



WINKING STUDIOS LIMITED

(Company Registration No. 159882)
(Incorporated in the Cayman Islands)

ENTRY INTO NON-BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED ACQUISITION

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**" or "**Directors**") of Winking Studios Limited (the "**Company**", and together with the subsidiaries of the Company, the "**Group**") wishes to announce that the Company has on 8 April 2024 entered into a non-binding memorandum of understanding ("**MOU**") with Lee Jie Way and Beh Yit Xian (the "**Vendors**"), each holding directly 67% and 33% respectively of the total shares in the capital of PIXELLINE PRODUCTION SDN. BHD. ("**Pixelline**"). For clarity, the Company may choose to acquire all the fixed assets, moveable assets, intangible assets (including but not limited to the clientele, business intellectual property rights etc.), and the services of certain existing employees of Pixelline (the "**Assets**"), through its subsidiary (the "**Proposed Acquisition**"). The MOU is not intended to be legally binding between the parties.
- 1.2 The Proposed Acquisition is subject to the parties entering into definitive agreement(s) upon the completion of satisfactory due diligence by the Company.
- 1.3 As the business of Pixelline is similar to that of the Group's existing principal business, despite in a new geographical location, considering the nature and size of Pixelline's business, the Board is of the view that there is no change in risk profile of the Company. As such, the Proposed Acquisition is regarded to be in connection with the ordinary course of the Company's business pursuant to paragraph 2.3 of Practice Note 10A of the Listing Manual Section B: Rules of Catalyst of the SGX-ST (the "**Catalist Rules**") and thus, the Proposed Acquisition is not subject to the requirements under Chapter 10 of the Catalyst Rules.

2. INFORMATION ON PIXELLINE

Pixelline is a company limited by shares incorporated in Malaysia on 10 October 2014. Its registration number is 1114279-P. It is mainly engaged in the provision of art outsourcing services and animation outsourcing services. Pixelline is not related to the Group, and to the best of the Directors' knowledge, none of the Directors, the Company's substantial shareholders and/or respective associates has any interest (direct or indirect) in Pixelline and neither do the Vendors, its directors and shareholders has any interest (direct or indirect) in the Company. The Directors understand that the Vendors are unrelated business partners.

3. CONSIDERATION OF THE PROPOSED ACQUISITION

The consideration of the Proposed Acquisition will be determined and agreed upon between the Company and the Vendors in the definitive agreement(s) on a willing buyer and willing seller basis, taking into account factors such as the findings from the due diligence process, and the independent valuation to be conducted by the Company on certain of the Assets.

4. RATIONALE OF THE PROPOSED ACQUISITION

The Directors believe that the Proposed Acquisition is in line with the Group's business strategy to pursue strategic acquisitions to expand its sale and capabilities so as to increase its market presence globally, which is in line with its business strategies as disclosed in the section entitled

"General Information on our Group – Business Strategies and Future Plans" of the offer document issued by the Company dated 8 November 2023 (the "**Offer Document**"). The Proposed Acquisition will be financed through the Company's internal resources as well as proceeds from the Placement (as defined in the Offer Document) and the Cornerstone Tranche (as defined in the Offer Document) and is not expected to have any material impact on the Group's earnings per share or net tangible assets per share for the current financial year ending 31 December 2024. The said utilisation is in accordance with the intended use of proceeds from the Placement and the Cornerstone Tranche and is in accordance with the percentage allocated, as stated in the Offer Document. The Company will make further announcement(s) when the remaining proceeds from the Placement and the Cornerstone Tranche are materially disbursed.

In light of the above, the Board is of the view that the Proposed Acquisition is in the best interest of the Company and the shareholders of the Company.

5. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

To the best of the Directors' knowledge, none of the Directors, substantial shareholders or controlling shareholders of the Company has any interests, direct or indirect, in the MOU and the Proposed Acquisition, save for their interests arising by way of their directorships and shareholdings in the Company.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

7. FURTHER ANNOUNCEMENTS

The Company will make relevant update announcements on the Proposed Acquisition to update Shareholders as and when appropriate and in compliance the Catalist Rules, upon finalisation of the terms and conditions of the definitive agreement(s) to be entered into or as and when there are material developments on this matter.

8. CAUTION IN TRADING

Shareholders and potential investors are advised that the MOU has non-binding obligations on the parties and is subject to, *inter alia*, the execution of the definitive agreement(s) among the parties. Therefore, there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors should note that there is no assurance that any business activities or transactions, including the entry of the definitive agreement(s), mentioned in this announcement will materialise. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisors.

BY ORDER OF THE BOARD

MR. JOHNNY JAN
Executive Chairman and CEO

8 April 2024

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange 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.*