



Optimizing Energy™



ANNUAL REPORT
2021

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DEFINITIONS used throughout this Annual Report

TrickleStar	TrickleStar Limited and where the context allows and is appropriate, its subsidiaries
Company	TrickleStar Limited
Board	The Board of Directors of the Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Director(s)	Director(s) of the Company
FY	Financial year ended or ending (as the case may be) 31 December
Group	The Company and its subsidiaries
K	Thousands
SGX-ST	Singapore Exchange Securities Trading Limited
Sponsor	PrimePartners Corporate Finance Pte. Ltd.
US\$	United States dollars

IMPORTANT INFORMATION

This annual report has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr. Shervyn Essex, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

Advanced Keyboard

USB Keyboard + Absence Sensing



Save Energy | Enhance Security



CORPORATE PROFILE

TrickleStar Group's business is focused on Energy Optimization and was founded in 2007 by our Chairman, Bernard Emby. TrickleStar Limited is now a Singapore investment holding company that converted to a public company on 17 May 2019 and listed on the Catalist of SGX-ST on 18 June 2019.

OUR VISION

To be the world leader in the design and supply of simple, easy to use electric load control products that reduce energy consumption, improve people's lives and help electric utilities manage grids more efficiently.

OUR GOALS

- Be the world leader in intelligent, internet connected Energy Optimizing products.
- Improve and simplify the way electric utilities around the world deploy demand response solutions.



CORPORATE PROFILE

OUR BUSINESS

We design and supply affordable, simple, and easy-to-use Energy Optimization products to help consumers reduce energy consumption in their homes and workplaces. These products also protect consumer devices and help minimise environmental impact by reducing energy wastage from appliances and consumer electronic products. Our portfolio of products includes Advanced PowerStrips, Energy Meters, Surge Protectors, and a Wi-Fi Smart Thermostat. New products planned for roll out include a Wi-Fi Water Heater Controller, a Portal and App, a DryerSaver, a Portable Power Station and Advanced Keyboard. Our Energy Optimization products are primarily purchased by electric utilities, energy efficiency programs, mechanical, electrical and plumbing contractors, and energy auditors in the US and Canada. We are planning geographical expansion as we expand our product range.

Our business model is asset-light and customer-centric with a particular focus on development of intellectual property, brand development and marketing of Energy Optimizing products. Our headquarters, which serve as our corporate office, is in Kuala Lumpur, Malaysia. Our sales office and main warehouse facilities are in the USA to facilitate better access and reach to our customers who are based in the USA and Canada.

We outsource our manufacturing to independent electronics contract manufacturers with manufacturing facilities in Malaysia, Vietnam, and the PRC. In this way, we can leverage their production efficiencies to achieve better costing for our products, in line with our asset-light business model.

Energy Optimization



OUR PRODUCTS

We produce a range of smart powerstrips with energy-saving and surge protection functionality. All our products are protected by patents that TrickleStar owns.

Tier 1 Advanced PowerStrips



Tier 2 Advanced PowerStrips



GSA Approved PowerStrips



Surge Protectors



Energy Monitors



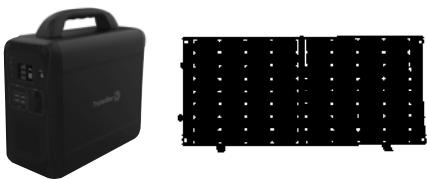
USB Motion Sensor



PowerSwitch



Portable Power Station



DryerSaver



Advanced Keyboard



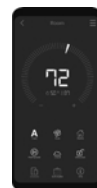
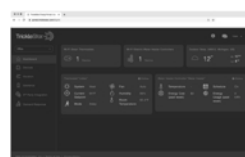
Wi-Fi Smart Thermostat



Wi-Fi Electric Water Heater Controller



Portal and App



OUR PRODUCTS

TrickleStar's product line-up consists of two distinct types: **stand-alone products** which can be operated as is, and **connected products** which connect to our web Portal architecture via Wi-Fi connectivity.



CHAIRMAN'S AND CEO'S STATEMENT

Dear Shareholders

2021 was the most difficult year in TrickleStar's history, as external factors affected key parts of our business, forcing us to adapt our plans for the year and the future, to the new commercial realities that surrounded us. The outcome was a disappointing set of results but before I explain the main issues below, let me begin by saying that TrickleStar's strategy, its Vision and its Mission remain unchanged, staff morale is good, and our balance sheet remains strong as we begin 2022.

2021 IN PERSPECTIVE

COVID

A dominant factor in 2021 was COVID. Our staff's safety was a top priority, and we maintained the protocols that we had established for the business in 2020. Only one member of our staff contracted the virus and recovered quickly, and there were no incidents in any of our workplaces. 100% of our staff have had at least 2 vaccination shots.

There is no doubt that working from home and holding meetings via electronic means made communicating, management of the business and promotion of our products more difficult as the year progressed. Nevertheless, TrickleStar still achieved a solid performance in the first half of 2021. I am happy to announce that we were back at the office as of October 2021.

Logistics

In the second half of the year, difficulties with logistics increased, resulting in reduced sales, and price competition became more pronounced while shipping costs increased dramatically. The problems that we faced early in the year in the form of sourcing components, booking shipments, shipping costs, and ensuring products were in the right place at the right time, became even more significant as the year progressed when

economies picked up after vaccines were introduced. Our margins were under pressure, and it was only in the final quarter of the year that our need for price increases was accepted by some of our main customers. The wait for key components with unusually long lead times (sometimes longer than 52 weeks) meant the launch of a number of new products and ramp up in mass production of others, was delayed. This has had a knock-on accounting impact that I will refer to later.

Demand Patterns

The benefits from the change of President and Administration in the USA did not bring any immediate boost to Energy Optimization products, but demand for our Advanced Power Strips from major utilities continued to be solid, albeit under strong margin compression. We have noticed a change in the pattern of demand for some of our less advanced products: price competition and changing demand caused TrickleStar to review its inventory levels and we made a significant provision for slow-moving or obsolete stocks during the year.



New Products

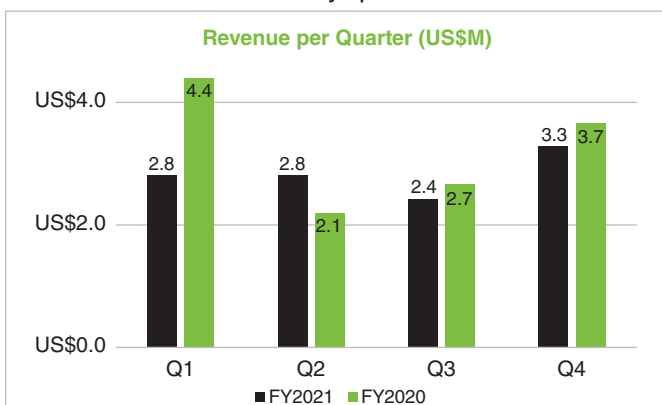
Reducing demand for our early-generation products highlights the need for TrickleStar to invest in, and commercialize, new products. This has been one of our core focuses since IPO in 2019. We expected to bring at least two products to market during the year but COVID-related restrictions, component shortages and shutdowns at new potential partners' facilities prevented factory and sub-contractor inspections, something which is a key part of the due diligence work. All parts of the product development process were impacted by COVID restrictions, particularly underlined by the long electronic component lead times we were experiencing. The uncertainties of when we could begin commercial production were compounded by the significant logistical problems in planning for shipping product to the US and, once in US port, getting product cleared and shipped to our warehouses in a timely manner.

There are positives and negatives from this. The positives are that we now have a larger number of suppliers and manufacturers (at IPO in June 2019 we had only one major contract manufacturer whereas we now have five for a wider range of products, and across 3 countries – Malaysia, Vietnam, and China). One negative, apart from delaying commercialisation, is that towards the end of 2021, we had several products ready for launch and we needed to ensure that our balance sheet would not be stretched by overtrading as we build up the necessary inventory for orders. Taking into account the logistics delays we faced, we therefore carefully reviewed which products will get TrickleStar's priority, the likely timing of commercialization of new products and sales of which products were likely to be impacted by delays. The outcome of these decisions has a knock-on accounting impact as the investment in our products has to be provisioned for where sales revenues are yet to be generated.

I am pleased to let you know that we have received strong interest from several existing customers and market participants for those new products that we are prioritizing and that shipments have already begun.

FINANCIALS AND DIVIDEND

TrickleStar's 2021 results are detailed later in this Annual Report, along with a commentary on the highlights. The chart below shows the impact from the issues I referred to above on our revenue by quarter.



We achieved unit sales of US\$0.7M (FY2020: US\$0.8M), revenue of US\$11.3M (FY2020: US\$12.9M) and recorded a net loss of US\$2.4M (FY2020: US\$0.7M profit). The impact of price competition and the higher cost of logistics can be seen in the drop in gross margin to 20.6% (FY2020: 25.0%) before a net provision for stock of US\$0.5M.

The loss for the year included the net provision of US\$0.5M against stock and an impairment of US\$1.5M on development expenditure in the form of intangible assets arising from the decisions we reached over prioritising certain products, the timing of commercialization of others and possible delays of sales. Further, in view of the uncertainty on utilization of a deferred tax asset, we have not recognized a deferred tax asset of US\$0.1M in FY2021.

The trading results are below the expectations we held at the start of 2021 and the loss we incurred in the second half of the year has been compounded by the various provisions we have made. However, TrickleStar's balance sheet ended the year with net cash resources of US\$2.6M (after deducting US\$0.5M borrowing from cash & bank balances) and the benefit of a new banking facility that we completed in 2021.

Based on TrickleStar's performance to the end of June 2021 and the availability of cash resources, we paid an interim dividend in August 2021. Since a loss was made in the second half of 2021, no final dividend will be paid.

OUTLOOK

Last year we put more of the pieces together that will cement TrickleStar's future. We have a new sales and marketing structure for our connected products.

In 2021 Tricklestar moved production for some products to new countries which are exempt from US tariffs. The Group is exploring new distribution partnerships with several parties outside the US, thanks in large part to the Advance Keyboard – a potential game changing IT power management solution. We expect to see sales in new markets with this product. Now that some manufacturing of its APS has been successfully transferred away from China, we have more than one manufacturing country for the product and the USA tariff threat on that product has largely been removed.



The external environment remains replete with threats that TrickleStar is doing its best to prepare for and fend against. These include inflation, shipping delays, factory shutdowns, component shortages, government responses to COVID and declining interest in its older, less advanced products. Countering these threats is the growing recognition in government and organisations of the urgent need to reduce carbon output via energy efficiency. Many organisations are committed to Net-Zero goals which TrickleStar believes will be helping its cause and we hope to capitalize on this growing awareness. The fact that the world of business is increasingly aware of its responsibilities to our planet will, we believe, mean that TrickleStar's new product range will be enthusiastically received.

CONCLUSION

Shareholders can be assured that TrickleStar is still prepared for growth. We have an outstanding portfolio of new products, where we have significant IP and, in some cases, patents. These products are set to be our platforms for growth in 2022 and beyond. 2021 is behind us, we have made provisions for uncertainties of the future, our team has re-assessed our priorities and has clear goals for 2022. There is little we can do about external factors that will, almost certainly, give us new challenges, but TrickleStar has shown it can respond quickly to changing circumstances and adapt.

I will repeat in this Report comments that I have already made to TrickleStar's employees: they have come through a hard year with significant personal and business challenges. My thanks to every one of them for their efforts, which I hope will be fully rewarded in 2022. I also thank my fellow directors for their continuing insights and contributions and, of course, all our business partners and stakeholders who contribute to TrickleStar's success.



Yours truly
Bernard Christopher Emby
Executive Chairman and CEO



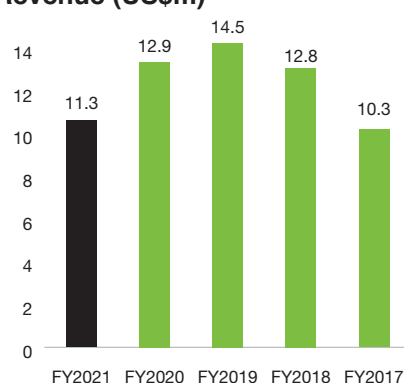
FINANCIAL HIGHLIGHTS

Year Ended 31 December	2021	2020	2019	2018	2017
Revenue (US\$m)	11.3	12.9	14.5	12.8	10.3
Gross Profit (US\$m)	1.8	3.2	3.9	4.5	3.5
Net Profit (US\$m)	(2.4)	0.7	0.2 ⁽²⁾	2.0	0.6
Total Assets (US\$m)	9.1	11.4	10.4 ⁽²⁾	11.2	7.9
Total Debt (US\$m)	0.5	0	0	0	0
Per Share Data					
Net Assets (US\$cents)	6.12	9.59	8.61	7.69	6.18
Earnings (US\$cents)	(2.90)	0.87	0.23	2.95	0.97
Dividend (US\$cents)	0.15	0.45	NIL	NIL	NIL
Ratios					
Gross Profit Margin	15.9%	24.9%	26.9%	35.2%	34.0%
EBITDA Margin	(15.7%)	7.0%	2.8% ⁽²⁾	18.8%	5.8%
Net Profit Margin	(21.2%)	5.4%	1.4% ⁽²⁾	15.6%	5.8%
Return on Equity ⁽¹⁾	(47.3%)	9.5%	2.9% ⁽²⁾	39.2%	14.6%
Current ratio	2.49	3.00	3.04	1.80	1.99
Debt to net assets ratio	9.9%	0	0	0	0

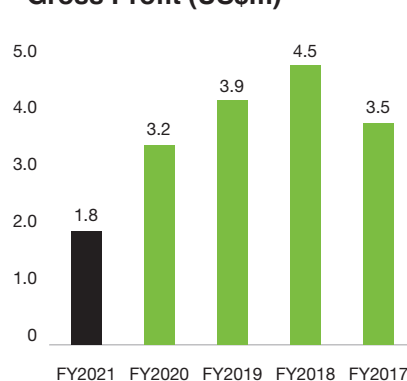
¹ Return on equity is profit after tax divided by equity attributable to the owners of the Company as at end of the financial year.

² For FY2019, the listing expenses incurred pursuant to the IPO amounted to approximately US\$1.12 million, net of US\$0.26 million capitalised against share capital.

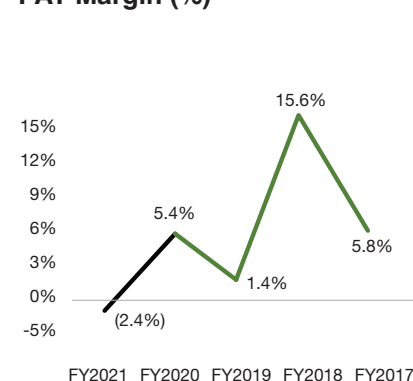
Revenue (US\$m)



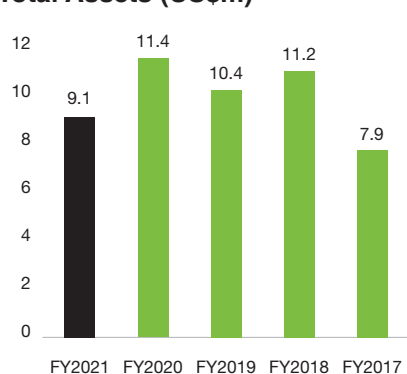
Gross Profit (US\$m)



PAT Margin (%)



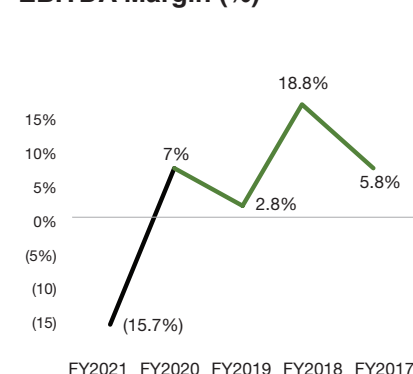
Total Assets (US\$m)



PAT (US\$m)



EBITDA Margin (%)



BOARD OF DIRECTORS



BERNARD CHRISTOPHER EMBY

*Executive Chairman and
Chief Executive Officer*

Date of first appointment as Chairman and as a
Director: 31 October 2018

Mr. Emby, 51, founded TrickleStar in November 2007. He is responsible for the overall management of TrickleStar, the formulation of our strategic direction, managing product development, overseeing manufacturing operations and evaluating potential acquisitions.

His career began in 1993 as a product marketing manager. In 1995, he was appointed as a managing director of Electronic Lifestyles Pty Ltd. and, in June 1998, became managing director of Clipsal Integrated Systems, a business unit of the publicly listed Clipsal Group. From October 2005 to February 2007, he was a management consultant with Honeywell, Novar ED&S, responsible for mapping out the product strategy for that company's residential lighting control and home automation products in Europe, the Middle East and Africa. He left Honeywell Novar to found TrickleStar.

Mr. Emby graduated with a Bachelor of Arts from the University of Western Australia in 1992 and also holds a Graduate Diploma in Business from the Curtin University.



GUNANANTHAN NITHYANANTHAM

Executive Director and Chief Operating Officer

Date of first appointment
as a Director: 31 October 2018
Appointed Executive Director and COO
on 1 January 2022

Mr. Gunananthan, 53, graduated with a BSc (cum laude), with four majors in Physics, Mathematics, Computer Science, and Non-Western Studies from Mount Union College, Alliance, Ohio in 1992, an MSc in Electrical Engineering from Yale University, Connecticut in 1993 and an MBA with an operations and research specialisation, from Bowling Green State University, Ohio in 1994.

He has founded or co-founded several businesses including SmartTransact Sdn. Bhd. (1999), a company which developed e-commerce solutions, Malaysian Street Sdn. Bhd. (2000), a company which provided web-based advisory services and Navigos Corporation Sdn. Bhd. (2003), where he was primarily responsible for overseeing and evaluating investment opportunities and financial transactions. He joined TrickleStar Hong Kong in January 2012 and was appointed as finance director, with responsibility for overseeing the finances, logistics control and administrative activities of the Group.

Mr. Gunananthan received the Environmentalist Award 2018 granted by the Malaysian-China Chamber of Commerce.

BOARD OF DIRECTORS



JEREMY JOHN FIGGINS

Lead Independent Non-Executive Director
Date of first appointment as a Director: 31 October 2018

Mr. Figgins, 68, is our Lead Independent Director and, as such, is available to Shareholders where they have concerns, and for which contact through normal channels is not appropriate.

In a career covering finance, commerce, and industry he has held positions up to and including Managing Director for international banking and finance organizations such as HSBC, 3i and Standard Chartered. In the commercial and industrial field, he has held positions up to Chief Corporate Officer and has been advisor to the owners of several substantial groups with core interests in a variety of industries including property, mining, securities, engineering, food processing, IT and e-commerce.

He began his career in London, England in 1973 and first worked in Asia, in Singapore, in 1985, becoming the head of corporate finance of Wardley Limited (the investment banking arm of HSBC). He has also lived and worked in Hong Kong, Malaysia, and Indonesia.

Mr. Figgins was admitted as a Solicitor of the Supreme Court of England and Wales in 1977 and is a member of The Law Society of England and Wales. He has published three novels about business and energy sources.



CHUAH JERN ERN

Independent Non-Executive Director
Date of first appointment as a Director: 28 March 2019

Mr. Chuah Jern Ern, 51, is the chief intellectual property advisor to the Board, covering matters such as intellectual property strategy, intellectual property policy, intellectual property valuation, intellectual property commercialisation, intellectual property dispute resolution, mediation, and negotiations.

He began his career in 1994 as an Advocate and Solicitor in Malaysia before moving into the commercial sector as a specialist in resolving intellectual property matters and was responsible for managing intellectual property work in relation to mediation, negotiation settlements, mergers and acquisitions, licensing, and technology transfer.

In 2000, Mr. Chuah founded and was appointed CEO of an intellectual property specialist corporation in Malaysia and oversaw the development of that company until the business was sold in 2018 to the Australian public listed entity QANTM IP Limited.

Mr. Chuah graduated with a Bachelor of Laws (Honours) from the University of Nottingham in 1992 and was called to the Degree of an Utter Barrister, Lincoln's Inn, England in July 1993. He is registered as a Patent Agent, Trademark Agent, Geographical Indication Agent, and Industrial Design Agent with the Intellectual Property Corporation of Malaysia and remains an Advocate and Solicitor of the High Court of Malaya (non-practicing).

BOARD OF DIRECTORS



LING HEE KEAT

Independent Non-Executive Director

Date of first appointment as a Director: 28 March 2019

Mr. Ling, 50, graduated with a Bachelor of Laws degree from the University of Bristol, England in 1994 and was awarded the Degree of an Utter Barrister from Lincoln's Inn in 1995. He began his career in Malaysia in the securities research and corporate finance industry and in 1998 was appointed as a director of UT Securities Sdn. Bhd. with the responsibility for setting-up and managing the Research and the Corporate Advisory departments.

He was associated with SHH Resources Holdings Berhad, a furniture manufacturer listed on Bursa Malaysia between 1999 and 2016. He was first appointed as a non-executive non-independent director before being appointed as the deputy chairman in 2015, a post he held until December 2016.

Since 2013, Mr. Ling has been a senior associate at Leong Partnership Advocates and Solicitors, a boutique law firm focusing on corporate work and conveyancing. He is also a Certified Mediator with the Bar Council of Malaysia.

In November 2018, he was appointed as an independent non-executive director of IRIS Corporation Berhad, a company listed on the ACE Market of Bursa Malaysia, a position he continues to hold till this day.

KEY MANAGEMENT PROFILE



BERNARD CHRISTOPHER EMBY

Executive Chairman and Chief Executive Officer

The management team is headed by our Executive Chairman and Group Chief Executive Officer, Mr. Emby. His profile is included in the Board of Directors' Profiles in this Annual Report.



GUNANANTHAN NITHYANANTHAM

Executive Director and Chief Operating Officer

Mr. Gunanathan re-joined the management team at the start of 2022. His profile is included in the Board of Directors' Profiles in this Annual Report.



KEY MANAGEMENT PROFILE



JON ALAN LANNING

Vice President of Business Development

Mr. Lanning, 57, has over 25 years of sales management and business development experience with a demonstrated history of working in the electrical and electronic manufacturing industry. His experience includes sales and marketing, contract negotiation, business planning, operations management and personnel development. Jon was the first US-based employee of TrickleStar, joining the team in December 2012.

Mr. Lanning is also responsible for developing TrickleStar's brand, covering public, media and corporate relations, strategic partnerships and other initiatives that contribute to awareness of TrickleStar's portfolio of energy optimization products.

Additionally, he leads the North American team on product development, marketing, and sales. He directly oversees TrickleStar key accounts and develops the strategies that are needed to achieve TrickleStar's objectives and growth, including gaining acceptance of TrickleStar products into utilities' energy efficiency programs.



S KRISHNAN SINNAPPAN

Chief Technical Officer

Mr. Krishnan, 49, has over 23 years' experience in R&D management of new consumer products. He is also highly experienced as an E&E engineer in the international manufacturing industry and quality assurance. He joined the TrickleStar team in November 2014 as a Project Manager and now oversees all technological interests of TrickleStar products, which includes responsibility for research of new products, drafting specifications and managing product design and development. The Technical Team provides technical support to the sales team in USA, as well as ensuring effective communication with design centers in Taiwan, Denmark, Australia, Hong Kong and our contract manufacturers in China, Malaysia, and Vietnam.

He began his career with Panasonic, Malaysia in 1998, and worked as a University Lecturer prior to joining TrickleStar. He obtained a degree in Electrical and Electronics Engineering in 1996 and an MSc in Telecommunication Engineering in 1997 from the University of East London, England. In 2011, he was elected as Graduate of the Institute of Engineers, Malaysia and appointed to the Malaysian Board of Engineers, Malaysia.

KEY MANAGEMENT PROFILE



ANG TECK SOON

Chief Financial Officer

Mr. Ang, 57 is a member of the Malaysian Institute of Accountants, a Certified Practising Accountant, Australia and holds a Bachelor of Economics (Accounting), from Macquarie University, Sydney Australia. He was appointed CFO in July 2020 and is responsible for the oversight and control of TrickleStar's accounting and finance functions, including monitoring and coordinating the statutory financial accounts, consolidation, and financial reporting to the SGX-ST. He is also Head of Risk Management.

Prior to joining TrickleStar, he was appointed as a company director and Head of Finance and Accounting for a Malaysian group of companies that included a role as CFO of a Malaysian-listed company, a position that he held until February 2020. Mr Ang began his career in 1987 with the Australian Broadcasting Corporation, in Sydney, Australia and worked in Australia until 1990 when he returned to Malaysia. In 1993, he joined Pioneer Technology (Malaysia), where he worked until 2010, becoming Deputy General Manager & Advisor to Director.



YAP SAW CHENG

*Executive Secretary to the Board
Head of Admin and Human Resources*

Ms. Yap, 55, has over 25 years experience in finance and accounting. She joined the TrickleStar team in July 2011 as an Accountant and was responsible for oversight of the finance, shipping, logistics, human resource, and administration for the Group until May 2018, when she was appointed as Director for TrickleStar Malaysia and Executive Secretary to the Malaysian company's board. She was involved in the Group restructuring and IPO exercise prior to TrickleStar's listing on the Catalist market of the SGX-ST in June 2019.

She is responsible for providing secretarial support to the Board of Directors and Board Committees and oversees human resources and administration. She was appointed as Head of Sustainability in May 2021 with responsibility for sustainability reporting and assisting in driving the Company sustainability initiatives.

KEY MANAGEMENT PROFILE



YU SEE MEI

Logistics & Systems Manager

Ms. Yu, 33, graduated with a Bachelor of Arts (Honours) degree in Business Administration from UCSI University. She joined TrickleStar in July 2015.

She is responsible for overall supply chain management, information systems and technology. Since joining, she has implemented an ERP system to enhance efficiency and productivity of the business.

Prior to joining TrickleStar, Ms. Yu worked on end-to-end fulfillment in supply chain management with IBM. She was also involved in information systems planning and system automation in a US-listed Information Technology & Services company. Her other career experience includes purchasing, logistics, inventory and warehouse management, order fulfillment, system integration and automation.



FINANCIAL AND OPERATIONS REVIEW

Revenue

The Group recorded revenue of US\$11.29 million for FY2021. This represents a 12.2% decrease from FY2020 (US\$12.85 million). The revenue decrease was mainly due to the impact of price competition. Sales were also affected by shipping delays, and resistance to increases in selling prices driven by increases in logistic costs, component prices and manufacturing costs.

Gross profit and gross profit margin

Gross profit decreased by 43.9% to US\$1.8 million in FY2021 from US\$3.2 million in FY2020. Gross profit margin, excluding a US\$0.5 million net provision against stock, decreased to 20.6% in FY2021 from 24.9% in FY2020. (Including the stock provision, the gross margin of FY2021 was 15.9%.) This was mainly attributable to the impact of price competition, the significant increases in logistics and component costs that occurred during the year and which we were unable to immediately pass on to customers.

Other income

Other income increased by US\$0.50 million, mainly due to recovery of US\$0.35 million in legal costs, the forgiveness of US\$0.13 million advances to ensure employment during Covid-19 crisis under the PPP ("Paycheck Protection Program) by the US Government and reduction of impairment loss provision on trade receivables of US\$0.02 million. This was offset by a decrease of US\$0.05 million in net foreign exchange gains.

Selling and distribution expenses

Selling and distribution expenses increased by US\$0.01 million or 1.1% from US\$0.88 million in FY2020 to US\$0.89 million in FY2021, due mainly to:

- (i) an increase of US\$0.10 million in salaries and other staff benefits from increased USA sales staff headcount;

- (ii) an increase of US\$0.01 million in sales commission;

which were largely offset by the following decreases in expenses:

- (a) a decrease of US\$0.05 million in freight outward expenses;
- (b) a decrease of US\$0.02 million in storage fees for third party warehousing; and
- (c) a decrease of US\$0.02 million in advertising and promotion expenses.

Administrative expenses

Administrative expenses increased by US\$1.6 million or 93.9% from US\$1.7 million in FY2020 to US\$3.3 million in FY2021, due mainly to increases of:

- (i) US\$1.5 million for impairment losses for intangible assets arising from the Group's decisions over prioritization, commercialization and possible timing of sales of products;
- (ii) US\$0.04 million in consultancy fees;
- (iii) US\$0.03 million in IT expenses;
- (iv) US\$0.03 million in bank charges;
- (v) US\$0.01 million in insurance costs; and
- (vi) US\$0.01 million in recruitment expenses,

which were partially offset by a decrease in professional fees of US\$0.02 million.

FINANCIAL AND OPERATIONS REVIEW

Finance costs

The increase in finance costs in FY2021 was due to US\$0.009 million interest incurred on a bank loan and finance charges on lease liability of US\$0.005 million due to the adoption of SFRS(I) 16.

(Loss)/Profit before tax

As a result of the reasons aforementioned, the Group's profit before tax decreased to a loss of US\$1.9 million in FY2021 from a profit of US\$0.67 million in FY2020.

Income tax

In FY2021, the Group recorded income tax expenses of US\$0.5 million for FY2021, which was mainly due to the recognition of deferred tax liabilities for our US subsidiary for FY2021. Additionally, the Group has not recognized a deferred tax asset of US\$0.1 million due to uncertainty as to when the asset may be utilized.

(Loss)/Profit after tax

Profit after tax decreased by US\$3.1 million, from US\$0.71 million in FY2020 to a loss of US\$2.4 million in FY2021.

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

As at 31 December 2021, plant and equipment decreased by US\$0.02 million as compared to the end of FY2020. This decrease was largely due to new purchases of US\$0.07 million which was offset by depreciation amounting to US\$0.09 million.

Intangible assets

As at 31 December 2021, intangible assets decreased by US\$0.58 million due to impairment loss on product development costs of US\$1.50 million (referred to in "Administrative expenses" above), which was partially offset by the addition of product development costs of US\$0.92 million during the financial period.

Current assets

Current assets decreased by US\$1.74 million from US\$10.36 million as at 31 December 2020 to US\$8.62 million as at 31 December 2021. The decrease in current assets was mainly due to:

- (i) a decrease of US\$1.62 million in inventory;
- (ii) a decrease of US\$0.54 million in cash and bank balances as explained below in the review of the Group's statement of cash flow; and
- (iii) a decrease of income tax recoverable of US\$0.06 million,

which were offset by:

- (a) an increase of US\$0.47 million in prepayments; and
- (b) an increase of US\$0.01 million in trade and other receivables.

FINANCIAL AND OPERATIONS REVIEW

Non-current liabilities

As at 31 December 2021, non-current liabilities increased by US\$0.46 million as compared with 31 December 2020.

The increase was due to:

- (i) an increase in deferred tax liabilities of US\$0.51 million; and
- (ii) a decrease of lease liability under SFRS(I) 16 on leases of US\$0.05 million.

Current liabilities

Current liabilities increased by US\$0.02 million from US\$3.44 million as at 31 December 2020 to US\$3.46 million as at 31 December 2021. The increase in current liabilities was mainly due to:

- (i) a decrease of US\$0.47 million in trade payables;
- (ii) a decrease of US\$0.02 million in current income tax payable; and
- (iii) a decrease of US\$0.01 million in provision for warranty cost,

which were offset by an increase of US\$0.50 million in bank borrowings and increase of US\$0.02 in lease liabilities.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

Reporting scope and standard

TrickleStar Limited (“**TrickleStar**”), (an expression used in this report that includes TrickleStar Limited and its subsidiaries where the content allows) was admitted to the Catalist Market of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 18 June 2019 following a restructuring exercise. TrickleStar is committed to perform its sustainability reporting on an annual basis, and this sustainability report (“**Report**”) covers the non-financial performance of TrickleStar for the financial year ended 31 December 2021 (“**FY2021**”).

This Report has been prepared in accordance with the Global Reporting Initiative (“**GRI**”) Standards: Core Option (“**GRI Standards**”) – *G4 Sustainability Reporting Guidelines* issued by the Global Sustainability Standards Board. This Report is guided by Practice Note 7F of the *Sustainability Reporting Guide* under the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”).

TrickleStar has adopted the GRI framework in reporting by considering its activities, impacts and substantive expectations and interests of its stakeholders. At this time, TrickleStar has highlighted four principles for its direction in sustainability: economic, environmental, social and governance (“**EESG**”).

As TrickleStar continues its commitment towards sustainability report, TrickleStar will continue to work towards expanding its sustainability reporting scope and gathering quantitative performance data for future reports.

Please refer to the Appendix at the end of this Report for the GRI Content Index which summarises the relevant information disclosed as per GRI Standards requirements.

We have not sought external assurance for this Report and may consider doing so in the future.

In line with TrickleStar’s commitment to environmental sustainability, no hardcopies of this Report have been printed. The Report can be viewed on our website <https://www.tricklestar.com/investors.html>

We welcome feedback and suggestions from our stakeholders on this Report or on TrickleStar’s sustainability initiatives. You may contact us through our investor relations email at investor.relations@tricklestar.com

BOARD STATEMENT

The Board of Directors (“**Board**”) is always mindful of its responsibilities to TrickleStar’s shareholders and various stakeholders to create and deliver sustainable value and long-term success through its leadership and oversight of management of TrickleStar’s business.

Identified key EESG factors for TrickleStar have been recommended by management, and are reviewed and approved by the Board. Sustainability is a part of TrickleStar’s wider strategy to create long term value for all its stakeholders. Going forward, TrickleStar will continue its efforts to further build on its sustainability efforts together with its key stakeholders.

SUSTAINABILITY REPORT

This Report is prepared in relation to TrickleStar's EESG initiatives and performance in FY2021. When considering EESG, the Board is mindful that:

- TrickleStar produces energy-optimization products, which, by definition, are aimed to benefit the environment;
- Manufacturing and assembly of its products are contracted out; and
- TrickleStar had 21 employees at the end of FY2021.
- Indirectly, through its contract manufacturers where there are lines dedicated to production of TrickleStar products, another 249 people depend on TrickleStar's success for their employment.

For the accuracy of data monitoring and verification of this Report, we have used internal and publicly available resources only. Data and information in this Report have not been verified by an independent third party.

Stakeholders should note that, with the planned expansion of products and sales volumes, TrickleStar will require time to collect and consider data to set targets for EESG in all relevant categories under normal operational circumstances. To ensure reporting quality, we have observed the principles of balance, comparability, accuracy, timeliness, clarity, and reliability.

TrickleStar is committed to its stakeholders, which includes employees, business partners and consumers who use TrickleStar's energy-optimizing products. TrickleStar employs strategies that are aimed to reduce manufacturing costs and take advantage of scale through contracts relating to manufacturing and assembly of products, while building its brand and protecting its technical know-how.

TrickleStar's Board recognizes the need to adopt a sustainable approach in relation to policies, strategies and major decisions. TrickleStar's goals are to become the world leader in intelligent, internet-connected, energy-optimization products; and improve and simplify the way electric utilities around the world deploy demand response solutions.

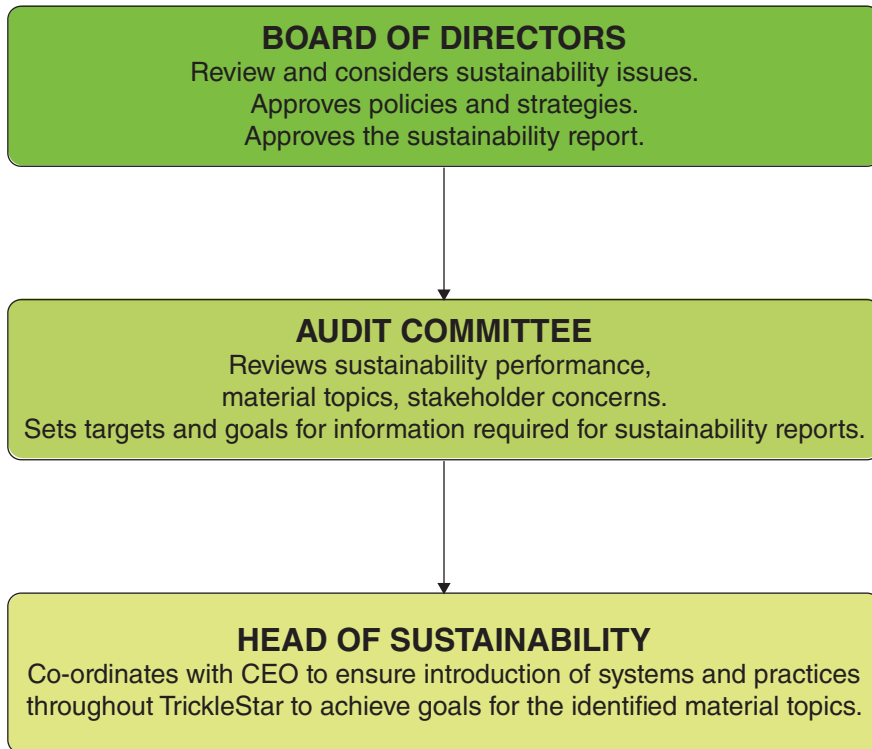
Therefore, TrickleStar will continue to introduce new energy-optimization products with customized applications and, where feasible, diversify the manufacture and assembly of its products by sub-contractors. TrickleStar intends to grow in a way where its environmental impact is minimized, employees are treated fairly and good governance and ethical business practices are adhered to.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Board sets the tone, drives sustainability and is responsible for the approach and integration of sustainability principles. The Chief Executive Officer (who is also Executive Chairman of the Board) is closely involved in the development and refinement of sustainability policies and initiatives. Following the direction set out by the Board, the Chief Executive Officer oversees the day-to-day execution and adherence of sustainability policies and practices, including tracking TrickleStar's performance against material matters.

SUSTAINABILITY REPORT

The sustainability governance structure below helps TrickleStar to achieve and advance its sustainability goals.



SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

We engage with our stakeholders to align our sustainability approach with their expectations to better understand the material factors that will impact them. The table below sets out the platforms through which we continued to actively engage our key stakeholders during FY2021, the period under review:

Stakeholders	Engagement platform	Frequency of engagement	Main Interest/Concerns
Employees	<ul style="list-style-type: none"> Open dialogues Annual performance review Mainly electronic communication due to travel and meeting restrictions imposed by governments 	Formal Annual/ Ad hoc as required	<ul style="list-style-type: none"> Employee welfare and benefits Safe working environment Work-life balance Training and development needs COVID-19 protection
Government and regulators	<ul style="list-style-type: none"> Regular reports Meetings (restricted due to COVID-19) SGX-ST announcements 	Annual/As required	<ul style="list-style-type: none"> Corporate governance Compliance with laws and regulations
Investors and shareholders	<ul style="list-style-type: none"> Annual reports and circulars Sustainability reports Annual General Meetings Extraordinary General Meetings SGX-ST announcements/ press release 	Annual/half-yearly/ As required	<ul style="list-style-type: none"> Stable and sustainable growth and profitability Reasonable returns to shareholders Corporate governance Financial performance and stability
Business partners	<ul style="list-style-type: none"> Regular dialogues and meetings (mainly restricted to electronic sessions due to COVID-19 regulations) E-mail communication Phone calls 	As required	<ul style="list-style-type: none"> Quality of products and services Financial stability Fair payment terms Sustainability approach

SUSTAINABILITY REPORT

Stakeholders	Engagement platform	Frequency of engagement	Main Interest/Concerns
Customers	<ul style="list-style-type: none"> • Regular dialogues and meetings (restricted to electronic sessions due to COVID-19 regulations) • Website inquiries • E-mail and phone inquiries • Trade partner inquiries (such as Amazon) 	As required	<ul style="list-style-type: none"> • Quality and pricing of products and services
Bankers	<ul style="list-style-type: none"> • Meetings (restricted to electronic sessions due to COVID-19 regulations) • Informal discussions 	As required	<ul style="list-style-type: none"> • Compliance with covenants • Financial performance and stability • Business outlook • Future banking needs

We recognize that TrickleStar's sustainable growth and stable long-term returns require continuous engagement with stakeholders. As TrickleStar grows and expands its range of energy-optimization products, we intend to improve our employees' understanding of the impact of sustainability, improve disclosures on EESG practices and consider engaging various stakeholder groups in identifying material factors for subsequent sustainability reporting.

We aim to continue identifying, setting and refining key targets for sustainability matters that are material to our business and important for our stakeholders.

At this time, our key stakeholders outside of shareholders are customers and contract manufacturers. The success of our businesses is inherently intertwined with the satisfaction of our customers. In some cases, the success of our customers e.g. utility distributors, is also of high importance as they have set goals that they expect to achieve through distribution of our products to end users.

We remain committed to working with all customers on their requirements and applications of our energy-optimization products and to contribute to our customers' successes in achieving their goals.

MANAGEMENT APPROACH

With regards to materiality, this Report addresses factors that reflect TrickleStar's significant economic, environmental and social impacts, which we believe influence the assessments and decisions of stakeholders. TrickleStar has conducted an informal survey with management to determine key material sustainability factors.

Moving into 2022, TrickleStar will consider what measures might be put in place to monitor additional sustainability factors that are aimed to help TrickleStar grow in a responsible and sustainable manner.

SUSTAINABILITY REPORT

MATERIALITY

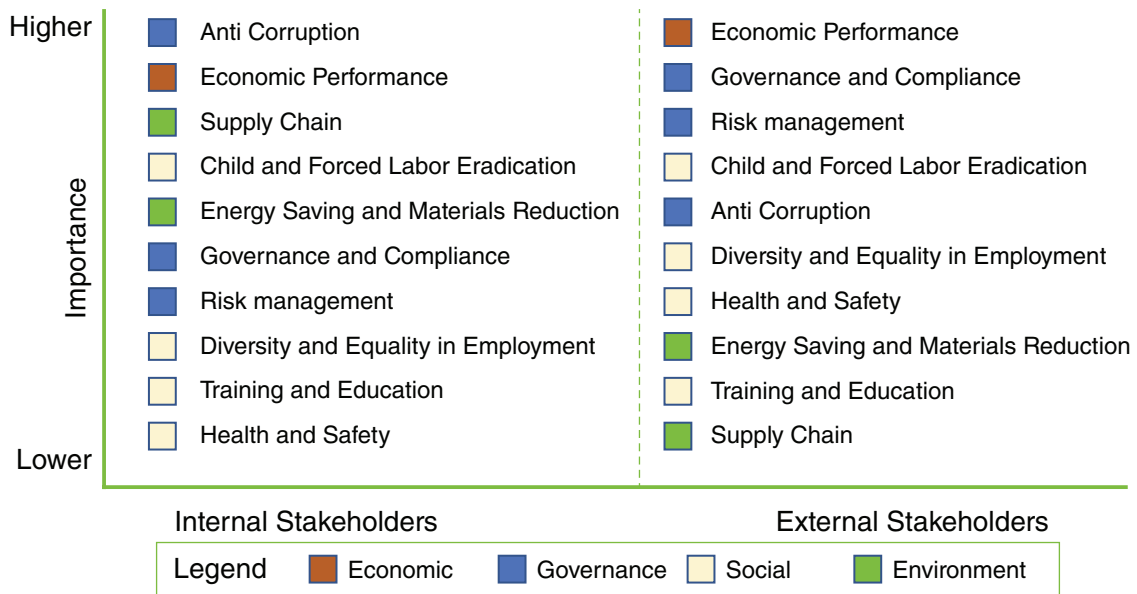
Identification of material factors

In 2019, management conducted a formal evaluation of TrickleStar’s risk profile using the Materiality Determination Process Tools as listed in the *Sustainability Reporting Guide*, Practice Note 7F of the Catalist Rules.

The assessment aimed to identify EESG risks and opportunities that could have an impact on TrickleStar’s business. That profile, which was updated in FY2021, has guided the contents of this Report and our overall sustainability agenda. The management has reviewed and concluded that the material EESG factors for FY2021 are similar to those reported for the financial year ended 31 December 2020 (“FY2020”).

TrickleStar has identified the following material factors through the analysis and will continue to adjust and address these material EESG factors.

STAKEHOLDER MATERIALITY ASSESSMENT



As TrickleStar widens the scope of its investigation into the impacts of its business, we intend to establish performance targets for material areas and explain the progress we have made in those areas in our subsequent sustainability reports. We also plan to engage with our stakeholders to better understand their materiality concerns.

SUSTAINABILITY REPORT

ECONOMIC PERFORMANCE

TrickleStar's growth and its performance in relation to environmental, social and governance factors are interconnected. Since TrickleStar was listed on the Catalist Board of the SGX-ST in June 2019 (SGX-ST: CYW), our financials are publicly available. Please refer to the Financial Statements and Notes to Financial Statements FY2021.

To date, our primary source of revenue has been through the sales of advanced power strips and surge protectors mainly through distributors to utility companies in USA and Canada.

TrickleStar seeks to achieve long-term sustainable growth through strengthening its core business by introducing new, energy-optimization products and raising market awareness of its products and their economic and social benefits. The first of these new products began mass production in the second half of FY2021.

We believe that we are on track for future growth as we introduce new products, raise sales volumes, increase market share and distribute our proprietary products through established lines as well as distribution networks in new markets.

Economic value generated in FY2020 and FY2021 from our operations is set out in the table below.

	FY2021 (US\$m)	FY2020 (US\$m)
Direct Economic Value Generated (Revenue)	11.3	12.9
Economic value distributed (costs, wages, taxes and etc.)	13.7	12.2
(Loss)/Profit net of tax	(2.4)	0.7

For a detailed analysis of our economic performance, please refer to Performance Review, Financial Statements and Notes to Financial Statements.

GOVERNANCE

TrickleStar is committed to upholding high standards of corporate governance and regulatory compliance, ensuring the sustainability of our business while safeguarding our stakeholders' interests and value in the long term. We commit to conduct our business with integrity and also require the Board and management to comply with all laws and regulations. We aim to achieve a target of nil incidents of non-compliance.

We are committed to upholding high standards of corporate transparency and disclosures. We comply with the principles and guidelines set out in the Singapore Revised Code of Corporate Governance 2018. Please refer to the Report on Corporate Governance section that forms part of this FY2021 Annual Report, for details that include Corporate Governance and Compliance, Risk Management, Anti-Corruption and Whistleblowing.

Corporate Governance and Compliance

TrickleStar strives to maintain a high standard of corporate governance to safeguard the interests of all its stakeholders.

In FY2021, there were no incidences of non-compliance with laws and/or regulations resulting in fines and sanctions. We aim to maintain good corporate governance track records.

SUSTAINABILITY REPORT

Risk Management

TrickleStar has in place a risk management framework that is designed to measure and manage its exposure to risk associated with our business and to safeguard shareholders' interest. A comprehensive set of internal controls for key operations' processes have been put in place to address financial, operational, compliance, information technology and risk management. These are reviewed by the Board at least bi-annually. For further details, please refer to the Corporate Governance Report in the FY2021 Annual Report. Going forward, TrickleStar will endeavor to develop its risk management measures further as its business evolves.

Anti-Corruption

TrickleStar will not compromise on corruption and has a zero-tolerance position on fraudulent or corrupt practices. TrickleStar has policies to support this stance, such as an Anti-Corruption, Foreign Corrupt Practices Act and No Gift Policy, Conflict of Interest Policy and Whistleblowing Policy, to prevent, govern and facilitate the reporting of any illegal and/or unethical practices. The Anti-Corruption, Foreign Corrupt Practices and No Gift Policy and Whistleblowing Policy are published at our website, www.tricklestar.com.

Whistleblowing

TrickleStar is committed to the highest standards of integrity and openness, and maintains a high standard of accountability in the conduct of its business and operations. TrickleStar has established a Whistleblowing Policy for employees and other stakeholders to raise, in confidence, concerns of misconduct and possible improprieties so that appropriate remedial action can be taken if concerns are deemed legitimate.

All whistleblowing complaints will be reviewed by the Audit Committee to ensure independent, thorough investigation and appropriate follow-up.

In FY2021, there was one whistleblowing report received in relation to a company that sought to be a supplier to TrickleStar and indicated it was prepared to pay employees for that benefit. The potential supplier was removed from TrickleStar's list of contacts permanently.

SOCIAL

Employee Welfare

TrickleStar believe the importance of work-life balance for employees. TrickleStar has adopted paid annual leave policy based on length of service of each employee and allowed only limited days carry-over to another calendar year. This is to encourage employees to take time off and utilize their leave entitlements.

Training and Education

Our employees have always been the key pillar in contributing to TrickleStar's growth and success. TrickleStar aims to ensure that all employees may attend training and career development programs to upgrade their skills and knowledge.

In FY2021, selected employees have undergone training and further education in areas such as SAP accounting systems; Microsoft 365 Teams integration workflow and customer engagement; LinkedIn – B2B marketing and strategy planning; Sustainability; Cyber Defence Strategies; and Technical and Human Elements of Virtual Calls.

In FY2021, TrickleStar Malaysia registered with the Human Resource Development Corporation and will contribute to the Human Resource Development monthly levy as required from January 2022 onwards. The levy collection may be utilised for future employees' training and development.

SUSTAINABILITY REPORT

Employment Diversity and Equality

TrickleStar does not discriminate against employees or potential recruits according to race, age, gender, religion, ethnicity, physical impairments, sexual preference, political viewpoints, marital status or nationality. Unlawful discrimination is a serious offence in TrickleStar. TrickleStar has in place an employee handbook and human resources manual that adheres to the legislation and guidelines in the relevant countries of operation.

In FY2021, there were no employee complaints received with regards to discrimination in the workplace.

Our hiring practices are based on merits such as skill and experience. We value the diversity of our workforce and have an equal remuneration policy regardless of gender and nationality. The number of new employees in FY2021 totaled 8.

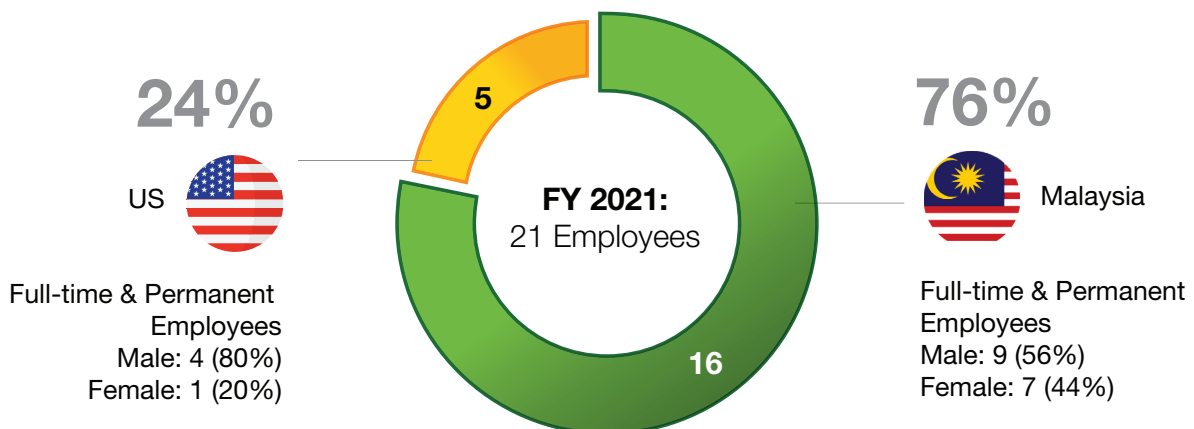
Breakdown of new employees by region, age range and gender.

	Malaysia		USA		
Age range	Male	Female	Male	Female	Total
>=20 to <30		1			1
>=30 to <40	3	1	1		5
>=40 to <50		1			1
>=50			1		1
Grand Total	3	3	2	0	8

TrickleStar’s employees are a key to success and achievement of our goals. We believe in staff development to widen the values of our employees, to assist them to contribute further to the success of our businesses.

At the end of FY2021, the total number of our employees in both Malaysia and USA was 21. All our employees are permanent and full-time. Additionally we assessed that our contract manufacturers employ 249 people on lines dedicated to TrickleStar products.

An analysis of employees by region and gender, employment type of full-time and permanent can be found below.



SUSTAINABILITY REPORT

Employee Turnover

The employee turnover rate in FY2021 was 30%.

As the organization grows and matures, particularly with the increase in sales volumes and expectations of listed companies, we have to support the growth by increasing our workforce.

Long and short-term incentives are granted to eligible employees based on their performance and contributions to TrickleStar. We conduct an annual performance review facilitated with an open discussion on the staff's performance for all employees. Remuneration policies and packages are reviewed regularly to ensure that compensation and benefits are in line with the industry and country norms, which helps TrickleStar in our recruitment and retention of talent.

Workplace Health and Safety

TrickleStar is committed to providing employees with a healthy and safe working environment. TrickleStar has focused on creating a culture which requires all members of our workforce to create a safe work environment. We aim to identify and manage occupational risks, minimize occurrences of occupational illness and promote healthy lifestyles with a work-life balance.

With threats from the COVID-19 pandemic still of major concern in FY2021, our priority was to ensure the health and safety of our employees. Implementation of robust measures were continued from FY2020, which were at least in line with government mandated precautions to ensure the well-being of our employees. Our employees were directed to work from home during lockdown periods, and TrickleStar kept in close contact with all employees to ensure they had the right resources at home and were adapting to the new working conditions. We were concerned over the mental health aspects of isolation for some employees and the impact on teamwork that electronic meetings may have and therefore initiated a return to office requirement in Malaysia as soon as this was allowed by the government. A similar approach was conducted for our USA employees.

In FY2021, there were no work-related incident, injuries and illness at our workplace.

Child Labor, Forced or Compulsory Labor

TrickleStar does not tolerate child labor, forced labor or compulsory labor, in any of its operations. We are firmly opposed to all forms of child exploitation and forced labor. We will not engage with any company in our supply chain that does not share the same views on zero tolerance for child or forced labor.

ENVIRONMENT

Supply Chain

TrickleStar is selective in choosing its business partners. We carefully assess the reputation of each of our main suppliers and contract manufacturers and, to date, we have had no cause for concern.

Currently, we outsource all manufacturing to selected companies that comply with all necessary safety regulations. This results in economies of scale and also reduces TrickleStar's footprint in emissions and transporting products. We assess and re-evaluate the performance of the sub-contractors regularly. Immediate feedback will be provided to our business partners when issues arise. To date, we have not had any environmental or other issues of concern with any of our business partners.

SUSTAINABILITY REPORT

In FY2021, we undertook an initial review of the sustainable and EESG policies of our main sub-contractors. The review confirmed that their approach to EESG is in line with TrickleStar's own objectives as outlined in this Report. We believe that like-minded business partners that share our commitment to sustainability will mitigate operational and reputation risks. Our main sub-contractors have policies on sustainable issues which can be assessed at https://www.power-tech.com.tw/en/corporate_social.php and https://www.computime.com/wp-content/uploads/2021/01/e0320_210624_esg.pdf

TrickleStar endeavors to minimize the negative effects of conducting its business whenever feasible. Our principle contract manufacturers and product assemblers conform to recognized quality and safety standards, including internationally recognized standards of ISO 9001, ISO 14001:2015 and ISO 45001:2018. TrickleStar's proprietary brands and products conform to international standards and requirements in the markets in which we sell, including the UL, ETL, FCC, IC and CE certifications.

Energy and Materials Reduction

TrickleStar has undertaken initiatives to create sustainability and environmentally friendly office with go green at workplace. This also benefits TrickleStar through cost cutting by reduction on consumption of energy and materials being re-used.

The following have been implemented:

1. Turning off electrical appliances and lights when not in use.
2. Using LED bulbs for lighting.
3. Using energy efficiency products.
4. Using mugs instead of single plastic/paper cup use.
5. Holding virtual meeting where feasible.
6. Using electronic storage for record and go paperless.
7. Print when only necessary.
8. Online document management that allows to share, store and edit documents digitally that increase both productivity and efficiency.

TrickleStar has undertaken environmentally friendly measures to reduce energy usage and office consumables. In the future, we are looking to implement additional initiatives to maximize the use of recyclable materials in the production and packaging of our products. We will be performing benefit reviews during 2022 and FY2023 on these initiatives before making any decisions.

As to the benefits that are derived from the use of TrickleStar products, various assumptions must be made to quantify the energy savings. These include the level of kWh of electricity saved by use of each the products, which we have quantified based on the assumptions as below:

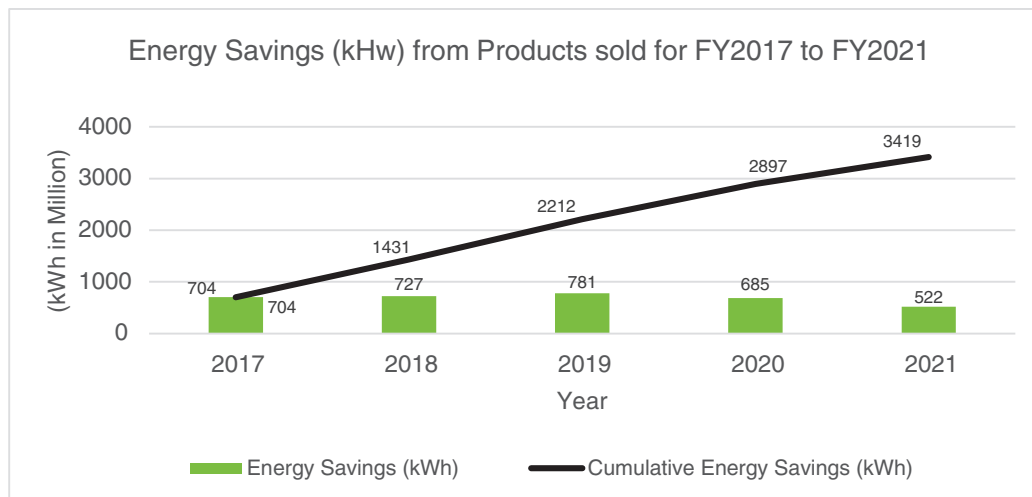
- A TrickleStar Advanced PowerStrip ("APS") Tier 1 product saves 75 kWh pa based on the research by NYSERDA's "Advanced Power Strip Research Report, Final Report August 2011" and/or "RLPNC 17-3: Advanced Power Strip Metering Study, March 18, 2019" by NMR Group; and
- APS Tier 2 product saves 141 kWh pa based on the research by RLPNC 17-3: Advanced Power Strip Metering Study, March 18, 2019" by NMR Group Inc.

SUSTAINABILITY REPORT

Using these assumptions and the EPA's calculator:

- APS Tier 1 products help save 345,398,250 kWh energy over their expected lifespan.
- APS Tier 2 products help save 176,634,930 kWh energy over their expected lifespan.
- We have helped our customers save USD57,423,650 in energy demand costs.
- This saved energy is also equivalent to 369,956 metric tons of CO₂.
- This 369,956 metric tons of CO₂ emissions are equivalent to planting 453,261 forested acres of trees or removing 80,458 cars from the road or decommissioning 0.093 coal-fired power plants in one year.

The graph below shows the yearly and the cumulative energy saving in kWh from the total usage of TrickleStar APS Tier 1 and 2 from year 2017 to 2021.



TrickleStar has undertaken an energy saving estimate on one of our new products, the Dryer Saver that was based on testing conducted by Underwriter's Laboratory (UL), an independent company that is recognised for safety testing. The research suggested that one TrickleStar DryerSaver is able to generate 140 to 175 kWh/year of energy savings.

Use of Sustainably Sourced Packaging

TrickleStar is committed to the use of paper-based packaging sourced from sustainably sourced materials. TrickleStar will work to transition in usage of sustainably sourced cardboard and paper at all contract manufacturing facilities and ensure all paper-based packaging is certified.

Plastics Reduction

TrickleStar is committed to the reduction of plastics used in packaging of products. Where possible, use of plastics will be eliminated and we will work to transition to the use of certified, biodegradable plastics moving forward.

Avoidance of Conflict Mineral

TrickleStar is committed to the ban of usage of conflict minerals in products. TrickleStar will require sub-contractors to verify and confirm that conflict minerals are not used in their factories or products that they produce for TrickleStar.

SUSTAINABILITY REPORT

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REPORT ON CORPORATE GOVERNANCE

Introduction

TrickleStar Limited (“**TrickleStar**”), an expression used in this corporate governance report (“**Report**”) that includes our subsidiaries where the context is appropriate, is committed to maintaining high standards of corporate governance because our directors (“**Directors**”) believe that good corporate governance is a critical element of corporate success. Our board of directors (“**Board**”) therefore aims to provide a sound base for good corporate governance whilst overseeing management’s (“**Management**”) control and accountability framework.

This Report outlines TrickleStar’s corporate governance practices and work during our financial year ended 31 December 2021 (“**FY2021**”). TrickleStar has endeavoured to comply in all material respects with the principles and provisions set out in the Code of Corporate Governance issued by Monetary Authority of Singapore on 6 August 2018 (“**Code**”), and where applicable, the disclosure guide developed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in January 2015 (“**Guide**”), together with other applicable laws, rules and regulations, including the SGX-ST Listing Manual Section B: Rule of Catalist (“**Catalist Rules**”). TrickleStar has also taken the Code into account in the terms of reference for TrickleStar’s Board of Directors and its Committees.

Where there are deviations from the Code, explanations are provided.

A. BOARD MATTERS

Board’s Conduct of its Affairs

Principle 1. *The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

The Board Members

Each Director’s position, date of initial appointment, date of last re-election and directorships/chairmanships held by TrickleStar’s Directors in other listed companies is as follows:

Name of Director	Position	Date of Initial Appointment	Date of Last Re-election	Directorships in other listed companies	
				Current	Past 3 Years
Bernard Christopher Emby	Executive Chairman and Chief Executive Officer (“ CEO ”)	31 October 2018 17 May 2019	26 March 2021	Nil	Nil
Gunananthan Nithyanantham	Executive Director and Chief Operating Officer	31 October 2018 1 January 2022	26 March 2020	Nil	Nil
Jeremy John Figgins	Lead Non-Executive Independent Director	31 October 2018	26 March 2021	Nil	Nil
Chuah Jern Ern	Non-Executive Independent Director	28 March 2019	26 March 2020	Nil	Nil
Ling Hee Keat	Non-Executive Independent Director	28 March 2019	26 March 2020	Iris Corporation Bhd	Nil

REPORT ON CORPORATE GOVERNANCE

The principal commitments of the Directors, if any, and other key information regarding the Directors are set out in the “Board of Directors” section in this Annual Report.

Role of the Board

The Board, in addition to its statutory responsibilities, is primarily responsible for overseeing and supervising Management, the overall performance of TrickleStar and holding Management accountable for performance. The Directors know that they have a duty to act objectively in TrickleStar’s best interests, to protect and enhance long-term shareholder value and, in achieving this, that they must at all times act honestly, fairly, diligently and lawfully.

A Code of Conduct exists. The Board has required that TrickleStar’s Code of Conduct forms part of all employees’ contracts of employment.

The Board sets TrickleStar’s overall strategy, a tone-from-the top and TrickleStar’s culture. In addition to ensuring proper accountability within TrickleStar, the Board’s role is to:

- (a) provide entrepreneurial leadership, and set strategic objectives, which include appropriate focus on value creation, innovation and sustainability;
- (b) ensure that the necessary resources are in place for TrickleStar to meet its strategic objectives;
- (c) establish and maintain a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and performance;
- (d) constructively challenge Management and review its performance;
- (e) instill an ethical corporate culture and ensure that TrickleStar’s values, standards, policies and practices are consistent with the culture; and
- (f) ensure transparency and accountability to key stakeholder groups.

To fulfil these roles the Board recognises that its responsibilities include:

- (a) putting in place policies, structures and mechanisms to ensure compliance with law and regulations and setting standards of ethical behaviour;
- (b) setting strategic objectives and giving directions for planning of financial and human resources to be in place for TrickleStar to achieve its objectives;
- (c) reviewing the adequacy and effectiveness of risk management systems and internal controls, including financial, operational, compliance and information controls, and assessing actions needed to address and monitor any areas of concern;
- (d) reviewing the performance of TrickleStar towards achieving shareholder value;
- (e) approving matters that it has reserved for itself (described below);
- (f) identifying key stakeholder groups and the manner of liaising with them;
- (g) approving annual budgets, key operational matters, major funding proposals, investment and divestment proposals, corporate or financial restructuring, material acquisitions and disposal of assets, interested person transactions, dividend payments, convening of shareholders’ meetings and share buybacks;
- (h) approving Board appointments or re-appointments and appointments of the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of TrickleStar (“KMP”);
- (i) establishing and regularly reviewing the framework of corporate governance, sustainability approach, risk management systems and other prudent, adequate and effective internal controls to safeguard shareholders’ interests and TrickleStar’s assets; and
- (j) evaluating the performance and compensation of Directors and KMP.

REPORT ON CORPORATE GOVERNANCE

Conflicts of Interest

TrickleStar's Conflicts of Interest Policy includes requirements for Directors to avoid any conflicts of interest with TrickleStar. Where a Director's personal or business interest interferes, or even appears to interfere, in any way with the interests of TrickleStar, the Director must disclose such interest at a meeting of the Directors or by sending a written notice to TrickleStar's Company Secretary, containing details of the interest and the nature of the conflict and recuse themselves from participating in any discussion or decision on the transaction or proposed transaction. The Policy extends to debate of the matter by any Board Committee.

Directors' Training

Newly appointed Directors are provided with background information about TrickleStar's history, structure, business operations, vision, values, strategic direction, policies and governance practices. They will also be briefed and given an orientation by Management to familiarise themselves with the business and operations of TrickleStar. Directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo the necessary training and briefing as prescribed by the SGX-ST.

The Board recognises the importance of ongoing professional development for the Directors and gives opportunities to Directors to develop their skills and knowledge. Training needs are considered formally every year, with appropriate programmes, at TrickleStar's expense, being recommended through our Nominating Committee. If required, briefings by external consultants or counsel are organised for the Board.

Through these programs and training, TrickleStar's Directors have been made aware of their duties at law, which include acting in good faith and the best interests of TrickleStar; exercising due care, skills and diligence; and avoiding conflicts of interest.

In FY2021, Directors attended training on sustainability organised by Singapore Business Federation (SBF) and Eco Business to gain a better understanding of sustainable issues and the business opportunities that arise from good sustainable practices. Directors also received trainings on executive and director remuneration, how to improve transparency and scorecard ranking and cryptocurrency and blockchain organised by Singapore Institute of Directors (SID); patent organised by SBF and technical and human elements of virtual call organised by Sales Gravy.

Limits on Authority

Through financial authorisation and approval limits for operating and capital expenditure and the procurement of good and services that the Board has put in place, the Board seeks to optimise operational efficiencies. The Board has requested the CEO to ensure that all policies, including TrickleStar's authorisation matrix are on a secure online portal that is available to Management and that Management understands the policies.

The Board approves transactions exceeding certain threshold amounts while delegating authority to Management for transactions below those limits. The Board has also reserved certain important matters that are not in the ordinary course of business for its approval, including:

- (a) announcement of half-year and full year financial results;
- (b) the strategic plan, the annual operating plan and budget;
- (c) joint ventures, mergers, corporate acquisitions or divestments;
- (d) appointment of KMP
- (e) recommendations for subdivision of shares, issuance of shares or stock dividends;
- (f) share buybacks;
- (g) award under share option or share scheme;

REPORT ON CORPORATE GOVERNANCE

- (h) interested person transactions;
- (i) borrowings;
- (j) commencement of significant litigation;
- (k) appointment and removal of the Company Secretary; and
- (l) any change to the terms of reference for any Board Committee.

Board Committees

The Board has delegated certain areas of responsibility to three Board Committees, but ensures that all important decisions are made by the Board:

- The Audit Committee (“**AC**”),
- The Nominating Committee (“**NC**”) and
- The Remuneration Committee (“**RC**”).

The Board has not formed an Executive Committee.

The composition of each committee (“**Committee**”) and its activities are detailed later in this Report. Each Committee is tasked to oversee specific responsibilities based on a charter (“**Charter**”). The Charter will be reviewed by each Board Committee from time to time to ensure relevance. Any change to the Charter requires Board approval.

Each Committee is chaired by an Independent Director and their members comprise only Non-Executive Directors. The appointment of Board Committee members is carried out to ensure the Committees comprise Directors with the appropriate qualifications and skills, to maximise their effectiveness. All Board Committee appointments require the approval of the Board.

The key deliberations, recommendations and decisions taken by each Board Committee are reported to the Board by the Committee’s Chair. If appropriate, the Board endorses the Committee’s decisions and adopts its recommendations and so accepts ultimate responsibility on such matters.

Directors’ Commitment and Meeting Attendance

The attendance of each Director at Board, Board Committee and shareholder general meetings for FY2021 is set out below.

	Board	Board Committees			Annual General Meeting
		AC	RC	NC	
Number of Meetings Held	8	10	10	10	1
Name of Director					
Bernard Christopher Emby	8/8	10/10	10/10	10/10	1/1
Chuah Jern Ern	8/8	10/10	10/10	10/10	1/1
Gunananthan Nithyanantham	8/8	10/10	10/10	10/10	1/1
Jeremy John Figgins	8/8	10/10	10/10	10/10	1/1
Ling Hee Keat	8/8	10/10	10/10	10/10	1/1

REPORT ON CORPORATE GOVERNANCE

The NC has considered each Director's other board representations and principal commitments and is satisfied that each Director is able to carry out and has been adequately carrying out their duties as a Director and that each has given sufficient time and attention to the affairs of TrickleStar. The maximum number of board representations a Director may hold in other listed companies has been set at five.

The NC has also determined that each Director has attended and actively participated in the discussions and deliberations of the Board and, where they hold Board Committee membership, of the Board Committees.

The Board does not encourage the appointment of alternate Directors. No alternate Director has been or is currently appointed to the Board.

Information Flows

All Directors are satisfied that Management provides them with complete, adequate and timely information prior to meetings and on an on-going basis, to enable them to make informed decisions and discharge their duties and responsibilities.

The agenda for each Board or Board Committee meeting is set by the relevant chairman with consultation with the CEO where they consider necessary. The agenda of every Board Committee meeting includes an update from its Chair if any significant matter relating to the scope of that Board Committee has arisen. Sufficient time is allowed for each agenda item to ensure proper attention is given to the matter. Management assists in the preparation of the formal papers for the meetings and delivers the papers to Directors electronically prior to each meeting via a secure method.

In between Board meetings, the Board receives updates on important matters affecting the business from the CEO. The CEO is always available to answer questions from any Director and the Directors may discuss such information from the CEO among themselves, raising any concerns at the next Board meeting. The Directors receive copies of TrickleStar's monthly management accounts and, in respect of budget, the Chief Financial Officer ("CFO") is required to explain any material variance between the budget and actual results.

The Board sets aside time for discussion without the presence of Management, Directors have separate and independent access to Management, TrickleStar's Company Secretary and external advisers (where necessary) at TrickleStar's expense.

Directors may approach Management directly but, for protocol, approaches are normally made through the CEO. When needed, Directors make further enquiries on a matter they have discussed with Management to make informed decisions. In 2021, all Directors found that Management responded to their requests in a timely manner.

The Company Secretary

The Board is supported by the Company Secretary. The Company Secretary's responsibilities include advising the Board on corporate and administrative matters, ensuring that Board procedures and applicable rules and regulations are complied with and (if required) facilitating orientation and assisting with professional development.

The Company Secretary, Goh Siew Geok is a member of the Chartered Secretaries Institute of Singapore and has more than two decades of corporate secretarial experience in professional consultancy firms and public listed companies.

REPORT ON CORPORATE GOVERNANCE

TrickleStar's Company Secretary and/or their representative(s) attend all Board and Board Committee meetings (except those that are called at short notice where notice to the Company Secretary is not practical). If a meeting is held without the Company Secretary being present, they are consulted subsequently to ensure that procedures, rules and regulations have been adhered to.

The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Board Composition and Guidance

Principle 2. *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

Board Independence

The Board comprises two Executive Directors and three Independent Non-Executive Directors. There is therefore a strong and independent element on the Board, with Independent Directors making up a majority of the Board.

With effect from 1 January 2022, Rule 406(3)(d)(iii) of Catalist Rules states that a director will not be independent if he has been a director for an aggregate period of more than 9 years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by:

- (a) all shareholders; and
- (b) shareholders, excluding the directors and the chief executive officer and associates of such directors and chief executive officer.

No Director has served on the Board for more than nine years.

On an annual basis, the NC will determine the independence of each Director, taking into consideration the Catalist Rules, as well as whether there is any circumstance or relationship that might impact the Director's independence or perception of independence. Each Director is required annually to complete an independence checklist and to declare whether they consider themselves independent – even if they have any of the relationships which are deemed to be non-independent based on the standards of independence in the Code. Such declarations assist the NC in its determination of the Directors' independence.

All Directors have made declarations on their respective status of independence and the Board has accepted the NC's assessment of Directors' independence. The Board has determined that:

Chuah Jern Ern, Jeremy John Figgins, and Ling Hee Keat are independent; and Bernard Christopher Emby, and Gunananthan Nithyanantham are Non-Independent.

Each member of the NC and the Board recused themselves from the deliberations on their independence.

The Independent Directors and their immediate family members have no relationship with TrickleStar, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of TrickleStar.

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In addition to their role and duties as Non-Executive Directors, the Independent Directors provide an independent, objective check on Management. In certain cases, the Independent Directors are required to make certain decisions and determinations under the Catalyst Rules. As with all directors, they are to act in the best interests of TrickleStar as a whole and not of any particular group of shareholders or stakeholders.

Since the role of Chairman and CEO is combined, TrickleStar has ensured that Independent Directors make up a majority of the Board, with three out of five Directors, constituting more than 50% of the Board, being independent.

The Board believes that no individual or small group of individuals is dominating the Board's decision making, and is satisfied that there is a strong and independent element on the Board, which is able to exercise independent, objective judgment on corporate affairs.

Non-Executive Directors

Non-Executive Directors are neither Management nor employees of TrickleStar. They contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives for TrickleStar. When challenging Management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and/or other complexities.

Non-Executive directors make up a majority of the Board. The proportion of Non-Executive Directors avoids the undue influence of Management over the Board and ensures that appropriate checks and balances are in place.

Board Size

The size and composition of the Board and Board Committees is reviewed annually by the NC to ensure that their size is appropriate so as to facilitate effective decision making. The review aims to ensure that there is an appropriate mix of expertise and experience, which TrickleStar may tap on for assistance in furthering its business objectives and shaping its business strategies.

The Board, with the concurrence of the NC, is of the opinion that its current Board size of five members, and the size of each Board Committee, are appropriate, taking into account the nature and scope of TrickleStar's operations, and the requirements of the business. Also, that the Directors as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid group think and foster constructive debate.

Board Competencies

Together, the Board and Board Committees comprise Directors who, as a group, provide a broad range and an appropriate balance and diversity of expertise in areas such as accounting, finance, legal, patent protection, business, management, operations, strategic planning, information technology and global business as well as familiarity with regulatory requirements. The diversity of the Directors' experience allows for useful exchange of ideas and views.

The NC, which is tasked with the review of the succession and renewal plans for Board continuation, noted that none of the Directors has served more than four years on the Board.

As regards succession planning, this was a continuing focus for the NC in FY2021. Succession planning has been developed by the NC with Management to the point where the Board is now satisfied with TrickleStar's succession planning.

REPORT ON CORPORATE GOVERNANCE

Board Diversity

The ages of Directors ranges from 50 to 68. All Directors are male. TrickleStar recognises the importance and benefits of diversity in all ways, including gender, background and other distinguishing factors/qualities and that diversity on the Board is an essential element to support the attainment of TrickleStar's strategic objectives and to a sustainable and balanced development. TrickleStar has adopted a Board diversity policy ("**Diversity Policy**") with NC responsible to review and monitor its implementation. The Diversity Policy applies to the Board and to TrickleStar's workforce. Having regard to the small number of employees and Directors, NC has not recommended that any measurable quantitative objectives in relation to diversity be adopted at this stage of TrickleStar's development. Neither the Board nor NC has identified any discriminatory practices in TrickleStar.

Board Discussion Without Management

During FY2021, our Non-Executive Directors met without the presence of Management, formally in Board Committee meetings and informally on an ad hoc basis at various times throughout the year. Formal meetings are recorded by minutes that are available to all Board members. In respect of ad hoc meetings, one of the Directors present will be assigned to provide feedback to the chairman of the Board ("**Chairman**") and other Directors on relevant issues arising from the discussion.

Chairman and Chief Executive Officer

Principle 3. *There is a clear division of responsibilities between the leadership of the board and management, and no one individual has unfettered powers of decision-making.*

Bernard Christopher Emby is Chairman and CEO.

The Board has considered the combination of the roles and has concluded that, at this stage of TrickleStar's development, there are many efficiencies in having a capable, honest, and knowledgeable person serve as leader of both Management and the Board. The unified role ensures strong, central leadership, leadership that is better able to identify problems that may arise and, therefore, provides dynamic leadership.

The Board is mindful that a majority of Directors are independent and that there is a strong Lead Independent Director. The combination of the roles is a matter that the Board will keep under consideration.

Since the roles of Chairman and CEO are combined, the division of responsibilities within the two roles has not been set.

Lead Independent Director

Since the roles of Chairman and CEO are combined, the Board has appointed Jeremy John Figgins as Lead Independent Director. He may be contacted confidentially at jeremy.figgins@tricklestar.com. His role and responsibilities as Lead Independent Director are to:

- (a) be available to shareholders and stakeholders where they have concerns, and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate;
- (b) provide leadership in situations where the Chairman is conflicted;
- (c) coordinate and lead the Independent Directors to provide a Non-Executive perspective and to contribute a balanced viewpoint to the Board;
- (d) carry out the functions of the Chairman in relation to any matter where it would be inappropriate for the Chairman to serve in such capacity, or if he is unable to do so;
- (e) work with the Chairman in leading the Board; and
- (f) provide a channel to Non-Executive Directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary.

REPORT ON CORPORATE GOVERNANCE

Our Lead Independent Director serves on the AC, RC and NC participating in the annual performance evaluation and development of succession plans for the Chairman and CEO. The Chairman of the RC also discusses the design and assessment of the Chairman's remuneration with the Lead Independent Director.

The Independent Directors, led by the Lead Independent Director, meet alone together from time to time and the Lead Independent Director will provide feedback to the Executive Chairman and CEO after such meetings. In FY2021, there were two such meetings held formally.

Board Membership

Principle 4. *The board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the board.*

Nominating Committee

TrickleStar's NC is regulated by a set of written terms of reference. The composition of the NC is:

- Chuah Jern Ern (*Chair*);
- Jeremy John Figgins; and
- Ling Hee Keat.

(Note: Mr Gunananthan Nithyanantham was a member of the NC during FY2021 and resigned when he became an Executive Director on 1 January 2022, being replaced by Mr Ling Hee Keat).

The following are the NC's key terms of reference:

- (a) review of succession plans for Directors;
- (b) recommending the appointment and/or replacement of the CEO and other KMP;
- (c) creating a process and setting criteria for evaluation of the performance of the Board, Board Committees and Directors. In this regard, the NC will decide how performance is to be evaluated and, in the case of the Board, propose objective performance criteria which address how long-term shareholder value can be seen to have enhanced;
- (d) reviewing training and professional development programmes for the Board and the Directors; and
- (e) the appointment and re-appointment of Directors (including alternate Directors, if any). In this respect the NC will have regard to each Director's contribution, performance, and ability to commit sufficient time, resources and attention to the affairs of TrickleStar, and each Director's commitments outside TrickleStar including his principal occupation and board representations on other companies.

In addition, the NC undertakes the following duties:

- (a) reviewing and determining annually or as and when circumstances require, if a Director is independent;
- (b) reviewing the composition of the Board annually to ensure that the Board and the Board Committees comprise Directors who, as a group, provide an appropriate balance and diversity of skills, knowledge, experience and other aspects of diversity, and provide core competencies;
- (c) determining whether each Director is able to and has been adequately carrying out their duties as a Director;
- (d) assessing the effectiveness of the Board as a whole, the Board Committees and the contribution of the Chairman of the Board and each individual Director to the effectiveness of the Board and each Board Committee on which they sit;
- (e) reviewing and approving employment of any managerial staff and employees who are related to any of the Directors, substantial shareholders or the CEO and the proposed terms of their employment; and
- (f) reviewing the statements made in the annual report relating to TrickleStar's policies on selection, nomination and evaluation of Board members.

REPORT ON CORPORATE GOVERNANCE

A new Director must submit themselves for re-election at TrickleStar's next annual general meeting following their appointment.

As prescribed by TrickleStar's Constitution, each year, one-third of the Directors are required to retire from office and are individually subject to re-election by shareholders at TrickleStar's annual general meeting ("AGM"). In addition, every Director is required to retire from office and be subject to re-election at least once every three years.

The selection of the Directors who retire and are subject to re-election is applied first by reference to which Directors must retire under the three-year rule and then determining which Directors were most recently subjected to retirement (so that those who retired most recently will not be first to be requested to stand for re-election). The NC will review the contributions and performance of the Directors who are retiring at the AGM to determine their eligibility for re-nomination.

At the forthcoming AGM:

- Ling Hee Keat (under Regulation 89 of the Constitution); and
- Chuah Jern Ern (under Regulation 89 of the Constitution),

will be submitting themselves for re-election. The NC, having considered the attendance and participation of these Directors at Board and Board Committee meetings and their contributions to the business and operations of TrickleStar, has recommended to the Board the re-election of both of them. The Board has endorsed the re-elections, based on recommendations of the NC.

Each of these Directors has given their consent to stand for re-election and abstained from participating in discussion, voting, or making any recommendation in respect of their own re-election as a Director of TrickleStar.

Mr. Ling will, upon re-election as a Director, remain as a Non-Executive Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Ling is considered to be independent under Rule 406(3)(d) of the Catalist Rules and the Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships including family relationships between Mr. Ling and the other Directors, TrickleStar and its related corporations, its substantial shareholders, and its officers. Further information on Mr. Ling can be found in this Annual Report.

Mr. Chuah will, upon re-election as a Director, remain as a Non-Executive Independent Director, a Chairman of the Nominating Committee and a member of the Remuneration Committee and the Audit Committee. Mr. Chuah is considered to be independent under Rule 406(3)(d) of the Catalist Rules and the Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships including family relationships between Mr. Chuah and the other Directors, TrickleStar and its related corporations, its substantial shareholders, and its officers. Further information on Mr. Chuah can be found in this Annual Report.

The NC comprises three Directors, all of whom, including the Chair, are Independent Directors and the Lead Independent Director is a member.

Selection of Directors

When a Director chooses to retire or is required to retire from office by rotation, or the need for a new Director arises, the NC considers the appointment or re-appointment using a selection process described below.

REPORT ON CORPORATE GOVERNANCE

Stage 1. NC reviews the range of expertise, skills and attributes of the Board and the composition of the Board and will consider TrickleStar's Diversity Policy. The NC also considers the need for progressive renewal, as well as each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation) including, if applicable, his or her performance as an Independent Director.

Stage 2. The NC will draw candidates from a wide pool of individuals, not limited to persons known directly to the Directors and is empowered to engage professional search firms to aid in this process.

Stage 3. When a potential candidate is identified, NC will evaluate the candidate by undertaking background checks, assessing individual competency for matters such as knowledge, management skills, financial literacy experience and qualifications, ensuring the fulfilment of the criteria as closely as possible.

Stage 4. After evaluation of candidates, the NC will make its shortlist recommendations to the Board and arrange to meet with the approved shortlisted candidates to (a) confirm the suitability of the candidate; (b) communicate to the candidates the level of commitment expected (including time commitment); and (c) provide sufficient information for the candidate to make an informed decision on accepting the role.

Stage 5. NC will make its final recommendation to the Board and the Board will make a final decision.

Assessing the Independence of Directors

The NC, which is responsible for reviewing the independence of each Director on an annual basis, uses Catalyst Rule 406(3)(d) and the Code's definition of an Independent Director and provisions as to relationships in determining the independence of a Director. In determining independence, each Director has been required to provide the NC with details of their relationships with TrickleStar, its related corporations, its substantial shareholders, or its officers, if any, which may affect their independence.

Bernard Christopher Emby and Gunananthan Nithyanantham are not independent Directors. The NC considered the continuing independence of the other Board members in February 2022 and determined that they are independent.

None of the Independent Directors have had to claim to be independent despite having any of the relationships identified in the Code which would deem them not to be independent.

Appointment of New Directors

On appointment, all Directors are given a letter of appointment or execute a service agreement that explains TrickleStar's expectations their role, duties, obligations, and responsibilities. The letter also explains about how the Director may request on-going training, if required, to develop competencies to effectively discharge their duties.

Key information on each Director's academic and professional qualifications and other principal commitments is presented in the "Board of Directors" section of this Annual Report. Their directorships or chairmanships in other listed companies, can be found above in this Corporate Governance Report and their shareholdings in TrickleStar and its related corporations and relationships (if any) are presented in the "Directors' Statement" section of this Annual Report.

No Director is considered to hold a significant number of other Directorships and commitments which could affect their ability to diligently discharge their duties.

REPORT ON CORPORATE GOVERNANCE

Board Performance

Principle 5. *The board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

The NC recommended and the Board approved the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, the effectiveness of each Board Committee separately and the contribution by the Chairman and each individual Director to the Board. The NC is responsible for undertaking these evaluations on an annual basis.

For FY2021, the basis of evaluation was the same as FY2020. Each Director completed a questionnaire that considered:

- (a) the Board's and Board Committees' composition, (covering balance of skills, experience, independence, knowledge of TrickleStar, and diversity), governance and team dynamics;
- (b) the Board's and Board Committees' practices and conduct;
- (c) the Board's performance as a whole and how it adds value to TrickleStar;
- (d) the Board's, each Board Committee's and each Director's experience, integrity and competence;
- (e) the effectiveness of debate at meetings;
- (f) succession planning;
- (g) expertise of each Director; and
- (h) Directors' knowledge of the industry in which we operate.

The NC debated the findings of the questionnaire. The discussion evaluated the contributions of each Director at Board and Board Committee meetings including the level of their participation, their independence and time commitment. The debate also assessed whether each Director is willing and able to constructively challenge and contribute effectively to the Board and demonstrate commitment to their roles on the Board.

The results of the assessment were discussed by the NC Chair with the other Directors before the findings were reported to the Chairman and the Board.

All Directors therefore participated in the assessment process and all Directors submitted a completed and signed assessment questionnaire to the NC for FY2021.

No external facilitator assisted the NC in the evaluation for FY2021.

Outcome of Evaluations

On the basis of the evaluation, the NC is satisfied that for FY2021, the Board and its Board Committees were effective in the conduct of their respective duties and the Directors have each contributed to the effectiveness of the Board and its Board Committees (as applicable). The results of the NC's assessment have been accepted by the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6. *The board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

REPORT ON CORPORATE GOVERNANCE

Remuneration Committee

The RC is regulated by a set of written terms of reference.

The composition of the RC is

- Ling Hee Keat (Chair);
- Chuah Jern Ern; and
- Jeremy John Figgins.

(Note: Mr Gunananthan Nithyanantham was a member of the RC during FY2021 and resigned when he became an Executive Director on 1 January 2022, being replaced by Mr Jeremy John Figgins).

While remuneration matters are deliberated in detail by the RC, its remit is only to make recommendations to the Board in relation to the framework of remuneration and specific remuneration packages for the Board, each Director and KMP. The Board is ultimately accountable for these remuneration decisions. The RC's role is to review and make recommendations to the Board on:

- (a) a remuneration framework and guidelines for remuneration for the Board and KMP; and
- (b) specific remuneration packages for each Director and KMP.

All three members of the RC are Independent Directors. The RC Chairman is an Independent Director.

RC considers all aspects of remuneration (including Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and termination payments) and aims to ensure they are fair and avoid rewarding poor performance.

In addition to the recommendations explained above, RC's role includes recommending:

- (a) the remuneration policy for the members of the Board of Directors and KMP, including guidelines on incentive pay;
- (b) recommending performance targets for benchmarking the performance of each KMP;
- (c) considering and reviewing remuneration packages in order to maintain attractiveness, to retain and motivate Directors and KMP and to align the level and structure of remuneration with the long-term interests and risk policies of TrickleStar;
- (d) reviewing TrickleStar's obligations arising in the event of termination of any Executive Director or KMP's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses that are not overly generous;
- (e) conducting an annual review of the remuneration packages of any managerial staff and employees who are related to any of the Directors or substantial shareholders, to ensure that their remuneration packages are in line with TrickleStar's remuneration guidelines and commensurate with their respective job scopes and level of responsibilities; in addition, reviewing and recommending any bonuses, pay increases and/or promotions for these persons; and
- (f) other tasks requested by the Board relating to compensation.

In its annual review and recommendations for remuneration and the remuneration framework, the RC takes into account the performance of TrickleStar and the performance and responsibilities of individual Directors and KMP, linking rewards to corporate and individual performance.

REPORT ON CORPORATE GOVERNANCE

With regards to TrickleStar's obligations arising in the event of termination of service contracts of TrickleStar's CEO or other KMP, these contracts are framed so as not contain any special or exceptional clauses providing for additional compensation payments in the event of termination and do not provide any termination, retirement or post-employment benefits.

Each member of the RC abstains from voting on any resolutions and making any recommendations and/or participating in any deliberations on his own remuneration.

TrickleStar has entered into a service agreement with the Executive Chairman and CEO ("**CEO Service Agreement**"), which, inter alia, sets out his remuneration. The CEO Service Agreement was for an initial term of three years to 16 May 2022 and the term has been extended by agreement until 31 December 2024. The appointment may, at the option of TrickleStar, be extended for such further period on terms and conditions to be mutually agreed. To extend the CEO Service Agreement in this way, TrickleStar must give at least three months' notice before the end of the term.

The RC may seek expert advice on remuneration matters as it deems appropriate. For FY2021, the RC did not require the service of an external remuneration consultant.

LEVEL AND MIX OF REMUNERATION

Principle 7. *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of TrickleStar, taking into account the strategic objectives of TrickleStar.*

Executives

TrickleStar's remuneration structure for Executive Directors, CEO and other KMP applies also to all employees. It consists of a fixed component (fixed basic salary and annual wage increase at TrickleStar's discretion) and a variable bonus that is based on TrickleStar's and the individual's performance. The variable component may include performance-linked incentives.

The structure takes into consideration the balance between profit and risk, and is aligned with the long-term interest and risk framework of TrickleStar. Pay-out is determined considering the nature and time horizon of risks generated, so that a significant and appropriate proportion of Executive Directors' and KMP's remuneration links rewards to corporate and individual performance. In this way, TrickleStar aims to link rewards to corporate and individual performance, and performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of TrickleStar.

Non-Executive Directors

Each Non-Executive Director's remuneration has been determined by RC to be appropriate to their contribution and takes into account their effort, time spent and responsibilities.

These Directors receive a basic retainer fee, additional fees for appointment to Board Committees and attendance fees for Board and Board Committee meetings. The Directors' remuneration is reviewed yearly to ensure its competitiveness and the quantum of the fees is approved by shareholders at the AGM. Non-Executive Directors are entitled to participate in TrickleStar's Performance Share Plan and the TrickleStar Employee Share Option Scheme.

REPORT ON CORPORATE GOVERNANCE

RC Recommendations on Remuneration

RC has confirmed to the Board that remuneration paid by TrickleStar is appropriate to attract, retain and motivate the Directors to provide good stewardship and KMP to successfully manage TrickleStar for the long term. TrickleStar does not consider that it pays more than is necessary for this purpose.

Directors' fees are recommended by the RC and submitted to the Board for endorsement. Directors' fees are subject to the approval of shareholders at the AGM.

Fees proposed to be paid to Directors for FY2022, which aggregate S\$152,400, will be tabled for shareholders' approval at the forthcoming AGM.

Our CEO, who is the Executive Chairman of the Board, and our COO, who is a Director, are paid Director's fees on the same basis as our Non-Executive Directors in addition to receiving remuneration under their Service Agreements. The CEO's and COO's terms of employment and rewards, which include long-term incentives in the form of shares, are reviewed by the RC and approved by the Board.

DISCLOSURE ON REMUNERATION

Principle 8. *The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

Remuneration Policy and Structure

Remuneration paid by TrickleStar is structured for all employees to support pay-for-performance, as described above.

The percentage of the variable component is higher for TrickleStar's CEO and KMP than it is for other employees in order to ensure that their rewards are closely linked to performance.

Performance against targets is a key factor in the remuneration of the CEO and KMP. For the purpose of assessing their performance, broad targets, including financial and non-financial measures, are set for each financial year. Towards the end of each financial year, all employees participate in a performance review that assesses the individual's performance against the targets.

In determining adjustments, bonus and long-term incentives in the remuneration of KMP, factors that were taken into consideration included their individual responsibilities, skills, expertise and contribution to TrickleStar's performance. Those factors were measured against remuneration packages known to be available in the market to ensure TrickleStar's remuneration is competitive and sufficient to ensure that we are able to attract and retain executive talent.

Save as mentioned in this Report, TrickleStar has not yet adopted the detailed criteria explained in the Code's Practice Guidance Note: at this time the Group has only 21 employees who the CEO feels can be motivated and remunerated adequately without setting out fixed, detailed criteria that relate to their remuneration. As a young, dynamic organisation, the Board believes that TrickleStar needs to keep flexibility in its decisions regarding remuneration and that setting all the detailed criteria would detract from this need. Therefore, broad financial targets and job specific criteria are currently used and reviewed with each employee.

REPORT ON CORPORATE GOVERNANCE

Long-Term Incentives

To promote long-term success of TrickleStar, an incentive scheme, the TrickleStar Performance Share Plan (“PSP”) has been incorporated in the remuneration framework. An Employee Share Option Scheme (“ESOS”) is also available but has not yet been used for incentives. These long-term incentives are aimed to align employees’ interests with those of shareholders and are granted with reference to the desired remuneration structure target. Details of the long-term incentive schemes can be found in the “Directors’ Statement” section of this Annual Report.

On 28 February 2022 the Board approved 458,635 share awards (“Awards”) to employees and Directors of the Group, of which 180,831 Awards were for Directors. A further 121,807 Awards for Bernard Christopher Emby, who is also the controlling shareholders of the Company are subject to approval by the independent shareholders at the upcoming annual general meeting on 25 March 2022.

The table below shows the current status of awards under the PSP for the Directors.

Participant	Awards granted on 28 February 2022	Aggregate Awards granted since commencement of the PSP to end of FY2021	Aggregate Awards vested since commencement of the PSP to end of FY2021	Aggregate Awards not yet vested
Bernard Christopher Emby (Controlling Shareholder, Executive Chairman and CEO)	Nil	224,494	(224,494)	Nil
Gunananthan Nithyanantham (Executive Director and COO)	38,200	101,167	(101,167)	38,200
Jeremy John Figgins (Lead Independent Director)	66,231	137,331	(137,331)	66,231
Ling Hee Keat (Independent Non-Executive Director)	38,200	77,729	(77,729)	38,200
Chuah Jern Ern (Independent Non-Executive Director)	38,200	71,269	(71,269)	38,200

No participant has been granted more than 5% of the total cumulative share awards available under the PSP.

TrickleStar does not have any contractual provisions to reclaim incentive components of remuneration from Executive Directors or KMP in any circumstances. However, upon the exercise of an option or upon the vesting of shares under the PSP, the shares received by Executive Directors and KMP may be subject to a retention period or restriction of transfer as determined by the RC at its absolute discretion. Further, the RC may at its absolute discretion determine malus and/or clawback provisions to be applied to an option and/or a grant (as the case may be) upon the occurrence of an applicable malus and/or clawback event under the PSP.

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Under the terms of the CEO's Service Agreement, TrickleStar is not entitled to reclaim, in full or in part, incentive components of remuneration paid, whether in the current or previous financial years, to the CEO upon termination due to certain specified events (as disclosed in TrickleStar's Offer Document dated 3 June 2019) and no compensation or liability shall be payable or incurred by TrickleStar to the CEO for termination.

Other Benefits

Other benefits that TrickleStar provides are consistent with market practice. Eligibility for these benefits depends on individual job grade, location and scheme of service.

An annual review of the remuneration packages of all Directors is carried out by the RC to ensure that the remuneration of the Directors and KMP is commensurate with their performance, giving due consideration to the financial and commercial health and business needs of TrickleStar. For FY2021, the RC was satisfied with the Executive Directors' and KMP's remuneration packages and recommended the same for Board approval. The Board approved the recommendations.

An analysis of remuneration of Directors and the CEO for FY2021 is set out below:

Name	Fees %	Salary %	Bonus %	Benefits in Kind %	PSP %	Total %
Below SGD100,000						
Gunananthan Nithyanantham	75	–	–	–	25	100
Jeremy John Figgins	63	–	–	–	37	100
Chuah Jern Ern	72	–	–	–	28	100
Ling Hee Keat	71	–	–	–	29	100
Between SGD250,000 to SGD500,000						
Bernard Christopher Emby	11	79	–	–	10	100

Remuneration of Top 5 Key Management Personnel

Aside from the CEO, TrickleStar had only five KMP in FY2021.

Name of Key Management Personnel	Fees %	Salary %	Sales Commission	Bonus %	Benefits in Kind %	PSP %	Total %
Below SGD100,000							
S Krishnan Sinnappan	–	95	–	–	–	5	100
Ang Teck Soon	–	98	–	–	–	2	100
Yap Saw Cheng	–	96	–	–	–	4	100
Yu See Mei	–	95	–	–	–	5	100
Between SGD100,000 to SGD250,000							
Jon Alan Lanning	–	55	39	–	–	6	100

Note to tables: The Code provides that TrickleStar should fully disclose the remuneration of each individual Director and the CEO on a named basis, and the remuneration of KMP in bands no wider than SGD250,000 and in aggregate. After careful consideration, the Board is of the view that such disclosure would not be in the best

REPORT ON CORPORATE GOVERNANCE

interests of TrickleStar or its Shareholders, and that the details disclosed in the tables provides an appropriate balance between detailed disclosure and confidentiality in the sensitive area of remuneration. In arriving at its decision, the Board took into consideration the competitive business environment in which TrickleStar operates, and the negative impact such disclosure may have on TrickleStar.

Our Director, Gunananthan Nithyanantham, was as Non-Executive Director until 31 December 2021. He will be drawing a salary as of 1 January 2022 as Chief Operating Officer.

Our CEO, Bernard Christopher Emby, is a substantial shareholder of TrickleStar and his remuneration is disclosed above in the SGD250,000 to SGD500,000 band.

During FY2021, no other employees were substantial shareholders of TrickleStar, or are immediate family members of a Director, the CEO or a substantial shareholder of TrickleStar.

All remuneration paid by TrickleStar to its Directors and KMP have been disclosed in this Report. During FY2021, there were no termination, retirement or post-employment benefits granted to Directors, the CEO or other KMP.

Details of TrickleStar's PSP and ESOS are set out in the Directors' Statement in this Annual Report.

(C) ACCOUNTABILITY AND AUDIT RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9. *The board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

The Board recognises the importance of risk management, that it is responsible for the governance of risk and for ensuring that Management maintains a sound system of risk management and internal controls, to safeguard the interests of TrickleStar and its shareholders.

The Board oversees the risk management framework and policies, and endeavours to ensure that Management maintains a sound system of risk management and internal controls. In doing this, the Board determines the nature and extent of the significant risks that TrickleStar is willing to take in achieving its strategic objectives and value creation.

Risk management in TrickleStar is intended to be a continuous process which becomes incorporated into planning, approval, execution, monitoring, review, and reporting systems. The approach to risk management is top-down as well as bottom-up, to ensure the strategic, business, operational, financial, reporting, compliance and information technology risk exposures are identified and appropriately managed.

The Board has not established a separate Risk Board Committee since it believes that the size and complexity of TrickleStar's operations does not yet merit this. The AC is tasked to assist the Board in risk governance. AC monitors TrickleStar's risks through an integrated approach of enterprise risk management, internal controls, and assurance systems.

In FY2021, AC reviewed the risk registers of each department half-yearly and recorded the risks and risk mitigation at meeting minutes.

Risk registers, where business units are required to try to identify the key risks faced by their unit and to contribute to identifying risks faced by TrickleStar on an enterprise-wide level, have been established. The risk registers

REPORT ON CORPORATE GOVERNANCE

rate risks to identify the tolerance level for various classes of risk and to determine the likelihood of it occurring. The internal controls and strategy to mitigate a potential risk, such as risks relating to information technology, disruption, and cyber security risks, are also recorded and tracked in the risk registers. A Business Continuity Plan that outlines the potential disaster scenarios that may have a material adverse impact on the business operations as well as the mitigating recovery process supported by information technology disaster recovery plan, remains to be prepared. The timeframe for the formalising of a Business Continuity Plan will depend on the amount of time that Management has available to devote to the matter.

The work on the risk registers in FY2021 has given a platform for TrickleStar to have a structured and systematic approach to risk management, with aims to mitigate exposures through strategies and internal controls. The registers are reviewed bi-annually by Management and any changes are highlighted to AC for consideration and then for reporting to the Board. Management may mitigate risk on a basis that some residual risk is acceptable, given the operational nature of the business. A heat map of risk is generated from the findings. The CEO and the internal auditor (“IA”) both concur with the findings.

It is AC’s intent to establish an organisational philosophy and culture that ensures that effective risk management is an integral part of its activities and a core Management capability. The Board believes that TrickleStar’s response to principal risks in FY2021 – the continuing COVID-19 crisis, component supply shortages, shipping costs and other logistics issues – demonstrates that Management has developed a sound grasp of risk and mitigation methods.

Internal Controls

The IA and our CFO (acting as Risk Manager) validate the internal controls and risk treatment plans respectively for each of the key risks while the external auditors (“EA”) highlight any material internal control weaknesses that come to their attention in the course of their audit. The findings of the IA and EA are brought up to the AC, and in turn are highlighted to the Board.

The key internal controls of TrickleStar include:

- a. the risk registers;
- b. policies, standard operating procedures, approval limits for financial and operational matters, and rules relating to the delegation of authority;
- c. accounting records and monthly reporting;
- d. compliance with appropriate legislation and regulations; and
- e. qualified and experienced persons to take charge of important functions.

The Board has obtained a written assurance from the Executive Chairman and CEO and the CFO that, as at 31 December 2021, to the best of their knowledge the financial records of TrickleStar and its subsidiaries have been properly maintained and the financial statements for FY2021 give a true and fair view of TrickleStar’s operations and finances. The Board has also received assurance from the CEO and other key management that TrickleStar’s risk management and internal control systems were adequate and effective as at 31 December 2021.

Having regard to the reviews carried out by the AC, findings raised by IA and EA and assurance from Management, the Board, with the concurrence of the AC, is of the opinion that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective. As recommended by the SGX-ST, the opinion of the Board pursuant to Rule 1204(10) of the Catalist Rules is also set out in the Directors’ Statement of this Annual Report. During FY2021, there were no material weaknesses identified in TrickleStar’s internal controls or risk management systems.

REPORT ON CORPORATE GOVERNANCE

The Board notes that the internal controls and risk management systems provide reasonable, but not absolute, assurance that TrickleStar will not be affected by any event that could be foreseen as it strives to achieve its business objectives. In this regard, the Board recognises that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, not absolute, assurance against material misstatement or loss. The review of TrickleStar's internal control systems is a concerted and continuing process.

AUDIT COMMITTEE

Principle 10. *The Board has an Audit Committee which discharges its duties objectively.*

The AC is regulated by a set of written terms of reference.

The composition of the AC is:

- Jeremy John Figgins (*Chair*);
- Ling Hee Keat; and
- Chuah Jern Ern.

(Note: Mr Gunananthan Nithyanantham was a member of the AC during FY 2021 and resigned when he became an Executive Director on 1 January 2022, being replaced by Mr Chuah Jern Ern).

The AC meets at least twice a year (all TrickleStar's Board Committees currently meet monthly) and as and when deemed appropriate to carry out its functions.

The AC has explicit authority to investigate any matter within its terms of reference, has and has had full cooperation from, and access to, Management. It has direct access to the internal and external auditors and full discretion to invite any Director or KMP to attend its meetings. It has resources to enable it to discharge its functions. It also has the authority to review its terms of reference and its own effectiveness annually and recommend necessary changes to the Board.

The duties of the AC include:

- (a) reviewing the significant financial reporting issues and judgements and how these issues were addressed, so as to ensure the integrity of the financial statements of TrickleStar and any announcements relating to TrickleStar's financial performance;
- (b) reviewing at least annually the adequacy and effectiveness of TrickleStar's internal controls and risk management systems;
- (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;
- (d) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- (e) making recommendations to the Board on: (i) the proposals to shareholders on the appointment and removal of EA; and (ii) the remuneration and terms of engagement of the EA;
- (f) reviewing, at least annually, the adequacy, effectiveness, independence, scope and results of the external audit and TrickleStar's internal audit function;
- (g) approving the hiring, removal and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

REPORT ON CORPORATE GOVERNANCE

- (h) reviewing the audit plan, scope of work and audit report, the EA's evaluation of the system of internal accounting controls, fees paid to the EA and reviewing the co-operation extended by Management to the EA;
- (i) appraising the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;
- (j) governance of risk management and reporting;
- (k) reviewing any interested person transactions and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with TrickleStar's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interests to ensure that proper measures to mitigate conflicts of interests have been put in place;
- (l) reviewing at regular intervals with Management the implementation by TrickleStar of the internal control recommendations made by the internal and external auditors;
- (m) undertake responsibility for oversight, monitoring and considering any whistleblowing matters; and
- (n) undertaking such other reviews and projects as may be requested by the Board.

The AC keeps Directors informed on a regular basis of how it is discharging its responsibilities and has informed the Board that it has been able to discharge its duties independently.

Whistleblowing

TrickleStar has put in place a whistleblowing policy which sets out the procedures for a whistleblower to make a report on misconduct or wrongdoing relating to TrickleStar and its officers. TrickleStar publicly discloses through its website, and clearly communicates to employees, the existence of the whistleblowing policy, which contains:

- (a) procedures for raising such concerns;
- (b) clear channels through which staff and other persons may, in confidence, raise their concerns about possible improprieties, fraudulent activities or malpractices within TrickleStar in a responsible and effective manner;
- (c) the arrangements and processes that are in place to facilitate independent investigation of such concerns and for appropriate follow-up action;
- (d) confidentiality clauses that protect identification of the whistleblower; and
- (e) protection to whistleblower against any detrimental and unfair treatment.

The email of the Lead Independent Director, where concerns can be raised by a whistleblower is: jeremy.figgins@tricklestar.com.

There was one whistleblowing report received in FY2021 when an applicant to become a supplier to TrickleStar indicated that they were prepared to pay cash kickbacks in return for contract awards. The applicant was immediately blacklisted.

Composition of AC

The AC comprises three Directors, all of whom including the Chair are Non-Executive Directors. All members are Independent. The Board is of the view that all AC members are appropriately qualified, having the necessary recent and relevant accounting and/or related financial management expertise, to discharge their responsibilities. A description of the experience of the Directors of the AC is set out in the section "Board of Directors" in this Annual Report.

No member of the AC is a former partner or director of TrickleStar's existing auditing firm nor does any of them have any financial interest in the auditing firm.

REPORT ON CORPORATE GOVERNANCE

Internal Audit

The AC makes recommendations to the Board on the internal audit function to ensure that it is adequate, effective and independent. The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all TrickleStar's documents, records, properties and personnel, including the AC, and has appropriate standing within TrickleStar.

Part of the role of the IA is to support the AC in ensuring that TrickleStar maintains a sound system of risk management and internal controls by monitoring and assessing the adequacy and effectiveness of key controls and procedures, conducting in-depth audits of identified areas and undertaking investigations as directed by the AC.

The internal audit function is performed by GovernAce Advisory & Solutions Pte. Ltd., a specialist in, among other things, internal audit with offices in Singapore and Malaysia. The IA is adequately resourced and staffed with persons with the relevant qualifications and experience and complies with the standards set by the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors, an internationally-recognised professional body. For FY2021, the AC is satisfied that GovernAce Advisory & Solutions Pte. Ltd. was independent, effective and adequately resourced. The outsourced internal audit team is headed by Mr. Ryan Chong ("Mr. Chong"), who has more than 15 years of experience in audit and advisory services. Mr. Chong holds a Bachelor of Commerce (Accounting & Taxation) Degree from Curtin University of Technology, Perth, Western Australia and is a Chartered Accountant of CPA Australia, Asean CPA and a Certified Internal Auditor of the Institute of Internal Auditors Inc. ("IIA") The AC will review the adequacy and effectiveness of the internal audit function annually to ensure that it is sufficiently resourced and is able to perform its function effectively and objectively.

In FY2021, the AC met separately with the EA and the IA, in each case without the presence of Management. During its meetings, no matters of concern over Management's interaction or responsiveness were reported.

External Auditor

In FY2021, the EA provided TrickleStar with non-audit services amounting to S\$4,980. Audit fees for FY2021, amounting to S\$92,370 were approved.

The external auditors confirmed their independence and TrickleStar confirms that:

- (a) TrickleStar has complied with Rule 712 of the Catalist Rules in relation to the appointment of a suitable auditing firm to meet its audit obligations. Paul Wan & Co, the appointed auditors of TrickleStar, is registered with the Accounting and Corporate Regulatory Authority in Singapore; and
- (b) TrickleStar has complied with Rule 715 of the Catalist Rules in relation to the appointment of the same auditing firm based in Singapore to audit its accounts, and a suitable auditing firm for its significant foreign- incorporated subsidiaries. The auditors of TrickleStar's subsidiaries are disclosed in the Notes to the Financial Statements.

Together with the audit engagement partner and his team assigned to the audit of TrickleStar, the AC was satisfied that the resources and experience of Paul Wan & Co, the audit engagement partner and his team assigned to the audit were adequate to meet their audit obligations, given the size, nature, operations and complexity of TrickleStar. Therefore AC, with the concurrence of the Board, has recommended the re-appointment of Paul Wan & Co. as external auditors for FY2022 at the forthcoming AGM.

REPORT ON CORPORATE GOVERNANCE

The EA and the CFO kept the AC abreast of any changes to applicable accounting standards and issues that have a direct impact on financial statements through updates and/or reports from time to time. In addition, the AC is entitled to seek clarification from Management, the EA and/or independent professional advice, or attend relevant seminars and/or informative talks at TrickleStar's expense from time to time to apprise themselves of accounting standards/financial updates.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11. *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

TrickleStar provides timely, regular and relevant information regarding TrickleStar's strategy, performance and prospects to aid shareholders and investors in their investment decisions. TrickleStar does not practice selective disclosure, and in the event of any inadvertent disclosure is made to a select group, TrickleStar will make the same disclosure publicly to all others as promptly as possible.

Information is communicated to shareholders on a timely basis. Communication may be made through:

- (a) annual reports or circulars that are prepared and issued to all shareholders;
- (b) half yearly and full year results announcements, containing a summary of the financial information and affairs of TrickleStar for the period reported on;
- (c) notices and explanatory notes of the AGM and any Extraordinary General Meeting ("**EGM**"); and
- (d) other announcements and press releases that are announced via SGXNET.

TrickleStar provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

Currently, the Board has not implemented any voting methods to allow shareholders to vote by way of electronic mail or facsimile.

General meetings are the principal forum for dialogue with shareholders. Shareholders are encouraged to attend the general meetings to ensure a high level of accountability and to stay informed of TrickleStar's strategy and goals. For FY2021, TrickleStar's AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"). Printed copies of the Notice of AGM ("**Notice**") will not be sent to members. Instead, the Notice will be sent to members by electronic means via publication on the Company's website at the URL <https://www.tricklestar.com/investors.html>. The Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements?value=TRICKLESTAR%20LIMITED&type=company>. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Company in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are all informed to members in advance at <https://complete-corp.com/tricklestar-agm/>.

REPORT ON CORPORATE GOVERNANCE

At general meetings, shareholders are informed of the rules, including voting procedures, that govern general meetings and are also given the opportunity to share and communicate their views and seek clarification with the Board on issues relating to TrickleStar's performance either formally at, or informally after, the meeting.

To facilitate shareholders' participation at general meetings, TrickleStar provides detailed information to shareholders in reports and circulars. Notices of general meetings, which clearly set out the resolutions to be tabled to shareholders for approval are sent, together with proxy forms, to all shareholders by post, published in a local newspaper and announced via SGXNET at least fourteen days before the meeting for ordinary resolutions and twenty-one days before the meeting for special resolutions.

Prior to the Order, general meetings are held at a venue easily accessible by shareholders. A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act 1967), is entitled to appoint one or two proxies to attend and vote at the AGM. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. The duly completed and signed proxy forms are required to be submitted to TrickleStar's Share Registrar's address 72 hours before the general meeting.

TrickleStar conducts voting in general meetings by poll where shareholders are accorded rights proportionate to their shareholding and all votes are counted. An announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be released via the SGXNET after the meeting. The Board believes that this will enhance transparency of the voting process and encourage greater shareholder participation.

TrickleStar tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", TrickleStar will explain the reasons and material implications in the notice of meeting. No such resolutions were tabled in FY2021.

All Directors strive to attend general meetings of shareholders and the EA will also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. All Directors' serving at the time of the meetings attended such meetings that were held during FY2021 either by electronic communication or in person.

TrickleStar's Constitution allows for absentia voting at general meetings of shareholders.

TrickleStar currently has one class of shares in issue being ordinary shares, which carry one vote for one share held.

When general meetings of shareholders take place, the minutes of such meetings are published on its corporate website as soon as practicable. For FY2021, in complying with the requirements stipulated in the First Schedule of the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 and the Order, the Company will publish the minutes of the AGM to be held on 25 March 2022 on SGXNET within one month after the AGM. The minutes will include disclosure of the names of the Directors, Management and, where relevant, the external auditor and advisors who attended the meetings, as well as details of the substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting and responses from the Board and Management.

REPORT ON CORPORATE GOVERNANCE

TrickleStar is committed to a dividend pay-out ratio of not less than 50% of its Group consolidated net profit after tax, excluding non-controlling interests and non-recurring, one-off and exceptional items, whether as an annual dividend or an interim dividend.

The form, frequency and amount of future dividends on our Shares will depend on the factors set out below and other factors which the Directors may deem appropriate:

- (a) earnings, including retained earnings;
- (b) cash flow;
- (c) general business and financial positions;
- (d) working capital requirements;
- (e) actual and projected financial performance; and
- (f) expansion plans and projected capital expenditure.

In addition, it is to be noted that TrickleStar is a holding company and depends on the receipt of dividends and other distributions from subsidiaries to pay dividends on its Shares.

An interim dividend was paid in August 2021 for FY2021. No final dividend has been recommended for FY2021.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12. *TrickleStar communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting TrickleStar.*

TrickleStar believes in providing sufficient and regular information to its shareholders on the development of TrickleStar's business and financial performance that could materially affect the price or value of TrickleStar's shares.

TrickleStar publicly releases all price-sensitive information and keeps disclosure of price sensitive information out of discussions in any meetings with individual analysts or investors. Shareholders are invited to comment on any aspect of TrickleStar's business at TrickleStar's AGM and in informal discussions with its Directors and Management after the AGM.

TrickleStar has adopted an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

The investor relations policy explains that TrickleStar may respond to shareholders with questions who contact **Tricor Barbinder Share Registration Services**, 80 Robinson Road, #02-00, Singapore 068898 (Contact Number: +65-62363333 Email: info@sg.tricorglobal.com)

REPORT ON CORPORATE GOVERNANCE

MANAGING STAKEHOLDERS RELATIONSHIPS ENGAGEMENT WITH STAKEHOLDERS

Principle 13. *The company adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

TrickleStar published its first Sustainability Report on 20 October 2021, in respect of 2020, following its first full financial year of listing. Our second Sustainability Report is contained in this Annual Report. TrickleStar believes that it is well aware of its stakeholders' expectations and works hard to be, and to be seen as, a responsible corporate citizen in respect of environmental, social and governance factors.

Management has identified its material stakeholders and the CEO has approved arrangements to engage with them and how TrickleStar should manage these relationships. A schedule of Stakeholders, methods by which TrickleStar will engage each of them and the frequency of contact intended, will be reviewed at least annually by Management and reported to the Board. For FY2021, the Board has noted a schedule, prepared by Management, of main stakeholder groups and engagement practices.

With only 21 employees in total in TrickleStar at the end of FY2021, our strategy is to use Management's time in its most effective way when we maintain stakeholder relationships. Therefore, as a young, dynamic and growing company, our key area of focus for stakeholder relationships necessarily focuses around TrickleStar's business, with greater emphasis placed on the main companies and people who we regard as our closest business partners.

We maintain contacts with our suppliers, distributors and contract manufacturers by attending business events and through direct side meetings. The site meetings take place as and when required and at least once annually. We engage with our creditors as and when required by email, social media and our website. With our low headcount, we maintain close relationships with all employees.

Government agencies, users of TrickleStar products and shareholders all require Management's time and it is available to these stakeholders as and when required.

TrickleStar maintains a current corporate website to communicate and engage with stakeholders at <https://www.tricklestar.com>. On the website, stakeholders can find explanations about our products, our history, how to link to information posted on the SGXNET in relation to our organisation, details of our financial results and our IPO Information Memorandum.

REPORT ON CORPORATE GOVERNANCE

MISCELLANEOUS INFORMATION AND ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(5) OF THE CATALIST RULES ON DIRECTORS SEEKING FOR RE-ELECTION

The following information on Mr Ling Hee Keat and Mr. Chuah Jern Ern, both of whom are seeking re-election as Directors at the upcoming AGM, is to be read in conjunction with their respective biographies in this Annual Report.

Name of Person	Ling Hee Keat	Chuah Jern Ern
Date of Appointment	28 March 2019	28 March 2019
Date of last re-appointment (if applicable)	26 March 2020	26 March 2020
Age	50	51
Country of principle of residence	Malaysia	Malaysia
The Board's comments on this appointment (In the Company's case, the Board's comments on this re-election)	<p>The NC, having considered the attendance and participation of the Director at Board meetings, in particular, Mr. Ling's contributions to the Company as well as Board processes, has recommended to the Board the re-election of Mr. Ling who will be retiring pursuant to Regulation 89 of the Company's Constitution at the forthcoming AGM.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr. Ling has abstained from voting on any resolution and making any recommendation and/or participating in respect of his own re-election.</p>	<p>The NC, having considered the attendance and participation of the Director at Board and Board Committees' meetings, in particular, Mr. Chuah's contributions to the Company as well as Board processes, has recommended to the Board the re-election of Mr. Chuah who will be retiring pursuant to Regulation 89 of the Company's Constitution at the forthcoming AGM.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr. Chuah abstained from voting on any resolution and making any recommendation and/or participating in respect of his own re-election.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc)	Chairman of the Remuneration Committee and Member of the Audit Committee and Nominating Committee	Chairman of the Nominating Committee and Member of the Remuneration Committee and Audit Committee

REPORT ON CORPORATE GOVERNANCE

Name of Person	Ling Hee Keat	Chuah Jern Ern
Professional qualifications	Please refer to the Director's biography in the section headed "Board of Directors" in this Annual Report.	
Working experience and occupation(s) during the past 10 years		
Shareholding interest in the listed issuer and its subsidiaries?	Direct interest of 1,860,229 shares in TrickleStar and Deemed interest in 2,073,893 shares held by his spouse, Yong Su Lin. Direct interest in 38,200 unissued shares pursuant to Awards under PSP, which shares are due to vest in June 2022.	Direct interest of 1,010,269 shares in TrickleStar and Deemed interest in 436,818 shares held by his spouse, Ng Mae Lin. Direct interest in 38,200 unissued shares pursuant to Awards under PSP, which shares are due to vest in June 2022.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or any its principal subsidiaries.	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer – Yes/No	Yes	Yes
Other Principal Commitments	Nil	Nil
Past (for the last 5 years)	Nil	1. Advanz Fidelis IP Sdn Bhd
Other Present Directorship	<ol style="list-style-type: none"> 1. TrickleStar (M) Sdn Bhd (MY) 2. Maxdotcom Sdn Bhd 3. Nuswarna Development Sdn Bhd 4. Armada Marketing Sdn Bhd 5. Perfect Peak Sdn Bhd – Alternate Director 6. Iris Corporation Berhad – Independent Non-Executive Director 	<ol style="list-style-type: none"> 1. TrickleStar (M) Sdn Bhd (MY) 2. Priority Communication PR Sdn Bhd 3. Affinity Alliance Sdn Bhd 4. The Five-A Alliance Limited 5. Imaginaria Innovations Sdn Bhd 6. Folsys Sdn Bhd (voluntary winding up in progress) 7. Fusionfort Sdn Bhd (formerly known as Advanz Fidelis Sdn Bhd) (voluntary winding up in progress)

REPORT ON CORPORATE GOVERNANCE

Name of Person	Ling Hee Keat	Chuah Jern Ern
Disclosure applicable to appointment of Director only		
<p>Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)</p>	<p>Mr Ling does not have prior experience as a director of public listed companies in Singapore. However, he has attended the relevant training at the Singapore Institute of Directors to familiarise himself with the roles and responsibilities of a director of a public listed company in Singapore.</p>	<p>Mr Chuah does not have prior experience as a director of public listed companies in Singapore. However, he has attended the relevant training at the Singapore Institute of Directors to familiarise himself with the roles and responsibilities of a director of a public listed company in Singapore.</p>
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years form from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

REPORT ON CORPORATE GOVERNANCE

Name of Person	Ling Hee Keat	Chuah Jern Ern
(c) Whether there is any unsatisfied judgement against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such propose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities of future industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

REPORT ON CORPORATE GOVERNANCE

Name of Person	Ling Hee Keat	Chuah Jern Ern
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No

REPORT ON CORPORATE GOVERNANCE

Name of Person	Ling Hee Keat	Chuah Jern Ern
(iii) any business trust which has been investigated for a breach of any law or regulation requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Material Contracts

There were no material contracts entered into by the Group involving the interest of the CEO, or any Director or controlling shareholder of the Company, either subsisting at the end of the financial year, or if not then subsisting, entered into since the end of the previous financial year.

Dealing in Securities

In line with Rule 1204(19) of the Catalist Rules, TrickleStar has adopted a compliance code to issue a notification to all Directors, key executives and officers of TrickleStar that they are not allowed to deal in TrickleStar's securities during the "black-out" period, being one month before the announcement of TrickleStar's half-yearly and full-year results respectively, or if they are in possession of unpublished price-sensitive information of TrickleStar.

REPORT ON CORPORATE GOVERNANCE

In addition, Directors, key executives and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in TrickleStar's securities on short-term considerations.

The Board confirms that for FY2021, TrickleStar has complied with Rule 1204(19) of the Catalist Rules.

Interested Person Transactions (IPT)

TrickleStar has adopted an internal policy governing procedure for the identification, approval and monitoring of IPTs. All IPTs are subject to review by the AC at its meetings. There were no IPTs between TrickleStar and any of its interested persons during FY2021 that exceeded SGD100,000. TrickleStar does not have a general mandate for IPTs.

Non-Sponsor Fees

PrimePartners Corporate Finance Pte. Ltd. became the continuing sponsor of TrickleStar following the listing on the SGX-ST on 18 June 2019. For FY2021, there were no non-sponsor fees paid/payable to Corporate Finance Pte. Ltd..

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Directors present their statement to the members together with the audited financial statements of TrickleStar Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021.

1. Opinion of the directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company, as set out on pages 70 to 129, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended; 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.

2. Directors

The Directors of the Company in office at the date of this statement are:

Bernard Christopher Emby
Gunananthan Nithyanantham
Jeremy John Figgins
Ling Hee Keat
Chuah Jern Ern

3. Arrangement to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of the Company or any other body corporate, other than as disclosed under "Performance shares" in this statement.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the Directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
Company				
(Number of ordinary shares)				
Bernard Christopher Emby	10,838,300	18,080,699	38,215,495	23,420,097
Gunananthan Nithyanantham	1,360,211	4,643,578	38,215,495	–
Jeremy John Figgins	85,576	137,331	–	–
Chuah Jern Ern	981,988	1,010,269	84,077	436,818
Ling Hee Keat	1,829,377	1,860,229	1,625,491	2,073,893
Ultimate holding company				
(Number of ordinary shares)				
Bernard Christopher Emby	8,240,080	8,240,080	–	–
Gunananthan Nithyanantham	3,746,343	2,917,343	–	–

By virtue of Section 7 of the Act, Mr Bernard Christopher Emby is deemed to have an interest in all related corporations of the Company as at 31 December 2021. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2022 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2021.

5. Share options

The TrickleStar Employee Share Option Scheme ("ESOS") was adopted and approved by the shareholders at an Extraordinary General Meeting of the Company held on 17 May 2019. The ESOS is administered by the Remuneration Committee, comprising Mr Ling Hee Keat, Mr Jeremy John Figgins and Mr Chuah Jern Ern (Mr Jeremy John Figgins replaced Mr Gunananthan Nithyanantham as a member of the Committee on 1 January 2022).

The aggregate number of shares over which the Remuneration Committee may grant options under the ESOS, when aggregated with the number of shares over which options or awards are granted under any other share option schemes or share plans of the Company, shall not exceed 15% of the total number of all issued shares (excluding shares held by the Company as treasury shares and subsidiaries in the Company) from time to time.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. Share options (Continued)

The exercise price for each share in respect of which an option is exercisable shall be determined by the Remuneration Committee at its absolute discretion, and shall be fixed by the Remuneration Committee at (a) the market price or (b) set at a discount to a price the market price the quantum of such discount to be determined by the Remuneration Committee at its absolute discretion subject to a maximum discount of 20% of the market price in respect of that option and shall be approved by shareholders.

The market price equals to the average of the last dealt prices for the ordinary shares on the SGXST for the 5 consecutive trading days immediately preceding the date on which the options are granted, as determined by the Remuneration Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices.

Options granted with the exercise price set at market price shall only be exercisable after the first anniversary of the date of grant and expire on the tenth anniversary of such date of grant.

Options granted with the exercise price set at a discount to market price shall only be exercisable after the second anniversary of the date of grant and expire on the tenth anniversary of such date of grant.

There were no share options granted by the Company or its subsidiaries during the financial year, other than as disclosed under "Performance shares" in this statement.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries, other than as disclosed under "Performance shares" in this statement.

There were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.

6. Performance shares

The Company has implemented an employee share award scheme known as the "TrickleStar Performance Share Plan" (the "Plan"), whereby participants are conferred with the rights to be issued free shares. The Plan was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 17 May 2019. The Plan is administered by the Remuneration Committee, comprising Mr Ling Hee Keat, Mr Jeremy John Figgins and Mr Chuah Jern Ern. The Plan is designed primarily to reward and retain Executive and Non-Executive Directors and employees, whose services are vital to the growth and performance of the Group. Under the rules of the Plan, Executive and Non-Executive Directors and employees of the Group are eligible to participate in the Plan. The controlling shareholders are eligible to participate in the scheme and share awards ("Awards") granted are subject to the approval of shareholders in general meeting.

On 26 February 2021, the Company granted 458,932 Awards to employees and Directors of the Group. On 26 March 2021, 119,346 Awards were granted to Directors who were also the controlling shareholders of the Company. The 119,346 Awards were approved and adopted by the shareholders at the Annual General Meeting held on 26 March 2021.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. Performance shares (Continued)

The number of outstanding share awards under the Plan are as follows:

	Balance at beginning of financial year	Grant during the financial year	Exercised during the financial year	Forfeited during the financial year	Balance at end of financial year
Date of grant					
9 December 2019	149,146	–	(74,573)	–	74,573
26 February 2021	–	458,932	(232,742)	(129,186)	97,004
26 March 2021	–	119,346	(119,346)	–	–

No employee or employee of related corporations has received more than 5% of the cumulative share awards available under the Plan.

The information on Directors of the Company participating in the Plan is as follows:

	Share awards granted during financial year	Aggregate share awards granted since commencement of the Plan to end of financial year	Aggregate share awards exercised since commencement of the Plan to the end of the financial year	Aggregate share awards outstanding as at end of financial year
Name of Directors				
Bernard Christopher Emby	88,494	224,494	(224,494)	–
Gunananthan Nithyanantham	30,852	101,167	(101,167)	–
Jeremy John Figgins	51,755	137,331	(137,331)	–
Ling Hee Keat	30,852	77,729	(77,729)	–
Chuah Jern Ern	28,281	71,269	(71,269)	–

7. Audit committee

The Audit Committee at the date of this statement comprises the following members, all of whom are Independent Directors:

Jeremy John Figgins (Chairman)
Chuah Jern Ern
Ling Hee Keat

The Audit Committee has carried out its functions in accordance with Section 201B(5) of the Act, including reviewing the following, where relevant, with the Executive Directors and external auditor and internal auditor of the Company:

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. Audit committee (Continued)

- (a) the audit plan of the internal auditor and the results of the auditor's examination and evaluation of the Group's systems of internal accounting controls;
- (b) reviewed the audit plan and results of the external audit, independence and objectivity of the external auditor and any recommendations of internal accounting controls arising from the statutory audit;
- (c) the Company's and the Group's financial and operating results and accounting policies;
- (d) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company and external auditor's report on those financial statements before their submission to the Directors of the Company;
- (e) the half-yearly and full-year result announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (f) the co-operation and assistance given by management to the Company's internal and external auditor;
- (g) the re-appointment of external auditor of the Company; and
- (h) the Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the auditor and is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The Audit Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditor have unrestricted access to the Audit Committee.

8. Independent auditor

The independent auditor, Paul Wan & Co, has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

Bernard Christopher Emby
Director

28 February 2022

Gunananthan Nithyanantham
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRICKLESTAR LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TrickleStar Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 70 to 129, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

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 are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current period. 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRICKLESTAR LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<i>Refer to Note 3.2 and Note 7 to the financial statements</i>	
<p>Valuation of inventories</p> <p>As at 31 December 2021, the carrying amount of the Group's inventories amounted to approximately US\$2,847,000, net of inventories write-down of approximately US\$533,000 made during the financial year.</p> <p>As the general market conditions continue to be challenging and competitive due to rapid advancements in information technology and pricing competition, there is a risk that the Group's inventories may become slow-moving or obsolete due to no market demand.</p> <p>We determined this area to be a key audit matter due to the significance of inventories to the Group's financial statements and significant judgement in assessing the market positioning of the Group's products, which are dependent on factors such as current market condition, historical sales experience, customer specification requirements, demand levels and price competition in response to the industry life cycles.</p>	<p>Audit response</p> <p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • Observed year-end inventory count on sampling basis; • Assessed Group's inventory write-down policy in accordance with SFRS(I) 1 – 2 <i>Inventories</i>; • Discussed and evaluated the basis used by management in assessing allowance for inventories, including testing the accuracy of the aging data on sampling basis; • Reviewed management's assessment on net realisable value of inventories on sampling basis, and checked inventories are stated at the lower of cost and net realisable value; and • Assessed adequacy of the related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRICKLESTAR LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Refer to Note 3.2 and Note 5 to the financial statements</i></p>	
<p>Impairment loss on intangible assets</p> <p>As at 31 December 2021, the Group's carrying amount of intangible assets amounted to approximately US\$358,000, net of impairment loss of approximately US\$1,497,000 made during the financial year.</p> <p>The Group has performed an impairment assessment and measured the recoverable amount of the intangible assets based on value in use approach in accordance with SFRS(I) 1-36 <i>Impairment of Assets</i>. This process requires estimating future cash flows based on management's view of future business prospects with consideration of the impact of Covid-19 on the future cash flows and forecast of revenue growth, profit margin and discount rate.</p> <p>We determined this area to be a key audit matter due to the significance of intangible assets to the Group's financial statements and significant estimates and assumptions involved in management's determination of the value in use.</p>	<p>Audit response</p> <p>We performed the following audit procedures, amongst others:</p> <ul style="list-style-type: none"> • Assessed management's determination as to whether there is an indication of impairment of intangible assets in accordance with SFRS(I) 1-36 <i>Impairment of Assets</i>; • Evaluated the key assumptions use in impairment assessment by: <ul style="list-style-type: none"> • Assessed the revenue growth rate and gross profit margin against historical performance; • Assessed the sensitivity of the key estimates on the impairment assessment, based on reasonably possible changes in the key estimates; and • Assessed adequacy of the related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRICKLESTAR LIMITED

Report on the Audit of the Financial Statements (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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 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.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRICKLESTAR LIMITED

Report on the Audit of the Financial Statements (Continued)

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

- 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.

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 the subsidiary incorporated in Singapore of which we are the auditor 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 Cheah Jun Liang Kelvin.

PAUL WAN & CO
Public Accountants and
Chartered Accountants

Singapore
28 February 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 US\$	2020 US\$	2021 US\$	2020 US\$
Assets					
Non-current assets					
Property, plant and equipment	4	126,423	148,949	–	–
Intangible assets	5	358,007	938,550	–	–
Investment in subsidiaries	6	–	–	6,410,291	6,286,017
		484,430	1,087,499	6,410,291	6,286,017
Current assets					
Inventories	7	2,846,695	4,474,005	–	–
Trade and other receivables	8	2,642,887	2,215,083	289,794	148,437
Cash and bank balances	9	3,131,108	3,671,880	1,651,724	1,684,087
		8,620,690	10,360,968	1,941,518	1,832,524
Total assets		9,105,120	11,448,467	8,351,809	8,118,541
Equity and liabilities					
Equity					
Share capital	10	7,417,635	7,304,838	7,417,635	7,304,838
Merger reserve	11	(111,376)	(111,376)	–	–
Share grant reserve	12	32,480	21,003	32,480	21,003
Foreign currency translation reserve	13	(37,467)	26,946	–	–
(Accumulated losses)/Retained earnings		(2,238,395)	648,073	870,550	484,082
		5,062,877	7,889,484	8,320,665	7,809,923
Non-current liabilities					
Deferred tax liabilities	14	575,595	57,620	–	–
Lease liabilities	15	–	52,585	–	–
		575,595	110,205	–	–
Current liabilities					
Trade and other payables	16	2,903,172	3,375,017	31,144	287,099
Lease liabilities	15	57,175	38,489	–	–
Provision		5,201	13,014	–	–
Borrowing	17	500,000	–	–	–
Income tax liabilities		1,100	22,258	–	21,519
		3,466,648	3,448,778	31,144	308,618
Total liabilities		4,042,243	3,558,983	31,144	308,618
Total equity and liabilities		9,105,120	11,448,467	8,351,809	8,118,541

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group	
	Note	2021 US\$	2020 US\$
Revenue	18	11,288,146	12,850,046
Cost of sales		<u>(9,492,032)</u>	<u>(9,646,344)</u>
Gross profit		1,796,114	3,203,702
Other income	19	568,749	70,660
Selling and distribution expenses		(891,105)	(881,718)
Administrative expenses		(3,334,003)	(1,719,230)
Finance costs	20	<u>(14,076)</u>	<u>(4,819)</u>
(Loss)/Profit before tax	21	(1,874,321)	668,595
Income tax (expense)/credit	22	<u>(519,491)</u>	<u>44,086</u>
(Loss)/Profit for the year attributable to owners of the Company		<u>(2,393,812)</u>	<u>712,681</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(64,413)	8,695
Other comprehensive income for the financial year, net of tax		<u>(64,413)</u>	<u>8,695</u>
Total comprehensive income for the financial year attributable to owners of the Company		<u>(2,458,225)</u>	<u>721,376</u>
(Loss)/Earnings per share attributable to owners of the Company (cents)			
Basic and diluted (cents)	23	<u>(2.90)</u>	<u>0.87</u>

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Share capital US\$	Merger reserve US\$	Share grant reserve US\$	Foreign currency translation reserve US\$	(Accumulated losses)/ Retained earnings US\$	Total equity US\$
Balance at 1 January 2021		7,304,838	(111,376)	21,003	26,946	648,073	7,889,484
Loss for the year		-	-	-	-	(2,393,812)	(2,393,812)
<i>Other comprehensive income for the financial year</i>							
Exchange differences on translating foreign operations		-	-	-	(64,413)	-	(64,413)
Total comprehensive income for the financial year		-	-	-	(64,413)	(2,393,812)	(2,458,225)
Performance shares issued	10	112,797	-	(112,797)	-	-	-
Performance share plan expenses	12	-	-	124,274	-	-	124,274
Dividends	24	-	-	-	-	(492,656)	(492,656)
Total transactions with owners, recognised directly in equity		112,797	-	11,477	-	(492,656)	(368,382)
Balance at 31 December 2021		7,417,635	(111,376)	32,480	(37,467)	(2,238,395)	(5,062,877)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Share capital US\$	Merger reserve US\$	Share grant reserve US\$	Foreign currency translation reserve US\$	(Accumulated losses)/ Retained earnings US\$	Total equity US\$
Balance at 1 January 2020		7,191,788	(111,376)	7,685	18,251	(64,608)	7,041,740
Profit for the year		–	–	–	–	712,681	712,681
Other comprehensive income for the financial year							
Exchange differences on translating foreign operations		–	–	–	8,695	–	8,695
Total comprehensive income for the financial year		–	–	–	8,695	712,681	721,376
Performance share issued	10	113,050	–	(113,050)	–	–	–
Performance share plan expenses	12	–	–	126,368	–	–	126,368
Total transactions with owners, recognised directly in equity		113,050	–	13,318	–	–	126,368
Balance at 31 December 2020		7,304,838	(111,376)	21,003	26,946	648,073	7,889,484

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Note	Share capital US\$	Share grant reserve US\$	(Accumulated losses)/ Retained earnings US\$	Total equity US\$
Balance at 1 January 2021		7,304,838	21,003	484,082	7,809,923
Profit for the year, representing total comprehensive income for the financial year		–	–	879,121	879,121
Performance shares issued	10	112,797	(112,797)	–	–
Performance share plan expenses	12		124,274		124,274
Dividends	24	–	–	(492,653)	(492,653)
Total transactions with owners, recognised directly in equity		112,797	11,477	(492,653)	(368,379)
Balance at 31 December 2021		7,417,635	32,480	870,550	8,320,665
Balance at 1 January 2020		7,191,788	7,685	(839,499)	6,359,974
Profit for the year, representing total comprehensive income for the financial year		–	–	1,323,581	1,323,581
Performance share issued	10	113,050	(113,050)	–	–
Performance share plan expenses	12	–	126,368	–	126,368
Total transactions with owners, recognised directly in equity		113,050	13,318	–	126,368
Balance at 31 December 2020		7,304,838	21,003	484,082	7,809,923

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group	
	Note	2021 US\$	2020 US\$
Cash flows from operating activities			
(Loss)/Profit before tax		(1,874,321)	668,595
Adjustments for:			
Depreciation of property, plant and equipment	4	92,863	80,032
Amortisation of intangible assets	5	–	12,142
(Reversal of)/Allowance for expected credit losses on trade receivables	8	(15,525)	14,622
Bad debts written off		–	225
Plant and equipment written off		–	1
Provision		(7,813)	3,100
Inventories write-down	7	533,150	150,000
Interest income	19	(589)	(1,037)
Performance share plan expenses	12	124,274	126,368
Interest expense	20	14,076	4,819
Impairment loss on intangible assets	5	1,496,728	–
Operating cash flows before working capital changes		362,843	1,058,867
Inventories		1,094,160	(357,591)
Trade and other receivables		(470,254)	672,061
Trade and other payables		(471,845)	211,074
Cash generated from operations		514,904	1,584,411
Income tax refunded		35,301	127,588
Net cash generated from operating activities		550,205	1,711,999
Cash flows from investing activities			
Acquisition of property, plant and equipment	4	(42,247)	(28,180)
Acquisition of intangible assets	5	(916,185)	(558,107)
Interest received		589	1,037
Net cash used in investing activities		(957,843)	(585,250)
Cash flows from financing activities			
Fixed deposit pledged	9	(1,500,000)	–
Proceeds from borrowing	17	500,000	–
Dividends paid	24	(492,656)	–
Interest paid		(9,493)	–
Repayment of lease liabilities	15	(67,642)	(55,957)
Net cash used in financing activities		(1,569,791)	(55,957)
Net change in cash and cash equivalents		(1,977,429)	1,070,792
Cash and cash equivalents at beginning of financial year		3,663,941	2,592,688
Effects of currency translation on cash and cash equivalents		(63,061)	461
Cash and cash equivalents at the end of financial year	9	1,623,451	3,663,941

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

A reconciliation of liabilities arising from financing activities as follows:

	1 January 2021 US\$	Proceeds from borrowing	Principal payments US\$	Non-cash changes		31 December 2021 US\$
				Addition US\$	Interest expense US\$	
Borrowing	–	500,000	(9,493)	–	9,493	500,000
Lease liabilities	91,074	–	(67,642)	29,160	4,583	57,175

	1 January 2020 US\$	Proceeds from borrowing	Principal payments US\$	Non-cash changes		31 December 2020 US\$
				Addition US\$	Interest expense US\$	
Lease liabilities	76,168	–	(55,957)	66,044	4,819	91,074

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

1. GENERAL

TrickleStar Limited (the “Company”) is a public limited company incorporated and domiciled in Singapore with its registered office and principal place of business at 80 Robinson Road #02-00 Singapore 068898 and C3-U6-15 Solaris Dutamas Jalan Dutamas 1 Kuala Lumpur 50480 Malaysia respectively. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 18 June 2019.

The principal activities of the Company are those of investment holding and provision of management services.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

The Company’s immediate and ultimate holding company is CircleBright Limited, a company incorporated in British Virgin Islands.

The consolidated financial statements of the Group and the statement of the financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on the date of Directors’ Statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of the financial position and statement of changes in equity of the Company have been drawn up in accordance with Singapore Companies Act, Chapter 50 (the “Act”) and Financial Reporting Standards (International) (“SFRS(I)s”). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

In the current year, the Group has adopted all the new and revised SFRS(I)s and Interpretations of SFRS(I)s (“INT SFRS(I)s”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2021. The adoption of these new or revised SFRS(I)s and INT SFRS(I)s did not result in changes to the Group’s and Company’s accounting policies, and has no material effect on the current or prior year’s financial statement and is not expected to have a material effect on future periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

SFRS(I)s and INT SFRS(I)s issued but not effective

At the date of authorisation of these statements, the following SFRS(I)s and INT SFRS(I)s were issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I)s 16 <i>Leases: (Covid-19-Related Rent Concessions beyond 30 June 2021)</i>	1 April 2021
Amendments to SFRS(I)s 3: <i>Business Combinations (Reference to the Conceptual Framework)</i>	1 January 2022
Amendments to SFRS(I)s 1-16: <i>Property, Plant and Equipment (Proceeds before Intended Use)</i>	1 January 2022
Amendments to SFRS(I)s 1-37: <i>Provisions, Contingent Liabilities and Contingent Assets: (Onerous Contracts – Cost of Fulfilling a Contract)</i>	1 January 2022
Annual improvements to SFRS(I)s 2018-2020	1 January 2022
SFRS(I)s 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I)s 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I)s 1-1: <i>Presentation of Financial Statements: (Classification of Liabilities as Current or Non-current)</i>	1 January 2023
Amendments to SFRS(I)s 1-1: <i>Presentation of Financial Statements and IFRS Practice Statement 2: (Disclosure of Accounting Policies)</i>	1 January 2023
Amendments to SFRS(I)s 1-8: <i>Accounting Policies, Changes in Accounting Estimates and Errors: (Definition of Accounting Estimates)</i>	1 January 2023
Amendments to SFRS(I)s 1-12: <i>Income Tax: (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)</i>	1 January 2023
Amendments to SFRS(I)s 1-10: <i>Consolidated Financial Statements and SFRS(I)s 1-28: Investments in Associates and Joint Ventures: (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)</i>	Date to be determined

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Control is reassessed whenever the facts and circumstances indicate that there may a change in the elements of control.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indication for the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

In the separate financial statements of the Company, investment in subsidiaries is carried at cost less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

Acquisition under common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Group's equity. Any difference between the cash paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

2.4 Foreign currency transactions and balances

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 (the "functional currency"). The consolidated financial statements are presented in United States dollar ("US\$"), which is the Company's functional currency and Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency transactions and balances (Continued)

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 translation 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 balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. 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 foreign 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 foreign currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss within “finance costs”. All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within “other income or losses”.

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.

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 rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless this 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 foreign currency translation reserves. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs 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. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

		<u>Useful lives</u>
Computer	–	3 years
Tools and equipment	–	5 years
Furniture and fittings	–	5 years
Office equipment	–	5 years
Renovation	–	5 years
Machinery	–	5 years
Leasehold buildings	–	Over lease terms

The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further change for depreciation is needed in respect of these assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite life are amortised on a straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed and adjusted as appropriate, at end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite useful life is recognised in profit or loss.

Intangible assets with indefinite useful life or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individual or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the changes in useful life from indefinite to finite is made on prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Technical know-how

Technical know-how is initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets (Continued)

Research and development

Expenditure on research activities is recognised as an expense when incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised, if, and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and any accumulated impairment losses, if any. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

2.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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 ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial instruments (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- (a) currently has a legally enforceable right to set off the recognised amount; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.9 Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of financial assets (Continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amount in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents excluded any pledged deposits.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for assurance-type warranty-related cost are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.13 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

2.14 Borrowings

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

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. When an entity breaches an undertaking under a long-term loan agreement on or before the reporting date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the reporting date, the entity does not have an unconditional right to defer its settlement for at least twelve months after that date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Borrowings (Continued)

Where the entity expects, and has the discretion, to re-finance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility with the same lender, the liability is classified as non-current.

2.15 Employee benefits

Defined contribution plan

The Group makes contributions to the defined contribution pension scheme such as the Central Provident Fund in Singapore, Employee Provident Fund in Malaysia and Social Security in United States of America. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

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 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.

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 expense with a corresponding increase in the share grant 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 grant date. 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 balance sheet 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 grant 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 grant reserve are credited to the 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 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.7. The Group's right-of-use assets are presented within property, plant and equipment (Note 4).

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases (Continued)

As lessee (Continued)

Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in lease liabilities (Note 15).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.17 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue from sale of goods

The Group is involved in selling of advance power strip and surge protectors to customers. Revenue from sales of these products is recognised at a point in time when the products are delivered to customers. There is no element of significant financing component in the Group's revenue transaction as customers are required to pay within credit term of 30 to 90 days.

Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue (Continued)

Dividend income

Dividend income is recognised when the shareholders' rights to receive payment have been established.

2.18 Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases of asset and liabilities, except when the temporary difference arises from other assets and liabilities that is not a business combination and affects neither the accounting profit nor taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investment in subsidiaries, except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates expected to apply for the period when the asset is realised or the liability is settled, based on tax rate and tax law that have been enacted or substantially enacted by the end of reporting period. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Taxes (Continued)

Deferred tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.19 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors who make strategic decisions for the Group.

2.22 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Critical judgements made in applying the accounting policies

Management is of the opinion that there are no critical judgements (rather than those involving estimates as disclosed in Note 3.2 below) that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group and the Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and the Company. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 27.

The carrying amounts of the Group's and the Company's trade and other receivables as at 31 December 2021 were US\$2,642,887 (2020: US\$2,215,083) and US\$289,794 (2020: US\$148,437) respectively.

Inventory valuation method

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market condition. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value.

The carrying amount of the Group's inventories as at 31 December 2021 was US\$2,846,695 (2020: US\$4,474,005).

Impairment loss on intangible assets

As disclosed in Note 5 to the financial statements, the recoverable amount of the intangible assets are determined based on value in use calculations. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The carrying amount of the Group's intangible assets as at 31 December 2021 was US\$358,007 (2020: US\$938,550).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. PROPERTY, PLANT AND EQUIPMENT

Group	Computer US\$	Tools and equipment US\$	Furniture and fittings US\$	Office equipment US\$	Renovation US\$	Machinery US\$	Leasehold buildings US\$	Total US\$
Cost								
At 1 January 2020	66,111	297,086	53,568	6,204	44,363	12,361	114,550	594,243
Adoption of IFRS 16	–	–	–	–	–	–	64,623	64,623
Additions	28,180	–	–	–	–	–	–	28,180
Written off	(1,453)	–	–	–	–	–	–	(1,453)
Currency re-alignment	297	–	62	–	66	–	–	425
At 31 December 2020	93,135	297,086	53,630	6,204	44,429	12,361	179,173	686,018
Additions	21,070	149	3,811	6,313	10,904	–	29,160	71,407
Currency re-alignment	(566)	(7)	(180)	(112)	(321)	–	–	(1,186)
At 31 December 2021	113,639	297,228	57,261	12,405	55,012	12,361	208,333	756,239
Accumulated depreciation								
At 1 January 2020	50,206	293,677	30,652	3,011	30,078	4,833	45,954	458,411
Depreciation	10,849	3,346	8,231	1,240	6,321	2,472	47,573	80,032
Written off	(1,453)	–	–	–	–	–	–	(1,453)
Currency re-alignment	48	–	15	–	16	–	–	79
At 31 December 2020	59,650	297,023	38,898	4,251	36,415	7,305	93,527	537,069
Depreciation	11,089	38	8,508	1,989	7,397	2,472	61,370	92,863
Currency re-alignment	(73)	(1)	(20)	–	(22)	–	–	(116)
At 31 December 2021	70,666	297,060	47,386	6,240	43,790	9,777	154,897	629,816
Carrying amount								
At 31 December 2020	33,485	63	14,732	1,953	8,014	5,056	85,646	148,949
At 31 December 2021	42,973	168	9,875	6,165	11,222	2,584	53,436	126,423

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such assets are disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. INTANGIBLE ASSETS

	Technical know-how US\$	Group Development cost US\$	Total US\$
Cost			
At 1 January 2020	242,871	499,941	742,812
Additions	–	558,107	558,107
At 31 December 2020	242,871	1,058,048	1,300,919
Additions	–	916,185	916,185
At 31 December 2021	242,871	1,974,233	2,217,104
Accumulated amortisation			
At 1 January 2020	230,727	–	230,727
Amortisation	12,142	–	12,142
At 31 December 2020	242,869	–	242,869
Amortisation	–	–	–
At 31 December 2021	242,869	–	242,869
Impairment loss			
At 1 January 2020 and 31 December 2020	–	119,500	119,500
Addition	–	1,496,728	1,496,728
At 31 December 2021	–	1,616,228	1,616,228
Carrying amount			
At 31 December 2020	2	938,548	938,550
At 31 December 2021	2	358,005	358,007

The amortisation expense and impairment loss are included in “administrative expenses” line item in profit or loss.

During the financial year, the Group carried out a review of the recoverable amount of its development costs taking into account shortage of component parts in the development process and uncertainties over timing of shipments. These events led to uncertainties about the timing of commercialisation of certain goods and potential future revenue streams. The review led to an impairment loss of US\$1,496,728 (2020: US\$Nil) in product development cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of development cost

The recoverable amount of the developed cost has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The gross profit margin, growth rate and pre-tax discount rate applied to the cash flow projections used to extrapolate cash flow projections beyond the five-year period are as follows:

	Group 2021
Gross profit margin	26% to 36%
Growth rates	0% – 3%
Pre-tax discount rate	<u>10%</u>

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	US\$	US\$
Unquoted equity shares, at cost		
At beginning of financial year	6,286,017	4,601,706
Additions	–	1,550,258
Performance share plan	124,274	134,053
At end of financial year	<u>6,410,291</u>	<u>6,286,017</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of equity held by the Company	
		2021 %	2020 %
<u>Held by the Company</u>			
TrickleStar Limited ⁽¹⁾ (Hong Kong)	Licensing technology and provides operational support	100	100
TrickleStar Inc ⁽²⁾ (United States of America)	Develops and sells advanced power strips and surge protectors	100	100
TrickleStar (M) Sdn. Bhd. ⁽³⁾ (Malaysia)	Provides operational support	100	100
PlugLoad Pte. Ltd. ⁽⁴⁾ (Singapore)	Develops and sells electrical and energy-saving product	100	100

(1) Audited by Morison Heng CPA Limited, Hong Kong

(2) Audited by Paul Wan & Co, Singapore for consolidation purpose

(3) Audited by TKNP PLT, Malaysia

(4) Audited by Paul Wan & Co, Singapore

In June 2020, the Company undertook an internal restructuring exercise pursuant to which the shares of its indirect subsidiaries, TrickleStar Inc and TrickleStar (M) Sdn. Bhd., held through TrickleStar Limited (Hong Kong), a wholly-owned subsidiary of the Company, was transferred to the Company for a consideration of US\$110,000 and MYR1,000,000 (equivalent of US\$225,062) respectively. As a result of the internal restructuring exercise, both TrickleStar Inc and TrickleStar (M) Sdn. Bhd. became direct wholly-owned subsidiaries of the Company.

In July 2020, the Company incorporated a wholly-owned subsidiary, PlugLoad Pte. Ltd. in Singapore with an issued share capital of S\$300,000 (equivalent to US\$215,196) comprising 300,000 ordinary shares.

In October 2020, the Company capitalised an amount owed by TrickleStar Inc of US\$1,000,000 as paid-up capital in TrickleStar Inc.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. INVENTORIES

	Group	
	2021	2020
	US\$	US\$
Trading goods	949,964	4,340,457
Goods in transit	1,896,731	133,548
	2,846,695	4,474,005

The cost of inventories recognised as an expense and included in “cost of sales” line item in profit or loss amounted to US\$8,758,118 (2020: US\$9,436,939) for the financial year ended 31 December 2021.

During the financial year, the Group carried out a review of the realisable value of its inventories and the review led to the recognition of write-down of inventories of US\$533,150 (2020: US\$150,000) that had been included in cost of sale line item in profit or loss.

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Trade receivables				
– third parties	1,789,280	1,830,999	–	–
Less: Allowance for expected credit losses	(2,301)	(17,826)	–	–
	1,786,979	1,813,173	–	–
Other receivables				
– third parties	2,516	123,633	–	2,425
– subsidiaries	–	–	289,794	146,012
Advance to suppliers	555,537	–	–	–
Prepayments	124,516	30,374	–	–
Income tax recoverables	2,576	60,551	–	–
Deposits	170,763	187,352	–	–
	2,642,887	2,215,083	289,794	148,437

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 (2020: 30 to 90) days' credit terms.

The non-trade amount due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

The movement in allowance for ECL of trade receivables computed based on lifetime ECL was as follows:

	Group	
	2021 US\$	2020 US\$
At 1 January	17,826	3,204
Allowance for ECL	–	14,622
Reversal of loss allowance for ECL	(15,525)	–
At 31 December	2,301	17,826

The currency profiles of the Group's and the Company's trade and other receivables as at the end of the reporting period are as follows:

	Group		Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
United States dollar	2,633,554	2,195,682	239,405	95,405
Singapore dollar	1,623	4,048	–	2,425
Ringgit Malaysia	7,710	15,353	50,389	50,607
	2,642,887	2,215,083	289,794	148,437

9. CASH AND BANK BALANCES

	Group		Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Cash at banks	1,623,451	3,013,941	151,724	1,034,087
Fixed deposits	1,507,657	657,939	1,500,000	650,000
Cash and bank balance on statement of financial position	3,131,108	3,671,880	1,651,724	1,684,087
Pledged deposit	(1,507,657)	(7,939)		
Cash and cash equivalents on consolidated statement of cash flows	1,623,451	3,663,941		

As at the end of the reporting period, the details of the pledged deposit are as follow:

- i) Fixed deposit of US\$1,500,000 (2020: US\$Nil), with tenure of 1 month auto renewal and bears interest rate of 0.03% (2020: Nil%) per annum, is pledged to bank as collateral for the revolving line of credit (Note 17).
- ii) Fixed deposit of US\$7,657 (2020: US\$7,939), with tenure of 365 days (2020: 365 days) and bears effective interest rate of 3.10% (2020: 3.10%) per annum, is pledged to bank as collateral for the corporate credit card facility.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. CASH AND BANK BALANCES (CONTINUED)

The currency profiles of the Group's and the Company's cash and bank balances as at the end of the reporting period are as follows:

	Group		Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
United States dollar	2,987,249	3,036,507	1,627,750	1,147,732
Singapore dollar	74,718	606,703	23,272	535,615
Ringgit Malaysia	69,141	28,670	702	740
	3,131,108	3,671,880	1,651,724	1,684,087

10. SHARE CAPITAL

	Group and Company			
	2021 Number of ordinary shares	2020 Number of ordinary shares	2021 US\$	2020 US\$
Issued and paid-up capital				
Balance at beginning of financial year	82,248,254	81,791,925	7,304,838	7,191,788
Issuance of shares pursuant to the awards vested under the performance share plan (Note 12)	426,661	456,329	112,797	113,050
Balance at end of financial year	82,674,915	82,248,254	7,417,635	7,304,838

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

11. MERGER RESERVE

Merger reserve represents the difference between the consideration paid and the issued and fully paid share capital of a subsidiary acquired under common control that was accounted for by applying the "pooling-of-interest" method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. SHARE GRANT RESERVE

Equity-settled performance share plan

The TrickleStar Performance Share Plan (the “Plan”) was approved on 17 May 2019. This Plan is designed primarily to reward and retain Directors and employees whose services are vital to the growth and performance of the Group and the Company. Under the rules of the Plan, Executive and Non-Executive Directors and employees of the Group are eligible to participate in the Plan. The controlling shareholders are eligible to participate in the scheme and each grant of share is subject to the approval of independent shareholders in general meeting.

On 26 February 2021, the Company granted 458,932 Awards to employees and Directors of the Group. On 26 March 2021, 119,346 Awards were granted to Directors, who were also the controlling shareholders of the Company. The 119,346 Awards were approved and adopted by the shareholders at the Annual General Meeting held on 26 March 2021.

	Balance at beginning of financial year	Grant during the financial year	Exercised during the financial year	Forfeited during the financial year	Balance at end of financial year	Vesting of the Awards
Date of grant						
9 December 2019	149,146	–	(74,573)	–	74,573	June 2021 June 2022 June 2021 June 2022
26 February 2021	–	458,932	(232,742)	(129,186)	97,004	June 2023
26 March 2021	–	119,346	(119,346)	–	–	June 2021

The fair value of total share awards granted on 26 February 2021 and 26 March 2021 (2020: 26 March 2020) was US\$163,005 (2020: US\$53,713) based on market price at grant dates.

The Group and the Company recognised performance share plan expenses and a corresponding share grant reserve of US\$124,274 (2020: US\$126,368) for the financial year ended 31 December 2021.

13. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from that of the Group’s presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. DEFERRED TAX LIABILITIES

	Group 2021 US\$	2020 US\$
Deferred tax liabilities	<u>575,595</u>	<u>57,620</u>

The movement in deferred tax liabilities account are as follows:

	Group 2021 US\$	2020 US\$
At 1 January	57,620	95,073
Charged/(Credited) to profit or loss (Note 22)	<u>517,975</u>	<u>(37,453)</u>
At 31 December	<u>575,595</u>	<u>57,620</u>

Deferred tax liabilities/(assets) are attributable to the following temporary differences computed at the income tax rates of respective countries in which the entities operate:

	Intangible assets US\$	Group Unabsorbed business losses US\$	Others US\$	Total US\$
2021				
At 1 January	272,179	(209,603)	(4,956)	57,620
Charged to profit or loss (Note 22)	<u>300,349</u>	<u>209,603</u>	<u>8,023</u>	<u>517,975</u>
At 31 December	<u>572,528</u>	–	<u>3,067</u>	<u>575,595</u>
2020				
At 1 January	110,328	(16,223)	968	95,073
(Credited)/Charged to profit or loss (Note 22)	<u>161,851</u>	<u>(193,380)</u>	<u>(5,924)</u>	<u>(37,453)</u>
At 31 December	<u>272,179</u>	<u>(209,603)</u>	<u>(4,956)</u>	<u>57,620</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for office premise and warehouses in United States of America and Malaysia. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

Carrying amount of right-of-use assets classified within property, plant and equipment

	Group Leasehold buildings US\$
At 1 January 2020	68,596
Adoption of FRS 116	64,623
Depreciation	(47,573)
At 31 December 2020	85,646
Addition	29,160
Depreciation	(61,370)
At 31 December 2021	53,436

Lease liabilities

	Group 2021 US\$	2020 US\$
Non-current	–	52,585
Current	57,175	38,489
	57,175	91,074

The carrying amount and movement for lease liabilities during the year is disclosed in the financial statements and the maturity analysis of lease liabilities is disclosed in Note 27.

Amount recognised in profit or loss

	Group 2021 US\$	2020 US\$
Depreciation of right-of-use asset	61,370	47,573
Interest expense on lease liabilities (Note 20)	4,583	4,819
	65,953	52,392

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. LEASE LIABILITIES (CONTINUED)

Total cash outflows

The Group had total cash outflows for leases of US\$67,642 (2020: US\$55,957).

The currency profiles of the Group's lease liabilities as at the end of the respective reporting periods are as follows:

	Group	
	2021 US\$	2020 US\$
United States dollar	24,516	55,632
Ringgit Malaysia	32,659	35,442
	57,175	91,074

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Trade payables				
– third parties	–	123	–	–
– corporate shareholder	2,404,073	2,886,081	–	–
	2,404,073	2,886,204	–	–
Other payables				
– third parties	42,915	146,642	4,631	75
– subsidiary	–	–	–	262,470
Accrued operating expenses	456,184	342,171	26,513	24,554
	2,903,172	3,375,017	31,144	287,099

Trade payables are unsecured, non-interest bearing and normally settled within 75 (2020: 75) days' credit terms.

In prior financial year, the non-trade amount due to subsidiary was unsecured, non-interest bearing, repayable on demand. The amount had been fully settled during the financial year.

The currency profiles of the Group's and the Company's trade and other payables as at the end of the respective reporting periods are as follows:

	Group		Company	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
United States dollar	2,849,518	3,326,252	–	262,469
Singapore dollar	31,144	24,630	31,144	24,630
Ringgit Malaysia	22,510	24,135	–	–
	2,903,172	3,375,017	31,144	287,099

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. BORROWING

	Group		Company	
	2021	2020	2021	2020
	US\$	US\$	US\$	US\$
Term loan	500,000	–	–	–

The term loan bears interest at 3.5% per annum and is secured by pledged deposits (Note 9) and corporate guarantee provided by the Group.

The currency profile of the Group's borrowings as at the end of the financial period is United States dollar.

18. REVENUE

	Group	
	2021	2020
	US\$	US\$
At a point in time		
Sale of goods	11,288,146	12,850,046

The Group has disaggregated revenue based on the location of customers from which revenue was generated. The geographical information is disclosed in Note 26.

19. OTHER INCOME

	Group	
	2021	2020
	US\$	US\$
Government grants	132,112	3,637
Foreign exchange gain, net	13,878	65,986
Interest income	589	1,037
Compensation from a customer	350,000	–
Reversal of accrual of commission	56,645	–
Reversal of allowance for ECL (Note 8)	15,525	–
	568,749	70,660

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. FINANCE COSTS

	Group	
	2021	2020
	US\$	US\$
Interest expenses on:		
– lease liabilities (Note 15)	4,583	4,819
– borrowing (Note 17)	9,493	–
	14,076	4,819

21. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax has been arrived after charging:

	Group	
	2021	2020
	US\$	US\$
Cost of sales		
Cost of inventories (Note 7)	8,758,118	9,436,939
Inventories write-down (Note 7)	533,150	150,000
Selling and distribution expenses		
Employee benefits expense		
– Salaries, bonuses and other staff benefits	431,375	340,897
– Contributions to defined contribution plan	33,542	22,473
Freight outwards	150,115	199,539
Inventories processing fees	86,869	104,402
Sales commission	122,731	111,185
Storage fees	32,732	39,224
Administrative expenses		
Amortisation of intangible assets	–	12,142
Auditors remuneration:		
– auditors of the Company	71,441	63,157
– other auditors	3,759	3,404
Non-audit fees:		
– auditors of the Company	2,652	14,976
– other auditors	1,397	919
Bad debts written off – trade receivables	–	225
Depreciation of property, plant and equipment	92,863	80,032
Engineering fees	4,796	3,100
Employee benefits expense		
– Directors' fees	115,676	85,854
– Salaries, bonuses and other staff benefits	514,842	429,375
– Contributions to defined contribution plan	39,655	29,330
Impairment loss on intangible assets (Note 5)	1,496,728	–
Performance share plan expenses (Note 12)	124,274	126,368
Professional fees	364,929	467,140
Research and testing	1,449	2,727

Included in the employee benefits expense was the remuneration of the Directors of the Company as disclosed in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22. INCOME TAX EXPENSE/(CREDIT)

The major components of income tax expense recognised in profit or loss for the years ended 31 December 2021 and 2020 were:

	Group	
	2021 US\$	2020 US\$
Current income tax		
– current financial year	2,030	8,554
– overprovision in respect of prior years	(514)	(15,187)
	<u>1,516</u>	<u>(6,633)</u>
Deferred tax		
– current financial year	518,504	(34,311)
– overprovision in respect of prior years	(529)	(3,142)
	<u>517,975</u>	<u>(37,453)</u>
Total income tax expense/(credit)	<u>519,491</u>	<u>(44,086)</u>

Relationship between accounting (loss)/profit and tax expense

A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rates for the financial years ended 31 December 2021 and 2020 were as follows:

	Group	
	2021 US\$	2020 US\$
(Loss)/Profit before tax	<u>(1,874,321)</u>	668,595
Income tax calculated at Singapore's statutory income tax rate of 17% (2020: 17%)	(318,635)	113,661
Effect of different tax rate in other countries	60,558	(1,582)
Tax effect of income not subject to tax	(56,772)	(31,923)
Tax effect of non-deductible expenses for income tax purpose	420,617	103,445
Overprovision in respect of prior years	(1,043)	(18,329)
Tax effect of tax incentives and tax benefits	(178,734)	(237,953)
Tax effect of tax losses in which no deferred tax assets were recognised	578,840	23,577
Others	14,660	5,018
	<u>519,491</u>	<u>(44,086)</u>

As at 31 December 2021, the Group has unutilised tax losses amounting to approximately US\$3,963,000 (2020: US\$394,000), which are available for offset against future taxable profits, subject to agreement by the tax authorities in Singapore and United States. The tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

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22. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

Relationship between accounting (loss)/profit and tax expense (Continued)

The Group has unrecognised deferred tax assets available for offsetting against future taxable income as follows:

Unrecognised deferred tax assets

	Group	
	2021	2020
	US\$	US\$
At 1 January	66,916	43,339
Additions	578,840	23,577
At 31 December	645,756	66,916

Deferred tax assets have not been recognised as there is no certainty that there will be sufficient future taxable profits to realise these future benefits. Accordingly, the deferred tax assets have not been recognised in the financial statements.

23. EARNINGS PER SHARE

The calculation of earnings per share ("EPS") is based on:

	Group	
	2021	2020
Earnings for the purpose of basic and diluted EPS (profit attributable to the owners of the Company) (US\$)	(2,393,812)	712,681
Weighted number of ordinary shares in issue during the financial year (number of shares)	82,487,886	82,048,923
EPS (Basic and diluted) (In US\$ cents)*	(2.90)	0.87

* The diluted potential ordinary shares which comprise share awards granted by the Company as disclosed in Note 12 to the financial statements do not have a material impact on the diluted EPS and therefore the diluted EPS would be equivalent to the basic EPS.

24. DIVIDENDS

	Group	
	2021	2020
	US\$	US\$
Final tax-exempt dividend US\$0.0045 per ordinary share in respect of financial year ended 31 December 2020	370,117	–
Interim tax-exempt S\$0.002 per ordinary share in respect of financial year ended 31 December 2021	122,539	–
	492,656	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	Group	
	2021	2020
	US\$	US\$
Corporate shareholder		
Purchase of goods	5,837,516	8,017,022
	Company	
	2021	2020
	US\$	US\$
Subsidiaries		
Dividend income	1,000,000	1,400,000
Repayment	(1,000,000)	(1,050,000)
Management fee	200,000	100,000

Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

	Group	
	2021	2020
	US\$	US\$
Directors of the Company		
– Directors' fees	115,196	85,854
– Salaries, bonuses and other staff benefits	178,481	181,053
– Performance share plan expenses	61,239	100,797
Other key management personnel		
– Salaries, bonuses and other staff benefits	312,270	296,250
– Contributions to defined contribution plan	15,471	10,919
– Performance share plan expenses	23,799	8,271
	706,456	683,144

NOTES TO THE FINANCIAL STATEMENTS

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26. SEGMENT INFORMATION

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss, which is similar to the accounting profit or loss.

The Group has only one primary business segment, which is that of developing and selling advanced power strips and surge protectors.

Geographical information

The following table presents the Group's revenue and non-current assets information for the financial years ended 31 December 2021 and 2020:

	Group	
	2021	2020
	US\$	US\$
Total revenue		
United States of America	11,126,509	12,097,059
Canada	161,637	751,862
Others	–	1,125
	11,288,146	12,850,046
	Group	
	2021	2020
	US\$	US\$
Total non-current assets		
United States of America	441,925	1,061,572
Hong Kong	732	8,501
Malaysia	41,773	17,426
	484,430	1,087,499

Major customers

Approximately 81% (2020: 81%) of revenue was derived from 5 (2020: 5) major customers.

27. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk).

The Directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the company and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

NOTES TO THE FINANCIAL STATEMENTS

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27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Group's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognition of expected credit losses (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

As the Group and the Company does not hold any collateral, the table below details the credit quality of the Group's and the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Category	12-month or lifetime ECL US\$	Gross carrying amount US\$	Loss allowance US\$	Net carrying amount US\$
Group					
31 December 2021					
Trade receivables	Note 1	Lifetime ECL (simplified)	1,789,280	(2,301)	1,786,979
Other receivables	I	12-month ECL	173,279	–	173,279
				<u>(2,301)</u>	
31 December 2020					
Trade receivables	Note 1	Lifetime ECL (simplified)	1,830,999	(17,826)	1,813,173
Other receivables	I	12-month ECL	310,985	–	310,985
				<u>(17,826)</u>	
Company					
31 December 2021					
Other receivables	I	12-month ECL	289,794	–	289,794
31 December 2020					
Other receivables	I	12-month ECL	148,437	–	148,437

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Trade receivables (Note 1)

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group and the Company determine the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

	Not past due US\$	Group Days past due			91 and above US\$	Total US\$
		1 to 30 US\$	31 to 60 US\$	61 to 90 US\$		
31 December 2021						
Trade receivables	122,745	828,518	297,730	535,929	4,358	1,789,280
ECL	–	–	–	–	(2,301)	(2,301)
	122,745	828,518	297,730	535,929	2,057	1,786,979
31 December 2020						
Trade receivables	1,548,461	158,579	88,756	–	35,203	1,830,999
ECL	–	–	–	–	(17,826)	(17,826)
	1,548,461	158,579	88,756	–	17,377	1,813,173

Information regarding loss allowance movement of trade receivables is disclosed in Note 8.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Exposure to credit risk

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except for outstanding trade receivables from 5 (2020: 5) customers which represent 81% (2020: 81%) of total trade receivables balance as at 31 December 2021.

Other receivables and amount due from subsidiaries

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of US\$3,131,108 and US\$1,651,724 as at 31 December 2021 (2020: US\$3,671,880 and US\$1,684,087).

The cash and bank balances are held with bank and financial institution counterparties, which are rated AA- and A+ based on Standard & Poor and are considered to have low credit risk. The cash balances are measured on 12 month expected credit losses and subject to immaterial credit loss.

Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Group finances its working capital requirements through a combination of funds generated from operations and borrowings, if necessary. The Directors are satisfied that funds are available to finance the operations of the Group.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Less than 1 year US\$	Group Between 1 and 5 years US\$	Total US\$
31 December 2021			
Trade and other payables (exclude advances and sales tax)	2,903,172	–	2,903,172
Borrowing	517,500	–	517,500
Lease liabilities	61,635	–	61,635
	3,482,307	–	3,482,307
31 December 2020			
Trade and other payables (exclude advances and sales tax)	3,375,017	–	3,375,017
Lease liabilities	41,491	56,686	98,177
	3,416,508	56,686	3,473,194

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

Company

As at the end of the reporting period, the Company's non-derivative financial liabilities are non-interest bearing and due within the next financial year.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Group's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Group does not have any formal policy for hedging against currency risk. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the functional currencies of the respective entities in the Group, primarily Singapore dollar ("SGD") and Ringgit Malaysia ("MYR").

The Group's currency exposures to the SGD and MYR at the reporting date were as follows:

	Group			
	2021 SGD US\$	MYR US\$	2020 SGD US\$	MYR US\$
Financial assets				
Trade and other receivables	1,623	7,710	4,048	15,353
Cash and cash equivalents	74,718	69,141	606,703	28,670
	76,341	76,851	610,751	44,023
Financial liabilities				
Trade and others payables	(31,144)	(22,510)	(24,630)	(24,135)
Lease liabilities	–	(32,659)	–	(35,442)
	(31,144)	(55,169)	(24,630)	(59,577)
Currency exposure	45,197	21,682	586,121	(15,554)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

Foreign currency risk (Continued)

	Company			
	2021		2020	
	SGD US\$	MYR US\$	SGD US\$	MYR US\$
Financial assets				
Trade and other receivables	–	50,389	2,425	50,607
Cash and cash equivalents	23,272	702	535,615	740
	23,272	51,091	538,040	51,347
Financial liabilities				
Trade and others payables	(31,144)	–	(34,630)	–
Currency exposure	(7,872)	51,091	503,410	51,347

Sensitivity analysis for foreign currency risk

A 10% (2020: 10%) strengthening of United States dollar against the foreign currencies denominated balances as at the reporting date would decrease profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group	
	2021	2020
	US\$	US\$
Singapore dollar	(4,520)	(58,612)
Ringgit Malaysia	(2,168)	1,555

	Company	
	2021	2020
	US\$	US\$
United States dollar	787	(50,341)
Ringgit Malaysia	(5,109)	(5,135)

A 10% (2020: 10%) weakening of United States dollar against the above currencies would have had equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets and financial liabilities at amortised cost were as follows:

	Group	
	2021	2020
	US\$	US\$
Financial assets		
Financial assets measured at amortised cost	5,091,366	5,796,038
Financial liabilities		
Financial liabilities measured at amortised cost	3,460,347	3,466,091
	Company	
	2021	2020
	US\$	US\$
Financial assets		
Financial assets measured at amortised cost	1,941,518	1,832,524
Financial liabilities		
Financial liabilities measured at amortised cost	31,144	287,099

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments that are not carried at fair value

The carrying amount of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

The fair value of non-current financial liabilities that is not carried at fair value in relation to the lease liabilities disclosed in Note 15 to the financial statements approximate its fair value as the lease liabilities is subject to interest rates close to market rate of interest for similar arrangements and frequent re-pricing by the financial institutions.

Fair value of financial instruments carried at fair value

The Group and the Company have no financial assets and financial liabilities carried at fair value as at 31 December 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Group comprises issued share capital, merger reserve, share grant reserve, foreign currency translation reserve and retained earnings/(accumulated losses).

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is in compliance to any externally imposed capital requirements. No changes were made to the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

31. EVENTS OCCURRING AFTER REPORTING PERIOD

On 28 February 2022, the Company granted a total 458,635 share awards to employees and Directors of the Group. The vesting of the share awards is conditional on the eligible participants completing specific period of service to the Group, which varies from 30 June 2022 to 30 June 2024. The fair value of the share awards of US\$92,807 to be recognised in profit or loss and corresponding credit to share grant reserve in the subsequent financial years.

STATISTICS OF SHAREHOLDINGS

AS AT 14 FEBRUARY 2022

Issued and paid-up share capital	:	S\$10,129,130
Number of issued shares	:	82,674,915
Class of shares	:	Ordinary shares
Voting rights on a poll	:	1 vote for each ordinary share
Number and percentage of treasury shares	:	Nil
Number and percentage of subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 14 FEBRUARY 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	8	25.81	3,300	0.00
1,001 – 10,000	6	19.35	31,000	0.04
10,001 – 1,000,000	9	29.03	831,422	1.01
1,000,001 and above	8	25.81	81,809,193	98.95
	31	100.00	82,674,915	100.00

TOP TWENTY HOLDERS OF SHARES AS AT 14 FEBRUARY 2022

NAME OF SHAREHOLDER	NO. OF SHARES	%
1. OCBC Securities Private Ltd	44,852,340	54.25
2. Bernard Christopher Emby	9,415,776	11.39
3. United Overseas Bank Nominees (Private) Limited	7,480,034	9.05
4. Citibank Nominees Singapore Pte Ltd	6,439,421	7.79
5. Philip Securities Pte Ltd	4,800,493	5.81
6. UOB Kay Hian Pte Ltd	3,643,900	4.41
7. Tina Tan Ai Ting	3,317,000	4.01
8. Ling Hee Keat	1,860,229	2.25
9. Wong Ee-Ling (Huang Yiling)	176,000	0.21
10. Fournier Maria	120,000	0.14
11. Wong Wei Li	120,000	0.14
12. Wong Yon Ching	120,000	0.14
13. Wong Wei Kim	76,100	0.09
14. Craig Anthony Catallo	75,429	0.09
15. HSBC (Singapore) Nominees Pte Ltd	70,700	0.09
16. Wong Wei Tung	58,993	0.07
17. Raffles Nominees (Pte) Limited	14,200	0.02
18. Ng Hwee San (Huang Huishan)	9,000	0.01
19. Ng Yuh Wen	5,900	0.01
20. Tan Joon Leong (Chen Yunliang)	5,100	0.01
Total:	82,660,615	99.98

Note: The percentages are computed based on 82,674,915 ordinary shares as at 14 February 2022

STATISTICS OF SHAREHOLDINGS

AS AT 14 FEBRUARY 2022

SUBSTANTIAL SHAREHOLDERS AS AT 14 FEBRUARY 2022

Name of substantial shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of shares	%
CircleBright Limited	23,420,097	28.33	–	–
Harald Weinbrecht	7,480,034	9.05	–	–
Bernard Christopher Emby ⁽¹⁾	18,080,699	21.87	23,420,097	28.33
Gunananthan Nithyanantham	4,643,578	5.62	–	–

Note:

(1) Bernard Christopher Emby is deemed interested in 23,420,097 ordinary shares of TrickleStar Limited held by CircleBright Limited as he is entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting ordinary shares in CircleBright Limited.

SHARES HELD BY PUBLIC

Based on the information available to the Company as at 14 February 2022, approximately 28.46% of the issued shares of the Company is held by the public. Therefore, Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“**AGM**”) of TrickleStar Limited (“**Company**”) will be convened and held by way of electronic means on Friday, 25 March 2022 at 10.30 a.m. (Singapore time) to transact the following business:

Ordinary Business

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of S\$152,400 for the financial year ending 31 December 2022 payable monthly in arrears. **(Resolution 2)**
3. To re-elect Mr. Ling Hee Keat who is retiring pursuant to Regulation 89 of the Constitution. **(Resolution 3)**

Mr. Ling will, upon re-election as a Director, remain as Non-Executive Independent Director, Chairman of the Remuneration Committee and a member of Audit Committee and Nomination Committee. The Board considers him to be independent for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rule of Catalist (“**Catalist Rules**”).

There are no relationships including family relationships between Mr. Ling and the other Directors, the Company and its related corporations, its substantial shareholders and its officers. Further information on Mr. Ling can be found in the Company’s FY2021 annual report.

4. To re-elect Mr. Chuah Jern Ern who is retiring pursuant to Regulation 89 of the Constitution. **(Resolution 4)**

Mr. Chuah will, upon re-election as a Director, remain as Non-Executive Independent Director, Chairman of the Nominating Committee and a member of the Remuneration Committee and Audit Committee. The Board considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

There are no relationships including family relationships between Mr. Chuah and the other Directors, the Company and its related corporations, its substantial shareholders and its officers. Further information on Mr. Chuah can be found in the Company’s FY2021 annual report.

5. To re-appoint Messrs Paul Wan & Co as the Company’s auditors for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. **(Resolution 5)**
6. To transact any other ordinary business which may be properly transacted at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Special Business

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without any modifications:

7. Authority to allot and issue shares

THAT pursuant to Section 161 of the Companies Act 1967 (“**Act**”) and Rule 806 of the Catalist Rules and the Constitution, the Directors be and hereby authorised to:

- A. (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures, or other instruments convertible into Shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- B. (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force,

provided 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), shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (“**Shareholders**”) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) that may be issued under sub-paragraph (i) above, the percentage of the issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for:
- (a) new Shares arising from the conversion or exercise of convertible securities;
- (b) new Shares arising from exercising of share options or vesting of share awards provided the options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (c) any subsequent bonus issue, consolidation or subdivision of Shares;

NOTICE OF ANNUAL GENERAL MEETING

(iii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalyst Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Act and the Constitution for the time being; and

(iv) the authority conferred by this resolution shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.

(See Explanatory Note 1)

(Resolution 6)

8. Authority to grant awards and to allot and issue Shares pursuant to the TrickleStar Performance Share Plan

THAT pursuant to Section 161 of the Act, authority be and is hereby given to the Directors to:

(i) offer and grant awards ("**Awards**") from time to time in accordance with the provisions of the TrickleStar Performance Share Plan ("**PSP**"); and

(ii) allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the vesting of Awards granted under the PSP,

provided always that the aggregate number of Shares issued and issuable pursuant to the Awards granted under the PSP, when added to (a) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (b) all other Shares issued and issuable and/or transferred or transferable in respect of all share options granted or share awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed 15% of the total issued share capital (excluding treasury shares and subsidiary holdings) of the Company from time to time; and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.

(See Explanatory Note 2)

(Resolution 7)

9. Authority to repurchase shares under a Share Buy-back Mandate.

THAT:-

(i) for the purposes of Sections 76C and 76E of the Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or acquire issued ordinary shares fully paid in the capital of the Company not exceeding in aggregate the Maximum Percentage (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(a) on market purchases on the SGX-ST ("**Market Purchase**"); and/or

(b) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act ("**Off-Market Purchase**"),

NOTICE OF ANNUAL GENERAL MEETING

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

(ii) unless varied or revoked by 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 date of the passing of this ordinary resolution and expiring on the earliest of:

- (a) the date on which the next annual general meeting of the Company is held;
- (b) the date by which the next annual general meeting of the Company is required by law to be held;
- (c) the date when such mandate is revoked or varied by the Shareholders of the Company in general meeting; or
- (d) the date on which the share buy-back is carried out to the full extent mandated,

whichever is earliest;

(iii) in this ordinary resolution:

“**Maximum Percentage**” means that number of issued Shares representing 10.0% of the total number of issued Shares as at the date of the passing of this Ordinary Resolution (excluding any Shares which are held as treasury shares or subsidiary holdings as at that date); and

“**Maximum Price**” in relation to a Share to be purchased, means the purchase price as determined by the Directors and not exceeding:

- (a) in the case of a Market Purchase, 105.0% of the average closing market price. For this purpose, the average closing market price is:
 - (1) the average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST (on which transactions in the Shares were recorded) immediately before the day on which the Market Purchases were made by the Company; and
 - (2) deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Day period and the day on which the Market Purchases were made by the Company; and
- (b) in the case of an Off-Market Purchase, 105.0% of the highest price at which a Share is transacted on the SGX-ST on the Market Day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an Off-Market Purchase offer stating the purchase price and the relevant terms of the equal access scheme,

(the “**Maximum Price**”) in either case, excluding related expenses of the Share Purchase.

NOTICE OF ANNUAL GENERAL MEETING

(iv) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this ordinary resolution.

(See Explanatory Note 3)

(Resolution 8)

10. Participation of Mr. Bernard Christopher Emby in the TrickleStar Performance Share Plan

THAT the participation of Mr. Bernard Christopher Emby, Executive Chairman and CEO and a controlling shareholder of the Company in the TrickleStar Share Performance Plan be approved.

(Resolution 9)

11. Award of Shares to Mr. Bernard Christopher Emby under the TrickleStar Performance Share Plan

THAT the award of 121,807 Shares to Mr. Bernard Christopher Emby under the TrickleStar Performance Share Plan be approved AND THAT authority be given to the Directors to allot and issue the Shares upon the vesting of the Awards.

(See Explanatory Note 4)

(Resolution 10)

By Order of the Board

Goh Siew Geok
Company Secretary

Singapore
10 March 2022

EXPLANATORY NOTES ON RESOLUTIONS TO BE PASSED

1. The resolution no. 6 in item 7 above, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next AGM, or the date by which the next AGM is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from Shareholders in a general meeting but within the limitation imposed by this resolution, for such purposes as the Directors may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this resolution) to be allotted and issued would not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing of this resolution. For issue of Shares (including Shares to be made in pursuance of instruments made or granted pursuant to this resolution) other than on a pro-rata basis to all Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this resolution.

NOTICE OF ANNUAL GENERAL MEETING

2. The resolution no. 7 in item 8 above, if passed, will empower the Directors to offer and grant Awards under the PSP, and to allot and issue Shares pursuant to the vesting of Awards granted under the PSP, provided that the aggregate number of Shares issued and issuable pursuant to the PSP, when added to (a) the number of Shares issued and issuable and/or transferred or transferable in respect of all awards granted thereunder; and (b) all other Shares issued and issuable and/or transferred or transferable in respect of all share options granted or share awards granted under any other share incentive schemes or share plans adopted by the Company, shall not exceed 15% of the total number of issued share capital (excluding treasury shares and subsidiary holdings) of the Company from time to time.
3. Ordinary resolution no. 8 in item 9 above, if passed, will renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in the resolution. The Company may use internal or external sources of funds to finance the purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired, the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

The financial effects of the purchase or acquisition of such ordinary shares by the Company pursuant to the proposed Share Buy-back Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 December 2021, based on certain assumptions, are set out in the Letter to Shareholders dated 10 March 2022 ("**Letter**").

Please refer to the Letter for more details.

4. Details of the award to Mr. Emby and the reasons for them are set out in the Letter.

Notes:

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at the URL <https://www.tricklestar.com/investors.html> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements?value=TRICKLESTAR%20LIMITED&type=company>.
2. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person.**

Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast ("**Live Webcast**") or "live" audio-only stream ("**Live Audio Stream**"), submission of questions to the Company in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's announcement dated 10 March 2022. This notice of AGM, the Annual Report of the Company, the Letter and the proxy form may be accessed on the Company's website at the URL <https://www.tricklestar.com/investors.html> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements?value=TRICKLESTAR%20LIMITED&type=company>.

NOTICE OF ANNUAL GENERAL MEETING

For the avoidance of doubt, the aforesaid section is circulated together with and forms part of this Notice of AGM.

- Members and investors holding shares in the Company through Supplementary Retirement Scheme (“SRS”) (“SRS investors”) will be able to watch or listen to the proceedings of the AGM through a Live Webcast via mobile phone, tablet or laptop/computer or through a Live Audio Stream via telephone. In order to do so, the members and SRS investors must pre-register by 10.30 a.m. on 22 March 2022 (“Registration Cut-Off Time”), at the URL <https://complete-corp.com/tricklestar-agm/> (“AGM Website”).

Following verification, an email containing a unique link and password to access the Live Webcast as well as a toll-free telephone number to access the Live Audio Stream of the proceedings of the AGM will be sent to authenticated members and SRS investors by 12.00 p.m. on 24 March 2022. Members and SRS investors who do not receive any email by 12.00 p.m. on 24 March 2022, but have registered by the Registration Cut-Off Time, should contact Complete Corporate Services Pte Ltd at +65 6329 2745 on 24 March 2022 during office hours or between 8.00 a.m. and 9.00 a.m. on 25 March 2022 or via email to tricklestar-agm@complete-corp.com for assistance.

Investors holding shares through relevant intermediaries (as defined in Section 181 of the Act (“Investors”) (other than SRS investors) will not be able to pre-register at the AGM Website for the “live” broadcast of the AGM. An Investor (other than SRS investors) who wishes to participate in the “live” broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) via email to the Company’s Polling Agent at tricklestar-agm@complete-corp.com no later than 10.30 a.m. on 22 March 2022.

- Due to the current COVID-19 situation, a member will not be able to attend the AGM physically. A member will also not be able to vote “live” on the resolutions to be tabled for approval at the AGM. A member of the Company (whether individual or corporate and including a relevant intermediary) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM, if such member wishes to exercise his/her/its voting rights at the AGM.**

The instrument appointing the Chairman of the AGM as proxy (“proxy form”) may be accessed at the Company’s website and the SGX website. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate and including a relevant intermediary) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

- The Chairman of the AGM, as proxy, need not be a member of the Company.
- The proxy form is not valid for use by Investors (including SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her immediate intermediary as soon as possible to specify his/her voting instruction. SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their voting instruction by 10.30 a.m. on 16 March 2022, being seven (7) working days before the AGM.

NOTICE OF ANNUAL GENERAL MEETING

7. The proxy form must be submitted to the Company in the following manner:
- (a) if submitted by post, be lodged at the office of the Company's polling agent, Complete Corporate Services Pte Ltd at 10 Anson Road, #29-07 International Plaza, Singapore 079903; or
 - (b) if submitted electronically, be submitted via email to the Company's polling agent at tricklestar-agm@complete-corp.com, in either case, by no later than 10.30 a.m. on 22 March 2022, being 72 hours before the time fixed for the AGM.

In the case of submission of the proxy form other than via the AGM Website, a member who wishes to submit a proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically.

8. The proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its common seal (or by the signatures of authorised persons in the manner as set out under the Act as an alternative to sealing) or under the hand of an attorney or a duly authorised officer of the corporation.
9. Where the proxy form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.
10. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the AGM unless his/her/its name appears on the Depository Register maintained by The Central Depository (Pte) Limited not less than seventy-two (72) hours before the time appointed for holding the AGM.
11. **Members and Investors (including SRS investors) will not be able to ask questions "live" during the broadcast of the AGM. All members and SRS investors may submit questions relating to the business of the AGM within seven (7) calendar days from the Notice of AGM, i.e. by 5.00 p.m. on 17 March 2022:**
- (a) via the AGM Website at the URL <https://complete-corp.com/tricklestar-agm/>;
 - (b) by email to tricklestar-agm@complete-corp.com; or
 - (c) by post to the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898, attention to Company Secretary.

To ensure that questions received by the Company by the stipulated deadline, members and SRS investors are strongly encouraged to submit questions via the AGM Website or by email. The Company will endeavour to address all substantial and relevant questions, at least forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms, i.e. by 20 March 2022.

NOTICE OF ANNUAL GENERAL MEETING

Investors (other than SRS investors) will not be able to submit questions relating to the business of the AGM via the above. Instead, they should approach their relevant intermediaries as soon as possible in order for the relevant intermediaries to make necessary arrangements for them to submit questions in advance of the AGM.

12. All documents (including the Annual Report, this Notice of AGM, the Letter and the proxy form) or information in relating to the business of the AGM have been, or will be, published on the Company's website and the SGX website. Printed copies of the documents will not be dispatched to members. Members and Investors are advised to check the Company's website or SGX website regularly for updates.

"Relevant Intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By (a) submitting a proxy form appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, (b) submitting any questions prior to the AGM, or (c) submit the pre-registration form in accordance with this Notice, 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 or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof); processing the pre-registration forms for purposes of granting access to members for the Live Webcast or Live Audio Stream and providing viewers with any technical assistance, when necessary; addressing substantial and relevant questions from members received in advance of the AGM; the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines; and (ii) 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.

TRICKLESTAR LIMITED
(Company Registration No.: 201837106C)
(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING
PROXY FORM**

Important:

- Alternative Arrangements for Annual General Meeting**
 - The Annual General Meeting (“AGM”) is being convened, and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and this proxy form will not be sent to members. Instead, the Notice of AGM and this proxy form will be sent to members by electronic means via publication on the Company’s website at the URL <https://www.tricklestar.com/investors.html> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements?value=TRICKLESTAR%20LIMITED&type=company>.
 - Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person.** Alternative arrangements have been put in place to allow members to participate at the AGM by (a) watching the AGM proceedings via “live” webcast or listening to the AGM proceedings via “live” audio feed, (b) submitting questions in advance of the AGM and addressing of substantial and relevant questions prior to the AGM, and (c) voting by appointing Chairman of the AGM as proxy.
 - A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/hers/its voting rights at the AGM.**
 - Please read the notes overleaf which contain instruction on, inter alia, the appointment of the Chairman of the AGM as a member’s proxy to vote on his/her/its behalf at the AGM.**
- This proxy form is not valid for use by investors holding shares in the Company through relevant intermediaries (“Investors”) (including investors holding through Supplementary Retirement Scheme (“SRS Investors”) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. SRS investors who wish to vote should approach their respective SRS Operators to submit their voting instruction at least seven (7) working days before the AGM.
- By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

I/We, _____ (Name) _____ (NRIC No./Passport No./Company Registration No.)
of _____ (Address)
being a member/members of TrickleStar Limited (the “Company”), hereby appoint the Chairman of the AGM as *my/our *proxy to vote for *me/us on *my/our behalf at the AGM of the Company to be held by electronic means on Friday, 25 March 2022 at 10.30 a.m. (Singapore Time) and at any adjournment thereof.

*I/We direct the Chairman of the AGM, being *my/our proxy to vote for or against, or abstain from voting on the ordinary resolutions to be proposed at the AGM as indicated hereunder.

No.	ORDINARY BUSINESS	No. of Shares For**	No. of Shares Against**	No. of Shares Abstain**
1.	To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors’ Report thereon			
2.	To approve the payment of Directors’ fees of S\$152,400 for the financial year ending 31 December 2022 payable monthly in arrears			
3.	To re-elect Mr. Ling Hee Keat as a Director of the Company			
4.	To re-elect Mr. Chuah Jern Ern as a Director of the Company			
5.	To re-appoint Messrs Paul Wan & Co as the Company’s auditors			
	SPECIAL BUSINESS			
6.	To allot and issue shares			
7.	To grant awards and to allot and issue shares pursuant to the PSP			
8.	To give authority to repurchase shares under a Share Buyback Mandate			
9.	To approve the participation of Mr. Bernard Christopher Emby in the PSP			
10.	To award Mr. Bernard Christopher Emby 121,807 Shares under the PSP			

Notes:

* Delete accordingly

** Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes “For” or “Against” the relevant resolution, please tick “X” in the relevant box provided. Alternatively, please indicate the number of votes “For” or “Against” each resolution. If you wish the Chairman of the Meeting as your proxy to **abstain** from voting on a resolution, please indicate with “X” in the Abstain box in respect of that resolution. Alternatively, please indicate the numbers of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the Abstain box in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

Dated this _____ day of _____ 2022

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

Signature of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of shares in the capital of the Company (“Shares”) held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. **Due to the current COVID-19 restriction order in Singapore, a member will not be able to attend the AGM in person. A member will also not be able to vote “live” on the resolutions tables for approval at the AGM.** A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. This proxy form may be accessed at the Company’s website at the URL <https://www.tricklestar.com/investors.html> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements?value=TRICKLESTAR%20LIMITED&type=company>.

Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their votes at least seven (7) working days before the AGM.

3. The Chairman of the AGM, as proxy, needs not be a member of the Company.
4. The proxy form appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
 - (a) If submitted by post or by hand, be lodged at the office of the Company’s polling agent, Complete Corporate Services Pte Ltd at 10 Anson Road, #29-07 International Plaza, Singapore 079903 or
 - (b) If submitted electronically, be submitted via email to the Company’s polling agent at tricklestar-agm@complete-corp.com, in either case, at least seventy-two (72) hours before the time appointed for holding the AGM.

A member who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed forms electronically via email.

5. The proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its common seal (or by the signatures of authorised persons in the manner as set out under the Companies Act 1967 as an alternative to sealing) or under the hand of an attorney or a duly authorised officer of the corporation.
6. Where the proxy form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.
7. For Investors (including SRS investors), this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. SRS investors who wish to vote should approach their respective SRS Operators to submit their voting instructions at least seven (7) working days before the AGM.

GENERAL:

The Company shall be entitled to reject the proxy form 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 proxy form. In addition, in the case of a member whose Shares are entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or services providers) for the purpose of the processing and administration by the Company (or its agents or services providers) of proxy forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines; and (b) 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.

CORPORATE INFORMATION

DIRECTORS

Bernard Christopher Emby
(Executive Chairman and Chief Executive Officer)

Gunananthan Nithyanantham
(Executive Director and Chief Operating Officer)

Jeremy John Figgins
(Lead Non-Executive Independent Director)

Chuah Jern Ern
(Non-Executive Independent Director)

Ling Hee Keat
(Non-Executive Independent Director)

AUDIT COMMITTEE

Jeremy John Figgins (Chairman)
Ling Hee Keat
Chuah Jern Ern

REMUNERATION COMMITTEE

Ling Hee Keat (Chairman)
Chuah Jern Ern
Jeremy John Figgins

NOMINATING COMMITTEE

Chuah Jern Ern (Chairman)
Jeremy John Figgins
Ling Hee Keat

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay #10-00
Income at Raffles
Singapore 049318

AUDITORS

Paul Wan & Co
10 Anson Road
#35-07/08 International Plaza
Singapore 079903

Partner-in-charge: Cheah Jun Liang Kelvin
(since year ended 31 December 2020)

COMPANY REGISTRATION

No. 201837106C

COMPANY SECRETARY

Goh Siew Geok, ACIS

REGISTERED OFFICE

80 Robinson Road
#02-00
Singapore 068898
Tel: (65) 6236 3423
Fax: (65) 6236 4399

WEBSITE:

www.tricklestar.com

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

BANKERS

Oversea-Chinese Banking Corporation Limited
63 Chulia Street
#10-00
Singapore 049514

Citibank N.A.

5 Changi Business Park Crescent
Singapore 486027

INVESTOR RELATIONS

Tricor Barbinder Share Registration Services
info@sg.tricorglobal.com

CORPORATE OFFICE

C3-U6-15 Solaris Dutamas
Jalan Dutamas 1
Kuala Lumpur 50480
Malaysia

