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**Issuer:** Winking Studios Limited

**Stock code:** WKS

**Meeting details:**

Date: 30 Apr 2024

Time: 10.00 a.m.

Venue: Singapore Business Federation, 160 Robinson Road, #06-01 SBF Center, Singapore 068914

**Q1.** The company was successfully listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on 20 November 2023. With over 25 years of experience, the group stands as Asia’s third largest game art outsourcing studio and the fourth largest globally. It offers comprehensive end-to-end art outsourcing and game development services across various platforms for the video games industry.

The three primary business segments are Art outsourcing, Game development and Global publishing and other services.

- (i) **Can the board help shareholders better understand whether the gaming industry is exposed to significant policy risks, particularly considering China’s strict anti-gaming regulations and measures to curb excessive gaming behaviour? Can the board elaborate on the strategies and measures implemented by the group to mitigate these risks and safeguard shareholder interests?**
- (ii) **How significant are the risks posed by artificial intelligence to art outsourcing?**
- (iii) **Conversely, how is the group leveraging artificial intelligence to enhance efficiency, productivity, and ultimately, profit margins?**
- (iv) **Are there contractual provisions through which the company receives royalties or contingent benefits for its art outsourcing and game development work?** This could be particularly impactful if a game ends up being a blockbuster.
- (v) **What are the current market dynamics in the industry and how much pricing power does the group have?**
- (vi) **What is the strategy to grow the “Global publishing” segment into a significant revenue and profit driver?** This segment contributed 1% and 0.5% to the group’s total revenue in 2022 and 2023 respectively.

**Q2.** The company announced the acquisition of On Point Creative Co., Ltd. (OPC) in December 2023, soon after the company's IPO on SGX. OPC is a design studio specialising in complementary art outsourcing services. On 8 April 2024, the company announced the proposed acquisition of Pixelline Production Sdn Bhd (Pixelline). Pixelline is mainly engaged in the provision of art outsourcing services and animation outsourcing services.

- (i) **Can the board provide additional insights into its M&A strategy? How does the group identify potential targets?**
- (ii) **Given that the industry relies heavily on talent, how does management ensure that the acquired targets align with the company's vision, culture and values?**
- (iii) **Given that the company has indicated its intention to pursue strategic acquisitions as a growth strategy, what experience does management have in effectively integrating acquired companies?**
- (iv) **What guidance has the board given to management to ensure that it does not overpay for its acquisition, especially considering that the targets are predominantly asset-light?**

**Q3.** As noted in the corporate governance report, the company engaged Baker Tilly Consultancy (Singapore) Pte. Ltd. as the internal auditors and held discussions on its internal controls in preparation for the listing.

Following the listing, the company has started the process of sourcing for a suitable internal auditor to conduct and review the adequacy and effectiveness of the group's internal controls on a regular basis in light of the size and complexity of the group's operations.

- (i) **Can the company (re)state the findings of Baker Tilly and outline their recommendations?**
- (ii) **Has management implemented all of Baker Tilly's recommendations?**
- (iii) **What level of oversight does the audit committee maintain to ensure that management has comprehensively implemented Baker Tilly's recommendations?**
- (iv) **What challenges did the board encounter in appointing a new internal auditor? What criteria will the board employ to shortlist and select a candidate?**

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

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