



Business Update

SINGAPORE, 18 November 2021:- The Board of Directors (the “Board” or “Directors”) of Straco Corporation Limited (“Straco” or the “Company”, together with its subsidiaries, the “Group”) would like to provide a voluntary update on the Group’s business and unaudited financial performance for the third quarter ended 30 September 2021 (“3Q2021”) to its shareholders.

Financial summary:

S\$'000	3Q2021	3Q2020	% change	9 months YTD 2021	9 months YTD 2020	% change
Revenue	13,682	14,707	-7.0	35,547	20,933	69.8
Operating profit	5,569	9,376	-40.6	21,046	2,670	688.2
Profit/ (Loss) after tax	4,517	6,650	-32.1	14,855	(724)	n.m.
Profit/ (Loss) attributable to shareholders	4,364	6,453	-32.4	14,035	(197)	n.m.

The Group’s operations in China continue to operate under a slew of precautionary measures, put in place by local authorities to contain the spread of the highly infectious mutated variants of Covid-19. Given the focus on public safety, while the Group’s businesses were allowed to operate normally, there were short periods of suspension of service, in adherence to government advisories, during the quarter. Temporary disruption to operations was experienced given the changing situation in the defense against the pandemic. The Group’s operations in China had shown recovery with partial resumption of domestic tourism. Singapore’s tourism sector continued to be impacted due to a lack of tourist arrivals.

For the quarter under review, the Company’s China operations were affected by tightened domestic travel measures by the authorities to stem a resurgence of cases in various provinces, resulting in lower visitor arrivals during the summer holiday period. In addition, the local authorities had mandated temporary closures of Lixing Cable Car (end July) and Underwater World Xiamen (“UWX”) from mid-September. UWX has since resumed operations from 6 October 2021 onwards.

Consequently, overall visitation to all our attractions was 18.5% lower than the corresponding period in 3Q2020.

The Group generated revenues of \$13.68 million in 3Q2021, registering a shortfall of 7.0% when compared to the corresponding period in 2020. Including foreign exchange gain, amid the Renminbi strengthening against the Singapore dollar, as well as receipts from the

Singapore government's Job Support Scheme and land rental waiver for the quarter, the Group posted a net profit of \$4.36 million for the quarter. Net cash generated from operating activities amounted to \$16.91 million in 3Q2021, compared to a net cash of \$12.66 million generated in 3Q2020, an increase of 33.6%. Cumulatively, the Group generated operating profit of \$21.05 million and net profit of \$14.04 million, including the arbitration award for the insurance claim amounting to \$10.4 million, as previously announced in 1H2021 results. The Group continues to operate under a challenging business environment, especially in the Singapore market.

The Group's financial position remains strong, with net cash holdings of \$173.1 million as at 30 September 2021. The Group's strong balance sheet and its measured response to the challenging business landscape will allow it to weather this difficult period brought about by the Covid-19 pandemic.

Covid-19 impact and outlook

Despite the higher level of vaccinations and aggressive testing, periodic resurgences of Covid-19 cases had affected earlier plans to open up and ease restrictions on public activities. Authorities in Singapore and China are acting with an abundance of caution to ensure that the situation does not degenerate to one where the healthcare system becomes overwhelmed.

Meanwhile, like all operators in the tourism and hospitality sector, we are cautiously optimistic that business environments will gradually improve with further lifting of travel restrictions.

The Group will continue to monitor the situation, and be operationally ready to receive the influx of both local and international tourists to its attractions when the situation improves.

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About Straco Corporation

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

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