TrickleStar

Optimizing Energy™

Annual Report

2019

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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

Group The Company and its subsidiaries

FY Financial year ended or ending (as the case may be) 31 December

US$ United States dollars

K Thousands

IMPORTANT INFORMATION

This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This Annual Report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship. (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318; and Email: sponsorship@ppcf.com.sg).

CORPORATE PROFILE

TrickleStar

TrickleStar Limited is a Singapore company listed on the Catalist of SGX-ST. TrickleStar Limited was incorporated in Singapore on 31 October 2018 under the Singapore Companies Act (Chapter 50) under the name of *TrickleStar Pte Ltd* and on 17 May 2019 was converted to a public company with the name *TrickleStar Limited*.

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 includes Advanced Power Strips, load controllers, energy monitors, energy meters and surge protectors. 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.

Currently, we outsource our manufacturing to independent contract manufacturers with facilities in PRC and Malaysia, to leverage on their production efficiencies to achieve better costing for our products, in line with our asset-light business model.

OUR PRODUCTS

Advanced PowerStrips

Smart powerstrips with energy-saving and surge protection functionality built based on our patented technology

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

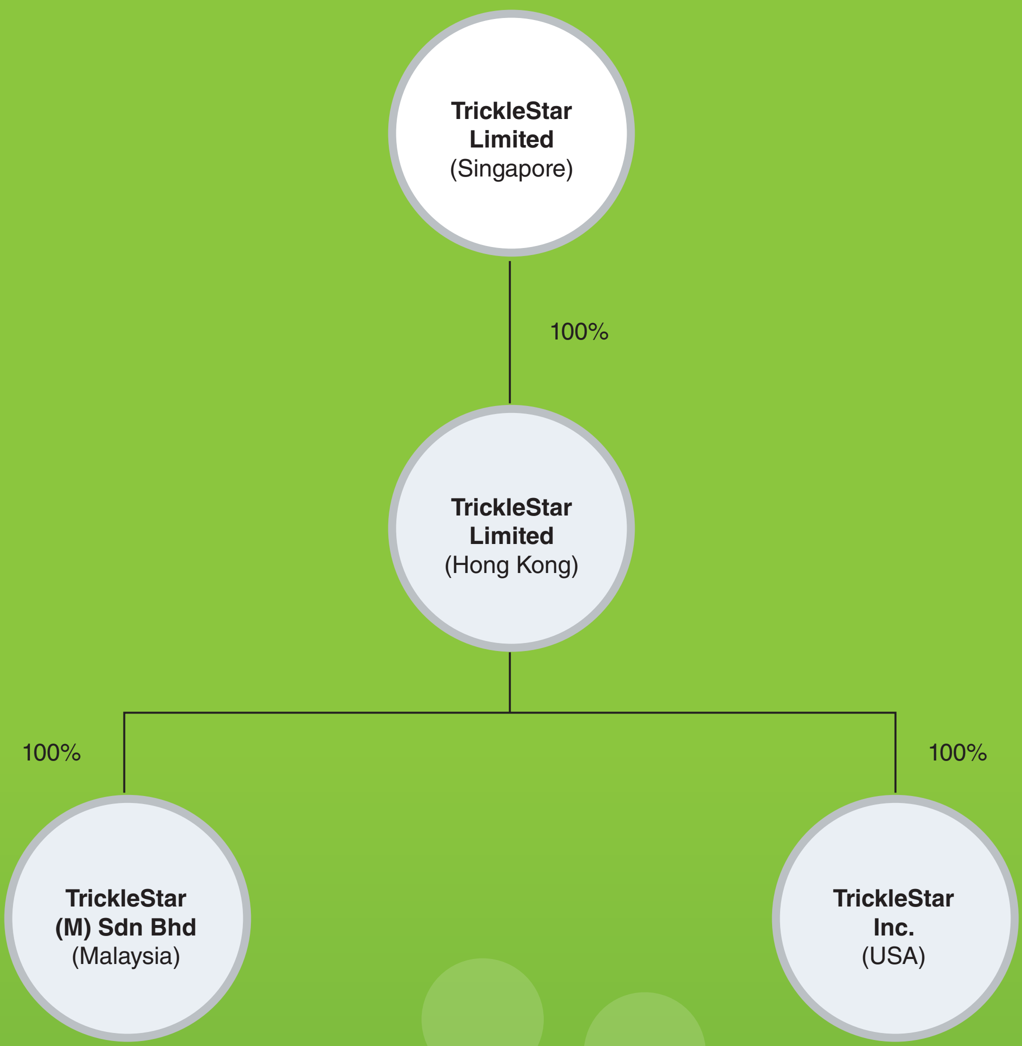
VISION & GOALS

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 Mission
We help consumers and utility companies reduce electricity bills, achieve their energy saving objectives and reduce their carbon footprint with best in class products.

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 STRUCTURE



CHAIRMAN AND CEO'S STATEMENT

Dear Shareholders

In what has been an eventful year for TrickleStar involving some key strategic decisions and hitting targeted milestones, the successful initial public offering ("**IPO**") of our company on the SGX's Catalist market was a stand-out achievement. According to our in-house information, we were one of the outstanding IPO performers in 2019 and, to begin my summary of 2019, I would like to thank all our employees for the extra hard work they put in on this project on top of their usual duties, and all our advisors for guiding us through the process to our listing in June 2019.

2019 In Perspective

The trade war between USA and China was the dominant external commercial factor that TrickleStar faced in FY2019, as did all our key competitors who sell energy saving products into the USA. At the start of FY2019, the tariff rate on our exports to USA was 10% but, eventually, as the trade war hardened, the tariff on products increased to 25%. It then became clear that the problems between China and USA were not going to be solved quickly, so we had to make some important decisions to overcome the impact of the extra cost.

Initially, there were signs that our main customers might be prepared to share part of the tariff cost, but, as our discussions progressed, the proposal was rejected and it became clear that any form of price increase would not be acceptable. Therefore, despite our best efforts, TrickleStar had to absorb the entire impact of the tariffs. As a direct result, our gross margin declined significantly in the second half of FY2019 and, for the entire year, it was 27% (2018: 35%). Inevitably, this has fed through to TrickleStar's consolidated net profit after tax, which finished FY2019 at US$175K (2018: US$1,968K). It is worth noting that a major component of the decline in net profit arose from net charges of US$1,116K related to our IPO.

I believe our decision to deal with the impact of tariffs by avoiding a price increase was entirely justified. Unit sales of our Advanced Power Strips increased by nearly 5% year on year, and we have gained important market share as many of our customers greatly appreciated our willingness to work with them on maintaining our prices through the trade war uncertainty. Most importantly, the long-term strategic plan that we are following for the development of TrickleStar's business remains on track.

I am also pleased to note that TrickleStar's operations remained cash positive in FY2019 before the impact of the IPO costs and that we ended the year with cash and cash equivalents of US$2,593K and no debt. Through the IPO, our balance sheet was substantially strengthened, which gave us confidence that we had the resources to back our decisions on tariffs, the market and manufacturing.

As regards manufacturing, we have been aware of the risks associated with our reliance on one main manufacturing partner and, when we saw that the USA tariffs on our products were going to persist, we opened discussions with this partner about the problem. In FY2019, we worked closely with them to set up an alternative manufacturing and assembly base for our products in Malaysia, a country that is not subject to tariffs on exports to USA.

Our manufacturing partner has been highly professional in helping us to set up this new arrangement and I can confirm that, in January 2020, we made the first tariff-free exports of our products from Malaysia. The fact that we have been able to react and find a solution to the tariff problem so quickly is testament to the adaptability of TrickleStar, the strength of our relationships and the dedication and expertise of our employees. The decision to start this new manufacturing relationship has been underscored, noting that the tariffs on our products would not have been reduced through the Phase One Agreement recently agreed between China and USA.

CHAIRMAN AND CEO'S STATEMENT

Meanwhile, our target market in USA remained robust throughout the year. Power utilities are committed to reducing emissions through educating their consumers about energy saving and, in general, we have witnessed an increasing awareness about the need for everyone to consider how they might reduce demand for fuel that creates carbon emissions. By demonstrating our commitment to remain in the market despite tariffs, we have strengthened our brand visibility and have been able to move to fill any space left by our competitors.

New Product Development

We have made excellent progress on a range of new products that we plan to introduce to the market in USA. These new products are all focused on energy saving, will take us into new groups of customers and new marketing and sales strategies, and will help to establish TrickleStar as one of the leading brands in the sector.

Our research and development team has been able to finalise the development of the new products in parallel with their work in assisting the set up of the new manufacturing line in Malaysia, which is an outstanding achievement. We own the intellectual property rights to the sensitive elements of all our products and this provides TrickleStar with a platform for more innovations in coming years.

Outlook

So long as China and USA continue their trade struggles, significant levels of uncertainty will remain in the business environment. I believe we have positioned TrickleStar as well as possible so that we can continue selling products into USA whilst mitigating the obvious impacts of the trade war.

At the time of writing this statement, the coronavirus and its tragic consequences is very much in view. Commercially, TrickleStar is also feeling impacts from the strong responses to control the spread: supply chains for our components are being disrupted and this may well impact our sales in 2020 if these commercial problems continue. Of course, we are monitoring the situation closely and keeping our distributors well informed.

Subject to those comments, I anticipate that we will be introducing the first of our new product range to the USA market in the second half of 2020, with more new products to follow when we believe the timing is right. Indications to date are that there is strong interest in these new energy saving devices and I believe that, assuming USA consumers continue to look for innovative solutions to save their energy costs, this interest will manifest in demand and sales of these products. Meanwhile, our core business should develop further because of the goodwill generated with our major customers by our ability to maintain our prices to support their programs over the course of the year.

Overall therefore, despite the international trade environment and with caveats over the impact of the coronavirus, TrickleStar is looking ahead with confidence.

Conclusion

This is TrickleStar's first annual report since our listing and my first statement to our shareholders. I thank you all for your support. Although we have a strong balance sheet and cash available, your Board has not been able to declare a dividend for FY2019 because the Company was in accumulated deficit as at 31 December 2019.

Our employees, who are so vital to our success, have worked tirelessly in FY2019. They are a tremendous team to work with and I thank them all for their enthusiasm and effort for TrickleStar. Finally, I thank my fellow directors for their insights and contributions and, of course, all our business partners and stakeholders who have helped us in FY2019.

Yours truly

Bernard Christopher Emby
Executive Chairman and CEO

FINANCIAL HIGHLIGHTS

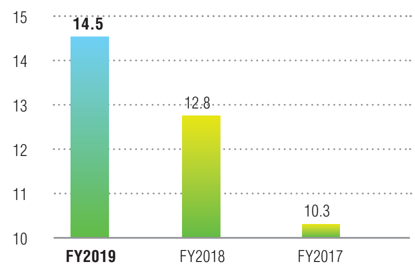
FINANCIAL YEAR ENDED 31 DECEMBER

Group	2019	2018	2017
	US$'m	US$'m	US$'m
Revenue (US$'m)	14.5	12.8	10.3
Gross Profit (US$'m)	3.9	4.5	3.5
Gross Profit Margin (%)	26.9%	35.2%	34.0%
Net Profit (US$'m)	0.2[(2)]	2.0	0.6
Net Profit Margin (%)	1.4%[(2)]	15.6%	5.8%
Return on Equity[(1)] (%)	2.9%[(2)]	39.2%	14.6%
EBITDA Margin (%)	2.8%[(2)]	18.8%	5.8%
Total Assets (US$'m)	10.4	11.2	7.9
Equity	7.0	5.1	4.1
EBITDA	0.4	2.4	0.6

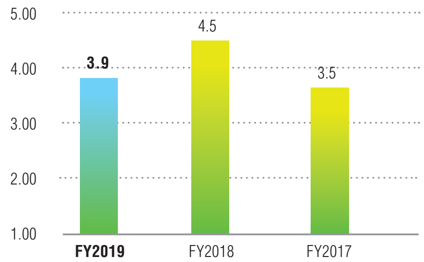
(1) Return on equity equals profit after tax divided by equity attributable to the owners of the Company as at end of the financial year.

(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.

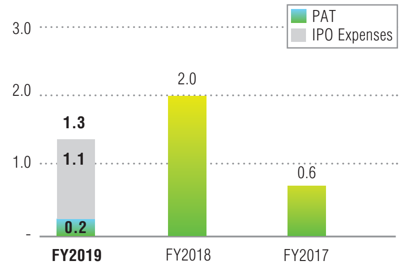
REVENUE (US'm)



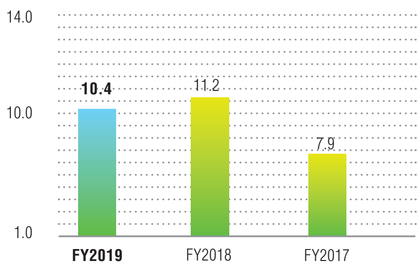
GROSS PROFIT (US'm)



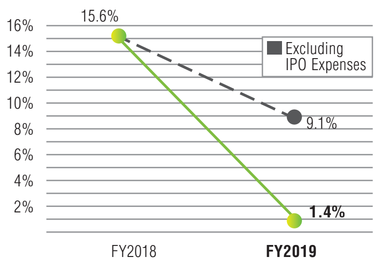
PAT (US'm)



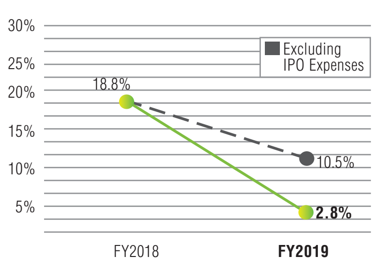
TOTAL ASSETS (US'm)



PAT MARGIN



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, 49, 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 Gunananthan, 51, 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.

Mr Gunananthan 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.

JEREMY JOHN FIGGINS

Lead Independent 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.

CHUAH JERN ERN

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

Mr Chuah, 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, 48, 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

BERNARD CHRISTOPHER EMBY

Executive Chairman and Chief Executive Officer

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

LAI WAN MING

Chief Financial Officer

Lai Wan Ming, 55, joined the Group as Head of Finance on 1 June 2018 and was appointed CFO in May 2019, in anticipation of TrickleStar's admission to listing later in the year and has been responsible for the oversight and control of the Group's overall accounting and finance functions, including monitoring and coordinating the Group's statutory financial accounts, consolidation and financial reporting to the SGX-ST.

He started his career in 1990 in the field of accounting, finance, financial analysis, planning and finance operations as well as management and statutory reporting. Prior to joining TrickleStar, he worked for several listed and private companies in Malaysia in a range of industries including manufacturing, retail, distribution, direct selling, property investment, trading and investment holding.

Mr Lai obtained the Sijil Tinggi Pelajaran Malaysia (STPM) in 1986. He holds a professional qualification from the Association of Chartered Certified Accountants of United Kingdom. He is also a Chartered Accountant (Malaysia) and a member of the Malaysian Institute of Accountants.

S KRISHNAN A/L SINNAPPAN

Chief Technical Officer

Krish, 47, has over 20 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 ensuring effective communication with design centers in Taiwan, Denmark, Australia 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. He also graduated from the Institution of Engineers, Malaysia, in 2011 and is a Graduate Engineer of the Board of Engineers, Malaysia.

FINANCIAL AND OPERATIONS REVIEW

FINANCIAL AND OPERATIONS REVIEW

Revenue

The Group's revenue increased by 13.1% from US$12.84 million in FY2018 to US$14.52 million in FY2019. The US$1.68 million increase in revenue was largely attributable to the regular growth in orders from existing distributors. Correspondingly, the cost of goods sold increased by 27.2% from US$8.37 million in FY2018 to US$10.65 million in FY2019. The decrease in gross profit by 13.2% was primarily attributable to the increase of tariffs from 10% to 25% imposed by USA during the FY2019.

Other income

Other income increased by US$0.15 million, mainly due to (i) a grant received of approximately US$0.14 million (S$0.20 million) from the Monetary Authority of Singapore under the Equity Market Singapore (GEMS) scheme, (ii) an increase of US$0.01 million in net foreign exchange gain and (iii) a reversal of impairment loss on trade receivables of US$6,796. This was offset by the absence of a sundry income of US$7,425 in FY2018.

Selling and distribution expenses

Selling and distribution expenses were maintained at approximately US$1.15 million largely due to the following:

(i) additional products quality inspection expenses of US$0.05 million as the Group had outsourced quality inspections of the Group's products to a third-party quality assurance audit firm in FY2019;

(ii) an increase of US$0.05 million in storage fees and freight outwards expenses of US$0.03 million,

which was largely set off by the following decreases in expenses;

(iii) a decrease of US$0.04 million in sales commission that is based on collection and a decrease of US$0.03 million in salaries, bonuses and other staff benefits; and

(iv) a reduction in advertising and trade show/exhibition expenses of US$0.04 million and US$0.02 million respectively.

Administrative expenses

Administrative expenses increased by approximately US$1.62 million or 160.6% from US$1.01 million in FY2018 to US$2.63 million in FY2019. This was primarily due to the net listing expenses incurred amounting to approximately US$1.12 million for the IPO recognised in FY2019.

Profit before income tax

As a result of the reasons aforementioned, the Group's profit before income tax decreased to US$ 0.25 million in FY2019 from US$2.31 million in FY2018.

Income tax expense

Income tax expense decreased by US$0.27 million or 78.2%, from US$0.34 million in FY2018 to US$0.07 million in FY2019, mainly due to decrease in profit before tax from US$2.3 million in FY2018 to US$0.25 million in FY2019.

Profit after income tax

As a result of the significant IPO expenses, profit after income tax decreased by US$1.79 million or 91.1%, from US$1.96 million in FY2018 to US$0.17 million in FY2019. The decrease was also due to the other reasons mentioned above.

FINANCIAL AND OPERATIONS REVIEW

STATEMENT OF FINANCIAL POSITION

Plant and equipment

As at 31 December 2019, plant and equipment decreased by US$0.02 million as compared to the end of last financial year. This reduction was largely due to depreciation amounting to US$0.04 million which was partially offset by a US$0.02 million of plant and equipment purchases.

Rights of Use Assets

As at 31 December 2019, a Right of Use of assets of approximately US$0.07 million was recognised as a result of adopting the SFRS(I) 16 Leases in FY2019.

Intangible Assets

As at 31 December 2019, intangible assets increased by approximately US$0.17 million as compared to the end of last financial year. This increase was largely due to increased expenditures incurred on product development costs of approximately US$0.34 million which was partially offset by an impairment of US$0.12 million and amortisation of US$0.05 million.

Current assets

Current assets decreased by US$0.97 million from US$10.86 million as at 31 December 2018 to US$9.89 million as at 31 December 2019. The decrease in current assets was mainly due to the following:

(i) a US$2.67 million decrease in inventories as a result of higher sales of inventories and a reduction in stocks purchases during FY2019 compared to FY2018 due to 2018 year-end stocks being high to help mitigate FY2018 the impact of any increases in tariffs;

(ii) a US$0.35 million reduction in prepayments which was largely attributable to charging out of the prepaid IPO listing expenses to profit and loss account during FY2019;

(iii) largely set off by an increase of US$0.82 million in trade and other receivables due to the increase of trade receivables, consistent with the higher revenue in FY2019; and

(iv) an increase of US$0.18 million in income tax recoverable, mainly due to overprovision on a quarterly basis of US tax for current year and prior year of approximately US$0.09 million and US$0.08 million respectively and US$1.04 million in cash and cash equivalents as explained below in the review of the Group's statement of cash flow.

Non-current liabilities

As at 31 December 2019, non-current liabilities amounted to US$0.13 million. This was mainly an increase of US$0.12 million as compared with 31 December 2018. The increase was due to an increase in deferred tax liabilities with temporary differences of addition in intangible assets by US$0.09 million and an additional lease liability recognised under SFRS(I) 16 on Leases of US$0.03 million.

Current liabilities

Current liabilities decreased by US$2.78 million from US$6.03 million as at 31 December 2018 to US$3.25 million as at 31 December 2019. The decrease in current liabilities was mainly due to the following:

(i) a US$2.70 million decrease in trade and other payables; which was due to the following:

(a) a US$2.37 million reduction in trade payables due to settlement of trade payables and less stocks purchases during FY2019, offset by a higher sales commision provided in FY2019 of US$0.05 million;

(b) a US$0.33 million reduction in other payables and accrual of expenses, mainly due to duties and freight costs of approximately US$0.40 million incurred at the end of FY2018 and settled during FY2019.

(ii) a US$0.17 million settlement of income tax at the beginning of the financial year for the preceding financial year tax payable brought forward; which were; and

(iii) set off by the recognition of a lease liability of approximately US$0.04 million under the SFRS(I) 16 on Leases and an increase and a provision for current year income tax payable of US$0.04 million.

STATEMENT OF CASH FLOWS

Net cash generated from operating activities

Net cash from operating activities in FY2019 was US$0.85 million, which comprised cash used in operating activities before working capital changes of US$1.68 million, working capital outflow of US$0.53 million and income tax paid of US$0.30 million. Working capital outflow was mainly due to a decrease in trade and other payables of US$2.70 million and an increase in trade and other receivables of US$0.83 million, and mainly offset by decrease in inventories and prepayments of US$2.64 million and US$0.35 million respectively.

Net cash used in investing activities

Cash flow used in investing activities amounted to approximately US$0.36 million which was largely attributable to product development costs incurred of approximately US$0.34 million and purchases of equipment of approximately US$0.02 million.

Net cash from financing activities

The total cash flow from financing activities amounted to approximately US$0.56 million which was primarily from the gross proceeds from IPO amounting to approximately US$2.85 million which was offset by approximately US$1.38 million of initial public offering expenses and a dividend of US$0.86 million paid by our Hong Kong subsidiary prior to the Restructuring Exercise and the IPO. These resulted in a net increase in cash and cash equivalent amounting to approximately US$1.04 million resulting in a cash and cash equivalents of approximately US$2.59 million as at 31 December 2019.

REPORT ON CORPORATE GOVERNANCE

This corporate governance report ("**Report**") describes the corporate governance framework and practices of TrickleStar Limited for FY2019.

The board of directors ("**Board**") and management ("**Management**") of TrickleStar are committed to maintaining high standards of corporate governance and transparency. The Board recognises that good corporate governance establishes a legal and ethical environment, which is essential for preserving and enhancing the interests of all stakeholders.

The Monetary Authority of Singapore's Code of Corporate Governance 2018 ("**2018 Code**") is applicable to TrickleStar and its annual reports. The Board confirms that TrickleStar has endeavoured to comply in all material respects with the principles and guidelines set out in the 2018 Code and has taken the 2018 Code into account in the terms of reference for the Board of Directors and its Board Committees.

Where there have been deviations from the 2018 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.*

Role of the Board

The Board, in addition to its statutory responsibilities, is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of TrickleStar. It sets the overall strategy, values and standards (including ethical standards) of TrickleStar and has a duty to protect and enhance long-term shareholder value. Directors are expected to act in good faith and exercise independent judgement in the best interests of TrickleStar. When making decisions, Directors are expected to discharge their duties and responsibilities as fiduciaries and act objectively in the interests of TrickleStar. To fulfil this role, TrickleStar incorporates a Code of Conduct in its employment contracts and the Board recognises that its responsibilities include:

(a) setting the values and standards (including ethical standards) of TrickleStar, in an appropriate tone-from-the-top to form a desired organisational culture, directing that TrickleStar's policies and practices should be consistent with that culture and that there is accountability within TrickleStar;
(b) providing effective entrepreneurial leadership by setting strategic objectives and giving directions that allow for planning of financial and human resources to be in place for TrickleStar to achieve its objectives;
(c) reviewing risk management systems and the adequacy and effectiveness of internal controls, including financial, operational, compliance and information controls, and assessing actions needed to address and monitor any areas of concern;
(d) approving board policies, strategies and financial objectives of TrickleStar;
(e) reviewing the performance of TrickleStar towards achieving shareholder value;
(f) approving announcements relating to the financial results of TrickleStar, the audited financial statements and material transactions;

REPORT ON CORPORATE GOVERNANCE

(g) identifying key stakeholder groups and the manner of liaising with them;
(h) 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;
(i) approving Board appointments or re-appointments and appointments of other persons having authority and responsibility for planning, directing and controlling the activities of TrickleStar ("**Key Management Personnel**");
(j) establishing and regularly reviewing the framework of corporate governance, including risk management systems and other prudent, adequate and effective internal controls to safeguard shareholders' interests and TrickleStar's assets;
(k) evaluating the performance and compensation of Directors and Key Management Personnel; and
(l) overseeing the conduct of TrickleStar's business.

A conflicts of interest policy exists that 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 promptly 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 and decision on the transaction or proposed transaction. The Policy extends to debate of the matter by any Board Committee, in order to prevent any risk of the Director acting in the interests of persons other than TrickleStar and also to prevent any appearance of impropriety.

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.

Through policies and controls that it has put in place, the Board seeks to optimise operational efficiencies: it has established financial authorisation and approval limits for operating and capital expenditure and the procurement of goods and services. 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;
(c) the annual operating plan and budget;
(d) any joint venture, merger, corporate acquisition or divestment;
(e) appointments of Key Management Personnel;
(f) recommendations for subdivision of shares, issuance of shares or stock dividends;
(g) share Buybacks;
(h) awards under Share Option or Share Schemes;
(i) Interested Person Transactions;
(j) borrowing of funds;
(k) commencement of significant litigation;
(l) appointment and removal of the Company Secretary; and
(m) any change to the terms of reference for any Board Committee.

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The Board has requested the CEO to place all policies, including TrickleStar's Authorisation Matrix on a secure online portal that is available to Management and to request Management to understand these policies.

Board Committees

The Board has delegated certain areas of responsibility to three Board Committees:

- The Audit Board Committee ("**AC**"),
- The Nominating Board Committee ("**NC**") and
- The Remuneration Board Committee ("**RC**")

The composition of each Committee and its activities are detailed later in this Report. Each Committee is tasked to oversee specific responsibilities based on its terms of reference. The terms of reference also cover the conduct of meetings, the required quorum and the voting methods. The terms of reference will be reviewed by each Board Committee from time to time to ensure relevance.

Each Committee is chaired by an Independent Director and has a majority of Independent Directors as members. 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.

Meetings

The Board meets at least on a half-yearly basis. The Board Committees meet as required, but usually at least twice each year. These meetings are scheduled in advance to facilitate the Directors' personal schedules. Ad hoc meetings are held as and when required to address any significant issues that may arise.

Where physical Board or Board Committee attendance is not practical or not possible, communication between Directors is achieved through electronic means or circulation of written resolutions for approval. TrickleStar's Constitution provides for meetings to be held via conference telephone, video conferencing, audio-visual or other similar means or technology which permit all persons participating in the meeting to communicate with each other simultaneously.

Where appropriate, decisions may be taken by way of Directors' circulating Resolutions. Management will, if requested by any of the Directors, schedule an opportunity to discuss and provide further information to Directors either in a group or on a one-on-one basis concerning the matter. For parity of information, comments received from any of the Directors will be shared with the other Directors.

Management is invited to attend relevant discussions at Board and Board Committee meetings, to address any queries which the Board may have. In addition, Board members have separate and independent access to Management and the TrickleStar Company Secretary at any time.

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Where decisions to be taken require expert opinion or specialised knowledge, the Directors, as a group or individually, may seek independent professional advice as and when necessary at TrickleStar's expense. The appointment of such independent professional advisor is subject to approval by the Board.

Directors' Time and Availability

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 of TrickleStar and that each Director 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 no more than 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.

Details of Board and Board Committees' meetings held in FY2019 are summarised in the table below. No annual general meeting was held in FY2019.

Meeting	Board of Directors	AC	NC	RC
Total meetings held in FY2019	5*	2	2	1
Name of Director	**Attended**	**Attended**	**Attended**	**Attended**
Mr. Bernard Christopher Emby	5/5	N.A.	N.A.	N.A.
Mr. Gunananthan Nithyanantham	5/5	2/2	2/2	1/1
Mr. Jeremy John Figgins	5/5	2/2	2/2	N.A.
Mr. Chuah Jern Ern	5/5	N.A.	2/2	1/1
Mr. Ling Hee Keat	5/5	2/2	N.A.	1/1

* Three of the board meetings were held before the listing of TrickleStar.

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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	Nil	Nil	Nil
Jeremy John Figgins	Lead Independent Director	31 October 2018	Nil	Nil	Nil
Chuah Jern Ern	Independent Director	28 March 2019	Nil	Nil	Nil
Ling Hee Keat	Independent Director	28 March 2019	Nil	IRIS Corporation Berhad	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.

Information Flows

The agenda for each Board and Board Committee meeting is set by the relevant Chair in consultation with the CEO. The agenda of every Board Committee meeting includes an update from its Chair on significant matters relating to the scope of that Board Committee. A specific amount of time is allowed for each agenda item, to ensure sufficient attention is given to the matter. Management assists in the preparation of the formal papers for the meetings and, therefore, provides Directors with complete, adequate and timely information prior to the meetings. Directors are provided with the papers prior to each meeting by way of upload of the meeting materials via a secure portal accessible by every Director, thus giving the Directors the ability to make informed decisions and discharge their duties and responsibilities.

In between Board meetings, the Board receives updates on important matters affecting the business from the CEO either by way of email communication or dial-in meeting. The CEO is always available to answer questions from any Director and the Directors discuss such information from the CEO among themselves, usually informally at first, and raising any concerns at the next Board meeting.

The Board sets aside time for discussion without the presence of Management. If there are situations of conflict of interest, the Director in question will recuse themselves from the discussion and abstain from participating in any Board or Board Committee decision.

Directors have separate and independent access to Management, TrickleStar's Company Secretary and external advisers (where necessary) at TrickleStar's expense.

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Directors may approach Management directly but, in the interests of protocol, approaches are normally made through the CEO. Where appropriate, Directors may make further enquiries on a matter they have discussed with Management. In FY2019, all Directors found that Management responded to their requests in a timely manner.

TrickleStar's Company Secretary

The Secretary's responsibilities include advising the Board on corporate and administrative matters, ensuring that Board procedures and applicable rules and regulations are complied with. The Company Secretary is also available for facilitating orientation and assisting with professional development as required.

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.

TrickleStar's Company Secretary and/or their representative(s) attend all Board and Board Committee meetings and provide secretarial support to the Board, ensuring that Board procedures and all other rules and regulations applicable to TrickleStar are adhered to.

The appointment and removal of the Company Secretary is a matter requiring the approval of the Board.

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 TrickleStar.*

Board Independence

The current composition of the Directors on the Board and Board Committees is as follows:

Name of Director		AC	RC	NC
Mr. Bernard Christopher Emby	(Executive Chairman and CEO)	–	–	–
Mr. Gunananthan Nithyanantham	(Non-Executive Non-Independent Director)	M	M	M
Mr. Jeremy John Figgins	(Lead Independent Director)	C	–	M
Mr. Chuah Jern Ern	(Independent Director)	–	M	C
Mr. Ling Hee Keat	(Independent Director)	M	C	–

C – Chairman
M – Member

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.

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No alternate Directors have been appointed.

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

Board Independence and Independent Directors

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 2018 Code. Such declarations assist the NC in its determination of the Directors' independence. Great importance is placed on Directors' independence, such that it is also considered in the Board Evaluation.

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. The Board had determined that the Chairman and CEO, Bernard Christopher Emby, and Gunananthan Nithyanantham are Non-Independent.

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

Based on the NC's review, the Board is satisfied that there is a strong and independent element on the Board with three out of five Directors, constituting more than 50% of the Board, being independent.

The Board has noted that no individual or small group of individuals are able to dominate the Board's decision making and that there is a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently.

In addition to the role and duties of the Non-executive Directors, the Independent Directors provide an independent, objective check on Management to help safeguard the interests of minority shareholders. In certain cases, the Independent Directors are required to make certain decisions and determinations under the Catalist Rules.

Non-executive Directors

We have one executive Director who is also the Chairman of the Board. Therefore, TrickleStar has ensured that Non-executive Independent 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.

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Non-executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to TrickleStar's business. 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.

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, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. Also that the Directors provide an appropriate balance and mix of skills, knowledge and experience and other aspects of diversity 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 two years on the Board. Two of the three independent Directors were appointed in FY2019. The NC noted that succession planning should be improved in TrickleStar and this is a matter that will be worked on by Management with the NC in 2020.

Board Diversity

The ages of Directors ranges from 48 to 67. There are no female Directors although TrickleStar recognises the importance and benefits of diversity in all ways, including gender, background and other distinguishing factors/qualities. Recognising 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**"). NC is 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 our employees and Directors, NC has not recommended 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.

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Management and Board Discussion

During FY2019, 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. One of the Directors who attended an ad hoc meeting will be assigned to provide feedback to the 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 of the Board ("**Chairman**") and Chief Executive Officer ("**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 has not been set in writing.

Lead Independent Director

In view of the combining of the Chairman and CEO roles, the Board believes that the appointment of a lead independent director is necessary, to provide focal leadership in situations where the Chairman is conflicted. Jeremy John Figgins was appointed Lead Independent Director of TrickleStar to coordinate and lead the Independent Directors to provide a Non-executive perspective and to contribute a balanced viewpoint to the Board. The Lead Independent Director provides leadership in situations where the Executive Chairman and CEO may be conflicted and is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Executive Chairman and CEO or Management are inappropriate or inadequate. He may be contacted confidentially at jeremy.figgins@tricklestar.com.

The Lead Independent Director's responsibilities include carrying 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. He works with the Chairman in leading the Board, provides a channel to Non-executive Directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary. He ensures the affairs of the Board and TrickleStar are managed in a manner that reflects effective corporate governance. He serves on the AC and NC, participating in the annual performance evaluation and development of succession plans for the Chairman and CEO in the discussion of the Chairman's remuneration with the Chairman of the RC.

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The Independent Directors, led by the Lead Independent Director, will meet from time to time without the presence of the Management and the Lead Independent Director will provide feedback to the Executive Chairman and CEO after such meetings, so as to facilitate effective discussion with the Executive Chairman and CEO and between the Directors on strategic and any other relevant issues. For FY2019, the Independent Directors met during the year without the presence of Management and the feedback was provided to the Executive Chairman and CEO.

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 Board Committee

The 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) making recommendations to the Board on relevant matters relating to (i) the review of succession plans for Directors, in particular the Chairman, the CEO, and Key Management Personnel, and (ii) the review of training and professional development programs for the Board;
(b) creating a process and setting criteria for evaluation of the performance of the Board, Board Committees and Directors;
(c) reviewing training and professional development programmes for the Board and its Directors; and
(d) the appointment and re-appointment of Directors (including alternate Directors) if any.

In addition, the NC undertakes the following duties:

(a) reviewing and recommending the appointment of new Directors and Key Management Personnel and the re-nomination of Directors. (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);
(b) reviewing and determining annually and as and when circumstances require, if a Director is independent, in accordance with the Code and any other salient factors;
(c) 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;
(d) determining whether the Director is able to and has been adequately carrying out his duties as a Director;

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(e) making recommendations to the Board on the development of a process for evaluation and performance of the Board, its Board Committees and Directors. (In this regard, the NC will decide how the Board's performance is to be evaluated and propose objective performance criteria which address how the Board can be seen to have enhanced long-term shareholder value.);

(f) implementing a process for 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;

(g) reviewing and approving employment of any managerial staff and employees who are related to any of the Directors, substantial shareholders or the CEO of TrickleStar and the proposed terms of their employment;

(h) reviewing the statements made in the annual report relating to TrickleStar's policies on selection, nomination and evaluation of Board members.

The Board recognises the importance of ongoing professional development for the Directors. The NC is tasked to review and decide on training and professional development programmes for the Board. Depending on the individual Director's background and development needs, Directors are provided with opportunities to attend relevant courses and seminars to develop and maintain their skills and knowledge at TrickleStar's expense. If required, briefings by external consultants or counsel will be organised for the Board.

During the financial year, courses and seminars attended by the Directors were those organised by the Singapore Institute of Directors and included Listed Company Director Essentials, Board Performance, Stakeholder Engagement, Audit Board Committee Essentials, Board Dynamics and Board Risk Board Committee Essentials. Directors also received training arranged by TrickleStar on the Code of Corporate Governance and the Catalist Rules.

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 an existing 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 selection, appointment and re-appointment of Directors using a process described below.

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. New Directors will be selected based on objective criteria arising out of the review.

The NC will consult the Board to agree the selection criteria and will identify and evaluate potential candidates by undertaking background checks, assessing individual competency for matters such as knowledge, management skills, financial literacy, experience and qualifications, thereby ensuring the fulfilment of the criteria as closely as possible. The NC will seek 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.

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After evaluation of candidates, the NC will make its recommendation to the Board and arrange to meet with shortlisted candidates to (i) assess the suitability of each candidate; (ii) communicate to the candidates the level of commitment expected (including time commitment); and (iii) provide sufficient information for the candidates to make an informed decision on accepting the role.

The Board will then deliberate on the recommendation of the NC before making a decision.

A new Director must submit themself for re-election at the next annual general meeting of the Company 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.

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

At the forthcoming AGM, which will be TrickleStar's first AGM;

- Mr. Gunananthan Nithyanantham (under Regulation 89 of the Constitution);
- Mr. Chuah Jern Ern (under Regulation 88 of the Constitution); and
- Mr. Ling Hee Keat (under Regulation 88 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 all 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 voting on any resolution and making any recommendation and/or participated in respect of his own re-election, if any, as a Director of TrickleStar.

Mr. Gunananthan Nithyanantham will, upon re-election as a Director, remain as Non-Executive Non-Independent Director and a member of the Audit, Nominating and Remuneration Committees. The Board considers Mr. Gunananthan Nithyanantham to be non-independent for the purpose of Rule 704(7). Further information on Mr. Gunananthan Nithyanantham can be found in the Company's 2019 annual report.

Mr. Chuah Jern Ern will, upon re-election as a Director, remain as an Independent Director, Chairman of the Nominating Committee and a member of the Remuneration Committee. Mr Chuah Jern Ern is considered to be independent under Rule 406(6)(d) of the Catalist Rules and the Board has considered him to be independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships including family relationships between Mr. Chuah Jern Ern and the other Directors, the Company and its related corporations, its substantial shareholders and its officers. Further information on Mr. Chuah Jern Ern can be found in the Company's annual report 2019.

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Mr. Ling Hee Keat will, upon re-election as a Director, remain as an Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee. Mr. Ling Hee Keat is considered to be independent under Rule 406(6)(d) of the Catalist Rules and the Board has considered him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

There are no relationships including family relationships between Mr. Ling Hee Keat and the other Directors, the Company and its related corporations, its substantial shareholders and its officers. Further information on Mr. Ling Hee Keat can be found in the Company's annual report 2019.

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 2018 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 and its officers that may affect their independence. None of the Directors have had to claim to be independent despite having any of the relationships identified in the 2018 Code which would deem them not to be independent.

Bernard Christopher Emby and Gunananthan Nithyanantham are not Independent Directors. The NC considered the continuing independence of the other Board members in February 2020 and determined that they are independent.

Appointment of New Directors

On appointment, all Directors are given a letter of appointment or execute a service agreement that explains their duties and obligations. No new Directors have been appointed since TrickleStar's IPO. In its annual evaluations, the NC has determined that all Directors have been adequately carrying out their duties for TrickleStar.

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 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. The Board and NC have established a guideline that the maximum number of directorships that any Director may hold in other listed companies is five.

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BOARD PERFORMANCE

Principle 5 Evaluation of Board Chairman, Individual Directors and Board Committees

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, and of each Board Committee separately, as well as the contribution by the Chairman and each individual Director to the Board. The NC is responsible for undertaking these evaluations on an annual basis.

Each Director filled a questionnaire seeking views from each Director on, inter alia, the Board's performance as a whole, the Board's experience, integrity, competence, governance, team dynamics, effectiveness of debate at meetings, succession planning, expertise of Directors and knowledge of TrickleStar's business and the industry in which we operate, as well as the overall Board size and composition.

The NC debated the contributions and effectiveness of each individual Director and the CEO and carried out an evaluation and review of the contributions of Directors at meetings of the Board and Board Committees that 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. This assessment considered each Director's participation in the affairs of TrickleStar, including a review of matters such as independence, individual skills, experience and time commitment.

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

All Directors therefore participated in the assessment process and all Directors submitted a completed and signed assessment form to the NC for FY2019.

No external facilitator assisted the NC in the evaluation for FY2019.

Outcome of Evaluations

Through the assessment, the performance of the Board Committees and each Director was considered and how the Board as a whole adds value to TrickleStar. At the same time, the process identified areas where improvements can be made, allowing the Board and individual Directors to direct more effort in those areas for achieving better performance of the Board and better effectiveness of individual Directors.

On the basis of the evaluation, the NC is satisfied that for FY2019, 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.

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B. 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 Board Committee

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

The composition of the RC is

- Ling Hee Keat *(Chair)*;
- Gunananthan Nithyananthan; and
- Chuah Jern Ern

The RC reviews and makes recommendations to the Board on:

(a) a remuneration framework and guidelines for remuneration of the Directors and Key Management Personnel; and
(b) specific remuneration packages for each Director and Key Management Personnel.

The RC comprises two Independent Directors and one Non-Executive Non-Independent Director. The Chairman is an Independent Director.

The terms of reference of the RC are set out in its Charter. RC considers all aspects of remuneration including fees, salaries, allowances, bonuses, the design and proposed use of all share option plans, performance share plans and/or other equity-based plans, benefits in kind and termination terms to ensure they are fair.

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 Executive Management, including guidelines on incentive pay to Executive Management;
(b) recommending performance targets for benchmarking the performance of each Key Management Personnel;
(c) considering and reviewing remuneration packages in order to maintain attractiveness, to retain and motivate Directors and Key Management Personnel 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 Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance;

REPORT ON CORPORATE GOVERNANCE

(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;

(f) other tasks requested by the Board relating to compensation.

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

As regards TrickleStar's obligations arising in the event of termination of service contracts, TrickleStar does not provide any termination, retirement or post-employment benefits to its Directors, CEO and Key Management Personnel.

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.

The RC may seek independent expert advice on remuneration matters. No remuneration consultant was engaged in FY2019.

TrickleStar has entered into a service agreement with the Executive Chairman and CEO ("**Service Agreement**"), which, inter alia, sets out his remuneration. The 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 agreed between the parties. To extend the Service Agreement in this way, TrickleStar must give at least three months' notice before the end of the initial term.

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 the company, taking into account the strategic objectives of the company.*

TrickleStar's remuneration structure for Key Management Personnel comprises both fixed and variable components. The fixed component includes a basic salary, whilst the variable component includes performance-linked incentives. 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.

The remuneration 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 Key Management Personnel's remuneration links rewards to corporate and individual performance.

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Non-executive Directors' remuneration takes into account the effort and time spent, and responsibilities of the Directors. 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 Performance Share Plan and the TrickleStar Employee Share Option Scheme.

The RC, with the concurrence of the Board, is of the view that the current remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities.

No Director is involved in deciding his own remuneration.

The RC reviews TrickleStar's remuneration framework on an annual basis to ensure that it remains relevant.

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 Key Management Personnel to successfully manage the Company for the long term. TrickleStar does not consider that it pays more than is necessary for this purpose.

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. TrickleStar 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.

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

Fees proposed paid and to be paid to Directors for FY2019 and the financial year ending 31 December 2020 ("**FY2020**") which aggregates to S$61,932 and S$115,524 respectively, will be tabled at the forthcoming AGM for shareholders' approval.

The employment contracts of TrickleStar's CEO and Key Management Personnel do not contain any special or exceptional clauses providing for additional compensation payments in the event of termination.

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.*

REPORT ON CORPORATE GOVERNANCE

Remuneration Policy and Structure

TrickleStar has a remuneration strategy that supports pay-for-performance.

The remuneration structure for TrickleStar's CEO and Key Management Personnel 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. To ensure rewards are closely linked to performance, the percentage of variable component is higher for TrickleStar CEO and key Management personnel than other employees.

For the purpose of assessing the performance of the CEO and key management personnel, 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 an annual performance review that assesses the individual's performance against expected targets. Performance against targets is a key factor in their remuneration.

Save as mentioned in this Report, TrickleStar has not yet adopted the detailed criteria explained in the Practice Guidance to the 2018 Code: at this time the Group has only 14 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.

In determining adjustments, bonus and long-term incentives in the remuneration of TrickleStar's key managers, 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.

Long-Term Incentives

To promote long-term success of TrickleStar, two long-term incentive schemes, the TrickleStar Performance Share Plan ("**PSP**") and an Employee Share Option Scheme have been incorporated in the remuneration framework of Key Management Personnel and staff. These long-term incentives are granted to align staff's interests with those of shareholders. The long-term incentives 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 the Annual Report.

On 9 December 2019, the RC proposed to the Board to make available up to 6% (or 4,907,515 shares) of the paid-up capital of TrickleStar available for awards under the PSP. This proposal was duly accepted by the Board.

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The table below shows the current status of awards under the PSP for the Directors for FY2019.

Name of Participant	Awards granted during FY2019	Aggregate Awards granted since commencement of the Plan to end of FY2019	Aggregate Awards vested since commencement of the Plan to end of FY2019	Aggregate Awards not yet vested as at end of FY2019
Bernard Emby (Controlling Shareholder, Executive Chairman and CEO)(1)	136,000	136,000	0	136,000
Gunananthan Nithyanantham (Controlling Shareholder, Non-Executive, Non-Independent Director)(1)	70,315	70,315	0	70,315
Jeremy Figgins (Lead Independent Director)	85,576	85,576	0	85,576
Chuah Jern Ern (Independent Non-Executive Director)	42,988	42,988	0	42,988
Ling Hee Keat (Independent Non-Executive Director)	46,877	46,877	0	46,877

(1). The Awards to Mr Emby and Mr Gunanantham are subject to independent shareholder approvals.

No participant has been granted more than 5% of the total number of Share available under the PSP.

TrickleStar does not have any contractual provisions to reclaim incentive components of remuneration from Executive Directors and the Key Management Personnel 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 Key Management Personnel may be subject to 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 events under the PSP.

Under the terms of the Service Agreement entered into with the CEO, 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), no compensation or liability shall be payable or incurred by TrickleStar to the CEO for termination. The RC will review TrickleStar's obligations arising in the event of termination of the CEO's contract of service, to ensure that such contract of service contains fair and reasonable termination clauses which are not overly generous. The RC also aims to be fair and avoid rewarding poor performance.

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 Key Management Personnel is commensurate with their performance, giving due consideration to the financial and commercial health and business needs of TrickleStar. For FY2019, the RC is satisfied with the Executive Directors and Key Management Personnel's remuneration packages and recommended the same for Board approval. The Board has approved the recommendations.

An analysis of remuneration of Directors and the CEO for FY2019 is set out below:

Name of Director	Fees %	Salary %	Bonus %	Benefits in Kind %	TrickleStar Group Performance Plan %	Total %
Between SGD200,000 to SGD300,000						
Bernard Christopher Emby	6	87	7	–	–	100
Below SGD100,000						
Gunananthan Nithyanantham	100	–	–	–	–	100
Jeremy John Figgins	100	–	–	–	–	100
Chuah Jern Ern	100	–	–	–	–	100
Ling Hee Keat	100	–	–	–	–	100

While the Code recommends that TrickleStar should fully disclose the remuneration of each individual Director and the CEO on a named basis, 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 table 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.

Remuneration of Top 2 Key Management Personnel

Name of Key Management Personnel	Salary %	Bonus %	Benefits in Kind %	TrickleStar Group Performance Plan %	Total %
Below SGD200,000					
Mr. Lai Wan Ming	89	7	4	–	100
Mr. S Krishnan Sinnappan	89	7	4	–	100

Aside from the CEO, TrickleStar had only two Key Management Personnel in FY2019. The aggregate remuneration paid to the top two Key Management Personnel for FY2019 was below SGD200,000.

REPORT ON CORPORATE GOVERNANCE

While the Code recommends that TrickleStar should disclose the aggregate remuneration of the Key Management Personnel and in bonds no wider than SGD250,000, after careful consideration, the Board is of the view that such disclosure would not be in the best interests of TrickleStar or its Shareholders as there are only two Key Personnel at this point in time, and that the details disclosed in the table 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 Christopher Emby, is a substantial shareholder of TrickleStar and his remuneration is disclosed above in the SGD200,000 to SGD300,000 band.

No other employees during FY2019 were substantial shareholders of TrickleStar, or are immediate family members of a Director, the CEO or a substantial shareholder of TrickleStar.

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

During the financial year, there were no termination, retirement or post-employment benefits granted to Directors, the CEO and the top two Key Management Personnel (who are not Directors or the CEO).

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 and the need to establish a sound system of internal controls to safeguard shareholders' interests and TrickleStar's assets.

The Board is responsible for the governance of risk and determines the nature and extent of the significant risks which TrickleStar should be willing to take in achieving its strategic objectives.

The Board determines the nature and extent of the significant risks which TrickleStar is willing to take in achieving its strategic objectives and value creation. In FY2019, the AC was tasked to assist the Board to oversee these obligations and governance of risk. AC noted that TrickleStar's risk management had not been formalised and it therefore set in motion the formalities of recording risks and risk mitigation for TrickleStar. AC monitors TrickleStar's risks through an integrated approach of enterprise risk management, internal controls and assurance systems.

As part of TrickleStar's enterprise risk management, the key risks faced by TrickleStar on an enterprise-wide level as well as those faced by each key strategic business unit have been identified and documented by Management. The AC has asked the Board to note that the formalities of the framework and risk registers have been established in principle. Also, that the risk registers and a heat map of risk generated through the registers have been discussed with the CEO and the internal auditor ("IA"), both of which concur with the findings. The registers will be considered in detail by AC and reported to the Board formally in FY2020. 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.

REPORT ON CORPORATE GOVERNANCE

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 specific activities carried out by the AC in relation to risk included:

(a) requiring management, with assistance from the IA, to consider and record formally risks that impact their areas of TrickleStar's business and to prepare risk registers for review by AC;
(b) ensuring that the CEO had considered the risk registers and provided input;
(c) preparing for a review of risk in relation to cause, potential impact, mitigating controls and responsibility for controls and advancement of the risk framework; and
(d) providing an overview of the main, preliminary findings of the risk registers to the Board.

The objective of the current work is to lay the platform for TrickleStar to have a structured and systematic approach to risk management, with aims to mitigate exposures through appropriate risk management strategies and internal controls.

Risk management in TrickleStar is a continuous process which will be incorporated into various 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.

To advance the work of FY2019, at least once a year, TrickleStar intends to undertake a formal enterprise-wide review of the adequacy and effectiveness of its risk management and internal control systems, including financial, operational, compliance and IT controls. During this exercise, risk owners will review and update the risks and controls for their respective areas. The result of this annual risk review will be presented to the AC to ensure enterprise risks are appropriately identified and managed such that residual risks are acceptable, given the operational nature of the business.

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

Key Risks and Internal Controls

A system of rating key potential risks has been established through the risk registers to identify the tolerance level for various classes of risk and determine the likelihood of the occurrence of any risk. 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 material adverse impact on the business operations as well as the mitigating recovery process supported by information technology disaster recovery plan, will be included in the enterprise risk management of TrickleStar. 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.

REPORT ON CORPORATE GOVERNANCE

The key internal controls of TrickleStar include:

- establishment of risk management systems and policies;
- establishment of policies and approval limits for key financial and operational matters, and the rules relating to the delegation of authorities;
- documentation of key processes and procedures;
- safeguarding of assets;
- maintenance of proper accounting records;
- ensuring compliance with appropriate legation and regulations; and
- having qualified and experienced persons to take charge of important functions.

The Board has obtained a written confirmation from the Executive Chairman and CEO and the CFO that as at 31 December 2019, to the best of their knowledge the financial records of TrickleStar and its subsidiaries have been properly maintained and the financial statements for FY2019 give a true and fair view of TrickleStar's operations and finances.

The Board has also received assurance from the CEO and Key Management Personnel that, based on the risk management and internal control systems established by TrickleStar, work performed by the internal and external auditors and reviews performed by management, TrickleStar's risk management and internal control systems addressing financial, operational, compliance and information technology risks, were adequate and effective as at 31 December 2019.

Having regard to the reviews carried out by the AC, findings raised by IA and EA and assurance from the 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 the Annual Report. During FY2019, 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 reasonably 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 and 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 and as and when deemed appropriate to carry out its functions.

The AC assists the Board in fulfilling its oversight responsibilities on internal controls, financial reporting, compliance and risk management. The AC also has the responsibility to recommend enhancements to the corporate governance principles applicable to TrickleStar. The duties of the AC include, *inter alia*:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of TrickleStar and any announcements relating to TrickleStar's financial performance before submission to the Board for approval;
(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) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
(e) reviewing, at least annually, the adequacy, effectiveness, independence, scope and results of the external audit and TrickleStar's internal audit function; and
(f) 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.

TrickleStar publicly discloses through its website, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns. TrickleStar's whistle-blowing 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 whistle-blowing policy explains that arrangements and processes are in place, to facilitate independent investigation of such concerns and for appropriate follow-up action. The contact details of the Chairman of the Audit Committee where concerns can be raised by the whistle-blower is as follow: Email: jeremy.figgins@tricklestar.com.

There were no reports of whistle-blowing received in FY2019.

REPORT ON CORPORATE GOVERNANCE

Other functions of the AC include:

(a) assisting the Board in discharging its statutory responsibilities on financing and accounting matters;
(b) reviewing the external auditor's audit plan, scope of work and audit report, and the external auditor's evaluation of the system of internal accounting controls;
(c) reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities;
(d) reviewing the statements to be included in the annual report concerning the adequacy and effectiveness of our internal controls and risk management systems;
(e) 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 such conflicts of interests have been put in place;
(f) approving the hiring, removal, evaluation 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;
(g) appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;
(h) reviewing the co-operation extended by management to the internal and external auditors;
(i) reviewing at regular intervals with Management the implementation by TrickleStar of the internal control recommendations made by the internal and external auditors;
(j) reviewing the adequacy, effectiveness, independence and objectivity of the internal and external auditors;
(k) undertaking such other reviews and projects as may be requested by the Board.

The AC has explicit authority to investigate any matter within its terms of reference and has 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 Key Management Personnel 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 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 or experience as the Board interprets such qualification in its business judgement, 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 or auditing corporation nor does any of them have any financial interest in the auditing firm.

REPORT ON CORPORATE GOVERNANCE

Internal Audit

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 FY2019, 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.

The AC meets with the EA, and with the IA, in each case without the presence of Management, at least annually. During its meetings related to FY2019, no matters of concern over Management's interaction or responsiveness were reported.

The AC meets with TrickleStar's internal and external auditors and Management to review accounting, auditing and financial reporting matters to ensure that an effective system of control is maintained in TrickleStar.

In performing its functions for FY2019, the AC has:

(a) held meetings with Management, the internal auditors and the external auditors, and met once with the internal auditors and the external auditors without the presence of Management; and
(b) conducted a review of the non-audit services (relating mainly to audit services for the IPO) provided by the EA to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors as well as the cost effectiveness of the audit. Fees for FY2019, amounting to S$200,000 were approved comprising of Audit fees S$50,000 and non-audit fees of S$150,000 relating to the Company's IPO.

The external auditors confirmed their independence and TrickleStar confirms that:

(a) TrickleStar had complied with Rule 712 of the Catalist Rules in relation to the appointment of a suitable auditing firm to meet its audit obligations. BDO LLP, 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 5 of the Notes to the Financial Statements.

REPORT ON CORPORATE GOVERNANCE

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 BDO LLP, 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.

The Board is of the view that, following the successful listing of the Company on the Catalist market, it is appropriate, as a matter of good corporate governance, to review the continued use of the same external auditors. The Board believes that a change of auditors may enable the Company to benefit from fresh perspectives and the views of another professional audit firm and enhance the value of the audit. As such, it is timely to rotate and effect a change of external Auditors and to seek a fee quotation from another major international audit firm for the audit of the Company's financial statements for the financial year ending 31 December 2020. Following a review, the Board requested a fee quotation from Messrs Paul Wan & Co ("**PWCO**") and the proposed audit plans from PWCO. In consultation with the Audit Committee, the Board has accepted the Audit Committee's view that the PWCO's plans and quote are reasonable and the Audit Committee's recommendation for the appointment of PWCO as the Company's Auditors for the financial year ending 31 December 2020, subject to the approval of the Shareholders in general meeting.

The AC, with the concurrence of the Board, recommended the appointment of Messrs Paul Wan & Co. as external auditors for FY2020 at the forthcoming AGM. The reasons for the proposed change in external auditors are set out in a Letter to Shareholders dated 11 March 2020. The change of auditors is neither due to the dismissal of BDO LLP nor BDO LLP declining to stand for re-election.

The EA and the CFO also kept the AC abreast of changes to accounting standards and issues, if any, which have a direct impact on financial statements through updates and/or reports from time to time, where applicable and relevant. In addition, the AC is entitled to seek clarification from Management, the external auditors 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 *TrickleStar 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 TrickleStar. TrickleStar 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.

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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 Extraordinary General Meetings ("**EGM**"); and
(d) other announcements and press releases that are announced via SGXNET.

TrickleStar provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders. Currently, the Board has not implemented any voting methods to allow shareholders to vote by way of electronic mail or facsimile.

General meetings are the principal forum for dialogue with shareholders. Shareholders are encouraged to attend the general meetings to ensure a high level of accountability and to stay informed of TrickleStar's strategy and goals. 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.

The notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least fourteen days before the meeting for ordinary resolutions and twenty-one days before the meeting for special resolutions. The notice is also advertised in the newspapers for the benefit of the shareholders.

To facilitate shareholders' participation at general meetings, TrickleStar provides detailed information to shareholders in reports and circulars. Notices of general meetings that 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.

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.

REPORT ON CORPORATE GOVERNANCE

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 FY2019.

All Directors will strive to attend general meetings of shareholders, and the external auditors 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 FY2019.

TrickleStar has not held any general meetings of shareholders since its IPO in June 2019. When such meetings take place, the minutes of such meetings will be published on its corporate website as soon as practicable. The minutes will disclose the names of the Directors, Management and, where relevant, the external auditor and advisors who attended the meetings, as well as details of the proceedings, including the questions raised by shareholders and the answers given by the Board and/or the Management.

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.

A registered shareholder may appoint one or two proxies to attend and vote on his/her behalf at TrickleStar's general meetings. A relevant intermediary, as defined in the Companies Act (Chapter 50), may appoint more than two proxies to attend, speak and vote at TrickleStar's general meetings.

TrickleStar is committed to a dividend pay-out ratio of not less than 50% of our Group's 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 our Directors may deem appropriate:

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

In addition, TrickleStar is a holding company and depends on the receipt of dividends and other distributions from our subsidiaries to pay dividends on our Shares.

No dividend has been declared or recommended for FY2019 as the Company was in accumulated deficit as at 31 December 2019.

REPORT ON CORPORATE GOVERNANCE

ENGAGEMENT WITH SHAREHOLDERS

Principle 12 *The company 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 the company.*

The Board provides shareholders with a balanced and understandable assessment of TrickleStar's financial performance, position, and prospects through announcements of its half-yearly and annual financial results and press releases (where appropriate) via the SGXNET.

Shareholders are invited to comment on any aspect of TrickleStar's business at our AGM and in informal discussions with our 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.

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. We will publicly release all price-sensitive information and keep disclosure of price sensitive information out of discussions in any meetings with individual analysts or investors.

In FY2019, TrickleStar minimised its investor relations work because Management was focused on several key initiatives, including developing new products and making ways of reducing the short and long-term impact of tariffs imposed by the USA on importation of its products. The Board is aware of this and has asked Management to proactively develop its investor relations work in FY2020.

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

MANAGING STAKEHOLDERS RELATIONSHIPS ENGAGEMENT WITH STAKEHOLDERS

Principle 13 *The Board 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 FY2020, following its first full financial year of listing. Although no Sustainability Report is being issued for FY2019, TrickleStar believes that it is well aware of its stakeholders' expectations in respect of sustainable issues and works hard 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 identify and 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 FY2019, the Board has noted a schedule, prepared by Management, of main stakeholder groups and engagement practices.

REPORT ON CORPORATE GOVERNANCE

With only thirteen employees in total in TrickleStar at the end of FY2019, 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 at this time, 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.

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 and 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 ("CATALIST RULES") ON DIRECTORS SEEKING FOR RE-ELECTION

The following additional information on Mr Gunananthan Nithyanantham, Mr Chuah Jern Ern and Mr Ling Hee Keat, all 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 the section headed "Board of Directors" in this Annual Report.

	Gunananthan Nithyanantham	Chuah Jern Ern
Date of Appointment	31 October 2018	28 March 2019
Date of last re-appointment (if applicable)	Not applicable	Not applicable
Age	51	50
Country of principal residence	Malaysia	Malaysia

REPORT ON CORPORATE GOVERNANCE

The Board's comments on this appointment (In the Company's case, the Board's comments on this re-election)	The NC, having considered the attendance and participation of the Director at Board and Board Committees' meetings, in particular, Mr Gunananthan Nithyanantham's contributions to the Company as well as Board processes, had recommended to the Board the re-election of Mr Gunananthan Nithyanantham who will be retiring pursuant to Regulation 89 of the Company's Constitution at the forthcoming AGM. The Board supported the NC's recommendation. Mr Gunananthan Nithyanantham had abstained from voting on any resolution and making any recommendation and/or participating in respect of his own re-election.	The NC, having considered the attendance and participation of the Director at Board and Board Committees' meetings, in particular, Mr Chuah Jern Ern's contributions to the Company as well as Board processes, had recommended to the Board the re-election of Mr Chuah Jern Ern who will be retiring pursuant to Regulation 88 of TrickleStar's Constitution at the forthcoming AGM. The Board supported the NC's recommendation. Mr Chuah Jern Ern had abstained from voting on any resolution and making any recommendation and/or participating in respect of his own re-election.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive, Non-Independent Director, Remuneration Committee ("**RC**") Member, Audit Committee ("**AC**") Member and NC Member	Independent Director, Nominating Committee (**NC**) Chairman and RC Member
Professional qualifications	Please refer to the Directors' respective biographies in the section headed "Board of Directors" of this Annual Report.	
Working experience and occupation(s) during the past 10 years	Please refer to the Directors' respective biographies in the section headed "Board of Directors" of this Annual Report.	
Shareholding interest in the listed issuer and its subsidiaries	Direct interest in 500,000 shares in TrickleStar Deemed interest in 41,615,451 shares held by CircleBright Limited	Direct interest of 939,000 shares in TrickleStar

REPORT ON CORPORATE GOVERNANCE

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer – Yes/No	Yes	Yes
Other Principal Commitments*	Chief executive officer of Zernet Limited and CircleBright Limited	He is Chief Executive Officer of Advanz Fidelis IP Sdn Bhd. He is also registered as a Geographical Indication Agent, Industrial Design Agent, Trademark Agent and Patent Agent with the Intellectual Property Corporation of Malaysia.
Other Directorships for the past 5 years	Alligator Ventures Sdn. Bhd Elephant Ventures Sdn. Bhd Serial Cellars Retail Sdn. Bhd. Incube8 Venture One Sdn Bhd Incube8 Sdn Bhd	Calliden International Limited
Other Present Directorships	TouchGrid PLT Ozuno Trading Pty Ltd Zernet Malaysia PLT CircleBright Limited Zernet Limited Serial Cellars Sdn Bhd ServiceRocket Sdn Bhd Navigos Corporation Sdn. Bhd.	Advanz Fidelis IP Sdn Bhd, Priority Communications PR Sdn Bhd, Affinity Alliance Sdn Bhd, The Five-A Alliance Limited, Imaginaria Innovations Sdn Bhd, Folsys Sdn Bhd and Fusionfort Sdn Bhd (formerly known as Advanz Fidelis Sdn Bhd)

REPORT ON CORPORATE GOVERNANCE

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 Gunananthan Nithyanantham does not have prior experience as a director of public listed companies in Singapore. However, Mr Gunananthan Nithyanantham attended the relevant training at the Singapore Institute of Directors on 25 September 2018 to familiarise himself with the roles and responsibilities of a director of a public listed company in Singapore.	Mr Chuah does not have prior experience as a director of public listed companies in Singapore. However, Mr Chuah attended the relevant training at the Singapore Institute of Directors on 25 September 2018 to familiarise himself with the roles and responsibilities of a director of a public listed company in Singapore.

Ling Hee Keat	
Date of Appointment	28 March 2019
Date of last re-appointment (if applicable)	Not applicable
Age	48
Country of principal residence	Singapore
The Board's comments on this appointment (In the Company's case, the Board's comments on this re-election)	The NC, having considered the attendance and participation of the Director at Board and Board Committees' meetings, in particular, Mr Ling Hee Keat's contributions to the Company as well as Board processes, had recommended to the Board the re-election of Mr Ling Hee Keat who will be retiring pursuant to Regulation 88 of the Company's Constitution at the forthcoming AGM. The Board supported the NC's recommendation. Mr Ling Hee Keat had abstained from voting on any resolution and making any recommendation and/or participating in respect of his own re-election.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, RC Chairman, Audit Committee ("**AC**") Member
Professional qualifications	Please refer to the Directors' respective biographies in the section headed "Board of Directors" of this Annual Report.

REPORT ON CORPORATE GOVERNANCE

Working experience and occupation(s) during the past 10 years	Please refer to the Directors' respective biographies in the section headed "Board of Directors" of this Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest of 1,582,500 shares in the Company, deemed interest in 1,518,183 shares held by his spouse, Yong Su Lin
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer – Yes/No	Yes
Other Principal Commitments*	From January 2013, he has been a Senior associate in Leong Partnership Advocates and Solicitors, a boutique law firm focusing on corporate law and conveyancing, where he is responsible for advising private and corporate clients, and for the business development of the firm. From November 2018, he has been an independent non-executive director of Iris Corporation Berhad, a company in the business of offering solutions relating to ePassports, smart card manufacturing, personalisation and system integration and secure document management systems, where he is responsible for providing strategic direction to the company and for building relationships with customers and providing leads for new potential business opportunities. He is also currently a non-executive director of Maxdotcom Sdn Bhd, Nuswarna Development Sdn Bhd and Armada Marketing (M) Sdn Bhd.
Other Directorships for the past 5 years	SHH Resources Holdings Bhd and SHH Furniture Industries Sdn Bhd
Other Present Directorships	IRIS Corporation Berhad, Armada Marketing (M) Sdn Bhd Nuswarna Development Sdn Bhd and Maxdotcom Sdn Bhd

REPORT ON CORPORATE GOVERNANCE

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 Ling does not have prior experience as a director of public listed companies in Singapore. However, Mr Ling has attended the relevant training at the Singapore Institute of Directors on 8 November 2018 to familiarise himself with the roles and responsibilities of a director of a public listed company in Singapore.

With respect to items (a) to (k) of Appendix 7G of the Catalist Rules, there were no changes to the declaration of Gunananthan Nithyanantham, Chuah Jern Ern and Ling Hee Keat, which was disclosed in the Offer Document dated 3 June 2019.

Material Contracts

There were no material contracts entered into by the Group involving the interest of 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.

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 FY2019, 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 FY2019 that exceeded SGD100,000. TrickleStar does not have a general mandate for IPTs.

REPORT ON CORPORATE GOVERNANCE

Use of Proceeds

TrickleStar received proceeds from the IPO of approximately SGD2.4 million ("**Net Proceeds**"). As at the date of this Annual Report, 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	(0.09)	0.31
Product development, acquisition of products, businesses and assets	1.00	(0.55)	0.45
General working capital purposes	1.00	(1.00)	–
Total	2.40	(1.64)	0.76

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. TrickleStar will continue to make announcements on the utilisation of the balance of the Net Proceeds as and when they are materially disbursed. Working capital utilised was for stocks purchased from a supplier.

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. There were no non-sponsor fees paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. in FY2019.

DIRECTORS' STATEMENT

The Directors of TrickleStar Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2019, the statement of changes in equity of the Company for the financial period from 31 October 2018 (date of incorporation) to 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

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 together with the notes 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 2019 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 period from 31 October 2018 (date of incorporation) to 31 December 2019; 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	(Appointed on 31 October 2018)
Gunananthan Nithyanantham	(Appointed on 31 October 2018)
Figgins Jeremy John	(Appointed on 31 October 2018)
Ling Hee Keat	(Appointed on 28 March 2019)
Chuah Jern Ern	(Appointed on 28 March 2019)

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 object was 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.

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 year or date of appointment, if later	At end of year	At beginning of year or date of appointment, if later	At end of year
	Number of ordinary shares			
The Company				
Bernard Christopher Emby	1	8,964,923	–	41,615,451
Gunananthan Nithyanantham	1	-	–	41,615,451
Chuah Jern Ern	–	939,000	–	–
Ling Hee Keat	–	1,482,500	–	1,518,183
Ultimate holding company				
Bernard Christopher Emby	1,046,850	8,240,080	–	–
Gunananthan Nithyanantham	486,313	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 2019. 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 2020 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2019, except as follows:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	At end of year	At 21 January 2020	At end of year	At 21 January 2020
	Number of ordinary shares			
The Company				
Gunananthan Nithyanantham	–	500,000	41,615,451	41,615,451
Ling Hee Keat	1,482,500	1,582,500	1,518,183	1,518,183

DIRECTORS' STATEMENT

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.

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.

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.

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

DIRECTORS' STATEMENT

6. Performance Shares

The Company has implemented an employee share award scheme known as the "TrickleStar Performance Share Plan" (the "Plan"), whereby a participant is conferred with the rights to be issued or transferred fully-paid shares free-of-charge. The Plan was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 17 May 2019. The Plan is administered by the Remuneration Committee formed by the Board of Directors comprising Ling Hee Keat, Gunananthan Nithyanantham and Chuah Jern Ern. 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 Directors and employees of the Group and Non-Executive Directors of the Company are eligible to participate in the Plan. 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. 206,315 share awards out of the total Awards to the Directors who are also the controlling shareholders of the Company are subject to approval of independent shareholders in general meeting.

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

Number of share awards to subscribe for ordinary shares of the Company

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
9/12/2019	–	407,842	–	–	407,842

In respect of share awards granted during the financial year, 175,441 share awards were granted to Directors, 43,539 share awards were granted to key executive officers and 188,862 share awards were granted to employees.

No employees 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 Director	Share awards granted during the financial year	Aggregate share awards granted since commencement of the Plan to the end of financial year	Aggregate share awards exercised since commencement of the Plan to the end of financial year	Aggregate share awards lapsed since commencement of the Plan to the end of financial year	Aggregate share awards outstanding as at the end of financial year
Chuah Jern Ern	42,988	42,988	–	–	42,988
Figgins Jeremy John	85,576	85,576	–	–	85,576
Ling Hee Keat	46,877	46,877	–	–	46,877

DIRECTORS' STATEMENT

7. Audit Committee

The Audit Committee at the date of this statement comprises the following members, all 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:

(a) the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;
(b) the Company's and the Group's financial and operating results and accounting policies;
(c) 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;
(d) the half-yearly and full-year result announcements as well as the related press releases on the results and financial position of the Company and the Group;
(e) the co-operation and assistance given by the management to the Company's internal and external auditors;
(f) the re-appointment of the external auditor of the Company;
(g) 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; and
(h) effectiveness of the Company's internal control, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors.

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.

The Audit Committee has recommmended to the Directors the appointment of Paul Wan & Co. as external auditor of the Company for the financial year ending 31 December 2020 at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

8. Independent Auditor

BDO LLP will not be seeking re-appointment and Paul Wan & Co LLP has been nominated to be the auditors for the year ending 31 December 2020. The appointment is subject to shareholders' approval at the Annual General Meeting on 26 March 2020.

On behalf of the Board of Directors

Bernard Christopher Emby
Director

Gunananthan Nithyanantham
Director

27 February 2020

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 2019;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended and the statement of changes in equity of the Company for the financial period from 31 October 2018 (date of incorporation) to 31 December 2019; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, 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 2019, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year then ended and the changes in equity of the Company for the financial period from 31 October 2018 (date of incorporation) to 31 December 2019.

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 MATTER	AUDIT RESPONSE
1 Valuation of inventories	
As at 31 December 2019, the Group's inventories amounted to approximately US$4,266,414 representing 41% of the Group's total assets. The Group's inventories comprising advanced power strips and surge protectors are carried at lower of cost and net realisable value. Inventories are written down to the lower of cost and net realisable value if they are damaged, slow-moving, or become obsolete due to no market demand. During the financial year, the Group has written down inventories of US$32,146 following deterioration in sales of an underperforming product. 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. The determination of the net realisable value of inventories is based on current market conditions and historical sales experience. This requires significant management judgement in assessing the market positioning of the Group's products which are dependent on factors such as customer specification requirements, demand levels and price competition in response to the industry life cycles. As such, we determined that this is a key audit matter. Refer to Note 2.7, 3.2(ii) and 8 of the accompanying financial statements.	We have performed the following audit procedures, amongst others: • Attended and observed physical year-end inventory count to verify the existence and condition of inventories on sampling basis; • Assessed the compliance of Group's inventory provisioning policy with SFRS(I) 1-2; • Evaluated the appropriateness of management's assessment with respect to slow-moving and obsolete inventories; • Assessed the appropriateness of management's estimation of the net realisable value of the inventories by checking, on a sample basis, to actual sales during and subsequent to the financial year as appropriate; and • Assessed the adequacy of the related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRICKLESTAR LIMITED

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRICKLESTAR LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRICKLESTAR LIMITED

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company 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 Yeo Siok Yong.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
27 February 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 US$	Group 2018 US$	Company 2019 US$
Non-current assets				
Plant and equipment	4	**67,236**	91,622	**–**
Right-of-use assets	5	**68,596**	–	**–**
Investments in subsidiaries	6	**–**	–	**4,601,706**
Intangible assets	7	**392,585**	216,656	**–**
Total non-current assets		**528,417**	308,278	**4,601,706**
Current assets				
Inventories	8	**4,266,414**	6,940,719	**–**
Trade and other receivables	9	**2,781,691**	1,958,682	**1,162,771**
Prepayments		**59,749**	411,476	**5,674**
Income tax recoverable		**186,609**	3,797	**–**
Cash and bank balances	10	**2,600,014**	1,553,649	**996,483**
Total current assets		**9,894,477**	10,868,323	**2,164,928**
Total assets		**10,422,894**	11,176,601	**6,766,634**
EQUITY AND LIABILITIES				
Equity				
Share capital	11	**7,191,788**	4,490,330	**7,191,788**
Merger reserve	12	**(111,376)**	–	**–**
Share grant reserve	13	**7,685**	–	**7,685**
Foreign currency translation reserve	14	**18,251**	16,446	**–**
(Accumulated losses)/Retained earnings		**(64,608)**	630,623	**(839,499)**
Total equity		**7,041,740**	5,137,399	**6,359,974**
Non-current liabilities				
Deferred tax liabilities	15	**95,073**	2,296	**–**
Lease liabilities	16	**31,298**	–	**–**
Total non-current liabilities		**126,371**	2,296	**–**
Current liabilities				
Trade and other payables	17	**3,163,943**	5,864,907	**370,604**
Lease liabilities	16	**44,870**	–	**–**
Provision for warranty cost		**9,914**	5,820	**–**
Current income tax payable		**36,056**	166,179	**36,056**
Total current liabilities		**3,254,783**	6,036,906	**406,660**
Total liabilities		**3,381,154**	6,039,202	**406,660**
Total equity and liabilities		**10,422,894**	11,176,601	**6,766,634**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 US$	2018 US$
Revenue	18	**14,524,660**	12,841,475
Cost of sales		**(10,645,529)**	(8,372,982)
Gross profit		**3,879,131**	4,468,493
Other items of income			
Interest income		**1,334**	1,736
Other income	19	**155,787**	8,297
Reversal of loss allowance on trade receivables		**6,796**	–
Other items of expense			
Selling and distribution expenses		**(1,155,910)**	(1,154,325)
Administrative expenses		**(2,628,719)**	(1,011,530)
Finance costs	20	**(7,777)**	–
Profit before income tax	21	**250,642**	2,312,671
Income tax expense	22	**(75,154)**	(344,978)
Profit for the financial year attributable to owners of the Company		**175,488**	1,967,693
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		**1,805**	(5,072)
Other comprehensive income for the financial year, net of tax		**1,805**	(5,072)
Total comprehensive income for the financial year attributable to owners of the Company		**177,293**	1,962,621
Earnings per share attributable to owners of the Company (cents)			
Basic and diluted (cents)	23	**0.23**	2.95

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital US$	Merger reserve US$	Share grant reserve US$	Foreign currency translation reserve US$	(Accumulated losses)/ Retained earnings US$	Total equity US$
Group							
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 financial year		–	–	–	–	175,488	175,488
Other comprehensive income for the financial year, net of tax							
Exchange differences on translating foreign operations		–	–	–	1,805	–	1,805
Total comprehensive income for the financial year		–	–	–	1,805	175,488	177,293
Contributions by and distributions to owners							
Adjustment pursuant to Restructuring Exercise		–	(111,376)	–	–	–	(111,376)
Deemed distribution to owners pursuant to the Restructuring Exercise	11	(4,490,329)	–	–	–	–	(4,490,329)
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 expense	11	(263,900)	–	–	–	–	(263,900)
Share grant plan expenses	13	–	–	7,685	–	–	7,685
Dividends	24	–	–	–	–	(865,822)	(865,822)
		2,701,458	(111,376)	7,685	–	(865,822)	1,731,945
Balance as at 31 December 2019		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.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital US$	Merger reserve US$	Share grant reserve US$	Foreign currency translation reserve US$	(Accumulated losses)/ Retained earnings US$	Total equity US$
Group							
Balance as at 1 January 2018		4,490,329	–	–	21,518	(385,060)	4,126,787
Profit for the financial year		–	–	–	–	1,967,693	1,967,693
Other comprehensive income for the financial year, net of tax							
Exchange differences on translating foreign operations		–	–	–	(5,072)	–	(5,072)
Total comprehensive income for the financial year		–	–	–	(5,072)	1,967,693	1,962,621
Contributions by and distributions to owners							
Issue of shares	11	1	–	–	–	–	1
Dividends	24	–	–	–	–	(952,010)	(952,010)
		1	–	–	–	(952,010)	(952,009)
Balance as at 31 December 2018		4,490,330	–	–	16,446	630,623	5,137,399

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital US$	Share grant reserve US$	Accumulated losses US$	Total equity US$
Company					
Issue of shares on 31 October 2018 (date of incorporation)	11	1	–	–	1
Loss for the financial year, representing total comprehensive income for the financial year		–	–	(839,499)	(839,499)
Contributions by and distributions to owners					
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 issue expenses	11	(263,900)	–	–	(263,900)
Share grant plan expenses	13	–	7,685	–	7,685
		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 2019

	Note	2019 US$	2018 US$
Cash flows from operating activities			
Profit before income tax		**250,642**	2,312,671
Adjustments for:			
Bad debts written-off – trade receivables		**14,058**	–
Reversal of loss allowance on trade receivables		**(6,796)**	–
Depreciation of plant and equipment		**46,474**	62,147
Amortisation of intangible assets		**48,574**	48,574
Amortisation of right-of-use assets		**45,945**	–
Initial public offering expenses		**1,116,553**	–
Impairment loss on intangible assets		**119,500**	–
Interest income		**(1,334)**	(1,736)
Plant and equipment written off		**1**	6
Inventories written off		**32,146**	32
Share grant plan expenses		**7,685**	–
Interest expenses		**7,777**	–
Operating cash flows before working capital changes		**1,681,225**	2,421,694
Working capital changes:			
Inventories		**2,642,159**	(2,680,896)
Trade and other receivables		**(830,271)**	(436,670)
Prepayments		**351,727**	(399,994)
Trade and other payables		**(2,700,964)**	2,123,283
Provision for warranty cost		**4,094**	5,820
Cash generated from operations		**1,147,970**	1,033,237
Income tax (paid)/refunded		**(295,312)**	44,154
Net cash from operating activities		**852,658**	1,077,391
Cash flows from investing activities			
Purchase of plant and equipment		**(21,999)**	(10,129)
Additions to intangible assets		**(344,003)**	(155,938)
Interest received		**1,334**	1,736
Net cash used in investing activities		**(364,668)**	(164,331)
Cash flows from financing activities			
Advances to former holding company		**–**	(450,000)
Proceeds from issuance of ordinary shares		**2,853,982**	1
Fixed deposit pledged		**–**	(7,253)
Initial public offering expenses		**(1,380,453)**	–
Repayment of obligations under leases	16	**(43,279)**	–
Interest paid		**(7,777)**	–
Dividends paid		**(865,822)**	(482,255)
Net cash from/(used) in financing activities		**556,651**	(939,507)
Net change in cash and cash equivalents		**1,044,641**	(26,447)
Cash and cash equivalents at beginning of financial year		**1,546,396**	1,577,907
Exchange difference on cash and cash equivalents		**1,651**	(5,064)
Cash and cash equivalents at end of financial year	10	**2,592,688**	1,546,396

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

1. GENERAL CORPORATE INFORMATION

1.1 Domicile and activities

TrickleStar Limited (the "Company") (Registration number 201837106C) is a public limited company domiciled in Singapore and incorporated on 31 October 2018 with its registered office located at 80 Robinson Road #02-00 Singapore 068898 and its principal place of business located at C3-U6-15 Solaris Dutamas, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan Malaysia.

In connection with its conversion into a public company limited by shares, the Company changed its name from TrickleStar Pte. Ltd. to TrickleStar Limited on 17 May 2019. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 18 June 2019.

The principal activity of the Company is that of investment holding.

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

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

The consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2019, the statement of changes in equity of the Company for the financial period from 31 October 2018 (date of incorporation) to 31 December 2019 and the statement of financial position of the Company as at 31 December 2019 were authorised for issue in accordance with a Directors' resolution dated 27 February 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL CORPORATE INFORMATION (CONTINUED)

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 from CircleBright Limited and Powertech Industrial Co. Ltd. the entire issued and paid-up share capital of TrickleStar HK, a company incorporated in Hong Kong 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The Restructuring Exercise involved acquisitions of companies, as referred to in Note 1.2 to 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)") 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

The preparation of financial statements in compliance with SFRS(I) 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.

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2019

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies, except as detailed below.

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement Contains a Lease*. SFRS(I) 16 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessee to capitalise all leases on the consolidated statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the right-of-use assets will be amortised and the lease liabilities will be measured at amortised cost. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16.

The Group applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening retained earnings as at 1 January 2019 (the "date of initial application"). The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed. The definition of lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- For the purpose of measuring the right-of-use asset, hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as lease terms) based on circumstances on or after the lease commencement date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations effective from 1 January 2019 (Continued)

SFRS(I) 16 *Leases* (Continued)

As a lessee, the Group previously classified leases as operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for all leases.

On adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities in relation to buildings, which had previously been classified as operating leases.

Lease liabilities from operating leases under the principles of SFRS(I) 1-17 were measured at the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was 7.80%.

The right-of-use assets were measured as follows:

Properties: right-of-use assets are measured at the amount that would have been recognised had SFRS(I) 16 applied on commencement of the lease except that it is discounted using the lessee's incremental borrowing rate at 1 January 2019.

The effect of adopting SFRS(I) 16 as at 1 January 2019 was as follows:

	Group Increase/ (decrease) US$
Assets	
Right-of-use assets (Note 5)	114,550
Liabilities	
Lease liabilities (Note 16)	119,447
Equity	
Retained earnings	(4,897)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policies (Continued)

SFRS(I) 16 *Leases* (Continued)

The aggregate lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 and the Group's operating lease commitment as at 31 December 2018 can be reconciled as follows:

	US$
Operating lease commitment as at 31 December 2018 (Note 25)	74,038
Add: Effect of extension options reasonably certain to be exercised	59,764
	133,802
Effect of discounting using the incremental borrowing rate as at date of initial application	(14,355)
Lease liability as at 1 January 2019 (Note 16)	119,447

SFRS(I)s and Interpretations of SFRS(I) ("SFRS(I) INTs") issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I)s and SFRS(I) INTs were issued but not yet effective, and have not been adopted early in these financial statements:

			Effective date (annual periods beginning on or after)
SFRS(I) 1-1 and SFRS(I) 1-8 (Amendments)	:	Definition of Material	1 January 2020
SFRS(I) 3 (Amendments)	:	Definition of a Business	1 January 2020
SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 (Amendments)	:	Interest Rate Benchmark Reform	1 January 2020
SFRS(I) 17	:	Insurance Contracts	1 January 2021
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	:	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Various amendments	:	References to the Conceptual Framework in SFRS(I) Standards, illustrative examples, implementation guidance and SFRS(I)	1 January 2020

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I)s and Interpretations of SFRS(I) ("SFRS(I) INTs") issued but not yet effective (Continued)

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

Except as disclosed below, management anticipates that the adoption of the above SFRS(I)s and SFRS(I) INTs, if applicable, in future periods will not have a material impact on the financial statements of the Group 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 they may a change in the elements of control.

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, investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the plant and equipment 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.

Subsequent expenditure on an item of plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

The carrying amounts of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Plant and equipment (Continued)

Depreciation is calculated on the straight-line method so as to allocate the depreciable amount of the plant and equipment over their estimated useful lives as follows:

	Years
Computer	3
Tools and equipment	5
Furniture and fittings	5
Office equipment	5
Renovation	5
Machinery	5

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 life 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 expense 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible assets (Continued)

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.

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 expenditure 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of non-financial assets (Continued)

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.

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 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:

<u>Amortised cost</u>

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 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (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 and third parties 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, twelve 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. Receivables from subsidiaries are considered as credit impaired when significant financial difficulties and non-payment of past due balances have occurred.

The Group's financial assets measured at amortised cost comprise trade and other receivables 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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial liabilities and equity instruments (Continued)

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.

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 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 expire. 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.

2.10 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 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 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.

2.11 Cash and bank balances

Cash and bank balances in the consolidated statement 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 deposits.

2.12 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 equity 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 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 are derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

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 its 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 a credit term of 30 to 90 days.

The Group does not operate any loyalty programme. Revenue from these contracts is recognised based on the contract price specified in the contract. At the end of each reporting period, the Group reviews and updates the transaction price when necessary.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 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 months from the end of the financial year as a result of services rendered by employees up to the end of the financial year.

2.15 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".

2.16 Leases

Accounting policy for leases after 1 January 2019

As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases

Accounting policy for leases after 1 January 2019 (Continued)

As lessee (Continued)

Initial measurement (Continued)

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets (excluding those which meet the definition of investment property) and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases

Accounting policy for leases after 1 January 2019 (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.6 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional asses being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases

Accounting policy for leases after 1 January 2019 (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

Accounting policy for leases prior to 1 January 2019

When the Group is the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

2.17 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 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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 investments 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.

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 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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.

2.18 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Foreign currency transactions and translation (Continued)

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.

2.19 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.

2.20 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 group of Executive Directors and the Managing Director 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

3.1 Critical judgements made in applying the accounting policies

Management is of the opinion that there are no critical judgements (other 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 amounts of assets and liabilities and the reported amounts of revenue and expenses, within the next financial year, are discussed below.

(i) Loss allowance for impairment of trade and other receivables

Management establishes the loss allowance for receivables based on expected credit loss model. In determining the expected credit losses for trade receivables, management categorised the trade receivables based on their historical loss pattern, historical payment profile 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 customer in financial difficulties separately. The carrying amount of trade and other receivables of the Group and the Company as at 31 December 2019 were US$2,781,691 (2018: US$1,958,682) and US$1,162,771 respectively.

(ii) Inventory obsolescence

The 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, the 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 2019 was US$4,266,414 (2018: US$6,940,719).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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							
Balance 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**
Balance at 31 December 2019	**66,111**	**297,086**	**53,568**	**6,204**	**44,363**	**12,361**	**479,693**
Accumulated depreciation							
Balance at 1 January 2019	**42,205**	**275,220**	**22,329**	**1,770**	**23,427**	**2,360**	**367,311**
Depreciation charged	**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**
Balance at 31 December 2019	**50,206**	**293,677**	**30,652**	**3,011**	**30,078**	**4,833**	**412,457**
Net carrying amount							
Balance at 31 December 2019	**15,905**	**3,409**	**22,916**	**3,193**	**14,285**	**7,528**	**67,236**

Group	Computer US$	Tools and equipment US$	Furniture and fittings US$	Office equipment US$	Renovation US$	Machinery US$	Total US$
Cost							
Balance at 1 January 2018	56,535	296,994	45,853	6,204	40,838	8,851	455,275
Additions	5,735	–	884	–	–	3,510	10,129
Written off	(6,463)	–	–	–	–	–	(6,463)
Currency re-alignment	(8)	–	–	–	–	–	(8)
Balance at 31 December 2018	55,799	296,994	46,737	6,204	40,838	12,361	458,933
Accumulated depreciation							
Balance at 1 January 2018	35,113	244,771	14,859	529	15,759	590	311,621
Depreciation charged	13,549	30,449	7,470	1,241	7,668	1,770	62,147
Written off	(6,457)	–	–	–	–	–	(6,457)
Balance at 31 December 2018	42,205	275,220	22,329	1,770	23,427	2,360	367,311
Net carrying amount							
Balance at 31 December 2018	13,594	21,774	24,408	4,434	17,411	10,001	91,622

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. RIGHT-OF-USE ASSETS

	Buildings US$
Group	
Cost	
At 1 January 2019	–
Adoption of SFRS(I) 16 (Note 2.1)	**114,550**
	114,550
Amortisation charge	**(45,945)**
Exchange difference	**(9)**
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 years on a straight-line basis.

6. INVESTMENTS IN SUBSIDIARIES

	Company 2019 US$
Unquoted equity shares, at cost	**4,601,706**

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held 2019 %
Held by the Company		
TrickleStar Limited[(1)] (Hong Kong)	Investment holding company	**100**
Held by TrickleStar Limited (Hong Kong)		
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 Ricky Cheung & Co, Hong Kong

(2) Audited by BDO PLT, Malaysia, a member firm of BDO International for consolidation purpose

(3) Audited by BDO PLT, Malaysia, a member firm of BDO International

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. INTANGIBLE ASSETS

Group	Technical know-how US$	Development costs US$	Total US$
Cost			
Balance as at 1 January 2019	**242,871**	**155,938**	**398,809**
Additions	**–**	**344,003**	**344,003**
Balance as at 31 December 2019	**242,871**	**499,941**	**742,812**
Accumulated amortisation and impairment			
Balance as at 1 January 2019	**182,153**	**–**	**182,153**
Amortisation charged	**48,574**	**–**	**48,574**
Impairment loss	**–**	**119,500**	**119,500**
Balance as at 31 December 2019	**230,727**	**119,500**	**350,227**
Net carrying amount			
Balance as at 31 December 2019	**12,144**	**380,441**	**392,585**
Cost			
Balance as at 1 January 2018	242,871	–	242,871
Additions	–	155,938	155,938
Balance as at 31 December 2018	242,871	155,938	398,809
Accumulated amortisation			
Balance as at 1 January 2018	133,579	–	133,579
Amortisation charged	48,574	–	48,574
Balance as at 31 December 2018	182,153	–	182,153
Net carrying amount			
Balance as at 31 December 2018	60,718	155,938	216,656

Amortisation expense and impairment loss were included in “Administrative expenses” line item of profit or loss.

During the current financial year, the Group carried out a review of the recoverable amount of its product development costs due to a deterioration in sales of an underperforming product. The review led to the recognition of full impairment losses of US$119,500 (2018: US$Nil) in the capitalised product development costs. These impairment losses have been recognised in the profit or loss and included in “Administrative expenses” line item.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8. INVENTORIES

	Group	
	2019	**2018**
	US$	**US$**
Goods for resale – advanced power strips and surge proctectors	**4,266,414**	6,940,179

The cost of inventories recognised as an expenses and included in "Cost of sales" line item in profit or loss amounted to US$10,552,830 (2018: US$8,331,086) for the financial year ended 31 December 2019.

Obsolete inventories written off recognised as an expense and included in "Cost of sales" line item in profit or loss amounted to US$32,146 (2018: US$32) for the financial year ended 31 December 2019.

9. TRADE AND OTHER RECEIVABLES

	Group		Company
	2019	**2018**	**2019**
	US$	**US$**	**US$**
Trade receivables			
– third parties	**2,611,039**	1,794,783	**–**
Loss allowance on trade receivables	**(3,204)**	(10,000)	**–**
	2,607,835	1,784,783	**–**
Other receivables			
– third parties	**126**	231	**–**
– subsidiaries	**–**	–	**1,162,022**
Deposits	**173,730**	173,668	**749**
	2,781,691	1,958,682	**1,162,771**

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 (2018: 30 to 90) days' credit terms.

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

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

	Group	
	2019	**2018**
	US$	**US$**
At 1 January	**10,000**	10,000
Reversal of allowance for impairment loss	**(6,796)**	–
At 31 December	**3,204**	10,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables from third parties written off was included in "Administrative expenses" line item in profit or loss amounted to US$14,058 (2018: US$Nil). Trade receivables were written off as the debtor was loss-making and the balance was deemed to be irrecoverable.

The currency profiles of trade and other receivables as at the end of the respective reporting periods are as follows:

	Group		Company
	2019	2018	2019
	US$	US$	US$
United States dollar	**2,780,525**	1,957,609	**1,098,351**
Singapore dollar	**749**	–	**749**
Ringgit Malaysia	**417**	1,072	**63,671**
Others	**–**	1	**–**
	2,781,691	1,958,682	**1,162,771**

10. CASH AND BANK BALANCES

	Group		Company
	2019	2018	2019
	US$	US$	US$
Fixed deposit	**7,326**	7,253	**–**
Cash and bank balances	**2,592,688**	1,546,396	**996,483**
	2,600,014	1,553,649	**996,483**
Fixed deposit pledged	**(7,326)**	(7,253)	
Cash and cash equivalents on consolidated statement of cash flows	**2,592,688**	1,546,396	

Fixed deposit is placed for period of 365 days (2018: 365 days) and bear an effective interest rate at 3.25% (2018: 3.25%) per annum.

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

	Group		Company
	2019	2018	2019
	US$	US$	US$
United States dollar	**1,551,429**	1,498,093	**11,155**
Ringgit Malaysia	**28,631**	30,145	**985,328**
Singapore dollar	**1,019,954**	25,411	**–**
	2,600,014	1,553,649	**996,483**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. SHARE CAPITAL

	Group				Company	
	2019		2018		2019	
	Number of ordinary shares	US$	Number of ordinary shares	US$	Number of ordinary shares	US$
Issued and fully-paid:						
Balance* at beginning of financial year	**2,473,775**	**4,490,330**	2,473,773	4,490,329	**–**	**–**
Issuance of ordinary shares at date of incorporation of the Company[(i)]	**–**	**–**	2	1	**2**	**1**
Deemed distribution to owners pursuant to the Restructuring Exercise as referred to in Note 1.2 to the financial statements	**(2,473,773)**	**(4,490,329)**	–	–	**–**	**–**
Issuance of ordinary shares pursuant to the Restructuring Exercise as referred to in Note 1.2 to the financial statements	**2,473,773**	**4,601,705**	–	–	**2,473,773**	**4,601,705**
	2,473,775	**4,601,706**	2,473,775	4,490,330	**2,473,775**	**4,601,706**
Sub-division of shares[(ii)]	**66,791,925**	**4,601,706**	–	–	**66,791,925**	**4,601,706**
Issuance of ordinary shares pursuant to an initial public offering exercise[(iii)]	**15,000,000**	**2,853,982**	–	–	**15,000,000**	**2,853,982**
Share issuance expense[(iv)]	**–**	**(263,900)**	–	–	**–**	**(263,900)**
Balance* at end of financial year	**81,791,925**	**7,191,788**	2,473,775	4,490,330	**81,791,925**	**7,191,788**

* For the Group's comparative figures in the financial year ended 31 December 2018, the share capital of the Group represents the aggregated value of the issued and fully paid-up share capital of TrickleStar Limited (Hong Kong) of 2,473,773 ordinary shares at US$4,490,329 and the Company of 2 ordinary shares at US$1.

(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 SGD0.26 per ordinary share for cash consideration of SGD3,900,000 (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 independent auditors of the Company in respect of professional services rendered as independent reporting auditors 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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 Directors and employees of the Group and Non-Executive Directors of the Company 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. 206,315 share awards out of the total Awards to the Directors who are also the shareholders of the Company are subject to approval of independent shareholders in the general meeting. The vesting of the Awards is conditional on the eligible participants completing specific period of service to the Group as below:

	Number of awarded shares	Vesting of the Awards
(i)	252,908	June 2020
(ii)	77,467	June 2021
(iii)	77,467	June 2022
	407,842	

The fair value of share awards granted on 9 December 2019 was US$97,656 based on market price.

The Group and the Company recognised share based payment expenses and a corresponding share grant reserve of US$7,685 for the financial year ended 31 December 2019.

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 2019

15. DEFERRED TAX LIABILITIES

	Group	
	2019	**2018**
	US$	**US$**
Deferred tax liabilities	**95,073**	2,296

The movements in deferred tax assets/(liabilities) position are as follows:

	Group	
	2019	**2018**
	US$	**US$**
At 1 January	**(2,296)**	172,954
Charge to profit or loss	**(92,770)**	(175,250)
Exchange translation differences	**(7)**	–
At 31 December	**(95,073)**	(2,296)

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

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2019	**2018**	**2019**	**2018**
	US$	**US$**	**US$**	**US$**
Group				
Accelerated depreciation	**(4,336)**	(2,296)	**(2,033)**	(2,296)
Intangible assets	**(110,328)**	–	**(110,328)**	–
Leases	**453**	–	**453**	–
Tax losses	**2,900**	–	**2,900**	(2,543)
Provisions	**16,238**	–	**16,238**	(170,411)
Deferred tax expenses			**(92,770)**	(172,250)
Net deferred tax liabilities	**(95,073)**	(2,296)		

The Group's lease payments are deductible upon payment for tax purposes. In accounting for the deferred tax relating to the lease, the Group considers both the lease assets and liabilities separately. The Group separately accounts for the deferred taxation on the taxable temporary difference and the deductible temporary difference. Upon initial recognition, the amount of the deferred tax income or expenses recognised in profit or loss are not material. Deferred tax is recognised on subsequent changes to the taxable and temporary differences.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

	Group	
	2019	**2018**
	US$	**US$**
Balance at beginning of financial year	**246,363**	246,647
Utilisation of deferred tax assets previously not recognised	**–**	(261)
Currency realignment	**9**	(23)
Balance at end of financial year	**246,372**	246,363

Unrecognised deferred tax assets are attributable to the temporary differences of unutilised tax losses computed at the respective countries' statutory income tax rate.

Unutilised tax losses of approximately US$1,491,000 (2018: US$1,491,000) as at 31 December 2019 respectively are available for set-off against future taxable profits subject to the agreement by tax authorities in Hong Kong and Malaysia.

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 for 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 2.17 to the financial statements.

16. LEASE LIABILITIES

	Buildings
	US$
Group	
At 1 January 2019	**–**
– Adoption of SFRS(I) 16 (Note 2.1)	**119,447**
	119,447
Interest expense (Note 20)	**7,777**
Lease payments	
– Principal portion	**(43,279)**
– Interest portion	**(7,777)**
At 31 December 2019	**76,168**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16. LEASE LIABILITIES (CONTINUED)

The maturity analysis of lease liabilities of the Group at each reporting date are as follows:

	Group 2019 US$
Contractual undiscounted cash flows	
– Not later than a year	**46,957**
– Between one and two years	**23,059**
– Between two and five years	**14,083**
	84,099
Less: Future interest expense	**(7,931)**
Present value of lease liabilities	**76,168**
Presented in consolidated statement of financial position	
– Non-current	**31,298**
– Current	**44,870**
	76,168

The Group leases a number of properties (i.e. office building and warehouses) in the United States of America and Malaysia. It is customary for lease contract to provide payment to increase each year within range of 2.5% to 5.0% annually to fixed payments.

As at 31 December 2019, the average incremental borrowing rate applied in the lease were 7.80%.

The currency profiles of lease liabilities of the Group at each reporting date are as follows:

	Group 2019 US$
United States dollar	**22,910**
Ringgit Malaysia	**53,258**
	76,168

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17. TRADE AND OTHER PAYABLES

	Group 2019 US$	Group 2018 US$	Company 2019 US$
Trade payables			
– third parties	**123**	123	**–**
– corporate shareholder	**2,804,447**	5,172,513	**–**
	2,804,570	5,172,636	**–**
Other payables			
– third parties	**100,042**	580,262	**44**
– a subsidiary	**–**	–	**329,300**
Accrued expenses	**251,308**	102,322	**41,260**
Advances from customers	**7,749**	9,431	**–**
Sales tax payable	**274**	256	**–**
	3,163,943	5,864,907	**370,604**

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

Non-trade amounts due to third parties are unsecured, non-interest bearing and are normally settled within 75 days' credit terms.

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 trade and other payables as at the end of the respective reporting periods are as follows:

	Group 2019 US$	Group 2018 US$	Company 2019 US$
United States dollar	**3,114,763**	5,858,662	**331,769**
Ringgit Malaysia	**10,345**	5,901	**–**
Singapore dollar	**38,835**	344	**38,835**
	3,163,943	5,864,907	**370,604**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. REVENUE

Disaggregation of revenue

The Group has disaggregated revenue into primary geographical markets in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors; and
- enable users to understand the relationship with revenue segment information provided in Note 27 to the financial statements.

	2019 US$	2018 US$
Sale of goods		
United States of America	**14,496,909**	12,592,999
Canada	**27,751**	248,316
Others	**–**	160
	14,524,660	12,841,475

The Group recognised its revenue at point in time.

19. OTHER INCOME

	Group	
	2019 US$	**2018 US$**
Government grants	**144,379**	–
Foreign exchange gain, net	**11,408**	872
Others	**–**	7,425
	155,787	8,297

20. FINANCE COSTS

	Group	
	2019 US$	**2018 US$**
Interest expenses on:		
– Lease liabilities (Note 16)	**7,777**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21. PROFIT BEFORE INCOME TAX

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

	Group	
	2019	**2018**
	US$	**US$**
Cost of sales		
Cost of inventories	**10,552,830**	8,331,086
Inventories written off	**32,146**	32
Selling and distribution expenses		
Employee benefits expense		
– Salaries, bonuses and other staff benefits	**451,280**	473,989
– Contributions to defined contribution plans	**30,532**	40,719
	481,812	514,708
Freight outwards	**180,384**	147,123
Sales commission	**166,727**	205,713
Inventories processing fees	**58,818**	56,918
Storage fees	**96,918**	42,307
Administrative expenses		
Audit fees		
– Auditors of the Company	**36,755**	–
– Other auditors	**34,793**	26,883
Impairment loss on intangible assets	**119,500**	–
Initial public offering expenses*	**1,116,553**	–
Amortisation of intangible assets	**48,574**	48,574
Bad debts written off – trade receivables	**14,058**	–
Depreciation of plant and equipment	**46,474**	62,147
Amortisation of right-of-use assets	**45,945**	–
Engineering fees	**79,979**	68,625
Employee benefits expense		
– Directors' fees	**46,023**	–
– Salaries, bonuses and other staff benefits	**529,357**	384,063
– Contributions to defined contribution plans	**26,661**	33,266
	602,041	417,329
Operating lease expenses	**–**	56,475
Plant and equipment written off	**1**	6
Professional fees	**50,988**	173,825
Research and testing	**25,947**	1,052

* Included in these expenses were professional fees paid to the external auditors of the Company amounting to US$97,352 (2018: US$Nil) in respect of an allocated portion of professional services rendered as independent reporting auditors in connection with the Company's initial public offering.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21. PROFIT BEFORE INCOME TAX (CONTINUED)

Included in the employee benefits expense were the remuneration of Directors of the Company as disclosed in Note 26 to the financial statements.

22. INCOME TAX EXPENSE

	Group	
	2019	**2018**
	US$	**US$**
Current income tax		
– current financial year	**36,580**	169,728
– overprovision in respect of prior years	**(54,196)**	–
	(17,616)	169,728
Deferred tax		
– current financial year	**84,184**	175,250
– under provision in respect of prior years	**8,586**	–
	75,154	344,978

Domestic income tax is calculated at 17% (2018: 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% (2018: 17%) to profit before income tax as a result of the following differences:

	Group	
	2019	**2018**
	US$	**US$**
Profit before income tax	**250,642**	2,312,671
Income tax calculated at Singapore's statutory income tax rate of 17%	**42,609**	393,154
Effect of different tax rate in other countries	**3,515**	42,490
Tax effect of income not subject to income tax	**(26,209)**	(183,887)
Tax effect of non-deductible expenses for income tax purposes	**113,631**	93,482
Utilisation of previously unrecognised tax losses	**–**	(261)
Under/(Over) provision in respect of prior financial years	**–**	–
– current income tax	**(54,196)**	–
– deferred tax	**8,586**	–
Tax effect of tax incentives	**(12,782)**	–
Total income tax expense recognised in profit or loss	**75,154**	344,978

NOTES TO THE FINANCIAL STATEMENTS

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23. EARNINGS PER SHARE

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

	Group	
	2019	**2018**
Earnings (US$)		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to the owners of the Company)	**175,488**	1,967,693
Number of shares		
Weighted average number of ordinary shares in issue during the financial year applicable to earnings per share	**74,846,720**	66,791,925
Earnings per share (in US cents)		
Basic and diluted*	**0.23**	2.95

* In the current financial year the dilutive 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. In the previous financial year, the Company does not have any dilutive potential ordinary shares.

24. DIVIDENDS

	Group	
	2019	**2018**
	US$	**US$**
TrickleStar Limited (Hong Kong) paid the following dividends:		
Tax exempt interim dividend of approximately US$0.35 and US$0.40 per ordinary share in respect of financial years ended 31 December 2019 and 2018 respectively	**865,822**	952,010

Prior to the Group restructuring in May 2019, TrickleStar Limited (Hong Kong) paid the dividends to its former shareholders which included CircleBright Limited.

The dividend declared in the financial year ended 31 December 2018 was partially set off against amount due to CircleBright Limited and a corporate shareholder of US$444,755 and US$25,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. OPERATING LEASE COMMITMENTS

The Group as lessee

In 2018, the Group leases offices and warehouse under non-cancellable operating leases. The operating lease commitments are based on existing rental rates. The leases have lease term range from 1 to 3 years and rentals are fixed during the lease term.

As at the end of 31 December 2018, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities were as follows:

	Group 2018 US$
Within one financial year	51,780
After one financial year but within five financial year	22,258
	74,038

26. 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 2019 and 2018:

	Group		**Company**
	2019 US$	**2018 US$**	**2019 US$**
With corporate shareholder			
Dividend paid	–	50,000	–
Purchase of goods	**6,477,683**	9,863,040	–
With immediate holding company			
Advances to	–	450,000	–
Dividend paid	**865,822**	902,010	–
Payment made on behalf by	–	552,800	–
Payment made on behalf of	–	102,800	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	Group 2019 US$	Group 2018 US$	Company 2019 US$
With related parties			
Repayment from	**–**	51,154	**–**
With subsidiaries			
Dividend income	**–**	–	**350,000**
Advances to/(from)	**–**	–	**1,094,693**
Payment made on behalf by	**–**	–	**344,958**
Payment made on behalf of	**–**	–	**81,902**
With director of the Company			
Rental expenses	**–**	22,933	**–**

As at 31 December, 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 2019 and 2018 were as follows:

	Group 2019 US$	Group 2018 US$
Director of the Group		
– Directors' fees	**46,023**	–
– Short-term employee benefits	**172,332**	13,665
– Post employee benefits	**–**	1,640
	218,355	15,305
Other key management personnel		
– Short-term employee benefits	**76,424**	64,752
– Post employee benefits	**9,627**	8,147
	86,051	72,899

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. 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

Revenues from external customers

The breakdown of the Group's revenue by geographical market is disclosed in Note 18 to the financial statements.

Locations of non-current assets

Non-current assets consist of plant and equipment, intangible assets, and right-of-use assets.

	Group	
	2019	**2018**
	US$	**US$**
United States of America	**46,393**	30,865
Hong Kong	**12,144**	60,718
Malaysia	**469,880**	216,695
	528,417	308,278

Major customers

The Group's revenue attributable to 5 customers represents approximately 85.59% (2018: 86.11%) of total revenue. Revenue from certain customers (named alphabetically A to E) represents US$12,430,467 (2018: US$11,058,236) of the Group's revenue during financial year ended 31 December 2019. The details of these customers which individually contributed 5 percent or more of the Group's revenue in the financial years are as follows:

	2019		2018	
	US$	**%**	**US$**	**%**
Customer A	**3,856,171**	**26.55**	4,786,323	37.27
Customer B	**3,339,275**	**22.99**	2,900,827	22.59
Customer C	**2,602,915**	**17.92**	1,611,254	12.55
Customer D	**1,225,362**	**8.44**	1,055,635	8.22
Customer E	**1,406,744**	**9.68**	704,197	5.48
	12,430,467	**85.59**	11,058,236	86.11

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's activities expose it to credit risk and liquidity 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.

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.

28.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require collaterals.

The Group's major classes of financial assets are trade and other receivables and cash and bank balances.

Trade receivables

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 3 (2018: 3) customers which represent 69% of total trade receivables balance as at 31 December 2019 (2018: 64%).

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that financial instruments presented in the statements of financial position.

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 expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the period end. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

28.1 Credit risk (Continued)

Trade receivables (Continued)

Group 2019	Gross carrying amount US$	Loss allowance US$	Credit impaired
Not past due	**1,591,126**	**–**	**No**
Past due but not impaired			
– Past due less than 1 month	**779,822**	**–**	**No**
– Past due 1 to 2 months	**210,595**	**–**	**No**
– Past due 2 to 3 months	**3,799**	**–**	**No**
– Past due over 3 months	**25,697**	**3,204**	**No**
	2,611,039	**3,204**	
2018			
Not past due	1,361,487	–	No
Past due but not impaired			
– Past due less than 1 month	215,620	–	No
– Past due 1 to 2 months	5,080	–	No
– Past due 2 to 3 months	30,153	–	No
– Past due over 3 months	182,443	10,000	No
	1,794,783	10,000	

Non-trade receivables due from subsidiaries

For amounts due from subsidiaries (Note 9), Board of Directors has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. Board of Directors 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

28.1 Credit risk (Continued)

Cash and bank balances

Credit risk also arises from cash and bank balances and fixed deposit with banks and financial institutions. The Group and the Company held cash and bank balances of US$2,600,014 and US$996,483 as at 31 December 2019 (2018: US$1,553,649). 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 S&P Global'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.

28.2 Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Group actively manages its operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

Contractual maturity analysis

The following tables detail the Group's remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to pay.

	Within one financial year US$	After one financial year but within five financial years US$
Group		
2019		
Financial liabilities		
Trade and other payables	**3,155,920**	**–**
Lease liabilities	**46,957**	**37,142**
	3,202,877	**37,142**
2018		
Financial liabilities		
Trade and other payables	5,855,220	–
Company		
2019		
Financial liabilities		
Trade and other payables	**370,604**	**–**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

28.3 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as going concerns 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 (Note 11), merger reserve (Note 12), share grant reserve (Note 13), foreign currency translation reserve (Note 14) and accumulated losses/retained earnings as disclosed in the consolidated statement of changes in equity of the Group and statement of changes in equity of the Company.

The Group's and the Company's management review the capital structure on a quarterly basis. As part of this review, the 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 2018 and 2019.

28.4 Fair value of financial instruments

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

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

The following table sets out the financial instruments as at the end of the respective reporting periods:

	Group		**Company**
	2019	**2018**	**2019**
	US$	**US$**	**US$**
Financial assets			
Financial assets, at amortised cost	**5,381,705**	3,512,331	**2,159,254**
Financial liabilities			
Financial liabilities, at amortised cost	**3,232,088**	5,855,220	**370,604**

29. COMPARATIVE FIGURES

The financial statements of the Company cover the financial period since incorporation on 31 October 2018 to 31 December 2019. This being the first set of financial statements for the Company, there are no comparative figures.

STATISTICS OF SHAREHOLDINGS

AS AT 21 FEBRUARY 2020

Number of Shares in Issue	:	81,791,925
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 21 FEBRUARY 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	7	21.88	4,400	0.01
1,001 – 10,000	4	12.50	16,200	0.02
10,001 – 1,000,000	13	40.62	2,390,261	2.92
1,000,001 and above	8	25.00	79,381,064	97.05
	32	100.00	81,791,925	100.00

TOP TWENTY HOLDERS OF SHARES AS AT 21 FEBRUARY 2020

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	OCBC SECURITIES PRIVATE LTD	36,417,308	44.52
2	CIRCLEBRIGHT LIMITED	20,807,726	25.44
3	RAFFLES NOMINEES (PTE) LIMITED	6,001,068	7.34
4	UOB KAY HIAN PTE LTD	4,255,000	5.20
5	BERNARD CHRISTOPHER EMBY	3,632,462	4.44
6	CITIBANK NOMINEES SINGAPORE PTE LTD	3,383,000	4.14
7	TINA TAN AI TING	3,302,000	4.04
8	LING HEE KEAT	1,582,500	1.93
9	PATRICIA LIM PEK YEW	729,135	0.89
10	GUNANANTHAN A/L NITHYANANTHAM	500,000	0.61
11	WONG WEI TUNG	361,826	0.44
12	WONG EE-LING (HUANG YILING)	176,000	0.22
13	FOURNIER MARIA	120,000	0.15
14	WONG WEI KIM	120,000	0.15
15	WONG WEI LI	120,000	0.15
16	WONG YON CHING	120,000	0.15
17	CHUAH JERN ERN	50,000	0.06
18	GOH EU JIM	40,000	0.05
19	DBS NOMINEES PTE LTD	20,000	0.02
20	YAP HAN XIONG @YAP YONG MENG	18,300	0.02
	TOTAL:	**81,756,325**	**99.96**

Note: The percentages are computed based on 81,756,325 ordinary shares as at 21 February 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 21 FEBRUARY 2020

SUBSTANTIAL SHAREHOLDERS AS AT 21 FEBRUARY 2020

	Direct Interest		Indirect Interest	
Name of substantial shareholders	**No. of Shares**	**%**	**No. of shares**	**%**
CircleBright Limited	41,615,451	50.88	–	–
Harald Weinbrecht	6,000,068	7.34	–	–
Bernard Christopher Emby(1)	8,964,923	10.96	41,615,451	50.88
Gunananthan Nithyanantham(2)	–	–	41,615,451	50.88

Notes:

(1) Bernard Christopher Emby is deemed interested in 41,615,451 ordinary shares of TrickleStar Limited held by CircleBright Limited as he is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting ordinary shares in CircleBright Limited.

(2) Gunananthan Nithyanantham deemed interest in 41,615,451 shares held by CircleBright Limited as he is entitled to exercise or control the exercise of not less than 20.0% of the votes attached to the voting shares in CircleBright.

SHARES HELD BY PUBLIC

Based on the information available to the Company as at 21 February 2020, approximately 25.27% 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 (the "**Company**") will be held at Four Points by Sheraton Singapore, Riverview Elgin Room, 382 Havelock Road, Singapore 169629 on Thursday, 26 March 2020 at 10.30 a.m. for the following purposes:

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$61,932 for the financial year ended 31 December 2019. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$115,524 for the financial year ending 31 December 2020 payable monthly in arrears. **(Resolution 3)**

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

   Mr. Gunananthan Nithyanantham will, upon re-election as a Director, remain as Non-Executive Non-Independent Director and a member of the Audit, Nominating and Remuneration Committees.

   The Board considers Mr. Gunananthan Nithyanantham to be non-independent for the purpose of Rule 704(7). Further information on Mr. Gunananthan Nithyanantham can be found in the Company's 2019 annual report.

5. To re-elect Mr. Chuah Jern Ern who is retiring pursuant to Regulation 88 of the Constitution. **(Resolution 5)**

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

   There are no relationships including family relationships between Mr. Chuah Jern Ern and the other Directors, the Company and its related corporations, its substantial shareholders and its officers. Further information on Mr. Chuah Jern Ern can be found in the Company's annual report 2019.

6. To re-elect Mr. Ling Hee Keat who is retiring pursuant to Regulation 88 of the Constitution. **(Resolution 6)**

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

   There are no relationships including family relationships between Mr. Ling Hee Keat and the other Directors, the Company and its related corporations, its substantial shareholders and its officers. Further information on Mr. Ling Hee Keat can be found in the Company's annual report 2019.

NOTICE OF ANNUAL GENERAL MEETING

7. To appoint Messrs Paul Wan & Co. as the Company's auditors for the financial year ending 31 December 2020 and to authorise the Directors to fix their remuneration.
(See Explanatory Note 1) **(Resolution 7)**

8. To transact any other ordinary business which may be properly transacted at the AGM.

Special Business

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

9. *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:

I. (a) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(b) 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

II. (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:

(a) 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 (b) 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 (b) below);

NOTICE OF ANNUAL GENERAL MEETING

(b) (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 (a) 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:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards which are outstanding and/or subsisting at the time of the passing of this resolution, provided that such share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) 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

(d) 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 2) **(Resolution 8)**

10. *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 (i) the number of Shares issued and issuable and/or transferred or transferable in respect of all Awards granted thereunder; and (ii) 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 3) **(Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING

11. *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
(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

NOTICE OF ANNUAL GENERAL MEETING

"**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 which transactions in the Shares were recorded) immediately before the day or 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.

(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 4) **(Resolution 10)**

12. *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 11)**

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

THAT the award of 136,000 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 5) **(Resolution 12)**

14. *Participation of Gunanantham Nithyanantham in the TrickleStar Performance Share Plan*

THAT the participation of Gunanantham Nithyanantham, Non-Executive and Non-Independent Director and a controlling shareholder of the Company in the TrickleStar Share Performance Plan be approved. **(Resolution 13)**

NOTICE OF ANNUAL GENERAL MEETING

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

THAT the award of 70,315 Shares to Gunananthan A/L 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 6) **(Resolution 14)**

By Order of the Board

Goh Siew Geok
Company Secretary
Singapore
11 March 2020

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 Share Registrar, Tricor Barbinder Share Registration Services either by hand at 80 Robinson Road #11-02 Singapore 068898 or by post at 80 Robinson Road #02-00 Singapore 068898 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. (a) BDO has confirmed, by way of letter, that they are not aware of any professional reasons why PWCO should not accept appointment as the new Auditors.
   (b) The Company confirms that there were no disagreements with BDO on accounting treatments within the last twelve (12) months.
   (c) The Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders and which has not been disclosed in the Letter to Shareholders dated 11 March 2020.
   (d) The specific reasons for the Proposed Change of Auditors are disclosed in paragraph 2 of the Letter to Shareholders dated 11 March 2020. The Proposed Change of Auditors is not due to the dismissal of BDO, or due to BDO declining to continue to serve as the Auditors.
   (e) The Company confirms that it is in compliance with Rules 712 and Rule 715 of the Listing Manual in relation to the appointment of PWCO as its new Auditors.
2. The resolution 8 in item 9 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

NOTICE OF ANNUAL GENERAL MEETING

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.

3. The resolution 9 in item 10 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 (i) the number of Shares issued and issuable and/or transferred or transferable in respect of all awards granted thereunder; and (ii) 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.
4. Ordinary Resolution No. 10 in item 11 above, if passed, will renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in the Resolution. The Company may use internal or external sources of funds to finance the purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired, the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

   The financial effects of the purchase or acquisition of such ordinary shares by the Company pursuant to the proposed Share Buy Back Mandate on the audited financial statements of the Company and the Company and its subsidiaries for the financial year ended 31 December 2019, based on certain assumptions, are set out in paragraph 13.6 of the Letter to Shareholders dated 11 March 2020 ("**Letter**").

   Please refer to the Letter for more details.
5. Details of the award to Mr Emby and the reasons for them are set out in the Letter.
6. Details of the award to Mr Gunananthan and the reasons for them are set out in the Letter.

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 (i) 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**"), (ii) 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 (iii) 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.

ANNUAL GENERAL MEETING PROXY FORM

TRICKLESTAR LIMITED

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

ANNUAL GENERAL MEETING
PROXY FORM

Important:

1. 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**").
2. 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.
3. SRS Investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

I/We, ________________________________ (Name) _______________ (NRIC No./Passport No./Company Registration No.)

of ____ (Address)
being a member/members of Tricklestar Limited (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

* and/or

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her/they, the Chairman of the AGM, as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM to be held at Four Points by Sheraton Singapore, Riverview Elgin Room, 382 Havelock Road, Singapore 169629 on Thursday, 26 March 2020 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.

No.	ORDINARY BUSINESS	No. of Shares For	No. of Shares Against
1.	To receive and adopt the directors' statement and audited financial statements of the Company for the financial year ended 31 December 2019 together with the auditors' report thereon		
2.	To approve the payment of Directors' fees of S$61,932 for the financial year ended 31 December 2019		
3.	To approve the payment of Directors' fees of S$115,524 for the financial year ending 31 December 2020, payable quarterly in arrears		
4.	To re-elect Mr. Gunananthan Nithyanantham as a director of the Company		
5.	To re-elect Mr. Chuah Jern Ern as a director of the Company		
6.	To re-elect Mr. Ling Hee Keat as a director of the Company		
7.	To appoint Messrs Paul Wan & Co as the Company's auditors		
	SPECIAL BUSINESS		
8.	To allot and issue shares		
9.	To grant awards and to allot and issue shares pursuant to the PSP		
10.	To give authority to Repurchase Shares Under A Share Buyback Mandate		
11.	To approve the participation of Bernard Christopher Emby in the PSP		
12.	To award Bernard Christopher Emby 136,000 Shares under the PSP		
13.	To approve the participation of Gunananthan Nithyanantham in the PSP		
14.	To award Gunananthan Nithyanantham 70,315 Shares under the PSP		

* *If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ______ day of _________________ 2020

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

____
Signature of Member(s) or Common Seal

* *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. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services either by hand at 80 Robinson Road #11-02 Singapore 068898 or by post at 80 Robinson Road #02-00 Singapore 068898 not less than 72 hours before the time appointed for holding the AGM. If a shareholder submits a proxy form and subsequently attends the meeting in person and votes, the appointments of the proxy should be revoked.

8. 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.

9. 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 (i) 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**"), (ii) 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 (iii) 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 Independent Director)

Chuah Jern Ern
(Independent Director)

Ling Hee Keat
(Independent Director)

AUDIT COMMITTEE

Jeremy John Figgins (Chairman)
Ling Hee Keat
Gunananthan Nithyanantham

REMUNERATION COMMITTEE

Ling Hee Keat (Chairman)
Chuah Jern Ern
Gunananthan Nithyanantham

NOMINATING COMMITTEE

Chuah Jern Ern (Chairman)
Jeremy John Figgins
Gunananthan Nithyanantham

AUDITORS

BDO LLP
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778
Partner-in-charge: Yeo Siok Yong
(since year ended 31 December 2019)

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

WEBSITE:

www.tricklestar.com

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay #10-00
Income at Raffles
Singapore 049318

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

TrickleStar®

80 Robinson Road
#02-00
Singapore (068898)

www.tricklestar.com