In 2020, Straco aims to maintain or reduce water intensity from the current year level.

This year, 202 ML of water was discharged, comprising 126 ML of used freshwater[9] sent to third party water treatment facilities and 76 ML of other water[10] 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 2019, 173 ML of water was withdrawn from, and 163 ML of water was discharged to areas of water stress. The third party water withdrawn comprises of 102 ML of groundwater and 14 ML of surface water.

[8] *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.*

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

[10] *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[11]

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")[12] 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 behaviours, water quality and nutrition, Straco has gained considerable progress in its breeding endeavours.

In 2019, a total of 9,220 animals of 20 species were bred by SOA, of which 1,169 animals were successfully displayed in the exhibition tanks.

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 vitalising of the Pacific sea nettle juvenile and optimisation of UV sterilisation systems in aquariums for ornamental fish, SOA won a nominee award in the Pudong Employees Innovation in Science and Technology Award in 2019.

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 2019, both UWX and SOA actively participated in the nation-wide "Conservation Month for Aquatic Wildlife" to raise awareness on aquatic biodiversity and marine conservation.

Figure 2 UWX employees at a wildlife rescue mission

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

[12] *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.*

Figure 3 SOA releasing turtles back to the sea under the facilitation of Bureau of Fisheries

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 and 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.

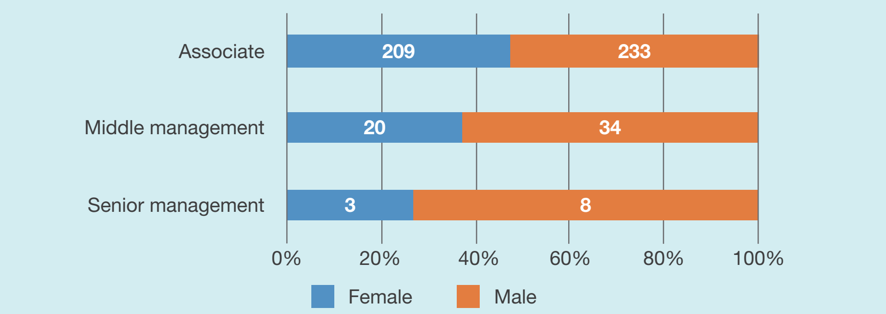
TALENT RETENTION AND TRAINING

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. As of 31 December 2019, we have a total of 9 Directors[13] and 507 permanent employees. A breakdown of our workforce is shown in the charts below. We have a roughly 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.



Percentage Employees per Employee Category
By Gender

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

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

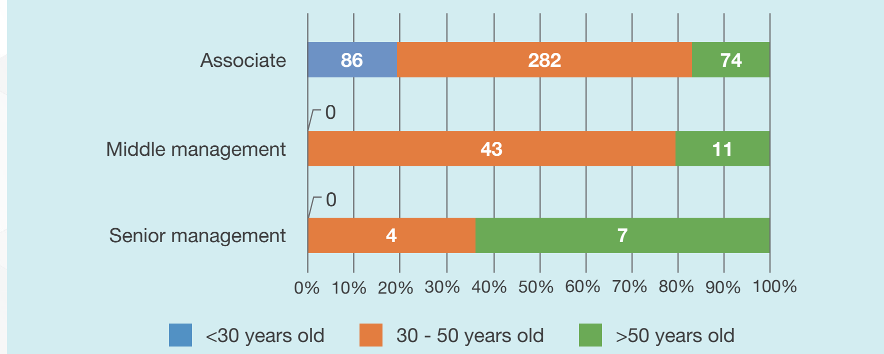
Employees

By Location
China: 354
Singapore: 153

By Gender
Female: 232
Male: 275

By Employee Category
Senior Management: 11
Middle Management: 54
Associate: 442

By Age Group
<30 years old: 86
30 – 50 years old: 329
> 50 years old: 92



Percentage Employees per Employee Category
By Age Group

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:

Figure 4 Team Building Training for SOA employees

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

SOA: Team Building

In order to enhance team cohesion, company loyalty and maintain organisational vitality, a 4-day team building training was carried out in Binjiang Forest Park, involving SOA's 207 employees from various departments, positions and ranks.

By means of the training programme which encompassed warm-up games, cooperation among cross-departmental teams, and the appointment of ordinary employees as team leaders, our employees were given the opportunity to connect with and discover the unique strengths of fellow colleagues. Through the post-programme feedback forms which amassed a score of 91.37 points (out of 100), employees expressed that the training enhanced understanding, inter-departmental cooperation and unity.

The Human Resource ("HR") Department practises strategic workforce planning by monitoring the new hires and turnover rates. In 2019, our average annual rates of new employee hires and employee turnover both stood at 22%, which are reduced compared to the 2018 rates of 26% and 27% respectively. The table below 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[14]	Number	Annual Rate[15]
By age group				
< 30 years old	41	48%	38	44%
30 - 50 years old	58	18%	57	17%
> 50 years old	15	16%	17	18%
By gender				
Male	57	21%	63	23%
Female	57	25%	49	21%
By region				
China	88	25%	79	22%
Singapore	26	17%	33	22%
Overall				
Overall	114	22%	112	22%

[14] *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.*
[15] *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.*

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. Examples of training programmes available in 2019 are illustrated in the table below.

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

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

TALENT RETENTION AND TRAINING

Apart from the above, 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. In 2019, our permanent employees received 12 hours of training on average, with a breakdown shown in the table below.

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

SOA: Employment Apprenticeship Base

In 2019, in partnership with the Shanghai Human Resources and Social Security Bureau's initiative to promote youth employment and apprenticeship, SOA was appointed as an Employment Apprenticeship Base, whereby students from Shanghai Ocean University and Shanghai Vocational College of Agriculture and Forestry were given internship opportunities in SOA's aquarium department and subsequently converted to full-time employees depending on their performance. Through this, SOA contributes to the education and training of our future workforce, thus securing a steady pipeline of highly trained professionals for our business and promoting the aquatic sector's growth.

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. The employee appraisals can 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 2019, 100% of eligible permanent employees[16] have received at least one performance review.

In 2020, we aim to maintain current average hours of training per employee and provide performance review to all eligible permanent employees.

[16] *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, and renewed its BizSafe level Star certification.

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.

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.

SOA: Caring for Employee Health and Mental Wellness

We continue to care for our employees physical and mental health through initiatives including the provision of a leisure and activity room. In 2019, in collaboration with the labour union, SOA refurbished the activity room and installed book-borrowing machines. By simply scanning a barcode through WeChat, employees can borrow books at their convenience. In addition, sports equipment such as ping-pong tables and treadmills have been introduced to provide an avenue for employees to unwind and maintain an active lifestyle.

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 are 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.

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, one in 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. From 2019, the CCTV system in UWX has been gradually upgraded to achieve full coverage of the premises for increased security.

HEALTH AND SAFETY

As we operate tourist attractions with high traffic, we place high importance on fire safety. We ensure that our property, including elevators, escalators and stairwells, are well-maintained and that our safety equipment are 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 2019. In addition to 2 fire drills conducted for all employees in 2019, UWX also provided a power outage drill and counter-terrorism trainings to employees.

Figure 5 Counter-Terrorism Training for UWX employees

Located in tropical Singapore, SF ensures that pest control treatment is carried out 3 times every week 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 2019.

Number of work-related injuries	2018	2019
Fatalities as a result of work-related injury[17]	0	0
High-consequence work-related injuries[18] (excluding fatalities)	1	0
Recordable work-related injuries[19]	2	9

In 2019, the rate of recordable work-related injuries for permanent employees was 8.7[20], calculated based on total man-hours worked of 1,038,904 in 2019. The work-relate injuries mainly included cuts, burns, tendon rupture and eel bite. The increase in the recordable work-related injuries in 2019 compared to 2018 was mainly due to the additional food and beverage operations during the year.

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 2019. 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 2019, we have achieved our target set of continuing to provide relevant training on health and safety but did not achieve our goal of maintaining zero workplace fatalities. For 2020, we aim to continue providing relevant training on health and safety and achieve zero high-consequence work-related injuries, including fatalities.

[17] *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.*

[18] *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.*

[19] *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.*

[20] *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

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 2019, 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 more than 100 educational tours for groups and 200 daily science education shows. Similarly, UWX conducts lectures in schools and various activities such as competitions and poetry recitations 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 10 of such activities which reached an estimate of 4,992 people.

Figure 6 UWX organised an 'Environmental Protection' themed poetry recitation

Below are some highlights of the educational programmes and initiatives in 2019.

1. SOA: Sustainable Seafood Campaign

In collaboration with World Wide Fund for Nature, SOA launched an awareness campaign for Sustainable Seafood, utilising the Seafood Guide to educate visitors on sustainable consumption and marine conservation. Capitalising on major local science and technology festivals such as the Shanghai Science and Technology Festival and National Science Day, the campaign reached over 100,000 visitors. As demand for seafood grows, overfishing has become a pressing global issue. By introducing the locally-customised Seafood Guide to the region, SOA hopes to have far-reaching influence in educating the public on selective consumption and sustainable fishing methods and sources, thereby alleviating the problem of overfishing.

2. UWX: Sharing Marine Knowledge

In 2019, UWX offered complimentary lectures and classes to educate students on marine science. A total of 400 students from 2 schools participated and gained knowledge and awareness on marine science and conservation.

Figure 7 A marine knowledge lecture conducted by UWX in a school

LOCAL COMMUNITY

Social Cohesion and Charity

Straco is committed to serving the local community through social and charitable activities. Below are the highlights in 2019.

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.
- As a platform for volunteerism, SOA had more than 1,350 university student volunteers and 188 high school student volunteers in 2019, thereby igniting the spirit of volunteerism in the community.
- SOA extended educational programmes to students and donated books to ethnic minorities from 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 organised complimentary tours for 20 underprivileged parent-child pairs.
- Complimentary tours were given to 60 persons with intellectual disabilities in Siming District.
- Organised a charity flea market event in collaboration with local community organisations in Gulangyu Island.

Figure 8 Complimentary tour at UWX given to underprivileged families

3. SF: Involving the underprivileged, the disabled and the elderly

- SF was one of the corporate sponsors of Singapore Exchange ("SGX") Bull Charge 2019, the charity initiative that brings together Singapore's financial community and listed companies to support the needs of underprivileged children, persons with disabilities, as well as the elderly. As part of the initiative, SF hosted 2 events at the Event Hall and sponsored flights for beneficiaries from Autism Association, AWWA limited, Fei Yue Community Services and HCSA Community Services.
- In collaboration with the National Heritage Board and as part of the HeritageCares initiative, SF organised a Family Day at the Singapore Flyer for more than 200 underprivileged families. The Community Chest beneficiaries were treated to cultural performances, games and activities, rides on the giant observation wheel as well as a sumptuous lunch to round up the event.

Figure 9 Family Day for Community Chest beneficiaries, organised by SF and supported by National Heritage Board

- By offering concessionary tickets and providing event spaces at discounted rates, SF supported a marriage vow renewal event organized by the Chinese Development Assistance Council ("CDAC") for 380 low-income beneficiary families. The event involved talks conducted by CDAC for the couples, activities for the younger ones and rides on the Singapore Flyer.
- SF sponsored flights for fundraising events organised by the Cerebral Palsy Alliance Singapore, My Inspiring Journey Special Education Hub and Promisedland Community Services.
- Throughout 2019, SF continued to support community events organised by the People Association's ("PA") community clubs via concessionary tickets and sponsorship of flights, which were distributed as lucky draw prizes to underprivileged seniors, families and children. SF also became a member of Project We Care, an initiative by PA in collaboration with private sector organisations to co-create programmes that bridge the gaps in the community and elevate rights of the underprivileged. SF supported the PA's 4th biennial project, Project We Care Garden Party at Istana, by sponsoring flight tickets.

In 2019, we followed through on our commitment to continually support conservation and contribute to society. During the year, SOA organised 12 educational programmes during the year, in line with its target of 10 to 15 educational programmes. UWX has continued to collaborate with partner institutions to create unique educational experiences for the local community through its abovementioned initiatives. SF has hosted 3 CSR events for charitable causes, exceeding its target of at least 2 CSR events.

Going forward, we will remain committed to our efforts in conservation education, building social cohesion and charitable giving. In 2020, SOA targets to organise at least 10 educational programmes and CSR activities, while UWX strives to continue collaborating with partner institutions to create unique educational experience for the local community. As for SF, it aims to continue to host at least 2 CSR events for charitable causes in 2020.

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 2019, 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 2019, Straco has received several awards and certifications in recognition of its achievements in sustainability. Below are some examples:

SHANGHAI OCEAN AQUARIUM

- Nominee for 2019 Pudong Employees Innovation in Science and Technology Award in recognition of SOA's innovations in vitalising the Pacific sea nettle juvenile and optimisation of UV sterilisation systems in aquariums for ornamental fish
- Outstanding Team in 2019 Pudong Science Festival
- 3rd place in Outstanding Volunteerism
- Shanghai Science Education Innovation Award (10,000 Yuan Grant)
- Outstanding Science Education Base in Shanghai Pudong District (30,000 Yuan Grant)
- The paper "On the Management of Science Volunteers in the Modern World" written by Dong Yi of the department of science and education won 2nd place in the "Pudong Yangtze River Delta Regional Science Exchange".
- Shanghai Exemplary Science Education Venue

UNDERWATER WORLD XIAMEN

- Xiamen Marine Culture and Awareness Education Research Base
- Xiamen Primary and Secondary School Field Education Base

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

Figure 10 UWX receiving the Xiamen Marine Culture and Awareness Education Research Base Award

GROUP STRUCTURE

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 2019, 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.

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.

CORPORATE GOVERNANCE

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 (Alternate: Wu Xiuyi)	*Executive Chairman*	-	M	-
Li Weiqiang	*Non-Executive Director*	-	-	-
Chua Soh Har (Alternate: Wu Xiuzhuan)	*Non-Executive Director*	-	-	M
Tay Siew Choon	*Lead Independent Director*	-	C	C
Lim Song Joo	*Independent Director*	C	-	-
Teo Ser Luck	*Independent Director*	M	-	M
Hee Theng Fong	*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.

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 quarterly 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 fund 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.

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 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's 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 Company Secretary, or her representatives, attends all Board meetings and is responsible to ensure that the Board procedures are followed. 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.

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 has served as independent Director for more than nine years. The Board has carried out a rigorous review of his independence status. The Board's view is that Mr Tay Siew Choon continues to demonstrate his ability to exercise strong independent judgment in his deliberation and act in the best interests of the Company and that his length of service on the Board has not affected his independence from management. Mr Tay continues to express his views, debates issues and objectively and actively scrutinizes and challenges management. Further, having gained in depth understanding of the business and operating environment of the Group, and significant insights in the Group's operations, he provides 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 who has abstained from deliberation of this matter) have reviewed and determined that Mr Tay continues to be an independent Director, notwithstanding that his service on the Board has been more than nine years.

CORPORATE GOVERNANCE

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.

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.

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 60 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.

This year, Mdm Chua Soh Har and Mr Li Weiqiang 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.

Mr Teo Ser Luck, a director newly appointed during the year, will also be retiring at the forthcoming AGM, pursuant to the requirements of Article 96 of the Company's Constitution and will be seeking re-election as a Director of the Company. Article 96 provides that any Director appointed during the year shall retire from office and stand for re-election at the AGM following his appointment.

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

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.

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 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.

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 2019, 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.

Principle 8: Disclosure on Remuneration

The following table sets out the quantum of Directors' Remuneration for the year ended 31 December 2019, 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	67%	33%	-	1,473
Li Weiqiang	-	43%	57%	54
Chua Soh Har	-	35%	65%	65
Tay Siew Choon	-	22%	78%	102
Lim Song Joo	-	26%	74%	87
Teo Ser Luck	-	-	100%	26
Hee Theng Fong	-	28%	72%	81
Wu Xiuyi	66%	34%	-	279
Wu Xiuzhuan	63%	37%	-	250

Note: Base/fixed salary includes the 13th month payment or the annual wage supplement, fixed bonus and allowances. The variable or performance related bonus of Mr Wu Hsioh Kwang, Ms Wu Xiuyi, and Mr Wu Xiuzhuan were paid in 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 2019 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 2019.

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 2019, the remuneration of two executives fell within the remuneration range of $250,000 and below, the remuneration of two executives fell within the remuneration band of between $250,000 and $500,000, and the remuneration of one executive fell within the remuneration band of $500,000 and $750,000. 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.

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 2019 amounted to $1.62 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.

CORPORATE GOVERNANCE

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 2019.

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.

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.

CORPORATE GOVERNANCE

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 136 to 146 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. The 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 2019 give a true and fair view of the Group's operations and finances;

(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;

(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 page 67 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 $18,200. 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.

Pursuant to Rule 1207 (6)(a), the fees payable to the external auditors for audit services for the financial year ended 31 December 2019 was $325,700.

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 regular communication with our shareholders, the Company has adopted quarterly 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.

As a result of the recent amendments to Rule 705(2) of the Listing Manual of Singapore Exchange Securities Trading Limited, which took effect from 7 February 2020, the Company will also change from quarterly to semi-annual reporting from 2020. Nonetheless, the Board intends to continue 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.

CORPORATE GOVERNANCE

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.

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 on an annual basis with a consistent and sustainable ordinary dividend, based on cash position, working capital, expenditure plans, acquisition opportunities and market environment.

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

CORPORATE GOVERNANCE

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 of Directors (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 and one month before the announcement of the Company's second quarter and full year financial statements.

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 2019 (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 Poly Technologies Co. Ltd	25	N.A. – the Company does not have a shareholders' mandate for interested person transactions
Shanghai Surpass Corp. Ltd	338	
Eversheds Harry Elias LLP	141	

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 2019 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2018.

FINANCIAL REVIEW

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

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 72 to 153 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 2019 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 (appointed on 25 July 2019)
Choong Chow Siong (resigned on 26 April 2019)

Alternate Directors

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

Arrangements to enable directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

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 31.12.2019	At 1.1.2019 or date of appointment, if later	**At 31.12.2019**	At 1.1.2019 or date of appointment, if later
Straco Corporation Limited (No. of ordinary shares)				
Wu Hsioh Kwang	**8,888,000**	7,888,000	**470,679,980**	470,349,980
Li Weiqiang	**330,000**	330,000	**-**	-
Chua Soh Har	**11,804,000**	11,474,000	**467,763,980**	466,763,980
Tay Siew Choon	**2,150,000**	1,820,000	**-**	-
Lim Song Joo	**1,224,000**	1,224,000	**-**	-
Wu Xiuyi (Alternate Director to Wu Hsioh Kwang)	**35,205,000**	34,605,000	**-**	-
Wu Xiuzhuan (Alternate Director to Chua Soh Har)	**27,656,000**	27,256,000	**-**	-
Choong Chow Siong (resigned on 26 April 2019)	**-**	1,820,000	**-**	-

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 31.12.2019	At 1.1.2019 or date of appointment, if later
Name of Directors		
Wu Hsioh Kwang (also the controlling shareholder of the Company)	**3,300,000**	3,800,000
Li Weiqiang	**1,188,000**	988,000
Chua Soh Har	**1,188,000**	1,318,000
Tay Siew Choon	**1,188,000**	1,318,000
Lim Song Joo	**924,000**	724,000
Hee Theng Fong	**660,000**	460,000
Choong Chow Siong (resigned on 26 April 2019)	**-**	1,318,000
	8,448,000	9,926,000
Alternate Directors and associates of controlling shareholder		
Wu Xiuyi	**1,984,000**	2,204,000
Wu Xiuzhuan	**1,730,000**	1,750,000
	3,714,000	3,954,000

(c) The directors' interests in the ordinary shares and convertible securities of the Company as at 21 January 2020 were the same as those as at 31 December 2019.

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 2019, a total of 29,450,000 (2018: 29,150,000) were allotted pursuant to options which had been exercised and a total of 1,920,000 (2018: 1,920,000) had lapsed/expired under the 2004 Scheme. Options to subscribe for a total of 750,000 (2018: 1,050,000) which have not yet been exercised remained outstanding.

As at 31 December 2019, a total of 5,974,000 (2018: 2,814,000) were allotted pursuant to options which had been exercised and a total of 2,662,000 (2018: 1,344,000) had lapsed/expired under the 2014 Scheme. Options to subscribe for a total of 24,940,000 (2018: 24,928,000) 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 31.12.2019	Aggregate granted since commencement of scheme to 31.12.2019	Aggregate exercised/forfeited since commencement of scheme to 31.12.2019	Aggregate outstanding as at 31.12.2019
Wu Hsioh Kwang (also the controlling shareholder of the Company)	500,000	8,200,000	(4,900,000)	3,300,000
Li Weiqiang	200,000	1,518,000	(330,000)	1,188,000
Chua Soh Har	200,000	2,148,000	(960,000)	1,188,000
Tay Siew Choon	200,000	3,138,000	(1,950,000)	1,188,000
Lim Song Joo	200,000	2,148,000	(1,224,000)	924,000
Hee Theng Fong	200,000	660,000	-	660,000
Choong Chow Siong (resigned on 26 April 2019)	-	2,938,000	(2,938,000)	-
	1,500,000	20,750,000	(12,302,000)	8,448,000
Alternate Directors and Associates of controlling shareholder				
Wu Xiuyi	380,000	4,324,000	(2,340,000)	1,984,000
Wu Xiuzhuan	380,000	2,430,000	(700,000)	1,730,000
	760,000	6,754,000	(3,040,000)	3,714,000

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, 3,460,000 treasury shares of the Company were re-issued upon exercise of the 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	

(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 31.12.2019	Exercise price	Exercise period
2004 Scheme			
06/05/2013	750,000	0.311	07/05/2014 to 06/05/2023

Share options (continued)

(b) Share options outstanding (continued)

Date of grant of option	No. of unissued ordinary shares under option at 31.12.2019	Exercise price	Exercise period
2014 Scheme			
12/05/2014	1,580,000	0.630	13/05/2015 to 12/05/2024
12/05/2015	2,656,000	1.060	13/05/2016 to 12/05/2020
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	2,260,000	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	2,250,000	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	2,250,000	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	2,230,000	0.780	24/05/2020 to 23/05/2029
	25,690,000		

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 (appointed on 25 July 2019)
Choong Chow Siong (resigned on 26 April 2019)

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;

DIRECTORS' STATEMENT
For the financial year ended 31 December 2019

Audit and Risk Committee (continued)

- 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 2019 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.

Independent auditor

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

On behalf of the directors

Wu Hsioh Kwang
Director

Lim Song Joo
Director

16 March 2020

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 2019 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 2019;
- the consolidated statement of financial position of the Group as at 31 December 2019;
- the statement of financial position of the Company as at 31 December 2019;
- 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.

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 2019. 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
Useful lives of property, plant and equipment and investment property As at 31 December 2019, the carrying value of property, plant and equipment and investment property, excluding right-of-use ("ROU") assets, amounted to $135.0 million and $21.2 million respectively. These assets are predominantly made up of land and buildings which the Group's key attractions operate on and machinery and equipment which are operational assets used in the day-to-day business of the key attractions. The Group reviews annually the estimated useful lives of property, plant and equipment and investment property, excluding ROU assets, based on factors that include: - Asset utilisation and visitorship to the attractions; - Technological changes and obsolescence; - Government regulations or re-designation of land space and; - Internal technical evaluation on safety and maintenance plans. 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. Our audit procedures included the following: • Obtained key contracts and agreements entered into for usage or lease of land space for the Group's key attractions; • Obtained evidence of annual renewal of operating permit granted by the authority; • Reviewed actual useful lives of fully depreciated assets which still remain in use; • Obtained and reviewed planned maintenance expenditure information; and • Considered other similar established industry practices. We found management's basis of estimating the useful lives to be appropriate. 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.

Our Audit Approach (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Adoption of SFRS(I) 16 Leases As at 31 December 2019, the Group's lease liabilities amounted to $44.1 million. The Group adopted SFRS(I) 16 *Leases* on 1 January 2019. The Group applied the simplified transition approach and did not restate comparative amounts for the year prior to first adoption. ROU assets for leases will be measured on transition at the amount equal to the lease liability adjusted for any previously recognised prepaid or accrued lease payments. The lease liabilities were initially measured by discounting the lease payments over the lease terms. For leases with extension options, the Group applied significant judgement in determining whether such extension options should be reflected in measuring the lease liabilities. The Group also applied significant judgement in estimating the discount rate. We focused on the adoption of SFRS(I) 16 in view of the significant effort required to audit the lease liabilities recognised due to the significant judgement applied in determining whether it is reasonably certain for the Group to exercise the lease extension options and the discount rate used to discount the lease payments.	In relation to the recognition of ROU assets and lease liabilities, we: • Obtained an understanding of the internal controls, including the new processes and controls in relation to the application of SFRS(I) 16; • Obtained an understanding of the lease contracts identified by management and assessed the appropriateness of management's identification of those contracts as leases based on contractual agreements; • Assessed the reasonableness of management's expectation of the lease period using our understanding of the importance of the leased asset to the Group's business and whether the cost of obtaining replacement asset would be significant; • Assessed the appropriateness of the discount rate applied by management; and • Tested the calculation of the lease liabilities based on lease payments over the expected lease terms. We found the judgement applied by management in the recognition of lease liabilities to be appropriate. We also found the disclosure on the critical judgements applied by management in the determination of the lease term and the discount rate used in Note 3 to be appropriate.

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.

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.

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, 16 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	**2019** **$**	2018 $
Revenue	4	**108,834,742**	117,879,947
Other income	5	**7,410,020**	6,929,247
Expenses			
Depreciation and amortisation	6	**(10,652,009)**	(9,636,092)
Changes in inventories and purchases of goods		**(2,009,497)**	(2,965,308)
Professional and legal fees		**(1,044,656)**	(924,027)
Sales and marketing		**(1,778,680)**	(2,239,395)
Exchange losses - net		**(957,482)**	(1,077,959)
Rental expenses	16	**(3,852,554)**	(7,156,987)
Property and other taxes		**(1,501,281)**	(1,782,815)
Repair and maintenance		**(4,857,570)**	(4,552,755)
Employee compensation	7	**(23,516,327)**	(23,187,272)
Utilities		**(2,662,425)**	(2,683,857)
Loss on disposal of property, plant and equipment		**(32,448)**	(921,639)
Other operating expenses		**(2,140,775)**	(1,854,974)
Other administrative expenses		**(2,127,466)**	(2,128,604)
Finance cost		**(2,571,534)**	(1,225,335)
Profit before income tax		**56,540,058**	62,472,175
Income tax expense	8(a)	**(16,212,512)**	(18,335,033)
Total profit		**40,327,546**	44,137,142
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation - losses		**(4,605,002)**	(3,877,043)
Other comprehensive loss, net of tax		**(4,605,002)**	(3,877,043)
Total comprehensive income		**35,722,544**	40,260,099

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	2019 $	2018 $
Profit attributable to:			
Equity holders of the Company		**38,090,339**	41,835,152
Non-controlling interests		**2,237,207**	2,301,990
		40,327,546	44,137,142
Total comprehensive income attributable to:			
Equity holders of the Company		**33,642,841**	38,102,471
Non-controlling interests		**2,079,703**	2,157,628
		35,722,544	40,260,099
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic earnings per share	9	**4.41**	4.86
Diluted earnings per share	9	**4.41**	4.85

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

STATEMENT OF FINANCIAL POSITION - GROUP

As at 31 December 2019

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	10	**200,452,309**	202,695,371
Trade and other receivables	11	**5,145,760**	6,811,942
Inventories	12	**2,251,850**	2,195,486
		207,849,919	211,702,799
Non-current assets			
Investment property	14	**24,059,159**	45,761,625
Property, plant and equipment	15	**175,676,755**	113,539,982
Intangible assets and goodwill	18	**1,493,633**	1,977,978
		201,229,547	161,279,585
Total assets		**409,079,466**	372,982,384
LIABILITIES			
Current liabilities			
Trade and other payables	19	**8,865,845**	10,729,135
Current income tax liabilities	8(b)	**1,493,435**	2,224,988
Borrowings	20	**12,000,000**	12,000,000
Lease liabilities		**1,016,154**	-
		23,375,434	24,954,123
Non-current liabilities			
Borrowings	20	**13,900,000**	25,900,000
Lease liabilities		**43,091,446**	-
Deferred income		**150,242**	187,863
Deferred income tax liabilities	21	**22,299,600**	21,455,843
Provision for reinstatement cost	22	**5,825,798**	5,183,929
		85,267,086	52,727,635
Total liabilities		**108,642,520**	77,681,758
NET ASSETS		**300,436,946**	295,300,626
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23	**76,985,514**	76,985,514
Other reserves	24	**11,068,612**	13,827,352
Retained profits		**200,369,765**	192,630,954
		288,423,891	283,443,820
Non-controlling interests		**12,013,055**	11,856,806
Total equity		**300,436,946**	295,300,626

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

STATEMENT OF FINANCIAL POSITION - COMPANY

As at 31 December 2019

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	10	**49,184,722**	46,074,523
Trade and other receivables	11	**497,224**	555,411
		49,681,946	46,629,934
Non-current assets			
Investments in subsidiaries	13	**76,070,954**	76,070,954
Property, plant and equipment	15	**1,967,734**	2,024,509
Loans and advances to subsidiaries		**26,750,000**	26,750,000
		104,788,688	104,845,463
Total assets		**154,470,634**	151,475,397
LIABILITIES			
Current liabilities			
Trade and other payables	19	**1,316,730**	1,465,110
Current income tax liabilities	8(b)	**152,811**	84,606
Total liabilities		**1,469,541**	1,549,716
NET ASSETS		**153,001,093**	149,925,681
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	23	**76,985,514**	76,985,514
Other reserves	24	**4,483,265**	2,902,036
Retained profits		**71,532,314**	70,038,131
Total equity		**153,001,093**	149,925,681

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

	Note	Attributable to equity holders of the Company									
		Share capital	**Treasury shares**	**Share option reserve**	**General reserve**	**Currency translation reserve**	**Capital reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
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 CHANGES IN EQUITY

For the financial year ended 31 December 2019

	Note	Attributable to equity holders of the Company									
		Share capital	Treasury shares	Share option reserve	General reserve	Currency translation reserve	Capital reserve	Retained profits	Total	Non-controlling interests	Total equity
		$	$	$	$	$	$	$	$	$	$
At 1 January 2018		**76,985,514**	**(4,195,359)**	**8,085,426**	**16,303,485**	**(1,754,027)**	**(982,034)**	**172,459,776**	**266,902,781**	**11,489,134**	**278,391,915**
Profit for the year		-	-	-	-	-	-	41,835,152	41,835,152	2,301,990	44,137,142
Other comprehensive loss for the year		-	-	-	-	(3,732,681)	-	-	(3,732,681)	(144,362)	(3,877,043)
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**(3,732,681)**	**-**	**41,835,152**	**38,102,471**	**2,157,628**	**40,260,099**
Dividend to non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	-	(1,789,956)	(1,789,956)
Dividend relating to 2017 paid	25	-	-	-	-	-	-	(21,555,435)	(21,555,435)	-	(21,555,435)
Treasury shares purchased	23(a)	-	(1,274,990)	-	-	-	-	-	(1,274,990)	-	(1,274,990)
Share options exercised	23(a)	-	923,108	-	-	-	(394,568)	-	528,540	-	528,540
Share-based payment transactions	7	-	-	740,453	-	-	-	-	740,453	-	740,453
Transfer to general reserve fund		-	-	-	108,539	-	-	(108,539)	-	-	-
Total transactions with owners, recognised directly in equity		**-**	**(351,882)**	**740,453**	**108,539**	**-**	**(394,568)**	**(21,663,974)**	**(21,561,432)**	**(1,789,956)**	**(23,351,388)**
At 31 December 2018		**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**

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Total profit		**40,327,546**	44,137,142
Adjustments for:			
- Income tax expense		**16,212,512**	18,335,033
- Depreciation of property, plant and equipment		**8,456,431**	7,573,560
- Depreciation of investment property		**1,633,978**	1,452,750
- Amortisation of intangible assets		**561,600**	609,782
- Equity-settled shared-based payment transactions		**512,662**	740,453
- Amortisation of government grants		**(72,503)**	(59,278)
- Loss on disposal of property, plant and equipment		**32,448**	921,639
- Interest income		**(5,310,651)**	(4,699,941)
- Interest expenses		**2,571,534**	1,225,335
- Unrealised currency translation losses		**926,313**	1,156,857
		65,851,870	71,393,332
Change in working capital			
- Inventories		**(90,187)**	(136,002)
- Trade and other receivables		**1,884,593**	(1,575,381)
- Trade and other payables		**(1,421,500)**	(258,658)
Cash generated from operations		**66,224,776**	69,423,291
Income tax paid		**(16,057,343)**	(17,988,946)
Interest paid on lease liabilities		**(1,543,290)**	-
Net cash provided by operating activities		**48,624,143**	51,434,345
Cash flows from investing activities			
Additions to property, plant and equipment		**(5,646,148)**	(4,230,985)
Additions to intangible assets		**(79,011)**	-
Government grant received		**38,795**	-
Disposal of property, plant and equipment		**823**	1,586
Interest received		**4,506,782**	5,359,370
Net cash (used in)/ provided by investing activities		**(1,178,759)**	1,129,971

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2019

	Note	2019 $	2018 $
Cash flows from financing activities			
Proceeds from exercise of share options		**2,049,600**	528,540
Repurchase of own shares		**(981,032)**	(1,274,990)
Repayment of borrowings		**(12,000,000)**	(12,000,000)
Principal payment of lease liabilities		**(993,488)**	-
Interest paid		**(925,361)**	(1,086,512)
Dividends paid to equity holders of the Company		**(30,244,000)**	(21,555,435)
Dividends paid to non-controlling interests		**(1,899,432)**	(1,789,956)
Net cash used in financing activities		**(44,993,713)**	(37,178,353)
Net increase in cash and cash equivalents		**2,451,671**	15,385,963
Cash and cash equivalents			
Beginning of financial year	10	**201,695,371**	190,413,952
Effects of currency translation on cash and cash equivalents		**(4,694,733)**	(4,104,544)
End of financial year	10	**199,452,309**	201,695,371

Reconciliation of liabilities arising from operating and financing activities

	1 January $	Non-cash changes: Adoption of SFRS(I) 16 $	Non-cash changes: Effects of foreign currency translation $	Non-cash changes: Interest expense $	Cash flows $	31 December $
Group						
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
	37,932,796	45,350,739	(249,651)	2,451,708	(15,462,139)	70,023,453
2018						
Borrowings	49,900,000	-	-	-	(12,000,000)	37,900,000
Interest payable	17,447	-	-	1,101,860	(1,086,511)	32,796
	49,917,447	-	-	-	(13,086,511)	37,932,796

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

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

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 2019

On 1 January 2019, 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 except for the adoption of SFRS(I) 16 Leases:

Adoption of SFRS(I) 16 *Leases*

(a) When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.16.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Adoption of SFRS(I) 16 *Leases* (continued)

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

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 Lease and SFRS(I) INT 4 Determining whether an Arrangement contains a Leases, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and

ii) On a lease-by-lease basis, the Group has:

a) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;

b) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and

c) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

(i) On a lease-by-lease basis, the Group chose to measure its ROU assets at amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application (i.e. 1January 2019).

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

(b) When the Group is a lessor

There are no material changes to accounting by the Group as a lessor.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Adoption of SFRS(I) 16 *Leases* (continued)

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

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 January 2019 are as follows:

	$
Increase in property, plant and equipment	39,993,311
Increase in investment properties	5,528,631
Decrease in trade and other receivables	(456,334)
Decrease in trade and other payables	285,131
Increase in lease liabilities	(45,350,739)
	-

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are as follows:

	$
Operating lease commitment disclosed as at 31 December 2018	71,228,893
Less: Low-value leases	(4,180)
Less: Discounting effect using weighted average incremental borrowing rate of 3.42%	(25,873,974)
Lease liabilities recognised as at 1 January 2019	45,350,739

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.

2. Significant accounting policies (continued)

2.2 Revenue (continued)

(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 in 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.

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. Significant accounting policies (continued)

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.

(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.

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results 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.

(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.

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(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 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

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.

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 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.

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. Significant accounting policies (continued)

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.

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.

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)

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.

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.

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

(a) *Classification and measurement* (continued)

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.

(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. Significant accounting policies (continued)

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.

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. Significant accounting policies (continued)

2.16 Leases

(a) The accounting policy for leases before 1 January 2019 are as follows:

(i) *When the Group is the lessee*

The Group leases land and equipment under operating leases from non-related parties.

- *Lessee – Operating leases*

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

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

(ii) *When the Group is the lessor*

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

(ii) *When the Group is the lessor*

- *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.

  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.

2. Significant accounting policies (continued)

2.16 Leases (continued)

(b) The accounting policy for leases from 1 January 2019 are as follows:

(i) 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 convey 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.

  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 properties" 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.

2. Significant accounting policies (continued)

2.16 Leases (continued)

(b) The accounting policy for leases from 1 January 2019 are as follows: (continued)

(i) When the Group is the lessee (continued)

- Lease liabilities (continued)

  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 changes in the Group's assessment of whether it will exercise an extension option; or
  - There are modification 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.

- Short term and low value leases

  The Group has elected to not recognised 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.

(ii) When the Group is the lessor

The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16 except when the Group is an intermediate lessor.

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.

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

2.16 **Leases** (continued)

(b) The accounting policy for leases from 1 January 2019 are as follows: (continued)

(ii) When the Group is the lessor (continued)

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 within "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.

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.

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

2.18 **Income taxes** (continued)

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.

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. Significant accounting policies (continued)

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.

(c) *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.

2. Significant accounting policies (continued)

2.21 Currency translation (continued)

(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 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.

(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. Significant accounting policies (continued)

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.

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.

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.

Estimation of useful life of investment property

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

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.

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.

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

Critical judgement over the lease terms

As at 31 December 2019, the Group's lease liabilities, which are measured with reference to an estimate of the lease term, amounted to $44,107,600, 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.

4. Revenue

	Group	
	2019	2018
	$	$
Revenue from contracts with customers		
Ticketing	**99,595,807**	107,376,395
Retail	**3,940,811**	5,168,343
Food and beverages	**3,429,322**	3,428,153
Others	**640,610**	760,735
	107,606,550	116,733,626
Other revenue		
Rental from leases under investment property (Note 14)	**1,228,192**	1,146,321
	108,834,742	117,879,947

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

5. Other income

	Group 2019 $	Group 2018 $
Interest income	**5,310,651**	4,699,941
Government grants	**131,761**	172,723
Rental income from sales counters	**1,405,556**	1,505,516
Miscellaneous	**562,052**	551,067
	7,410,020	6,929,247

6. Depreciation and amortisation

	Group 2019 $	Group 2018 $
Amortisation of intangible assets (Note 18)	**561,600**	609,782
Depreciation of property, plant and equipment (Note 15)	**8,456,431**	7,573,560
Depreciation of investment property (Note 14)	**1,633,978**	1,452,750
Total depreciation and amortisation	**10,652,009**	9,636,092

7. Employee compensation

	Group 2019 $	Group 2018 $
Wages and salaries	**18,816,240**	18,263,536
Employer's contribution to defined contribution plans	**3,158,885**	3,168,894
Other staff benefits	**1,028,540**	1,014,389
Share option expense (Note 23(b))	**512,662**	740,453
	23,516,327	23,187,272

8. Income taxes

(a) Income tax expense

	Group 2019 $	Group 2018 $
Tax expense attributable to profit is made out of:		
- Taxation for current financial year:		
Current income tax		
- Singapore	**176,611**	206,243
- Foreign	**13,308,291**	15,376,840
	13,484,902	15,583,083
Deferred income tax (Note 21)	**929,854**	694,588
Withholding tax	**1,762,036**	2,233,121
	16,176,792	18,510,792
- Under/(Over) provision in prior financial years:		
Current income tax	**121,817**	5,326
Deferred income tax (Note 21)	**(86,097)**	(181,085)
	35,720	(175,759)
Total tax expense	**16,212,512**	18,335,033

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	
	2019	2018
	$	$
Profit before tax	**56,540,058**	62,472,175
Tax calculated at tax rate of 17% (2018: 17%)	**9,611,810**	10,620,270
Effects of:		
- different tax rates in other countries	**4,058,903**	4,855,672
- tax incentives	**(18,573)**	(36,823)
- expenses not deductible for tax purposes	**787,480**	867,274
- income not subject to tax	**(78,677)**	(57,704)
- utilisation of previously unrecognised capital allowances	**(1,405)**	(3,582)
- under/(over) provision of tax in prior financial years	**35,720**	(175,759)
- withholding tax	**1,762,036**	2,233,124
- others	**55,218**	32,561
Tax charge	**16,212,512**	18,335,033

(b) Movement in current income tax liabilities

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
Beginning of financial year	**2,224,988**	2,453,498	**84,606**	77,478
Currency translation differences	**(42,965)**	(61,094)	**-**	-
Income tax paid - net	**(13,774,004)**	(15,543,250)	**(83,894)**	(68,249)
Withholding tax paid	**(2,283,339)**	(2,445,696)	**(1,827,281)**	(1,700,458)
Tax expense	**15,246,938**	17,816,204	**1,980,092**	1,785,064
Under/(over) provision in prior financial years	**121,817**	5,326	**(712)**	(9,229)
End of financial year	**1,493,435**	2,224,988	**152,811**	84,606

9. Earnings per share

(a) Basic earnings per share

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

	2019	2018
Net profit attributable to equity holders of the Company ($)	**38,090,339**	41,835,152
Weighted average number of ordinary shares outstanding for basic earnings per share	**863,054,436**	860,961,336
Basic earnings per share (cents per share)	**4.41**	4.86

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, 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 profit.

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

	2019	2018
Net profit used to determine diluted earnings per share ($)	**38,090,339**	41,835,152
Weighted average number of ordinary shares outstanding for basic earnings per share	**863,054,436**	860,961,336
Adjustments for		
- Share options	**881,696**	1,901,200
	863,936,132	862,862,536
Diluted earnings per share (cents per share)	**4.41**	4.85

10. Cash and cash equivalents

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
Cash at bank and on hand	**13,696,657**	10,709,886	**485,817**	489,575
Short-term bank deposits	**186,755,652**	191,985,485	**48,698,905**	45,584,948
	200,452,309	202,695,371	**49,184,722**	46,074,523

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

	Group	
	2019	2018
	$	$
Cash and bank balances (as above)	**200,452,309**	202,695,371
Less: Bank deposits pledged	**(1,000,000)**	(1,000,000)
Cash and cash equivalents per consolidated statement of cash flows	**199,452,309**	201,695,371

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 per annum relating to fixed deposits of the Group and the Company are 2.80% (2018: 2.52%) and 2.24% (2018: 2.49%), respectively. Interest rates reprice at intervals of between 1 week and 24 months.

11. Trade and other receivables

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
Trade receivables				
- Amounts due from non-related parties	**274,265**	978,723	**-**	-
	274,265	978,723	**-**	-
Non-trade receivables				
- Amounts due from subsidiaries	**-**	-	**416,587**	488,302
- Interest receivables	**3,650,959**	2,947,128	**52,995**	40,131
- Other receivables	**153,989**	277,989		
- Deposits	**102,562**	100,475	**1,000**	1,000
	3,907,510	3,325,592	**470,582**	529,433
Other tax receivables	**301,059**	1,620,235	**-**	-
Prepayments	**662,926**	887,392	**26,642**	25,978
	5,145,760	6,811,942	**497,224**	555,411

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

The carrying amount approximates fair value.

12. Inventories

	Group	
	2019	2018
	$	$
Consumables	**2,251,850**	2,195,486

The cost of inventories recognised as an expense and included in “changes in inventories and purchases of goods” amounted to $2,009,497 (2018: $2,965,308).

13. Investments in subsidiaries

	Company 2019 $	Company 2018 $
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 2019 and 2018:

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	
			2019 %	2018 %	**2019 %**	2018 %	**2019 %**	**2018 %**
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	-	-
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

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	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
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 Xiamenshi Tianmao 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.

13. Investments in subsidiaries (continued)

Significant restrictions

Cash and short-term deposits of $128,993,915 (31 December 2018: $132,319,658) 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	**2019** **$**	2018 $
Shanghai Ocean Aquarium Co Ltd	**4,767,741**	5,281,968
Straco Leisure Pte Ltd	**6,835,953**	6,162,081
Other subsidiaries with immaterial non-controlling interest	**409,361**	412,757
Total	**12,013,055**	11,856,806

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**	
	2019 **$**	2018 $	**2019** **$**	2018 $
Current				
Assets	**82,757,556**	91,425,991	**22,335,087**	24,665,913
Liabilities	**(7,670,529)**	(8,830,092)	**(15,449,402)**	(15,447,874)
Total current net assets	**75,087,027**	82,595,899	**6,885,685**	9,218,039
Non-current				
Assets	**20,386,766**	23,231,328	**160,016,542**	125,580,142
Liabilities	**(118,956)**	(187,864)	**(98,552,521)**	(73,187,196)
Total non-current net assets	**20,267,810**	23,043,464	**61,464,021**	52,392,946
Net assets	**95,354,837**	105,639,363	**68,349,706**	61,610,985

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	
	2019	2018	**2019**	2018
	$	$	**$**	$
Revenue	**54,613,740**	65,566,402	**34,868,595**	31,966,841
Profit before income tax	**38,778,732**	47,587,308	**8,294,661**	5,024,002
Income tax expense	**(9,692,863)**	(11,895,301)	**(1,555,939)**	(726,075)
Post-tax profit from continuing operations	**29,085,869**	35,692,007	**6,738,722**	4,297,927
Currency losses arising from consolidation	**(2,944,376)**	(2,686,647)	**-**	-
Total comprehensive income	**26,141,493**	33,005,360	**6,738,722**	4,297,927
Total comprehensive income allocated non-controlling interests	**1,307,075**	1,650,268	**673,872**	429,793
Dividends paid to non-controlling interests	**1,821,301**	1,716,616	**-**	-

Summarised statement of cash flows

	Shanghai Ocean Aquarium Co Ltd For year ended 31 December		Straco Leisure Pte Ltd For year ended 31 December	
	2019	2018	**2019**	2018
	$	$	**$**	$
<u>Cash flows from operating activities</u>				
Cash generated from operations	**40,443,686**	47,334,693	**15,688,523**	11,637,222
Income tax paid	**(10,283,229)**	(12,006,489)	**-**	-
Interest paid on lease liabilities	**-**	-	**(1,124,838)**	-
Net cash provided by operating activities	**30,160,457**	35,328,204	**14,563,685**	11,637,222
Net cash provided by/ (used in) investing activities	**2,020,505**	1,366,164	**(2,895,914)**	(1,885,883)
Net cash used in financing activities	**(38,474,687)**	(33,890,703)	**(13,645,036)**	(13,086,511)
Net (decrease)/ increase in cash and cash equivalents	**(6,293,725)**	2,803,665	**(1,977,265)**	(3,335,172)
Cash and cash equivalents at beginning of year	**85,215,539**	84,926,940	**21,271,756**	24,606,928
Exchange losses on cash and cash equivalents	**(2,308,561)**	(2,515,066)	**-**	-
Cash and cash equivalents at end of year	**76,613,253**	85,215,539	**19,294,491**	21,271,756

14. Investment property

	Group 2019 $	Group 2018 $
Cost		
Beginning of financial year	**51,635,372**	51,346,757
Adoption of SFRS(I) 16 (Note 2.1)	**5,528,631**	-
Additions*	**180,015**	288,615
Reclassified to fixed assets (Note 15)**	**(29,700,858)**	-
End of financial year	**27,643,160**	51,635,372
Accumulated depreciation		
Beginning of financial year	**5,873,747**	4,420,997
Depreciation charge (Note 6)	**1,633,978**	1,452,750
Reclassified to fixed assets (Note 15)**	**(3,923,724)**	-
End of financial year	**3,584,001**	5,873,747
Net book value	**24,059,159**	45,761,625

* Included in additions was an amount of $180,015 (2018: $288,615) for the provision of reinstatement cost.

** During the year, the Group reclassified carrying amount of $25,777,134 (2018: nil) from investment property to fixed assets due to commencement of the Group's owner-occupation

14. Investment property (continued)

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 1 to 3 months, and subsequent renewals are negotiated at prevailing market rates and terms. The investment property has been mortgaged to secure bank loans (Note 20).

The following amounts are recognised in profit and loss:

	Group	
	2019	2018
	$	$
Rental from leases under investment property (Note 4)	**1,228,192**	1,146,321
Direct operating expenses arising from:		
- Investment property that generates rental income	**1,058,618**	908,353

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

Location	Description	Tenure
30 Raffles Avenue, Singapore Flyer, Singapore 039803	Existing use: 3-storey terminal building	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 2019 is approximately $26,700,000 (2018: $46,000,000).

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 2019 and 2018, the fair values of the properties have been determined by Jones Lang Lasalle. The fair value of the Company'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 respectively.

As at 31 December 2019 and 31 December 2018, the Group has determined that the recoverable amount based on fair value is higher than the carrying value of the investment property and no impairment loss was recognised.

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										
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 (Note 2.1)	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**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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										
2018										
Cost										
Beginning of financial year	35,175,385	6,796,031	6,004,499	85,212,262	7,686,678	657,612	55,405,998	8,204,681	5,164,790	210,307,936
Currency translation differences	(941,539)	(192,147)	(182,294)	-	(195,503)	(18,952)	(1,204,536)	(209,710)	(101,212)	(3,045,893)
Additions	104,256	10,852	139,633	1,094,718	358,945	-	182,636	150,861	2,737,451	4,779,352
Disposals/ write-off	-	-	-	(277,612)	(297,978)	(992)	(44,410)	-	(633,777)	(1,254,769)
Reclassification	395,918	93,299	250,294	-	1,372,492	-	281,466	8,345	(2,401,814)	-
End 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
Accumulated depreciation and impairment										
Beginning of financial year	17,453,143	6,269,834	5,151,358	7,330,051	5,149,560	582,174	42,100,310	7,780,362	261,620	92,078,412
Currency translation differences	(498,444)	(177,821)	(152,002)	-	(128,921)	(17,181)	(894,412)	(197,454)	(7,549)	(2,073,784)
Depreciation charge (Note 6)	937,371	132,589	145,002	2,435,338	818,263	17,349	2,929,046	158,602	-	7,573,560
Disposals/ write-off	-	-	-	(31,207)	(267,984)	(892)	(31,461)	-	-	(331,544)
End 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
Net book value										
End of financial year	**16,841,950**	**483,433**	**1,067,774**	**76,295,186**	**3,353,716**	**56,218**	**10,517,671**	**412,667**	**4,511,367**	**113,539,982**

(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) Included within additions is $342,028 (31 December 2018: $548,367) for the provision of reinstatement cost.

(c) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of $99,186,190 (31 December 2018: $76,411,329) (Note 20).

15. Property, plant and equipment (continued)

	Leasehold buildings $	Leasehold improvements $	Office equipment, furniture and fittings $	Total $
<u>Company</u>				
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**
2018				
Cost				
Beginning of financial year	2,727,449	220,606	327,558	3,275,613
Additions	-	-	7,190	7,190
End of financial year	2,727,449	220,606	334,748	3,282,803
Accumulated depreciation				
Beginning of financial year	668,225	213,089	308,027	1,189,341
Depreciation charge	54,549	791	13,613	68,953
End of financial year	722,774	213,880	321,640	1,258,294
Net book value				
End of financial year	**2,004,675**	**6,726**	**13,108**	**2,024,509**

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

	31 December 2019 $	1 January 2019 $
Leasehold land	**40,623,397**	39,930,831
Office equipment	**37,281**	54,759
Machinery	**594**	7,721
	40,661,272	39,993,311

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 $2,890,684 (1 January 2019: $5,528,631).

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

(b) *Depreciation charge during the year*

	2019
	$
ROU assets classified within Property, plant and equipment	
Leasehold land	1,534,630
Office equipment	17,479
Machinery	7,127
	1,559,236
ROU assets classified within Investment property	
Investment property	175,512
	1,734,748

(c) *Interest expense*

	2019
Interest expense on lease liabilities	1,543,290

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

	2019
Lease expense – low-value leases	2,640
Variable lease payments which do not depends on an index or rate	3,849,914
Total	3,852,554

(e) Total cash outflow for all the leases in 2019 was $6,389,332.

(f) There were no addition of ROU assets during the financial year.

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 $3,549,893 (2018: $4,226,203) for the financial year ended 31 December 2019.

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 $300,021 (2018: $282,634) for the financial year ended 31 December 2019.

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 14.

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

	31 December 2019 $	1 January 2019 $
Less than one year	**735,992**	226,177
One to two years	**529,703**	-
Two to three years	**137,441**	-
Total undiscounted lease payment	**1,403,136**	226,177

18. Intangible assets and goodwill

	Goodwill on consolidation $	Logo and trademark $	Total $
Group			
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**
2018			
Cost			
Beginning of financial year	1,419,013	3,262,101	4,681,114
End of financial year	1,419,013	3,262,101	4,681,114
Accumulated amortisation			
Beginning of financial year	-	2,093,354	2,093,354
Amortisation charge (Note 6)	-	609,782	609,782
End of financial year	-	2,703,136	2,703,136
Net book value			
End of financial year	**1,419,013**	**558,965**	**1,977,978**

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 2019 is determined in a similar manner as in 2018 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 4% for the years 2020 to 2023 (2018: 4%) for the years 2019 to 2022); and
- A pre-tax discount rate of 5.02% (2018: 5.60%) 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.

19. Trade and other payables

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
Trade payables				
- Amounts due to non-related parties	**1,676,805**	2,186,428	**-**	-
	1,676,805	2,186,428	**-**	-
Non-trade payables				
- Amounts due to subsidiaries	**-**	-	**493,697**	507,526
- Accrued expenses	**2,340,519**	2,514,780	**814,864**	940,179
- Interest payable	**15,853**	32,796	**-**	-
- Salary payable	**2,082,781**	2,149,272	**-**	-
- Refundable deposit	**680,047**	623,179	**-**	-
- Rental payable	**507,598**	1,057,335	**-**	-
- Utilities payable	**103,444**	107,537	**-**	-
- Other payables	**323,896**	573,428	**8,169**	17,405
	6,054,138	7,058,327	**1,316,730**	1,465,110
Deferred revenue	**793,098**	830,839	**-**	-
Other tax payables	**341,804**	653,541	**-**	-
	8,865,845	10,729,135	**1,316,730**	1,465,110

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

The carrying amount approximates fair value.

20. Borrowings

	Group	
	2019	2018
	$	$
Current		
Bank borrowings	**12,000,000**	12,000,000
	12,000,000	12,000,000
Non-current		
Bank borrowings	**11,000,000**	23,000,000
Loan from shareholder of a subsidiary	**2,900,000**	2,900,000
	13,900,000	25,900,000
Total borrowings	**25,900,000**	37,900,000

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	
	2019	2018
	$	$
3 months or less	**23,000,000**	35,000,000

(a) Security granted

Total borrowings include secured liabilities of $23,000,000 (2018: $35,000,000) for the Group. Bank borrowings of the Group are secured over the property, plant and equipment with carrying amount of $99,186,190 (2018: $76,411,329) (Note 15), investment property with carrying amounts of $20,394,686 (2018: $44,262,295) (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 2.80% (2018: 3.11%) and the interest rate is repriced every three months.

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	
	2019	2018
	$	$
Deferred income tax liabilities		
- To be settled within one year	842,864	973,941
- To be settled after one year	21,456,736	20,481,902
	22,299,600	21,455,843

Movement in deferred income tax account is as follows:

	Group	
	2019	2018
	$	$
Beginning of financial year	**21,455,843**	20,942,340
Tax charged to		
- profit or loss (Note 8(a))	**843,757**	513,503
End of financial year	**22,299,600**	21,455,843

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	
	2019	2018
	$	$
- Unutilised capital allowances	**402,990**	402,990
- Unutilised tax losses	**1,979,881**	1,979,881
- Unutilised donations	**302,310**	252,310
	2,685,181	2,635,181

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 2020 and 2024.

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 $	Total $
2019			
Beginning of financial year	16,194,148	5,261,695	21,455,843
Charged to			
- profit or loss	1,365,060	(521,303)	843,757
End of financial year	17,559,208	4,740,392	22,299,600
2018			
Beginning of financial year	15,468,073	5,474,267	20,942,340
Charged to			
- profit or loss	726,075	(212,572)	513,503
End of financial year	16,194,148	5,261,695	21,455,843

22. Provision for reinstatement cost

	Group 2019 $	Group 2018 $
Beginning of financial year	**5,183,929**	4,223,472
Provision made during year	**522,043**	836,982
Finance cost	**119,826**	123,475
End of financial year	**5,825,798**	5,183,929

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.

23. Share capital and treasury shares

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital $	Treasury shares $
Group and Company				
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)
2018				
Beginning of financial year	868,929,580	(8,432,700)	76,985,514	(4,195,359)
Treasury shares purchased	-	(1,682,600)	-	(1,274,990)
Treasury shares re-issued	-	1,840,000	-	923,108
End of financial year	868,929,580	(8,275,300)	76,985,514	(4,547,241)

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

23. Share capital and treasury shares (continued)

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

(a) Treasury shares

The Company acquired 1,434,700 (2018: 1,682,600) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was $981,032 (2018: $1,274,990) and this was presented as a component within shareholders' equity.

The Company re-issued 3,460,000 (2018: 1,840,000) treasury shares during the financial year pursuant to the Straco Share Option Scheme for a total consideration of $2,049,600 (2018: $528,540) upon the exercise of options by:

	No. of ordinary shares		**Exercise price**
Options holders of	**2019**	2018	**$**
2004 Scheme			
08/05/2012	**300,000**	380,000	0.196
06/05/2013	**-**	1,460,000	0.311
2014 Scheme			
12/05/2014	**3,160,000**	-	0.630
	3,460,000	1,840,000	

The weighted average cost of the treasury shares re-issued amounted to $1,901,255 (2018: $923,108). Accordingly, a gain on re-issue of treasury shares of $148,345 (2018: loss of $394,568) is recognised in the capital reserve (Note 24).

(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.

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.

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**	**Forfeited during financial year**	**Exercised during financial year**	**End of financial year**	**Exercise price**	**Exercise period**
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 12/05/2019
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		

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	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							
2018							
2004 Scheme							
08/05/2012	680,000	-	-	(380,000)	300,000	0.196	09/05/2013 to 08/05/2022
06/05/2013	1,260,000	-	-	(1,260,000)	-	0.311	07/05/2014 to 06/05/2019
06/05/2013	950,000	-	-	(200,000)	750,000	0.311	07/05/2014 to 06/05/2023
2014 Scheme							
12/05/2014	2,990,000	-	-	-	2,990,000	0.63	13/05/2015 to 12/05/2019
12/05/2014	2,080,000	-	-	-	2,080,000	0.63	13/05/2015 to 12/05/2024
12/05/2015	2,920,000	-	-	-	2,920,000	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	2,704,000	-	(264,000)	-	2,440,000	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	-	-	-	2,690,000	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	-	3,070,000	(230,000)	-	2,840,000	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
	22,992,000	5,320,000	(494,000)	(1,840,000)	25,978,000		

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 2019 $	**Number of options 2019 $**	Weighted average exercisable price 2018 $	Number of options 2018 $
Outstanding at 1 January	**0.7989**	**25,978,000**	0.7621	22,992,000
Exercised during the year	**0.5924**	**(3,460,000)**	0.2873	(1,840,000)
Forfeited during the year	**-**	**(1,318,000)**	-	(494,000)
Granted during the year	**0.7800**	**4,490,000**	0.7800	5,320,000
Outstanding at 31 December	**0.8228**	**25,690,000**	0.7989	25,978,000
Exercisable at 31 December	**0.8319**	**21,200,000**	0.8035	20,888,000

The options outstanding at 31 December 2019 have an exercise price in the range of $0.311 to $1.06 (2018: $0.196 to $1.06) and a weighted average remaining contractual life of 4.70 years (2018: 3.27 years).

The weighted average share price at the date of exercise for share options exercised in 2019 was $0.80 (2018: $0.79).

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.

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	21 May 2019	21 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	$0.1189	$0.1675	$0.1186	$0.1732	$0.1287	$0.1876	$0.2728	$0.3471	$0.2281	$0.08	$0.04
Share price	$0.76	$0.76	$0.77	$0.77	$0.84	$0.84	$0.785	$1.005	$0.645	$0.310	$0.180
Exercise price	$0.78	$0.78	$0.78	$0.78	$0.84	$0.84	$0.79	$1.06	$0.630	$0.311	$0.196
Expected volatility	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	5-10 years	5-10 years	5-10 years	5-10 years	5-10 years
Expected dividends	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	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 2019, the Group recognised share option expenses of $512,662 (2018: $740,453) in employee compensation (Note 7).

24. Other reserves

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
Composition:				
Share option reserve	**9,338,541**	8,825,879	**9,338,541**	8,825,879
Capital reserve	**(1,228,257)**	(1,376,602)	**(1,228,257)**	(1,376,602)
General reserve	**16,519,552**	16,412,024	**-**	-
Currency translation reserve	**(9,934,206)**	(5,486,708)	**-**	-
Treasury shares	**(3,627,018)**	(4,547,241)	**(3,627,019)**	(4,547,241)
	11,068,612	13,827,352	**4,483,265**	2,902,036

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.

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 2019 $	Group 2018 $
Ordinary dividends paid		
Dividend paid in respect of the previous financial year of 3.5 cents (2018: 2.5 cents) per share	**30,244,000**	21,555,435

At the forthcoming Annual General Meeting, a final dividend of 2.5 cents 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 2020.

26. Commitments

(a) *Capital commitments*

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

	Group 2019 $	Group 2018 $
Property, plant and equipment	**5,051,463**	2,391,312

(b) *Operating lease commitments - where the group is a lessee*

The Group leases land, equipment and machinery under operating leases. Land leases typically run for a period of 20 to 40 years, and includes option to renew the lease after end of the initial lease term, while equipment and machinery leases typically run for a period of 1 to 5 years. Leases which contain contingent or rentals are not disclosed as an operating lease commitment.

26. Commitments (continued)

(b) Operating lease commitments - where the group is a lessee (continued)

As at 31 December 2018, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	Group 31 December 2018 $
Not later than one year	2,578,154
Between one and five years	10,399,545
Later than five years	58,251,194
	71,228,893

As disclosed in Note 2.1, the Group has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 31 December 2019, except for low value leases.

(c) Operating lease commitments - where the group is a lessor

Straco Leisure Pte Ltd leased out retail space to non-related parties under non-cancellable operating leases.

As at 31 December 2018, the future minimum lease receivables under non-cancellable operating leases contracted for but not recognised as receivables, are as follows:

	Group 2018 $
Not later than one year	226,177

On 1 January 2019, the Group has adopted SFRS(I) 16 and the undiscounted lease payments from the operating leases to be received after 31 December 2019 is disclosed in Note 17.

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 $	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)	-	(4,064,939)
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)	(28,279,026)
Currency profile of net financial (liabilities)/ assets	**(39,200,131)**	**19,349**	**166,076,323**
Currency exposure of net financial (liabilities)/ assets excluding those denominated in the respective entities' functional currencies	**(5,749,762)**	**(115,366)**	**51,706,938**

27. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD $	USD $	RMB $
At 31 December 2018			
Financial assets			
Cash and cash equivalents	40,056,300	19,600	162,619,471
Trade and other receivables	712,579	-	3,591,736
Intra-group receivables	32,482,210	136,602	6,320,405
	73,251,089	156,202	172,531,612
Financial liabilities			
Trade and other payables	(4,365,428)	-	(4,879,327)
Intra-group payables	(32,482,210)	(136,602)	(6,320,405)
Borrowings	(37,900,000)	-	-
	(74,747,638)	(136,602)	(11,199,732)
Currency profile of net financial (liabilities)/ assets	**(1,496,549)**	**19,600**	**161,331,880**
Currency exposure of net financial (liabilities)/ assets excluding those denominated in the respective entities' functional currencies	**(5,681,879)**	**(116,924)**	**27,610,552**

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 $	RMB $
At 31 December 2019		
Financial assets		
Cash and cash equivalents	3,513,030	45,671,692
Trade and other receivables	485,842	11,382
Loans and advances to subsidiaries	26,750,000	-
	30,748,872	45,683,074
Financial liabilities		
Trade and other payables	(850,273)	(466,457)
	(850,273)	(466,457)
Currency profile of net financial assets	**29,898,599**	**45,216,617**
Currency exposure of net financial assets excluding those denominated in the Company's functional currency	**-**	**45,216,617**
At 31 December 2018		
Financial assets		
Cash and cash equivalents	15,768,578	30,305,945
Trade and other receivables	543,691	11,720
Loans and advances to subsidiaries	26,750,000	-
	43,062,269	30,317,665
Financial liabilities		
Trade and other payables	(984,824)	(480,286)
	(984,824)	(480,286)
Currency profile of net financial assets	**42,077,445**	**29,837,379**
Currency exposure of net financial assets excluding those denominated in the Company's functional currency	**-**	**29,837,379**

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% (2018: 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:

	2019 Profit after tax $	2018 Profit after tax $
Group		
USD against SGD		
- Strengthened	**(4,788)**	(4,852)
- Weakened	**4,788**	4,852
RMB against SGD		
- Strengthened	**2,145,838**	1,145,838
- Weakened	**(2,145,838)**	(1,145,838)
Company		
RMB against SGD		
- Strengthened	**1,876,490**	1,238,251
- Weakened	**(1,876,490)**	(1,238,251)

(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 Nominal amount		**Company Nominal amount**	
	2019 $	2018 $	**2019 $**	2018 $
Variable rate instruments				
Borrowings	**23,000,000**	35,000,000	**-**	-

27. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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% (2018: 1%) in interest rates at the reporting date would have increased/(decreased) profit or 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 2018.

	Profit or loss	
	1% increase	**1% decrease**
	$	**$**
Group		
31 December 2019		
Variable rate instruments	**(190,900)**	**190,900**
31 December 2018		
Variable rate instruments	(290,500)	290,500

(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.

27. Financial risk management (continued)

(b) Credit risk (continued)

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	
	2019	2018
	$	$
Corporate guarantee provided to bank on subsidiary's loan	23,000,000	35,000,000

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.

(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**	
	2019	2018	**2019**	2018
	$	$	**$**	$
Past due 31-60 days	**25,744**	69,234	**-**	-
Past due 61-90 days	**16,223**	36,354	**-**	-
Past due 91-180 days	**53,650**	1,470,697	**-**	-
Past due 181-365 days	**-**	-	**-**	-
Past due >365 days	**22,849**	50,140	**416,587**	416,924
	118,466	1,626,425	**416,587**	416,924

27. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired (continued)

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 2019 and 2018.

(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.

27. Financial risk management (continued)

(c) Liquidity risk (continued)

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 2019			
Trade and other payables	(7,730,943)	-	-
Lease liabilities	(2,514,338)	(10,219,783)	(54,488,146)
Borrowings	(12,496,354)	(23,153,555)	-
At 31 December 2018			
Trade and other payables	(9,244,755)	-	-
Borrowings	(12,922,796)	(26,616,481)	-
Company			
At 31 December 2019			
Trade and other payables	(1,316,730)	-	-
Financial guarantee contracts	(23,000,000)	-	-
At 31 December 2018			
Trade and other payables	(1,465,110)	-	-
Financial guarantee contracts	(35,000,000)	-	-

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:

	2019 **$**	2018 $
Net profit before tax	56,540,058	62,472,175
Add/(Less):		
- Interest income	(5,310,651)	(4,699,941)
- Interest expense	2,571,534	1,225,335
- Loss on disposal of property, plant and equipment	32,448	921,639
Net operating income	53,833,389	59,919,208
Total shareholders' equity	300,436,946	295,300,626
Return on capital at 31 December	17.9%	20.3%

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 3.0% (2018: 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 10% and 20% (2018: 15% and 25%).

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.

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 and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2018 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.

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.

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	
	2019	2018	**2019**	2018
	$	$	**$**	$
Cash and cash equivalents	**200,452,309**	202,695,371	**49,184,722**	46,074,523
Trade and other receivables	**4,181,775**	4,304,315	**470,582**	529,433
Loans and advances to subsidiaries	**-**	-	**26,750,000**	26,750,000
Financial assets at amortised cost	**204,634,084**	206,999,686	**76,405,304**	73,353,956
Trade and other payables	**(7,730,943)**	(9,244,755)	**(1,316,730)**	(1,465,110)
Lease liabilities	**(44,107,600)**	-	**-**	-
Borrowings	**(25,900,000)**	(37,900,000)	**-**	-
Financial liabilities at amortised cost	**(77,738,543)**	(47,144,755)	**(1,316,730)**	(1,465,110)

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	
	2019	2018
	$	$
Short-term employee benefits	**2,053,193**	2,279,775
Employer's contribution to defined contribution plans, including Central Provident Fund	**72,930**	72,930
Bonus and variable compensation	**1,114,963**	1,100,913
Directors' fees	**317,825**	323,205
Share option expense	**442,905**	589,043
	4,001,816	4,365,866

28. Related party transactions (continued)

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, 2,260,000 share options (2018: 3,070,000) with total fair value of $268,714 (2018: $364,102) 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 2019 or 2018.

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	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$	**$**	$
Ticketing	**65,409,994**	77,170,952	**28,930,615**	25,322,947	**5,255,198**	4,882,496	**99,595,807**	107,376,395
Retail	**2,196,548**	2,678,222	**1,744,263**	2,490,121	**-**	-	**3,940,811**	5,168,343
Food and beverages	**1,104,407**	1,181,436	**2,324,915**	2,246,717	**-**	-	**3,429,322**	3,428,153
Others	**-**	-	**640,610**	760,735	**-**	-	**640,610**	760,735
Rental from leases under investment property (Note 14)	**-**	-	**1,228,192**	1,146,321	**-**	-	**1,228,192**	1,146,321
External revenue	**68,710,949**	81,030,610	**34,868,595**	31,966,841	**5,255,198**	4,882,496	**108,834,742**	117,879,947
Interest income	**3,842,477**	3,564,055	**398,806**	304,637	**69,805**	62,996	**4,311,088**	3,931,688
Interest expense	**(418,154)**	-	**(2,153,082)**	(1,225,335)	**(4,902)**	(8,453)	**(2,576,138)**	(1,233,788)
Other material non-cash items								
- Depreciation and amortisation	**(3,900,027)**	(3,434,932)	**(6,338,652)**	(5,888,059)	**(346,825)**	(234,053)	**(10,585,504)**	(9,557,044)
Reportable segment profit before income tax	**47,716,924**	57,490,651	**8,294,661**	5,024,002	**3,035,568**	2,577,515	**59,047,153**	65,092,168
Reportable segment assets	**164,680,943**	163,625,318	**182,351,629**	150,246,055	**12,123,002**	11,255,155	**359,155,574**	325,126,528
Capital expenditure	**1,392,321**	968,487	**3,345,835**	2,223,442	**893,049**	1,031,866	**5,631,205**	4,223,795
Reportable segment liabilities	**26,762,037**	11,596,749	**114,001,923**	88,635,070	**4,678,549**	3,692,685	**145,442,509**	103,924,504

29. Segment information (continued)

(a) Reconciliations

(i) Segment profits

A reconciliation of segment profits to profit before tax is as follows:

	2019 **$**	2018 $
Segment profits for reportable segments	**59,047,153**	65,092,168
Unallocated:		
Head office and corporate expense	**(5,970,683)**	(5,907,761)
Interest and other income	**1,070,763**	777,768
Elimination on consolidation	**2,392,825**	2,510,000
Profit before tax	**56,540,058**	62,472,175

(ii) Segment assets

Segment assets are reconciled to total assets as follows:

	2019 **$**	2018 $
Segment assets for reportable segments	**359,155,574**	325,126,528
Unallocated:		
Property, plant and equipment	**1,977,119**	2,025,179
Right-of-use assets	**4,670**	-
Loan and advances to subsidiaries	**26,750,000**	26,750,000
Other amounts due from subsidiaries	**18,464,507**	9,828,443
Cash and bank balances	**51,162,660**	48,102,664
Others	**93,101**	88,787
Elimination on consolidation	**(48,528,165)**	(38,939,217)
	409,079,466	372,982,384

29. Segment information (continued)

(a) Reconciliations (continued)

(iii) *Segment liabilities*

Segment liabilities are reconciled to total liabilities as follows:

	2019	2018
	$	$
Segment liabilities for reportable segments	**145,442,509**	103,924,504
Unallocated:		
Accruals and other payables	**1,477,846**	1,776,988
Amount due to subsidiaries	**5,328,553**	5,451,545
Deferred tax liabilities	**4,740,392**	5,261,695
Current tax liabilities	**176,611**	206,243
Lease liabilities	**4,774**	-
Elimination on consolidation	**(48,528,165)**	(38,939,217)
	108,642,520	77,681,758

(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	
	2019	2018
	$	$
Singapore	**34,868,595**	31,966,841
PRC	**73,966,147**	85,913,106
	108,834,742	117,879,947

29. Segment information (continued)

(b) Geographical information (continued)

	Non-current assets	
	2019	2018
	$	$
Singapore	**161,998,331**	127,605,321
PRC	**39,231,216**	33,674,264
	201,229,547	161,279,585

There is no concentration of revenue from a single external customer.

(c) Changes in accounting policy

(i) The adoption of the new leasing standard described in Note 2.1 had the following impact on the adjusted profit before tax in the current year:

	Profit before tax after adoption of SFRS(I) 16	Depreciation & Finance expense under adoption of SFRS(I) 16	Operating lease under SFRS(I) 1-17, when the Group is a lessee	Adjusted profit before tax before adoption of SFRS(I) 16
	$	$	$	$
Aquariums	47,716,924	958,215	(798,992)	47,876,147
Giant Observation Wheel	8,294,661	2,316,022	(1,844,512)	8,766,171
Others	3,035,568	-	-	3,035,568
	59,047,153	3,274,237	(2,643,504)	59,677,886

29. Segment information (continued)

(c) Changes in accounting policy (continued)

(ii) The adoption of the new leasing standard resulted in the recognition of ROU assets and lease liabilities, which increased segment assets and liabilities as at 31 December 2019 as follows:

	Segment assets $	Segment liabilities $
Aquariums	7,826,624	8,366,989
Giant Observation Wheel	35,720,662	35,735,837
	43,547,286	44,102,826

(iii) The recognition of ROU assets and lease liabilities on the balance sheet resulted in an increase in depreciation and finance expenses in the consolidated statement of comprehensive income in the current year as follows:

	Depreciation $	Finance expense $
Aquariums	540,061	418,154
Giant Observation Wheel	1,191,184	1,124,838
	1,731,245	1,542,992

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the items above is not entirely comparable to the information disclosed for the prior year.

30. Events occurring after balance sheet date

With the outbreak of the COVID-19 virus across China, the Group had previously announced the closure of its three attractions, namely Shanghai Ocean Aquarium, Underwater World Xiamen and Lixing Cable Car, in China since 25 January 2020, first on a voluntary basis and subsequently in conformance with the authorities' directive to prevent the spread of the highly infectious COVID-19.

Given that this outbreak continues to be an evolving development, there is a material uncertainty as to the duration and extent of the curbs imposed on travel, as well as closure of the Group's attractions in China.

30. Events occurring after balance sheet date (continued)

In view of the foregoing factors, there is a risk that the Group's financial performance for the next financial year will be materially adversely affected.

The Group, having assessed its current financial position and barring any unforeseen circumstances, has assessed that it will be able to continue operating on a going concern basis.

31. New or revised accounting standards and interpretations

Amendments to SFRS(I) 3 *Business Combination* (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. 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 16 March 2020.

SHAREHOLDINGS STATISTICS

AS AT 16 MARCH 2020

Issued and fully paid up

Number of Issued Shares (excluding Treasury Shares)	:	862,139,580
Number (Percentage) of Treasury Shares	:	6,790,000 (0.79%)
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	36.52
2	CHINA POLY GROUP CORPORATION	189,803,600	22.02
3	STRACO (HK) LIMITED	143,990,540	16.70
4	UOB KAY HIAN PTE LTD	71,747,200	8.32
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	32,101,000	3.72
6	DBS NOMINEES PTE LTD	10,358,200	1.20
7	RAFFLES NOMINEES (PTE) LIMITED	8,060,800	0.93
8	HSBC (SINGAPORE) NOMINEES PTE LTD	6,450,000	0.75
9	BPSS NOMINEES SINGAPORE (PTE.) LTD.	5,878,200	0.68
10	TEH KIU CHEONG @TEONG CHENG @ CHENG CHIU CHANG	5,000,000	0.58
11	WU HSIOH KWANG @ NG HOK KUONG	4,900,000	0.57
12	MAYBANK KIM ENG SECURITIES PTE. LTD	2,865,900	0.33
13	WU XIUYI	2,340,000	0.27
14	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,154,465	0.25
15	TAY SIEW CHOON	2,150,000	0.25
16	CITIBANK NOMINEES SINGAPORE PTE LTD	1,949,600	0.23
17	CHOONG CHOW SIONG	1,820,000	0.21
18	NG KIM	1,635,500	0.19
19	PHILLIP SECURITIES PTE LTD	1,577,000	0.18
20	GOH HAN PENG (WU HANPING)	1,398,700	0.16
	TOTAL	**811,066,145**	**94.06**

SHAREHOLDINGS STATISTICS

AS AT 16 MARCH 2020

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	461	22.83	435,100	0.05
1,001 - 10,000	1,039	51.46	4,483,600	0.52
10,001 - 1,000,000	493	24.42	41,500,700	4.81
1,000,001 AND ABOVE	24	1.19	815,720,145	94.62
TOTAL	**2,019**	**100.00**	**862,139,580**	**100.00**

SUBSTANTIAL SHAREHOLDERS

No.	Shareholder's Name	Direct Interest	% of Shares	Deemed Interest	% of Shares
1.	Straco Holding Pte Ltd	314,885,440	36.52	-	-
2.	China Poly Group Corporation	189,803,600	22.02	-	-
3.	Straco (HK) Limited	143,990,540	16.70	-	-
4.	Wu Hsioh Kwang	8,888,000	1.03	470,679,980[(1)]	54.59
5.	Chua Soh Har	11,804,000	1.37	467,763,980[(1)]	54.26

Based on the information available to the Company as at 16 March 2020, approximately 14.64% 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 on 5 May 2020, at Amara Singapore, 165 Tanjong Pagar Road, Singapore 088539 at 10.00 a.m. 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 2019 and the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of 2.5 cents per share for the financial year ended 31 December 2019. **(Resolution 2)**

3. To approve the Directors' fees of S$317,825/- for the financial year ended 31 December 2019 (31 December 2018: S$323,205/-). **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Article 95 of the Company's Constitution:-

   a. Mdm Chua Soh Har **(Resolution 4)**

   b. Mr Li Weiqiang **(Resolution 5)**

5. To re-elect Mr Teo Ser Luck as a director of the Company pursuant to Articles 96 of the Company's Constitution. **(Resolution 6)**

   Mr. Teo Ser Luck will, upon re-election as Director of the Company, remain as a member of the Audit and Risk and Remuneration Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

6. 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:-

7. **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 Listing Manual of the Singapore Exchange Securities Trading Limited, 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 8)

(See Explanatory Note 1)

8. **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

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 9)**

(See Explanatory Note 2)

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

14 April 2020

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:-

1. The ordinary resolution no. 8 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 percent 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 percent 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. 9, 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 14 April 2020. 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 2019 are set out in greater detail in the Letter to Shareholders enclosed together with the Annual Report.

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.

Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus ("COVID-19")

In view of the current COVID-19 situation, the following steps will be taken for members and others attending the Annual General Meeting to minimise the risks of community spread of the COVID-19:

1. The Company will be carrying out the precautionary measure of temperature screening for shareholders, proxies and invitees ("**attendees**") at the forthcoming Annual General Meeting. All persons attending the Annual General Meeting will be required to undergo a **temperature check** and sign a **health declaration form** in respect of whether they have been to affected areas as advised by Singapore Ministry of Health ("**Affected Areas**") during the 14 days prior to the date of the Annual General Meeting. We will also request the contact number of the attendees in case of contact tracing. Individuals who decline to adhere to these steps may be refused entry into the meeting.

2. Any person who has been in Affected Areas, irrespective of nationality, during the said 14-day period **will not be permitted to attend the Annual General Meeting**, but will still be allowed to appoint a proxy to attend, speak and vote at the Annual General Meeting in the manner as provided in the proxy form. The health declaration form may also be used for purposes of contact tracing, if required.

3. Any person who has a fever **will not be permitted** to attend the Annual General Meeting. We may also at our discretion deny entry to persons exhibiting flu-like symptoms.

Attendees who are feeling unwell on the date of the Annual General Meeting are advised not to attend the Annual General Meeting. Attendees are also advised to arrive at the Annual General Meeting venue early given that the above-mentioned measures may cause delay in the registration process. For an orderly and timely start to the Annual General Meeting, we seek your co-operation and understanding to plan your arrival to allow for more time for registration.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate in order to minimise any risks to the attendees. Such measures may include limiting the number of attendees at the meeting, or suspending physical attendance at the meeting, and having the meeting only accessible to public attendees via webcast, whether generally or only to pre-registered shareholders.

Any changes will be announced by the Company on the SGXnet and shareholders are advised to check the SGXnet for updates.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA POLICY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) 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), 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) 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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mdm Chua Soh Har, Mr. Li Weiqiang and Mr. Teo Ser Luck are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 5 May 2020 ("**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:

	MDM CHUA SOH HAR	MR. LI WEIQIANG	MR. TEO SER LUCK
Date of Appointment	9 June 2010	24 October 2012	25 July 2019
Date of last re-appointment	28 April 2017	28 April 2017	N.A.
Age	67	48	51
Country of principal residence	Singapore	People's Republic of China	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 Mdm Chua Soh Har for re-appointment as a Non-Executive Director of the Company. The Board have reviewed and concluded that Mdm Chua Soh Har 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. Li Weiqiang for re-appointment as a Non-Executive Director of the Company. The Board have reviewed and concluded that Mr. Li Weiqiang 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. Teo Ser Luck for re-appointment as an Independent Director of the Company. The Board have reviewed and concluded that Mr. Teo Ser Luck possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MDM CHUA SOH HAR	MR. LI WEIQIANG	MR. TEO SER LUCK
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Director, Member of the Remuneration Committees	Non-Executive Director	Independent Director, Member of the Remuneration Committee and Member of the Audit and Risk Committee
Professional qualifications	Bachelor of Commerce Degree from the former Nanyang University Singapore	PhD in Management from the University of International Business and Economics, Beijing.	Bachelor of Accountancy from the National Technological University, Singapore
Working experience and occupation(s) during the past 10 years	1990 to Present Director of Straco Holding Pte Ltd 2003 to Present Director of Straco (HK) Limited 2002 to Present Executive Director of Sound Trading (1975) Pte Ltd	2018 to Present Executive Vice-President, Poly Culture Group 2016 to Present Secretary to the Board, China Poly Group Corporation 2015 to 2016 Director of Enterprise Development Department, China Poly Group Corporation 2010 to 2015 Deputy Director, Enterprise Development Department, China Poly Group Corporation	2019 to Present Lead Independent Director, China Aviation Oil (Singapore) Corporation Ltd 2018 to Present Advisor, CNQC (South Pacific) Pte Ltd 2017 to Present Chairman of BRC Asia Limited 2017 to Present Deputy Chairman of Serial Systems Ltd 2017 to Present Lead Independent Director of United Engineers Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MDM CHUA SOH HAR	MR. LI WEIQIANG	MR. TEO SER LUCK
			2006 to Present Singapore Member of Parliament 2006 to 2017 - Minister of State for Trade and Industry - Senior Parliamentary Secretary in the Ministry of Transport and Ministry of Community Development, Youth and Sports - Minister of State for Manpower - Mayor of the North East District
Shareholding interest in the listed issuer and its subsidiaries	Please refer to Directors' Statement, Directors' interests in shares or debentures on pages 60 and 61 of this annual report.	Please refer to Directors' Statement, Directors' interests in shares or debentures on pages 60 and 61 of this annual report.	Nil
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	Spouse of Mr Wu Hsioh Kwang	No	No
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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MDM CHUA SOH HAR	MR. LI WEIQIANG	MR. TEO SER LUCK
Other Principal Commitments* Including Directorships#			
Present	1. Director of Straco Holding Pte Ltd 2. Director of Sound Trading (1975) Pte Ltd 3. Director of Straco Cable Car Investment Pte. Ltd 4. Director of Straco International Corporation Pte Ltd 5. Director of Straco (HK) Limited	1. Secretary to the Board, China Poly Group Corporation 2. Executive Vice President, Poly Culture Group	1. Lead Independent Director of China Aviation Oil (Singapore) Corporation Ltd 2. Chairman of BRC Asia Limited 3. Deputy Chairman of Serial Systems Ltd 4. Lead Independent Director of United Engineers Limited 5. Director of F4U Pte Ltd 6. Director of Vicduo Tech Pte Ltd 7. Director of Nufin Data Pte Ltd 8. Director of Nufund Pte Ltd 9. Director of 2YSL Pte Ltd
Past (for the last 5 years)	Director of Cartan Industries Limited	Nil	Director of Helicap Pte 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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MDM CHUA SOH HAR	MR. LI WEIQIANG	MR. TEO SER LUCK
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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MDM CHUA SOH HAR	MR. LI WEIQIANG	MR. TEO SER LUCK
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
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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MDM CHUA SOH HAR	MR. LI WEIQIANG	MR. TEO SER LUCK
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
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or 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	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MDM CHUA SOH HAR	MR. LI WEIQIANG	MR. TEO SER LUCK
iiii any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or 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 in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MDM CHUA SOH HAR	MR. LI WEIQIANG	MR. TEO SER LUCK
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.

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STRACO CORPORATION LIMITED

Registration Number: 200203482R
(Incorporated in the Republic of Singapore)

PROXY FORM

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.
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

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Amara Singapore, 165 Tanjong Pagar Road, Singapore 088539 on 5 May 2020 at 10.00 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against or abstain from voting the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, or in the event of any other matter arising at the Annual General Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

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 2019 and the Directors' Statement and Auditors' Report thereon.			
2.	To declare a first and final one-tier tax exempt dividend of 2.5 cents per share for the financial year ended 31 December 2019.			
3.	To approve the Directors' fees of S$317,825 for the financial year ended 31 December 2019.			
4.	To re-elect Mdm Chua Soh Har pursuant to Article 95 of the Company's Constitution.			
5.	To re-elect Mr. Li Weiqiang, pursuant to Article 95 of the Company's Constitution.			
6.	To re-elect Mr. Teo Ser Luck, pursuant to Article 96 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 authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.			
9.	To approve the renewal of the Share Buy Back Mandate.			

Notes:

* *Delete accordingly*

** *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick "X" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you mark "X" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.*

Dated this ____________ day of ____________ 2020

Total Number of Shares Held

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

IMPORTANT. Please read notes overleaf

Notes:-

1. a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of his shareholding concerned to be represented by each proxy shall be specified in the form of proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this Proxy Form as invalid.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
2. A proxy need not be a member of the Company.
3. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
4. The 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.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.
6. 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, 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 set for the Annual General Meeting.
7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members 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 is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies 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 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting.
10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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 14 April 2020.

AFFIX
STAMP

The Share Registrar

STRACO CORPORATION LIMITED

c/o Tricor Barbinder Share Registration Services

80 Robinson Road #11-02

Singapore 068898

STRACO CORPORATION LIMITED

STRACO

星雅集团

(Company Registration No.200203482R)

(Incorporated in the Republic of Singapore on 25 April 2002)
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ANNUAL REPORT 2019