



WINKING STUDIOS LIMITED

(Company Registration No. 159882)

(Incorporated in the Cayman Islands on 15 December 2005)

PLACEMENT AND CORNERSTONE TRANCHE OF AN AGGREGATE OF 40,000,000 NEW SHARES COMPRISING (I) THE PLACEMENT OF 27,200,000 PLACEMENT SHARES AT S\$0.20 FOR EACH PLACEMENT SHARE, PAYABLE IN FULL ON APPLICATION AND (II) THE CORNERSTONE TRANCHE OF AN ISSUANCE OF 12,800,000 CORNERSTONE SHARES AT S\$0.20 FOR EACH CORNERSTONE SHARE

Prior to making a decision to subscribe for the Placement Shares, you should carefully consider all the information contained in the offer document dated 8 November 2023 (the “Offer Document”) issued by Winking Studios Limited (the “Company”) carefully and whether you understand what is described in the Offer Document. This Product Highlights Sheet should be read in conjunction with the Offer Document. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. You should also consider whether an investment in the Placement Shares is suitable for you, taking into account your investment objectives and risk appetite. If you are in doubt as to investing in the Placement Shares, you should consult your legal, financial, tax or other professional adviser. You are responsible for your own investment choices.

This Product Highlights Sheet¹ is an important document.

- It highlights the key information and risks relating to the Placement of the Placement Shares contained in the Offer Document. It complements the Offer Document².
- You should not subscribe for the Placement Shares if you do not understand the nature of an investment in the Placement Shares, shares of our Company, our business or are not comfortable with the accompanying risks.
- If you wish to subscribe for the Placement Shares, you will need to make an application in the manner set out in the Offer Document. If you do not have a copy of the Offer Document, please contact our Company or the Sponsor, Issue Manager and Placement Agent to ask for one.

Issuer	Winking Studios Limited	Place of incorporation	The Cayman Islands
Details of this Placement	Total number of Shares to be offered under the Placement: 27,200,000 Placement Shares	Total amount to be raised in this Placement and the Cornerstone Tranche	Gross proceeds of approximately S\$8.0 million and net proceeds of approximately S\$5.1 million to be raised from the Placement and the Cornerstone Tranche.
Placement Price	S\$0.20 for each Placement Share	Listing status of Issuer and the Securities	An application has been made to the SGX-ST for permission to deal in, and for quotation of, all our existing issued Shares, the New Shares and the Award Shares on the Catalist of the SGX-ST. The Shares are expected to be listed on 20 November 2023.
Sponsor, Issue Manager and Placement Agent	PrimePartners Corporate Finance Pte. Ltd.		

¹ This Product Highlights Sheet does not constitute, or form any part of any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities, nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. The information in this Product Highlights Sheet is based on information found in the Offer Document. Any decision to subscribe for securities must be made solely on the basis of information contained in the Offer Document. Capitalised terms used in this Product Highlights Sheet, unless otherwise defined, shall bear the meanings as ascribed to them in the Offer Document.

² The Offer Document, lodged with and registered by the SGX-ST, acting as agent on behalf of the Authority, on 28 September 2023 and 8 November 2023 respectively, may be obtained on request, subject to availability, during office hours, from PrimePartners Corporate Finance Pte. Ltd. at its address stated in the Offer Document. A copy of the Offer Document is also available on the SGX-ST’s website: <http://www.sgx.com>.

OVERVIEW

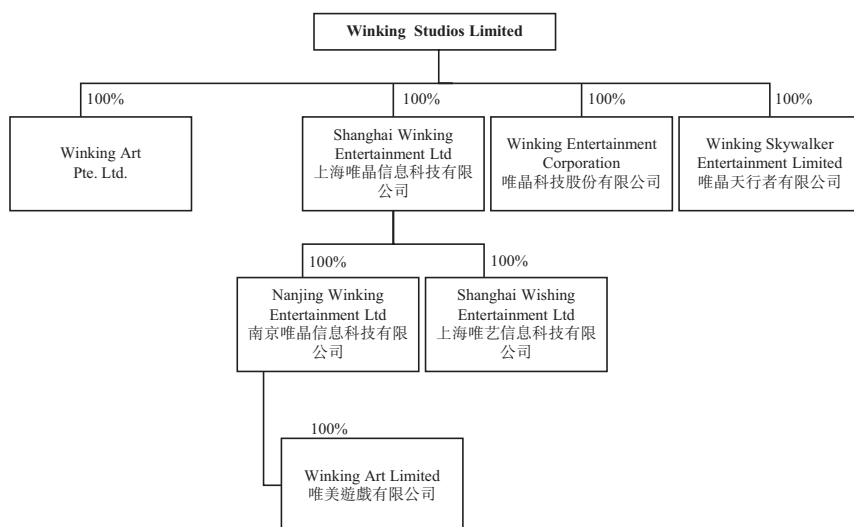
WHO ARE WE AND WHAT DO WE DO?

Our Group is an art outsourcing and game development studio with over 25 years of experience providing complete end-to-end art outsourcing and game development services across various platforms such as console, PC, online and handheld content for the video games industry. Our three primary business segments are as follows:

- (a) **Art Outsourcing Segment:** We create and develop digital art assets as part of our provision of art outsourcing services. Our Group has the capabilities to provide a wide gamut of design services, including 2D concept art, 3D modelling, 2D animation, 3D animation and visual effects, which includes environment design and game character design;
- (b) **Game Development Segment:** We provide game development services, including programming, development, design and script writing of games; and
- (c) **Global Publishing Segment and Other Services Segment:** We (i) release game products developed by ourselves as well as third party game developers on global game platforms, including PlayStation, Switch and Steam; and (ii) sell our video games developed in-house and peripheral gaming products. During the Period Under Review, the revenue contribution from (ii) was insignificant.

Our principal places of business are in Taiwan and the PRC where we house our seven studios, and our operations are supported by our office and team at our headquarters in Singapore. According to the Independent Market Report, in terms of global revenue of game art outsourcing in 2022, our Group ranked third in Asia and fourth in the world.

The current corporate structure of our Group as at the date of the Offer Document, is as follows:



Refer to “*Offer Document Summary – Business Overview*” on page 38, “*Group Structure*” on pages 104 to 108 and “*General Information on Our Group – Business Overview*” on pages 151 to 157 of the Offer Document for more information.

WHO ARE OUR DIRECTORS AND KEY EXECUTIVES?

Our Directors are Mr. Johnny Jan (Executive Chairman and CEO), Mr. Kao Shu-Kuo (Non-Executive Director), Mr. Lim Heng Choon (Lead Independent and Non-Executive Director), Mr. Chang Yi-Hao (Independent and Non-Executive Director) and Mr. Yang Wu Te (Independent and Non-Executive Director).

Our Executive Officers are Mr. Oliver Yen (Group CFO) and Ms. Tina Li (General Manager of Art Outsourcing Segment).

Refer to “*Directors, Executive Officers and Employees*” on pages 246 to 250 of the Offer Document for more information.

WHO ARE OUR CONTROLLING SHAREHOLDERS?

After the completion of the Placement and the issuance of the Cornerstone Shares, our Controlling Shareholder, Acer Gaming, will hold approximately 51.0% of the issued and paid-up share capital of our Company. As at the Latest Practicable Date, Acer holds an aggregate direct and indirect shareholding interest of 70.03% in Acer Gaming. Accordingly, Acer is deemed to have an interest in the Shares which are directly held by Acer Gaming by virtue of section 4 of the Securities and Futures Act 2001 of Singapore. Immediately before the Placement and the issuance of the Cornerstone Shares, Acer Gaming holds approximately 55.0% of the issued and paid-up share capital of our Company.

Refer to “*Shareholders*” on pages 93 to 100 of the Offer Document for more information.

HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND WHAT IS OUR CURRENT FINANCIAL POSITION?

Selected items from the consolidated statements of profit or loss and other comprehensive income

US\$'000	← Audited →			← Unaudited →	
	FY2020	FY2021	FY2022	1Q2022	1Q2023
Revenue from contracts from customers	14,486	23,691	24,498	6,059	6,425
Profit before income tax	2,190	3,001 ⁽⁴⁾	775 ⁽⁵⁾	496	236 ⁽⁶⁾
Profit for the year/period	2,179	3,151 ⁽⁴⁾	1,037 ⁽⁵⁾	629	560 ⁽⁶⁾
Total comprehensive income for the financial year/period	2,482	3,447	128	420	703
Profit for the year/period attributable to equity holders of our Company	1,854	3,109	1,037	629	560
Total comprehensive income attributable to equity holders of our Company	2,250	3,404	128	420	703
Pre-Placement EPS (US cents) ⁽¹⁾	0.77	1.30	0.43	0.26	0.23
Post-Placement EPS (US cents) ⁽²⁾⁽³⁾	0.66	1.11	0.37	0.22	0.20

Notes:

- (1) For comparative purposes, EPS for the Period Under Review has been computed based on the profit for the years/periods attributable to equity holders of our Company and our pre-Placement and pre-Cornerstone Tranche share capital of 239,698,275 Shares.
- (2) For comparative purpose, EPS adjusted for the Placement and Cornerstone Tranche for the Period Under Review has been computed based on the profit for the years/periods attributable to equity holders of our Company and our post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares.
- (3) Had the Service Agreement and Employment Agreements (as set out in the section entitled “*Directors, Executive Officers and Employees – Service and Employment Agreements*” of the Offer Document) been in effect since 1 January 2022, the profit for the year and adjusted EPS based on our Company’s post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares for FY2022 would have been approximately US\$0.9 million and 0.34 US cents, respectively.

Refer to “*Offer Document Summary – Summary of Our Financial Information*” on pages 39 to 40, “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” on pages 113 to 145, “*Appendix A – Independent Auditor’s Report and the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022*” on pages A-1 to A-74 and “*Appendix B – Independent Auditor’s Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period ended 31 March 2023*” on pages B-1 to B-45 of the Offer Document for more information on our financial performance and position.

- (4) For illustrative purposes only, assuming the exclusion of the listing expenses of approximately US\$0.5 million incurred in relation to our Company's preparation for the Listing, the profit before income tax and profit for the year (assuming income tax credit remains the same) for FY2021 would be approximately US\$3.5 million and US\$3.7 million respectively.
- (5) For illustrative purposes only, assuming the exclusion of the listing expenses of approximately US\$0.2 million incurred in relation to our Company's preparation for the Listing, the profit before income tax and profit for the year (assuming income tax credit remains the same) for FY2022 would be approximately US\$1.0 million and US\$1.3 million respectively.
- (6) For illustrative purposes only, assuming the exclusion of the listing expenses of approximately US\$0.2 million incurred in relation to our Company's preparation for the Listing, the profit before income tax and profit for the period (assuming income tax credit remains the same) for 1Q2023 would be approximately US\$0.5 million and US\$0.8 million respectively.

Selected items from the consolidated statements of financial position

	← Audited →			Unaudited
	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	
US\$'000				
Non-current assets	1,864	4,972	6,748	7,040
Current assets	9,760	13,533	12,736	15,556
Total assets	11,624	18,505	19,484	22,596
Non-current liabilities	726	2,327	2,793	2,742
Current liabilities	3,305	5,176	5,561	4,998
Total liabilities	4,031	7,503	8,354	7,740
Net assets attributable to equity holders of our Company	7,598	11,002	11,130	14,856
Net assets attributable to non-controlling interests	(5)	–	–	–
NAV per share (US cents) ⁽¹⁾	3.17	4.59	4.64	6.20
NTA per share (US cents) ⁽²⁾	3.12	4.49	4.54	6.09

Notes:

- (1) The NAV per Share has been computed based on NAV attributable to the equity holders of our Company and pre-Placement and pre-Cornerstone Tranche share capital of 239,698,275 Shares.
- (2) The NTA per Share has been computed based on NAV attributable to the equity holders of our Company net of intangible assets and our pre-Placement and pre-Cornerstone Tranche share capital of 239,698,275 Shares.

Selected items from the consolidated statements of cash flows

US\$'000	← Audited →			Unaudited 1Q2023
	FY2020	FY2021	FY2022	
Net cash generated from operating activities	1,813	4,317	1,979	399
Net cash used in investing activities	(538)	(1,332)	(1,746)	(192)
Net cash generated from/(used in) financing activities	70	(632)	(850)	2,753
Net increase in cash and cash equivalents	1,345	2,353	(617)	2,960
Cash and cash equivalents at the beginning of the year/period	3,138	4,779	7,278	6,057
Effects of exchange rate changes on cash and cash equivalents	296	146	(604)	74
Cash and cash equivalents at the end of the year/period	4,779	7,278	6,057	9,091

The most significant factors contributing to our financial performance in FY2021 as compared to FY2020 were as follows:

- Revenue increased by approximately US\$9.2 million or 63.5% from approximately US\$14.5 million in FY2020 to approximately US\$23.7 million in FY2021 which was attributable to an increase in revenue for our Art Outsourcing Segment and Game Development Segment in aggregate of approximately US\$9.2 million mainly due to an overall increase in projects completed in FY2021.
- Cost of sales increased by approximately US\$7.1 million or 79.5% from approximately US\$8.9 million in FY2020 to approximately US\$16.0 million in FY2021. The increase was mainly due to an increase in (i) wages and salaries expenses of approximately US\$4.0 million mainly due to an increase in the headcount of our employees in order to meet the increased demand from our customers in particular for our Art Outsourcing Segment; (ii) higher subcontracting expenses relating to our Art Outsourcing Segment of approximately US\$1.7 million; and (iii) higher social security contributions, insurance and benefits of approximately US\$0.8 million, which is attributable to the increase in our employee headcount in Taiwan and the PRC and the fact that there were no longer exemptions for certain social security contributions provided by the PRC government in FY2021 following the easing of COVID-19.
- Gross profit increased by approximately US\$2.1 million or 38.3% from approximately US\$5.6 million in FY2020 to approximately US\$7.7 million in FY2021 mainly due to an increase in the completion of our services and projects to our customers. However, the gross profit margin decreased from approximately 38.6% in FY2020 to approximately 32.6% in FY2021 mainly due to higher social security contributions compared to FY2020 as there were no longer exemptions for certain social security contributions provided by the PRC government in FY2021 following the easing of the impact of COVID-19 on businesses.

The most significant factors contributing to our financial performance in FY2022 as compared to FY2021 were as follows:

- Revenue increased by approximately US\$0.8 million or 3.4% from approximately US\$23.7 million in FY2021 to approximately US\$24.5 million in FY2022 mainly due to an increase in revenue from our Art Outsourcing Segment of approximately US\$1.6 million. However, this was partially offset by the decrease in revenue from our Game Development Segment and Global Publishing Segment and Other Services Segment in aggregate of approximately US\$0.8 million from fewer projects being contracted and completed in FY2022 mainly due to the suspension of the grant of publication licence to game developers in the PRC in late 2021.
- Cost of sales increased by approximately US\$2.1 million or 13.1% from approximately US\$16.0 million in FY2021 to approximately US\$18.1 million in FY2022. The increase was mainly due to (i) an increase in wages and salaries of approximately US\$1.5 million mainly due to an increase in the headcount of our employees in Taiwan and the PRC in order to meet increased demand from our customers for our Art Outsourcing Segment; (ii) a corresponding increase in social security contributions, insurance and benefits of approximately US\$1.1 million; and (iii) an increase in depreciation and amortisation expenses of approximately US\$0.5 million. The increase is partially offset by a decrease in subcontracting expenses of US\$0.8 million mainly due to fewer projects being outsourced to external vendors.
- Gross profit decreased by approximately US\$1.3 million or 16.6% from approximately US\$7.7 million in FY2021 to approximately US\$6.4 million in FY2022 mainly due to the decrease in gross profit margin from approximately 32.6% in FY2021 to 26.3% in FY2022. This was mainly attributable to (i) a decrease in revenue contribution from our Game Development Segment, whose contracts and projects commanded higher margins as compared to those under our other business segments, due to a delay in the plans of our customers in their development and release of their games; and (ii) an increase in the headcount of our employees under our Art Outsourcing Segment resulting in a corresponding increase in social security contributions, insurance and benefits.

The most significant factors contributing to our financial performance in 1Q2023 as compared to 1Q2022 were as follows:

- Revenue increased by approximately US\$0.3 million or 6.0% from approximately US\$6.1 million in 1Q2022 to approximately US\$6.4 million in 1Q2023, and this was mainly due to an increase in revenue contribution from our Game Development Segment of approximately US\$0.5 million due to an overall increase in existing and new projects completed in 1Q2023. This was partially offset by the decrease in revenue contribution from our Art Outsourcing Segment of approximately US\$0.1 million due to a decrease in projects completed in 1Q2023.
- Cost of sales increased by approximately US\$0.2 million or 4.1% from approximately US\$4.4 million in 1Q2022 to approximately US\$4.6 million in 1Q2023. The increase was mainly due to an increase in salaries and wages of approximately US\$0.2 million, which is attributed to the increase in employee headcount in Taiwan and the PRC in 1Q2023. This is partially offset by a decrease in subcontracting expenses of approximately US\$58,000 due to the reduced need to engage subcontractors given the overall decrease in projects completed by our Art Outsourcing Segment in 1Q2023.
- Gross profit increased by approximately US\$0.2 million or 11.0% from approximately US\$1.7 million in 1Q2022 to approximately US\$1.9 million in 1Q2023. The increase in gross profit margin from approximately 27.9% in 1Q2022 to 29.2% in 1Q2023 is due to an overall increase in completed projects under the Game Development Segment, and such projects that commanded a higher margin compared to projects and contracts of our other business segments.

The above factors are not the only factors contributing to our financial performance in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023. Please refer to the other factors set out in “Management’s Discussion and Analysis of Results of Operations and Financial Position” on pages 113 to 145 of the Offer Document.

INVESTMENT HIGHLIGHTS

WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?

Enhance our presence globally to capture market opportunities

We intend to expand into overseas markets, including both developed and emerging markets, through which we hope to further tap into the growth potential of the global game outsourcing market. We expect to enhance our presence in global markets through leveraging our existing relationships with global game developers and our various stakeholders, such as our Controlling Shareholder’s network, our customers and the game publishing platforms with whom we have established relationships. In particular, we will increase our business development and marketing efforts in regions, such as the USA and Europe, which present potential growth opportunities for our Group to enhance our market shares either through new business relationships with potential customers or securing more projects from existing customers.

Pursue strategic acquisitions, joint ventures and strategic alliances to expand our scale and capabilities

To complement the above growth strategy of increasing our market presence globally, we are always on the lookout for suitable acquisitions, joint ventures and/or strategic alliances to grow our market share and/or to expand into new business that are complementary to our Group’s existing businesses and geographical areas in which our Group does not currently have a presence in, in order to accelerate its growth to take advantage of market opportunities. Our Company will consider acquiring strategic businesses which bring value to our Group in terms of broadening our customer base, market penetration and/or service lines. We may also consider entering into joint ventures with industry leaders to develop our technical competencies. We have not identified any target for our strategic growth through mergers and acquisitions as at the Latest Practicable Date.

Monitor and explore the use of AI and/or invest in AI-related companies or businesses to improve and expand our art outsourcing capabilities

With the rapid development of AI technology globally, AI generated art has increasingly become more common and widespread. We aim to monitor the development of AI capabilities in the art outsourcing segment, research its potential applications, and explore the incorporation of AI-driven tools into our existing processes that will complement and/or enhance our current operational procedures and design processes so as to improve our efficiency and reduce operating costs. We are cognisant of the potential problems and risks that may be related to the use of AI technology, such as a possible infringement or misappropriation of intellectual property rights, and will continue to work closely with our clients to mitigate and manage the impacts arising from such risks.

Refer to “*Offer Document Summary – Business Strategies and Future Plans*” on page 41 and “*General Information on Our Group – Business Strategies and Future Plans*” on pages 204 to 206 of the Offer Document for more information on our business strategies and future plans.

WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?

Our Directors have observed the following trends for the next 12 months from the Latest Practicable Date:

- (a) we expect our revenue to increase in line with higher demand for our services across all three business segments, especially with our Art Outsourcing Segment and Game Development Segment;
- (b) we expect our financial results and financial position for FY2023 to be affected by the ongoing compliance costs of a public listed company, as well as the expenses recorded in our financial statements in respect of a portion of our listing expenses incurred in connection with the Placement and the issuance of the Cornerstone Shares. For more information, please refer to the section entitled “*Use of Proceeds and Expenses*” on pages 83 to 85 of the Offer Document;
- (c) as with other businesses in the APAC region, we expect to face inflationary pressures and a general trend of increase in the cost of providing services, labour costs and rental; and
- (d) we intend to expand our business through acquisitions, joint ventures, collaborations and/or strategic alliances. These expansion plans entail additional capital expenditures and depreciation expenses.

Refer to “*Offer Document Summary – Prospects*” on page 41, “*General Information on our Group – Prospects*” on pages 201 to 203 and “*General Information on Our Group – Trend Information*” and on pages 203 to 204 of the Offer Document for more information.

Going forward, in light of our competitive strengths and barring any unforeseen circumstances, our Directors are confident that the outlook for our business and financial prospects for the next 12 months from the Latest Practicable Date is expected to remain positive in view of the following trends and developments:

- (a) gaming companies’ increasing expenditure on game art resulting from gamers’ higher requirements in respect of game graphics;
- (b) continually increasing supply of artistic talents;
- (c) leveraging and integrating AI for game art creation;
- (d) growing demands of Asian game companies for art outsourcing services; and
- (e) shorter development cycles by game developers for launch of new games.

The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Results of Operations and Financial Position” on pages 48 to 82 and 113 to 145 respectively of the Offer Document.

WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR SECURITIES?

We consider the following to be the most important key risks which had materially affected or could materially affect our business operations, financial position and results, and your investment in our Shares.

Our Group operates in a competitive environment

Our Group operates in a competitive and fragmented industry, characterised by several market players offering different ranges of art outsourcing, game development and game publishing services to their various customers. As set out in the Independent Market Report, the global game art outsourcing industry is fragmented, given that most market players are small independent studios and leading players are expected to gradually outperform other participants as they have the capacity to provide a more comprehensive suite of services to clients. According to the Independent Market Report, from an annual revenue perspective, approximately 38.0% of studios generate less than US\$1.0 million, while approximately 15.0% of studios recorded revenue of above US\$10.0 million. We face competition in the market for our current services in each of our three key business segments, and we expect competition to continue to intensify in the future, given the expected growth in the gaming industry.

We are dependent on our key personnel for our continued success

Our success to date is attributable to the leadership and contributions of our key management personnel, who are collectively responsible for the overall corporate development and business strategies of our Group as well as implementing business plans and driving our growth. Loss of key personnel can complicate and delay ongoing and planned projects, which would possibly have a negative impact on our Company’s operations. The loss of the services of one or more of these individuals without timely adequate replacement or the inability to attract new qualified personnel at a reasonable cost would have a material adverse effect on our financial performance and operations. In addition, our Group may lose customers or other key stakeholder relationships to the organisations that members of the key management of our Group may join after leaving their positions with us. Although we have entered into service contracts and employment agreements with certain of our key management personnel, we cannot assure you that we will be able to continue to engage their services in the future following the expiry of the initial terms of such contracts. If we are unable to retain or recruit suitable and qualified employees to replace such key management personnel, our business, results of operations, financial position and/or prospects may be adversely affected.

Our business is dependent on the goodwill of our “Winking” brand

Our business is dependent on the goodwill of our “Winking” brand, which is protected by registered trademarks in the PRC and Taiwan. Maintaining our brand reputation for supplying quality services is essential to enable us to maintain our existing customer base and attract new customers. Any negative publicity, regardless of veracity, may adversely affect our business, results of operations, financial position and/or prospects. During the Period Under Review and up to the Latest Practicable Date, to the best of our Directors’ knowledge, there has not been any negative publicity surrounding our “Winking” brand that had a material adverse effect on our business operations.

Refer to “Risk Factors” on pages 48 to 82 of the Offer Document for more information on the risk factors.

We could be implicated by the leakage or misappropriation of our customers’ information and/or any improper use or disclosure of our customers’ intellectual property, which could harm our reputation and/or expose us to potential lawsuits

All three of our key business segments require us to handle, store and manage information pertaining to our customers, as well as transmit confidential information, such as customers’ operating and business information, including in particular, the plans for video games prior to their release to the public. Our business operations may also require us to handle and process our customers’ intellectual property, for example, animation and videos, scripts, trademarks, music and other works protected under copyright laws. Our contracts entered into with our customers may also impose a duty of confidentiality on us to protect our customers’ intellectual property. We face risks inherent in protecting the security of this information, such as guarding against unauthorised use and disclosure of our customers’ intellectual property, including against attacks on our systems by outside parties or fraudulent behaviour by our employees. If there is any breach in our security systems or a perception of risk of security breach by our Company, confidential and proprietary information that could be valuable to our customers could be misappropriated or misused, which may result in potentially costly litigation and/or loss of customers or harm to our reputation or relationships with our existing or potential business partners. In the event of any claims or litigation involving infringement of intellectual property rights and/or leakage or misappropriation of our customers’ information, whether with or without merit, we may be required to divert a significant amount of our time and resources to defend or attend to any possible litigation or legal proceedings. In such event, our business, results of operations, financial position and/or prospects, as well as our reputation, will be adversely affected.

The above are not the only risk factors that had a material effect or could have a material effect on our business operations, financial position and results, and your Shares. Please refer to the section titled “Risk Factors” on pages 48 to 82 of the Offer Document for a discussion on other risk factors and for more information on the above risk factors. Prior to making a decision to invest in our Shares, you should consider all the information contained in the Offer Document.

WHAT ARE THE RIGHTS ATTACHED TO THE SECURITIES OFFERED?

As at the date of incorporation, our issued and paid-up share capital was US\$0.20 comprising two ordinary shares with a par value of US\$0.10 each. As at the Latest Practicable Date (before the completion of the Restructuring Exercise), our issued and paid-up share capital was NTD224,465,910, comprising 22,446,591 Shares with a par value of NTD10 each. As at the date of the Offer Document (following the completion of the Restructuring Exercise), our issued and paid-up share capital is S\$9,587,931 (or approximately US\$7,417,581) comprising 239,698,275 Shares with a par value of S\$0.04 each. As at the date of this Offer Document, there is only one class of shares in the capital of our Company, being the ordinary shares in the share capital of our Company. All of our Shares are in registered form. Our Company may purchase our own Shares, subject to the Cayman Islands Companies Act and the Articles of Association (and if applicable, the rules and regulations of the SGX-ST). Please refer to the section entitled “Restructuring Exercise” on page 103 of the Offer Document for further details on the Restructuring Exercise.

Refer to “Share Capital” on pages 88 to 92 and “Appendix G – Description of Our Shares” on pages G-1 to G-10 of the Offer Document for more information.

HOW WILL THE PROCEEDS OF THE OFFER BE USED?

The estimated net proceeds to be raised from the Placement and the issuance of the Cornerstone Shares, after deducting estimated expenses incurred in relation to the Placement and the issue of the Cornerstone Shares of approximately S\$2.9 million, will be approximately S\$5.1 million.

Refer to “Use of Proceeds and Expenses” on pages 83 to 85 of the Offer Document for more information.

We intend to use our gross proceeds from the issue of Placement Shares and the Cornerstone Shares primarily as follows:

Use of proceeds ⁽¹⁾	Amount in aggregate (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds raised from the Placement and the Cornerstone Tranche (cents)
Expansion of our operations globally, including establishing subsidiaries and offices and enhancing existing office and supporting infrastructure	1,000	12.5
Acquisitions, joint ventures and/or strategic alliances	2,240	28.0
Exploration of the use of AI capabilities in our art outsourcing segment	1,200	15.0
General working capital purposes	636	8.0
Listing expenses ⁽²⁾⁽³⁾	2,924	36.5
Total	8,000	100.0

Notes:

- (1) Currently, our Company does not intend to utilise the proceeds to fund any of our Group's subsidiaries incorporated in the PRC. In the event that there is an intention to utilise the proceeds to fund our Group's subsidiaries incorporated in the PRC, our Company will make the relevant announcement on the SGXNET in a timely manner and we will obtain the relevant approvals and/or fulfil the requisite registration requirements prior to the application and utilisation of the proceeds from the Placement. Such announcement(s) made on SGXNET in relation to any changes in our Company's intention to use the proceeds from the Placement towards investment in a PRC entity will also clearly set out the implication(s) of such investment in a PRC entity to the Taiwanese shareholders.
- (2) Of the total estimated listing expenses to be borne by our Company, approximately S\$0.6 million will be capitalised against share capital and the balance of the estimated listing expenses will be accounted for under our Group's statement of profit or loss and other comprehensive income.
- (3) Listing expenses mainly comprise professional fees (including the Sponsor and Issue Manager's fees, the Industry Consultant's fees, audit fees, legal fees and other professional fees) as at the date of the Offer Document, placement commission in connection with the Placement and the Cornerstone Tranche, as well as listing and application fees.

WILL WE BE PAYING DIVIDENDS AFTER THE OFFER?

Our Company does not currently have a fixed dividend policy. The declaration and payment of future dividends may be recommended by our Board at their discretion, after considering a number of factors, including the level of our cash and retained earnings, our actual and projected financial performance, our projected levels of capital expenditure and expansion plans, our working capital requirements and general financial condition, the terms of borrowing arrangements (if any), as well as other factors deemed relevant by our Board.

The amount of dividends that may be declared and paid by us should not be taken as an indication of the dividends payable in the future. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

Refer to "Dividend Policy" on pages 86 to 87 of the Offer Document for more information.

DEFINITIONS

“1Q”	:	Three-month financial period ended, or as the case may be, ending 31 March
“Acer”	:	Acer Incorporated (宏碁股份有限公司)
“Acer Gaming”	:	Acer Gaming Inc. (宏碁遊戲股份有限公司)
“AI”	:	Artificial intelligence
“APAC”	:	Asia-Pacific
“Art Outsourcing Segment”	:	The business segment of our Group which involves the creation of digital art assets as part of our provision of art outsourcing services
“Associate”	:	(a) in relation to any Director, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none"> (i) his immediate family; (ii) the trustees of any trust for which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he or his immediate family together (directly or indirectly) have an interest of 30.0% or more; (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
“Award Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of the Awards granted under the Winking Studios Performance Share Plan
“Board”	:	The board of Directors of our Company as at the date of the Offer Document, unless otherwise stated
“Catalist Rules”	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
“Company”	:	Winking Studios Limited
“Cornerstone Investors”	:	Acer Gaming and Mr. Chen, Chun-Shen
“Cornerstone Shares”	:	The aggregate of 12,800,000 new Shares to be subscribed for by the Cornerstone Investors
“Cornerstone Tranche”	:	The subscription of the Cornerstone Shares by the Cornerstone Investors pursuant to the terms of the Cornerstone Subscription Agreements
“CSRC”	:	China Securities Regulatory Commission (中国证券监督管理委员会)
“Depository”	:	Shall have the meaning ascribed to it in Section 81SF of the Securities and Futures Act 2001 of Singapore
“Directors”	:	The directors of our Company as at the date of the Offer Document, unless otherwise stated
“Employment Agreements”	:	The employment agreements dated 28 September 2023 entered into between our Company and each of Mr. Oliver Yen and Ms. Tina Li, as described in the section entitled “ <i>Directors, Executive Officers and Employees – Service and Employment Agreements</i> ” of the Offer Document
“EPS”	:	Earnings per Share
“Executive Officers”	:	The executive officers of our Group as at the date of the Offer Document, who are also key executives as defined under the SFR, unless otherwise stated
“FY”	:	The financial year ended or, as the case may be, ending 31 December
“Game Development Segment”	:	The business segment of our Group where we provide game development services (other than the creation of digital art assets), including programming, development, design and script writing of games
“Global Publishing Segment”	:	The business segment where our Group releases game products developed in-house as well as third-party game developers on global game platforms, including PlayStation, Switch and Steam
“Group”	:	Our Company and our subsidiaries
“Independent Market Report”	:	The report titled “Global Game Art Outsourcing Industry Report” dated 28 September 2023 prepared by the Industry Consultant
“Industry Consultant”	:	China Insights Industry Consultancy Limited
“Latest Practicable Date”	:	15 September 2023, being the latest practicable date for the purposes of lodgement of the Offer Document with the SGX-ST, acting as agent on behalf of the Authority
“Listing”	:	The proposed listing and quotation of all our Shares on Catalist

“NAV”	:	Net asset value
“New Shares”	:	The 40,000,000 new Shares comprising the Placement Shares and the Cornerstone Shares
“NTA”	:	Net tangible assets
“NTD”	:	New Taiwan Dollars, the lawful currency of Taiwan
“Offer Document”	:	The offer document dated 8 November 2023 issued by our Company in respect of the Placement
“Other Services Segment”	:	The business segment involving the sale of our video games developed in-house and peripheral gaming products
“PC”	:	Personal computer
“Period Under Review”	:	The period which comprises FY2020, FY2021, FY2022 and 1Q2023
“Placement”	:	The placement of the Placement Shares by the Sponsor, Issue Manager and Placement Agent on behalf of our Company for subscription at the Placement Price, subject to and on the terms and conditions of the Offer Document
“Placement Price”	:	S\$0.20 for each Placement Share
“Placement Shares”	:	The 27,200,000 new Shares for which our Company invites applications to subscribe for pursuant to the Placement, subject to and on the terms and conditions set out in the Offer Document
“PRC”	:	The People’s Republic of China
“Restructuring Exercise”	:	The restructuring exercise undertaken in connection with the Listing, as set out in the section entitled “ <i>Restructuring Exercise</i> ” of the Offer Document
“RMB”	:	Renminbi, the lawful currency of the PRC
“Securities Account”	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account
“Service Agreement”	:	The service agreement dated 28 September 2023 entered into between our Company and Mr. Johnny Jan, as described in the section entitled “ <i>Directors, Executive Officers and Employees – Service and Employment Agreements</i> ” of the Offer Document
“SFR”	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended, modified or supplemented from time to time
“SGXNET”	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system network prescribed by the SGX-ST
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share(s)”	:	Ordinary share(s) of par value S\$0.04 each in the share capital of our Company
“Shareholders”	:	Person(s) who are registered as holder(s) of Shares in the Register of Members, or where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares, mean Depositors whose Securities Accounts are credited with Shares
“Sponsor, Issue Manager and Placement Agent”	:	PrimePartners Corporate Finance Pte. Ltd.
“Substantial Shareholders”	:	Persons who have an interest in the Shares of not less than 5.0% of the aggregate of all the voting shares of our Company

CONTACT INFORMATION

WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

The Company – Winking Studios Limited

Address	:	6 Raffles Quay, #14-06, Singapore 048580
Email	:	ir@winkingworks.com
Telephone No.	:	+65 6717 3377
Website	:	https://www.winkingworks.com/en-US/

Sponsor, Issue Manager and Placement Agent – PrimePartners Corporate Finance Pte. Ltd.

Address	:	16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318
Telephone No.	:	+65 6229 8088