Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: TrickleStar Limited

Stock code: CYW

Meeting details:
Date: 26 March 2021
Time: 10.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the letter to shareholder, the group responded to the market's focus on price (over quality) and introduced a new brand, PlugLoad (page 5 of the annual report), which has fewer features than the premier brand, TrickleStar.

(i) **Can management help shareholders understand if this will lead to a gradual erosion of the group's profit margin?**

On page 6, the company disclosed that it has identified the following key risks in the business:

- reliance on a single contract manufacturer
- over-reliance on a small number of products
- concentration on a small number of customers

The group has made considerable progress to mitigate these key risks in the year despite the disruptions brought about by the pandemic.

(ii) **Advanced Powerstrips:** In the Offer document dated 3 June 2019, the company disclosed that revenue from advanced powerstrips contributed 98.8% of the revenue in FY2018. **What is the percentage of revenue derived from the advanced powerstrips in FY2020?**

(iii) **Major customers:** The group's top 5 major customers accounted for 86% of its revenue in FY2018. In FY2020, the top 5 major customers accounted for 81% of total revenue. **What is the group's strategy to acquire new customers? How much progress has the group made in acquiring new customers?** From Note 26 (page 101 – Segment information), it can be seen that revenue from Canada increased significantly from US$27,751 to US$751,862.

(iv) **New products:** The group has developed three new products to be launched this year, namely Wi-Fi Smart Thermostat, Wi-Fi Water Heater (both can be controlled via mobile applications on smartphones) and DryerSaver. **Can management help shareholders understand if the products are developed in partnership with certain customers and if there are already firm orders for the new products when they are launched? What is the typical development cycle for a new product?**

(v) **B2C: Has management explored a direct-to-consumer business model where the group's key products are sold online?**

Q2. The group designs and supplies simple, easy to use energy saving products to help customers reduce their energy consumption in their homes and workplaces. The group has a lean organisation structure, with the majority of its 18-person workforce in engineering and customer service departments.

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While the group has previously depended on a single independent contract manufacturer in China, it has now diversified its manufacturing to partners in Malaysia.

(i) **Intellectual property (IP): How does the group ensure that its IPs are well protected with the outsourcing arrangement?**

(ii) **Value proposition: Would management help shareholders understand how it is positioned to compete against low-cost competitors?**

(iii) **Platform: Is the group working to make its products compatible with other IoT/smart home platforms such as Google Home, Amazon Echo or Apple HomePod?**

(iv) **Research and development: How does the group stay abreast of latest market trends, and ensure that its products can meet the ever-changing market's demand? What are some examples of R&D and/or commercial feasibility studies conducted prior to new product launches?**

(v) **Key man risk: With a team of 18 in the entire organisation, how robust is the management bench strength? How does the group manage its key man risks?**

Q3. The board comprises five directors, three of whom are deemed independent. The biographies of the board directors can be found on pages 9 to 11 of the annual report.

As disclosed in the board diversity section in the corporate governance report, the company recognises the importance and benefits of diversity in all ways, including gender, background and other distinguishing factors/qualities. Currently, the ages of the directors are between 49 and 67 and all the directors are male (page 24). The independent directors are Mr. Jeremy John Figgins (lead independent director), Mr. Chuah Jern Ern and Mr. Ling Hee Keat. All three independent directors have formal legal training.

(i) **Can the board elaborate further on how the current board, as a group provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate?**

The company has adopted a board diversity policy although the nominating committee (NC) has not recommended any measurable quantitative objectives to be tracked at this stage of the company's growth.

(ii) **What are some of the key objectives of the board's diversity policy?**

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^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)