



WINKING STUDIOS LIMITED

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

ANNOUNCEMENT ON INTERESTED PERSON TRANSACTIONS PURSUANT TO RULE 905(2) OF THE CATALIST RULES

1. INTRODUCTION

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, in respect of the current financial year to-date, the aggregate value of all transactions entered into by the Group with Acer Incorporated (宏碁股份有限公司) ("**Acer**"), being the Company's ultimate controlling shareholder, and its subsidiaries (together, the "**Acer Group**"), has exceeded 3% of the Group's latest audited net tangible assets ("**Latest Audited NTA**"), being the Latest Audited NTA as at 31 December 2023.

Rule 905(2) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**") provides that if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the Group's Latest Audited NTA, the Company must (i) make an immediate announcement of the latest transaction; and (ii) all future transactions entered into with that same interested person during that financial year.

Rule 920(1)(d) of the Catalist Rules further provides that transactions conducted under a general mandate for interested person transactions are not separately subject to the requirements under Rules 905 and 906 of the Catalist Rules.

2. DETAILS OF THE INTERESTED PERSON

- 2.1 Acer is the holding company of Acer Gaming Inc. (宏碁遊戲股份有限公司) ("**Acer Gaming**"), the direct controlling shareholder of the Company. Accordingly, Acer is an "interested person" within the meaning defined in Rule 904(4) of the Catalist Rules.
- 2.2 Acer is listed on the Mainboard of the Taiwan Stock Exchange and is the holding company of Acer Group, which is one of the world's top information and communications technology (ICT) groups with a presence in more than 160 countries. Acer is engaged in multiple businesses, including the research, design, marketing, and sale of computers and displays, energy storage, e-mobility, smart cities, and more. Acer has also expanded its gaming ecosystem which includes gaming hardware (computers, displays, graphic cards, and accessories), tournaments and content development (content and art outsourcing).
- 2.3 As at the date of this announcement, Acer has a deemed interest in 242,546,436 shares in the capital of the Company ("**Shares**"), representing approximately 62.6% of the total number of Shares in the capital of the Company, of which 212,737,815 Shares (representing approximately 54.9% of the total number of Shares) are held directly by Acer Gaming and 29,808,621 Shares (representing approximately 7.7% of the total number of Shares) are held directly by Acer Softcapital Incorporated, a wholly-owned subsidiary of Acer.

3. DETAILS OF THE INTERESTED PERSON TRANSACTIONS

- 3.1 On 1 January 2024, Winking Entertainment Corporation (唯晶科技股份有限公司) ("**Taiwan Winking**"), Shanghai Winking Entertainment Ltd (上海唯晶信息科技有限公司) ("**Shanghai**

Winking) and Nanjing Winking Entertainment Ltd (南京唯晶信息科技有限公司) ("**Nanjing Winking**") and together with Taiwan Winking and Shanghai Winking, the "**Winking Entities**", each a wholly-owned subsidiary of the Company, entered into an agreement with Acer in respect of the first phase of a project ("**AI Project**") for the co-development of a 3-dimensional animation artificial intelligence ("**AI**") generation software ("**AI Tool**" and such agreement, the "**AI Project First Phase Contract**") for the period from 1 January 2024 to 30 April 2024. Under the AI Project First Phase Contract, the Winking Entities contributed the manpower, software and hardware necessary for the AI Project and Acer contributed an aggregate sum of USD300,000 towards the research and development expenses, which was paid to the Winking Entities. Based on the amount received by the Winking Entities from Acer under the AI Project First Phase Contract of USD300,000, the value of the transaction amounted to approximately 2.76% of the Latest Audited NTA as at the time of entry of the AI Project First Phase Contract, being the audited NTA as at 31 December 2022 of USD10,887,000 (or approximately S\$14,042,053¹). As at the time of execution of the AI Project First Phase Contract, the parties' entry into additional contract(s) in relation to subsequent phases, if any, of the AI Project was not definitive, as the initiation of any additional phases was to be contingent upon the outcome of the first phase of the AI Project.

- 3.2 Further to the completion of the AI Project First Phase Contract, the Winking Entities and Acer (the "**Parties**") had assessed and collectively agreed to proceed to the second phase of the AI Project. In connection therewith, the Parties had on 20 September 2024, entered into an agreement in respect of the second phase of the AI Project (the "**AI Project Second Phase Contract**" and together with the AI Project First Phase Contract, the "**AI Project Interested Person Transactions**"), for the period from 1 May 2024 to 31 December 2024². On and subject to the terms of the AI Project Second Phase Contract, the Winking Entities shall contribute the manpower, software and hardware necessary for the AI Project and Acer shall contribute an aggregate sum of USD500,000 towards the research and development expenses, to be paid to the Winking Entities. Based on the amount received and to be received by the Winking Entities from Acer under the AI Project Interested Person Transactions of USD800,000, the value of the transactions amounted to approximately 3.77% of the Latest Audited NTA as at 31 December 2023 of USD21,244,000 (or approximately S\$27,400,511³), which exceeds 3% of the Latest Audited NTA as at 31 December 2023.
- 3.3 Pursuant to the terms of the AI Project First Phase Contract and the AI Project Second Phase Contract, when a new invention is generated from the AI Project, and intellectual property rights are applied for, relevant personnel from the Winking Entities and Acer shall be listed as co-inventors, and the Winking Entities (on a collective basis) and Acer shall each have a 50% ownership in the intellectual property rights applied for.
- 3.4 The AI Project Interested Person Transactions were entered into between the Winking Entities and Acer after arm's length negotiations on a "willing buyer-willing seller" basis, taking into account, amongst others, co-development projects of a similar nature previously undertaken by the Winking Entities with independent unrelated parties for the development of video games on an arm's length basis and adjusting for labour costs, costs of the hardware and software, prevailing economic conditions, scale and complexity.

4. RATIONALE AND BENEFIT OF THE AI PROJECT INTERESTED PERSON TRANSACTIONS

As disclosed in the Company's offer document dated 8 November 2023, the development of AI is considered to be a key disruptor for the game art outsourcing industry, which the Group operates in. Accordingly, the Group has always been keen to explore the use of AI in its creation

¹ Based on the exchange rate of USD 1: S\$ 1.2898 as at 20 September 2024.

² Albeit the second phase of the AI Project commenced on 1 May 2024, the signing of the AI Project Second Phase Contract was delayed as the terms were only recently finalised between the Company and Acer. Additionally, Acer required time to complete its internal process and obtain the necessary approvals before entering into the AI Project Second Phase Contract.

³ See footnote 1 above.

and development of digital art assets and games to increase its workflow and to enhance its work quality. The Directors believe that the adoption of AI by the industry can improve efficiency and enhance the visual quality of art assets as well as allow game artists to streamline their workflow and focus on more complex and creative tasks that lead to faster production cycles. AI-generated content can enable the generation of high-quality and realistic graphics, including environments, characters, and special effects. By leveraging on such AI-powered algorithms, game artists can create visually stunning and immersive experiences, enhancing the overall visual appeal of games. The AI Project Interested Person Transactions are therefore in furtherance of the Group's efforts to tap on AI and Acer Group's existing ecosystem, resources, experience and extensive network of contacts in the gaming and related industries for its principal business. Taking into consideration the above, the Board is of the view that the AI Project Interested Person Transactions are beneficial to the Group.

5. TOTAL VALUE OF ALL INTERESTED PERSON TRANSACTIONS BETWEEN THE GROUP AND THE INTERESTED PERSON GROUP (AS DEFINED BELOW) FOR FY2024

Under Rule 908 of the Catalist Rules, transactions between the Group and Acer as well as its associates (collectively, the "**Interested Person Group**") are deemed to be transactions with the same interested person, and such transactions during the same financial year will be aggregated for the purposes of Chapter 9 of the Catalist Rules. The details of all interested person transactions entered into with the Interested Person Group to-date for the financial year ending 31 December 2024 ("**FY2024**") (excluding transactions which are less than S\$100,000) are set out below:

Name of interested person / Nature of relationship	Aggregate value of all interested person transactions during FY2024 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules during FY2024 (excluding transactions less than S\$100,000)
Acer	AI Project First Phase Contract – USD300,000	Not applicable
	AI Project Second Phase Contract – USD500,000	
Acer America Corporation (Associate of Acer ⁴)	Not applicable	Obtaining of services (such as engagement of personnel on behalf of the Group) – USD121,918.13
Total	USD800,000	USD121,918.13

The aggregate value of all interested person transactions (excluding transactions which are less than S\$100,000 and transactions entered into under the existing general mandate for

⁴ Acer America Corporation is an indirect subsidiary of Acer. Acer holds 100% of the shares in Boardwalk Capital Holdings Limited, which in turn holds 92.02% of the shares in ACLA Holdings North, LLC, which in turn holds 100% of the shares in ACLA Holding South, LLC, which in turn holds 100% of the shares in ACLA Holding East, LLC, which in turn holds 100% of the shares in ACLA Holding West, LLC, which in turn holds 100% of the shares in Acer American Holdings Corp, which in turn holds 100% of the shares in Gateway, Inc., which then in turn holds 100% of the shares in Acer Service Corporation, which in turn holds 100% of the shares in Acer America Corporation. Accordingly, Acer America Corporation is an associate of Acer and Acer Gaming.

interested person transactions adopted by the Group on 30 April 2024) entered into between the Group and the Acer Group from 1 January 2024 up to the date of this announcement is approximately USD800,000 (or approximately S\$1,031,840⁵) (the "**Aggregate Value**"), representing approximately 3.77% of the Latest Audited NTA of USD21,244,000 (or approximately S\$27,400,511⁶). As this does not exceed 5% of the Latest Audited NTA, the Company is not required to seek shareholders' approval pursuant to Rule 906(1)(b) of the Catalist Rules for the interested person transactions.

6. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company, having considered the terms of the AI Project First Phase Contract and the AI Project Second Phase Contract as well as the rationale for the AI Project Interested Person Transactions, is of the view that the AI Project Interested Person Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above and other than through their respective shareholdings in the Company, none of the Directors or substantial shareholders of the Company and their respective associates has any interest, direct or indirect, in the AI Project Interested Person Transactions.

BY ORDER OF THE BOARD

MR. JOHNNY JAN
Executive Chairman and Chief Executive Officer

20 September 2024

*The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 20 November 2023. The initial public offering of the Company 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.*

⁵ See footnote 1 above.

⁶ See footnote 1 above.