

Issuer: Straco Corporation Limited

Security: Straco Corporation Limited

Meeting details:

Date: 27 April 2018

Time: 10.00 a.m.

Venue: Amara Singapore, 165 Tanjong Pagar Road, Singapore 088539

Company Description

Straco Corporation Limited, together with its subsidiaries, develops and manages tourism-related businesses in Singapore and the People's Republic of China. It operates through two segments, Aquariums and Giant Observation Wheel (GOW). The Aquariums segment operates aquatic-related facilities and tourist attractions, including sea mammal performances. The GOW segment operates circular giant observation structure; and provides commercial space. The company also operates cable-car facilities. In addition, it provides management and consulting services, and project management services to third parties. Straco Corporation Limited was incorporated in 2002 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=S85)

1. In the 2017 Annual Report, the company provided shareholders with a holistic overview of the group's operations and achievement in the financial year via the Financial Highlights (page 1), Chairman's Statement (pages 2 to 3) and the Operations Review (pages 10 to 11).

Would the board/management also provide shareholders with better clarity on the recent developments in Singapore and in China? Specifically:

- (i) **Singapore:** The Singapore Flyer suspended operations at the end of January 2018 and only resumed operations on 1 April 2018. **Would the board consider updating shareholders via SGXNet on such important developments that may be considered material to the group? What changes have been made to the equipment to ensure better reliability of the observation wheel? Has management also improved the preventive and corrective maintenance of the Flyer?**
- (ii) **China:** With the proposed cuts by the Chinese government in the ticket prices of tourist attractions in China, how will the group's pricing power and positioning of its assets including Shanghai Ocean Aquarium be affected?

2. In the Chairman's Statement, it was said that "[t]he Group is also on the lookout for good projects to build or acquire, and will continue to assess potential tourism investments [...] remain uncompromising in the standards of our assessment criteria, and will only select projects that offer true long term potential for sustainable development and favorable returns."

The Singapore Flyer was acquired about 4 years ago in November 2014.

- (i) **Can management help shareholders understand how it is conducting its search for potential acquisitions?**
- (ii) **Has management also considered greenfield projects and/or tie-ups with strategic partners?**
- (iii) **Is the group also open to investments outside of Asia or is the group focusing on expanding its footprint in Asia?**

3. Guideline 1.4 of the 2012 Code of Corporate Governance (Code) states that:

The Board should meet regularly and as warranted by particular circumstances, as deemed appropriate by the board members. Companies are encouraged to amend their Articles of Association (or other constitutive documents) to provide for telephonic and video-conference meetings. The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings, should be disclosed in the company's Annual Report. [emphasis added]

In the company Corporate Governance Report, the company has disclosed the following:

The Board hosts regular scheduled meetings on a quarterly basis. When circumstances require, ad-hoc meetings are arranged. A Board member contributes both at formal Board meetings as well as outside of these meetings. Therefore to focus on a Director's attendances at formal Board meetings may not reflect the level of contributions made outside of those meetings and may lead to a narrow view of a Director's contributions. The Group is thus of the view that the reporting of Director attendances at Board meetings and Board Committees meetings is unnecessary.

The matrix of the Board member's involvement in the various Board Committees is appended below:

		Audit & Risk Committee	Nominating Committee	Remuneration Committee
Board Members				
Wu Hsioh Kwang (Alternate: Wu Xiuyi)	<i>Executive Chairman</i>	-	M	-
Xu Niansha	<i>Non-Executive Director</i>	-	-	-
Li Weiqiang	<i>Non-Executive Director</i>	-	-	-
Chua Soh Har (Alternate: Wu Xiuzhuan)	<i>Non-Executive Director</i>	-	-	M
Tay Siew Choon	<i>Lead Independent Director</i>	-	C	C
Lim Song Joo	<i>Independent Director</i>	C	-	-
Choong Chow Siong	<i>Independent Director</i>	M	-	M
Hee Theng Fong	<i>Independent Director</i>	M	M	-

C – Chairman
M – Member

The Company's Constitution provides for the Directors to participate in the meetings of the Board and Board Committees by means of telephonic conference or in such manner as the Board may determine to facilitate Board participation.

(Source: Company annual report)

(i) Can the board further explain how directors, especially non-executive directors, contribute outside of the formal board meetings?

While it is reasonable to define a directors' contribution at formal meetings as well as outside of these meetings, good attendance at the formal board meetings and board committee meetings can only further enhance the effectiveness of the board and of the board committees, and thus also allow the individual directors to contribute to the effectiveness of the board.

(ii) For added level of transparency and accountability, would the board reconsider its decision not to show the attendance of the board members at the board and board committee meetings?