



Optimizing Energy™

ANNUAL REPORT 2020



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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 Joseph Au, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

CORPORATE PROFILE



TrickleStar Group's business is focused on energy saving products and was founded by our Chairman, Bernard Emby in 2008 through the incorporation of TrickleStar Limited in Hong Kong. TrickleStar Limited is 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 energy saving products that conserve energy, improve people's lives and help electric utilities manage electric grids more efficiently.



OUR GOALS

- Be the world leader in intelligent, internet connected energy saving 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-saving 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 electronics products. Our portfolio of energy-saving products, currently includes Advanced Power Strips, load controllers, energy monitors, energy meters and surge protectors. New products to be launched this year are Connected Products (Smart thermostat, Water Heater Controllers, Portal and App) and Stand-Alone Products (Dryer Saver). Our energy-saving products are primarily purchased by electric utilities, energy efficiency programs, implementation contractors and energy auditors in the USA.

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

We outsource our manufacturing to independent contractors with manufacturing facilities in Malaysia and the PRC. In this way, we are able leverage on their production efficiencies to achieve better costing for our products, in line with our asset-light business model.



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

Automatically cuts off power supply when it detects master appliance switched off by the user



Tier 2 Advanced PowerStrips

Able to detect the level of user engagement and automatically cuts off power supply



GSA Approved PowerStrips

GSA-approved plug-load management and surge protector solutions compliant with Trade Agreement Act



Energy Monitors

Devices that show power usage of appliances with surge protection features



PROSeries Surge Protectors

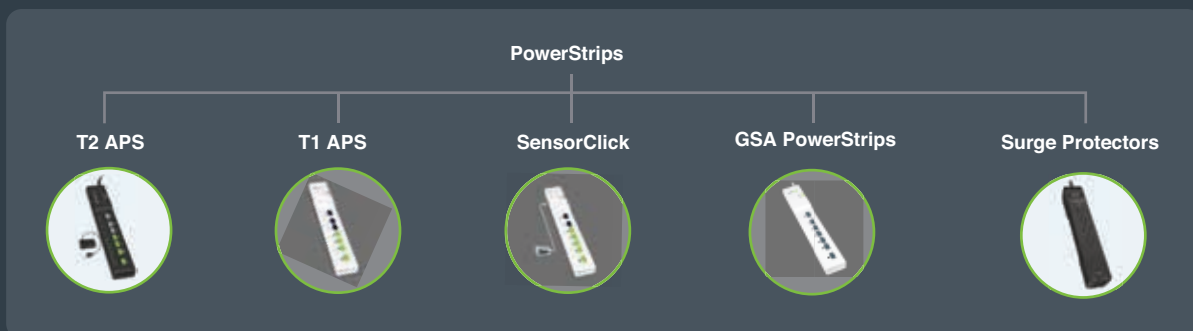
High quality surge protectors for a range of applications



OUR PRODUCTS

We have an active research and development division that has a significant pipeline of new products, three of which were announced in FY2020:

Stand-Alone Products



USB Motion Sensor



Energy Monitor



Power Switch



DryerSaver



Connected Products

Smart Thermostat



Electric Water Heater Controller



DR Services



Portal



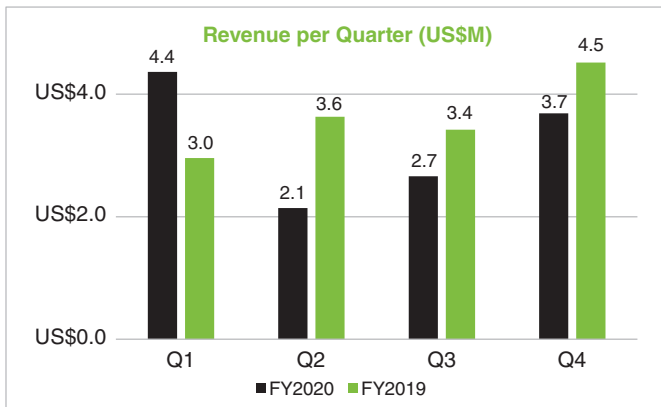
App



CHAIRMAN'S AND CEO'S STATEMENT

Dear Shareholders

We had high expectations for TrickleStar in FY2020 when the year began and before COVID-19 struck during Q1. The impact is easily seen from this graphic:



The Group achieved unit sales of 0.8 million (FY2019: 0.9 million), revenue of US\$12.9 million (FY2019: US\$14.5 million) and a net profit of US\$0.7 million (FY2019: US\$0.2 million). When I consider these numbers and look back on TrickleStar's other achievements during FY2020 and the resilient manner in which our business has held up in the face of some of the most dire and unforeseen social and economic conditions, I consider these results to be more than satisfactory.

FY2020 IN PERSPECTIVE

At the start of FY2020, we expected the trade war between USA and China to be the dominant external commercial factor that TrickleStar would be facing. We took steps to set up the business to overcome the tariffs that were reducing our gross margins and, during the early months, we saw significantly increased demand for our APS products coupled with the successful transfer of manufacturing from China to Malaysia. Then COVID-19 spread worldwide and almost every country faced a health crisis and economic contraction.



The Board and Management were quick to form an organised response to the pandemic. Our priority was to ensure the safety of our employees, to keep them informed about how our business was performing and to let them know that their jobs were safe. We worked closely with our manufacturing partners, suppliers and customers to ensure that products would continue to be available in a timely and regular manner. Through clear and open communication, we maintained momentum in the business in the face of extreme challenges.

As the year progressed, we saw price sensitivity replacing quality considerations in the utility programs in USA for the first time, with cheaper and inferior products making some headway in the market. In response, we developed a new brand, PlugLoad, which has fewer features than our premier TrickleStar brand, to allow us to compete more effectively with those programs that have cost as their priority. The first PlugLoad orders were received in October FY2020.





Meanwhile, sales of our TrickleStar APS continued to be solid. The main obstacle that our distributors encountered was the ability to enter homes to undertake the energy efficiency audits that result in the sale of our products. This is a common channel of sales and COVID-19 safety concerns in TrickleStar's core North American market restricted home visits by energy auditors and contractors, directly affecting demand. I believe that this, along with low-priced competition, were the main reasons behind sales for FY2020 not meeting the expectations we had at the start of the year.

Whilst we adapted to the dynamics of business, we also addressed some of the key risks that we have identified in our business: reliance on a single contract manufacturer, over reliance on a small number of products and concentration on a small number of customers.

- We developed the new PlugLoad brand.
- We brought three further products to be market-ready.
- We transferred production of APS to a new manufacturer in Malaysia and appointed a new contract manufacturer for some of our new products. Initial mass production of new products will be in China and then mass production will be moved to Penang, Malaysia.

We also pressed ahead with our wider, ambitious product development program. These new products will allow us to grow our business with our existing customers and with new customers, some of who may be in entirely different channels and countries.

FINANCIALS AND DIVIDEND

TrickleStar's FY2020 results are detailed later in this Annual Report, along with a commentary on the highlights. We began FY2020 with cash of US\$2.6 million: we have spent over US\$0.5 million on TrickleStar's future in the shape of research and development; and we ended the

year with cash of US\$3.7 million and no debt. Stocks are high at US\$4.5 million, which allows us to be certain of meeting customer demand, but, if logistics issues in the industry ease during this year, we hope to reduce these numbers. The balance sheet is, therefore, still strong.

Average selling prices have been maintained on our APS but gross margins reduced due to USA tariffs in the early part of the year and slightly higher manufacturing costs when we transferred from China to Malaysia.

Selling and distribution expenses decreased by US\$0.28 million and other administrative overheads decreased by US\$0.91 million, mainly due to the absence of IPO costs in FY2020.

Shareholders will, I hope, be pleased to learn that the Board is recommending a final dividend of 0.45 US cents (US\$0.0045) per Share for FY2020. If approved by Shareholders, this will be an aggregate payment of US\$370,117, which is about 52 per cent. of FY2020's Group net profit after tax, in line with our dividend policy. Shareholders should note that we have turned the negative reserves in our holding company of US\$839K at the end of FY2019 into a positive figure of US\$484K at the end of FY2020, allowing the dividend recommendation.

The Board and Management of TrickleStar will continue to work for greater shareholder returns, whilst maintaining financial prudence and keeping strong momentum in our growth strategy through innovative new products.

NEW PRODUCTS

In FY2020 our workforce increased from 15 to 18, mainly in the engineering and customer service departments, reflecting our confidence in TrickleStar's future and showing that we are still planning for growth. What we are seeing with the lifting of headcount, is a focused effort to put in place the technical resources to permit TrickleStar to release more Energy Optimization products that are high quality, well tested and well documented.





Backed by its strong balance sheet, TrickleStar has continued with a major initiative to build out a portfolio of new products that will help to diversify the business. This program includes:

- Wi-Fi Smart Thermostat + Wi-Fi Water Heater Controller. Both products connect to a sophisticated cloud service that we call our Portal and include mobile device applications for Android and iOS. They are our most complex and sophisticated products to date.
- DryerSaver.

OUTLOOK

TrickleStar's continued growth is centred on its new innovative Energy Optimization products that are part of the Internet of Things and supported by in-house applications. In anticipation of higher volume sales ahead, we have increased our headcount in marketing and sales and will begin appointing distributors in areas outside of USA, where we expect to see significant demand. This means that TrickleStar's longer-term growth is expected to come from geographic expansion as well as sales of higher margin products with higher barriers to entry for potential competitors.

It may be argued that it is not ideal to be introducing dynamic, new products into the market against a background of economic uncertainty for countries, companies and individuals. TrickleStar is fortunate that all our products are focused on Energy Optimization, something that many people have become more conscious of during lockdowns and in the knowledge that work-from-home is increasing. We therefore believe that we can expand our product base with confidence that there will be real demand for the new products.

Meanwhile, I expect our APS business to enjoy good levels of demand, taking into consideration the USA's latest energy and climate change stance, the new PlugLoad brand and the goodwill generated with our major customers by our ability to maintain prices to support their programs.

While TrickleStar intends to follow its growth path, we are aware of risks, the most significant at present coming from component shortages, supply chain disruptions and how quickly countries are able to control the spread of COVID-19 to allow normal business and social interaction to resume. Shipping issues, in terms of availability of vessels and costs, continue to plague the industry but TrickleStar's healthy balance sheet allows it to smoothen logistics concerns, for instance by carrying very full levels of stock. As in FY2020, TrickleStar will remain vigilant to the potential impacts at all levels of its business and will endeavour to plan forward to avoid or overcome the challenges.

CONCLUSION

I believe that shareholders can look back on FY2020 with pride in TrickleStar. Our business model has proved to be robust in the face of the most serious challenges and we are poised for growth from the sound platform that we have created.

Our employees, who are so vital to our success, have again shown their strength and worth as a team. I thank them all for their enthusiasm, efforts and for adapting so fast to the changing working conditions in FY2020. I also thank my fellow directors for their 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 | 2020 | 2019 | 2018 | 2017 |
|------------------------|------|---------------------|------|------|
| Revenue (US\$m) | 12.9 | 14.5 | 12.8 | 10.3 |
| Gross Profit (US\$m) | 3.2 | 3.9 | 4.5 | 3.5 |
| Net Profit (US\$m) | 0.7 | 0.2 ⁽²⁾ | 2.0 | 0.6 |
| Total Assets (US\$m) | 11.4 | 10.4 ⁽²⁾ | 11.2 | 7.9 |
| Total Debt (US\$m) | 0 | 0 | 0 | 0 |

Per Share Data

| | | | | |
|----------------------------------|--------|------|------|------|
| Net Assets (US\$cents) | 9.59 | 8.61 | 7.69 | 6.18 |
| Earnings (US\$cents) | 0.87 | 0.23 | 2.95 | 0.97 |
| Dividend recommended (US\$cents) | 0.0045 | NIL | NIL | NIL |

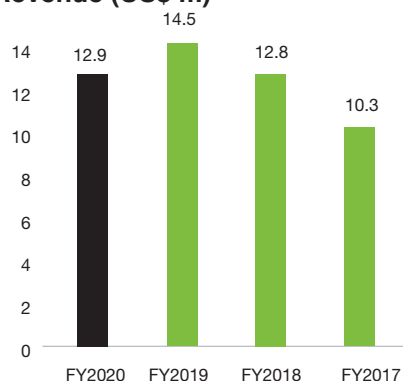
Ratios

| | | | | |
|---------------------------------|-------|---------------------|-------|-------|
| Gross Profit Margin | 24.9% | 26.9% | 35.2% | 34.0% |
| EBITDA Margin | 7.0% | 2.8% ⁽²⁾ | 18.8% | 5.8% |
| Net Profit Margin | 5.4% | 1.4% ⁽²⁾ | 15.6% | 5.8% |
| Return on Equity ⁽¹⁾ | 9.5% | 2.9% ⁽²⁾ | 39.2% | 14.6% |
| Current ratio | 3.00 | 3.04 | 1.80 | 1.99 |
| Debt to net assets ratio | 0 | 0 | 0 | 0 |

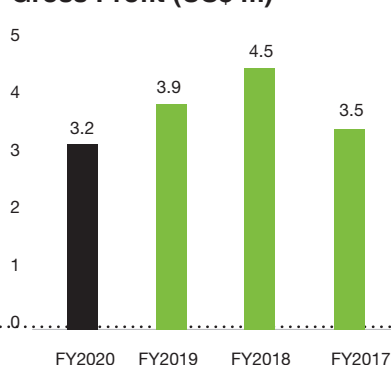
¹ Return on equity is profit after tax divided by equity attributable to the owners of the Company as at end of the financial year.

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.

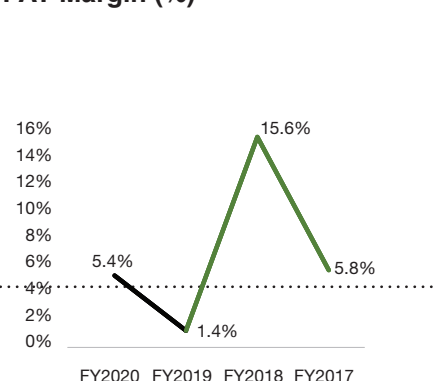
Revenue (US\$m)



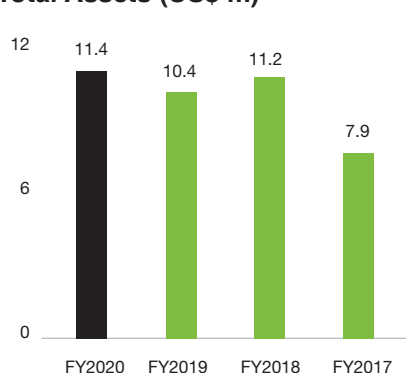
Gross Profit (US\$m)



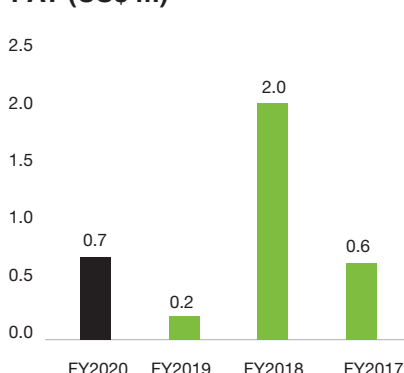
PAT Margin (%)



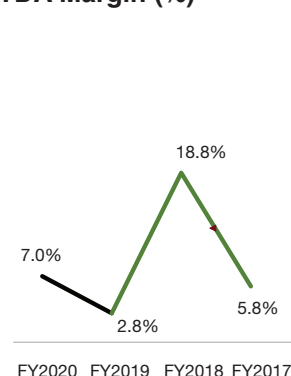
Total Assets (US\$m)



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, 50, founded TrickleStar in January 2008. 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

Non-Executive Non-Independent Director

Date of first appointment as a Director:
31 October 2018

Mr Guna, 52, 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 HK in January 2012 and was appointed as finance director, with responsibility for overseeing the finances, logistics control and administrative activities of the Group.

Guna is a member of the Entrepreneurs' Organisation, Malaysia. He received the Environmentalist Award 2018 granted by the Malaysian-China Chamber of Commerce, where he is a life member.

BOARD OF DIRECTORS



JEREMY JOHN FIGGINS

Lead Independent Non-Executive Director

Date of first appointment as a Director: 31 October 2018

Mr Figgins, 67, 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.

From August 2007 to February 2016, he was a general manager of Sakari Resources Limited (formerly known as Straits Asia Resources Limited). During the period from 2010 to 2018, Jeremy John Figgins served as a non-executive director of Straits Engineers Contracting Pte Ltd and Straits Engineers Holding Pte Ltd. He also served as a non-executive director of Fuelcore Pte. Ltd. from December 2014 to June 2015.



CHUAH JERN ERN

Independent Non-Executive Director

Date of first appointment as a Director: 28 March 2019

Mr Chuah Jern Ern, 50, 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. Post acquisition, Mr Chuah remains the CEO of Advanz Fidelis IP Sdn Bhd.

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-practising).

BOARD OF DIRECTORS



LING HEE KEAT

Independent Non-Executive Director

Date of first appointment as a Director: 28 March 2019

Mr Ling, 49, 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 Bernard Emby. His profile is included in the Board of Directors' Profiles in this Annual Report.



JON ALAN LANNING

Vice President of Business Development

Jon, 56, 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 Inc., joining the team in December 2012.

Jon 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-saving products.

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



KEY MANAGEMENT PROFILE



S KRISHNAN SINNAPPAN

Chief Technical Officer

Krish, 48, 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 TrickleStar's product technological interests, 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 and Malaysia.

He began his career with Panasonic, in 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 Institution of Engineers, Malaysia and appointed to the Malaysian Board of Engineers, Malaysia.



ANG TECK SOON

Chief Financial Officer

Andrew Ang Teck Soon, 56, 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.

KEY MANAGEMENT PROFILE



YU SEE MEI

Logistics & Systems Manager

Alyssia, 32, graduated with a Bachelor of Art (Honours) degree in Business Administration from UCSI University. She joined TrickleStar in July 2015.

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

Prior to joining TrickleStar, she gained her experience on end-to-end fulfillment in supply chain management from IBM. She was also involved in information systems planning and system automation in a US listed Information Technology & Services company. Her experience includes purchasing, logistics, inventory and warehouse management, fulfillment, system integration and automation.



FINANCIAL AND OPERATIONS REVIEW

Revenue

The Group recorded revenue of US\$12.85 million for FY2020. This represents a 11.5% decrease over FY2019 (US\$14.52 million). The revenue decrease was mainly due to COVID-19 pandemic which resulted in reduced demand for the group's products due to restriction of home visits by home energy assessors to install TrickleStar's Energy Optimization products in the North America market.

Gross profit and gross profit margin

Gross profit decreased by 17.4% to US\$3.2 million in FY2020 from US\$3.9 million in FY2019. Gross profit margin decreased to 24.9% in FY2020 from 26.7% in FY2019. This was mainly attributable to the average selling prices being maintained despite USA tariffs in the early part of the year and slightly higher manufacturing costs when manufacturing of advanced power strips was transferred from China to Malaysia.

Other income

Other income decreased by US\$0.09 million, mainly due to absence of a grant received in FY2019 of approximately US\$0.14 million (S\$0.20 million) from MAS under the Equity Market Singapore (GEMS) scheme. This was offset by an increase of US\$0.05 million in net foreign exchange gain.

Selling and distribution expenses

Selling and distribution expenses decreased by US\$0.28 million or 23.7% from US\$1.16 million in FY2019 to US\$0.88 million in FY2020, due mainly to the following:

- (i) a decrease of US\$0.11 million in salaries and other staff benefits from reduced USA sales staff headcount;
- (ii) a decrease of US\$0.06 million in sales commission;
- (iii) a decrease of US\$0.04 million in product quality inspection expenses;

- (iv) a decrease of US\$0.06 million in storage fees for third party warehousing;
- (v) a decrease of US\$0.02 million in defective item expenses;
- (vi) a decrease of US\$0.04 million in travelling and accommodation expenses;

which were largely set off by the following increases in expenses;

- (a) an increase of approximately US\$0.01 million in freight outwards expense; and
- (b) an increase of approximately US\$0.04 million in inventories processing fees.

Administrative expenses

Administrative expenses decreased by US\$0.91 million or 34.6% from US\$2.63 million in FY2019 to US\$1.72 million in FY2020, due mainly to the following:

- (i) the absence of US\$1.12 million net listing expenses incurred for the IPO and impairment loss of US\$0.12 million on intangible assets in FY2019;
- (ii) a decrease of US\$0.06 million in overseas travelling and accommodation expenses;
- (iii) a decrease of US\$0.08 million in engineering fees;
- (iv) a decrease of US\$0.02 million in compensation fees;
- (v) a decrease of US\$0.03 million in amortisation of intangible assets,

which were partially offset by the following increases in expenses:

- (a) an increase in professional fees of US\$0.41 million; and
- (b) an increase of performance share plan expenses of US\$0.11 million.

FINANCIAL AND OPERATIONS REVIEW

Finance costs

The decrease in finance costs in FY2020 is due to lower finance charge on lease liability.

Profit before tax

As a result of the reasons aforementioned, the Group's profit before tax increased to US\$0.67 million in FY2020 from US\$0.25 million in FY2019.

Income tax benefit

In FY2020, the US subsidiary incurred tax losses, as a result, the current income tax benefit is mainly in relation to the tax benefits and deferred tax asset movement.

In FY2019, income tax expense is mainly due to tax payable on taxable profits from the subsidiary.

Profit after tax

Principally as a result of the absence of significant IPO expenses in FY2019, but also considering the other factors mentioned above, profit after tax increased by US\$0.54 million or 317.6%, from US\$0.17 million in FY2019 to US\$0.71 million in FY2020.

STATEMENT OF FINANCIAL POSITION

Plant and equipment

As at 31 December 2020, plant and equipment decreased by US\$0.01 million as compared to the end of last financial year. This reduction was largely due to routine depreciation amounting to US\$0.03 million which was partially offset by US\$0.02 million of plant and equipment purchases.

Right-of-use assets

As at 31 December 2020, right-of-use assets increased by US\$0.02 million as compared to the end of last financial year. The increase was due to additional right-of-use assets in accordance with SFRS(I) 16.

Intangible assets

As at 31 December 2020, intangible assets increased largely due to additions of product development costs of US\$0.56 million which was partially offset by amortisation of US\$0.01 million.

Current assets

Current assets increased by US\$0.47 million from US\$9.89 million as at 31 December 2019 to US\$10.36 million as at 31 December 2020. The increase in current assets was mainly due to the following:

- (i) an increase of US\$1.07 million in cash and cash equivalent as explained below in the review of the Group's statement of cash flow;
- (ii) an increase of US\$0.22 million in inventories due to lower sales of inventories; which were set-off by:
 - (a) a decrease of US\$0.66 million in trade and other receivables mainly due to the decrease of trade receivables, consistent with the lower revenue in FY2020 after an allowance on trade receivables of approximately US\$0.02 million;
 - (b) a decrease of US\$0.13 million in income tax recoverable (as tax was refunded); and
 - (c) a decrease of US\$0.03 million in prepayments.

Non-current liabilities

As at 31 December 2020, non-current liabilities amounted US\$0.11 million. There was a decrease of US\$0.02 million as compared with 31 December 2019. The decrease was due to a decrease in deferred tax liabilities of approximately US\$0.04 million and set off by an increase of lease liability under SFRS(I) 16 on Leases of approximately US\$0.02 million.

FINANCIAL AND OPERATIONS REVIEW

Current liabilities

Current liabilities increased by US\$0.20 million from US\$3.25 million as at 31 December 2019 to US\$3.45 million as at 31 December 2020. The increase in current liabilities was mainly due to the following:

- (i) an increase of US\$0.21 million increase in trade and other payables; which was due to the following:
 - (a) a US\$0.08 million increase in trade payables due to increase of stocks purchases from factory due to prior commitment with factory;
 - (b) a US\$0.08 million increase in accrual of expenses and an accrual of duties and freight costs of US\$0.02 million;
 - (c) an advance receipt from customers of approximately US\$0.05 million and proceeds from a USA government initiative, the Paycheck Protection Program ("PPP") of US\$0.06 million;

which were largely set off by a US\$0.08 million reduction in other payables; and

- (ii) set off by a decrease of US\$0.01 million in current income tax payable.

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 FY2020. TrickleStar has endeavoured to comply in all material respects with the principles and guidelines set out in Singapore’s Revised Code of Corporate Governance 2018 (“**Code**”), its related practice guidance (“**PG**”) guidelines from Code of Corporate Governance 2012 (“**Code 2012**”) which are still in effect as well as the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the **SGX-ST**) in January 2015 (the “**Guide**”). 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 CEO | 31 October 2018 | Nil | Nil | Nil |
| Gunananthan Nithyanantham | Non-Executive Non-Independent Director | 31 October 2018 | 26 March 2020 | Nil | Nil |
| Jeremy John Figgins | Lead Independent Director | 31 October 2018 | Nil | Nil | Nil |
| Chuah Jern Ern | Independent Director | 28 March 2019 | 26 March 2020 | Nil | Nil |
| Ling Hee Keat | Independent Director | 28 March 2019 | 26 March 2020 | Iris Corporation Bhd | Nil |

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.

REPORT ON CORPORATE GOVERNANCE

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) instil 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 Chief Executive Officer ("**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, 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.

In FY2020, Directors had completed attending Listed Entity Director (LED) courses organised by Singapore Institute of Directors (SID) on Listed Company Director Essentials, Board Performance, Stakeholder Engagement, Audit Committee Essentials, Board Dynamics and Board Risk Committee Essentials. Directors also received training arranged by TrickleStar on patents organised by Intellectual Property Office Singapore (IPOS) and EverEdge Singapore.

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

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) appointments of KMP;
- (e) recommendations for subdivision of shares, issuance of shares or stock dividends;
- (f) share buybacks;
- (g) awards under share option or share schemes;

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 Board Committee (“**AC**”),
- The Nominating Board Committee (“**NC**”) and
- The Remuneration Board 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 (the “**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 FY2020 is set out below.

| | Board | Board Committees | | | Annual General Meeting |
|--------------------------------|-------|------------------|-------|-------|------------------------|
| | | AC | RC | NC | |
| Number of Meetings Held | 7 | 11 | 10 | 10 | 1 |
| Name of Director | | | | | |
| Bernard Christopher Emby | 7/7 | 11/11 | 10/10 | 10/10 | 1/1 |
| Chuah Jern Ern | 7/7 | 11/11 | 10/10 | 10/10 | 1/1 |
| Gunananthan Nithyanantham | 7/7 | 11/11 | 10/10 | 10/10 | 1/1 |
| Jeremy John Figgins | 7/7 | 11/11 | 10/10 | 10/10 | 1/1 |
| Ling Hee Keat | 7/7 | 11/11 | 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. TrickleStar has determined that the maximum number of board representations a Director may hold in other listed companies is 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 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 in order to make informed decisions. In 2020, 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 Institute of Chartered Secretaries & Administrators 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 one Executive Director, one Non-Executive Non-Independent Director 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.

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 SGX-ST Listing Manual Section B: Rules of Catalist ("**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 that 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.

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 Catalist 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 judgements on corporate affairs.

REPORT ON CORPORATE GOVERNANCE

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 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 groupthink 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 three years on the Board.

As regards succession planning, in FY2019, the NC noted that this needed to be improved in TrickleStar and, in FY2020, it has been a focus for the NC. Succession planning has been developed by the NC with Management to the point where the Board is now satisfied with TrickleStar's succession planning.

Board Diversity

The ages of Directors ranges from 49 to 67. 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 as a whole. 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.

REPORT ON CORPORATE GOVERNANCE

Board Discussion Without Management

During FY2020, 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 appointment of Mr Emby as Chairman and CEO was noted by the SGX prior to TrickleStar's IPO.

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.

Our Lead Independent Director serves on the AC 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 FY2020, there were three such meetings held formally.

REPORT ON CORPORATE GOVERNANCE

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
- Gunananthan Nithyanantham.

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.

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 AGM. In addition, every Director is required to retire from office and be subject to re-election at least once every three years.

REPORT ON CORPORATE GOVERNANCE

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 annual general meeting ("**AGM**") to determine their eligibility for re-nomination.

At the forthcoming AGM:

- Bernard Christopher Emby (under Regulation 89 of the Constitution); and
- Jeremy John Figgins (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. Emby will, upon re-election as a Director, remain as a Chairman of the Board. He is CEO. The Board considers Mr. Emby to be non-independent for the purpose of Rule 704(7). Further information on Mr. Emby can be found in this Annual Report.

Mr. Figgins will, upon re-election as a Director, remain as Lead Independent Director, Chairman of the Audit Committee and a member of the Nomination Committee. Mr. Figgins 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. Figgins and the other Directors, TrickleStar and its related corporations, its substantial shareholders and its officers. Further information on Mr. Figgins can be found in this Annual Report.

The NC comprises three Directors, the majority 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.

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.

REPORT ON CORPORATE GOVERNANCE

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 Catalist 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 2021 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.

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.

REPORT ON CORPORATE GOVERNANCE

For FY2020, the basis of evaluation was the same as FY2019. 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 FY2020.

No external facilitator assisted the NC in the evaluation for FY2020.

Outcome of Evaluations

On the basis of the evaluation, the NC is satisfied that for FY2020, 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.*

Remuneration Committee

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

The composition of the RC is

- Ling Hee Keat (Chair);
- Gunananthan Nithyanantham; and
- Chuah Jern Ern.

REPORT ON CORPORATE GOVERNANCE

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.

Two of the three members of the RC are Independent Directors and the other member is a Non-Executive Non-Independent Director. 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 which 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.

As regards 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.

REPORT ON CORPORATE GOVERNANCE

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 is for an initial term of three years from 17 May 2019. Upon expiry of the initial term, 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 initial term.

The RC may seek expert advice on remuneration matters as it deems appropriate. For the 2020, 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.

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.

REPORT ON CORPORATE GOVERNANCE

Fees proposed to be paid to Directors for FY2021, which aggregate S\$155,436, will be tabled for shareholders' approval at the forthcoming AGM.

Our CEO, who is the Executive Chairman of the Board, is paid Director's fees on the same basis as our Non-Executive Directors in addition to receiving remuneration under his Service Agreement. The CEO'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 18 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.

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.

REPORT ON CORPORATE GOVERNANCE

On 26 February 2021 the Board approved 458,932 share awards (“**Awards**”) to employees and Directors of the Group, of which 110,888 Awards were for Directors. A further 119,346 Awards for Directors who are also the controlling shareholders of the Company are subject to approval by the independent shareholders at the upcoming annual general meeting on 26 March 2021.

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

| Participant | Awards granted on 26 February 2021 | Awards granted on 26 March 2020 | Aggregate Awards granted since commencement of the PSP to end of FY2020 | Aggregate Awards vested since commencement of the PSP to end of FY2020 | Aggregate Awards not yet vested |
|---|------------------------------------|---------------------------------|---|--|---------------------------------|
| Bernard Emby (Controlling Shareholder, Executive Chairman and CEO) | Nil | 136,000 | 136,000 | (136,000) | Nil |
| Gunananthan Nithyanantham (Controlling Shareholder, Non-Executive, Non-Independent Director) | Nil | 70,315 | 70,315 | (70,315) | Nil |
| Jeremy Figgins (Lead Independent Director) | 51,755 | Nil | 85,576 | (85,576) | 51,755 |
| Ling Hee Keat (Independent Non-Executive Director) | 30,852 | Nil | 46,877 | (46,877) | 30,852 |
| Chuah Jern Ern (Independent Non-Executive Director) | 28,281 | Nil | 42,998 | (42,988) | 26,281 |

No participant has been granted more than 5% of the total number of shares 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.

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.

REPORT ON CORPORATE GOVERNANCE

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 FY2020, the RC is 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 FY2020 is set out below:

| Name | Fees % | Salary % | Bonus % | Benefits in Kind % | PSP % | Total % |
|---|-----------|-------------|------------|--------------------------|----------|------------|
| Between SGD250,000 to SGD500,000 | | | | | | |
| Bernard Christopher Emby | 8 | 75 | — | — | 17 | 100 |
| Below SGD100,000 | | | | | | |
| Gunananthan Nithyanantham | 46 | — | — | — | 54 | 100 |
| Jeremy John Figgins | 49 | — | — | — | 51 | 100 |
| Chuah Jern Ern | 59 | — | — | — | 41 | 100 |
| Ling Hee Keat | 59 | — | — | — | 41 | 100 |

Remuneration of Top 4 Key Management Personnel

Aside from the CEO, TrickleStar had only four KMP in FY2020.

| Name of Key Management Personnel | Fees % | Salary % | Sales Commission | Bonus % | Benefits in Kind % | PSP % | Total % |
|---|-----------|-------------|---------------------|------------|--------------------------|----------|------------|
| Below SGD100,000 | | | | | | | |
| S Krishnan Sinnappan | — | 97 | — | — | — | 3 | 100 |
| Ang Teck Soon | — | 100 | — | — | — | — | 100 |
| Yu See Mei | — | 97 | — | — | — | 3 | 100 |
| Between SGD250,000 to SGD500,000 | | | | | | | |
| Jon Alan Lanning | — | 49 | 48 | — | — | 3 | 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 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 CEO, Bernard Emby, is a substantial shareholder of TrickleStar and his remuneration is disclosed above in the SGD250,000 to SGD500,000 band.

REPORT ON CORPORATE GOVERNANCE

During 2020, 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 2020, 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 FY2020, 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 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 AC complimented Management on how it responded quickly and effectively to the COVID crisis that began in 2020, despite there not being a formal Business Continuity Plan.

REPORT ON CORPORATE GOVERNANCE

The work on the risk registers in FY2020 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 two principle risks in 2020 – the COVID crisis and continuing trade tariffs imposed by USA – demonstrate that Management has developed a sound grasp of risk and mitigation methods.

In FY2020, with the advent of a greater use of electronic means of meeting and communication, TrickleStar undertook a formal enterprise-wide review of the adequacy and effectiveness of its internal control and IT systems and they were found to be appropriate for the new norm.

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 2020, to the best of their knowledge the financial records of TrickleStar and its subsidiaries have been properly maintained and the financial statements for 2020 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 2020.

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 2020, there were no material weaknesses identified in TrickleStar’s internal controls or risk management systems.

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.

REPORT ON CORPORATE GOVERNANCE

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
- Gunananthan Nithyanantham.

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 external auditors ("EA"); and (ii) the remuneration and terms of engagement of the external auditors;
- (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;
- (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) considering any whistleblowing matters; and
- (n) undertaking such other reviews and projects as may be requested by the Board.

REPORT ON CORPORATE GOVERNANCE

The AC keeps Directors informed on a regular basis (monthly in FY2020) of how it is discharging its responsibilities and has informed the Board that it has been able to discharge its duties independently.

Whistleblowing

TrickleStar publicly discloses through its website, and clearly communicates to employees, the existence of a whistleblowing policy and procedures for raising such concerns. TrickleStar's whistleblowing policy provides 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. The whistleblowing policy explains that arrangements and processes are in place, to facilitate independent investigation of such concerns and for appropriate follow-up action. The email of the Lead Independent Director, where concerns can be raised by a whistleblower is: jeremy.figgins@tricklestar.com.

There were no reports of whistleblowing received in FY2020.

Composition of AC

The AC comprises three Directors, all of whom including the Chair are Non-Executive Directors and the Lead Independent Director is a member. Only Mr Gunananthan Nithyanantham is Non-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.

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 FY2020, the AC is satisfied that GovernAce Advisory & Solutions Sdn Bhd was independent, effective and adequately resourced. 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 FY2020, 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.

REPORT ON CORPORATE GOVERNANCE

External Auditor

In FY2020, the EA provided TrickleStar with non-audit services amounting to S\$21,015. Audit fees for FY2020, amounting to S\$88,000 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 under Note 7 of 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 FY2021 at the forthcoming AGM.

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.

REPORT ON CORPORATE GOVERNANCE

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 FY2020, 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 shareholders 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 Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are all informed to shareholders in advance at <https://complete-corp.com/tricklestar-agm/>.

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), 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 Meeting, 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 FY2020.

REPORT ON CORPORATE GOVERNANCE

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 FY2020 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 FY2020, 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 26 March 2021 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.

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.

A dividend of 0.45 US cents (US\$0.0045) has been recommended for FY2020 and will be considered by shareholders for approval at the upcoming AGM.

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.

REPORT ON CORPORATE GOVERNANCE

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.

In FY2020, TrickleStar did not significantly enhance its investor relations work because Management was focused on several key initiatives, including developing new products, consolidating ways of reducing the short and long-term impact of tariffs imposed by the USA and work to ensure business continuity and employee safety and welfare in the face of COVID. The Board is aware of this and has asked Management to develop its investor relations plan in FY2021.

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)

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 will publish its first Sustainability Report by 31 December 2021, in respect of 2020, following its first full financial year of listing. 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 FY2020, the Board has noted a schedule, prepared by Management, of main stakeholder groups and engagement practices.

With only 18 employees in total in TrickleStar at the end of FY2020, 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 site 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 such a 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.

REPORT ON CORPORATE GOVERNANCE

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.

MISCELLANEOUS INFORMATION AND ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(5) OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON DIRECTORS SEEKING FOR RE-ELECTION

The following information on Mr Bernard Christopher Emby and Mr. Jeremy John Figgins, both of whom are seeking re-election as Directors at the upcoming Annual General Meeting (“AGM”), is to be read in conjunction with their respective biographies in this Annual Report.

| Name of Person | Bernard Christopher Emby | Jeremy John Figgins |
|--|--|---|
| Date of Appointment | 31 October 2018 | 31 October 2018 |
| Date of last re-appointment (if applicable) | Not applicable | Not applicable |
| Age | 50 | 67 |
| Country of principle of residence | Malaysia | Singapore |
| 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 Emby’s contributions to the Company as well as Board processes, has recommended to the Board the re-election of Mr Emby 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 Emby 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 Figgins’s contributions to the Company as well as Board processes, has recommended to the Board the re-election of Mr Figgins 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 Figgins 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 | Executive – Group Executive Chairman and Chief Executive Officer | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc) | Executive Chairman and Chief Executive Officer | Lead Independent Director, Chairman of the Audit Committee, Nomination Committee Member |

REPORT ON CORPORATE GOVERNANCE

| Name of Person | Bernard Christopher Emby | Jeremy John Figgins |
|---|--|---|
| 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 10,838,300 shares in TrickleStar and Deemed interest in 38,215,495 shares held by CircleBright Limited | Direct interest of 85,576 shares in the Company. Direct interest in 51,755 unissued shares pursuant to Awards under PSP, which shares are due to vest in June 2021 |
| 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 Rule720(1) has been submitted to the listed issuer – Yes/No | Yes | Yes |
| Other Principal Commitments | Nil | Nil |
| Past (for the last 5 years) | <ol style="list-style-type: none"> 1. TrickleStar Limited, (HK) 2. TrickleStar Inc. (US) 3. TrickleStar (M) Sdn Bhd (MY) 4. CircleBright Limited 5. Zernet Limited 6. Zernet (M) Sdn Bhd 7. Ozuno Holding Limited 8. Ozuno Trading Limited 9. Emby Properties Sdn Bhd | <ol style="list-style-type: none"> 1. Pangolin Investment Management Limited 2. Jayef Limited 3. Straits Engineers Contracting Pte. Ltd 4. Straits Engineers Holdings Limited |
| Other Present Directorship | <ol style="list-style-type: none"> 1. TrickleStar Limited, (HK) 2. TrickleStar Inc. (US) 3. TrickleStar (M) Sdn Bhd (MY) 4. PlugLoad Pte Ltd 5. CircleBright Limited 6. Zernet Limited 7. Zernet (M) Sdn Bhd 8. Ozuno Holding Limited 9. Ozuno Trading Limited 10. Emby Properties Sdn Bhd | <ol style="list-style-type: none"> 1. Pangolin Investment Management Limited 2. PlugLoad Pte Ltd |

REPORT ON CORPORATE GOVERNANCE

| Name of Person | Bernard Christopher Emby | Jeremy John Figgins |
|---|--|--|
| Disclosure applicable to appointment of Director only | | |
| 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) | Mr Emby 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. | Mr Figgins does not have prior experience as a director of public listed companies in Singapore. However, he has undertaken training and/or been briefed on the roles and responsibilities of a director of a public listed company in Singapore and 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. |
| (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 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 | Bernard Christopher Emby | Jeremy John Figgins |
|--|--------------------------|---------------------|
| (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 | Bernard Christopher Emby | Jeremy John Figgins |
|--|--------------------------|---------------------|
| (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 | Bernard Christopher Emby | Jeremy John Figgins |
|---|--------------------------|---------------------|
| (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 FY2020, 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 FY2020 that exceeded SGD100,000. TrickleStar does not have a general mandate for IPTs.

Use of Proceeds

TrickleStar received proceeds from the IPO of approximately SGD2.4 million ("**Net Proceeds**") and the Net Proceeds have been utilised as follows:

| Use of proceeds | Amount allocated as stated in the Offer Document (SGD' million) | Amount utilised as at the date of this Annual Report (SGD' million) | Balance of Net Proceeds as at the date of this Annual Report (SGD' million) |
|---|---|---|---|
| Scaling our presence in markets that we operate in, expansion into new geographical markets and establishing new sales channels | 0.40 | (0.40) | 0.00 |
| Product development, acquisition of products, businesses and assets | 1.00 | (1.00) | 0.00 |
| General working capital purposes (Payment of stock to supplier) | 1.00 | (1.00) | 0.00 |
| Total | 2.40 | (2.40) | 0.00 |

The above utilisations were in accordance with the intended use of the Net Proceeds and the percentages allocated, as stated in TrickleStar's Offer Document dated 3 June 2019.

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 FY2020, there were no non-sponsor fees paid/payable to PrimePartners Corporate Finance Pte. Ltd..

DIRECTORS' STATEMENT

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 the statement of changes in equity of the Company for the financial year ended 31 December 2020.

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 60 to 109 thereon are properly 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 2020 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended and changes in equity of the Company for the financial year ended 31 December 2020; 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 as follows:

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

3. Arrangements 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 acquisition 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

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

| | 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 | 8,964,923 | 10,838,300 | 41,615,451 | 38,215,495 |
| Gunananthan Nithyanantham | — | 1,360,211 | 41,615,451 | 38,215,495 |
| Figgins Jeremy John | — | 85,576 | — | — |
| Chuah Jern Ern | 939,000 | 981,988 | — | 84,077 |
| Ling Hee Keat | 1,482,500 | 1,829,377 | 1,518,183 | 1,625,491 |
| Ultimate holding company | | | | |
| (Number of ordinary shares) | | | | |
| Bernard Christopher Emby | 8,240,080 | 8,240,080 | — | — |
| Gunananthan Nithyanantham | 3,746,343 | 3,746,343 | — | — |

By virtue of Section 7 of the Act, Bernard Christopher Emby and Gunananthan Nithyanantham are deemed to have an interest in all related corporations of the Company as at 31 December 2020. 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 2021 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2020.

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 Ling Hee Keat, Gunananthan Nithyanantham and Chuah Jern Ern (the "**Committee**").

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 subsidiary corporation holdings in the Company) from time to time.

DIRECTORS' STATEMENT

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 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 SGX-ST for the 5 consecutive trading days immediately preceding the date on which the option is 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 subsidiary corporations 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 subsidiary corporations, other than as disclosed under "Performance shares" in this statement.

There were no unissued shares of the Company or its subsidiary corporations 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 PSP ("PSP"), whereby a participant is conferred with the rights to be issued or transferred fully-paid shares free-of-charge. The PSP was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 17 May 2019. The PSP is administered by the Remuneration Committee formed by the Board of Directors comprising Ling Hee Keat, Gunananthan Nithyanantham and Chuah Jern Ern. The PSP 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 PSP, Executive Directors and employees of the Group and Non-Executive Directors of the Company are eligible to participate in the PSP. The controlling shareholders are eligible to participate in the scheme and each grant of an Option is subject to the approval of independent shareholders in general meeting.

On 9 December 2019, the Company granted 614,157 share awards (the "Awards") to employees and Directors of the Group, of which, 206,315 share awards are granted to the Directors, who are also the controlling shareholders of the Company. The 206,315 share awards was approved and adopted by the shareholders at the Annual General Meeting held on 26 March 2020.

DIRECTORS' STATEMENT

6. Performance shares (continued)

The numbers of outstanding share awards under the PSP are as follows:

| Date of grant | Balance at beginning of financial year | Granted during the financial year | Exercised during the financial year | Forfeited during the financial year | Balance at end of financial year |
|-----------------|--|-----------------------------------|-------------------------------------|-------------------------------------|----------------------------------|
| 9 December 2019 | 407,842 | 206,315 | (456,329) | (8,682) | 149,146 |
| 26 March 2020 | – | 206,315 | (206,315) | – | – |

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

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

| Name of Directors | 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 |
|---------------------------|--|--|--|--|
| Bernard Christopher Emby | 136,000 | 136,000 | (136,000) | – |
| Gunananthan Nithyanantham | 70,315 | 70,315 | (70,315) | – |
| Figgins Jeremy John | – | 85,576 | (85,576) | – |
| Ling Hee Keat | – | 46,877 | (46,877) | – |
| Chuah Jern Ern | – | 42,988 | (42,988) | – |

7. Audit committee

The Audit Committee at the date of this statement comprises the following members, all of whom are Non-Executive Directors and the majority of whom are Independent Directors:

Figgins Jeremy John (Chairman)
Gunananthan Nithyanantham
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 and internal auditors of the Company:

- 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;
- 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;
- the Company's and the Group's financial and operating results and accounting policies;

DIRECTORS' STATEMENT

7. Audit committee (continued)

- (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 any related press releases on the results and financial position of the Company and the Group;
- (f) the co-operation and assistance given by the management to the Company's internal and external auditors;
- (g) the re-appointment of the 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 auditors 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 the 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 auditors 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

Gunananthan Nithyanantham
Director

26 February 2021

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"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, 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 2020, 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

Key Audit Matters (Continued)

| KEY AUDIT MATTER | HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER |
|--|---|
| <p>Refer to Note 3.2 and Note 8 to the financial statements</p> <p>Valuation of inventories</p> <p>The Group's inventories comprised of advanced power strips and surge protectors. Inventories are written down to the lower of cost and net realisable value if they are damaged, slow-moving, or become obsolete due to lack of market demand.</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 inventories become slow-moving or obsolete due to no market demand. This leads to net realisable value of the Group's inventories may be below cost, resulting in an overstatement of inventories.</p> <p>We determined this area to be a key audit matter due to:</p> <p>a) As at 31 December 2020, the carrying amount of the Group's inventories amounted to US\$4,474,005, net of an allowance for slow-moving inventories of US\$150,000 made during the financial year. This is significant to the financial statements as it represents 43% of the Group's total current assets; and</p> <p>b) The determination of net realisable value requires significant management's 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 provision policy in accordance with SFRS(I) 1 – 2; • 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

Other Matter

The financial statements for the financial year ended 31 December 2019 were audited by another firm of auditor who expressed an unmodified opinion on those financial statements on 27 February 2020.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRICKLESTAR LIMITED

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

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

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

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

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRICKLESTAR LIMITED

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

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 corporation 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
26 February 2021

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| | | Group | | Company | |
|--|------|-------------------|-------------------|------------------|------------------|
| | Note | 2020 US\$ | 2019 US\$ | 2020 US\$ | 2019 US\$ |
| Assets | | | | | |
| Non-current assets | | | | | |
| Plant and equipment | 4 | 63,303 | 67,236 | — | — |
| Right-of-use assets | 5 | 85,646 | 68,596 | — | — |
| Intangible assets | 6 | 938,550 | 392,585 | — | — |
| Investment in subsidiaries | 7 | — | — | 6,286,017 | 4,601,706 |
| | | 1,087,499 | 528,417 | 6,286,017 | 4,601,706 |
| Current assets | | | | | |
| Inventories | 8 | 4,474,005 | 4,266,414 | — | — |
| Trade and other receivables | 9 | 2,215,083 | 3,028,049 | 148,437 | 1,168,445 |
| Cash and bank balances | 10 | 3,671,880 | 2,600,014 | 1,684,087 | 996,483 |
| | | 10,360,968 | 9,894,477 | 1,832,524 | 2,164,928 |
| Total assets | | 11,448,467 | 10,422,894 | 8,118,541 | 6,766,634 |
| EQUITY AND LIABILITIES | | | | | |
| Capital and reserves | | | | | |
| Share capital | 11 | 7,304,838 | 7,191,788 | 7,304,838 | 7,191,788 |
| Merger reserve | 12 | (111,376) | (111,376) | — | — |
| Share grant reserve | 13 | 21,003 | 7,685 | 21,003 | 7,685 |
| Foreign currency translation reserve | 14 | 26,946 | 18,251 | — | — |
| Retained earnings/(Accumulated losses) | | 648,073 | (64,608) | 484,082 | (839,499) |
| | | 7,889,484 | 7,041,740 | 7,809,923 | 6,359,974 |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | 15 | 57,620 | 95,073 | — | — |
| Lease liabilities | 16 | 52,585 | 31,298 | — | — |
| | | 110,205 | 126,371 | — | — |
| Current liabilities | | | | | |
| Trade and other payables | 17 | 3,375,017 | 3,163,943 | 287,099 | 370,604 |
| Lease liabilities | 16 | 38,489 | 44,870 | — | — |
| Provision | | 13,014 | 9,914 | — | — |
| Income tax liabilities | | 22,258 | 36,056 | 21,519 | 36,056 |
| | | 3,448,778 | 3,254,783 | 308,618 | 406,660 |
| Total liabilities | | 3,558,983 | 3,381,154 | 308,618 | 406,660 |
| Total equity and liabilities | | 11,448,467 | 10,422,894 | 8,118,541 | 6,766,634 |

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 2020

| | | Group | |
|--|------|--------------------|--------------|
| | Note | 2020 US\$ | 2019 US\$ |
| Revenue | 18 | 12,850,046 | 14,524,660 |
| Cost of sales | | (9,646,344) | (10,645,529) |
| Gross profit | | 3,203,702 | 3,879,131 |
| Other income | 19 | 70,660 | 163,917 |
| Selling and distribution expenses | | (881,718) | (1,155,910) |
| Administrative expenses | | (1,719,230) | (2,628,719) |
| Finance costs | 20 | (4,819) | (7,777) |
| Profit before tax | 21 | 668,595 | 250,642 |
| Income tax credit/(expense) | 22 | 44,086 | (75,154) |
| Profit for the year attributable to owners of the Company | | 712,681 | 175,488 |
| Other comprehensive income: | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations | | 8,695 | 1,805 |
| Other comprehensive income for the financial year, net of tax of US\$Nil | | 8,695 | 1,805 |
| Total comprehensive income for the financial year attributable to owners of the Company | | 721,376 | 177,293 |
| Earnings per share attributable to owners of the Company (cents) | | | |
| Basic and diluted (cents) | 23 | 0.87 | 0.23 |

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| Group | Note | Share capital US\$ | Merger reserve US\$ | Share grant reserve US\$ | Foreign currency translation reserve US\$ | Retained earnings/ (Accumulated losses) US\$ | Total equity US\$ |
|--|------|-----------------------|------------------------|-----------------------------|--|--|----------------------|
| Balance as 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 shares issued | 11 | 113,050 | – | (113,050) | – | – | – |
| Performance share plan expenses | 13 | – | – | 126,368 | – | – | 126,368 |
| Total transactions with owners, recognised directly in equity | | 113,050 | – | 13,318 | – | – | 126,368 |
| Balance as 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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| Group | Note | Share capital US\$ | Merger reserve US\$ | Share grant reserve US\$ | Foreign currency translation reserve US\$ | Retained earnings/ (Accumulated losses) US\$ | Total equity US\$ |
|--|------|-----------------------|------------------------|-----------------------------|--|--|----------------------|
| Balance as at 31 December 2018 | | 4,490,330 | – | – | 16,446 | 630,623 | 5,137,399 |
| Effect on adoption of SFRS(I) 16 | | – | – | – | – | (4,897) | (4,897) |
| Balance as at 1 January 2019 | | 4,490,330 | – | – | 16,446 | 625,726 | 5,132,502 |
| Profit for the year | | – | – | – | – | 175,488 | 175,488 |
| Other comprehensive income for the financial year | | | | | | | |
| Exchange differences on translating foreign operations | | – | – | – | 1,805 | – | 1,805 |
| Total comprehensive income for the financial year | | – | – | – | 1,805 | 175,488 | 177,293 |
| Adjustment pursuant to Restructuring Exercise Deemed distribution to owners pursuant to Restructuring Exercise | 11 | – | (111,376) | – | – | – | (111,376) |
| Issuance of ordinary shares pursuant to Restructuring Exercise | 11 | (4,490,329) | – | – | – | – | (4,490,329) |
| Issuance of ordinary shares pursuant to an initial public offering | 11 | 4,601,705 | – | – | – | – | 4,601,705 |
| Share issuance expenses | 11 | 2,853,982 | – | – | – | – | 2,853,982 |
| Performance share plan expenses | 13 | (263,900) | – | – | – | – | (263,900) |
| Dividends | 24 | – | – | 7,685 | – | – | 7,685 |
| Total transactions with owners, recognised directly in equity | | – | – | – | – | (865,822) | (865,822) |
| Balance as at 31 December 2019 | | 2,701,458 | (111,376) | 7,685 | – | (865,822) | 1,731,945 |
| | | 7,191,788 | (111,376) | 7,685 | 18,251 | (64,608) | 7,041,740 |

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| | Note | Share capital US\$ | Share grant reserve US\$ | Retained earnings/ (Accumulated losses) US\$ | Total equity US\$ |
|---|------|-----------------------|-----------------------------|--|----------------------|
| Company | | | | | |
| Balance at 1 January 2020 | 11 | 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 plan expenses | 13 | – | 126,368 | – | 126,368 |
| Performance shares issued | 11 | 113,050 | (113,050) | – | – |
| Total transactions with owners, recognised directly in equity | | 113,050 | 13,318 | – | 126,368 |
| Balance as at 31 December 2020 | | 7,304,838 | 21,003 | 484,082 | 7,809,923 |
| | | | | | |
| Issue of shares on 31 October 2018 (date of incorporation) | 11 | 1 | – | – | 1 |
| Loss for the year, representing total comprehensive income for the financial year | | – | – | (839,499) | (839,499) |
| Issuance of ordinary shares pursuant to the Restructuring Exercise | 11 | 4,601,705 | – | – | 4,601,705 |
| Issuance of ordinary shares pursuant to an initial public offering exercise | 11 | 2,853,982 | – | – | 2,853,982 |
| Share issuance expenses | 11 | (263,900) | – | – | (263,900) |
| Performance share plan expenses | 13 | – | 7,685 | – | 7,685 |
| Total transactions with owners, recognised directly in equity | | 7,191,787 | 7,685 | – | 7,199,472 |
| Balance as at 31 December 2019 | | 7,191,788 | 7,685 | (839,499) | 6,359,974 |

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| | | Group 2020 US\$ | 2019 US\$ |
|---|---|-----------------------|------------------|
| Note | | | |
| Cash flows from operating activities | | | |
| | Profit before tax | 668,595 | 250,642 |
| | Adjustments for: | | |
| | Depreciation of plant and equipment | 4 32,459 | 46,474 |
| | Depreciation of right-of-use assets | 5 47,573 | 45,945 |
| | Amortisation of intangible assets | 6 12,142 | 48,574 |
| | Loss allowance made/(reversal of loss allowance) | 9 14,622 | (6,796) |
| | Bad debts written off | 9 225 | 14,058 |
| | Initial public offering expenses | – | 1,116,553 |
| | Plant and equipment written off | 1 | 1 |
| | Provision | 3,100 | 4,094 |
| | Provision for slow-moving inventories | 8 150,000 | 32,146 |
| | Interest income | 19 (1,037) | (1,334) |
| | Impairment loss on intangible assets | 6 – | 119,500 |
| | Performance share plan expenses | 13 126,368 | 7,685 |
| | Interest expense | 20 4,819 | 7,777 |
| | Operating cash flows before working capital changes | 1,058,867 | 1,685,319 |
| | Inventories | (357,591) | 2,642,159 |
| | Trade and other receivables | 672,061 | (478,544) |
| | Trade and other payables | 211,074 | (2,700,964) |
| | Cash generated from operations | 1,584,411 | 1,147,970 |
| | Income tax refunded/(paid) | 127,588 | (295,312) |
| | Net cash generated from operating activities | 1,711,999 | 852,658 |
| Cash flows from investing activities | | | |
| | Purchase of plant and equipment | 4 (28,180) | (21,999) |
| | Acquisition of intangible assets | 6 (558,107) | (344,003) |
| | Interest received | 1,037 | 1,334 |
| | Net cash used in investing activities | (585,250) | (364,668) |
| Cash flows from financing activities | | | |
| | Dividend paid | 24 – | (865,822) |
| | Proceeds from issuance of ordinary shares | 11 – | 2,853,982 |
| | Initial public offering expenses | – | (1,380,453) |
| | Repayment of lease liabilities | 16 (55,957) | (51,056) |
| | Net cash (used in)/from financing activities | (55,957) | 556,651 |
| | Net change in cash and cash equivalents | 1,070,792 | 1,044,641 |
| | Cash and cash equivalents at beginning of financial year | 2,592,688 | 1,546,396 |
| | Exchange difference on cash and cash equivalents | 461 | 1,651 |
| | Cash and cash equivalents at the end of financial year | 3,663,941 | 2,592,688 |

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

1. GENERAL

1.1 Domicile and activities

TrickleStar Limited (the “Company”) (Registration number 201837106C) 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 investment holding and provision of management services.

The principal activities of the subsidiaries are disclosed in Note 7 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 2020 were authorised for issue in accordance with a resolution of the Directors on the date of Directors’ Statement.

1.2 Restructuring exercise

A restructuring exercise (the “Restructuring Exercise”) was carried out as part of group restructuring prior to the listing on Catalist Board of SGX-ST which resulted in the Company becoming the holding company of the Group. The following steps were taken in the Restructuring Exercise:

Acquisition by TrickleStar Limited (“TrickleStar HK”) by the Company

Pursuant to restructuring agreement dated 17 May 2019, the Company acquired the entire issued and paid-up share capital of TrickleStar HK, a company incorporated in Hong Kong from CircleBright Limited and Powertech Industrial Co. Ltd. (the Company’s shareholders) for an aggregate consideration of S\$6,229,128 (equivalent to US\$4,601,705). The acquisition consideration was arrived at on willing-buyer willing-seller basis, taking into account, amongst others, the net asset value of TrickleStar HK and its subsidiaries as at 31 March 2019 of S\$6,229,128. The consideration was satisfied by the allotment and issue of 2,473,773 new shares by the Company to CircleBright Limited, Powertech Industrial Co. Ltd. and the designated nominees.

Following the completion of the above transaction, TrickleStar HK became a wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Restructuring Exercise involved acquisitions of companies, as referred to in the financial statements, which are under common control. These companies have been included in the consolidated financial statements of the Group in a manner similar to the “pooling-of-interest” method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent subsidiary relationship was not established until after 17 May 2019.

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in United States dollar (“US\$”) which is the functional and presentation currency of the Company and the presentation currency for the consolidated financial statements.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

In the current year, the Group has adopted all the new and revised SFRS(I)s that are relevant to its operations and effective for annual periods beginning on or after 1 January 2020. The adoption of these new or revised 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.

New standards, amendments and interpretations issued but not effective

At the date of authorisation of these statements, the following standards were issued but not yet effective, and has not been adopted early in the financial statements:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

New standards, amendments and interpretations issued but not effective (Continued)

| Description | Effective for annual periods beginning on or after |
|--|--|
| SFRS(I) 16: Amendments to SFRS(I) 16: <i>Covid-19 – Related Rent Concessions</i> | 1 June 2020 |
| SFRS(I) 3: Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i> | 1 January 2022 |
| SFRS(I) 1-16: Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment – Proceeds before Intended Use</i> | 1 January 2022 |
| SFRS(I) 1-37: Amendments to SFRS(I) 1-37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i> | 1 January 2022 |
| SFRS(I) 17: <i>Insurance Contracts</i> | 1 January 2023 |
| SFRS(I) 1-1: Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2023 |
| SFRS(I) 10, SFRS(I) 1-28: Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Date to be determined |
| Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: <i>Interest Rate Benchmark Reform – Phrase 2</i> | 1 January 2021 |
| Various: Annual Improvements to SFRS(I)s 2018-2020 | 1 January 2022 |

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.

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 be a change in the elements of control.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

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 are 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 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of 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 plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the 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:

| | | |
|------------------------|---|---------|
| Computers | — | 3 years |
| Tools and equipment | — | 5 years |
| Furniture and fittings | — | 5 years |
| Office equipment | — | 5 years |
| Renovation | — | 5 years |
| Machinery | — | 5 years |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Plant and equipment (Continued)

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 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.

2.5 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 at least at each financial year-end. 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 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 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 assets 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 assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged using the straight-line method over the periods the Group expects to benefit from selling the products developed of 5 years.

2.6 Impairment of non-financial assets

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of non-financial assets (Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a “first-in, first-out” method and includes 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 at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. The damaged, obsolete and slow-moving items are to be written down to the lower of cost and net realisable value.

2.8 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets into one of the categories below, depending on the Group’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group’s accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial instruments (Continued)

Amortised cost (Continued)

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for non-trade receivables from subsidiaries are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, 12-month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding prepayments and tax recoverables) and cash and bank balances in the statements of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments (Continued)

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

Financial liabilities

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument in accordance to the substance of the contractual arrangements.

Trade and other payables

Trade and other payables (excluding advances and sales tax) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expired. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing liability is replaced by another form from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.9 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Provisions (Continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised as finance expense.

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

2.10 Cash and bank balances

Cash and bank balances in the consolidated statements of financial position comprise cash on hand, cash at bank and fixed deposit which are subject to insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents excludes any pledged deposit.

2.11 Share-based payments

Employees' share grant plan

The Group operates a share award plan which allows it to issue equity-settled share-based payments to certain employees and Directors. For the shares granted to the employees and Directors, the fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted.

All share-based compensation is recognised as an expense in profit or loss with a corresponding credit to share grant reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share awards expected to vest. Non-vesting conditions and market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

2.12 Revenue recognition

Revenue is recognised when the performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. The Group's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Revenue recognition (Continued)

All products sold by the Group include standard warranty which requires the Group either to replace or mend the defective product during the warranty period. The warranty against defect is not accounted for as separate performance obligation. Therefore, a provision is made for the costs of satisfying the warranties in accordance with SFRS(I) 1-37 *Provision, Contingent Liabilities and Contingent Assets*.

Revenue from sale of goods

The Group is involved in developing and 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.

Dividend income

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

2.13 Employee benefits expense

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated undiscounted liability for unutilised annual leave expected to be settled wholly within 12 month from the end of the financial year as a result of services rendered by employees up to the end of the financial year.

2.14 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants related to asset are deducted against the carrying amount of the asset.

Government grants related to expenses are accounted for in the year where the related costs it intends to compensate is incurred and recognised in the profit or loss. Such government grants are presented under "other income".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 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 2.6.

The Group's right-of-use assets are disclosed in Note 5.

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 amounts 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 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (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 disclosed in Note 16.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of assets (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 assets 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.

2.16 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Taxes (Continued)

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year 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 asset to be recovered. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

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.

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.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Taxes (Continued)

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.

2.17 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United States dollar using exchange rates prevailing at the end of the financial year. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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.

2.19 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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and 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 financial year, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities and the reported amount of revenue and expenses, within the next financial year, are discussed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Loss allowance for trade receivables

Management establishes the loss allowance for trade receivables based on expected credit loss model. In determining the expected credit losses for trade receivables, management categorised trade receivables based on their historical loss patterns, historical payment profiles and adjusted for the forward-looking information such as industry performance. For non-trade receivables, management considers the performance, financial capability as well as payment profile of these non-trade receivables in order to determine the appropriate stage of expected credit loss for these receivables. Probability or risk of default is then being estimated by considering the future conditions. Additionally, management also evaluates expected credit loss for customers in financial difficulties separately.

The carrying amount of the Group's and the Company's trade and other receivables as at 31 December 2020 were US\$2,215,083 (2019: US\$3,028,049) and US\$148,437 (2019: US\$1,168,445) respectively.

Inventory obsolescence

Management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provides for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, management considers recent sales activities, related margin and market positioning of the products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories.

The carrying amount of the Group's inventories as at 31 December 2020 was US\$4,474,005 (2019: US\$4,266,414).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

4. PLANT AND EQUIPMENT

| Group | Computer US\$ | Tools and equipment US\$ | Furniture and fittings US\$ | Office equipment US\$ | Renovation US\$ | Machinery US\$ | Total US\$ |
|---------------------------------|------------------|-----------------------------------|--------------------------------------|-----------------------------|--------------------|-------------------|----------------|
| Cost | | | | | | | |
| At 1 January 2019 | 55,799 | 296,994 | 46,737 | 6,204 | 40,838 | 12,361 | 458,933 |
| Additions | 11,586 | 91 | 6,815 | – | 3,507 | – | 21,999 |
| Written off | (1,339) | – | – | – | – | – | (1,339) |
| Currency re-alignment | 65 | 1 | 16 | – | 18 | – | 100 |
| At 31 December 2019 | 66,111 | 297,086 | 53,568 | 6,204 | 44,363 | 12,361 | 479,693 |
| 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 | 506,845 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2019 | 42,205 | 275,220 | 22,329 | 1,770 | 23,427 | 2,360 | 367,311 |
| Depreciation | 9,334 | 18,457 | 8,321 | 1,241 | 6,648 | 2,473 | 46,474 |
| Written off | (1,338) | – | – | – | – | – | (1,338) |
| Currency re-alignment | 5 | – | 2 | – | 3 | – | 10 |
| At 31 December 2019 | 50,206 | 293,677 | 30,652 | 3,011 | 30,078 | 4,833 | 412,457 |
| Depreciation | 10,849 | 3,346 | 8,231 | 1,240 | 6,321 | 2,472 | 32,459 |
| Written off | (1,452) | – | – | – | – | – | (1,452) |
| Currency re-alignment | 47 | – | 15 | – | 16 | – | 78 |
| At 31 December 2020 | 59,650 | 297,023 | 38,898 | 4,251 | 36,415 | 7,305 | 443,542 |
| Net carrying amount | | | | | | | |
| At 31 December 2020 | 33,485 | 63 | 14,732 | 1,953 | 8,014 | 5,056 | 63,303 |
| At 31 December 2019 | 15,905 | 3,409 | 22,916 | 3,193 | 14,285 | 7,528 | 67,236 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

5. RIGHT-OF-USE ASSETS

| | Buildings US\$ |
|---------------------------------|---------------------------|
| Group | |
| Cost | |
| At 1 January 2019 | – |
| Adoption of SFRS(I) 16 | 114,550 |
| At 31 December 2019 | 114,550 |
| Additions | 66,044 |
| Exchange difference | (2,851) |
| At 31 December 2020 | 177,743 |
| Accumulated depreciation | |
| At 1 January 2019 | – |
| Amortisation | (45,945) |
| Exchange difference | (9) |
| At 31 December 2019 | (45,954) |
| Amortisation | (47,573) |
| Exchange difference | 1,430 |
| At 31 December 2020 | (92,097) |
| Net carrying amount | |
| At 31 December 2020 | 85,646 |
| At 31 December 2019 | 68,596 |

The right-of-use assets are amortised over lease term of underlying assets, which ranged from 3 to 4 (2019: 3 to 4) years on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

6. 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 |
| Accumulated amortisation | | | |
| At 1 January 2020 | 230,727 | – | 230,727 |
| Amortisation | 12,142 | – | 12,142 |
| At 31 December 2020 | 242,869 | – | 242,869 |
| Impairment loss | | | |
| At 1 January 2020 and 31 December 2020 | – | 119,500 | 119,500 |
| Net carrying amount | | | |
| At 31 December 2020 | 2 | 938,548 | 938,550 |
| Cost | | | |
| At 1 January 2019 | 242,871 | 155,938 | 398,809 |
| Additions | – | 344,003 | 344,003 |
| At 31 December 2019 | 242,871 | 499,941 | 742,812 |
| Accumulated amortisation | | | |
| At 1 January 2019 | 182,153 | – | 182,153 |
| Amortisation | 48,574 | – | 48,574 |
| At 31 December 2019 | 230,727 | – | 230,727 |
| Impairment loss | | | |
| At 1 January 2019 | – | – | – |
| Impairment | – | 119,500 | 119,500 |
| At 31 December 2019 | – | 119,500 | 119,500 |
| Net carrying amount | | | |
| At 31 December 2019 | 12,144 | 380,441 | 392,585 |

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

In prior financial year, the Group carried out a review of the recoverable amount of its development costs due to a deterioration in sales of an underperforming product. The review led to an impairment loss of US\$119,500 in the capitalised product development cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

7. INVESTMENT IN SUBSIDIARIES

| | Company | |
|--|------------------|------------------|
| | 2020 US\$ | 2019 US\$ |
| Unquoted equity shares, at cost | | |
| At beginning of financial year | 4,601,706 | — |
| Additions | 1,550,258 | 4,601,706 |
| Performance share plan | 134,053 | — |
| At end of financial year | 6,286,017 | 4,601,706 |

The details of the subsidiaries are as follow:

| Name of subsidiaries (Country of incorporation and principal place of business) | Principal activities | Proportion of equity held by the Company | |
|---|---|---|-----------|
| | | 2020 % | 2019 % |
| <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 | — |
| TrickleStar (M) Sdn. Bhd. ⁽³⁾ (Malaysia) | Provides operational support | 100 | — |
| PlugLoad Pte. Ltd. ⁽⁴⁾ (Singapore) | Licensing technology, developing and selling electrical and energy-saving product | 100 | — |
| <u>Held by TrickleStar Limited (Hong Kong)</u> | | | |
| TrickleStar Inc ⁽²⁾ (United States of America) | Develops and sells advanced power strips and surge protectors | — | 100 |
| TrickleStar (M) Sdn. Bhd. ⁽³⁾ (Malaysia) | Provides operational support | — | 100 |

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

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

(3) Audited by Morison AAC, Malaysia

(4) Audited by Paul Wan & Co, Singapore

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

In June 2020, the Company undertaken an internal restructuring exercise pursuant to which the shares of its indirect subsidiaries, TrickleStar Inc and TrickleStar (M) Sdn. Bhd., held through TrickleStar HK, a wholly-owned subsidiary of the Company, have been 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 owing by TrickleStar Inc of US\$1,000,000 as paid up share capital in TrickleStar Inc.

8. INVENTORIES

| | Group | |
|-----------------|------------------|------------------|
| | 2020 US\$ | 2019 US\$ |
| Trading goods | 4,340,457 | 4,266,414 |
| Good in transit | 133,548 | — |
| | 4,474,005 | 4,266,414 |

The cost of inventories recognised as an expense and included in “cost of sales” line item in profit or loss amounted to US\$9,436,939 (2019: US\$10,552,830) for the financial year ended 31 December 2020.

Provision for slow-moving inventories recognised as at expense and included in “cost of sales” line item in profit or loss amounted to US\$150,000 (2019: US\$32,146) for the financial year ended 31 December 2020.

9. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|-------------------------|------------------|------------------|----------------|------------------|
| | 2020 US\$ | 2019 US\$ | 2020 US\$ | 2019 US\$ |
| Trade receivables | | | | |
| – third parties | 1,830,999 | 2,611,039 | — | — |
| Less: Loss allowance | (17,826) | (3,204) | — | — |
| | 1,813,173 | 2,607,835 | — | — |
| Other receivables | | | | |
| – third parties | 123,633 | 126 | 2,425 | — |
| – subsidiaries | — | — | 146,012 | 1,162,022 |
| Prepayments | 30,374 | 59,749 | — | 5,674 |
| Income tax recoverables | 60,551 | 186,609 | — | — |
| Deposits | 187,352 | 173,730 | — | 749 |
| | 2,215,083 | 3,028,049 | 148,437 | 1,168,445 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 (2019: 30 to 90) days' credit terms.

The non-trade amount due from subsidiaries are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

Trade receivables from third parties written off was included in "administrative expenses" line item in profit or loss amounted to US\$225 (2019: US\$14,058). Trade receivables were written off as the debtor was loss-making and the balance was deemed to be irrecoverable.

Movements in the loss allowance for trade receivables are as follows:

| | Group | |
|--|--------------|--------------|
| | 2020 US\$ | 2019 US\$ |
| At 1 January | 3,204 | 10,000 |
| Loss allowance made/(Reversal of loss allowance) | 14,622 | (6,796) |
| At 31 December | 17,826 | 3,204 |

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 | |
|----------------------|--------------|--------------|--------------|--------------|
| | 2020 US\$ | 2019 US\$ | 2020 US\$ | 2019 US\$ |
| United States dollar | 2,195,682 | 3,020,210 | 95,405 | 1,098,351 |
| Singapore dollar | 4,048 | 3,315 | 2,425 | 6,423 |
| Ringgit Malaysia | 15,353 | 4,524 | 50,607 | 63,671 |
| | 2,215,083 | 3,028,049 | 148,437 | 1,168,445 |

10. CASH AND BANK BALANCES

| | Group | | Company | |
|---|--------------|--------------|--------------|--------------|
| | 2020 US\$ | 2019 US\$ | 2020 US\$ | 2019 US\$ |
| Cash at banks | 3,013,941 | 2,592,688 | 1,034,087 | 996,483 |
| Fixed deposits | 657,939 | 7,326 | 650,000 | — |
| | 3,671,880 | 2,600,014 | 1,684,087 | 996,483 |
| Fixed deposit pledged | (7,939) | (7,326) | | |
| Cash and cash equivalents on consolidated statement of cash flows | 3,663,941 | 2,592,688 | | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10. CASH AND BANK BALANCES (CONTINUED)

Fixed deposit is placed for a period of 365 days (2019: 365 days) and bears effective interest rate at 3.10% (2019: 3.25%) per annum.

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 | |
|----------------------|------------------|------------------|------------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | US\$ | US\$ | US\$ | US\$ |
| United States dollar | 3,036,507 | 1,551,429 | 1,147,732 | 11,155 |
| Singapore dollar | 606,703 | 1,019,954 | 535,615 | — |
| Ringgit Malaysia | 28,670 | 28,631 | 740 | 985,328 |
| | 3,671,880 | 2,600,014 | 1,684,087 | 996,483 |

11. SHARE CAPITAL

| | Group | | | |
|---|-------------------|-------------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Number of | Number of | US\$ | US\$ |
| | ordinary | ordinary | | |
| | shares | shares | | |
| Issued and paid-up capital | | | | |
| Balance at beginning of financial year | 81,791,925 | 2,473,775 | 7,191,788 | 4,490,330 |
| Deemed distribution to owners pursuant to Restructuring Exercise (Note 1.2) | — | (2,473,773) | — | (4,490,329) |
| Issuance of ordinary shares pursuant to Restructuring Exercise (Note 1.2) | — | 2,473,773 | — | 4,601,705 |
| Sub-division of shares ⁽ⁱⁱ⁾ | — | 64,318,150 | — | — |
| Issuance of ordinary shares pursuant to an initial public offering ⁽ⁱⁱⁱ⁾ | — | 15,000,000 | — | 2,853,982 |
| Share issuance expenses ^(iv) | — | — | — | (263,900) |
| Issuance of shares pursuant to the awards vested under the performance share plan (Note 13) | 456,329 | — | 113,050 | — |
| Balance at end of financial year | 82,248,254 | 81,791,925 | 7,304,838 | 7,191,788 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

11. SHARE CAPITAL (CONTINUED)

| | Company | | | |
|---|---------------------------------|---------------------------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Number of ordinary shares | Number of ordinary shares | US\$ | US\$ |
| Issued and paid-up capital | | | | |
| Balance at beginning of financial year/date of incorporation ⁽ⁱ⁾ | 81,791,925 | 2 | 7,191,788 | 1 |
| Issuance of ordinary shares pursuant to Restructuring Exercise (Note 1.2) | – | 2,473,773 | – | 4,601,705 |
| Sub-division of shares ⁽ⁱⁱ⁾ | – | 64,318,150 | – | – |
| Issuance of ordinary shares pursuant to an initial public offering ⁽ⁱⁱⁱ⁾ | – | 15,000,000 | – | 2,853,982 |
| Share issuance expenses ^(iv) | – | – | – | (263,900) |
| Issuance of shares pursuant to the awards vested under the performance share plan | 456,329 | – | 113,050 | – |
| Balance at end of financial year | 82,248,254 | 81,791,925 | 7,304,838 | 7,191,788 |

- (i) On 31 October 2018, the Company issued 2 subscribers' shares at US\$1 for cash at the date of incorporation and the Company's share capital as at 31 December 2018 represents the actual share capital.
- (ii) On 17 May 2019, the shareholders of the Company approved the sub-division of the existing issued ordinary shares into 66,791,925 ordinary shares in the issued capital of the Company.
- (iii) On 18 June 2019, the Company increased its issued and fully paid-up share capital by way of allotment and issuance of 15,000,000 new ordinary shares at an issue price S\$0.26 per ordinary share for cash consideration of S\$3,900,000 (equivalent to US\$2,853,982) pursuant to an initial public offering.
- (iv) Included in these expenses is an allocation portion of professional fees paid to the previous independent auditor of the Company in respect of professional services rendered as independent reporting auditor in connection with the Company's initial public offering. The allocation portion of professional fees amounted to US\$21,863.

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.

12. 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 2020

13. 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 9 December 2019, the Company granted 614,157 share awards (the “Awards”) to employees and Directors of the Group, of which, 206,315 share awards are granted to the Directors, who are also the controlling shareholders of the Company. The 206,315 share awards was approved and adopted by the shareholders at the Annual General Meeting held on 26 March 2020. The vesting of the Awards is conditional on the eligible participants completing specific period of service to the Group as below:

| Date of grant | 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 |
|-----------------|--|---------------------------------|-------------------------------------|-------------------------------------|----------------------------------|-----------------------|
| 9 December 2019 | 252,908 | — | (250,014) | (2,894) | — | June 2020 |
| 9 December 2019 | 77,467 | — | — | (2,894) | 74,573 | June 2021 |
| 9 December 2019 | 77,467 | — | — | (2,894) | 74,573 | June 2022 |
| 26 March 2020 | — | 206,315 | (206,315) | — | — | June 2020 |
| | 407,842 | 206,315 | (456,329) | (8,682) | 149,146 | |

The fair value of total share awards granted on 26 March 2020 (2019: 9 December 2019) was US\$53,713 (2019: US\$97,656) based on market price at grant date.

The Group and the Company recognised performance share plan expenses and a corresponding share grant reserve of US\$126,368 (2019: US\$7,685) for the financial year ended 31 December 2020.

14. 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 are different from that of the Group’s presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15. DEFERRED TAX LIABILITIES

| | Group | |
|--------------------------|---------------|--------------|
| | 2020 US\$ | 2019 US\$ |
| Deferred tax liabilities | 57,620 | 95,073 |

The movement in deferred tax liabilities position are as follows:

| | Group | |
|--------------------------------------|-----------------|--------------|
| | 2020 US\$ | 2019 US\$ |
| At 1 January | 95,073 | 2,296 |
| (Credited)/Charged to profit or loss | (37,453) | 92,770 |
| Exchange translation differences | – | 7 |
| At 31 December | 57,620 | 95,073 |

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:

| | Group | | | | |
|---|------------------------------|--|----------------|----------------|-----------------|
| | Intangible assets US\$ | Unabsorbed business losses US\$ | Leases US\$ | Others US\$ | Total US\$ |
| 2020 | | | | | |
| At 1 January | 110,328 | (16,223) | (453) | 1,421 | 95,073 |
| Charged/(Credited) to profit or loss | 161,851 | (193,380) | (1,121) | (4,803) | (37,453) |
| At 31 December | 272,179 | (209,603) | (1,574) | (3,382) | 57,620 |
| 2019 | | | | | |
| At 1 January | – | – | – | 2,296 | 2,296 |
| Charged/(Credited) to profit or loss | 110,328 | (16,223) | (453) | (882) | 92,770 |
| Exchange translation differences | – | – | – | 7 | 7 |
| At 31 December | 110,328 | (16,223) | (453) | 1,421 | 95,073 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

| | Group | |
|----------------------------------|--------------|--------------|
| | 2020 US\$ | 2019 US\$ |
| At 1 January | 246,372 | 246,363 |
| Additions | 23,577 | — |
| Exchange translation differences | — | 9 |
| At 31 December | 269,949 | 246,372 |

The Group's unrecognised deferred tax assets are attributable to temporary differences of unutilised tax losses computed at the respective countries' statutory income tax rate. As at the end of the reporting period, unutilised tax losses of approximately US\$1,630,000 (2019: US\$1,491,000) are available for set-off against future taxable profits subject to the agreement by tax authorities in Hong Kong, Malaysia and Singapore. The tax losses have no expiry date.

These tax benefits have not been recognised in the financial statements due to the uncertainty of the sufficiency of future taxable profits to be generated from the subsidiaries in the foreseeable future. Accordingly, these deferred tax assets have not been recognised in the financial statements of the Group in accordance with the accounting policy in Note 2.16 to the financial statements.

16. LEASE LIABILITIES

Group as a lessee

The Group has lease contracts for office premise and warehouses ("Buildings") in United States of America and Malaysia. The Group is restricted from assigning and subleasing the leased assets.

Lease liabilities

| | Group | |
|--|--------------|--------------|
| | 2020 US\$ | 2019 US\$ |
| Lease liabilities | 91,074 | 76,168 |
| Presented in consolidated statement of financial position: | | |
| Non-current | 52,585 | 31,298 |
| Current | 38,489 | 44,870 |
| | 91,074 | 76,168 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

16. LEASE LIABILITIES (CONTINUED)

The movement of the Group's lease liabilities is disclosed as below:

| | 1 January 2020 US\$ | Principal payments US\$ | Adoption of FRS 116 US\$ | Interest expense US\$ | 31 December 2020 US\$ |
|-------------------|---------------------------|-------------------------------|--------------------------------|-----------------------------|-----------------------------|
| Lease liabilities | 76,168 | (55,957) | 66,044 | 4,819 | 91,074 |
| | 1 January 2019 US\$ | Principal payments US\$ | Adoption of FRS 116 US\$ | Interest expense US\$ | 31 December 2019 US\$ |
| Lease liabilities | – | (51,056) | 119,447 | 7,777 | 76,168 |

The maturity analysis of lease liabilities is disclosed in Note 27.

Amount recognised in profit or loss

| | Group | |
|---------------------------------------|---------------|---------------|
| | 2020 US\$ | 2019 US\$ |
| Depreciation of right-of-use assets | 47,573 | 45,945 |
| Interest expense on lease liabilities | 4,819 | 7,777 |
| | 52,392 | 53,722 |

Total cash outflow

The Group had total cash outflows for leases of US\$55,957 (2019: US\$51,056).

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

| | Group | |
|----------------------|---------------|---------------|
| | 2020 US\$ | 2019 US\$ |
| United States dollar | 55,632 | 22,910 |
| Ringgit Malaysia | 35,442 | 53,258 |
| | 91,074 | 76,168 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

17. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|----------------------------|-----------|-----------|---------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| | US\$ | US\$ | US\$ | US\$ |
| Trade payables | | | | |
| – third parties | 123 | 123 | – | – |
| – corporate shareholder | 2,886,081 | 2,804,447 | – | – |
| | 2,886,204 | 2,804,570 | – | – |
| Other payables | | | | |
| – third parties | 96,291 | 100,042 | 75 | 44 |
| – subsidiary | – | – | 262,470 | 329,300 |
| Accrued operating expenses | 342,171 | 251,308 | 24,554 | 41,260 |
| Advances from customers | 49,283 | 7,749 | – | – |
| Sales tax payables | 1,068 | 274 | – | – |
| | 3,375,017 | 3,163,943 | 287,099 | 370,604 |

Trade payables are unsecured, non-interest bearing and normally settled within 75 (2019: 75) days' credit terms.

The non-trade amount due to a subsidiary is unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

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 | |
|----------------------|-----------|-----------|---------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| | US\$ | US\$ | US\$ | US\$ |
| United States dollar | 3,326,252 | 3,114,763 | 262,469 | 331,769 |
| Singapore dollar | 24,630 | 38,835 | 24,630 | 38,835 |
| Ringgit Malaysia | 24,135 | 10,345 | – | – |
| | 3,375,017 | 3,163,943 | 287,099 | 370,604 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

18. REVENUE

| | Group | |
|--|-------------------|--------------|
| | 2020 US\$ | 2019 US\$ |
| Timing of revenue recognition: Point in time Sale of goods | 12,850,046 | 14,524,660 |

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 | |
|--|---------------|--------------|
| | 2020 US\$ | 2019 US\$ |
| Government grants | 3,637 | 144,379 |
| Foreign exchange gain | 65,986 | 11,408 |
| Interest income | 1,037 | 1,334 |
| Reversal of impairment loss on trade receivables | – | 6,796 |
| | 70,660 | 163,917 |

20. FINANCE COSTS

| | Group | |
|---|--------------|--------------|
| | 2020 US\$ | 2019 US\$ |
| Interest expenses – lease liabilities (Note 16) | 4,819 | 7,777 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

21. PROFIT BEFORE TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the follow:

| | Group | |
|--|--------------|--------------|
| | 2020 US\$ | 2019 US\$ |
| Cost of sales | | |
| Cost of inventories | 9,436,939 | 10,552,830 |
| Provision for slow-moving inventories | 150,000 | 32,146 |
| Selling and distribution expenses | | |
| Employee benefits expense | | |
| – Salaries, bonuses and other staff benefits | 340,897 | 451,280 |
| – Contributions to defined contribution plan | 22,473 | 30,532 |
| Freight outwards | 199,539 | 180,384 |
| Inventories processing fees | 104,402 | 58,818 |
| Sales commission | 111,185 | 166,727 |
| Storage fees | 39,224 | 96,918 |
| Administrative expenses | | |
| Amortisation of intangible assets | 12,142 | 48,574 |
| Depreciation of right-of-use assets | 47,573 | 45,945 |
| Audit fees | | |
| – Auditor of the Company | 63,157 | 36,755 |
| – Other auditor | 3,404 | 34,793 |
| Non-audit fees | | |
| – Auditor of the Company | 14,976 | – |
| – Other auditor | 919 | – |
| Bad debts written off – trade receivables | 225 | 14,058 |
| Depreciation of plant and equipment | 32,459 | 46,474 |
| Employee benefits expense | | |
| – Directors' fees | 85,854 | 46,023 |
| – Salaries, bonuses and other staff benefits | 429,375 | 529,357 |
| – Contributions to defined contribution plan | 29,330 | 26,661 |
| Engineering fees | 3,100 | 79,979 |
| Impairment loss on intangible assets | – | 119,500 |
| Initial public offering expenses* | – | 1,116,553 |
| Performance share plan expenses | 126,368 | 7,685 |
| Professional fees | 467,140 | 50,988 |
| Research and testing | 2,727 | 25,947 |

* In prior financial year, included in the initial public offering expenses were professional fees paid to the previous external auditor of the Company amounted to US\$97,352 in respect of an allocated portion of professional services rendered as independent reporting auditor in connection with the Company's initial public offering.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

21. PROFIT BEFORE TAX (CONTINUED)

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

22. INCOME TAX (CREDIT)/EXPENSE

| | Group | |
|---|--------------|--------------|
| | 2020 US\$ | 2019 US\$ |
| Current income tax | | |
| – current financial year | 6,142 | 36,580 |
| – overprovision in respect of prior years | (15,187) | (54,196) |
| | (9,045) | (17,616) |
| Deferred tax | | |
| – current financial year | (34,311) | 84,184 |
| – (over)/underprovision in respect of prior years | (730) | 8,586 |
| | (35,041) | 92,770 |
| Total income tax expense | (44,086) | 75,154 |

Domestic income tax is calculated at 17% (2019: 17%) of the estimated assessable profit for the financial year. Taxation of other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense varied from the amount of income tax expense determined by applying the Singapore statutory income tax rate of 17% (2019: 17%) to profit before tax as a result of the following differences:

| | Group | |
|---|--------------|--------------|
| | 2020 US\$ | 2019 US\$ |
| Profit before tax | 668,595 | 250,642 |
| Income tax calculated at Singapore's statutory income tax rate of 17% (2019: 17%) | 113,661 | 42,609 |
| Effect of different tax rate in other countries | (1,582) | 3,515 |
| Tax effect of income not subject to tax | (31,923) | (26,209) |
| Tax effect of non-deductible expenses for income tax purpose | 103,445 | 113,631 |
| Overprovision in respect of prior years | (15,917) | (45,610) |
| Tax effect of tax incentives and tax benefits | (237,953) | (12,782) |
| Tax effect of tax losses in which no deferred tax assets were recognised | 23,577 | – |
| Others | 2,606 | – |
| | (44,086) | 75,154 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

23. EARNINGS PER SHARE

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

| | Group | |
|---|------------|------------|
| | 2020 | 2019 |
| Earnings for the purpose of basic and diluted EPS (profit attributable to the owners of the Company) (US\$) | 712,681 | 175,488 |
| Weighted number of ordinary shares in issue during the financial year (number of shares) | 82,048,923 | 74,846,720 |
| EPS (Basic and diluted) (In US\$ cents)* | 0.87 | 0.23 |

* The diluted potential ordinary shares which comprise share awards granted by the Company as disclosed in Note 13 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 | |
|--|--------------|--------------|
| | 2020 US\$ | 2019 US\$ |
| Tax exempt interim dividend of approximately US\$0.35 per ordinary share in respect of the financial year ended 31 December 2019 | – | 865,822 |

In prior financial year, prior to the Group restructuring in May 2019, TrickleStar HK paid dividends to its former shareholders, which included CircleBright Limited.

In respect of the current financial year, the Directors proposed that a final dividend of US\$0.0045 per share, amounting to approximately US\$370,000 will be paid to the shareholders. This final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of the financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the Group and its related parties during the financial years ended 31 December 2020 and 2019:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

| | Group | |
|----------------------------------|----------------------|----------------------|
| | 2020 US\$ | 2019 US\$ |
| Corporate shareholder | | |
| Purchase of goods | 8,017,022 | 6,477,683 |
| Immediate holding company | | |
| Dividend paid (Note 24) | – | 865,822 |
| | | |
| | Company | |
| | 2020 US\$ | 2019 US\$ |
| Subsidiaries | | |
| Dividend income | 1,400,000 | 350,000 |
| (Repayment)/Advances to | (1,050,000) | 1,094,693 |
| Management fee | 100,000 | – |
| Payment on behalf by | 13,064 | 344,958 |
| Payment on behalf to | 1,893 | 81,902 |

As at the end of the reporting period, the outstanding balances in respect of the above transactions have been disclosed in Notes 9 and 17 to the financial statements.

Compensation of key management personnel

Key management personnel are directors of the Group and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly.

The remuneration of key management personnel of the Group during the financial years ended 31 December 2020 and 2019 were as follows:

| | Group | |
|--|----------------------|----------------------|
| | 2020 US\$ | 2019 US\$ |
| Directors of the Company | | |
| – Directors' fees | 85,854 | 46,023 |
| – Salaries, bonuses and other staff benefits | 181,053 | 172,332 |
| – Performance share plan expenses | 100,797 | – |
| Other key management personnel | | |
| – Salaries, bonuses and other staff benefits | 296,250 | 76,424 |
| – Contributions to defined contribution plan | 10,919 | 9,627 |
| – Performance share plan expenses | 8,271 | – |
| | 683,144 | 304,406 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 2020 and 2019:

| | Group | |
|---------------------------------|-------------------|-------------------|
| | 2020 US\$ | 2019 US\$ |
| Total revenue | | |
| United States of America | 12,097,059 | 14,496,909 |
| Canada | 751,862 | 27,751 |
| Others | 1,125 | — |
| | 12,850,046 | 14,524,660 |
| | | |
| | Group | |
| | 2020 US\$ | 2019 US\$ |
| Total non-current assets | | |
| United States of America | 1,061,572 | 46,393 |
| Hong Kong | 8,501 | 12,144 |
| Malaysia | 17,426 | 469,880 |
| | 1,087,499 | 528,417 |

Major customers

Revenue of approximately 81% (2019: 86%) are derived from 5 (2019: 5) major customers.

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Group's activities expose it to credit risk, liquidity risk and foreign currency risk arising in the ordinary course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

There has been no change to the Group's exposure to these financial risks or the manner in which the risks are managed and measured. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

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

| | Category | 12-month or lifetime ECL | Gross carrying amount US\$ | Loss allowance US\$ | Net carrying amount US\$ |
|-------------------|----------|---------------------------|-------------------------------|------------------------|-----------------------------|
| 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> | |
| 2019 | | | | | |
| Trade receivables | Note 1 | Lifetime ECL (simplified) | 2,611,039 | (3,204) | 2,607,835 |
| Other receivables | I | 12-month ECL | 173,856 | – | 173,856 |
| | | | | <u>(3,204)</u> | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (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 applies the simplified approach, using a provision matrix, to measure the expected credit losses for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Board of Directors has identified the gross domestic product ("GDP"), inflation rate and country credit risk as the key macroeconomic factors in the countries where the Group operates. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

| | Group 2020 | | |
|---------------------------|-------------------------------------|---------------------------|---------------------|
| | Gross carrying amount US\$ | Loss allowance US\$ | Credit- impaired |
| Not past due | 1,548,461 | – | No |
| Past due but not impaired | | | |
| – Within 30 days | 158,579 | – | No |
| – 31 to 60 days | 88,756 | – | No |
| – 61 to 90 days | – | – | No |
| – More than 90 days | 35,203 | 17,826 | No |
| | 1,830,999 | 17,826 | |

| | Group 2019 | | |
|---------------------------|-------------------------------------|---------------------------|---------------------|
| | Gross carrying amount US\$ | Loss allowance US\$ | Credit- impaired |
| Not past due | 1,591,126 | – | No |
| Past due but not impaired | | | |
| – Within 30 days | 779,822 | – | No |
| – 31 to 60 days | 210,595 | – | No |
| – 61 to 90 days | 3,799 | – | No |
| – More than 90 days | 25,697 | 3,204 | No |
| | 2,611,039 | 3,204 | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

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 4 (2019: 3) customers which represent 73% (2019: 69%) of total trade receivables balance as at 31 December 2020.

Non-trade receivables due from subsidiaries

For amount due from subsidiaries (Note 9), management has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. Management monitors and assess at each reporting date on any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as these subsidiaries have sufficient liquid assets and cash to repay their debts. Therefore, amount due from subsidiaries has been measured based on 12-month expected credit loss model and subject to immaterial credit loss.

Cash and bank balances

Credit risk also arises from cash and bank balances and fixed deposits with banks and financial institutions. The Group and the Company held cash and bank balances of US\$3,671,880 and US\$1,684,087 as at 31 December 2020 (2019: US\$2,600,014 and US\$996,483).

The cash and bank balances are held with bank and financial institution counterparties, which are rated P-1 and P-2 based on Moody's ratings and A-2 based on Standard & Poor's ratings. Impairment on cash and bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company consider that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

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.

Contractual maturity analysis

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\$ |
|--|-----------------------------|---|------------------|
| 2020 | | | |
| Trade and other payables (exclude advances and sales tax) | 3,324,666 | – | 3,324,666 |
| Lease liabilities | 41,491 | 56,686 | 98,177 |
| | 3,366,157 | 56,686 | 3,422,843 |
| 2019 | | | |
| Trade and other payables (exclude advances and sales tax) | 3,155,920 | – | 3,155,920 |
| Lease liabilities | 46,957 | 37,142 | 84,099 |
| | 3,202,877 | 37,142 | 3,240,019 |

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Foreign currency risk (Continued)

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. The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

| | Assets | | Liabilities | |
|------------------|--------------|--------------|--------------|--------------|
| | 2020 US\$ | 2019 US\$ | 2020 US\$ | 2019 US\$ |
| Group | | | | |
| Singapore dollar | 610,751 | 1,023,269 | 24,630 | 38,835 |
| Company | | | | |
| Singapore dollar | 538,040 | 6,423 | 24,630 | 38,835 |

Foreign currency sensitivity

The following table details the sensitivity to a 10% (2019: 10%) increase in the relevant foreign currency against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rate.

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit or loss will increase (decrease) by the amount shown below. This analysis assumes that all other variables remain constant.

| | Group Profit or Loss | |
|-------------------------|---------------------------|--------------|
| | 2020 US\$ | 2019 US\$ |
| Singapore dollar impact | (58,612) | (98,443) |
| | Company Profit or Loss | |
| | 2020 US\$ | 2019 US\$ |
| Singapore dollar impact | (51,342) | 3,241 |

A 10% strengthening of United States dollar against the above currency would have had equal but opposite effect on the above currency 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 2020

28. FINANCIAL INSTRUMENTS BY CATEGORY

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

| | Group | |
|--|----------------|--------------|
| | 2020 US\$ | 2019 US\$ |
| Financial assets | | |
| Financial assets, at amortised cost | 5,796,038 | 5,381,705 |
| Financial liabilities | | |
| Financial liabilities, at amortised cost | 3,415,740 | 3,232,088 |
| | Company | |
| | 2020 US\$ | 2019 US\$ |
| Financial assets | | |
| Financial assets, at amortised cost | 1,832,524 | 2,159,254 |
| Financial liabilities | | |
| Financial liabilities, at amortised cost | 287,099 | 370,604 |

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.

Fair value of financial instruments carried at fair value

The Group and the Company has no financial assets and financial liabilities carried at fair value as at 31 December 2020 and 2019.

30. CAPITAL MANAGEMENT

The Group manages their capital to ensure that the Group is able to continue as going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital, merger reserve, share grant reserve, foreign currency translation reserve and retained earnings/accumulated losses as disclosed in the consolidated statement of changes in equity of the Group and statement of changes in equity of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

30. CAPITAL MANAGEMENT (CONTINUED)

The Group's and the Company's management review the capital structure on a quarterly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group and the Company will balance their overall capital structure through the payment of dividends and new share issues. The Group's and the Company's overall strategy remains unchanged from the previous financial year.

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

31. EVENTS AFTER REPORTING PERIOD

On 26 February 2021, the Company granted a total 458,932 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 2021 to 30 June 2023. The fair value of the share awards of US\$134,345 to be recognised in profit or loss and corresponding credit to share grant reserve in the next financial years.

32. DISRUPTION IN OPERATIONS: IMPACT OF COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in cross-border closures, production disruption, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in United States of America and Malaysia, all of which have been affected by the spread of COVID-19 in 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 December 2020:

- The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate;
- In 2020, border closures, production disruptions and workplace closures have resulted in periods where the Group's operations were temporarily suspended to adhere to the respective governments' movement control measures. These have impacted business production and volume in 2020, resulting in reduced demand for the Group's products, and impacted the Group's financial performance for 2020;
- The Group has considered the market conditions (including the impact of COVID-19) as at the end of the reporting period, in making estimates and judgements on the recoverability of assets and provision for inventories as at 31 December 2020; and
- As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

STATISTICS OF SHAREHOLDINGS

AS AT 15 FEBRUARY 2021

| | | |
|-------------------------------|---|--|
| Number of Shares in Issue | : | 82,248,254 |
| Class of shares | : | Ordinary shares |
| Voting rights | : | On a Poll – 1 vote for each ordinary share |
| Number of treasury shares | : | Nil |
| Number of Subsidiary Holdings | : | Nil |

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 15 FEBRUARY 2021

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|-----------------------|---------------------|--------|---------------|--------|
| 1 – 99 | 0 | 0.00 | 0 | 0.00 |
| 100 – 1,000 | 8 | 28.57 | 4,000 | 0.00 |
| 1,001 – 10,000 | 2 | 7.14 | 5,500 | 0.01 |
| 10,001 – 1,000,000 | 10 | 35.72 | 1,140,236 | 1.39 |
| 1,000,001 and above | 8 | 28.57 | 81,098,518 | 98.60 |
| | 28 | 100.00 | 82,248,254 | 100.00 |

TOP TWENTY HOLDERS OF SHARES AS AT 15 FEBRUARY 2021

| NAME OF SHAREHOLDER | NO. OF SHARES | % |
|--|-------------------|--------------|
| 1. OCBC Securities Private Ltd | 57,910,297 | 70.41 |
| 2. United Overseas Bank Nominees (Private) Limited | 6,289,256 | 7.65 |
| 3. Citibank Nominees Singapore Pte Ltd | 4,394,000 | 5.34 |
| 4. UOB Kay Hian Pte Ltd | 3,840,000 | 4.67 |
| 5. Tina Tan Ai Ting | 3,302,000 | 4.01 |
| 6. Bernard Christopher Emby | 2,173,377 | 2.64 |
| 7. Ling Hee Keat | 1,829,377 | 2.22 |
| 8. Gunananthan Nithyanantham | 1,360,211 | 1.65 |
| 9. Wong Wei Tung | 201,195 | 0.24 |
| 10. Wong Ee-Ling (Huang Yiling) | 176,000 | 0.21 |
| 11. Chuah Jern Ern or Ng Mae Ling | 127,065 | 0.15 |
| 12. Fournier Maria | 120,000 | 0.15 |
| 13. Wong Wei Li | 120,000 | 0.15 |
| 14. Wong Yon Ching | 120,000 | 0.15 |
| 15. Wong Wei Kim | 116,100 | 0.14 |
| 16. Philip Securities Pte Ltd | 90,576 | 0.11 |
| 17. Morgan Stanley Asia (Singapore) Securities Pte Ltd | 51,000 | 0.06 |
| 18. Yap Han Xiong @ Yap Yong Meng | 18,300 | 0.02 |
| 19. Quek Nam Kee | 4,000 | 0.00 |
| 20. Husaeni Bin Imdadali | 1,500 | 0.00 |
| Total: | 82,244,254 | 99.97 |

Note: The percentages are computed based on 82,248,254 ordinary shares as at 15 February 2021

STATISTICS OF SHAREHOLDINGS

AS AT 15 FEBRUARY 2021

SUBSTANTIAL SHAREHOLDERS AS AT 15 FEBRUARY 2021

| Name of substantial shareholders | Direct Interest | | Indirect Interest | |
|--|-----------------|-------|-------------------|-------|
| | No. of Shares | % | No. of shares | % |
| CircleBright Limited | 38,215,495 | 46.46 | — | — |
| Harald Weinbrecht | 6,289,256 | 7.69 | — | — |
| Bernard Christopher Emby ⁽¹⁾ | 10,838,300 | 13.18 | 38,215,495 | 46.46 |
| Gunananthan Nithyanantham ⁽²⁾ | 1,360,211 | 1.65 | 38,215,495 | 46.46 |

Notes:

- (1) Bernard Christopher Emby is deemed interested in 38,215,495 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.
- (2) Gunananthan Nithyanantham is deemed interested in 38,215,495 shares 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 shares in CircleBright.

SHARES HELD BY PUBLIC

Based on the information available to the Company as at 15 February 2021, approximately 25.46% of the issued shares of the Company was held in the hands of the public as defined in the Rules of Catalist. Therefore, Rule 723 of the Listing Manual issued by 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, 26 March 2021 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 2020 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To approve a final dividend of 0.45 US cents (US\$0.0045) per ordinary share for the financial year ended 31 December 2020. **(Resolution 2)**
3. To approve the payment of Directors’ fees of S\$155,436 for the financial year ending 31 December 2021 payable monthly in arrears. **(Resolution 3)**
4. To re-elect Mr. Bernard Christopher Emby who is retiring pursuant to Regulation 89 of the Constitution. **(Resolution 4)**

Mr. Emby will, upon re-election as a Director, remain as Executive Chairman and is also Chief Executive Officer. He is not independent for the purpose of Rule 704(7) of the Catalist Rules.

Further information on Mr. Emby can be found in the Company’s FY2020 annual report.

5. To re-elect Mr. Jeremy John Figgins who is retiring pursuant to Regulation 89 of the Constitution. **(Resolution 5)**

Mr. Figgins will, upon re-election as a Director, remain as Lead Independent Director, Chairman of the Audit Committee and a member of the Nomination 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. Figgins and the other Directors, the Company and its 10% shareholders. Further information on Mr. Figgins can be found in the Company’s FY2020 annual report.

6. To re-appoint Messrs Paul Wan & Co as the Company’s auditors for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. 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:

8. *Authority to allot and issue shares*

THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (“**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 Catalist 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 7)

9. *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 8)

10. *Authority To Repurchase Shares Under A Share Buyback Mandate*

THAT:—

- (i) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore, (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 ("**Shares**") 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 Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Market Purchase**"); and/or

NOTICE OF ANNUAL GENERAL MEETING

- (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**"),

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 9)

11. *Participation of Bernard Christopher Emby in the TrickleStar Performance Share Plan*

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

(Resolution 10)

12. *Award of Share to Bernard Christopher Emby under the TrickleStar Performance Share Plan*

THAT the award of 88,494 Shares to 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 11)

13. *Participation of Gunananthan Nithyanantham in the TrickleStar Performance Share Plan*

THAT the participation of Gunananthan Nithyanantham, Non-Executive and Non-Independent Director and a controlling shareholder of the Company in the TrickleStar Share Performance Plan be approved.

(Resolution 12)

14. *Award of Share to Gunananthan Nithyanantham under the TrickleStar Performance Share Plan*

THAT the award of 30,852 Shares to Gunananthan Nithyanantham 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 5)

(Resolution 13)

By Order of the Board

Goh Siew Geok
Company Secretary

Singapore
11 March 2021

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. A member of the Company (who is not a relevant intermediary as defined in Section 181 of the Act) entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote instead of the member. A proxy need not be a member of the Company.

A member who is a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint more than two proxies to attend and vote at the AGM.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.
3. Each of the resolutions to be put to the vote of shareholders at the AGM (and at any adjournment thereof) will be voted on by way of a poll.
4. If the member is a corporation, the instrument appointing the proxy must be given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's polling agent, Complete Corporate Services Pte Ltd either by hand or by post at 10 Anson Road, #29-07 International Plaza, Singapore 079903 not less than 72 hours before the time appointed for holding the AGM.
6. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the AGM unless his/her name appears on the Depository Register not less than 72 hours before the time of the AGM.

EXPLANATORY NOTES

1. The resolution no. 7 in item 8 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.
2. The resolution no. 8 in item 9 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. 9 in item 10 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

NOTICE OF ANNUAL GENERAL MEETING

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 2020, based on certain assumptions, are set out in the Letter to Shareholders dated 11 March 2021 ("**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.
5. Details of the award to Mr Gunananthan and the reasons for them are set out in the Letter.

RECORD DATE

Subject to approval of members at the Annual General Meeting, the book closure date and payment date of the Proposed Dividend will be announced in due course.

Notes:

1. The Annual General Meeting ("**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/>. This 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>. **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 or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Company's announcement dated 11 March 2021. This notice may be accessed at the Company's website at the URL <https://www.tricklestar.com/investors.html> and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements?value=TRICKLESTAR%20LIMITED&type=company>

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

2. The Chairman of the AGM, as proxy, need not be a member of the Company.

A shareholder of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the member must pre-register by 10.00 a.m. on 23 March 2021 ("**Registration Deadline**"), at the URL <https://complete-corp.com/tricklestar-agm/> ("**AGM Website**"). A member of the Company (whether individual or corporate and including a Relevant Intermediary*) must appoint the Chairman of the AGM in as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM, if such member wishes to exercise his/her/its voting rights at the AGM. 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 form of proxy, failing which the appointment will be treated as invalid.

NOTICE OF ANNUAL GENERAL MEETING

3. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent, Banks or SRS Operators to submit their votes at least 7 working days before the AGM (i.e. by 10.30 a.m. on 17 March 2021).
4. Shareholders (including Relevant Intermediary*) who wish to vote on any or all of the resolutions at the AGM must submit a proxy form to appoint the Chairman of the Meeting as their proxy to do so on their behalf.
5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with 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 10.00 a.m. on 23 March 2021, 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 an instrument of proxy 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.

"Relevant Intermediary" means:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore 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 for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act (Chapter 36) of Singapore, 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 submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed 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) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) 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:

- Pursuant to Section 181(1C) of the Companies Act, Chapter 50 of Singapore (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the annual general meeting ("AGM").
- For investors who have used their Supplementary Retirement Scheme monies to buy shares in the Company ("SRS Investors"), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
- SRS Investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.
- Alternative Arrangements for Annual General Meeting**
 - The Annual General Meeting 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 the Notice of Annual General Meeting will not be sent to shareholders. Instead, the Notice of Annual General Meeting will be sent to shareholders by electronic means via publication on the Company's website at the URL <https://www.tricklestar.com/investors.html>. The Notice of Annual General Meeting is also available 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 shareholder will not be able to attend the Annual General Meeting in person.** Alternative arrangements have been put in place to allow shareholders to participate at the Annual General Meeting by (a) watching the Annual General Meeting proceedings via "live" webcast or listening to the Annual General Meeting proceedings via "live" audio feed, (b) submitting questions in advance of the Annual General Meeting, and/or (c) voting by proxy at the Annual General Meeting.
 - A shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.**
 - Please read the notes overleaf which contain instruction on, inter alia, the appointment of the Chairman of the Meeting as a shareholder's proxy to attend speak and vote on his/her/its behalf at the Annual General Meeting.**
 - For SRC investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRC Operators to submit their votes at least seven (7) working days before the date of the Annual General Meeting.
 - By submitting an instrument appointing a proxy(ies) and/or representative(s), a shareholder 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 Meeting as *my/our *proxy to vote for *me/us on *my/our behalf at the Annual General Meeting ("AGM") of the Company to be held by electronic means on Friday, 26 March 2021 at 10.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the ordinary resolutions to be proposed at the AGM as indicated hereunder. If no specified directions as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

| No. | ORDINARY BUSINESS | No. of Shares For** | No. of Share Against** | No. of Share Abstain** |
|-----|--|---------------------|------------------------|------------------------|
| 1. | To receive and adopt the directors' statement and audited financial statements of the Company for the financial year ended 31 December 2020 together with the auditors' report thereon | | | |
| 2. | To approve a final dividend of 0.45 US cents (US\$0.0045) per ordinary share for the financial year ended 31 December 2020 | | | |
| 3. | To approve the payment of Directors' fees of S\$155,436 for the financial year ending 31 December 2021 payable monthly in arrears | | | |
| 4. | To re-elect Mr. Bernard Christopher Emby as a director of the Company | | | |
| 5. | To re-elect Mr. Jeremy John Figgins as a director of the Company | | | |
| 6. | To appoint Messrs Paul Wan & Co as the Company's auditors | | | |
| | SPECIAL BUSINESS | | | |
| 7. | To allot and issue shares | | | |
| 8. | To grant awards and to allot and issue shares pursuant to the PSP | | | |
| 9. | To give authority to Repurchase Shares Under a Share Buyback Mandate | | | |
| 10. | To approve the participation of Bernard Christopher Emby in the PSP | | | |
| 11. | To award Bernard Christopher Emby 88,494 Shares under the PSP | | | |
| 12. | To approve the participation of Gunananthan Nithyanantham in the PSP | | | |
| 13. | To award Bernard Gunananthan Nithyanantham 30,582 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 Meeting as your proxy for that resolution will be treated as invalid.**

Dated this _____ day of _____ 2021

Signature of Member(s) or Common Seal

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

* Delete accordingly

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of 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, Chapter 289 of Singapore), 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. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
3. Where a member appoints two proxies, the member must specify the proportion of Shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of Shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the Shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer of the corporation or attorney duly authorised.
5. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided each proxy is appointed to exercise the rights attached to different Shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
6. Where an instrument appointing a proxy or proxies 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 instrument of proxy, failing which the instrument may be treated as invalid.
7. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/hers/its behalf at the Annual General Meeting if such member wishes exercise his/hers/its voting rights at the Annual General Meeting.** 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=TRICKLESTARLIMITED&type=company>.

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

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

8. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - (a) If submitted by post or by hand, be lodged with the Company's polling agent address, 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 72 hours before the time appointed for holding the Annual General Meeting.

A member who wishes to submit an instrument of proxy 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.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.
10. An investor who buys Shares using SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies 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 a proxy(ies) and/or representative(s) to attend, speak and 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed 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) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) 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
(Non-Executive Non-Independent Director)

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
Gunananthan Nithyanantham

REMUNERATION COMMITTEE

Ling Hee Keat (Chairman)
Chuah Jern Ern
Gunananthan Nithyanantham

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 3510
Fax: (65) 6236 4399

NOMINATING COMMITTEE

Chuah Jern Ern (Chairman)
Jeremy John Figgins
Gunananthan Nithyanantham

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

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

