

Annual Report 2023





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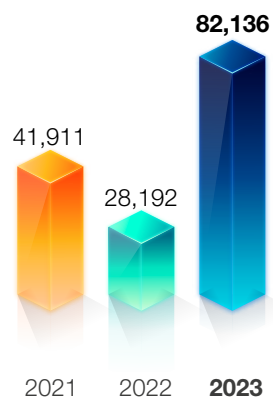
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Financial Highlights

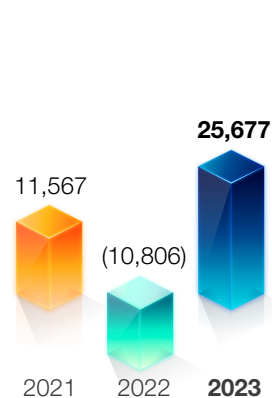
Year ended 31 December

	2023	2022	2023 vs 2022 Change %
INCOME STATEMENT (S\$'000)			
Revenue	82,136	28,192	191.3
Profit/ (Loss) before tax	34,617	(11,586)	n.m.
Attributable net profit/ (loss)	25,677	(10,806)	n.m.
STATEMENT OF FINANCIAL POSITION (S\$'000)			
Shareholders' equity	262,854	249,851	5.2
Total assets	350,787	338,893	3.5
Total cash	170,924	151,684	12.7
Total borrowings	7,046	8,034	(12.3)
FINANCIAL RATIO (%)			
Return on average shareholders' equity:			
- Profit/ (Loss) before tax	13.50	(4.38)	n.m.
- Attributable net profit/ (loss)	10.02	(4.09)	n.m.
PER SHARE DATA (CENTS)			
Attributable net profit/ (loss)	3.00	(1.26)	n.m.
Net assets	30.73	29.22	5.2

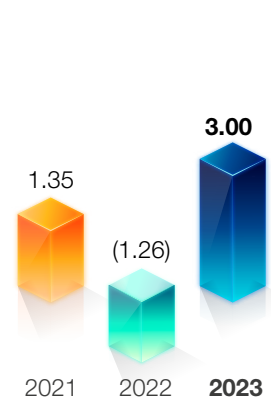
Revenue (S\$'000)



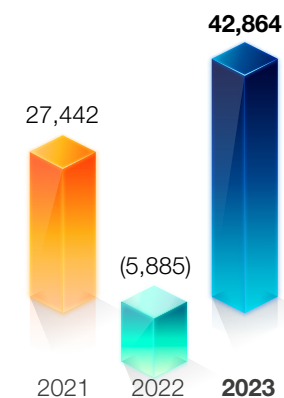
Net profit/ (loss) (S\$'000)



EPS (cents)



EBITDA* (S\$'000)



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

Chairman's Statement

BACK ON AN EVEN KEEL

I am pleased to report that we are back on an even keel, as the tourism industry has largely recovered from the COVID-19 pandemic. Though initially fraught with challenges on staffing as well as adjustments to operating conditions, the industry is seeing a strong revival of visitor numbers amid the restoration of flight frequencies and easing of border restrictions.

Looking back, 2023 was the first full year of post-pandemic operations. Month by month, quarter on quarter, we read about improving air travel volume and engagement in tourism activities. While consumer confidence remains fragile amid uncertainty in the global economy, we are cautiously optimistic that our industry is back on a sustainable uptrend.

After 3 challenging years of the pandemic, I am glad to share that we have weathered the storm and emerged relatively unscathed. Our resilience was built on a bedrock of the Group's strong financials, the unwavering support from our teams in Singapore and China, and our customers who continue to include our experience offerings in their itineraries.

For 2023, the Singapore Tourism Board (STB) recorded international visitor numbers of 13.6 million for Singapore - a doubling of 2022 visitor arrivals, albeit only 70% of its historical peak in 2019 prior to the pandemic. However, given the increased flight frequency, coupled with 30 days of visa-free travel for visitors from China from 9 February 2024, we are more optimistic for the tourism sector in Singapore.

In China, the much-anticipated improvement in post-pandemic domestic consumption was muted, given the ongoing real estate debts crisis and structural unemployment experienced in some industries due to disruptive innovation. While government policies are favourable for the tourism industry, we have yet to witness a strong revival on the broad front.

Nonetheless, sectorial lockdowns and travel restrictions which had resulted in tourism grinding to a halt during the pandemic-hit years are unlikely to be re-introduced and we look forth to more business-friendly initiatives from policy makers.

For the year ended 31 December 2023, the Group registered net profit of S\$25.68 million. Excluding exchange losses, cumulative net profit would have been S\$27.39 million.

Our financial remains strong with a net cash holding of S\$162.76 million as at the end of 2023. We will continue to deploy this cash for our regular asset enhancements, and will remain open to any collaborations or M&A opportunities.

Taking cognizance of the tourism recovery in both Singapore and China in 2023, as well as our healthy financial position, we propose a first and final dividend of 1.50 cent per share, and a special dividend of 0.5 cent per share, representing a payout ratio of 64%. This is in appreciation of the continued support from our shareholders and various stakeholders.

CAUTIOUS OPTIMISM FOR THE YEAR AHEAD

We expect 2024 to build on the momentum seen in 2023. However, headwinds faced by the global economy along with geopolitical tensions, inflationary pressures and cost of living concerns will dampen growth. As we ramp up our operations with the general recovery, we will continue to adapt and innovate, with an eye on ESG factors, to ensure our long-term sustainability.

A WORD OF THANKS

I would like to express my sincere gratitude to our colleagues, directors and business partners for their unwavering support in the past year.

- Our staff and managers at our subsidiaries for their patience and dedication to their jobs, often going above and beyond their assigned roles to safeguard the viability of our operations, and to ensure a positive and pleasant experience for our visitors.
- Our various other stakeholders, business associates and professional consultants who have helped us.
- My fellow directors on the Board and all directors of our group companies for their valuable counsel and contributions. I would also like to place on record my sincere thanks to the Board members who will be stepping down at the coming Annual General Meeting, as part of the Board renewal programme.
- Our shareholders for their trust and understanding, and their continued support.

With the global economy still fraught with multiple challenges, we expect an uphill climb ahead, but together with our subsidiary teams, we will press on while staying firmly focused on our business fundamentals and product offerings, sustainable development as well as generating new value through quality investments.

Wu Hsioh Kwang
Executive Chairman





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. Hee Theng Fong
Mr. Teo Ser Luck
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. Hee Theng Fong
Mr. Teo Ser Luck

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)

9 Raffles Place, #26-01 Republic Plaza
Singapore 048619

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. Lee Kok Hooi (since 27 April 2021)

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, Senior Honorary Council Member of Singapore Chinese Chamber



of Commerce and Industry, Vice-Chairman (China & North Asia Business Group) of Singapore Business Federation, and Vice-Chairman of Singapore Chinese Orchestra. He is also 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, Gotruck Holdings Pte Ltd and Poredeen Pte Ltd. He is also the Chairman of GoTruck Pte Ltd, Non-Executive Chairman of Pan-United Corporation Ltd and Deputy Chairman of TauRx Pharmaceuticals Ltd. Mr. Tay graduated from Auckland University with a Bachelor of Engineering (Electrical) degree with Honours under a Colombo Plan Scholarship. He also holds a Master of Science in Systems Engineering from the former University of Singapore.



MR. LIM SONG JOO

Independent Director

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



MR. HEE THENG FONG

Independent Director

Mr. Hee Theng Fong was appointed as an Independent Director in April 2016. He is a senior lawyer in Singapore with over 40 years of experience. Mr. Hee has handled more than two hundred cases in civil litigation and international arbitration as lead counsel, presiding arbitrator, co-arbitrator and sole arbitrator. He is now a full-time independent arbitrator and mediator. 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 a board member of the Singapore Traditional Chinese Medicine Practitioners Board. He is a member of Advisory Committee for the China Ready Programme under the Ministry of Law and a committee member of ACRA's Complaints and Disciplinary Panel. He is also a member of the Singapore-China Joint Experts Team jointly formed by the Ministry of Law and the China Council for the Promotion of the International Trade. 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 Independent Non-Executive Chairman of BRC Asia Limited, Deputy Chairman of Serial Systems Limited, Lead Independent Director of China Aviation Oil (Singapore) Corporation Limited, and Independent Director of Yanlord Land Group Limited and Super Hi international Holding Limited.

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

He was Adviser to the Institute of Chartered Accountants of Singapore ("ISCA") from 2009 to March 2022 and is currently the President of ISCA. He is also Advisor to the Singapore Fintech Association.



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

MDM. CHUA SOH HAR

Non-Executive Director

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



MR. LI WEIQIANG

Non-Executive Director

Mr. Li Weiqiang was appointed as a non-Executive Director in October 2012. He is currently 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 and 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, Senior Honorary Council Member of Singapore Chinese Chamber of Commerce and Industry, Vice-Chairman (China & North Asia Business Group) of Singapore Business Federation, and Vice-Chairman of Singapore Chinese Orchestra. He is also 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's other appointments include, member of the Finance & Investment Committee of Singapore Chinese Cultural Centre; member of the Ethics Committee of the Institute of Singapore Chartered Accountants (ISCA); Global Council Member of ACCA; and Chairman of the Audit

Committee of the Autism Association (Singapore). Mr. Ng also served as Chairman of Network Panel ACCA Singapore from 2015 to 2017 and was a member of the Practice Monitoring sub-committee with Accounting and Corporate Regulatory Authority (ACRA) from 2016 to 2022. 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 Ng is also a Senior Accredited Director.

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)

Mr. Zhao Aimin joined us in March 1992. He oversees the management and operations of our cable-car service and the Chao Yuan Ge development project under Xi'an Lintong Zhongxin Tourism Development Co., Ltd. He was the former General Manager of Lintong Lixing Cable Car and X'ian Lintong Zhongxin Tourism Development Co. Ltd. Prior to joining the Group, Mr. Zhao 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. In his current role, he works with the key management team at the Group level to oversee operations and capability development at our subsidiaries, and to conduct quality control and due diligence for new investments. Since joining, he has been involved in the execution of key M&A transactions including Underwater World Xiamen and the Singapore Flyer. He coordinates the Group's risk management efforts, reporting to the Audit and Risk Committee of the BOD.

Prior to joining the Group, 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. Wu currently serves as a Council Member at the Singapore Chinese Chamber of Commerce and Industry, and is also a board member of the Jazz Association (Singapore).

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)*

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 Afun Investment Consulting and Project Manager at the TOA Canada Corporation, Siemens Building Technologies Ltd and Frisco Bay Industry Ltd. Mr. Cai holds a Master Degree in Material Science and Engineering from Shanghai Jiao Tong University and has received the Global Credential – Project Management Professional by Project Management Institute (USA) in 2001. Mr. Cai also serves as Supervisor of The Fifth Supervisory Board (2018-2023) at Xiamen Tourism Association, Representative of the Eighth Congress of Xiamen Society of Science and Technology (2019-2024), Member of the Seventh Council of Xiamen Association of Enterprises with Foreign Investment (XAEFI) (2019-2024), Member of the first organization of Chinese White Dolphin Conservation Alliance (CWDCA), Member of Shanghai Overseas Returned Scholars Association (SORSA), Representative of the Fourth Congress of Siming District Association for Science and Technology (2023-2028), Honorary member of Siming District Science and Technology Association (2023-2028).

MS. JANE PENG LIJIN

*Vice President (Government Liaison, China)
Director (GM Office) - Shanghai Ocean Aquarium (SOA)*

Ms. Jane Peng Lijin joined us in July 2001. She is responsible for the areas of 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.

MR. XIE FAN

*General Manager – Lintong Lixing Cable Car Co., Ltd. (LLC)
General Manager – Xi'an Lintong Zhongxin Tourism Development Co., Ltd. (XLZTD)*

Mr. Xie Fan joined us in 2016 as the Project Manager of Xi'an Lintong Zhongxin Tourism Development Co., Ltd. He was subsequently promoted to Engineering Director in 2017, Deputy General Manager of LLC in 2020, and General Manager of LLC and XLZTD in 2021. He is responsible for the management and operations of our cable-car services and also in charge of the Chao Yuan Ge development project under XLZTD.

Prior to joining our Group, Mr. Xie served as Chief Engineer of Shaanxi Linyang Real Estate Co., Ltd. His other experiences include serving as Deputy Project Manager and Engineering Manager with Shaanxi Jinyuan Group, Assistant to General Manager with Shaanxi Huishang Investment Group, Deputy General Manager with Shaanxi Heng'ao Real Estate Co, Ltd, and serving as Assistant Engineer, Engineer, Chief Engineer, Project Director at Fourth Military Medical University between 1986 to 2009. Mr. Xie Fan holds a Bachelor's Engineering Architecture from Nanjing Institute of Military Engineering. In April 2012, he obtained the National First-class Construction Engineer registration qualification certificate.

Operations Review

OVERVIEW

FY2023 marked the Group's first full year of post-pandemic recovery following the easing of strict COVID-19 measures in China in December 2022. With revenue reaching \$82.14 million and a net profit of \$25.68 million, the Group successfully reversed the losses incurred in FY2022. Despite this achievement, an exchange loss of \$1.71 million was recorded due to the weakening of the RMB currency against the Singapore Dollar.

The Group experienced a significant increase in revenue, with our FY2023 revenue increasing 191.3% over that of FY2022. Visitor arrivals to all Group attractions totalled 3.36 million, a substantial increase from FY2022's 0.96 million, reaching approximately 73% of the pre-pandemic level in FY2019. The recovery in tourism activities in both the China and Singapore markets contributed to this growth. Specifically, the Shanghai Ocean Aquarium witnessed a return of visitors, particularly during golden week holidays and summer school holidays, indicating a strong recovery in domestic tourism in Shanghai. Similarly, Underwater World Xiamen saw a remarkable 97% year-on-year increase in visitor numbers. Additionally, visitor arrivals to the Singapore Flyer increased as international tourist arrivals continued to recover, and pre-pandemic operating hours resumed since July.

The Group's operating assets during FY2023 included:

- Shanghai Ocean Aquarium (SOA), situated 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.

In FY2023, Shanghai Ocean Aquarium (SOA), the Group's premier attraction, demonstrated substantial financial growth compared to the previous year, primarily driven by a significant surge in visitor numbers,

which increased over five-fold. Notably, this surge occurred without the extended closures experienced in the second quarter of FY2022. To stimulate the return of visitors in 2023, SOA executed various strategic marketing initiatives during key festivals. For example, during the Spring Festival celebrating the Year of the Rabbit, SOA launched a captivating Rabbit-themed aquatic biology science exhibition titled "Where Are the Magical Rabbit Fishes (神奇的兔鱼在哪里)?" This exhibition, complemented by online night promotions and exploration activities, resulted in an 88.6% increase in visitor arrivals and an 85.6% surge in revenue compared to the Spring Festival period of 2022. Subsequently, during other holiday periods such as Labour Day and the summer season, SOA continued to engage visitors through interactive



activities and popular science sessions held in the newly renovated marine classroom. These activities, including the “Launch of the New Marine Classroom (新海洋教室欢乐开幕)”, “DiDi Science Class (迪迪科普课堂)”, “DiDi Mini Lessons (迪迪微课堂)”, and “DiDi Touch-pool Class (迪迪触摸小课堂)”, were well-received, contributing to increased publicity through various social media platforms such as the SOA website, SOA official WeChat account, Douyin (抖音), and Ctrip.

The collaboration between SOA and Ctrip’s platform further enhanced exposure and market competitiveness, particularly during peak public holidays such as the National Day golden week, where a themed exhibition titled “An Adventure into the Mysterious World of

Starfish (星海奇遇，探寻海星的神秘世界)” led to a 74% increase in visitor numbers compared to the corresponding period of the previous year. Additionally, SOA maintained its commitment to corporate social responsibility by conducting “My Green” environmental conservation activities during the Christmas and New Year period and arranging visits for children with special needs throughout the year.

Meanwhile, at Underwater World Xiamen (UWX), annual visitor numbers surged by approximately 97% compared to 2022, despite facing challenges from competitors and lower visitor numbers to Gulangyu Island. UWX’s strategic initiatives included hosting four large-scale science-themed exhibitions - “A

popularization science exhibition on rabbitfish (兔飞猛进 - 兔鱼科普主题特展)”, “Fishes are different; A two-part series exhibition (趣味科普主题展 - 鱼众不同 2)”, “The heroic whale; A special exhibit on cetaceans and dolphin (鲸国英雄 - 鲸豚科普主题特展)”, and “Have a whale-derful time; A special lunar new year exhibit (龙咚锵 喜鲸开年”跨年特展)”, throughout the year, along with various educational and promotional events organized in collaboration with scenic venues and relevant entities in Fujian province. Notable among these events were the “2023 National Aquatic Wildlife Conservation Science Popularization Month, Xiamen Station (2023年全国水生野生动物保护科普宣传月(厦门站)活动)” organized in partnership with the Xiamen Natural Resources and Planning Bureau in November,



and the “Great Whale Journey Heritage (大鲸游世遗)” themed painting event held in collaboration with the Gulangyu Foreign Cultural Relics Museum of the Forbidden City in December 2023. Furthermore, UWX independently orchestrated the “Ocean Odyssey Night - Fishes Slumber with You (鱼你同眠 - 海洋奇妙夜)” event during July to August 2023, attracting 66 children for an immersive overnight experience. UWX also participated in the 2023 China (Xiamen) International Leisure Fisheries Expo to enhance publicity and attract visitors through promotional activities.

Throughout the year, UWX disseminated 127 science-related online posts across various social media and

online platforms, driving sales volumes through the OTA platform by revamping its Douyin (抖音) channel, exchanging platform advertising resources, and executing promotional campaigns during the National Day holiday. UWX consistently innovated its marketing strategies to attract visitors, launching initiatives such as the “Whale Joy Card - Non-stop Discounts (鲸喜购卡, 优惠不停)” promotion, the introduction of self-service overnight stay activities in collaboration with 启智研学, and participation in initiatives like the “One Ticket Pass” and the promotion of the “1+1” parent-child package on www.meituan.com in July and September respectively.

By 2023 year-end, UWX had actively engaged in organizing and participating in various science-based and academic events, including the “2023 National Science Popularization and Explanation Competition (Xiamen District)” and the “2023 Xiamen Science Popularization (Education) Base Annual Work Conference.” UWX’s continued commitment to science popularization educational and corporate values was evidenced by its participation and third-place win in the “10th Popular Science Volunteer Talent Competition 2023.” Through a combination of online and offline initiatives, UWX continued to advocate for marine conservation and bolster its science education efforts.

Overall, FY2023 marked a period of significant growth and strategic advancement for both SOA and UWX, underscoring their dedication to sustainability, innovation, visitor engagement, and corporate social responsibility.





Lixing Cable Car experienced a notable surge in visitor numbers and reported positive earnings for FY2023, contrasting with the previous year's net loss. The company maintained its commitment to offering value-added services, such as guided tours by individuals dressed in ancient costumes, aimed at enriching tourists' understanding of the cultural heritage and historical narratives of Lishan Mountain. Additionally, the provision of pre-recorded audio commentary for tourists further enhanced their experience and satisfaction.

In Singapore, international tourist arrivals reached 70% of pre-COVID-19 levels from 2019, totaling 13.6 million visitors for the year. Starting from July 1st, the Singapore Flyer resumed full operations for 12 hours daily from 10 am to 10 pm, aligning with the gradual reopening of borders and the resumption of travel. This adjustment in operating hours positioned the Singapore Flyer as a preferred destination for both tour groups and individual travelers who arrive in Singapore

ahead of hotel check-in times. Despite the challenges, visitor numbers in 2023 reached approximately 65% of the pre-pandemic levels from 2019, with a notable recovery observed in the tour group segment.

The Singapore Flyer received prestigious recognition in 2023, being awarded the Traveller's Choice Best of the Best accolade by TripAdvisor, reinforcing its status as one of Singapore's premier attractions and placing it within the top one percent of global attractions. Moreover, the year marked the Singapore Flyer's 15th anniversary in April, commemorated by the introduction of special promotions tailored for local residents, including a \$15 weekday offer and a curated menu of delectable \$15 dishes at its Sky View Pavilion restaurant.

In collaboration with Kendo Brands for Fenty Beauty's brand activation campaign, the Singapore Flyer hosted a media launch event and Fenty x Sephora masterclasses aboard its observation wheel in May.



This partnership transformed two thematic capsules into unique Fenty Beauty experience capsules, enriching the offerings available to guests. Furthermore, as part of the Wellness Festival Singapore organized by the Singapore Tourism Board, the Singapore Flyer reintroduced the "Yoga in the Sky" experience over one weekend in July, catering to wellness enthusiasts.





The Singapore Grand Prix (F1) returned to the Singapore Flyer in September, attracting prestigious guests and full bookings at all event venues. Selected passes offered same-day, multi-visit access to the Singapore Flyer and Time Capsule, providing guests with unparalleled views of the circuit during both day and night.

In October, the Singapore Flyer unveiled an enhanced 165 Sky Dining experience, featuring three rotations of 90 minutes each, a specially curated menu, and an exclusive souvenir. This enhancement was well-received by guests, supported by positive feedback received via internal channels and online platforms.

In November, the Singapore Flyer collaborated with La Maison du Whisky (LMDW) for its annual international tasting event, Whisky Live, establishing a long-term partnership with LMDW for future events.

Supported by the Singapore Tourism Board's Experience Step-up Fund, the Singapore Flyer launched the Flyer360 XR mobile app, enhancing the in-capsule experience through augmented reality. Pilot testing yielded positive results, with users praising the app's functionality and engagement.

In an effort to strengthen its reputation as an iconic destination in Singapore, the Singapore Flyer established its official LinkedIn page, sharing engaging content, attracting talent, and seeking collaborative opportunities within the industry.

FINANCIAL COMMENTARY

The Group reported a net profit before tax of \$34.62 million in FY2023, compared to a loss before tax of \$11.59 million in FY2022. This turnaround was primarily

driven by higher revenue generated from increased visitor numbers to the attractions, offset by higher expenses in line with business volume, exchange losses, and impairment losses on its investment property and property, plant and equipment.

The Group's net cash inflow from operating activities amounted to \$37.13 million, a significant improvement from the net cash outflow of \$2.99 million in FY2022. During the year, the Group allocated funds for dividends and loan repayments. As of 31 December 2023, the Group's cash and cash equivalent balance stood at \$169.80 million, marking an approximate 13% increase from the previous year.



Sustainability Report

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Board Statement

The Board of Directors (the “Board”) at Straco Corporation Limited (“Straco”) hereby presents the Sustainability Report for 2023. This year marks our seventh year of sharing the Sustainability Report, thereby demonstrating our continued commitment to sustainable development as this is an integral part of our business strategy formulation and decision-making process. Additionally, as part of our commitments to sustainability and transparency, we will start aligning our climate-related reporting with the recommendations set out by the Task Force on Climate-related Financial Disclosures (“TCFD”). In this report, we are proud to share Straco’s sustainability practices, performance, and targets for the year ended 31 December 2023.

As a leading developer, operator, and investor of premier tourist attractions, we aspire to create a unique, fulfilling, and enriching experience for our visitors. The Board considers Environmental, Social and Governance (“ESG”) factors as one of the top priorities in Straco’s business strategy and drives the materiality assessment while setting the direction for Straco’s sustainability strategies. We began our ESG journey in 2017 with a formal materiality assessment workshop to identify material ESG factors relevant to our business. Our Sustainability Steering Committee (“SSC”), comprising of Senior Management and General Managers from Shanghai Ocean Aquarium (“SOA”), Underwater World Xiamen (“UWX”) and Singapore Flyer (“SF”), regularly reviews our existing material ESG factors on an annual basis. These are presented to the Board for endorsement to ensure we continue to create long-term value for our stakeholders while contributing on the various ESG fronts.

Through such strong corporate governance, we continue to uphold our efforts in the ESG space. Since our baseline year in 2017, we have continuously implemented initiatives to reduce our environmental footprint for water and energy consumption. Capitalising on our high footfall, we continuously host educational programs to raise awareness on environmental protection and biodiversity conservation in China and Singapore, with beneficiaries ranging from primary school children to migrant workers and public charities. In total, Straco organised or supported 85 educational outreach events and community initiatives in 2023. We seek to provide a safe working environment for our employees by implementing workplace and health safety measures. We also aim to provide dynamic and rewarding careers for them.

This year, the tourism industry witnessed a resurgence of visitors. Straco has actively worked to minimise its operational impact by implementing initiatives that enhanced both energy efficiency and water conservation. The increased local community engagement has led to a notable rise in social engagement programs across all entities in China and Singapore. These efforts underscore Straco’s resilience and its unwavering commitment to a sustainable future.

We have reviewed and validated the material ESG factors of high importance to our business and stakeholders. The considerations and priorities considered in choosing the relevant material ESG factors focuses on the development of our business, the well-being and safety of our employees, supporting local communities, and safeguarding the diversity of marine life. The Board continues to oversee the management of ESG risks and opportunities with the support from our SSC. The disclosures of sustainability performance and targets in this report have been 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.

2023 At a Glance

2023 presents an easing of restrictions following the challenging COVID-19 period. Amidst the return of tourists and increased activities, Straco has met most of its targets for 2023. For more information on each specific target's performance, kindly refer to the table below.

MATERIAL FACTORS	INDICATOR	TARGET FOR FY2023	PERFORMANCE FOR FY2023	TARGET FOR FY2024
Environmental				
Energy	Energy Consumption and Energy Intensity	Maintain or reduce energy consumption and GHG emissions from 2022 levels 2022 levels: Energy consumed: 51,575,134 MJ Energy Intensity: 1,111 MJ/m ²	✘ Not Achieved Energy Consumption: 56,778,948 MJ Energy Intensity: 1,223.13 MJ/m ²	Maintain or reduce energy consumption and GHG emissions from 2023 levels
	GHG Emissions and GHG Intensity	2022 levels: GHG emissions: 7,872 tCO ₂ e GHG Emissions Intensity: 0.1696 tCO ₂ e/m ² SF: Plan for ECO Certification for Admin Office	✘ Not Achieved GHG Emissions: 8,284 tCO ₂ e GHG Emissions Intensity: 0.1785 tCO ₂ e/m ² ✓ Achieved SF: ECO Certification for Admin Office	SOA: Transform retail department lighting to LED energy-saving lamps
Water Management	Water Consumption and Water Intensity	Maintain or reduce water consumption from 2022 levels 2022 levels: Water consumption: 197,443 m ³ Water intensity: 4.25 m ³ /m ²	✘ Not Achieved Water Consumption: 202,721 m ³ Water intensity: 4.37 m ³ /m ²	Maintain or reduce water consumption from 2023 levels
Social				
Animal Sourcing and Well-being	Use of global and national standards and initiatives on conservation	Continue to practice responsible sourcing of animals, explore new ways to further enhance the well-being of animals and actively partake in conservation efforts	✓ Achieved Followed accepted global and national standards, where available and relevant, for responsible animal sourcing and animal well-being and continued conservation efforts	Continue to practice responsible sourcing of animals, explore new ways to further enhance the well-being of animals and actively partake in conservation efforts
Talent Retention and Training	Average training hours per employee, per year	Maintain current average of around 14 training hours per employee and provide performance review to all eligible permanent employees	✓ Achieved 19 hours	Maintain average of 14 hours of training per employee and provide performance review to all eligible permanent employees
	Annual new hires rate		30.5% (2.5% per month)	

MATERIAL FACTORS	INDICATOR	TARGET FOR FY2023	PERFORMANCE FOR FY2023	TARGET FOR FY2024
Social				
	Annual turnover rate		24.0% (2.0% per month)	
	Provide performance review to all eligible permanent employees		99%	
Health and Safety	Number of work-related fatalities	Continue to provide relevant training on health and safety and achieve zero high-consequence work-related injuries, including fatalities	✓ Achieved 0	UWX/SOA: Continue to provide relevant training on health and safety and achieve zero high-consequence work-related injuries, including fatalities SF: Zero MOM reportable workplace incidents
	Number of high-consequence work-related injuries (excluding fatalities)		0	
	Accident Frequency Rate ¹		2.38	
Local Communities ²	Initiatives on conservation education and charitable events	UWX/SOA: Support local communities through partnerships and educational programs	✓ Achieved SOA: Organised 7 education and outreach programs UWX: Organised 12 education and outreach programs	UWX/SOA: Continue to support local communities through partnerships and educational programs SF: Organise at least 2 CSR activities for the less privileged
		SF: Organise at least 2 Corporate Social Responsibility (CSR) activities	SF: Supported 6 community initiatives through sponsorships and discounted tickets	
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
	Number of incidents of corruption and bribery	Zero incidents of corruption and bribery	✓ Achieved Zero incidents of corruption and bribery	Maintain zero incidences of corruption and bribery

¹ Based on the Ministry of Manpower's (MOM) definition, Accident Frequency Rate (AFR) calculations include any workplace or work-related traffic injury that results in at least 24 hours of hospitalisation or more than 3 days of MC due to a single work-related accident. There were no workplace fatalities and high-consequence workplace injuries. However, there were 2 minor accident cases at the Singapore Flyer. As a result, the AFR, calculated based on 1,000,000 man-hours worked in 2023 is 2.38.

² For sustainability reporting purposes, Straco's entities have pledged their own targets for the local community in 2023. Thus, this section will focus on evaluating the entities' performance against their targets. Please refer to the Local Communities section for more information about the various initiatives.

About this Report

This sustainability report sets out Straco's policies, practices, performance, and targets in relation to the material ESG factors identified from 1st January 2023 to 31st December 2023 ("2023"). 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"). The other entities of the Group (corporate office in Singapore and the Lixing Cable Car ("LCC")) have been excluded from the reporting scope as they are considered immaterial in terms of consumption of environmental resources and gross floor area. The "Energy" and "Water Management" sections in this report focus solely on SOA, UWX and SF, while the "Animal Sourcing and Well-being" section is only applicable to the two aquariums, SOA and UWX.

In line with SGX listing rules, all listed companies are required to provide climate reporting on a 'comply or explain' basis in their sustainability report. Climate reporting takes guidance from the recommendations set out by the Task Force on Climate-related Financial Disclosures ("TCFD"). This year, Straco released its inaugural TCFD Report outlining the impact of climate change on the business. 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, for the reporting period as specified above. The GRI Standards were selected as it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures suited to Straco's industry and business model. This report references the following GRI Standards and topic standard disclosures:

- Disclosures 2-1, 2-2, 2-3, 2-7, 2-9, 2-27 from GRI 2: General disclosures 2021
- Disclosure 3-2 from GRI 3: Material Topics 2021
- Disclosure 205-3 from GRI 205: Anti-corruption 2016
- 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 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

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.

Straco utilises a wide variety of methods to engage our stakeholders, including the continued use of digital communication channels. The following table identifies Straco's key stakeholders and shows how they are engaged.

INTERNAL STAKEHOLDERS	MAIN OBJECTIVE	ENGAGEMENT METHODS	FREQUENCY
Employees	To create a safe, inclusive, and rewarding working environment to sustain employee morale	<ul style="list-style-type: none"> Safety training Training or skill upgrading Suggestion box 	<ul style="list-style-type: none"> Throughout the year
		<ul style="list-style-type: none"> Workers' Union meeting on employee welfare 	<ul style="list-style-type: none"> Bi-monthly to twice a year
		<ul style="list-style-type: none"> Team bonding activities 	<ul style="list-style-type: none"> Once to twice a year
Investors/ Shareholders	To disseminate accurate and timely information on the company's progress and direction	<ul style="list-style-type: none"> Release of financial results and other relevant disclosures through SGXNet and Straco's website 	<ul style="list-style-type: none"> Throughout the year
		<ul style="list-style-type: none"> Annual General Meeting 	<ul style="list-style-type: none"> Once a year
		<ul style="list-style-type: none"> Participation in non-deal road show 	<ul style="list-style-type: none"> Ad hoc
		<ul style="list-style-type: none"> Meeting with investors and stock analysts 	<ul style="list-style-type: none"> Throughout the year
EXTERNAL STAKEHOLDERS	MAIN OBJECTIVE	ENGAGEMENT METHODS	FREQUENCY
Customers	To understand customer expectations and enrich customer experience	<ul style="list-style-type: none"> Feedback box Customer review on official website and official social media platforms 	<ul style="list-style-type: none"> Throughout the year
		<ul style="list-style-type: none"> Market research and analysis 	<ul style="list-style-type: none"> At least once a year
Local Communities	To contribute to local communities through conservation education and research, as well as charitable activities	<ul style="list-style-type: none"> Education programmes Charitable events 	<ul style="list-style-type: none"> Throughout the year

MATERIAL ESG FACTORS

In 2023, Straco's Sustainability Task Force ("STF") reviewed and validated the list of material ESG factors, which was then endorsed by the SSC. The following table summarises Straco's material ESG factors identified and explains why these factors are material and relevant to Straco:

ASPECT	MATERIAL ESG FACTORS	WHY IS THIS FACTOR MATERIAL TO STRACO
Economic	Economic Performance	As Straco is a for-profit tourism Group, creating economic value and ensuring dividend distributions to our shareholders while maintaining our strong ESG practices is a key tenet of Straco's business.
Environmental	Energy	Our business operations require electricity for lighting, air-conditioning as well as to keep our equipment running. A successful reduction of energy consumption can lower business costs and reduce our Group's carbon footprint. This is our contribution in combatting climate change.
	Water Management	As two of three entities in this sustainability report are aquarium attractions, water consumption is a key issue in the Group's business operations. Wastewater discharge is a key topic to local government and communities as well. Overall, water is a scarce resource that should be well-conserved.
Social	Animal Sourcing and Well-being	As Shanghai Ocean Aquarium ("SOA") and Underwater World Xiamen ("UWX") exhibit many marine lives, the Group is committed to using ethical and sustainable means to acquire marine life, avoiding endangered or sensitive species. SOA and UWX are dedicated to ensuring animals enjoy a high standard of care in the aquarium.
	Talent Retention and Training	High turnover rates suggest worker dissatisfaction with their working environments and culture. The loss of experienced employees reduces the efficiency of business operations as more time and effort is required to train up new hires. To mitigate this, Straco continues to develop and train its talents and create a supportive and safe working environment to boost employee morale.
	Health and Safety	As a tourism Group, the safety of our guests is one of our top priorities, hence, we strive to provide a safe and enjoyable experience for all guests. Also, as employee health, safety and benefits are closely linked to our business operations, providing a positive working environment can boost the productivity levels of our employees, while reducing the risks of workplace injuries, high-consequence accidents and government fines.
	Local Community (including conservation education)	Straco is committed to social responsibility by giving back to local communities across China and in Singapore. Through its aquariums, Straco delivers public education on topics such as marine life conservation and research.
Governance	Regulatory Compliance	As a business, Straco Group adheres to local regulatory compliance measures. As aquarium businesses are closely regulated by government bodies, any incidents of non-compliance would result in reputation loss, regulatory fines, or licence revocations. Straco adopts a zero-tolerance stance on corruption and bribery.

Task Force on Climate-related Financial Disclosures (TCFD) Report

As a global player in the tourism and attractions industry, Straco Corporation Ltd recognises the critical role that climate change plays in shaping the business landscape. Our commitment to sustainability is embedded into our business operations, and we understand the importance of communicating our efforts to address climate-related risks and opportunities. In alignment with the Task Force on Climate-related Financial Disclosures (TCFD) framework, this report serves as a comprehensive overview of Straco's approach to managing climate-related risks and seizing opportunities in the evolving environmental landscape. By providing detailed insights into our climate-related governance, strategy, risk management, and metrics and targets, we aim to demonstrate our dedication to long-term value creation and resilience.

Straco's operations are deeply intertwined with climate change and biodiversity. As the owner and operator of two large aquariums, Straco understands that the preservation of our environment is crucial. As a result, the company has implemented strategic measures to combat climate change. From energy-efficient technologies and sustainable sourcing practices to animal habitat enhancement initiatives, our operations reflect a dedication to environmentally conscious choices. Furthermore, we have assessed the risks and opportunities presented by the impacts of climate change and devised mitigation strategies. Through this, Straco aims to be future-proof and remains abreast in the face of changing conditions.

This section of the Sustainability Report is our first step towards the adoption of the Taskforce for Climate-related Financial Disclosure ("TCFD"). It aligns with the recommendations set out by TCFD's four pillars and outlines the physical and transitional climate risks that we may face in our operations. This is also in line with SGX's Reporting Guide Practice Note 7.6 and the phased approach to TCFD adoption.

Our sustainability strategy is led by the Board and managed by our Sustainability Steering Committee ("SSC"), comprising of senior management from each of the major attractions – Shanghai Ocean Aquarium ("SOA"), Underwater World Xiamen ("UWX"), and Singapore Flyer ("SF"). The SSC continuously works to review and optimise Straco's sustainability initiatives in line with its business operations. By aligning our sustainability strategy with global sustainability goals, we endeavour to not just mitigate climate-related impacts but also enhance the social and economic contributions of our business.

Straco incorporates an analysis of climate-related risks and opportunities into its comprehensive risk management process, overseen by the SSC. The assessment of physical climate risks utilises tools (refer to Water Management on pages 30-32) to determine the likelihood and impact of both acute and chronic risks to Straco. Transition risks are identified through an analysis of our regulatory landscape, operations, and the external environment. Straco classifies the level of each risk as low, moderate, or high³ across short (ST), medium (MT), and long term (LT) horizons⁴. Subsequently, risk management plans are developed to mitigate and prevent these identified risks.

3 Straco defines low risk as events that have small impact of damage, moderate risk as events that have an impact but are not serious, and high risk as events that have severe impact causing loss of business.

4 Straco has defined short term as within the next 12 months, medium term to be between 12 – 36 months, and long term to be beyond 36 months.

We will continue to integrate climate-related risks into our business strategy and will investigate conducting a climate scenario analysis. This will allow us to identify the climate-related risks and opportunities and the impact that they may have on our business operations and planning. In the first-year adoption of TCFD, we have identified our climate-related risks and opportunities and developed management plans as follows:

RISKS		
Type	Impacts on Straco	Risk management
Physical (acute)	<p><u>Floods</u> Flooding can negatively affect business operations, harm employees, aquarium animals and damage building infrastructure. It can lead to venue closures and a reduction of visitors. Furthermore, supply chains, local communities and city infrastructure may also be adversely impacted.</p> <p><u>Assessment of risk:</u> ST – low MT – moderate LT – high; due to SOA's proximity to the river and the potential of significant damage to its low-lying equipment in the basement.</p>	<p>Straco relies on emergency flood plans to mitigate the impacts of flooding on employees, animals and buildings. The plan outlines early-warning systems, evacuation procedures and post-flood actions to ensure the safety of human and animal lives.</p> <p>We also rely on government initiatives in managing flood risk. For example, Shanghai has established the 'Four Lines of Defence' comprising of the Qianli seawall, the Qianli River embankment, regional waterlogging control, and city rainwater drainage facilities. Singapore has erected water diversion canals and tanks, is making improvements to island-wide drainage, and exploring technological innovations and tools. These measures can reduce flooding damage in the short to medium term. In the long term, Straco aims to work with the local government on protecting its assets.</p>
	<p><u>Typhoons</u> Straco's business operations in China can be disrupted by typhoons and erratic weather conditions. It can lead to reduced visitor traffic as infrastructure is damaged, and pose risks to personnel and animals, impacting both Straco's operations and reputation.</p> <p><u>Assessment of risk:</u> ST – moderate MT – moderate LT – moderate</p>	<p>To mitigate tangible and reputational impacts, Straco follows an extreme weather action plan. Prior to each typhoon, we will organise pre-typhoon safety checks to ensure the safety of company employees, animals, and assets. We will also notify tourists of this disruption via our website.</p> <p>Furthermore, we are insured for property damage, business interruption, and public liabilities thereby reducing the financial impact of typhoons.</p>
	<p><u>Droughts</u> Droughts may reduce the availability of water to Straco's aquarium businesses, causing disruptions to operations and quality leading to increased costs. In the case of extremely dry weather, additional costs will be incurred to maintain the premises landscapes.</p> <p><u>Assessment of risk:</u> ST – low MT – low LT – moderate</p>	<p>SOA is planning to build a rainwater collection system to collect and store rainwater to be used in the aquarium. This will increase our water sources and reduce the dependency on municipal water supply, thereby yielding cost savings in the future.</p> <p>Meanwhile, Shanghai government is building multiple water sources, further ensuring the availability of urban water use in the case of droughts.</p> <p>For UWX and SF, both Xiamen and Singapore are island cities with a tropical monsoon climate, characterised by high temperatures and significant rainfall, with any risks being within the bounds of control. Nevertheless, Straco will perform regular climate risks assessments and put mitigation measures in place to futureproof our business.</p>

RISKS		
Type	Impacts on Straco	Risk management
Physical (chronic)	<p><u>Extreme heat</u> Chronically high temperatures can increase business costs including energy consumption from air-conditioning and aquarium water temperature. Prolonged heat may also impact animal wellbeing and working conditions of employees. Furthermore, high temperatures may detract tourists from visiting, lowering attraction footfall.</p> <p><u>Assessment of risk:</u> ST – moderate MT – moderate LT – moderate</p>	<p>To manage increased energy costs, Straco is implementing measures to reduce electricity and water consumption. These changes include improvements to the air conditioning system and aquarium lighting, with a specific focus on enhancing energy efficiency and installing energy-saving lights. The diversification of Straco's water source as mentioned above (refer to Droughts) will also help to maintain water supply during periods of extreme heat to maintain animal wellbeing.</p>
	<p><u>Changes to precipitation patterns</u> Straco entities are likely to face increasing rainfall intensity and erratic weather conditions. This may result in reduced revenue and higher maintenance and workforce costs. Half of Singapore Flyer's workforce perform duties in semi-outdoor conditions where extreme weather conditions may negatively impact employees' well-being.</p> <p><u>Assessment of risk:</u> ST – moderate MT – moderate LT – moderate</p>	
Transition	<p><u>Carbon tax</u> Carbon tax will increase operational costs for high emitting assets.</p> <p><u>Assessment of risk:</u> ST – low MT – moderate LT – moderate</p>	<p>Straco will continue to assess its operations for ways to further reduce emissions. Currently, Straco will focus on reducing carbon emissions through increasing its energy efficiency, specifically in lighting, air-conditioning and energy management systems. In the future, SOA will look to implement renewable energy including solar and wind thereby reducing our emissions. Additionally, we are exploring the adoption of internal carbon pricing to internalise the cost of carbon into our business cost and better guide our decision-making processes.</p>
	<p><u>Increased cost of raw materials</u> Straco may be impacted by the rising cost and volatility of raw materials and fuels, leading to increased operating costs and impact to company profit margins.</p> <p><u>Assessment of risk:</u> ST – low MT – moderate LT – moderate</p>	

RISKS		
Type	Impacts on Straco	Risk management
Transition	<p><u>Changing stakeholder and customer preferences</u> Straco's stakeholders and customers' preferences are shifting to favour more sustainable practices and services. Straco is at risk of becoming irrelevant if we fail to keep up with market trends. Consequently, we may experience a decline in investor interest and customer demand.</p> <p><u>Assessment of risk:</u> ST – low MT – low LT – low</p>	<p>To stay relevant to customer preferences, Straco aims to leverage its marine biodiversity conservation activities to attract visitors and public interest. Currently, engages in various community outreach and government research and collaboration programs to contribute to biodiversity conservation. These programs aim to raise awareness of Straco's sustainability efforts and attract audience.</p> <p>In the long term, SOA will adopt renewable energy and strongly promote it, reflecting the aquarium's environmental philosophy while simultaneously reducing dependence on fossil fuels and carbon emissions. Moving forward, Straco will also progressively standardise its operations to meet industry benchmarks, ensuring alignment with stakeholder expectations.</p> <p>SF is actively implementing more sustainable operations to align with our customers' expectations. Looking ahead, SF aims to capitalise on evolving customer preferences, transforming them into business opportunities.</p>
	<p><u>Technological risk</u> Straco may face transition risks if we fail to adopt new technologies in time or fail to successfully respond to technology risks, resulting in the damage of our reputation and increase of operating costs.</p> <p><u>Assessment of risk:</u> ST – moderate MT – moderate LT – moderate</p>	<p>To manage the risk of falling behind on digitalisation and technological development, Straco pays close attention to the latest digitalisation and technology trends, ensuring that we understand its potential impact on our business and customers. For example, in recent years we noticed the trend of short-form videos via Douyin and its potential for widespread impact in the education of marine biodiversity for the wider public. Since adopting this technology, we have been able to widely disseminate marine knowledge to students and the public alike.</p> <p>New technologies present a strategic opportunity for SF to reassess our practices and business processes. Embracing digitalisation allows us to transform our operations and enhance our overall efficiency. Looking ahead, incorporating technology is both essential for operations and crucial for our strategic investment. For example, we introduced a call centre and email automation system that greatly improved the external communication with our customers and extended our online ticketing capabilities via Gateway Ticketing System to allow our trade partners to purchase bulk tickets via our secured e-platform.</p> <p>As SF endeavours to manage technology-related transition risks, being proactive to digitalisation can position our company for long-term success.</p>

RISKS		
Type	Impacts on Straco	Risk management
Transition	<p><u>Compliance and regulatory</u> Straco may face increased costs and operational expenses due to a rise in reporting requirements worldwide. As Straco operates in both China and Singapore, the increased reporting burden may incur additional costs in software and manpower.</p> <p><u>Assessment of risk:</u> ST – low MT – low LT – low</p>	<p>Straco will actively participate in the development and implementation of government carbon reduction policies, making recommendations and contributions to the sustainable development of our industry. Furthermore, we will participate in environmental policies and projects, striving for government funding and assistance to reduce investment and operating costs. We anticipate incurring additional reporting costs in the future and will incorporate these into our annual budget while aiming to mitigate the additional costs of reporting through strategic planning regulatory compliance.</p>

OPPORTUNITIES		
Type	Description	Management plan
Cost reductions	<p><u>Sustainable operations</u> Practices to reduce emission footprint of operations including energy use.</p>	<p>Straco is steadily committed to implementing new energy efficiency initiatives to reduce our energy consumption. To date, this includes upgrading our lighting to energy-saving, optimising the air-conditioning system and minimising the energy consumption of water withdrawal (refer to Energy on pages 29-30 and Water management on pages 30-32). Straco is also in an ongoing process to further examine additional areas of energy saving.</p> <p>Furthermore, SF will gradually shift operations to 'all green', involving the adoption of green operating policy and service delivery.</p>
	<p><u>Green technology investment</u> Investment in green technology including renewables.</p>	<p>We are planning on investing in areas of green technology including solar panels and rainwater collection systems. In line with this, operations will also transition to be greener in SF. Overall, this will reduce energy consumption and operating costs and boost customer demand.</p>
	<p><u>Climate risk analysis</u> Analysis of extreme weather impacts on assets to understand risk exposure.</p>	<p>Straco continues to review existing properties for climate risk. In particular, we are investigating the impacts of extreme heat and flooding risk. All entities are currently in the process of including climate risk assessment in our Enterprise Risk Management. In the future, Straco will aim to conduct a climate scenario analysis to better understand the impact of climate change and further integrate climate considerations into our business plans.</p>
	<p><u>Supply and sourcing</u> Create supplier policies that prioritise local vendors and sustainable suppliers to reduce shipping costs and emissions from the transport of material.</p>	<p>Straco is assessing the feasibility of developing supplier policies that prioritise the selection of local vendors and prioritise the safety and well-being of animals during transportation. Our goal is to attain the highest standards in animal sourcing while concurrently minimising emissions linked to logistics. Meanwhile, SF is in an ongoing effort to shift our focus from best sourcing to sustainable sourcing. All entities intend to diversify their supply chains and review pricing strategies in order to mitigate supplier price fluctuations.</p>

OPPORTUNITIES		
Type	Description	Management plan
Business growth	<u>Environmental certifications</u> Obtain certifications to drive sustainability improvements.	Obtaining environmental certifications can drive energy improvements and allow Straco to adhere to market standards. This year SF has obtained ECO office status for our administrative office. We will also invest in the renewal of our Green Mark certification. These efforts enhance Straco's sustainability position, helping to draw in more visitors and business partnerships.
	<u>Sustainable tourism</u> Customers are interested in sustainability and environment related topics.	Straco will explore sustainable tourism in products and experiences in line with changing customer preferences. SOA and UWX are conducting community outreach programs on marine biodiversity conservation. SF will collaborate with the Singapore Tourism Board to refine offerings in line with the principles of sustainable tourism. Straco aims to position itself to take advantage of the growing interest in nature and the environment.
	<u>Sustainability communication and branding</u> Promotion of sustainability initiatives through partnerships and company programs.	Straco will continue to communicate our sustainability initiatives and engagements through multiple channels. This includes SF's corporate communication program and general partnerships with like-minded organisations, working committees and collaborations with other tourism players. Straco aims to foster positive business relationships and enhance its reputation as a responsible corporate citizen.
	<u>Employee upskilling and training</u> Educate employees on how to manage climate-related risks and opportunities.	<p>Straco sees an opportunity to upskill its employees in line with changing business needs including managing climate risks and general sustainability knowledge. This ensures employees' skills remain current and enables Straco to stay relevant.</p> <p>In locations prone to risk of extreme weather, Straco continues to upskill employees in effective weather risk management and explore training programs for weather monitoring and pre-emptive measures to ensure the highest level of preparedness against weather risks.</p> <p>SF will send some employees for a career conversion program focused on sustainability to eventually establish a dedicated task force for sustainability matters. Overall, Straco aims to reduce human resourcing costs in the future and build expertise for future opportunities.</p>

Straco will continue to monitor climate-related risks and opportunities annually to manage risks and capitalise on opportunities. In the face of physical risk from weather events, we will reinforce our mitigation strategies while transforming our employees' skills to be able to deal with the future risks. Meanwhile, we will take advantage of transitioning to a more renewable method of energy sourcing to mitigate transition risks.

In an ongoing effort to improve our sustainability initiatives and climate-risk assessment, Straco will undertake a climate scenario analysis to gain a deeper understanding of both qualitative and quantitative risks. We will also integrate climate-related risks into our own Enterprise Risk Management (ERM) for a more holistic assessment of our risk universe. Additionally, a preliminary analysis of GHG emissions scope 3 will be conducted in the future, providing insights into our carbon emission sources and aiding in the development of supply chain policies as well as our GHG inventory. Straco aims to progressively set more quantitative goals aligned with science-based emissions targets as part of our ongoing sustainability efforts.

Economic

ECONOMIC PERFORMANCE

In 2023, Straco witnessed a notable economic recovery compared to the COVID-affected years, fuelled by a surge in visitor numbers following the relaxation of restrictions in China. The easing of measures in both China and Singapore facilitated the gradual return of domestic and international tourism to levels reminiscent of the pre-pandemic era.

For the full year, Straco achieved a revenue of S\$82.1 million and reported a net profit of S\$25.7 million. Detailed insights into Straco's financial performance for 2023 can be found in the Financial Review section of this Annual Report.

Despite the upswing in economic and operational activity, the Group remains vigilant regarding potential impacts on our operations. Straco is committed to staying informed about the recovering tourism market and ensuring sustained robust economic performance in the long run. Our core strategy revolves around maintaining the relevance and resilience of our business through differentiated services, a strong team, and an unwavering dedication to delivering outstanding ESG performance.

Environmental

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 with 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 2023, Straco’s key energy-saving initiatives include:

SOA:

- Upgraded lighting across SOA, replacing over 160 energy-consuming lamps with LED lights in key areas till date, constituting 45% of the building’s lighting. This not only reduces energy consumption but also enhances visitor experience, particularly during night-time aquarium visits.
- Transformed the central air conditioning system to a lower-power model, reducing energy consumption and extending equipment service life.

UWX:

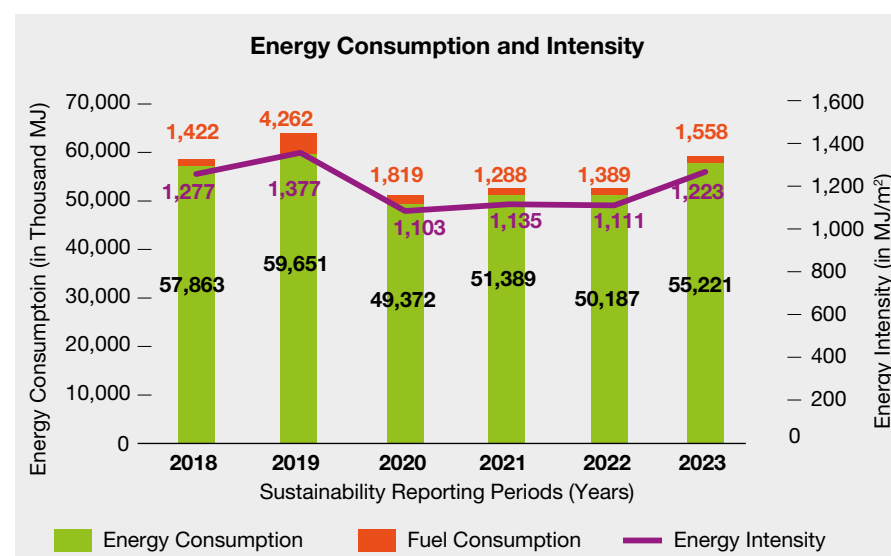
- Conducted regular maintenance to optimise energy performance, employing variable frequency intelligent control for escalators during low tourist activity.
- Implemented energy-efficient technologies, such as LED lights and air-source cooling/heating machines, contributing to overall energy efficiency.
- Promoted employee participation in energy conservation, including powering down computers, lights, and centralised hot water supply during off-work hours.

SF:

- Replaced 95% of lighting with motion sensor lighting on carpark levels 1 and 2.
- Sent replaced timbers and old electronic equipment for recycling and e-waste disposal instead of general disposal to improve recyclability.
- Adopted eco-friendly practices like using paper-packed water instead of bottled water and reducing physical name card printing in favour of e-name cards to reduce reliance on single use items.
- Implemented an Energy Policy Statement and Guidelines, aimed at enhancing the company’s performance by minimising energy consumption (electricity, water, and gases), reducing associated costs, and promoting effective energy management practices.

- Achieved ECO Certification for Admin Office “ECO Office” from Singapore Environment Council.

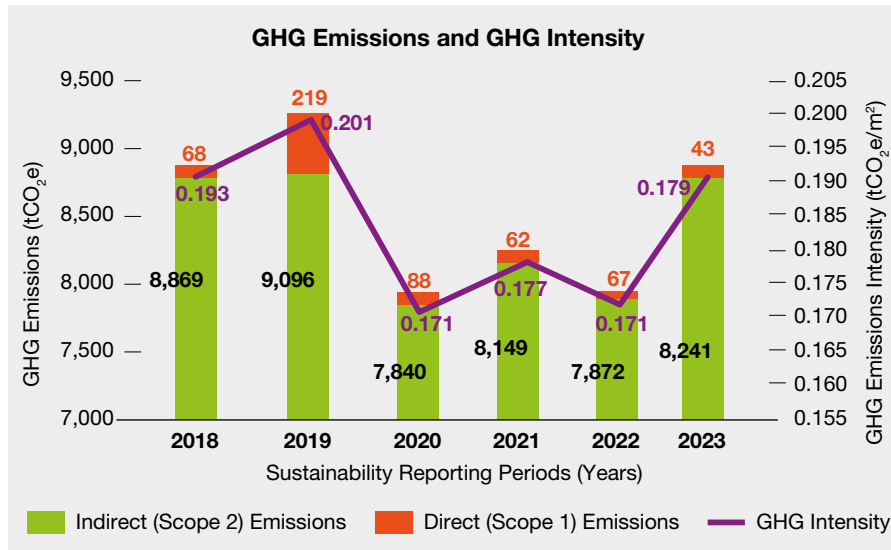
The chart below illustrates our total energy consumption which consists of fuel and electricity used within our operations under SOA, UWX and SF for 2018 to 2023. Our total energy intensity is calculated by total energy consumption divided by gross floor area for all three entities. This is illustrated below:



In 2023, SOA, UWX and SF consumed 56,778,948 Mega Joules (“MJ”) of energy, comprising of 55,221,016 MJ of electricity consumption and 1,557,932 MJ of fuel consumption including Liquefied Natural Gas (“LNG”), city gas (Singapore) and diesel. 2023 experienced a 10.1% increase of energy consumption compared to 2022 due to increased business activity as normal operations resumed. However, in comparison to 2018, there is an overall decrease of 4% in both the total energy consumption and energy intensity⁵. Reflecting a relative improvement in energy efficiency and a reduction in overall consumption.

⁵ In 2018, total energy consumption was at 59,284,240 MJ while energy intensity was at 1,277 MJ/m².

The following chart depicts the total GHG emissions arising from operations under SOA, UWX and SF, which consists of direct (Scope 1) GHG emissions⁶ and indirect (Scope 2) GHG emissions⁷, and the total GHG emissions intensity.



GHG emissions are derived from the country specific grid emission factors for electrical consumption data. In 2023, our GHG emissions were 8,284 tCO₂e, reflecting a decrease of approximately 7.3% compared to 2018 levels (8,937 tCO₂e). However, when compared to 2022, this year experienced a rise in emissions. This can be attributed to increased events and overall operating hours in SOA, UWX, and SF in 2023 compared to 2022. For 2024, Straco aims to maintain or reduce energy consumption and GHG emissions from 2023 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 Indirect (Scope 2) GHG emissions arose from electricity consumption. The emissions were calculated based on Grid Emission Factors published by the Energy Markets Authority of Singapore and the Ministry of Ecology and Environment of China.

WATER MANAGEMENT

As water is a scarce 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.

In 2023, as a continuation from previous years, Straco's key water management practices and initiatives include:

SOA:

- Improved tank cleaning processes with the introduction of cleaning and flushing, a more water-efficient method to reduce water usage
- Monitored water usage during external sand tank cleaning to minimise wastage
- Addressed rust and leakage issues in the fire sprinkler pipeline to conserve water resources

UWX:

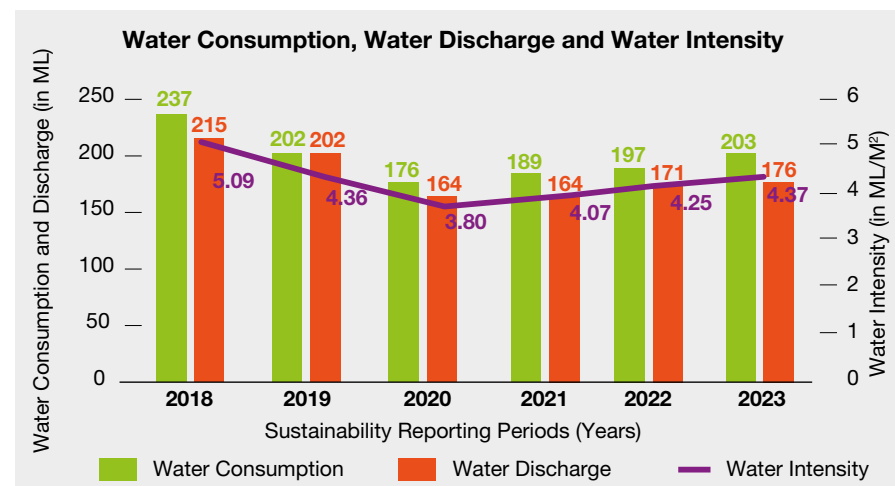
- Continued using treated seawater in tanks to minimise the impact on the municipal fresh water supply. The water is filtered by the Life Support System ("LSS") and is recycled, effectively reducing overall water usage
- Continued using water-saving labels and equipment such as automatic flow control faucets, flush valves, and water-saving toilet tanks, to promote water conservation
- Continued using circulating water for cooling the central air conditioning cooling

SF:

- Continued using recycled water – NEWater – for landscape irrigation
- Continued the annual inspection and certification of our water tanks

Straco is in the process of assessing current water practices and will explore other methods of water management moving forward to improve our water stewardship.

The chart below illustrates our total water consumption, water discharge and water intensity for our operations under SOA, UWX and SF from 2018 to 2023. Our total water intensity is calculated by total water consumption divided by total gross floor area for the three entities. This is shown below:



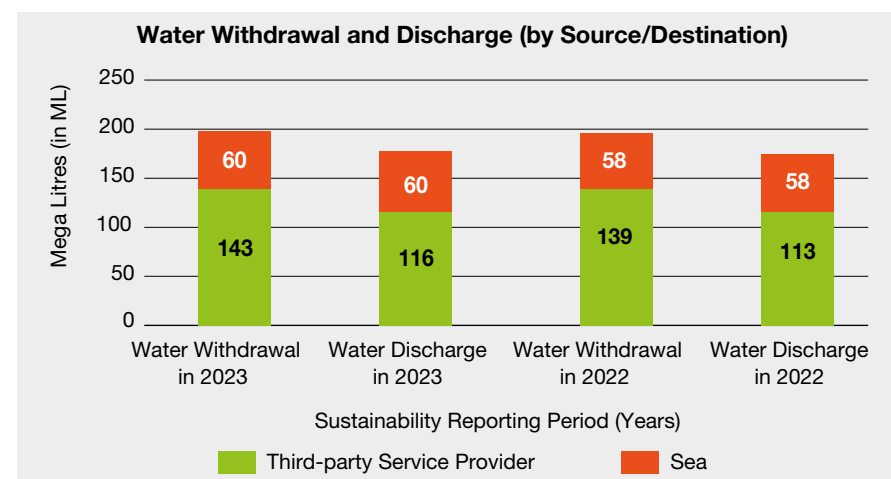
In 2023, SOA, UWX and SF consumed 203 Mega Litres (“ML”) of water, comprising 143 ML of fresh water and NEWater and 60 ML of other types of water. Our water consumption has reduced overall by 14.3% since 2018⁸. Two of our three in-scope entities are aquariums, contributing significantly to our water usage all year round. While our water consumption has continued to rise since 2020 with the increase of tourist activities post-pandemic, we have managed to maintain levels to be below 2018 benchmark due to continuous implementation of water-saving initiatives. Moving forward, we will continue to adopt innovative ways to reduce water usage.

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

⁸ In 2018, the total water consumption was 237 ML.

from our assets. We conduct regular maintenance of 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 2023.

In 2021, SOA completed the water balance testing. We will conduct water balance test projects once every five years. The charts below detail the breakdown of water withdrawal and discharge^{9 10} by source/destination and by water source compared to last year.



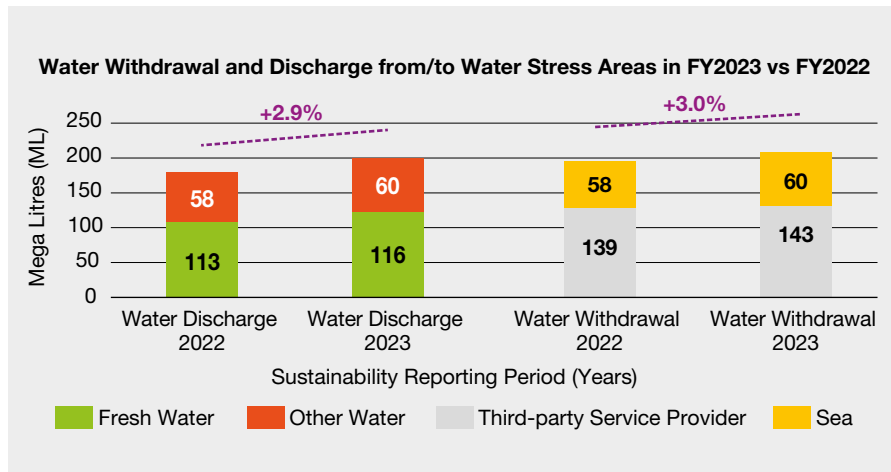
⁹ SOA measures water withdrawal from municipal sources based on meter readings from third-party water providers. The discharge volume to third-party treatment facilities is estimated at 90% of the withdrawal, aligning with the standard used by third-party companies in charging wastewater treatment fees. An estimation is made as not all water balance testing equipment has been installed at present. A water balance testing plan will be determined in due time. UWX measures the amount of seawater based on the volume of the pool that stores the seawater, while third-party water is measured by a water meter. SF refers to its third-party provider’s monthly billings.

¹⁰ For reporting purposes, we also collect the type of water withdrawn and discharged. In accordance with GRI standards, the water type bought from third-party service providers is freshwater, while sea water is considered other types of water.

In 2023, SOA, UWX, and SF withdrew 203 Mega Litres (“ML”) of water, comprising 143 ML of municipal water and 60 ML of seawater. There was a 14.3% decrease in the amount of water withdrawal as compared to 237 ML in 2018. Over the years, water intensity has also decreased by 14.1%, from 5.09 m³/m² in 2018 to 4.37 m³/m² in 2023. For 2024, Straco has set targets to maintain or reduce water consumption from 2023 levels.

This year, 176 ML of water was discharged, comprising 116 ML of used freshwater¹¹ sent to third party water treatment facilities and 60 ML of other water¹² discharged to both the sea and third-party water treatment facilities.

The chart below provides a breakdown of the water withdrawal and discharge:



In 2023, 203 ML of water was withdrawn from, and 176 ML of water was discharged to areas of water stress. The third-party water withdrawn comprises of 136 ML of freshwater and 7 ML of NEWater. In comparison to 2022, the amount of water discharged and withdrawn in 2023 increased by 2.9% and 3% for respectively, attributed to a rise of tourism activity and the use of water for irrigation.

Water stress is a measure of the ratio of total water demand to available renewable surface and groundwater supplies¹³. Straco has assessed the water stress of our operating locations and determined Shanghai as high, Xiamen as medium to high and Singapore as low. Hence, the availability of surface and groundwater water moving forward appears to be vulnerable for Shanghai and Xiamen. In response, SOA is planning to establish a rainwater collection system that will decrease the aquarium’s reliance on city municipality sources and diversify water scarcity risks. UWX will continue to use our Life Support System (“LSS”) and water recycling practices to minimise our overall water usage. In the meantime, UWX is assessing current water consumption processes for further water-saving measures. This aids Straco in mitigating its risk from water stress and incorporate climate risk into business operation considerations. In 2024, Straco aims to maintain or reduce water consumption from 2023 levels.

11 Based on GRI Standards (2018), freshwater is defined as water with concentration of total dissolved solid equal or below 1,000 mg/L.

12 Based on GRI Standards (2018), other water is defined as water with concentration of total dissolved solid more than 1,000 mg/L.

13 Definition of water stress is based off the World Resources Institute (WRI) Technical Note 4.0. Water stress ratings were determined by WRI’s Aqueduct Water Risk Atlas tool.

Social

ANIMAL SOURCING AND WELL-BEING¹⁴

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 programs, 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")¹⁵ 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 source sustainable alternatives for habitat enhancement where possible 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 programs for marine life, especially endangered species. Straco continues to maintain a high standard of care for marine life.

Straco has also formed a strong partnership with the Law Enforcement Team of the Shanghai Municipal Agriculture agency, Rural Committee (formerly the Fishery Supervision and Administration Office) and the Public Security Management Team of the Lujiazui Public Security Division to actively carry out rescue and temporary maintenance of nationally protected species. We collaborate on various fronts, spanning clams, corals, turtles, and pinnipeds, while also offering technical assistance for safeguarding rare species within the country.

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. In 2023, SOA continues to cooperate with the Shanghai Bureau of Fisheries' to protect and rescue marine wildlife including the critically endangered hawksbill sea turtle and the Chinese giant salamander. In addition, SOA participates in seaside rescue drills of large marine animals to build relevant expertise in the future.

With the accelerating pace of climate change, impact to natural habitats and species populations in the wild has become increasingly significant. As part of our commitment to biodiversity conservation, we have assumed an enhanced role in safeguarding vulnerable species. Straco's conservation efforts include a wide range of breeding programs for marine life, especially endangered species. Straco continues to maintain a high standard of care for marine life and focuses on upholding animal well-being.

UWX achieved success in its breeding program through a systematic and gradual approach to the self-breeding of various aquatic animals. Stable reproduction was accomplished among jellyfish and small shark species. A significant milestone was reached in the breeding of pinnipeds, marked by the successful birth of an African fur sea lion. This not only underscores Straco's proficiency in wildlife conservation but, more importantly, establishes a robust foundation for the self-propagation of protected organisms.

Straco maintains ongoing collaboration with the government in the areas of animal rescue and protection. In 2023, SOA partnered with the Shanghai Fishery Administration to conduct a seaside rescue drill, showcasing large-scale animal rescue demonstrations utilising stretchers and models. Additionally, SOA also provided valuable assistance to the Shanghai Fishery Administration through conducting water quality testing, biological disease diagnoses, and offering pertinent professional advice. Similarly, UWX actively engaged in government-led rescue efforts pertaining to protected organisms.

Remaining steadfast in its commitment to wildlife conservation, Straco's ongoing efforts to create and preserve the lives of protected aquatic animals emphasise the company's dedication.

¹⁴ This chapter focuses on Straco's two aquariums, SOA and UWX only.

¹⁵ CITES is an international agreement between governments, with the principal aim to prevent the international trade in specimens of wild animals and plants from threatening their survival. For the many non-endangered wildlife species in trade, the existence of an agreement adds extra assurance of the sustainability of the trade in the long run.

Animal 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. In addition to upgrading work, our Aquariums also closely monitor the water quality of water tanks, with regular checks and monitoring documented.

In 2023, SOA introduced a water treatment system for freshwater tanks. It uses a two-stage process to convert Shanghai’s tap water physically and chemically into suitable aquarium water with indicators (such as pH and total dissolved solids) that mimic the original water conditions of marine life.

Our veterinarians conduct routine health monitoring and spot checks of our animals. New animals are also quarantined to identify and treat any potential disease before being added into the aquarium. Guided by professional research on sound nutritional science, we have developed a well-structured feeding plan, specifying the type and amount of feed for different animals. In 2023, building on the success of the penguin enrichment plan implemented in 2022, a similar program was introduced for the spotted seals at SOA. This program aims to enhance the daily breeding experience of spotted seals through the incorporation of sounds, toys, facilities, and other methods. Through a more diverse and dynamic daily breeding environment, the program seeks to reduce the generation of stereotyped behaviours among spotted seals.

Additionally in 2023, targeted feeding training was carried out among newly introduced organisms such as blacktip sharks, whitetip sharks, black rays, and yellow rays in the museum. This enables the organisms to quickly adapt to feeding behaviours in the artificial breeding environment through conscious, purposeful, and phased feeding training.

Under the guidance and support of the Management, UWX has built a large and independent bait storage area and bait processing area, and strictly controls the quality of bait and the cleanliness of bait to ensure biological health. 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 a key element contributing to Straco’s success, we seek to attract and retain our talents by pursuing employee satisfaction and job fulfilment through employee engagement and training programs. In this way, our employees can deliver high-quality work and in turn contribute to the overall success of our business, while maintaining a high level of employee morale.

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 talent. We also maintain our regular recruitment channels, including membership in professional recruitment networks such as the Xiamen Zhilian Network. Since October 2022, SF has been actively recruiting individuals from the Yellow Ribbon Project and Persons with Disabilities. As of 2023, these employees are still employed at SF, and we continue to hire as before.

As of 31 December 2023, we have a total of 9 Directors¹⁶ and 433 permanent employees. A breakdown of our workforce is shown in the charts below. We have a fairly balanced split of males and females at most organisation levels, with a higher proportion of males at the management levels. Age groups are well distributed for employees, with older age groups more represented at more senior levels.

BOARD OF DIRECTORS



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



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

EMPLOYEES



By Location
China: **313**
Singapore: **120**



By Gender
Female: **197**
Male: **236**

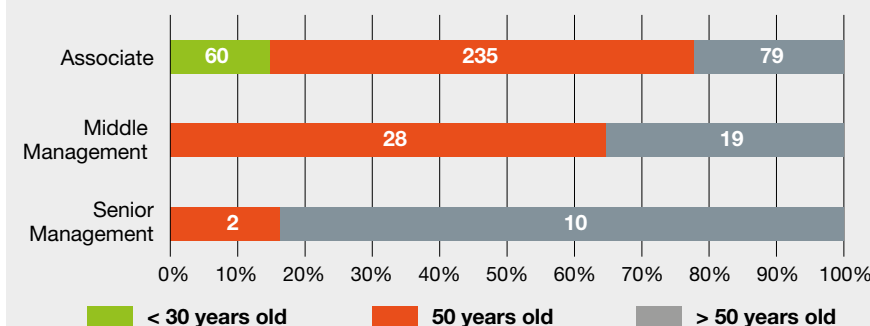


By Employee Category
Senior Management: **12**
Middle Management: **47**
Associate: **374**



By Age Group
< 30 years old: **60**
30 – 50 years old: **265**
> 50 years old: **108**

Percentage of Employees per Employee Category By Age Group (FY2023)

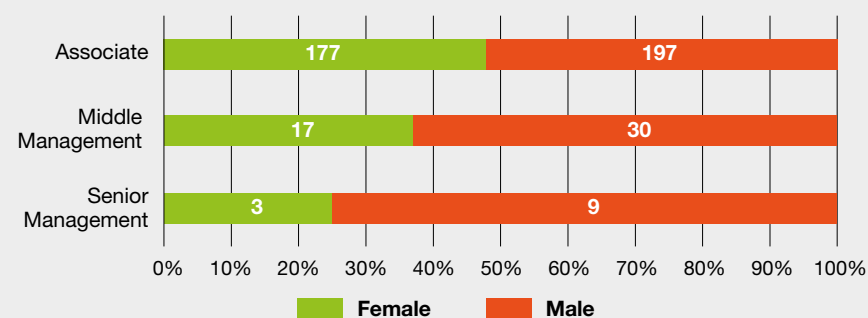


Straco employees are compensated with salaries in line with market standards. Remuneration is determined in an objective manner based on employee position, competency, and performance. Straco conducts regular performance assessments to discuss employee achievements and career objectives. These evaluations play a pivotal role in informed decision-making regarding promotions, transfers, salary adjustments, and training plans. To improve the transparency and fairness of our appraisal system, Straco conducts an annual review process, with identified improvements submitted to Corporate Headquarters for approval and integration into formal HR policies. In 2023, 99% of eligible permanent employees underwent performance reviews.

The company also offers a wide array of benefits to improve the wellbeing of its employees including medical insurance, social insurance, housing allowance, paid leave, transportation subsidies, complimentary tickets to attractions, team-building trips and tokens of appreciation. Through this, Straco seeks to improve employee wellbeing and job satisfaction leading to improved employee retention and performance. Straco supports its employees in preparing for retirement. We provide guidance on retirement planning and extend re-employment opportunities where possible.

As a form of two-way communication, Straco actively encourages open feedback from employees. This is conducted through a variety of channels, including worker unions, online feedback portals, and a physical suggestion box. This allows the company to receive on-ground feedback and agilely respond to employee needs.

Percentage of Employees per Employee Category By Gender (FY2023)



¹⁶ Information pertaining to Board of Directors is applicable for Straco Corporation Limited.

The Human Resource (“HR”) Department practises strategic workforce planning by monitoring new hires and turnover rates. The table below¹⁷ 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 ¹⁸	Number	Annual Rate
By age group				
< 30 years old	54	90%	30	50.0%
30 - 50 years old	59	22%	44	16.6%
> 50 years old	19	18%	30	27.8%
By gender				
Male	65	28%	56	23.7%
Female	67	34%	48	24.4%
By region				
China	84	27%	70	22.4%
Singapore	48	40%	34	28.3%
Overall				
Overall	132	30.5%	104	24.0%

In 2023, our average annual rates of new employee hires and employee turnover stood at 30.5% and 24.0% respectively. In 2023, there were 132 new employee hires, an increase of 47 employees from the previous year¹⁹. The turnover in 2023 was 104 individuals, 18 more individuals compared to 2022. The high turnover rate can be

¹⁷ Numbers have been rounded for reporting purposes.

¹⁸ 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.

¹⁹ The number of new employee hires in 2022 was 85.

attributed to the seasonal nature of the industry, which experiences increased demand for staff during peak seasons. Overall, Straco’s employee permanent workforce grew by 26 individuals or 6% of total employees. Straco continues to maintain its efforts in employee retention and hiring moving forward.

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.

With the tourism industry rebounding in 2023, SOA enhanced company training to improve our employees’ skills and abilities systematically. The training covers the key topics of employee onboarding, operations, safety and compliance, technical and industry-specific training such as food service, diving certification, and bio-nutrition. By tailoring our programs to the diverse needs of our employees, SOA aims to not only meet industry demands but also foster a workforce that is adept, adaptable, and motivated. In December 2023, SOA managed to establish a career centre to attract interns who would receive training subsidies across six positions: aquarist, researcher, science and education specialist, operation specialist, commodity sales, and department assistant. This will help to attract young employees and boost their income, eventually contributing to talent retention.

Similarly, UWX continues to provide specialised training tailored to each employee’s level, enabling staff to enhance their skills according to their respective positions. This encompasses induction training for new employees, aquarium knowledge training for aquarium professionals, and engineering professional training for maintenance professionals in the engineering field. In 2023, SF introduced a new Learning Management System (LMS), an e-learning platform that enables SF to create customized learning content in multimedia form.

Straco places a strong emphasis on upskilling and developing its employees through a systematic and customised training regimen. By consistently updating learning materials and teaching methods, Straco endeavours to cultivate a competent and motivated workforce. At the beginning of 2023, with the adjustment of epidemic prevention and control policies and the lifting of many restrictive factors, the tourism industry began to recover. In 2023, 345 batches of training were conducted with 2,350 trainees, cumulating to total of 4,547 class hours, and an average of 11 hours of training per person.

Straco has successfully provided training to its permanent employees, improving from our 2020 performance²⁰. In 2023, our permanent employees received 19 hours of training on average, with a breakdown shown in the table below.

AVERAGE HOURS OF TRAINING PER PERMANENT EMPLOYEE PER YEAR ²¹					
	2019	2020	2021	2022	2023
By gender					
Female	13 hours	10 hours	15 hours	14 hours	19 hours
Male	12 hours	12 hours	13 hours	14 hours	20 hours
By employee category					
Associate	11 hours	9 hours	12 hours	19 hours	19 hours
Middle management	23 hours	20 hours	27 hours	29 hours	25 hours
Senior management	23 hours	20 hours	22 hours	12 hours	19 hours
Overall					
Overall	12 hours	11 hours	14 hours	14 hours	19 hours

In 2024, we aim to maintain on average 14 hours of training per employee and provide performance review to all eligible permanent employees.

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.

In 2023, Straco entities have maintained a steadfast commitment to aligning business operations with stringent adherence to local government regulations. We remain vigilant in monitoring the latest regulations and health advisories to uphold the safety of our employees, visitors, and suppliers. With the easing of COVID restrictions, the tourism industry has rebounded, bringing in significantly more visitors to our sites. Considering this, Straco continues to provide general medical masks to front-line departments, and regularly disinfects the venue and offices to ensure the health and safety of employees and visitors.

²⁰ In 2020, the average training hours per permanent employee was at 11 hours.

²¹ Numbers have been rounded for reporting purposes.

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.

Our dedication to prioritising health and safety underscores our ongoing efforts to create a secure and responsible environment for both staff and visitors. Straco also carries out regular safety training for all employees, including fire hazards, anti-terrorism, and security training.

As we operate tourist attractions with a high traffic, we place high importance on fire safety. We ensure that our property, including elevators, escalators, and stairwells, are well-maintained and our safety equipment is inspected and upgraded whenever necessary. To ensure emergency preparedness, company-wide fire drills are conducted regularly. Straco’s employees have received the necessary fire safety training to facilitate a safe evacuation for all. In SF, designated employees in the Company Emergency Response Team (“CERT”) received fire-fighting training and underwent refresher courses on a regular basis. In UWX, two emergency fire drills were executed for all employees and the local fire station conducted two assault drills at UWX’s own fire station. In 2023, UWX replaced our decade-old fire alarm system with a more advanced version. Consistently updating the training and equipment of Straco entities guarantees the personal safety of the company’s employees and tourists, as well as the safety of the company’s property.

For the prevention and management of terrorism, Straco conducts anti-terrorism training across all entities. SOA conducts this training quarterly and certifies four personnel with professional security inspection certificates. This initiative aims to standardise daily security inspections of items carried by tourists, facilitating the prompt identification and disposal of contraband items to ensure the safety of venue operations. UWX also participated in anti-terrorism drills in 2023 alongside SF. Straco maintains a vigilant stance on employee and visitor safety, reflected in a policy of reporting suspicious individuals and incidents to foster a culture of awareness and prevention throughout the organisation.

As a major portion of Straco’s business lies in the operation and maintenance of large-scale aquariums; comprehensive measures are put in place to manage the inherent risk

involved in the aqua business. This includes operating machinery, handling animals, and engaging in scuba diving. Straco continues to engage third-party consultants to conduct a thorough analysis of risk factors and establish emergency response plans, ensuring the health and safety of both tourists and employees. In addition to holding the necessary scuba diving certificates, divers undergo training in the safe handling of aquatic animals, particularly predatory and venomous species. SOA ensures the safety of its divers through adherence to the Standard Operating Procedures (SOP). This includes instructions such as diving in pairs to respond to emergencies, hyperbaric oxygen treatment as a precautionary measure against decompression sickness, and the provision of protective equipment. This equipment includes wire protection arm sleeves for dealing with ferocious animals and noise-reduction earmuffs for areas with tested high decibel conditions.

As an additional dedication to organisational health and safety, Straco includes safety performance as a crucial key performance indicator for district managers. Meanwhile, we consistently invest in upgrading equipment, prioritise employee safety, and provide comprehensive medical coverage through insurance. SOA covers medical treatment and work-related injuries, offering commercial insurance to all employees. We mandate health and safety training sessions before work commencement and regularly throughout the year. Monthly safety training sessions are held for the aquarium department, with each employee required to attend a minimum of two annually. Additionally, Straco ensures its employees have essential first aid skills. SOA conducts on-site emergency response and first aid training. Our trained first aiders undergo refresher courses every two years, including AED (“Automated External Defibrillators”) courses. Straco premises are equipped with advanced networks of CCTVs and a card access control system to enable swift emergency response and maintain constant surveillance. These efforts showcase our holistic approach to workplace safety, furthering our commitment to preserving our valued team members’ well-being.

To improve accountability, we provide an open communication channel to gather feedback on health and safety related issues. Since 2019, SF has continued to be certified under ISO 45001, which replaces OHSAS 18001, and has carried out its third ISO 45001 surveillance audit in 2021.



Figure 1: A demonstration of fire training in progress at UWX



Figure 2: New employees of UWX participate in training

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

The following table shows the number of work-related injuries of all permanent employees in 2022.

NUMBER OF WORK-RELATED INJURIES					
	2019	2020	2021	2022	2023
Fatalities as a result of work-related injury ²²	0	0	0	0	0
High-consequence work-related injuries ²³ (excluding fatalities)	0	0	0	0	0
Recordable work-related injuries ²⁴	9	5	5	10	2 ²⁵

In 2023, the rate of recordable work-related injuries for permanent employees was 2.38²⁶, calculated based on total man-hours worked of 838,861 in 2023. Work-related injuries resulted from tripping and minor knife incision accidents. Straco has undertaken risk assessments prior to work commencement to prevent further injury. Furthermore, workers and supervisors at SF are now required to undergo specialised training when working at heights and safety briefings are conducted prior to the commencement of work.

22 A work-related injury is defined as negative impacts on health arising from exposure to hazards at work.

23 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 as per GRI 403: Occupational Health and Safety 2018.

24 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.

25 The two recordable work-related injuries occurred on SF premises while employees were performing job duties. Case 1 was due to a slip, trip and fall incident. Case 2 resulted from injuries due to cuts by a pen knife.

26 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.

Safety measures have also been implemented across the wider organisation to prevent future work-related incidents. SOA follows a multidimensional approach of improving knowledge and awareness while simultaneously improving the working environment. In further detail, the process is carried out in three key steps. First, the rules and regulations are established and continuously improved yearly with adherence to regulatory standards. Second, safety and maintenance training are carried out covering both operational procedures and first aid treatment. Lastly, training for personal protection equipment is undertaken involving stab-proof suits, shark-proof suits, gloves, etc.

Through comprehensive risk assessments, Straco has pinpointed specific work-related hazards carrying a potential risk of high-consequence injuries. These hazards encompass aquarium-related risks, such as drowning and wildlife attacks, as well as electrocution and travel-related incidents involving major traffic accidents or work trips. Although no high-consequence injuries occurred in these categories in 2023, Straco maintains a vigilant approach to workplace safety. We are committed to consistently reviewing and enhancing operating procedures. In 2024, our goal is to persist in delivering pertinent health and safety training, aiming for zero high-consequence work-related injuries, including fatalities.

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, and managed to conduct more community-based events in 2023.

Conservation Education

Aquariums showcase the wonders of underwater life to its visitors. 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 programs.

SOA organised seven community outreach programs in 2023 with the aim of popularising science within the local community. These initiatives included captivating science exhibitions showcasing the wonders of biodiversity, highlighting critically endangered species protection initiatives, and hosting educational classroom events. Additionally, SOA took the initiative to bring marine science knowledge directly to schools through numerous engaging campus activities, conducting almost 20 in-person research sessions.



Figure 3: SOA educational program tour



Figure 4: SOA science popularisation event

Welcoming nearly 1,000 teachers and students to the museum, SOA also conducted over 40 science popularisation classes in various dynamic formats. The organisation extended its commitment to inclusivity by actively engaging children with autism, creating an environment where science is accessible to all. Furthermore, SOA significantly contributed to polar public welfare science popularisation activities, delivering captivating knowledge lectures. These efforts aim to make the ocean more accessible to the general public by sharing intriguing marine insights.

SOA's multifaceted approach to science popularisation in 2023 exemplifies its dedication to making science not only educational but also enjoyable and accessible to diverse audiences.



Figure 5: SOA collaborates with Warner Bros. Discovery for a day of community service

In 2023, UWX's Science and Education Department continued its collaboration with student groups, hosting spring and autumn tours as well as summer and winter camps. The ticket pricing policy will remain consistent with previous years, and UWX will diligently fulfil its responsibilities as a popular science education base. Furthermore, UWX's outstanding performance in science popularisation work in 2023 has garnered recognition from children, teachers, organisations at all levels, and various walks of life. This acclaim is attributed to the delivery of online charity classroom activities, the use of social media platforms (e.g., Douyin) to disseminate marine science knowledge to the public, collaboration with schools and community groups in various activities, on-campus science popularisation efforts, interactive classroom lectures, and the execution of overnight student research groups.

Straco holds a strong commitment to marine biodiversity and conservation education. Both SOA and UWX are dedicated to educating aquarium visitors and the local community at large through various and extensive knowledge-sharing programs. In 2023, SOA held seven community outreach programs, 40 science popularisation classes and undertook close to 20 research activities, impacting about 1,000 teachers and students including children with autism. UWX impacted over 6,000 students through its delivery of 17 popular science lectures in over 10 schools complimentary of charge. As both institutions continue to pioneer in the field, their efforts exemplify a multifaceted approach that not only educates but also captivates and inspires diverse audiences towards a shared goal of marine conservation.



Figure 6: Students attending SOA's public education activities

Below are some highlights of the educational programs and initiatives in 2023:

1. SOA: My Green Environmental Protection Brand

“My Green” is a symbol of Shanghai Ocean Aquarium’s active advocacy of environmental awareness, both in our aquarium and in the wider community, and it represents Shanghai Ocean Aquarium’s primary vision and commitment to environmental sustainability. SOA launched “My Green” aiming to encourage society and students to participate in environmental protection actions, improve social environmental awareness, and shape the environmental protection image of the aquarium enterprise by advocating green festivals, reducing the use of packaging and plastics, paying attention to marine environmental protection, including the

making of “wish trees” using environmentally friendly materials. Each of these efforts is a testament to SOA’s mission to foster sustainable practices and raise awareness of environmental protection. By planting the seeds of environmental awareness, SOA aims to foster a culture of environmental stewardship. “My Green” is Shanghai Ocean Aquarium’s commitment towards a sustainable future, and will continue to guide our actions towards leaving a meaningful and lasting impact on environmental protection and awareness.



Figure 7: My Green Initiative Exhibition at SOA

2. UWX: Sharing Marine Knowledge

In 2023, UWX continues to adhere to the educational route of “going out and bringing in” by going deep into schools to carry out popular science lectures and publicise high-quality research activities from the aquarium. We have expanded the reach of our science educational content through social media channels such as Douyin and focused on promoting the new “Mr Leopard – 1 Minute Science” program. Resulting in a wider audience and dissemination of our educational materials, improving UWX’s efforts in “going out”. Following last year’s overnight study activity, “Sleeping with Fish – Ocean Wonderful Night”, we have transitioned to a self-guided activity model from the original guided model. The self-guided model allows for students to learn at a self-directed pace and increase the quality of learning while reducing overhead costs – allowing UWX to develop more high-quality research projects “bringing in” young students.



Figure 8: Xiamen Dianqian Community tour at UWX

2. UWX: Complimentary visits and public education activities

- Continued offering preferential prices for student groups, spring, and autumn tours, as well as summer and winter camps and popular science tours.
- Participated in and organised 27 community-based activities, exploring the underwater world, including education camps and research trips.
- Hosted 30 citizens who won awards in the marine science popularisation activity held by the Xiamen Marine Development Bureau and participated in the 2023 Caring Group Conference of the Xiamen Care Alliance.
- Distributed complimentary tickets to support the Xiamen Dianqian Community Exploration Underwater World Research Activity and Building Children's Dreams in the Suburbs and Continuing the Cultural Context of Qindao.
- Organised 7 public education activities that benefited a total of 1,300 students from the local community.



Figure 9: UWX Yunnan Province summer camp study tour



Figure 10: UWX online classroom activities

Social Cohesion and Charity

Straco is also committed to serving the local community through social and charitable activities. Below are the highlights in 2023:

1. SOA: Complimentary visits and public education activities

- Utilised a combination of social media channels, including influencers, Douyin short video delivery, and OTA Ctrip publicity channels, to encourage the popularisation of science in the community.
- Organised educational activities around increasing marine biodiversity knowledge and conservation.
- Participated in the “2023 Pudong New Area “Wonderful Travel” Science and Technology Research Series Activity Plan initiated by the Pudong New Area Science and Technology Commission and conducted 17 batches of offline research activities with a total of 697 people.
- Hosted students and teachers from the China Polar Research Center summer camp.
- Organised public education activities from different organisations, for example – Discovery Digital Entertainment (Beijing) Business Consulting Co., Ltd., children with autism and an administrative law enforcement agency of the Xinjiang cultural market.

3. SF: Uplifting the underprivileged and participating in national community events



Figure 11: Speak Mandarin Campaign – Family Talent Competition

In 2023, Singapore Flyer continued its commitment to supporting vulnerable groups through sponsorships and vouchers, extending assistance to the underprivileged community, persons with disabilities, and the elderly. Initiatives included:

- **Serving People with Disabilities (“SPD”) Annual Staff Day**
In addition to our ongoing partnership with SPD’s Employment Support team to facilitate and support the employment of persons with disabilities at Singapore Flyer, SF also sponsored attraction tickets and dining vouchers for SPD’s Annual Staff Day event.
- **Singapore Exchange (“SGX”) Ultimate Quiz Challenge**
SF sponsored attraction tickets for their quiz challenge, which is part of the SGX Cares Bull Charge fundraising initiative aimed at supporting the needs of underprivileged children and families, persons with disabilities, and the elderly. All proceeds from the initiative would be channelled to their adopted beneficiaries, including AWWA Ltd, Autism Association (Singapore), Fei Yue Community Services, HCSA Community Services and Shared Services for Charities.

Moreover, Singapore Flyer served other segments of society by supporting various nationwide community initiatives:

- **Speak Mandarin Campaign Family Talent Competition**
SF sponsored prizes in the form of attraction tickets for the competition, aiming to provide immersive opportunities for participating families to bond while learning and using Mandarin.

- **Public Transport Workers’ Appreciation Day**
Organised by the Land Transport Authority (“LTA”), SF encouraged and showed appreciation for public transport workers by offering exclusive ticket promotions, thanking them for working tirelessly to ensure our public transport system is safe, reliable, and comfortable.
- **Preschool Market’s Special Treats Campaign**
SF offered exclusive ticket promotions for early childhood educators and their families, empowering, and recognising the efforts of the 30,000 early childhood educators in Singapore.
- **National Day Parade 2023**
SF provided cash and value-in-kind sponsorship to show support for and contribute to the success of this year’s National Day Parade.

As a prominent landmark in Singapore’s skyline, Singapore Flyer participated in various national and international light up campaigns, lending its voice to raise awareness for a multitude of causes:

- **Health** – e.g., World Rare Disease Day, World Alzheimer’s Day, Childhood Cancer Awareness etc.
- **Social** – e.g., DrugFreeSG, The Purple Parade
- **Environment and Sustainability** – e.g., Earth Hour, Earthshot Prize



Figure 12: The Earthshot Prize supported by SF

Throughout 2023, Straco continued to support local communities through partnerships and educational programs. Altogether Straco organised 16 programs that uplifted local communities and offered new experiences. Going forward, Straco intends to maintain our support of the community through partnerships and educational programs.

Governance

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.

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 program and formalised as part of our employee conduct. In 2023, Straco continues the yearly acknowledgement on Whistle Blowing policy and regular whistle-blowing staff meetings to ensure the staff's understanding towards the importance of adhering to the policy.

Straco firmly believes in conducting business with integrity and upholds high ethical standards in all affairs. In furtherance of our commitment to comply with all relevant laws and regulations, Straco embeds anti-corruption and bribery measures within our company policies and operational processes. We are dedicated to fostering a culture of transparency, integrity, and fairness in all our business conduct, thereby building a relationship of trust with the public, investors, and stakeholders.

SOA has also been selected as a governing unit of the Shanghai Tourism Industry Association and Pudong New Area Tourism Industry Association for many years. It has actively participated in the construction and promotion of ethics within the industry. Through high standards of corporate management and strict self-discipline requirements, SOA strictly abides by and actively advocates the ethics of the tourism industry.

In addition, our promotional content is intentionally positive, with the dual purpose of promoting the brand and conveying environmental protection concepts. The target audience includes tourists, the broader public, and, notably, children and the younger generation. SOA proactively assumes responsibility and meets the social obligations associated with its brand.

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 2023, there was no confirmed case of corruption and bribery. However, there was one minor case of non-compliance by SF²⁷. For 2024, SOA and SF intends to maintain high standards of conduct and have zero non-compliance. UWX targets no violation of the relevant laws and regulations in the environmental and socio-economic fields.

27 Penalty for one of SF's S-pass employees overstaying work duration.

Awards and Recognitions

In 2023, Straco has received several awards and certifications in recognition of its achievements in sustainability. The following table shows our achievements:

ENTITY	AWARDS & CERTIFICATIONS
Shanghai Ocean Aquarium	<ul style="list-style-type: none"> Biological Breeding Centre received recognition as a Civilized Workplace of Pudong New Area
Underwater World Xiamen	<ul style="list-style-type: none"> Featured in "Xiamen Primary and Secondary School Students: Research and Practice Base Data Compilation" books for educational purposes Listed on Xiamen Caring Alliance 2023 Scholarship Honour Roll Awarded the title of "Honorary Committee Member" for Science and Technology in Siming District Earned the Shambhala Public Welfare Time Donation Certificate in recognition of UWX's contributions to science popularisation and public welfare matters Nominated as Xiamen's Best Popularisation Volunteer of the Year in 2023 Achieved Third Prize of the Popular Science Explanation Contest of the 10th Popular Science Volunteer Competition
Singapore Flyer	<ul style="list-style-type: none"> Attained "ECO Office" certification Recognised among the esteemed 2023 Travellers' Choice Best of the Best in the Top Attractions category in TripAdvisor

GRI Content Index

This report has been prepared with reference to GRI Standards 2021. For reference, we present our GRI content index below. The index specifies where each of the GRI Standards used in this report can be found.

GRI STANDARD DISCLOSURE	GRI DISCLOSURE	REFERENCE PAGES
GRI 2: General Disclosures 2021	2-1 Organisational details	16, 19
	2-2 Entities included in the organisation's sustainability reporting	19
	2-3 Reporting period, frequency and contact point	19
	2-7 Employees	34 – 37
	2-9 Governance structure and composition	16, 35
	2-27 Compliance with laws and regulations	18, 44
GRI 3: Material Topics 2021	3-2 List of material topics	21
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	18, 44
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	17, 29
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	17, 31 – 32
	303-4 Water discharge	17, 31 – 32
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	17, 30
	305-2 Energy indirect (Scope 2) GHG emissions	17, 30
	305-4 GHG emissions intensity	17, 30
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	18, 36
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	18, 39
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	18, 37
	404-2 Programs for upgrading employee skills and transition assistance programs	36 – 37
	404-3 Percentage of employees receiving regular performance and career development reviews	18, 35
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	35
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	18, 39 – 43

TCFD Content Index

TCFD PILLARS AND RECOMMENDED DISCLOSURES	NOTES/PAGE NUMBER(S)
Governance Disclose the organisation's governance around climate-related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	16, 22
b) Describe management's role in assessing and managing climate-related risks and opportunities	16, 22
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	22 – 27
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	22 – 27
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	To be disclosed in subsequent reports
Risk Management Disclose how the organisation identifies, assesses and manages climate-related risks	
a) Describe the organisation's processes for identifying and assessing climate-related risks	22 – 27, 32
b) Describe the organisation's processes for managing climate-related risks	22 – 27
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	22 – 27
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	17, 29 – 32
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	17, 30
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	17, 30 – 32

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 2023, 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 principal 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 the management of the Company (the “**Management**”), the strategies and financial objectives to be implemented, and monitor the performance of the 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’s strategies.

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

Corporate Governance

To assist the Board in the execution of its responsibilities, the Board is supported by three (3) board committees namely, the Audit and Risk, Nominating, and Remuneration Committees (collectively the “**Board Committees**”), the details of which are as set out below. These Board Committees have the authority to examine specific issues as set out in the terms of reference for each of the respective committees and report back to the Board with their recommendations. The Board Committees play an important role in ensuring good corporate governance in the Company and within the Group. Nonetheless, the ultimate responsibility for the final decision on all matters, lies with the entire Board.

The Board hosts regular scheduled meetings on a quarterly basis, that are attended by all the Board Members. When circumstances require, ad-hoc meetings are arranged. Each 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.

Details of Directors’ attendance at the Board and Board Committee Meetings held in the financial year ended 31 December 2023 are disclosed in the table below:

Board Members	Board	Nominating Committee	Remuneration Committee	Audit and Risk Committee
Wu Hsioh Kwang <i>Executive Chairman</i>	4/4	1/1	NA	NA
Li Weiqiang <i>Non-Executive Director</i>	3/4	NA	NA	NA
Chua Soh Har <i>Non-Executive Director</i>	4/4	NA	1/1	NA
Tay Siew Choon <i>Lead Independent Director</i>	4/4	1/1	1/1	NA
Lim Song Joo <i>Independent Director</i>	4/4	NA	NA	4/4
Teo Ser Luck <i>Independent Director</i>	4/4	NA	1/1	4/4
Hee Theng Fong <i>Independent Director</i>	4/4	1/1	NA	4/4

The Company’s Constitution provides for the Directors to participate in the meetings of the Board and Board Committees via electronic means or in such manner as the Board may determine to facilitate Board participation.

Corporate Governance

Matters Requiring Board Approval

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

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

- Release of results announcements;
- Approval of 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 Interested Person Transaction Register;
- Disclosure of Directors' interests pursuant to Sections 156/165 of the Companies Act 1967 of Singapore ("**Companies Act**");
- Review of Board Assurance Framework;
- Review and approve major investments, divestments, and funding decisions.

A formal Delegation of Authority document, setting out certain delegations of authority 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 relation to a particular agenda item to abstain from participating in the relevant Board discussion.

Director's Training and Induction

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

The Company funds Directors' participation at industry conferences, seminars or any training program in connection with their duties as Directors. In addition, Directors also undergo training on sustainability.

Newly appointed Directors with no prior experience as a director of a listed issuer on the Singapore Stock Exchange (the "**SGX**") will undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX. 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 will 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. Since the last Annual General Meeting ("AGM"), no new directors were appointed as at the date of this report.

Corporate Governance

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

The Management understands and carries out its role to provide all members of the Board with such information, including management accounts and other explanations and information to enable Directors to make an informed assessment of the Company's performance, position and prospects. All Board members are provided with a monthly management report on the Group's performance for effective monitoring and decision making.

Generally, Board papers which comprise of quarterly or half-yearly results, SGX announcements, internal audit reports, and other information or financial analysis as required for the meetings and discussions, 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, copies of disclosure documents, and 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 Board approval. Directors are also informed as and when there is any significant development or events relating to the Group's business operations.

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

The Board has delegated specific responsibilities to the Board Committees. These Board Committees have each been formed with written terms of reference which clearly set out its objectives, scope of duties and responsibilities, rules and regulations, and procedures governing the manner in which it operates and how decisions are to be taken, and each assists the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. These Board Committees are each chaired by an Independent Director.

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

The Company Secretary, or her representatives, attends all Committee and Board meetings and is responsible for ensuring that the required procedures are adopted. Together with the Management, the Company Secretary ensures the Company's compliance with all rules and regulations, including requirements of the Companies Act, Securities and Future Act 2001 of Singapore (the "**Securities and Futures Act**"), and the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), which are applicable to the Company, with the Board retaining ultimate responsibility for compliance.

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

Corporate Governance

Principle 2: Board Composition and Guidance

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

The independence of each Director is reviewed annually by the Nominating Committee in accordance with the Code's definition of independence to ensure that the Board is capable of exercising objective judgment on corporate affairs of the Group. The Nominating Committee has reviewed the "Confirmation of Independence" forms completed by each Independent Director, and is of the view that the four Independent Directors are independent in accordance with the definition of independence in the Code and Rules 210(5)(d) of the Listing Manual. The Independent Directors have each confirmed that they do not have any relationship with the Company, its related companies, its officers or its substantial shareholders (being shareholders who have an interest in 5% or more of the aggregate number of votes attached to all voting shares of the Company) 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 a good track record in their respective fields.

Mr. Tay Siew Choon and Mr. Lim Song Joo have each served as Independent Directors for more than nine years. The Board has carried out a rigorous review of their independence status. The Board's view is that Mr. Tay Siew Choon and Mr. Lim Song Joo have throughout their tenure demonstrated and continue to demonstrate their abilities to exercise strong independent judgment in their deliberation and act in the best interests of the Company and that their length of service on the Board has not affected their independence from the Management. Both Mr. Tay and Mr. Lim continue to express their views, debate issues and objectively and actively scrutinize and challenge the Management. Further, having gained in depth understanding of the business and operating environment of the Group, and significant insights on the Group's operations, they provide the Company with much needed experience and knowledge of the industry, critical to its continual success. Rule 210(5)(d)(iv) of the Listing Manual, which takes effect at the Company's AGM for the financial year ended 31 December 2023 states that a Director will not be independent if he has served more than 9 years in tenure.

Each of Mr. Tay and Mr. Lim has advised the Board that as he has served for more than 9 years as an Independent Director of the Company, in support of board renewal, as recommend by the Code, he will retire as a Director of the Company at the upcoming AGM and will not be seeking re-election.

The Non-Executive Directors including the Independent Directors have continued to participate actively during Board meetings, help develop proposals on strategy, constructively challenge and review the performance of the Management in achieving agreed goals and objectives, and monitor the reporting of the Management's performance. The Non-Executive Directors including the Independent Directors meet regularly without the presence of the Management so as to facilitate more effective and independent checks 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.

Corporate Governance

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 targets to achieve an appropriately balanced mix of diverse but complementary skills, competencies, knowledge, backgrounds (including geography, age and gender), experience and expertise on its Board that will prevent groupthink while allowing for effective collaboration and contribution in the Board's activities. Our Company seeks to maintain a Board comprised of talented and dedicated directors which diversity reflects the complexity of the business environment in which the Company operates. Our targets to achieve diversity on our Board are assessed from time to time, based on the composition of our Board and operations of our Group at the relevant time. As our Group's operations are principally located in Singapore and China, an important aspect of diversity in our Board composition is ensuring that we have on our Board Directors who have work or directorship experience in Singapore and/or China, as well as Directors who are familiar with regulatory requirements in either of these countries. In addition, while we operate principally in the tourism industry, we recognise that it is important for our Board to, collectively, have expertise across various industries as our operations often involve activities in ancillary industries such as event management, technology and finance. Apart from the foregoing, we also aim to have a mix of genders and age groups on our Board.

The Directors have each completed Board appraisal forms relating to the effectiveness of the Board, which require, amongst others, considerations of diversity and Directors' contributions. Our Nominating Committee has assessed and is of the view that the current Board composition has a mix of skills, competencies, knowledge, backgrounds and expertise that meets the above targets.

The Board comprises Directors with a diverse mix of backgrounds, bringing with them skills and expertise in strategic planning, business management, investment and entrepreneurship across various industries such as finance, technology, general commodities, pharmaceutical, event management, legal, and others. Many of our Directors have served as directors in companies elsewhere in Asia, including China, with the majority of our Directors being market experts in the tourism industry in China where a significant portion of our Group's business is located. In terms of age diversity, our Directors range from fifties to seventies years old. In terms of gender diversity, the Company has one female Director, namely Mdm. Chua Soh Har, 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. Four of our seven Directors for the financial year ended 31 December 2023 were Independent Directors.

Taking into account our Company's business environment, current plans and future strategy, and the background, capabilities and other attributes of our Directors as elaborated above, the Nominating Committee has assessed the current level of diversity on the Board to be satisfactory. The Nominating Committee is additionally of the view that the composition of our Board is well-balanced for the Group's current operations. Our Company will where assessed to be necessary source for female candidates for appointment to our Board. Accordingly, our current plan for achieving the targets in the paragraphs above is to monitor and assess, alongside developments in our Group's operations, whether the current Board composition presents a satisfactory level of diversity and allows for effective collaboration between and contribution by the Directors.

The Company generally does not set concrete timelines for achieving board diversity targets. Instead, the Company takes the approach that maintaining a satisfactory level of diversity is an ongoing commitment, and targets and progress must be continuously assessed against the Group's evolving operations.

Corporate Governance

The Nominating Committee and the Board also apply the same 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 have carried out a rigorous review of the two current 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

Mr. Wu Hsioh Kwang is the Executive Chairman of the Board and the Chief Executive Officer. 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 competence.

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 ensures 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 the 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 strives 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, also acts as 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 not been successful or is inappropriate.

Corporate Governance

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 is not directly associated with, a substantial shareholder of the Company. Mr. Tay Siew Choon and Mr. Hee Theng Fong are Independent Directors.

Following the upcoming AGM, Mr. Tay will cease to be a Director and Chairman of the Nominating Committee.

The responsibilities of the Nominating Committee include nominating persons for appointment as Directors, determining the independence of a Director, recommending processes and criteria for evaluating the performance of the Board, Board Committees and Directors, 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 as well as training and professional development programs 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 75 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 above attributes of existing Board members to identify desirable competencies and attributes to fill a particular vacancy (if any) and enhance the Board's capabilities. The Nominating Committee also considers the Company's business strategies and long-term success. This enables the Nominating Committee to source for candidates who possess the traits, knowledge and abilities that will contribute to the Board's activities and the strategic business areas of the Group. Newly appointed Directors are however required to submit themselves for re-election at the next AGM of the Company.

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. Article 117 of our Constitution provides that one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number rounded to the nearest one-third shall retire from office at every AGM. Our Constitution also requires that 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, Mr. Tay Siew Choon and Mr. Lim Song Joo will be due to retire by rotation at the forthcoming AGM, pursuant to the requirements of Article 117 of the Company's Constitution. Mr Tay and Mr Lim have both advised the Board, that as they have served more than 9 years in tenure and in the interests of good corporate governance, they will not be seeking re-election as Directors of the Company at the forthcoming AGM.

Corporate Governance

Several of our Board members have multiple listed board representations and other principal commitments, as follows:

Director	Listed board representations and principal commitments (other than in our Company)
Mr. Wu Hsioh Kwang	-
Mr. Tay Siew Choon	Pan United Corporation Limited TauRx Therapeutics Limited Wista Laboratories Limited TauRx Pharmaceuticals Limited
Mr. Lim Song Joo	-
Mr. Hee Theng Fong	Yanlord Land Group Limited Haidilao International Holding Ltd China Aviation Oil (Singapore) Corporation Limited H World Group Limited Greenlink Digital Bank Pte Ltd
Mr. Teo Ser Luck	BRC Asia Limited Serial Systems Limited China Aviation Oil (Singapore) Corporation Limited Yanlord Land Group Limited Super Hi International Holding Ltd
Mdm. Chua Soh Har	-
Mr. Li Weiqiang	Poly Cultural Group Co. Ltd
Ms. Wu Xiuyi (alternate Director to Mr. Wu Hsioh Kwang)	-
Mr. Sean Wu Xiuzhuan (alternate Director to Mdm. Chua Soh Har)	-

The Board and Nominating Committee have assessed whether and are satisfied that the Directors have devoted sufficient time and attention to the Group. Factors considered by the Board and Nominating Committee include, amongst others, the nature of the Directors' other appointments, the extent of the Directors' involvement in companies with an adverse track record, history of irregularities or that has been investigated by regulators, and the impact thereof on the Company. The Board recognizes that different board representations and other principal commitments may allow Directors to gain expertise that enriches their contributions to the Company and deems it unnecessary to set a maximum number of listed board representations that any Director may hold as all the Directors are, on assessment of their contributions to the Board, able to devote sufficient time 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.

Corporate Governance

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 in exceptional cases. The Nominating Committee and the Board will review the period and circumstances for the appointment of the alternate Directors 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. Each of the alternate Directors bears all duties and responsibilities borne by, and are subject to the same rules and procedures as the non-alternate Directors of the Company.

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 has, 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 evaluation forms tailored for assessing the effectiveness of the Board Committees. To evaluate the effectiveness of the Board as a whole, the Nominating Committee considers 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 the Executive Chairman and 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 for improvement and to recommend to the Board the appropriate action to be taken. Following the review, the Board is of the view that the Board and its Board Committees operate effectively.

In assessing each individual Director's contribution and performance and in considering the re-election of any Director, the Nominating Committee considers, amongst other factors, the Director's 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 include 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 the 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.

Corporate Governance

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.

Following the upcoming AGM, Mr. Tay will cease to be a Director and the Chairman of the Remuneration Committee.

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 the 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 and reviews the specific remuneration packages and terms of employment for the Executive Director as well as the Company's key management personnel. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind are within the purview of 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 Director's and key management personnels' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous towards the relevant Director or key management personnel. The Remuneration Committee aims to be fair and avoid rewarding poor performance.

In reviewing the remuneration packages for the Executive Director and key management personnel, 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 Executive Director and key management personnel, so as to attract, retain and motivate them to run the Group successfully.

The Executive Director's and each key management personnel's performance is taken into account in determining their respective remuneration, and is assessed annually against set performance criteria (including leadership competencies, core values, personal development and commitment). The Company's performance is assessed based on a balanced set of financial and non-financial criteria including operational performance, financial performance and customer satisfaction. For the financial year ended 31 December 2023, the Remuneration Committee is of the view that performance conditions were met.

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

Corporate Governance

The Non-Executive Directors receive Directors' fees. In determining the quantum of Directors' fees, each Non-Executive Director's contribution to the Company is considered. Factors such as effort and time spent serving on the Board and Board Committees, and responsibilities of the Directors are taken into account. Generally, Directors who undertake additional duties as the chairman and/or members of any Board Committee(s) will receive higher fees because of their additional responsibilities. The Board recommends the remuneration of the Non-Executive Directors for shareholders' approval at each AGM. The Remuneration Committee will ensure that Non-Executive Directors will not be overly compensated to the extent that their level of independence may be compromised.

The Executive Chairman does not receive a 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 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 from the Executive Directors and key management personnel.

Corporate Governance

Principle 8: Disclosure on Remuneration

Remuneration of Directors

The following table sets out the quantum of each Director's remuneration for the financial year ended 31 December 2023, 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	73%	27%	-	1,361
Li Weiqiang	-	-	100%	34
Chua Soh Har	-	-	100%	46
Tay Siew Choon	-	-	100%	87
Lim Song Joo	-	-	100%	70
Teo Ser Luck	-	-	100%	64
Hee Theng Fong	-	-	100%	64
Wu Xiuyi , Alternate Director	79%	21%	-	232
Wu Xiuzhuan, Alternate Director	79%	21%	-	212

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 2024. Non-Executive Directors do not receive variable or performance related income/bonuses. No share options were granted in the financial year ended 31 December 2023, whether to Directors or other persons.

Corporate Governance

Remuneration of Immediate Family Members of Directors

Ms. Wu Xiuyi and Mr. Wu Xiuzhuan are the daughter and son of the Executive Chairman, Mr. Wu Hsioh Kwang and Non-Executive Director, Mdm. Chua Soh Har, and their respective remuneration for the year ended 31 December 2023 is disclosed in the table above. Save as disclosed, there is no other employee in the Group who is an immediate family member of a Director, the Chief Executive Officer or a substantial shareholder of the Company whose remuneration exceeds S\$100,000 for the financial year ended 31 December 2023.

Remuneration of Key Executives

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 2023 amounted to \$1.37 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.

The remuneration of two key executives fell within the remuneration band range of \$250,000 and below, and the remuneration of three key executives fell within the remuneration band range of between \$250,000 and \$500,000. Given the sensitive nature of key management personnel remuneration, the names of these employees are not set out in this statement as per Provision 8.1 of the Code, in the interest of maintaining confidentiality of staff remuneration matters.

Executive Share Options

Share options are granted to align our employees' 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 24(b) to the financial statements of this Annual Report.

No share options were granted for the year ended 31 December 2023.

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 2023.

Corporate Governance

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 Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The system of internal controls is intended to provide reasonable but not absolute assurance against material misstatement or loss, and includes 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 Board has overall responsibility for the governance of risk and maintains oversight of the key risks of the Group's business.

The Audit and Risk Committee assists the Board in overseeing risk governance in the Company to ensure that Management maintains an adequate and effective 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, on 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) Make recommendations to the Board on 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 and the Code.

The Group has in place an enterprise risk management ("**ERM**") framework to provide the Board with a Group-wide view of the risks in the respective business units. The ERM framework enables the identification, assessment, management, and monitoring of key risks to the Group's business. As part of this framework, risk registers are set up to document the identified key material risks, mitigating controls and action plans. The risk registers are reviewed periodically to ensure the continuing relevance and adequacy of identified risks, and the effectiveness of mitigating controls.

In consultation with KPMG Services Pte Ltd, the Group has refreshed the risk profile to align with the Group latest corporate strategies and mission and vision. The key risks faced by the Group, as identified by KPMG Services Pte Ltd, were documented together with the controls in place to manage and mitigate those risks, for the review by the Audit and Risk Committee and the Board annually. Risk workshops are carried out with the relevant entities and persons to identify, assess, and prioritise these risks. Mitigatory controls to manage the key risks, as well as action plans to address the gaps, are considered and duly documented in the risk registers.

Corporate Governance

For FY2023, the internal audit reports did not raise any high-risk observations.

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 area. The Whistle-Blowing Policy has been reviewed by the Audit and Risk Committee to ensure that it has been properly implemented.

The Whistle-Blowing procedure is intended to be used for serious and sensitive issues. Serious concerns relating to financial reporting, unethical or illegal conduct are to 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 and 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 details of the complaint received and the findings of the 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 159 to 171 under note 28 to the financial statements.

The external auditors (PricewaterhouseCoopers LLP), 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 of audit. Any material non-compliance and internal financial control weaknesses noted by the external auditors are reported to the Audit and Risk Committee together with the external auditors' recommendations. Management will 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, Ernst & Young Advisory Pte Ltd and external auditors, PricewaterhouseCoopers LLP also review 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 of 31 December 2023, the Chief Executive Officer and Chief Financial Officer provided a letter of assurance on the integrity of the financial records/statements to the Board. The Chief Executive Officer and other key management personnel also provided assurances regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Corporate Governance

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 2023 give a true and fair view of the Group's operations and finances;
- (b) the Company's 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.

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 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 and is satisfied that 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 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.

Following the upcoming AGM, Mr. Lim will cease to be a Director and 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.

Corporate Governance

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 level of co-operation of the Management with our external auditors and internal auditors;
- (d) nominate the external auditors for appointment and re-appointment to the Board and approve the remuneration and terms of engagement of the external auditors;
- (e) review internal audit reports and internal audit plans of the Group;
- (f) review the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function;
- (g) 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
- (h) review interested person transactions; and
- (i) review the assurances from the CEO and CFO/other key management personnels on the Company's 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 on matters involving or connected to any suspected fraud or irregularity, 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 has a conflict of interest.

The Audit and Risk Committee has discussed the key audit matters with the Management and the external auditors. The Audit and Risk Committee concurs with the basis and conclusions included in the external auditors' report with respect to the key audit matters. Please refer to pages 82 to 83 of this Annual Report for more information on the key audit matters.

Corporate Governance

The Audit and Risk Committee meets our external auditor and internal auditor separately without the presence of the Management at least once a year and reviews the assistance given by the Company's officers to the respective auditors.

Pursuant to Rules 1207(6)(b) and (6)(c) of the Listing Manual, the Audit and Risk Committee undertook a review of the independence and objectivity of the external auditors as well as the non-audit services provided by the incumbent external auditors, and the aggregate amount of audit fees paid to them. The fee payable to the external auditors for audit services for the financial year ended 31 December 2023 was \$352,900. During the financial year ended 31 December 2023, the Group has engaged the external auditors to provide other audit related, 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 external auditors at the forthcoming AGM of the Company. In recommending the re-appointment of the external 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 Group, the Company has complied with the requirements of Rules 712 and 715 of the Listing Manual.

During the financial year, the Audit and Risk Committee has reviewed, with the Group's 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 the adequacy and effectiveness of the Company's risk management system and internal controls are adequate and effective is complemented by the internal auditor, whom the Company has appointed.

The Internal Audit function has been outsourced to Ernst & Young Advisory Pte Ltd. The internal audit function is independent of the external audit. The internal auditor is a corporate member of Singapore chapter of the Institute of Internal Auditors ("IIA"), and staffed with professionals with relevant qualifications and experience. The internal auditor has 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 reports directly to the Chairman of the Audit and Risk Committee on audit matters. The internal auditor plans 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 meets 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.

Corporate Governance

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 publicly released in a timely manner, either before the Company meets with any group of investors or analysts, or simultaneously with such meetings. The Company has adopted half yearly reporting as part of its commitment to maintaining regular communication with our shareholders and as required by the Code. Financial results and annual reports will be announced or issued within the mandatory periods.

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 amendments to Rule 705(2) of the Listing Manual of Singapore Exchange Securities Trading Limited, which took effect from 7 February 2020, the Company undertook half-yearly reporting, instead of quarterly reporting from 2020. Nonetheless, the Board continues to meet on a quarterly basis to be apprised of the operational and financial performance of the Company and 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 has 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 to by the Company's senior management.

The Company currently does not have an investor relations policy as correspondences with shareholders are relatively low in volume. However, the Board's policy is that all shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via the SGXNET on an immediate basis, in line with the Group's disclosure obligations pursuant to the Listing Manual and the Companies Act. There is no dedicated investor relations team in place as the Board is of the view that the current communication channels are sufficient and cost-effective.

The Company will assess the need to have a dedicated investor relations team as and when there is a substantial increase in correspondence with shareholders.

Corporate Governance

Shareholders are informed of all shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the Business Times and posted onto the SGXNET. Shareholders are encouraged to attend all shareholders' meetings to facilitate 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 in, engage in and openly communicate to the Directors their views on matters relating to the Company. Shareholders are also informed of the rules, including voting procedures, governing shareholders' meeting. All shareholders are entitled to vote in accordance with the established voting rules and procedures for the shareholders' meetings. Each share entitles its holder to one vote. An external firm is appointed as scrutineer for the voting process to count and validate votes placed by shareholders, and is independent of the firm appointed to manage the electronic poll voting process. The detailed results setting out the number of votes cast for and against each resolution and the respective percentages are announced via the SGXNET after the meeting.

The resolutions tabled at the general meetings each set out a substantially separate issue, and the election or re-election of each director is treated as a separate subject matter. All resolutions are voted upon separately at each general meeting. Detailed information on each item in the meeting agenda is provided in the explanatory notes to the notices.

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 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 1970 of Singapore, 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 and holds shares in that capacity; or
3. the Central Provident Fund ("**CPF**") Board established by the CPF Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation of the CPF Act 1953 for investing using contributions and interest standing to the credit of CPF members.

Pursuant to Rule 730A of the Listing Manual, all resolutions are put to a vote by poll at shareholders' meetings to ensure greater transparency in the voting process. The announcement of the results of shareholders' meetings includes a breakdown of the number of votes cast and the respective percentages for and against each resolution.

The Directors, external auditors, Management and legal advisors (where necessary) are present at all shareholders' meetings to address shareholders' queries.

The Executive Chairman, all Directors, and the external auditor were present at the AGM held on 27 April 2023 and will endeavour to be present at the forthcoming AGM to be held on 29 April 2024.

Corporate Governance

Minutes of shareholders' meetings include details of questions raised and the responses from the Company, and are kept as a permanent record. In addition, copies of the minutes of general meetings together with questions raised and answers thereto are posted on the SGXNET and the Company's official website.

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

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

The Board of Directors has proposed a final dividend of 1.5 Singapore cent per ordinary share and a special dividend of 0.5 Singapore cent per ordinary share for the financial year ended 31 December 2023 (FY2022: 1.0 Singapore cent per ordinary share).

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 improve shareholder engagement to achieve sustainable objectives. We have identified stakeholder groups which have a significant influence and interest in our operations and businesses, being the Board, employees, customers, local communities, investors and shareholders, and engage these stakeholders to understand their ESG expectations from time to time.

The Sustainability Report section of this 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 endeavours to maintain good communication and engagement with all its material stakeholders.

DEALING IN SECURITIES

Directors and executives of the Group are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Company's half yearly and full year financial statements.

Corporate Governance

Internal guidelines applicable to all Directors and affected employees 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. Directors and employees of the Group are also reminded to observe insider trading laws at all times even when dealing in securities within permitted trading periods. They are also discouraged from dealing in the Company's shares on short-term considerations.

INTERESTED PERSON TRANSACTIONS POLICY

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

There were no interested person transactions for the financial year ended 31 December 2023.

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, that were still subsisting at the end of the financial year ended 31 December 2023 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2022.

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Directors' Statement

For the financial year ended 31 December 2023

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

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 87 to 178 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 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

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

Alternate Directors

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

Directors' Statement

For the financial year ended 31 December 2023

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of <u>director or nominee</u>		Holdings in which director is <u>deemed to have an interest</u>	
	<u>At</u> 31.12.2023	<u>At</u> <u>1.1.2023</u>	<u>At</u> 31.12.2023	<u>At</u> <u>1.1.2023</u>
Straco Corporation Limited (No. of ordinary shares)				
Wu Hsioh Kwang (also the controlling shareholder of the Company)	8,888,000	8,888,000	470,679,980	470,679,980
Li Weiqiang	330,000	330,000	-	-
Chua Soh Har	11,804,000	11,804,000	467,763,980	467,763,980
Tay Siew Choon	2,150,000	2,150,000	-	-
Lim Song Joo	1,224,000	1,224,000	-	-
Wu Xiuyi (Alternate Director to Wu Hsioh Kwang)	35,205,000	35,205,000	-	-
Wu Xiuzhuan (Alternate Director to Chua Soh Har)	27,656,000	27,656,000	-	-

Directors' Statement

For the financial year ended 31 December 2023

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.

<u>Name of Directors</u>	<u>No. of unissued ordinary shares under option</u>	
	<u>At 31.12.2023</u>	<u>At 1.1.2023</u>
Wu Hsioh Kwang (also the controlling shareholder of the Company)	800,000	1,400,000
Li Weiqiang	400,000	630,000
Chua Soh Har	400,000	630,000
Tay Siew Choon	400,000	630,000
Lim Song Joo	400,000	630,000
Hee Theng Fong	400,000	630,000
	2,800,000	4,550,000
<u>Alternate Directors and associates of controlling shareholder</u>		
Wu Xiuyi	680,000	1,110,000
Wu Xiuzhuan	680,000	1,110,000
	1,360,000	2,220,000

- (c) The directors' interests in the ordinary shares and convertible securities of the Company as at 21 January 2024 were the same as those as at 31 December 2023.

Directors' Statement

For the financial year ended 31 December 2023

Share options

(a) Straco Share Option Scheme

Description of the share option scheme can be found in Note 24(b) of the financial statements.

As at 31 December 2023, 29,950,000 (2022: 29,450,000) ordinary shares were allotted pursuant to options which had been exercised and a total of 2,170,000 (2022: 1,920,000) options had lapsed/expired under the 2004 Scheme. Options to subscribe for a total of nil (2022: 750,000) options which have not yet been exercised remained outstanding.

As at 31 December 2023, 5,974,000 (2022: 5,974,000) ordinary shares were allotted pursuant to options which had been exercised and a total of 12,814,000 (2022: 10,204,000) options had lapsed/expired under the 2014 Scheme. Options to subscribe for a total of 18,550,000 (2022: 21,160,000) options 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:

<u>Name of directors</u>	<u>No. of unissued ordinary shares of the Company under option</u>			
	<u>Granted in financial year ended 31.12.2023</u>	<u>Aggregate granted since commencement of scheme to 31.12.2023</u>	<u>Aggregate exercised/ expired/ forfeited since commencement of scheme to 31.12.2023</u>	<u>Aggregate outstanding as at 31.12.2023</u>
Wu Hsioh Kwang (also the controlling shareholder of the Company)	-	8,500,000	(7,700,000)	800,000
Li Weiqiang	-	1,718,000	(1,318,000)	400,000
Chua Soh Har	-	2,348,000	(1,948,000)	400,000
Tay Siew Choon	-	3,338,000	(2,938,000)	400,000
Lim Song Joo	-	2,348,000	(1,948,000)	400,000
Hee Theng Fong	-	860,000	(460,000)	400,000
	-	19,112,000	(16,312,000)	2,800,000
<u>Alternate Directors and Associates of controlling shareholder</u>				
Wu Xiuyi	-	4,624,000	(3,944,000)	680,000
Wu Xiuzhuan	-	2,730,000	(2,050,000)	680,000
	-	7,354,000	(5,994,000)	1,360,000

Directors' Statement

For the financial year ended 31 December 2023

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, 500,000 treasury shares were re-issued upon exercise of the options by:

Options holders of 2004 Scheme 06/05/2013	No. of ordinary shares 2023	Exercise price \$
	500,000	0.311

(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:

<u>Date of grant of option</u>	No. of unissued ordinary shares under option at 31.12.2023	<u>Exercise price</u>	<u>Exercise period</u>
2014 Scheme			
12/05/2014	1,580,000	0.630	13/05/2015 to 12/05/2024
12/05/2015	2,208,000	1.060	13/05/2016 to 12/05/2025
12/05/2016	2,220,000	0.790	13/05/2017 to 12/05/2026
11/05/2017	2,200,000	0.840	12/05/2018 to 11/05/2027
21/05/2018	2,200,000	0.780	22/05/2019 to 21/05/2028
23/05/2019	2,260,000	0.780	24/05/2020 to 23/05/2024
23/05/2019	2,180,000	0.780	24/05/2020 to 23/05/2029
03/07/2020	1,900,000	0.510	04/07/2021 to 03/07/2025
03/07/2020	1,802,000	0.510	04/07/2021 to 03/07/2030
	<u>18,550,000</u>		

Directors' Statement

For the financial year ended 31 December 2023

Audit and Risk Committee

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

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

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

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent and internal auditors;
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2023 before their submission to the Board of Directors; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

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

Directors' Statement

For the financial year ended 31 December 2023

Independent auditor

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

On behalf of the directors

Wu Hsioh Kwang
Director

15 March 2024

Lim Song Joo
Director

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 1967 ("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 2023 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 2023;
- the consolidated statement of financial position of the Group as at 31 December 2023;
- the statement of financial position of the Company as at 31 December 2023;
- 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 material accounting policy information.

Basis for Opinion

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

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

Independence

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

Our Audit Approach

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

Independent Auditor's Report

TO THE MEMBERS OF STRACO CORPORATION LIMITED

Our Audit Approach (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2023. 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
<p>Impairment assessment of property, plant and equipment, investment property and right-of-use assets</p> <p>As at 31 December 2023, the carrying value of property, plant and equipment and investment property, including right-of-use assets, amounted to \$153.8 million (Note 16) and \$16.5 million (Note 15) respectively.</p> <p>These assets are predominantly made up of land and buildings which the Group's key attractions operate on and the machinery and equipment which are used in the day-to-day business of the key attractions.</p> <p>Management considers individual components of each attraction as a separate cash-generating unit ("CGU") and has carried out impairment assessments on each of the components' carrying amounts to identify whether there are indicators for impairment. The recoverable amount is determined based on the higher of the CGU's value-in-use and fair value less costs of disposal. External valuation on components with impairment indicators are obtained from independent professional valuers when the internal assessments indicate impairment indicators.</p> <p>Based on the impairment assessments carried out by management and the report of the independent professional valuer as at 31 December 2023, impairment loss on investment property of \$1.0 million was recorded against the consolidated statement of comprehensive income during the year ended 31 December 2023.</p> <p>We focused on this area as the impairment assessment and valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The external valuation is highly sensitive to key assumptions applied in deriving the capitalisation rate and discount rate.</p>	<p>We focused our audit work on the underlying assumptions and factors used in the assessment performed by management and the independent external valuer.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• Assessing how management identified indicators for impairment;• Assessing external professional valuer's competence, capabilities and objectivity, and reading the valuation report prepared by the external valuer;• Assessing the appropriateness of methodologies used by external valuer; and• For fair value less cost to sell, corroborated the inputs used by external valuer such as capitalisation rate and discount rate by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. <p>Based on our work and the evidence obtained, we found the significant judgements and estimates adopted by management in the fair value less cost to sell calculations supportable. In addition, we found that the external valuer is a member of a recognised professional body for external valuers and the valuation methodologies used were in line with the generally accepted market practices and the key assumptions used were within range of market data.</p> <p>We also found the disclosure on the estimates used by management in performing the impairment assessment in Note 3 to be appropriate.</p>

Independent Auditor's Report

TO THE MEMBERS OF STRACO CORPORATION LIMITED

Our Audit Approach (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Useful lives of property, plant and equipment and investment property</p> <p>As at 31 December 2023, included in the carrying value of property, plant and equipment of \$153.8 million (Note 16) and investment property of \$16.5 million (Note 15) is right-of-use assets of \$34.0 million and \$2.5 million respectively (Note 17a). The net carrying amount of property, plant and equipment and investment property, excluding right-of-use ("ROU") assets, amounted to \$119.8 million and \$14.0 million respectively.</p> <p>The Group reviews annually the estimated useful lives of property, plant and equipment and investment property, excluding ROU assets, based on factors that include:</p> <ul style="list-style-type: none"> - 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. <p>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.</p>	<p>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.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • 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. <p>We found management's basis of estimating the useful lives to be appropriate.</p> <p>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.</p>

Independent Auditor's Report

TO THE MEMBERS OF STRACO CORPORATION LIMITED

Other Information

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Independent Auditor's Report

TO THE MEMBERS OF STRACO CORPORATION LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's Report

TO THE MEMBERS OF STRACO CORPORATION LIMITED

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Kok Hooi.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 15 March 2024

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2023

	Note	2023 \$	2022 \$
Revenue	4	82,135,517	28,191,745
Other income	5	6,240,267	5,308,735
Expenses			
Depreciation and amortisation	6	(9,367,081)	(9,626,364)
Changes in inventories and purchases of goods		(1,677,496)	(772,427)
Professional and legal fees		(784,409)	(647,952)
Sales and marketing		(1,071,154)	(782,410)
Exchange losses - net		(1,711,574)	(5,370,826)
Rental expenses	17(d)	(2,815,149)	(672,395)
Property and other taxes		(798,529)	(619,769)
Repair and maintenance		(4,367,391)	(3,740,503)
Employee compensation	8	(20,663,894)	(16,952,465)
Utilities		(3,843,577)	(2,721,932)
Loss on disposal of property, plant and equipment		(29,381)	(181,110)
Impairment (loss)/write-back on property, plant and equipment	16	(421,087)	1,700,000
Impairment loss on investment property	15	(1,000,000)	(300,000)
Other expenses		(3,633,013)	(2,736,955)
Finance cost	7	(1,575,164)	(1,661,914)
Profit/(Loss) before income tax		34,616,885	(11,586,542)
Income tax (expense)/ credit	9(a)	(7,329,387)	318,367
Total profit/(loss)		27,287,498	(11,268,175)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- losses		(4,457,164)	(10,170,040)
Other comprehensive income/(loss), net of tax		(4,457,164)	(10,170,040)
Total comprehensive income/(loss)		22,830,334	(21,438,215)

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2023

	Note	2023 \$	2022 \$
Profit/(Loss) attributable to:			
Equity holders of the Company		25,677,646	(10,806,493)
Non-controlling interests		1,609,852	(461,682)
		27,287,498	(11,268,175)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		21,402,370	(20,578,558)
Non-controlling interests		1,427,964	(859,657)
		22,830,334	(21,438,215)
Earnings/(Loss) per share for profit/(loss) attributable to equity holders of the Company (cents per share)			
Basic earnings/(loss) per share	10	3.00	(1.26)
Diluted earnings/(loss) per share	10	3.00	(1.26)

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

Statement of Financial Position - Group

As at 31 December 2023

	Note	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	170,924,074	151,684,009
Trade and other receivables	12	5,447,594	5,480,906
Inventories	13	2,325,553	2,008,353
		178,697,221	159,173,268
Non-current assets			
Investment property	15	16,510,409	18,295,708
Property, plant and equipment	16	153,774,043	159,953,929
Intangible assets and goodwill	19	1,488,640	1,470,523
Deferred tax assets	22	316,804	-
		172,089,896	179,720,160
Total assets		350,787,117	338,893,428
LIABILITIES			
Current liabilities			
Trade and other payables	20	10,602,760	8,029,148
Current income tax liabilities	9(b)	940,162	198,203
Borrowings	21	1,007,831	988,026
Lease liabilities	17(e)	1,223,268	1,197,515
		13,774,021	10,412,892
Non-current liabilities			
Trade and other payables	20	205,009	-
Borrowings	21	6,038,067	7,045,898
Lease liabilities	17(e)	38,246,415	39,742,360
Deferred income		116,572	168,027
Deferred income tax liabilities	22	14,254,948	16,584,533
Provision for reinstatement cost	23	5,765,312	5,626,892
		64,626,323	69,167,710
Total liabilities		78,400,344	79,580,602
NET ASSETS		272,386,773	259,312,826
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	24	76,985,514	76,985,514
Other reserves	25	7,496,689	11,616,465
Retained profits		178,371,836	161,248,847
		262,854,039	249,850,826
Non-controlling interests	14	9,532,734	9,462,000
Total equity		272,386,773	259,312,826

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

Statement of Financial Position - Company

As at 31 December 2023

	Note	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	73,080,604	58,632,085
Trade and other receivables	12	900,610	758,877
		73,981,214	59,390,962
Non-current assets			
Investments in subsidiaries	14	76,070,954	76,070,954
Property, plant and equipment	16	1,735,237	1,791,591
Loans and advances to subsidiaries		39,600,000	40,250,000
		117,406,191	118,112,545
Total assets		191,387,405	177,503,507
LIABILITIES			
Current liabilities			
Trade and other payables	20	1,376,295	955,542
Current income tax liabilities	9(b)	228,065	219,864
Total liabilities		1,604,360	1,175,406
NET ASSETS		189,783,045	176,328,101
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	24	76,985,514	76,985,514
Other reserves	25	1,359,321	1,203,821
Retained profits		111,438,210	98,138,766
Total equity		189,783,045	176,328,101

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2023

Note	← Attributable to equity holders of the Company →							Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Share option reserve	General reserve	Currency translation reserve	Capital reserve	Retained profits			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2023	76,985,514	(7,579,613)	10,011,691	16,770,833	(6,358,189)	(1,228,257)	161,248,847	249,850,826	9,462,000	259,312,826
Profit for the year	-	-	-	-	-	-	25,677,646	25,677,646	1,609,852	27,287,498
Other comprehensive loss for the year	-	-	-	-	(4,275,276)	-	-	(4,275,276)	(181,888)	(4,457,164)
Total comprehensive (loss)/ income for the year	-	-	-	-	(4,275,276)	-	25,677,646	21,402,370	1,427,964	22,830,334
Dividend to non-controlling shareholders of subsidiaries	14	-	-	-	-	-	-	-	(1,357,230)	(1,357,230)
Dividend relating to 2022 paid	26	-	-	-	-	-	(8,554,657)	(8,554,657)	-	(8,554,657)
Share options exercised	24(a)	-	271,400	-	-	-	(115,900)	155,500	-	155,500
Total transactions with owners, recognised directly in equity	-	271,400	-	-	-	(115,900)	(8,554,657)	(8,399,157)	(1,357,230)	(9,756,387)
At 31 December 2023	76,985,514	(7,308,213)	10,011,691	16,770,833	(10,633,465)	(1,344,157)	178,371,836	262,854,039	9,532,734	272,386,773

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2023

Note	← Attributable to equity holders of the Company →							Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Share option reserve	General reserve	Currency translation reserve	Capital reserve	Retained profits			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2022	76,985,514	(7,579,613)	10,011,691	16,770,833	3,413,876	(1,228,257)	180,604,997	278,979,041	10,321,657	289,300,698
Loss for the year	-	-	-	-	-	-	(10,806,493)	(10,806,493)	(461,682)	(11,268,175)
Other comprehensive loss for the year	-	-	-	-	(9,772,065)	-	-	(9,772,065)	(397,975)	(10,170,040)
Total comprehensive loss for the year	-	-	-	-	(9,772,065)	-	(10,806,493)	(20,578,558)	(859,657)	(21,438,215)
Dividend relating to 2021 paid	26	-	-	-	-	-	(8,549,657)	(8,549,657)	-	(8,549,657)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	(8,549,657)	(8,549,657)	-	(8,549,657)
At 31 December 2022	76,985,514	(7,579,613)	10,011,691	16,770,833	(6,358,189)	(1,228,257)	161,248,847	249,850,826	9,462,000	259,312,826

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Total profit/(loss)		27,287,498	(11,268,175)
Adjustments for:			
- Income tax expense	9	7,329,387	(318,367)
- Depreciation of property, plant and equipment	6	8,565,617	8,827,785
- Depreciation of investment property	6	785,299	790,420
- Amortisation of intangible assets	6	16,165	8,159
- Amortisation of government grants		(55,894)	(69,792)
- Loss on disposal of property, plant and equipment		29,381	181,110
- Impairment loss/(write-back) on property, plant and equipment	16	421,087	(1,700,000)
- Impairment loss on investment property	15	1,000,000	300,000
- Interest income	5	(4,116,777)	(4,186,898)
- Interest expenses	7	1,575,164	1,661,914
- Unrealised currency translation losses		1,671,602	5,399,032
		44,508,529	(374,812)
Change in working capital			
- Inventories		(356,728)	128,746
- Trade and other receivables		(741,251)	1,601,344
- Trade and other payables		2,943,321	(3,665,455)
Cash generated from/ (used in) operations		46,353,871	(2,310,177)
Income tax paid		(9,223,175)	(675,361)
Net cash provided by/ (used in) operating activities		37,130,696	(2,985,538)
Cash flows from investing activities			
Additions to property, plant and equipment		(4,043,762)	(2,557,241)
Additions to intangible assets		(36,648)	-
Government grant received		10,117	-
Proceeds from disposal of property, plant and equipment		7,223	1,944
Interest received		4,793,895	3,726,144
Net cash provided by investing activities		730,825	1,170,847

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2023

	Note	2023 \$	2022 \$
Cash flows from financing activities			
Fixed deposit pledged	11	(120,000)	-
Proceeds from borrowings		-	400,000
Proceed from exercise of share options		155,500	-
Repayment of borrowings		(988,026)	(968,477)
Principal payment of lease liabilities		(1,189,265)	(1,181,889)
Interest paid on lease liabilities		(1,373,102)	(1,443,625)
Interest paid on borrowings		(63,642)	(83,190)
Dividends paid to equity holders of the Company		(8,554,657)	(8,549,657)
Dividends paid to non-controlling interests		(1,357,230)	-
Net cash used in financing activities		(13,490,422)	(11,826,838)
Net increase/ (decrease) in cash and cash equivalents		24,371,099	(13,641,529)
Cash and cash equivalents			
Beginning of financial year	11	150,684,009	177,493,838
Effects of currency translation on cash and cash equivalents		(5,251,034)	(13,168,300)
End of financial year	11	169,804,074	150,684,009

Reconciliation of liabilities arising from financing activities

	Non-cash changes					Cash flows \$	31 December \$
	1 January \$	Effects of foreign currency translation \$	Additions \$	Derecognition \$	Interest expense \$		
Group							
2023							
Borrowings	8,033,924	-	-	-	63,642	(1,051,688)	7,045,898
Lease liabilities	40,939,875	(280,927)	-	-	1,373,102	(2,562,367)	39,469,683
2022							
Borrowings	8,602,401	-	-	-	83,190	(651,667)	8,033,924
Lease liabilities	42,819,007	(742,366)	55,588	(10,465)	1,443,625	(2,625,514)	40,939,875

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

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. Material accounting policy information

2.1 Basis of preparation

These financial statements have been 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 2023

On 1 January 2023, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.2 Revenue

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of tickets*

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

(b) *Sale of goods*

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

(c) *Dividend income*

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

(d) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(e) *Deferred revenue*

Sales of pre-sold tickets and annual passes are contract liabilities that are recognised and presented under "Trade and other payables" (Note 20). Pre-sold tickets are recognised as revenue when utilised and annual passes are recognised as revenue on a straight-line basis over the validity of the annual passes. Unutilised amounts are recognised as revenue upon expiry.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.3 Government grants

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

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

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

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

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

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill on acquisitions" (Note 2.6(a)) for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" (Note 2.9) for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.4 Group accounting (continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.5 Property, plant and equipment

(a) Measurement

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

Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purposes other than to produce inventories.

(b) Depreciation

Depreciation on items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold land	Shorter of lease term or 50 years
Leasehold buildings	20 to 50 years
Leasehold improvements	10 years
Cable car equipment	10 to 20 years
Giant observation wheel	5 to 35 years and 7 months
Office equipment, furniture and fittings	3 to 5 years
Motor vehicles	5 to 8 years
Machinery	3 to 20 years
Fishes and marine livestock	5 years

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.5 Property, plant and equipment (continued)

(b) Depreciation (continued)

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

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

No depreciation is provided on construction in progress.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Loss on disposal of property, plant and equipment".

2.6 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (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:

	<u>Useful lives</u>
Logo and trademark	5 to 10 years

2.7 Finance income and finance costs

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

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

2.8 Investment property

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

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

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.9 Investments in subsidiaries

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

2.10 Impairment of non-financial assets

(a) Goodwill

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

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

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

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

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

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

Intangible assets, property, plant and equipment, right-of-use assets, investment property and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.10 Impairment of non-financial assets (continued)

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A write-back 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 write-back 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 write-back 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.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.11 Financial assets (continued)

(a) Classification and measurement (continued)

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

At initial recognition

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

At subsequent measurement

(i) Debt instruments

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

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

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

(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 28(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.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.11 Financial assets (continued)

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Financial guarantees

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

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

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.16 Leases

(a) *When the Group is the lessee*

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

- Right-of-use assets

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

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

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

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

- Lease liabilities

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.16 Leases (continued)

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

- Lease liabilities (continued)

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 it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.16 Leases (continued)

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

- Short term and low value leases

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

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 17.

(b) When the Group is the lessor

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

- *Lessor – Operating leases*

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

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

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.16 Leases (continued)

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

- *Lessor – Subleases*

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

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

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

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

2.17 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

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 and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.18 Income taxes (continued)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment property. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.19 Provisions (continued)

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 expense.

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

2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and the People's Republic of China ("PRC") provincial and municipal governments, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an employee expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.20 Employee compensation (continued)

(c) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(d) *Short-term employee benefits*

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

2.21 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within “exchange (losses)/ gains - net”.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.21 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.22 Segment reporting

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (continued)

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, balances and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents. Pledged deposits are excluded from cash and cash equivalents.

2.24 Share capital and treasury shares

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

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

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

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

2.25 Dividends to Company's shareholders

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

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.

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

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

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

The carrying amounts of investment property (inclusive of impairment loss recognised), property, plant and equipment (inclusive of impairment loss recognised), and right-of-use assets are disclosed in Notes 15, 16 and 17 respectively.

For the financial year ended 31 December 2023, the Group has recognised an impairment loss on property, plant and equipment of \$421,087 for certain costs incurred for a project which were capitalised as construction-in-progress previously.

The Group has recognised an impairment loss on investment property of \$1,000,000. The recoverable amount was assessed based on fair value less cost to sell provided by the external valuer. The valuation process which identifies whether the carrying values of investment property, property, plant and equipment, and right-of-use assets are impaired involves significant judgement in determining an appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The external valuations are highly sensitive to key assumptions applied in deriving the capitalisation rate and discount rate, as disclosed in Notes 15 and 16.

Notes to the Financial Statements

For the financial year ended 31 December 2023

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

Useful lives of investment property and property, plant and equipment

Estimation of useful life of investment property

As at 31 December 2023, included in the carrying amount of investment property of S\$16.5 million (Note 15) is right-of-use assets of \$2.5 million (Note 17a). The net carrying amount of investment property excluding right-of-use assets is \$14.0 million.

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 15.

Estimation of useful lives of property, plant and equipment

As at 31 December 2023, included in the carrying amount of property, plant, and equipment of \$153.8 million (Note 16) is right-of-use assets of \$34.0 million (Note 17). The net carrying amount of property, plant and equipment excluding right-of-use assets is \$119.8 million.

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, technological changes, environmental and anticipated use of the assets, and internal technical evaluation. 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 16.

Notes to the Financial Statements

For the financial year ended 31 December 2023

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

Lease liabilities

Estimation of discount rate for lease liabilities

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

For the financial year ended 31 December 2023, there were no material additions of new leases.

Critical judgement over the lease terms

As at 31 December 2023, included in the Group's lease liabilities of \$39,469,683 (Note 17) is the amount of \$21,814,456 arising from extension of lease options. Extension options are included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option.

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

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

Uncertain tax positions

The Group is subject to income taxes in different jurisdictions. In determining the amount of current and deferred tax, the Group takes into account impact of uncertain tax positions and whether additional taxes may be due taking into consideration the strategies of the Group. Significant estimates and assumptions are required to determine the amount of current and deferred tax that can be recognised and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The carrying amounts of current income tax liabilities and deferred income taxes are as disclosed in the statement of financial position.

4. Revenue

	2023	Group 2022
	\$	\$
Revenue from contracts with customers (a)	80,807,639	27,595,193
Rental from leases under investment property (Note 15)	1,327,878	596,552
	82,135,517	28,191,745

(a) Disaggregation of revenue from contracts with customers

	2023	Group 2022
	\$	\$
Ticketing	73,753,924	24,798,625
Retail	3,674,203	1,179,228
Food and beverages	2,448,782	1,023,603
Others	930,730	593,737
	80,807,639	27,595,193

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

4. Revenue (continued)

(b) Deferred revenue

	Group		
	31 December		1 January
	2023	2022	2022
	\$	\$	\$
Deferred revenue (Note 20)	2,021,025	1,332,693	3,801,243

Revenue recognised in relation to deferred revenue

	Group	
	2023	2022
	\$	\$
<i>Revenue recognised in current period that was included in the deferred revenue balance at the beginning of the period</i>	1,329,796	3,793,079

The deferred revenue relates to consideration received from customers for the unsatisfied performance obligation in pre-sale tickets, corporate memberships, and rental income. Revenue will be recognised upon the redemption of the tickets by customers. The increase in deferred revenue is due to the increase of the pre-sale ticket as at year end.

(c) Trade receivables from contracts with customers

	<u>Group</u>			<u>Company</u>		
	31 December		1 January	31 December		1 January
	2023	2022	2022	2023	2022	2022
	\$	\$	\$	\$	\$	\$
<i>Current assets</i>						
Trade receivables from contracts with customers (Note 12)	517,861	295,041	2,571,012	-	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2023

5. Other income

	2023	Group 2022
	\$	\$
Interest income	4,116,777	4,186,898
Government grants (a)	886,944	585,529
Rental income from sales counters	839,633	317,971
Miscellaneous	396,913	218,337
	6,240,267	5,308,735

a. Included in the Group's government grants are:

- (i) Grant income of \$Nil (2022: \$59,319) relating to the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees; and
- (ii) Grant income of \$589,888 (2022: \$245,015) relating to wage support scheme from the Singapore Tourism Board in connection with the completion of training and business transformation project.

6. Depreciation and amortisation

	2023	Group 2022
	\$	\$
Amortisation of intangible assets (Note 19)	16,165	8,159
Depreciation of property, plant and equipment (Note 16)	8,565,617	8,827,785
Depreciation of investment property (Note 15)	785,299	790,420
Total depreciation and amortisation	9,367,081	9,626,364

Notes to the Financial Statements

For the financial year ended 31 December 2023

7. Finance cost

Interest expense

- Bank borrowings

- Lease liabilities (Note 17(c))

Finance cost on reinstatement (Note 23)

	2023	Group 2022
	\$	\$
	63,642	83,190
	1,373,102	1,443,625
	138,420	135,099
	1,575,164	1,661,914

8. Employee compensation

Wages and salaries

Employer's contribution to defined contribution plans

Other staff benefits

	2023	Group 2022
	\$	\$
	17,014,800	13,569,662
	2,865,803	2,665,910
	783,291	716,893
	20,663,894	16,952,465

Notes to the Financial Statements

For the financial year ended 31 December 2023

9. Income taxes

(a) Income tax expense/(credit)

Tax expense/(credit) attributable to profit is made out of:

- Taxation for current financial year:

Current income tax

- Singapore

- Foreign

- Withholding tax

Deferred income tax (Note 22)

- (Over)/underprovision in prior financial years:

Current income tax

Withholding tax

Deferred income tax (Note 22)

Total tax expense/(credit)

	2023	Group 2022
	\$	\$
	287,683	264,005
	8,391,311	371,189
	1,289,368	-
	9,968,362	635,194
	392,799	(1,095,433)
	10,361,161	(460,239)
	7,414	14,908
	-	(1,436)
	(3,039,188)	128,400
	(3,031,774)	141,872
	7,329,387	(318,367)

Notes to the Financial Statements

For the financial year ended 31 December 2023

9. Income taxes (continued)

(a) Income tax expense/(credit) (continued)

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

	2023 \$	Group 2022 \$
Profit/(loss) before tax	34,616,885	(11,586,542)
Tax calculated at tax rate of 17% (2022: 17%)	5,884,870	(1,969,712)
Effects of:		
- different tax rates in other countries	2,753,908	(170,636)
- tax incentives	(37,609)	(34,981)
- expenses not deductible for tax purposes	757,226	1,235,772
- income not subject to tax	(53,475)	(63,346)
- deferred tax assets not recognised	158,647	427,044
- utilisation of previously unrecognised tax losses	(427,044)	-
- (over)/under-provision of tax in prior financial years	(3,031,774)	141,872
- withholding tax	1,271,992	-
- others	52,646	115,620
Tax charge/(credit)	7,329,387	(318,367)

Notes to the Financial Statements

For the financial year ended 31 December 2023

9. Income taxes (continued)

(b) Movement in current income tax liabilities

	<u>Group</u>		<u>Company</u>	
	2023	2022	2023	2022
	\$	\$	\$	\$
Beginning of financial year	198,203	220,899	219,864	157,260
Currency translation differences	(10,642)	3,999	-	-
Income tax paid - net	(7,933,807)	(305,608)	(220,015)	(158,111)
Withholding tax paid	(1,289,368)	(369,753)	(1,289,368)	-
Tax expense	9,968,362	635,194	1,517,434	219,864
Under provision in prior financial years	7,414	13,472	150	851
End of financial year	940,162	198,203	228,065	219,864

10. Earnings per share

(a) Basic earnings/(loss) per share

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

	2023	2022
Net profit/(loss) attributable to equity holders of the Company (\$)	25,677,646	(10,806,493)
Weighted average number of ordinary shares outstanding for basic profit/(loss) per share	855,298,557	854,965,680
Basic earnings/(loss) per share (cents per share)	3.00	(1.26)

Notes to the Financial Statements

For the financial year ended 31 December 2023

10. Earnings per share (continued)

(b) Diluted earnings/(loss) per share

For the purpose of calculating diluted earnings/(loss) per share, profit/(loss) 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/(loss).

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

	2023	2022
Net profit/(loss) used to determine diluted earnings per share (\$)	25,677,646	(10,806,493)
Weighted average number of ordinary shares outstanding for basic earnings/(loss) per share	855,298,557	854,965,680
Adjustments for		
- Share options	81,866	186,594
	855,380,423	855,152,274
Diluted earnings/(loss) per share (cents per share)	3.00	(1.26)

Notes to the Financial Statements

For the financial year ended 31 December 2023

11. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	2023	2022	2023	2022
	\$	\$	\$	\$
Cash at bank and on hand	9,179,977	7,340,055	249,286	559,393
Short-term bank deposits	161,744,097	144,343,954	72,831,318	58,072,692
	170,924,074	151,684,009	73,080,604	58,632,085

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

	<u>Group</u>	
	2023	2022
	\$	\$
Cash and bank balances (as above)	170,924,074	151,684,009
Less: Bank deposits pledged	(1,120,000)	(1,000,000)
Cash and cash equivalents per consolidated statement of cash flows	169,804,074	150,684,009

Bank deposits are pledged as security for the banker's guarantee on the lease of land on which the investment property (Note 15) and property, plant and equipment (Note 16) are situated, and a security collateral for the use of online payment service with a bank.

The weighted average effective interest rates, per annum, relating to fixed deposits of the Group and the Company are 2.69% (2022: 2.69%) and 2.65% (2022: 2.38%), respectively. Interest rates reprice at intervals of between 1 week and 32 months.

Notes to the Financial Statements

For the financial year ended 31 December 2023

12. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade receivables				
- Amounts due from non-related parties	517,861	295,041	-	-
	517,861	295,041	-	-
Non-trade receivables				
- Amounts due from subsidiaries	-	-	416,156	416,597
- Interest receivables	2,148,623	2,912,374	459,982	311,730
- Other receivables	111,194	96,920	-	-
- Deposits	277,143	272,610	1,000	2,147
	2,536,960	3,281,904	877,138	730,474
Other tax receivables	259,540	247,366	-	-
Prepayments	896,411	1,009,661	23,472	28,403
Government grant receivable	1,236,822	646,934	-	-
	5,447,594	5,480,906	900,610	758,877

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

13. Inventories

	<u>Group</u>	
	2023	2022
	\$	\$
Consumables	2,325,553	2,008,353

The cost of inventories recognised as an expense and included in “Changes in inventories and purchases of goods” amounted to \$ 1,677,496 (2022: \$772,427).

Notes to the Financial Statements

For the financial year ended 31 December 2023

14. Investments in subsidiaries

Equity investments at cost

Beginning and end of financial year

<u>Company</u>	
2023	2022
\$	\$
76,070,954	76,070,954

The Group had the following subsidiaries as at 31 December 2023 and 2022:

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	
			2023	2022	2023	2022	2023	2022
			%	%	%	%	%	%
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

Notes to the Financial Statements

For the financial year ended 31 December 2023

14. Investments in subsidiaries (continued)

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	
			2023 %	2022 %	2023 %	2022 %	2023 %	2022 %
Shanghai Ocean Aquarium Co Ltd ¹	Development and operation of aquatic-related facilities	PRC	95	95	95	95	5	5
Xi'an Lintong Zhongxin Tourism Development Co Ltd ¹	Development and operation of tourism-related facilities	PRC	95	95	95	95	5	5
Bay Attractions Pte Ltd	Investment holding	Singapore	100	100	100	100	-	-
Straco Leisure Pte Ltd	Operation of a circular giant observation structure and provision of retail space	Singapore	-	-	90	90	10	10

¹ Audited by PricewaterhouseCoopers Zhong Tian LLP, PRC

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

14. Investments in subsidiaries (continued)

Significant restrictions

Cash and short-term deposits of \$79,152,671 (2022: \$81,149,272) 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

	2023	2022
	\$	\$
Shanghai Ocean Aquarium Co Ltd	3,470,277	3,906,204
Straco Leisure Pte Ltd	5,860,846	5,420,654
Other subsidiaries with immaterial non-controlling interest	201,611	135,142
Total	9,532,734	9,462,000

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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Current				
Assets	59,906,872	66,970,714	20,678,650	13,183,292
Liabilities	(7,679,315)	(6,771,569)	(6,479,806)	(4,966,489)
Total current net assets	52,227,557	60,199,145	14,198,844	8,216,803
Non-current				
Assets	17,294,563	18,092,955	139,563,572	144,857,898
Liabilities	(116,571)	(168,027)	(95,163,779)	(98,877,986)
Total non-current net assets	17,177,992	17,924,928	44,399,793	45,979,912
Net assets	69,405,549	78,124,073	58,598,637	54,196,715

Notes to the Financial Statements

For the financial year ended 31 December 2023

14. Investments in subsidiaries (continued)

Summarised statement of comprehensive income

	Shanghai Ocean Aquarium Co Ltd		Straco Leisure Pte Ltd	
	For year ended 31 December		For year ended 31 December	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenue	42,637,271	9,735,046	26,770,833	13,521,289
Profit/(loss) before income tax	29,244,377	47,055	2,178,837	(4,502,253)
Income tax (expense)/credit	(7,311,716)	(13,033)	2,223,085	595,844
Post-tax profit/(loss) from continuing operations	21,932,661	34,022	4,401,922	(3,906,409)
Currency loss arising from consolidation	(3,506,597)	(7,637,469)	-	-
Total comprehensive (loss)/income	18,426,064	(7,603,447)	4,401,922	(3,906,409)
Total comprehensive income/ (loss) allocated to non-controlling interests	921,303	(380,172)	440,192	(390,641)
Dividends paid to non-controlling interests	1,357,230	-	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2023

14. Investments in subsidiaries (continued)

Summarised statement of cash flows

	Shanghai Ocean Aquarium Co Ltd For year ended 31 December		Straco Leisure Pte Ltd For year ended 31 December	
	2023	2022	2023	2022
	\$	\$	\$	\$
<u>Cash flows from operating activities</u>				
Cash generated from/(used in) operations	29,048,826	484,292	11,823,183	(458,290)
Income tax paid	(6,668,000)	(264,518)	-	-
Net cash provided by/(used in) operating activities	22,380,826	219,774	11,823,183	(458,290)
Net cash provided by/(used in) investing activities	2,506,467	484,237	(2,170,272)	(1,257,044)
Net cash (used in)/provided by financing activities	(28,486,417)	-	(3,005,974)	1,107,860
Net increase/(decrease) in cash and cash equivalents	(3,599,124)	704,011	6,646,937	(607,474)
Cash and cash equivalents at beginning of year	62,565,449	67,950,199	8,953,346	9,560,820
Exchange (losses)/gains on cash and cash equivalents	(2,358,132)	(6,088,761)	-	-
Cash and cash equivalents at end of year	56,608,193	62,565,449	15,600,283	8,953,346

Notes to the Financial Statements

For the financial year ended 31 December 2023

15. Investment property

	2023	Group 2022
	\$	\$
Cost		
Beginning of financial year	27,547,779	27,643,160
Adjustment	-	(95,381)
End of financial year	27,547,779	27,547,779
Accumulated depreciation and impairment		
Beginning of financial year	9,252,071	8,161,651
Depreciation charge (Note 6)	785,299	790,420
Impairment	1,000,000	300,000
End of financial year	11,037,370	9,252,071
Net book value	16,510,409	18,295,708

(a) As at 31 December 2023, the carrying value of investment property, excluding ROU assets, amounted to \$13,998,830 (2022: \$15,689,354).

Investment property comprises a commercial property that is leased to third parties under operating leases (Note 4). Currently, each of the leases is fixed for a period of 6 months to 3 years, and subsequent renewals are negotiated at prevailing market rates and terms. The investment property has been mortgaged to secure bank loans (Note 21).

The following amounts are recognised in profit and loss:

	2023	Group 2022
	\$	\$
Rental from leases under investment property (Note 4)	1,327,878	596,552
Direct operating expenses arising from:		
- Investment property that generates rental income	1,250,384	763,981

Notes to the Financial Statements

For the financial year ended 31 December 2023

15. Investment property (continued)

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

Location: 30 Raffles Avenue, Singapore Flyer, Singapore 039803

Description: Existing use: 3-storey terminal building

Tenure: 30 years less 1 day lease commencing on 5 July 2005 with an option to extend for a further 15 years less 1 day lease subject to renewal of head lease

As at 31 December 2023, the Group has determined that the recoverable amount based on fair value less cost to sell is lower than the carrying value of the investment property and an impairment loss of \$1,000,000 (2022: \$300,000) was recognised.

The fair value of investment property at 31 December 2023 is approximately \$17,700,000 (2022: \$19,500,000). Management relies on the external valuation to support the recoverable amount of the investment property. The external, independent valuation company, Colliers International Consultancy & Valuation (Singapore) Pte Ltd has the appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair value of the Group's investment property is classified within Level 3 of the fair value hierarchy and has been derived using the discounted cash flow approach and capitalisation approach. The most significant input in each valuation approach is the discount rate and capitalisation rate of 8.0% and 5.5% (2022: 8.0% and 5.5%) respectively.

If the discount rate and income capitalisation rate per the valuation report were to increase/decrease by 1%, there will be an increase/decrease of \$400,000 to the amount of impairment loss on investment property.

Notes to the Financial Statements

For the financial year ended 31 December 2023

16. 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 \$
<i>Group</i>										
2023										
<i>Cost</i>										
Beginning of financial year	105,429,985	11,135,645	6,184,549	87,818,803	11,740,537	581,035	56,418,631	8,272,813	6,963,561	294,545,559
Currency translation differences	(1,541,620)	(338,070)	(248,179)	-	(333,988)	(22,506)	(1,527,626)	(281,239)	(171,728)	(4,464,956)
Additions	50,296	145	27,276	1,709,819	555,248	-	267,798	112,814	1,320,366	4,043,762
Disposals/ write-off	-	(19,157)	(998)	-	(227,154)	-	(64,508)	-	-	(311,817)
Reclassification	-	291,218	450,313	-	136,454	-	155	-	(878,140)	-
End of financial year	103,938,661	11,069,781	6,412,961	89,528,622	11,871,097	558,529	55,094,450	8,104,388	7,234,059	293,812,548
<i>Accumulated depreciation and impairment</i>										
Beginning of financial year	33,836,595	7,307,373	5,514,271	19,743,016	8,702,656	535,888	50,700,467	8,004,379	246,985	134,591,630
Currency translation differences	(880,959)	(261,002)	(217,036)	-	(241,017)	(20,757)	(1,356,223)	(270,435)	(17,187)	(3,264,616)
Depreciation charge (Note 6)	3,304,142	521,914	191,351	2,721,141	920,681	-	816,059	90,329	-	8,565,617
Impairment loss	-	-	-	-	-	-	-	-	421,087	421,087
Disposals/ write-off	-	(19,157)	(998)	-	(204,932)	-	(50,126)	-	-	(275,213)
End of financial year	36,259,778	7,549,128	5,487,588	22,464,157	9,177,388	515,131	50,110,177	7,824,273	650,885	140,038,505
Net book value										
End of financial year	67,678,883	3,520,653	925,373	67,064,465	2,693,709	43,398	4,984,273	280,115	6,583,174	153,774,043

Notes to the Financial Statements

For the financial year ended 31 December 2023

16. 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 \$
<i>Group</i>										
2022										
<i>Cost</i>										
Beginning of financial year	109,316,541	11,236,440	6,756,441	87,581,653	11,478,047	637,848	60,295,599	8,864,361	7,912,801	304,079,731
Currency translation differences	(3,889,253)	(813,653)	(603,460)	-	(805,467)	(56,813)	(3,858,778)	(700,468)	(434,346)	(11,162,238)
Additions	107,749	24,000	31,568	821,974	459,480	-	16,258	108,920	1,042,880	2,612,829
Disposals/ write-off	-	(16,313)	-	(204,000)	(239,266)	-	(39,308)	-	-	(498,887)
Reclassification	-	705,171	-	-	847,743	-	4,860	-	(1,557,774)	-
Adjustment	(105,052)	-	-	(380,824)	-	-	-	-	-	(485,876)
End of financial year	105,429,985	11,135,645	6,184,549	87,818,803	11,740,537	581,035	56,418,631	8,272,813	6,963,561	294,545,559
<i>Accumulated depreciation and impairment</i>										
Beginning of financial year	32,931,519	7,462,784	5,872,324	18,418,190	8,588,011	588,286	53,055,247	8,580,747	271,135	135,768,243
Currency translation differences	(2,103,957)	(635,196)	(532,268)	-	(565,413)	(52,398)	(3,411,005)	(674,643)	(24,150)	(7,999,030)
Depreciation charge (Note 6)	3,424,022	532,305	174,215	2,617,583	891,021	-	1,090,364	98,275	-	8,827,785
Impairment write-back	(414,989)	(36,207)	-	(1,248,804)	-	-	-	-	-	(1,700,000)
Disposals/ write-off	-	(16,313)	-	(43,953)	(210,963)	-	(34,139)	-	-	(305,368)
End of financial year	33,836,595	7,307,373	5,514,271	19,743,016	8,702,656	535,888	50,700,467	8,004,379	246,985	134,591,630
Net book value										
End of financial year	71,593,390	3,828,272	670,278	68,075,787	3,037,881	45,147	5,718,164	268,434	6,716,576	159,953,929

Notes to the Financial Statements

For the financial year ended 31 December 2023

16. Property, plant and equipment (continued)

- (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 17(a).
- (b) As at 31 December 2023, the carrying value of property, plant and equipment, excluding ROU assets, amounted to \$119,746,033 (2022: \$124,087,963).
- (c) For the financial year ended 31 December 2023, impairment loss on property, plant and equipment of \$421,087 was recognised for costs incurred for a project which were capitalised as construction-in-progress previously.

For the financial year ended 31 December 2022, the Group has determined that the recoverable amount based on fair value less cost to sell is higher than the carrying value of the property, plant and equipment and an impairment write-back of \$1,700,000 was recognised. Management relies on the external valuation to support the recoverable amount of the property, plant and equipment. The external, independent valuation company, Colliers International Consultancy & Valuation (Singapore) Pte Ltd has the appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair value of the Group's property, plant and equipment is classified within Level 3 of the fair value hierarchy and has been derived using the discounted cash flow approach and capitalisation approach. The most significant input in each valuation approach is the discount rate and capitalisation rate of 12.0% and 9.0% (2022: 12.0% and 9.0%) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2023

16. Property, plant and equipment (continued)

	Leasehold buildings \$	Leasehold improvements \$	Office equipment, furniture and fittings \$	Total \$
<i>Company</i>				
2023				
<i>Cost</i>				
Beginning and end of financial year	2,727,449	221,355	331,557	3,280,361
<i>Accumulated depreciation</i>				
Beginning of financial year	940,970	217,327	330,473	1,488,770
Depreciation charge	54,549	866	939	56,354
End of financial year	995,519	218,193	331,412	1,545,124
Net book value				
End of financial year	1,731,930	3,162	145	1,735,237
2022				
<i>Cost</i>				
Beginning and end of financial year	2,727,449	221,355	331,557	3,280,361
<i>Accumulated depreciation</i>				
Beginning of financial year	886,421	216,461	328,415	1,431,297
Depreciation charge	54,549	866	2,058	57,473
End of financial year	940,970	217,327	330,473	1,488,770
Net book value				
End of financial year	1,786,479	4,028	1,084	1,791,591

Notes to the Financial Statements

For the financial year ended 31 December 2023

17. 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 16).

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 less 1 day. 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 15) and property, plant and equipment (Note 16).

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 16).

(a) Carrying amounts

ROU assets classified within Property, plant and equipment

	2023	2022
	\$	\$
Leasehold land	33,995,319	35,820,364
Office equipment	32,691	45,037
Machinery	-	565
	34,028,010	35,865,966

ROU assets classified within Investment property

The right-of-use asset relating to the leasehold land presented under investment properties (Note 15) is stated at cost less accumulated depreciation and accumulated impairment losses and has a carrying amount at balance sheet date of \$2,511,579 (2022: \$ 2,606,354).

Notes to the Financial Statements

For the financial year ended 31 December 2023

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

(b) Depreciation charge during the year

	2023	2022
	\$	\$
<u>ROU assets classified within property, plant and equipment</u>		
Leasehold land	1,592,331	1,632,959
Office equipment	12,347	12,276
Machinery	565	6,777
	1,605,243	1,652,012
<u>ROU assets classified within investment property</u>		
Investment property	94,777	94,777
	94,777	94,777
	1,700,020	1,746,789

(c) Interest expense

	2023	2022
	\$	\$
Interest expense on lease liabilities (Note 7)	1,373,102	1,443,625

(d) Lease expense not capitalised in lease liabilities

	2023	2022
	\$	\$
Lease expense – low-value leases	9,896	3,140
Variable lease payments which do not depends on an index or rate	2,805,253	669,255
	2,815,149	672,395

Notes to the Financial Statements

For the financial year ended 31 December 2023

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

(e) Lease liabilities

	2023 \$	2022 \$
Current	1,223,268	1,197,515
Non-current	38,246,415	39,742,360
	39,469,683	40,939,875

(f) Total cash outflow for all the leases in 2023 was \$5,377,516 (2022: \$3,297,909).

(g) Additions of ROU assets during the year were \$Nil (2022: \$55,588).

(h) Disposals of ROU assets during the year were \$Nil (2022: \$2,328).

(i) 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 \$ 2,771,423 (2022: \$632,778) for the financial year ended 31 December 2023.

Notes to the Financial Statements

For the financial year ended 31 December 2023

18. 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 is disclosed in Note 4 and Note 15.

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

	2023	2022
	\$	\$
Less than one year	874,121	396,494
One to two years	1,587,721	403,392
Two to three years	815,206	455,005
Total undiscounted lease payment	3,277,048	1,254,891

Notes to the Financial Statements

For the financial year ended 31 December 2023

19. Intangible assets and goodwill

Group

2023

Cost

	Goodwill on consolidation \$	Logo and trademark \$	Total \$
Beginning of financial year	1,419,013	3,339,365	4,758,378
Currency translation differences	-	(3,656)	(3,656)
Additions	-	36,648	36,648
End of financial year	<u>1,419,013</u>	<u>3,372,357</u>	<u>4,791,370</u>

Accumulated amortisation

Beginning of financial year	-	3,287,855	3,287,855
Currency translation differences	-	(1,290)	(1,290)
Amortisation charge (Note 6)	-	16,165	16,165
End of financial year	<u>-</u>	<u>3,302,730</u>	<u>3,302,730</u>

Net book value

End of financial year	<u>1,419,013</u>	<u>69,627</u>	<u>1,488,640</u>
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2022

Cost

Beginning of financial year	1,419,013	3,346,920	4,765,933
Currency translation differences	-	(7,555)	(7,555)
End of financial year	<u>1,419,013</u>	<u>3,339,365</u>	<u>4,758,378</u>

Accumulated amortisation

Beginning of financial year	-	3,281,892	3,281,892
Currency translation differences	-	(2,196)	(2,196)
Amortisation charge (Note 6)	-	8,159	8,159
End of financial year	<u>-</u>	<u>3,287,855</u>	<u>3,287,855</u>

Net book value

End of financial year	<u>1,419,013</u>	<u>51,510</u>	<u>1,470,523</u>
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Notes to the Financial Statements

For the financial year ended 31 December 2023

19. 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 2023 is determined in a similar manner as in 2022 and is based on the following key assumptions:

- Cash flows were projected based on past operating performances and future business plan;
- The anticipated annual revenue growth included in the cash flow projections is 2% to 5% for the years 2024 to 2034 (2022: 2% to 5% for the years 2023 to 2034) and the terminal growth is 2% (2022: 2%); and
- A pre-tax discount rate of 13.3% (2022: 16.0%) was applied in determining the recoverable amount of the unit. The discount rate used reflects the risk-free rate and the premium for specific risks relating to the business unit.

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

20. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	2023	2022	2023	2022
	\$	\$	\$	\$
Current				
<u>Trade payables</u>				
- Amounts due to non-related parties	2,264,820	2,342,252	-	-
	2,264,820	2,342,252	-	-
<u>Non-trade payables</u>				
- Amounts due to subsidiaries	-	-	475,960	493,950
- Accrued expenses	1,850,918	1,441,269	517,328	450,674
- Salary payable	2,752,287	908,312	374,220	-
- Refundable deposit	75,850	122,320	-	-
- Rental payable	372,059	157,493	-	-
- Utilities payable	277,943	123,502	-	-
- Other payables	92,237	981,650	8,787	10,918
	5,421,294	3,734,546	1,376,295	955,542
Deferred revenue	2,021,025	1,332,693	-	-
Other tax payables	895,621	619,657	-	-
	10,602,760	8,029,148	1,376,295	955,542
Non-current				
Rental deposits	205,009	-	-	-
	205,009	-	-	-

Rental deposits represent tenancy deposits received under operating lease arrangements. Where the lease expiry date is more than 12 months after balance sheet date, these rental deposits are classified as non-current. The fair values of the non-current rental deposits approximate its carrying amounts.

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

21. Borrowings

	2023	Group 2022
	\$	\$
<i>Current</i>		
Bank borrowings	1,007,831	988,026
	1,007,831	988,026
<i>Non-current</i>		
Bank borrowings	1,638,067	2,645,898
Loan from shareholder of a subsidiary	4,400,000	4,400,000
	6,038,067	7,045,898
Total borrowings	7,045,898	8,033,924

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.

(a) Security granted

Bank borrowings of the Group are secured by the corporate guarantee from the Company.

(b) Fair value of non-current borrowings

The carrying amounts of the non-current borrowings approximate their fair values, except for the following fixed-rate non-current bank borrowings:

	Carrying amounts		Fair values	
	2023	2022	2023	2022
	\$	\$	\$	\$
<i>Non-current</i>				
Bank borrowings	1,638,067	2,645,898	1,131,375	2,087,897

Notes to the Financial Statements

For the financial year ended 31 December 2023

21. Borrowings (continued)

(b) Fair value of non-current borrowings (continued)

The fair values above are determined from the cash flow analysis, discounted at the following market borrowing rates of equivalent instruments at the reporting date at which management expects to be available to the Group:

	2023	2022
Bank borrowings	<u>4.51%</u>	<u>2.90%</u>

The fair values are within Level 2 of the fair value hierarchy.

22. Deferred income taxes

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:

	2023	Group 2022
	\$	\$
Deferred tax assets	(316,804)	-
Deferred tax liabilities	14,254,948	16,584,533
Net deferred tax liabilities	<u>13,938,144</u>	<u>16,584,533</u>

Movement in deferred income tax account is as follows:

	2023	Group 2022
	\$	\$
Beginning of financial year	16,584,533	17,551,566
Tax credited to		
- profit or loss (Note 9(a))	(2,646,389)	(967,033)
End of financial year	<u>13,938,144</u>	<u>16,584,533</u>

Notes to the Financial Statements

For the financial year ended 31 December 2023

22. Deferred income taxes (continued)

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

Group

Deferred income tax liabilities

	Accelerated tax depreciation	Withholding tax on undistributed profits	Lease assets	Others	Total
	\$	\$	\$	\$	\$
2023					
Beginning of financial year	15,007,679	2,681,313	5,477,297	109,979	23,276,268
(Credited)/charged to:					
- profit or loss	(1,750,313)	(106,500)	1,174,298	(109,979)	(792,494)
End of financial year	<u>13,257,366</u>	<u>2,574,813</u>	<u>6,651,595</u>	-	<u>22,483,774</u>
2022					
Beginning of financial year	15,634,041	3,052,502	5,669,929	68,326	24,424,798
(Credited)/charged to:					
- profit or loss	(626,362)	(371,189)	(192,632)	41,653	(1,148,530)
End of financial year	<u>15,007,679</u>	<u>2,681,313</u>	<u>5,477,297</u>	109,979	<u>23,276,268</u>

Notes to the Financial Statements

For the financial year ended 31 December 2023

22. Deferred income taxes (continued)

Group (continued)

Deferred income tax assets

	Provisions \$	Tax losses and capital allowances \$	Lease liabilities \$	Others \$	Total \$
2023					
Beginning of financial year	(192,219)	(762,157)	(5,695,706)	(41,653)	(6,691,735)
Charged/(credited) to					
- profit or loss	(833,186)	510,012	(1,555,374)	24,653	(1,853,895)
End of financial year	<u>(1,025,405)</u>	<u>(252,145)</u>	<u>(7,251,080)</u>	<u>(17,000)</u>	<u>(8,545,630)</u>
2022					
Beginning of financial year	(163,208)	(811,114)	(5,898,910)	-	(6,873,232)
Charged/(credited) to					
- profit or loss	(29,011)	48,957	203,204	(41,653)	181,497
End of financial year	<u>(192,219)</u>	<u>(762,157)</u>	<u>(5,695,706)</u>	<u>(41,653)</u>	<u>(6,691,735)</u>

Deferred income tax assets are recognised for unutilised capital allowances and tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The tax losses and capital allowances recognised have no expiry date.

Notes to the Financial Statements

For the financial year ended 31 December 2023

22. Deferred income taxes (continued)

The Group has unutilised tax losses of \$2,614,469 (2022: \$3,688,057) and unutilised capital allowances of \$402,990 (2022: \$402,990) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unutilised tax losses and unutilised capital allowances. The expiry periods of these unutilised tax losses and unutilised capital allowances are as follow:

	2023	Group 2022
	\$	\$
Within 5 years	634,588	1,708,176
No expiry	2,382,871	2,382,871
	3,017,459	4,091,047

23. Provision for reinstatement cost

	2023	Group 2022
	\$	\$
Beginning of financial year	5,626,892	6,073,050
Adjustment	-	(581,257)
Finance cost (Note 7)	138,420	135,099
End of financial year	5,765,312	5,626,892

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.

For the financial year ended 31 December 2022, there was a decrease of \$581,257 in the provision for reinstatement cost as a result of the change in the discount rate.

Notes to the Financial Statements

For the financial year ended 31 December 2023

24. Share capital and treasury shares

	← No. of ordinary shares →		← Amount →	
	Issued share capital	Treasury shares	Share capital \$	Treasury shares \$
<u>Group and Company</u>				
2023				
Beginning of financial year	868,929,580	(13,963,900)	76,985,514	(7,579,613)
Treasury shares re-issued	-	500,000	-	271,400
End of financial year	868,929,580	(13,463,900)	76,985,514	(7,308,213)
2022				
Beginning of financial year	868,929,580	(13,963,900)	76,985,514	(7,579,613)
Treasury shares purchased	-	-	-	-
End of financial year	868,929,580	(13,963,900)	76,985,514	(7,579,613)

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

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

(a) Treasury shares

In 2023 and 2022, the Company did not acquire shares in the Company.

The Company re-issued 500,000 (2022: nil) treasury shares during the financial year pursuant to the Straco Share Option Scheme for a total consideration of \$155,500 (2022: \$nil) upon the exercise of option by:

Options holders of 2004 Scheme 06/05/2013	No. of ordinary shares		Exercise price
	2023	2022	\$
	500,000	-	0.311

The weighted average cost of the treasury shares re-issued amounted to \$271,400 (2022: \$nil). Accordingly, a loss on re-issue of treasury shares of \$115,900 (2022: \$nil) is recognised in the capital reserve (Note 25).

Notes to the Financial Statements

For the financial year ended 31 December 2023

24. Share capital and treasury shares (continued)

(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.

Information regarding the 2004 Scheme was as follows:

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

Participation in the 2004 Scheme ceased on 11 January 2014.

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

Information regarding the 2014 Scheme is as follows:

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

24. 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:

Date of grant of options	← No. of ordinary shares under option →					Exercise price \$	Exercise period
	Beginning of financial year	Granted during financial year	Expired/ Forfeited during financial year	Exercised during financial year	End of financial year		
<u>Group and Company</u>							
2023							
2004 Scheme							
06/05/2013	750,000	-	(250,000)	(500,000)	-	0.311	07/05/2014 to 06/05/2023
2014 Scheme							
12/05/2014	1,580,000	-	-	-	1,580,000	0.63	13/05/2015 to 12/05/2024
12/05/2015	2,208,000	-	-	-	2,208,000	1.06	13/05/2016 to 12/05/2025
12/05/2016	2,220,000	-	-	-	2,220,000	0.79	13/05/2017 to 12/05/2026
11/05/2017	2,200,000	-	-	-	2,200,000	0.84	12/05/2018 to 11/05/2027
21/05/2018	2,610,000	-	(2,610,000)	-	-	0.78	22/05/2019 to 21/05/2023
21/05/2018	2,200,000	-	-	-	2,200,000	0.78	22/05/2019 to 21/05/2028
23/05/2019	2,260,000	-	-	-	2,260,000	0.78	24/05/2020 to 23/05/2024
23/05/2019	2,180,000	-	-	-	2,180,000	0.78	24/05/2020 to 23/05/2029
03/07/2020	1,900,000	-	-	-	1,900,000	0.51	04/07/2021 to 03/07/2025
03/07/2020	1,802,000	-	-	-	1,802,000	0.51	04/07/2021 to 03/07/2030
	<u>21,910,000</u>	<u>-</u>	<u>(2,860,000)</u>	<u>(500,000)</u>	<u>18,550,000</u>		

Notes to the Financial Statements

For the financial year ended 31 December 2023

24. Share capital and treasury shares (continued)

(b) Straco Share Option Scheme (continued)

Date of grant of options	No. of ordinary shares under option					Exercise price \$	Exercise period
	Beginning of financial year	Granted during financial year	Expired/ Forfeited during financial year	Exercised during financial year	End of financial year		
<u>Group and Company</u>							
2022							
2004 Scheme							
06/05/2013	750,000	-	-	-	750,000	0.311	07/05/2014 to 06/05/2023
2014 Scheme							
12/05/2014	1,580,000	-	-	-	1,580,000	0.63	13/05/2015 to 12/05/2024
12/05/2015	2,208,000	-	-	-	2,208,000	1.06	13/05/2016 to 12/05/2025
12/05/2016	2,220,000	-	-	-	2,220,000	0.79	13/05/2017 to 12/05/2026
11/05/2017	2,460,000	-	(2,460,000)	-	-	0.84	12/05/2018 to 11/05/2022
11/05/2017	2,200,000	-	-	-	2,200,000	0.84	12/05/2018 to 11/05/2027
21/05/2018	2,610,000	-	-	-	2,610,000	0.78	22/05/2019 to 21/05/2023
21/05/2018	2,200,000	-	-	-	2,200,000	0.78	22/05/2019 to 21/05/2028
23/05/2019	2,260,000	-	-	-	2,260,000	0.78	24/05/2020 to 23/05/2024
23/05/2019	2,180,000	-	-	-	2,180,000	0.78	24/05/2020 to 23/05/2029
03/07/2020	1,900,000	-	-	-	1,900,000	0.51	04/07/2021 to 03/07/2025
03/07/2020	1,802,000	-	-	-	1,802,000	0.51	04/07/2021 to 03/07/2030
	<u>24,370,000</u>	-	<u>(2,460,000)</u>	-	<u>21,910,000</u>		

Notes to the Financial Statements

For the financial year ended 31 December 2023

24. 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 2023 \$	Number of options 2023	Weighted average exercisable price 2022 \$	Number of options 2022
Outstanding at 1 January	0.7428	21,910,000	0.7526	24,370,000
Exercised during the year	0.3110	(500,000)	-	-
Expired/ Forfeited during the year	-	(2,860,000)	-	(2,460,000)
Outstanding at 31 December	0.7550	18,550,000	0.7428	21,910,000
Exercisable at 31 December	0.7550	18,550,000	0.7428	21,910,000

The options outstanding at 31 December 2023 have an exercise price in the range of \$0.51 to \$1.06 (2022: \$0.311 to \$1.06) and a weighted average remaining contractual life of 2.87 years (2022: 3.33 years).

The weighted average share price at the date of exercise for share options exercised in 2023 was \$0.46.

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

24. Share capital and treasury shares (continued)

(b) Straco Share Option Scheme (continued)

Fair value of share options and assumptions

Date of grant of options	3 July 2020	3 July 2020	23 May 2019	23 May 2019	21 May 2018	21 May 2018	11 May 2017	11 May 2017	12 May 2016	12 May 2015	12 May 2014	6 May 2013
Fair value at measurement date	\$0.0933	\$0.1226	\$0.1189	\$0.1675	\$0.1186	\$0.1732	\$0.1287	\$0.1876	\$0.2728	\$0.3471	\$0.2281	\$0.08
Share price	\$0.505	\$0.505	\$0.76	\$0.76	\$0.77	\$0.77	\$0.84	\$0.84	\$0.785	\$1.005	\$0.645	\$0.31
Exercise price	\$0.51	\$0.51	\$0.78	\$0.78	\$0.78	\$0.78	\$0.84	\$0.84	\$0.79	\$1.06	\$0.63	\$0.311
Expected volatility	31.61%	31.61%	22.78%	22.78%	21.21%	21.21%	21.30%	21.30%	60.61%	62.26%	62.24%	54.72%
Expected option life	5 years	10 years	5 years	10 years	5 years	10 years	5 years	10 years	5-10 years	5-10 years	5-10 years	5-10 years
Expected dividends	4.95%	4.95%	4.61%	4.61%	3.25%	3.25%	2.98%	2.98%	3.18%	1.99%	3.10%	4.03%
Risk-free interest rate	0.52%	0.89%	2.01%	2.19%	2.27%	2.67%	1.66%	2.20%	1.98%	2.39%	2.34%	1.47%

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.

No share option expenses were recognised in employee compensation in 2023 and 2022 (Note 8).

Notes to the Financial Statements

For the financial year ended 31 December 2023

25. Other reserves

	<u>Group</u>		<u>Company</u>	
	2023	2022	2023	2022
	\$	\$	\$	\$
Composition:				
Share option reserve	10,011,691	10,011,691	10,011,691	10,011,691
Capital reserve	(1,344,157)	(1,228,257)	(1,344,157)	(1,228,257)
General reserve	16,770,833	16,770,833	-	-
Currency translation reserve	(10,633,465)	(6,358,189)	-	-
Treasury shares	(7,308,213)	(7,579,613)	(7,308,213)	(7,579,613)
	<u>7,496,689</u>	<u>11,616,465</u>	<u>1,359,321</u>	<u>1,203,821</u>

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

Share option reserve

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

Currency translation reserve

The currency translation reserve comprises:

- a. exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company; and
- b. exchange difference on translation of monetary items which in substance form part of the Company's net investment in foreign operations.

Capital reserve

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

25. Other reserves (continued)

General reserve

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

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

Other reserves are non-distributable.

26. Dividends

Ordinary dividends paid

Dividend paid in respect of the previous financial year of 1.0 cent (2022: 1.0 cent) per share

	<u>Group</u>	
2023		2022
\$		\$
	<u>8,554,657</u>	<u>8,549,657</u>

At the forthcoming Annual General Meeting, a final dividend of 1.5 cent per share and a special dividend of 0.5 cent per share will be recommended. These financial statements do not reflect these dividends, which will be accounted for in shareholders’ equity as an appropriation of retained profits in the financial year ending 31 December 2024.

Notes to the Financial Statements

For the financial year ended 31 December 2023

27. Commitments

Capital commitments

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

	2023	Group 2022
	\$	\$
Property, plant and equipment	822,787	1,837,552

28. 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").

Notes to the Financial Statements

For the financial year ended 31 December 2023

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD \$	USD \$	RMB \$
<u>At 31 December 2023</u>			
Financial assets			
Cash and cash equivalents	27,092,043	18,941	143,813,090
Trade and other receivables	882,893	-	2,171,928
Intra-group receivables	45,801,773	131,772	8,903,873
	<u>73,776,709</u>	<u>150,713</u>	<u>154,888,891</u>
Financial liabilities			
Trade and other payables	(4,387,486)	-	(3,503,637)
Intra-group payables	(45,801,773)	(131,772)	(8,903,873)
Borrowings	(7,045,898)	-	-
Lease liabilities	(32,702,707)	-	(6,766,977)
	<u>(89,937,864)</u>	<u>(131,772)</u>	<u>(19,174,487)</u>
Currency profile of net financial (liabilities)/ assets	<u>(16,161,155)</u>	<u>18,941</u>	<u>135,714,404</u>
Currency exposure of net financial (liabilities)/ assets excluding those denominated in the respective entities' functional currencies	<u>(6,154,793)</u>	<u>(112,756)</u>	<u>62,453,032</u>

Notes to the Financial Statements

For the financial year ended 31 December 2023

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD \$	USD \$	RMB \$
<u>At 31 December 2022</u>			
Financial assets			
Cash and cash equivalents	19,953,027	19,324	131,711,658
Trade and other receivables	590,124	-	2,986,821
Intra-group receivables	46,241,777	134,482	8,459,522
	66,784,928	153,806	143,158,001
Financial liabilities			
Trade and other payables	(2,606,194)	-	(3,470,604)
Intra-group payables	(46,241,777)	(134,482)	(8,459,522)
Borrowings	(8,033,924)	-	-
Lease liabilities	(33,507,717)	-	(7,432,158)
	(90,389,612)	(134,482)	(19,362,284)
Currency profile of net financial (liabilities)/ assets	(23,604,684)	19,324	123,795,717
Currency exposure of net financial (liabilities)/ assets excluding those denominated in the respective entities' functional currencies	(6,019,349)	(115,081)	48,148,135

Notes to the Financial Statements

For the financial year ended 31 December 2023

28. 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
	\$	\$
<u>At 31 December 2023</u>		
Financial assets		
Cash and cash equivalents	8,414,403	64,666,201
Trade and other receivables	497,213	379,925
Loans and advances to subsidiaries	39,600,000	-
	<u>48,511,616</u>	<u>65,046,126</u>
Financial liabilities		
Trade and other payables	(927,490)	(448,805)
	<u>47,584,126</u>	<u>64,597,321</u>
Currency profile of net financial assets		
	<u>47,584,126</u>	<u>64,597,321</u>
Currency exposure of net financial assets excluding those denominated in the Company's functional currency		
	<u>-</u>	<u>64,597,321</u>

Notes to the Financial Statements

For the financial year ended 31 December 2023

28. 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
	\$	\$
<u>At 31 December 2022</u>		
Financial assets		
Cash and cash equivalents	8,056,314	50,575,771
Trade and other receivables	472,193	258,281
Loans and advances to subsidiaries	40,250,000	-
	<u>48,778,507</u>	<u>50,834,052</u>
Financial liabilities		
Trade and other payables	<u>(488,652)</u>	<u>(466,890)</u>
Currency profile of net financial assets	<u>48,289,855</u>	<u>50,367,162</u>
Currency exposure of net financial assets excluding those denominated in the Company's functional currency	<u>-</u>	<u>50,367,162</u>

Notes to the Financial Statements

For the financial year ended 31 December 2023

28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD and RMB both change against the SGD by 5% (2022: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(Decrease)	
	2023	2022
	Profit after tax	<u>Loss after tax</u>
	\$	\$
<u>Group</u>		
USD against SGD		
- Strengthened	(4,679)	4,776
- Weakened	4,679	(4,776)
	<hr/> <hr/>	<hr/> <hr/>
RMB against SGD		
- Strengthened	2,591,801	(1,998,148)
- Weakened	(2,591,801)	1,998,148
	<hr/> <hr/>	<hr/> <hr/>
<u>Company</u>		
RMB against SGD		
- Strengthened	2,680,789	(2,090,237)
- Weakened	(2,680,789)	2,090,237
	<hr/> <hr/>	<hr/> <hr/>

(ii) Interest rate risk

As at 31 December 2023 and 31 December 2022, the Group and the Company has no significant interest-bearing assets and liabilities that are exposed to significant interest rates risk.

(iii) Price risk

As at 31 December 2023 and 31 December 2022, the Group and the Company are not exposed to equity price risk as the Group and the Company do not hold any equity financial assets.

Notes to the Financial Statements

For the financial year ended 31 December 2023

28. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history and buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

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

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

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

	2023	<u>Company</u> 2022
	\$	\$
Corporate guarantee provided to bank on subsidiary's loan	2,645,898	3,633,924

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2023

28. Financial risk management (continued)

(b) Credit risk (continued)

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

There is no other class of financial assets that is past due and/or impaired except for trade receivables, loans to subsidiaries and other receivables.

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

	<u>Group</u>		<u>Company</u>	
	2023	2022	2023	2022
	\$	\$	\$	\$
Past due 31-60 days	10,143	47,058	-	-
Past due 61-90 days	93	20,129	-	-
Past due 91-180 days	-	32,963	-	-
Past due 181-365 days	9,076	-	-	-
Past due >365 days	27,738	68,114	416,156	416,597
	47,050	168,264	416,156	416,597

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 2023 and 2022.

Notes to the Financial Statements

For the financial year ended 31 December 2023

28. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or rising damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days. Currently, the Group places excess funds in fixed deposits with banks and financial institutions which are regulated.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year \$	Between 1 and 5 years \$	Over 5 years \$
<u>Group</u>			
At 31 December 2023			
Trade and other payables	(7,891,123)	-	-
Lease liabilities	(2,546,470)	(10,391,339)	(43,807,388)
Borrowings	(1,051,668)	(6,065,485)	-
	<hr/>	<hr/>	<hr/>
At 31 December 2022			
Trade and other payables	(6,076,798)	-	-
Lease liabilities	(2,577,935)	(10,449,772)	(46,649,723)
Borrowings	(1,051,668)	(7,117,153)	-
	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements

For the financial year ended 31 December 2023

28. Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 1 year \$	Between 1 and 5 years \$	Over 5 years \$
<i>Company</i>			
At 31 December 2023			
Trade and other payables	(1,376,295)	-	-
Financial guarantee contracts	(2,645,898)	-	-
<hr/>			
At 31 December 2022			
Trade and other payables	(955,542)	-	-
Financial guarantee contracts	(3,633,924)	-	-
<hr/>			

(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/(loss) divided by total shareholders' equity. The net operating income/(loss) does not include interest income, interest expense, loss/(gain) on disposal of property, plant and equipment, impairment loss/(write-back) on property, plant and equipment and investment property. The Board also monitors the level of dividends to ordinary shareholders.

Notes to the Financial Statements

For the financial year ended 31 December 2023

28. Financial risk management (continued)

(d) Capital risk (continued)

The Group's return on capital at the end of the reporting year was as follows:

	2023 \$	2022 \$
Net profit/(loss) before tax	34,616,885	(11,586,542)
Add/(Less):		
- Interest income	(4,116,777)	(4,186,898)
- Interest expense	1,575,164	1,661,914
- Loss on disposal of property, plant and equipment	29,381	181,110
- Impairment loss/(write-back) on property, plant and equipment	421,087	(1,700,000)
- Impairment loss on investment property	1,000,000	300,000
Net operating income/(loss)	33,525,740	(15,330,416)
Total shareholders' equity	272,386,773	259,312,826
Return on capital at 31 December	12.3%	(5.9)%

The target of the Board of Directors is for employees of the Group to hold up to 10% of the Company's ordinary shares by 2024. Assuming that all current outstanding share options vest and are exercised, present employees will hold approximately 2.1% (2022: 2.5%) of the Company's share capital.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return on capital of between 8% and 12% (2022: 8% and 12%).

From time to time, the Group purchases its own shares on the market under the mandate approved by the shareholders. The shares purchased are held as treasury shares.

Notes to the Financial Statements

For the financial year ended 31 December 2023

28. 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 2023 and 2022.

(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 or 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).

Notes to the Financial Statements

For the financial year ended 31 December 2023

28. Financial risk management (continued)

(e) Fair value measurements (continued)

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 21 for the disclosure of the fair value of non-current borrowings.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed below:

	<u>Group</u>		<u>Company</u>	
	2023	2022	2023	2022
	\$	\$	\$	\$
Cash and cash equivalents	170,924,074	151,684,009	73,080,604	58,632,085
Trade and other receivables	3,054,821	3,576,945	877,138	730,474
Loans and advances to subsidiaries	-	-	39,600,000	40,250,000
Financial assets at amortised cost	173,978,895	155,260,954	113,557,742	99,612,559
Trade and other payables	(7,891,123)	(6,076,798)	(1,376,295)	(955,542)
Lease liabilities	(39,469,684)	(40,939,875)	-	-
Borrowings	(7,045,898)	(8,033,924)	-	-
Financial liabilities at amortised cost	(54,406,705)	(55,050,597)	(1,376,295)	(955,542)

Notes to the Financial Statements

For the financial year ended 31 December 2023

29. 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:

	2023	Group 2022
	\$	\$
Short-term employee benefits	1,995,310	1,996,404
Employer's contribution to defined contribution plans, including Central Provident Fund	61,347	59,190
Bonus and variable compensation	164,450	152,883
Directors' fees	365,420	332,200
	2,586,527	2,540,677

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 24(b). No share option was granted to the directors of the Company in 2023 and 2022.

30. 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 2023 or 2022.

Notes to the Financial Statements

For the financial year ended 31 December 2023

30. 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	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Ticketing	48,032,219	13,569,302	21,486,527	10,954,786	4,235,178	274,537	73,753,924	24,798,625
Retail	2,384,468	673,541	1,289,735	505,687	-	-	3,674,203	1,179,228
Food and beverages	712,820	153,077	1,735,962	870,526	-	-	2,448,782	1,023,603
Others	-	-	930,730	593,737	-	-	930,730	593,737
Rental from leases under investment property (Note 15)	-	-	1,327,878	596,552	-	-	1,327,878	596,552
External revenue	51,129,507	14,395,920	26,770,832	13,521,288	4,235,178	274,537	82,135,517	28,191,745
Interest income	2,305,954	2,724,485	351,514	85,657	21,231	18,312	2,678,699	2,828,454
Interest expense	(340,864)	(387,036)	(1,234,199)	(1,274,650)	-	-	(1,575,063)	(1,661,686)
Other material non-cash items								
- Depreciation and amortisation	(2,281,711)	(2,747,935)	(6,662,919)	(6,458,095)	(352,346)	(349,744)	(9,296,976)	(9,555,774)
- Impairment (loss)/ write-back on property, plant and equipment	-	-	-	1,700,000	(421,087)	-	(421,087)	1,700,000
- Impairment loss on investment property	-	-	(1,000,000)	(300,000)	-	-	(1,000,000)	(300,000)
Reportable segment profit/(loss) before income tax	32,598,904	(677,832)	2,178,837	(4,502,254)	1,847,145	(1,392,705)	36,624,886	(6,572,791)
Reportable segment assets	108,933,228	115,476,833	160,500,943	158,041,190	9,168,539	7,179,798	278,602,710	280,697,821
Capital expenditure	790,897	934,801	2,368,593	1,325,735	863,681	289,311	4,023,171	2,549,847
Reportable segment liabilities	16,056,409	16,010,959	101,902,307	103,844,476	6,368,564	5,596,821	124,327,280	125,452,256

Notes to the Financial Statements

For the financial year ended 31 December 2023

30. Segment information (continued)

(a) Reconciliations

(i) Segment profits or losses

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

	2023 \$	2022 \$
Segment profits/(losses) for reportable segments	36,624,886	(6,572,791)
Unallocated:		
Head office and corporate expense	(6,057,906)	(8,271,387)
Interest and other income	1,593,615	1,515,220
Elimination on consolidation	2,456,290	1,742,416
Profit/(loss) before tax	34,616,885	(11,586,542)

(ii) Segment assets

Segment assets are reconciled to total assets as follows:

	2023 \$	2022 \$
Segment assets for reportable segments	278,602,710	280,697,821
Unallocated:		
Property, plant and equipment	1,759,559	1,806,328
Right-of-use assets	686	3,432
Loan and advances to subsidiaries	39,600,000	40,250,000
Other amounts due from subsidiaries	10,103,829	10,100,319
Cash and bank balances	75,050,076	60,580,298
Others	507,675	361,885
Elimination on consolidation	(54,837,418)	(54,906,655)
	350,787,117	338,893,428

Notes to the Financial Statements

For the financial year ended 31 December 2023

30. Segment information (continued)

(a) Reconciliations (continued)

(iii) Segment liabilities

Segment liabilities are reconciled to total liabilities as follows:

	2023 \$	2022 \$
Segment liabilities for reportable segments	124,327,280	125,452,256
Unallocated:		
Accruals and other payables	1,490,243	718,912
Amount due to subsidiaries	4,557,014	5,367,205
Deferred tax liabilities	2,574,813	2,681,313
Current tax liabilities	287,683	264,005
Lease liabilities	729	3,567
Elimination on consolidation	(54,837,418)	(54,906,655)
	78,400,344	79,580,603

(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	
	2023 \$	2022 \$
Singapore	26,770,832	13,521,288
PRC	55,364,685	14,670,457
	82,135,517	28,191,745

Notes to the Financial Statements

For the financial year ended 31 December 2023

30. Segment information (continued)

(b) Geographical information (continued)

	Non-current assets	
	2023	2022
	\$	\$
Singapore	141,323,818	146,667,658
PRC	30,766,078	33,052,502
	172,089,896	179,720,160

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

31. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Group's accounting periods beginning on or after 1 January 2023 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024)

Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

Notes to the Financial Statements

For the financial year ended 31 December 2023

31. New or revised accounting standards and interpretations (continued)

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-7 Statement of Cash Flows and SFRS(I) 7 Financial Statements: Disclosures: Supplier finance arrangements (effective for annual periods beginning on or after 1 January 2024)

The amendments clarify the characteristics of supplier finance arrangements ("SFA") and introduce new disclosures of such arrangements. The objective of the new disclosures is to provide information about supplier finance arrangements that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.

There is a transitional relief of not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances.

The amendments will be effective for annual periods beginning on or after 1 January 2024. Early adoption is permitted.

The Group does not expect any significant impact arising from applying these amendments.

Notes to the Financial Statements

For the financial year ended 31 December 2023

31. New or revised accounting standards and interpretations (continued)

Amendments to SFRS(I) 16 Leases: Lease liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 16 explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

The Group does not expect any significant impact arising from applying these amendments.

32. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Straco Corporation Limited on 15 March 2024.

Shareholdings Statistics

As at 14 March 2024

Issued and fully paid up

Number of Issued Shares (excluding Treasury Shares) :	855,465,680
Number (Percentage) of Treasury Shares :	13,463,900 (1.57%)
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	36.81
2	CHINA POLY GROUP CORPORATION	189,803,600	22.19
3	STRACO (HK) LIMITED	143,990,540	16.83
4	UOB KAY HIAN PTE LTD	71,253,300	8.33
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	31,901,000	3.73
6	DBS NOMINEES PTE LTD	14,878,600	1.74
7	BPSS NOMINEES SINGAPORE (PTE.) LTD.	7,102,800	0.83
8	TEH KIU CHEONG @TEONG CHENG @ CHENG CHIU CHANG	5,000,000	0.58
9	WU HSIOH KWANG @ NG HOK KUONG	4,900,000	0.57
10	MAYBANK SECURITIES PTE. LTD.	2,698,500	0.32
11	GOH HAN PENG (WU HANPING)	2,627,300	0.31
12	RAFFLES NOMINEES (PTE) LIMITED	2,503,800	0.29
13	WU XIUYI	2,340,000	0.27
14	TAY SIEW CHOON	2,150,000	0.25
15	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	1,842,500	0.22
16	IFAST FINANCIAL PTE LTD	1,830,200	0.21
17	CHOONG CHOW SIONG	1,820,000	0.21
18	PHILLIP SECURITIES PTE LTD	1,496,665	0.17
19	ZHAO AIMIN	1,320,000	0.15
20	LIM SONG JOO	1,224,000	0.14
TOTAL		805,568,245	94.15

Shareholdings Statistics

As at 14 March 2024

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 14 MARCH 2024

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	2	0.11	35	0.00
100 - 1,000	436	23.72	404,600	0.05
1,001 - 10,000	912	49.62	3,806,400	0.45
10,001 - 1,000,000	464	25.24	41,358,200	4.83
1,000,001 AND ABOVE	24	1.31	809,896,445	94.67
TOTAL	1,838	100.00	855,465,680	100.00

SUBSTANTIAL SHAREHOLDERS

No.	Shareholder's Name	Direct Interest	% of Shares	Deemed Interest	% of Shares
1.	Straco Holding Pte Ltd	314,885,440	36.81	-	-
2.	China Poly Group Corporation	189,803,600	22.19	-	-
3.	Straco (HK) Limited	143,990,540	16.83	-	-
4.	Wu Hsioh Kwang	8,888,000	1.04	470,679,980 ⁽¹⁾	55.02
5.	Chua Soh Har	11,804,000	1.38	467,763,980 ⁽¹⁾	54.68

Based on the information available to the Company as at 14 March 2024, approximately 13.97% 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 1967 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 at 30 Raffles Avenue, #03-01, Singapore Flyer, Singapore 039803 on 29 April 2024 at 10.00 am 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 2023 and the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**
2. To declare a first and final one-tier tax exempt dividend of 1.5 cent per share and a special dividend of 0.5 cent per share for the financial year ended 31 December 2023. **(Resolution 2)**
3. To approve the Directors' fees of S\$365,420/- for the financial year ended 31 December 2023 (FY2022: S\$332,200/-). **(Resolution 3)**
4. To note the retirement of Mr Tay Siew Choon pursuant to the requirements of Article 117 of the Company's Constitution.
5. To note the retirement of Mr Lim Song Joo pursuant to the requirements of Article 117 of the Company's Constitution.
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 4)**

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 1967, 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;

Notice of Annual General Meeting

- (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 5)

(See Explanatory Note 1)

Notice of Annual General Meeting

8. The Proposed Renewal of Share Buy Back Mandate

“That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore (the “Companies Act”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares (“Shares”) in the capital of the Company not exceeding in aggregate the Prescribed Limit (as defined hereinafter), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined hereinafter), whether by way of:
- (i) market purchases (each a “Market Purchase”) on the Singapore Exchange Securities Trading Limited (the “SGX-ST”); and/or
 - (ii) off-market purchases (each an “Off-Market Purchase”) effected otherwise than on the SGX- ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which scheme shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable and is hereby authorised and approved generally and unconditionally (the “Share Buy Back Mandate”);

- (b) unless varied or revoked by the shareholders of the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next Annual General Meeting of the Company is held; or
 - (ii) the date by which the next Annual General Meeting of the Company is required by law or the Constitution of the Company to be held;

- (c) In this Resolution:

“Prescribed Limit” means that number of Shares representing 10% of the total number of issued Shares in the capital of the Company as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares); and

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase: 105% of the Average Closing Price
- (ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price

Notice of Annual General Meeting

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period; and,

- (d) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.” **(Resolution 6)**

(See Explanatory Note 2)

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

8 April 2024

Notice of Annual General Meeting

Explanatory Notes:-

1. The proposed ordinary resolution no. 5 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. 6, 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 8 April 2024. 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 2023 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. Where such member's instrument appointing proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument. 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 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 and holds shares in that capacity; or
 - (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act, in respect of shares purchased on behalf of CPF investors.

A proxy needs not be a member of the Company.

Notice of Annual General Meeting

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 or proxies must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company's Share Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619; or
 - (b) if submitted electronically, be submitted via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com;

in each case, not less than 72 hours before the time appointed for holding the Annual General Meeting.

5. CPF and SRS investors: (a) may vote in person at the Annual General Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the Annual General Meeting, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 17 April 2024.
6. The Annual Report 2023 and the Letter to Shareholders dated 8 April 2024 (in relation to the proposed renewal of the share buy-back mandate) have been published and may be downloaded from the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at www.stracocorp.com.
7. **Submission of Questions.**

Shareholders may submit questions relating to the items on the agenda of the AGM in advance via one of the following means:

- (a) by mail to the registered office of the Company at 10 Anson Road, #30-15 International Plaza, Singapore 079903;
- (b) email to email address: sg.is.proxy@sg.tricorglobal.com

Shareholders who wish to submit questions in advance of the AGM may do so on or before **17 April 2024**. Shareholders will need to identify themselves when posing questions by email or by mail by providing the following details:

- (i) the Shareholder's full name as it appears on his/her/its CDP/CPF/SRS share records;
- (ii) the Shareholder's NRIC/Passport/UEN number;
- (iii) the Shareholder's contact number and email address; and
- (iv) the manner in which the Shareholder holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS).

Notice of Annual General Meeting

Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will endeavour to address the substantial and relevant questions received in advance of the AGM by 22 April 2024. Any questions received after the said date will be addressed at the Annual General Meeting. The responses to such questions from shareholders, together with the minutes of the AGM, will be posted on the SGXNET and the Company's website within one month after the date of the AGM.

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 Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) 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.

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STRACO CORPORATION LIMITED

Registration Number: 200203482R

(Incorporated in the Republic of Singapore)

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT

1. Pursuant to Section 181 (1C) of the Companies Act 1967, Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF or SRS investors who wish to appoint the Chairman of AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 pm on 17 April 2024.
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	Email address	NRIC/ Passport No.	Proportion of Shareholdings	
				No. of Shares	%

And/or (delete as appropriate)

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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 30 Raffles Avenue, #03-01, Singapore Flyer, Singapore 039803 on 29 April 2024 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or to abstain from voting on the resolutions to be proposed at the Annual General Meeting as indicated below.

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 2023 and the Directors' Statement and Auditors' Report thereon.			
2.	To approve a first and final one-tier tax exempt dividend of 1.5 cent per share and a special dividend of 0.5 cent per share for the financial year ended 31 December 2023			
3.	To approve the Directors' fees of S\$365,420/- for the financial year ended 31 December 2023 (FY2022: S\$332,200/-).			
4.	To re-appoint Messrs PricewaterhouseCoopers LLP as auditors of the Company and to authorise the Directors to fix their remuneration.			
5.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act 1967.			
6.	To approve the renewal of the Share Buy-Back Mandate.			

Note: Voting will be conducted by poll. If you wish your proxy/proxies to cast all your votes "For" or "Against" a resolution, please indicate with a tick (✓) in the "For" or "Against" box provided in respect of that resolution. Alternatively, please insert the relevant number of shares "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please indicate with a tick (✓) in the "Abstain" box provided in respect of that resolution. Alternatively, please insert the relevant number of shares in the "Abstain" box provided in respect of that resolution. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deems fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the Annual General Meeting

Dated this _____ day of _____ 2024

Total number of Shares in:	No. of Shares held
(a) CDP Register	
(b) Register of Members	

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

IMPORTANT: Please Read Notes before Completing this Proxy Form

Notes to Proxy Form:-

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 1967.
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 1967 of Singapore.
 6. The instrument appointing proxy or proxies, must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company's Share Registrar, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
 - (b) if submitted electronically, be submitted via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com,in each case, not less than 72 hours before the time appointed for holding 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 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 8 April 2024.

AFFIX
STAMP

The Share Registrar of
STRACO CORPORATION LIMITED
c/o Tricor Barbinder Share Registration Services
9 Raffles Place, #26-01, Republic Plaza
Singapore 048619



(Company Registration No.200203482R)

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