

STRACO CORPORATION LIMITED
Company Registration Number: 200203482R
(Incorporated in the Republic of Singapore)

UPDATE ON INSURANCE CLAIMS FOR THE BREAKDOWN OF THE SINGAPORE FLYER ON 25 JANUARY 2018

The Board of Directors of Straco Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to refer to its previous announcements titled “Full Year Ended 31 December 2017 Unaudited Financial Statement And Dividend Announcement” and “First Quarter Ended 31 March 2018 Unaudited Financial Statement And Dividend Announcement” released on 28 February 2018 and 10 May 2018 respectively (the “**Announcements**”).

In the Announcements, the Company had disclosed that the Giant Observation Wheel operated by Straco Leisure Pte Ltd (“**Straco Leisure**”), a subsidiary of the Company, had on 25 January 2018 been suspended due to a technical issue, and subsequently the operation of the Giant Observation Wheel had resumed on 1 April 2018 after the Company had received the requisite approval from the Building and Construction Authority that the necessary safety checks and tests have been carried out to their satisfaction.

The Company wishes to provide an update on its discussions with its insurers in respect of its claim for cost of repairs and loss of profit arising from the breakdown of the Giant Observation Wheel.

Straco Leisure has in place a Property Damage & Business Interruption (Industrial All Risks) insurance policy (“**Policy**”) covering the operations of the Giant Observation Wheel. The Company has been notified, through its insurance broker, that the insurer is denying the Company’s claim for cost of repairs and loss of profit arising from the breakdown.

The Company understands that the reasons for the claim being denied by the insurer is that the reasons for the breakdown, and the principal reason for the loss of profit, fall under certain exclusions set out in the Policy. These exclusions relate to claims arising from damages arising from gradually developing flaws, damages for which certain third parties are responsible, and damages attributable to enforcement of laws being excluded under the Policy.

The Company is currently obtaining advice from its insurance broker and its legal advisers on the correct interpretation and application of the Policy. The Company intends to, through its insurance broker, respond to the insurer and will take all steps and measures to protect its interest under the Policy.

If the Company’s claim against the insurers is unsuccessful or not wholly successful, it will not be able to recover all or part of the costs of repairs and/or loss of profit for the breakdown of the Giant Observation Wheel. In this regard, the Company refers to the Announcements where it has disclosed the decrease in sales and profit in its first quarter of FY2018 due, amongst others, to the technical breakdown of the Giant Observation

Wheel. No accrual of other income in relation to the progress of insurance claim was previously reported.

The Company will make the necessary announcements to update Shareholders of further material developments in connection with the above matter.

By Order of the Board

Lotus Isabella Lim Mei Hua

25 June 2018