



WINKING STUDIOS LIMITED

(Company Registration No. 159882)

(Incorporated in the Cayman Islands)

7 March 2025

THIRD PHASE OF JOINT AI DEVELOPMENT PROJECT

Winking Studios Limited (AIM: WKS, SGX: WKS) (the “**Company**”, and together with its subsidiaries, the “**Group**”), a leading provider of AAA art outsourcing and game development services, announces the next phase of its joint artificial intelligence (“**AI**” or “**AI Project**”) project with Acer Incorporated (“**Acer Inc.**”), building on the success of its GenMotion.AI to deliver the next milestone in advancing 3D animation technology using generative AI.

Further to the Company’s announcement of 5 December 2024, its wholly-owned subsidiaries: Winking Entertainment Corporation, Shanghai Winking Entertainment Ltd, and Nanjing Winking Entertainment Ltd (collectively, the “**Winking Entities**”), have entered into a third-phase agreement for the co-development of a three-dimensional animation AI generation software (the “**AI Tool**”) (the “**Phase Three AI Agreement**”) with Acer Inc., for the duration from 1 January 2025 to 31 August 2025.

Rationale and Benefits of the Phase Three AI Agreement

Building on the “GenMotion.AI” core technology developed during the first two phases, this new phase of the AI Project will further refine and enhance existing project outcomes by integrating additional resources and research and development (“**R&D**”) capabilities to strengthen AI applications within game development. GenMotion.AI is designed to generate 3D animations from text-based inputs using carefully curated training data derived from the gaming industry, ensuring accurate and authentic 3D character designs and movements. Continuous AI-driven innovations in 3D animation are poised to increase efficiency, accelerate production cycles, and improve the overall visual quality of gaming and digital art assets. By integrating deep AI capabilities within established animator workflows, the Company aims to equip game artists and creators with cutting-edge tools that drive both enhanced productivity and creativity. The AI technology has already been successfully tested with a selected customer; in January 2025, the Company successfully completed a project with a major international client, paving the way for the technology to be deployed more broadly within our customer base.

Collaboration with Acer

With the conclusion of the previously announced first two phases of the AI Project, and this newly announced third phase, Acer Inc.’s total investment in the AI Tool will amount to an aggregate value of approximately US\$1.5m. Under the Phase Three AI Agreement, Acer Inc. will contribute up to US\$0.5m towards further

research, development, and testing of the AI Tool to be performed by the Winking Entities, while the Winking Entities will continue to provide the necessary manpower, software, and hardware. Both Acer Inc and the Winking Entities may continue to use the AI Project outcomes without charge for their respective business purposes. In the event that any new inventions arise from this collaboration for which applications for intellectual property (“IP”) rights are filed, such IP rights will be held on a 50:50 ownership basis by the Winking Entities and Acer Inc..

Related Party Transaction (Under Rule 13 of the AIM Rules for Companies)

Acer Inc., via its subsidiaries namely, Acer Gaming Inc. and Acer SoftCapital Inc., holds approximately 64.16% of the Company’s issued share capital, making it a related party under the AIM Rules for Companies. Accordingly, the Phase Three AI Agreement constitutes a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. The independent Directors to the Phase Three AI Agreement (being the full Board, excluding Mr. Kao Shu-Kuo, who is a Non-Executive Director of the Company and also Chief Operating Officer of Acer Inc. and a director of Acer Gaming Inc.), having consulted with Strand Hanson Limited, the Company’s Nominated Adviser, believe that the terms of the Phase Three AI Agreement are fair and reasonable insofar as shareholders of the Company are concerned.

Interested Person Transaction (“IPT”) (Under Catalist Rules)

Similar to the previously announced first two phases of the AI Project, the Phase Three AI Agreement falls within the scope of the prevailing IPT general mandate approved by shareholders at the extraordinary general meeting held on 28 October 2024.

Mr. Johnny Jan, Executive Director and Chief Executive Officer (Founder) of Winking Studios Limited, commented: *“The third phase of our AI collaboration with Acer Inc. represents yet another milestone in advancing 3D animation technology. Building on the success of GenMotion.AI, we remain confident that ongoing integration of advanced AI solutions will empower our teams and our clients, yielding greater efficiency and enhancing creative opportunities. We greatly value Acer Inc.’s commitment to pioneering AI-driven applications, and we look forward to the innovations this collaboration will bring to digital art creation.”*

Mr. Jerry Kao, Chief Operating Officer of Acer Inc. and Non-Executive Director of Winking Studios Limited, added: *“Our continued partnership with Winking Studios is grounded in the shared belief that AI can redefine industry standards in gaming and digital art. Through this third phase of development, we intend to explore additional cutting-edge possibilities for 3D animation, providing next-generation tools that benefit both creators and end users. We look forward to building on our joint achievements as we shape the future of digital art creation.”*

BY ORDER OF THE BOARD

Mr Johnny Jan

Executive Director and Chief Executive Officer (Founder)

Enquiries

Singapore

Winking Studios Limited

Johnny Jan, Executive Director and Chief Executive Officer
(Founder)

Oliver Yen, Finance Director and Group Chief Financial
Officer

UK

Via Alma

8PR Asia (Singapore Investor Relations)

Alex Tan
+65 9451 5252

alex.tan@8prasia.com

Alma Strategic Communications

Justine James / David Ison / Emma Thompson
+44 (0)20 3405 0205

WKS@almastrategic.com

PrimePartners Corporate Finance Pte. Ltd. (Sponsor)

Foo Jien Jieng
sponsorship@ppcf.com.sg

Strand Hanson Limited

(Financial and Nominated Adviser)

James Harris / James Bellman
+44 (0)20 7409 3494

SP Angel Corporate Finance LLP (Broker)

Stuart Gledhill / Charlie Bouverat (Corporate Finance)
Abigail Wayne / Rob Rees (Corporate Broking)
+44 (0)20 3470 0470

Winking Studios Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 November 2023 and dual listed on AIM Market of the London Stock Exchange on 14 November 2024. The initial public offering of the Company on the Catalist of SGX-ST was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). This announcement has been reviewed by the Sponsor. It has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.