THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or as to the action you should take, you are recommended to consult an independent professional adviser authorised under the Financial Services and Markets Act 2000, as amended, ("FSMA") who specialises in advising on the acquisition of shares and other securities (or, if you are a person outside the UK, a person otherwise similarly qualified in your jurisdiction).

This Document constitutes an AIM admission document relating to Winking Studios Limited (the "**Company**") and has been drawn up in accordance with the AIM Rules for Companies. This Document does not constitute an offer or any part of an offer of transferable securities to the public within the meaning of sections 85 and 102B of FSMA, the Companies Act 2006 or otherwise. Accordingly, this Document does not constitute a prospectus within the meaning of section 85 of FSMA and has not been drawn up in accordance with the Prospectus Regulation Rules and has not been nor will it be approved by, or filed with, the Financial Conduct Authority ("**FCA**") or any other competent authority.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom's Financial Conduct Authority ("FCA"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this Document.

Application has been made for the Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that trading in the Shares will commence on AIM at 8.00 a.m. on 14 November 2024. The Existing Shares are already listed and quoted on the Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), but are otherwise not dealt in on any other recognised investment exchange and no application has been, or is intended to be, made for the Shares to be admitted to trading on any other such exchange. No application is being made for the admission of the Shares to the Official List of the FCA.

The Company (whose registered office) and the Directors (whose names, addresses and functions) appear in the section titled "Directors, Secretary, Registered Office and Advisers" of this Document, accept responsibility, both individually and collectively, for the information contained in this Document and for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

WINKING STUDIOS LIMITED

(Incorporated in the Cayman Islands under the Cayman Islands Companies Act with Incorporation Number 159882)

Placing of 52,666,667 Shares of a par value of S$0.04 each at a price of £0.15 per Share

Admission of the Share Capital to trading on AIM

STRAND HANSON

NOMINATED & FINANCIAL ADVISER

SPANGEL ADVISING GROWING COMPANIES

SOLE BROKER & BOOKRUNNER

PRIME Partners

FINANCIAL ADVISER IN SINGAPORE

Prospective investors should read the whole text of this Document and should be aware that an investment in the Company is speculative and involves a high degree of risk. In particular, the attention of prospective investors is drawn to Part III (*Risk Factors*) of this Document which sets out certain risk factors relating to any investment in the Shares. All statements regarding the Group's business, financial position and prospects should be viewed in light of these risk factors.

The Placing is conditional on, *inter alia*, Admission taking place by 08:30 a.m. on 14 November 2024 (or such later date as the Company, Strand Hanson Limited ("**Strand Hanson**") and S.P. Angel Corporate Finance LLP ("**SP Angel**") may agree, being not later than 29 November 2024). The Placing Shares will, upon Admission, rank pari passu in all respects with the Existing Shares and will rank in full for all dividends and other distributions declared paid or made in respect of the Shares after Admission.

Strand Hanson, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is the Company's

financial adviser and the Company's nominated adviser for the purpose of the AIM Rules for Companies. Strand Hanson will not be responsible to any other person for providing the protections afforded to the clients of Strand Hanson or advising any other person in connection with the Placing and Admission. Strand Hanson's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange plc and are not owed to the Company or to any Director or to any recipient of this Document in respect of his decision to acquire Shares in reliance on any part of this Document. No representation or warranty, express or implied, is made by Strand Hanson as to any of the contents of this Document (without limiting the statutory rights of any person to whom this Document is issued).

Strand Hanson is acting exclusively for the Company in connection with Admission and the Placing. Strand Hanson is not acting for any recipient of this Document and will not be responsible to any such recipient for providing the protections to him afforded to customers of Strand Hanson nor for providing advice in relation to the contents of this Document or any matter referred to in it.

In accordance with the AIM Rules for Nominated Advisers, Strand Hanson has confirmed to the London Stock Exchange plc that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules for Companies and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules for Companies have been complied with. No liability whatsoever is accepted by Strand Hanson for the accuracy of any information or opinions contained in this Document or for the omissions of any material information, for which it is not responsible.

SP Angel, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is the Company's broker for the purpose of the AIM Rules for Companies in connection with the Placing and Admission. SP Angel is acting for the Company and no one else and will not be responsible to any other person for providing the protections afforded to customers of SP Angel nor for providing advice in relation to the contents of this Document or any matter referred to herein. Apart from the responsibilities and liabilities, if any, which may be imposed on SP Angel by FSMA or the regulatory regime established under it. No representation or warranty, express or implied is made by SP Angel for the accuracy of any information or opinions contained in this Document or for the omission of any material information, for which it is not responsible.

PPCF, which is regulated by the Monetary Authority of Singapore (MAS), is the Company's financial adviser in Singapore in relation to the Company's dual listing on AIM. PPCF is acting for the Company and no one else and will not be responsible for any financial protections nor for providing advice in relation to the contents of this Document or any matter referred to herein. Apart from the responsibilities and liabilities, if any, which may be imposed on PPCF by the Financial Services and Markets Act 2022 (Singapore) or the regulatory regime established under it. No representation or warranty, express or implied is made by PPCF for the accuracy of any information or opinions contained in this Document or for the omission of any material information, for which it is not responsible.

This Document is for information purposes and does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, shares to any person in the United States or in any other jurisdiction to whom it is unlawful to make such offer, invitation or solicitation. In particular, this Document must not be taken, transmitted, distributed or sent, directly or indirectly, in or into the United States, Canada, Australia, Japan, Singapore or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the Shares may not be offered or sold, directly or indirectly, in or into the United States, Canada, Australia, Japan, Singapore or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) (the "**Securities Act**") or under the securities legislation of any state of the United States, any province or territory of Canada, Australia, Japan or the Republic of South Africa and may not be offered or sold, directly or indirectly, within the United States or Canada, Australia, Japan, Singapore or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States, Canada, Australia, Japan, Singapore or the Republic of South Africa. The Shares are being offered and sold only in "offshore transactions" outside the United States in reliance on, and in accordance with, Regulation S under the Securities Act. There will be no public offering of Shares in the United States, Canada, Australia, Japan, Singapore or the Republic of South Africa.

The distribution of this Document in other jurisdictions outside the UK may be restricted by law. No action has been taken by the Company, Strand Hanson or SP Angel that would permit a public offer of shares in any jurisdiction outside the UK where action for that purpose is required. Persons outside the UK who come into possession of this Document should inform themselves about the distribution of this Document in their particular jurisdiction. Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdiction. The Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this Document. Any representation to the contrary is a criminal offence in the United States. Furthermore, no actions have been or will be taken to allow any offering of Shares under the applicable securities laws of any jurisdiction where action for that purpose may be required or doing so is restricted by law.

Holding Shares may have implications for Overseas Shareholders under the laws of the relevant overseas jurisdictions. Overseas investors should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer, or other taxes due in such jurisdiction.

Copies of this Document will be available free of charge on the Company's website, https://investor.winkingworks.com.

IMPORTANT INFORMATION

In deciding whether or not to invest in the Shares, prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, Strand Hanson or SP Angel. Neither the delivery of this Document nor any subscription or purchase made under this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date.

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of Shares and any income from Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective Shareholders should carefully consider whether an investment in Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see Part III *(Risk Factors)* of this Document).

Potential investors contemplating an investment in Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Group. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in Shares.

If you are in any doubt about the contents of this Document you should consult your stockbroker or your financial or other professional adviser.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this Document or any subsequent communications from the Company as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, or other disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this Document are based on the laws and practices currently in force in England and Wales and are subject to changes therein. This Document should be read in its entirety before making any investment in the Company.

Forward looking statements

Certain statements contained in the Document are forward looking statements and are based on current expectations, estimates and projections about the potential returns of the Group and industry and markets in which the Group operates, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "may", "should", "will", "intends", "plans", "believes", "targets", "seeks", "estimates", "aims", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.

Such forward looking statements are based on numerous assumptions regarding the Group's present

and future business strategies and the environment in which the Group will operate in the future. These forward looking statements speak only as at the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

Presentation of financial information

The financial information contained in this Document, including that financial information presented in a number of tables in this Document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

The Group's consolidated financial statements for the years ended 2021, 2022, and 2023 contained in the Appendix to this Document have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") issued by the local Accounting Standards Council ("**ASC**") under Accounting and Corporate Regulatory Authority, Singapore's regulator of business registration, financial reporting, public accountants, and corporate service providers. SFRS(I)s comprise Standards and Interpretations that are equivalent to the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board. The interim financial information for the six months ended 30 June 2024 contained in the Appendix to this Document has been prepared in accordance with the IFRS as issued by the International Accounting Standards Board (IASB).

Basis of competitive information

Certain of the industry, market and competitive position data contained in this Document comes from the CIC Report and otherwise from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the market in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry, market and competitive position data contained in this Document.

Translations

Certain Chinese names and characters, such as those of entities, properties, cities, governmental and regulatory authorities, laws and regulations and notices, have been translated into English or from English names and characters, solely for convenience, and such translations should not be construed as representations that the English names actually represent Chinese names and characters or that the Chinese names actually represent the English names and characters.

Foreign Currency and Exchange Rates

Where transactions in foreign currencies are presented in this Document with a conversion to US$, the rate of exchange is translated at the mid-market rate of exchange ruling as at the date of completion of the relevant transaction, as recorded on www.xe.com.

No Incorporation of Website

The contents of the Company's website (or any other website) do not form part of this Document.

General notice

This Document has been drawn up in accordance with the AIM Rules for Companies and it does not comprise a prospectus for the purposes of the Prospectus Regulation Rules in the United Kingdom. It has been drawn up in accordance with the requirements of the Prospectus Regulation Rules only in so far as required by the AIM Rules for Companies.

Governing law

Unless otherwise stated, statements made in this Document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

Notice to prospective investors

This Document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy, shares to any person in the United States or any other jurisdiction to whom it is unlawful to make such offer, invitation or solicitation. In particular, this Document must not be taken, transmitted, distributed or sent, directly or indirectly, in or into the United States, Canada, Australia, Japan, Singapore or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the Shares may not be offered or sold, directly or indirectly, in or into the United States, Canada, Australia, Japan, Singapore or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Shares have not been and will not be registered under the Securities Act or under the securities legislation of any state of the United States, any province or territory of Canada, Australia, Japan or the Republic of South Africa and may not be offered or sold, directly or indirectly, in or into the United States or Canada, Australia, Japan, Singapore or the Republic of South Africa or to or for the account or benefit of any national, citizen or resident of the United States, Canada, Australia, Japan, Singapore or the Republic of South Africa. The Shares are being offered and sold only in "offshore transactions" outside the United States in reliance on, and in accordance with, Regulation S under the Securities Act. There will be no public offering of Shares in the United States, Canada, Australia, Japan, Singapore or the Republic of South Africa.

None of the Shares have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed comment upon or endorsed the merit of the offer of the Shares or the accuracy or the adequacy of this Document.

The approval, authorisation or recognition from the Securities Commission of Malaysia is not required for the offering for subscription or purchase, or issuing an invitation to subscribe for or purchase the Placing Shares. This Document has not been reviewed and approved by the Securities Commission of Malaysia and will not be registered as a prospectus with the Securities Commission of Malaysia and shall not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription, invitation to subscribe for any securities requiring the registration of a prospectus with the Securities Commission Malaysia under the Capital Markets and Services Act 2007 of Malaysia ("**CMSA**"). No prospectus which complies with the requirements of the CMSA and the guidelines of the Securities Commission Malaysia has been registered with the Securities Commission of Malaysia under the CMSA or with other regulatory body in Malaysia.

This Document (including but not limited to any amendment or supplement) may not be distributed in Malaysia directly or indirectly for the purpose of making available, offering or subscription, or issuing an invitation to purchase and/or subscribe for, the Placing Shares in Malaysia. The Placing Shares may not be made available, offered or sold, or made the subject of an invitation for subscription or purchase, whether directly or indirectly to anyone in Malaysia, except to a qualified person in the CMSA.

Distribution of this Document

The distribution of this Document outside the UK may be restricted by law. No action has been taken by the Company, Strand Hanson or SP Angel that would permit a public offer of shares in any jurisdiction outside the UK where action for that purpose is required. Persons outside the UK who come into possession of this Document should inform themselves about the distribution of this Document in their particular jurisdiction.

Failure to comply with those restrictions may constitute a violation of the securities laws of such jurisdiction.

NOTICE TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in paragraph 3 of the FCA Handbook Conduct of Business; and (ii) eligible for distribution through all permitted distribution channels (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, "distributors" (for the purposes of the UK Product Governance Requirements) should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A of the FCA Handbook Conduct of Business; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

No prospectus (Singapore)

This Document has not been registered as a prospectus with the Monetary Authority of Singapore ("**MAS**"). Accordingly, this Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act 2001 of Singapore ("**SFA**"), as modified or amended from time to time including by any subsidiary legislation as may be applicable at the relevant time; (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Sections 275 and 276 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with the conditions set forth in the SFA.

Where the Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities and securities-based derivatives contracts (each as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 275(1A) of the SFA, or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA: The Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Purchasers are advised to seek legal advice prior to any resale of the securities.

Investment by foreign investors or Mainland China Investors in Taiwan

According to the Statute for Investment by Foreign Nationals (the "**Foreign Investment Statute**"), the investment and establishment of a company by foreign investors shall be subject to the prior foreign investment approval by the DIR, with few exceptions where such investment application and approval will be governed by other competent authorities, e.g. in the event of the investee company located in an export processing zone or a science park managed by the government, the investment application and approval will be governed by the management bureau thereof. Neither Taiwan Winking nor OPC is located in any export processing zone or science park and neither Taiwan Winking nor OPC falls under any other exception. Therefore, a foreign investor's investment in each of Taiwan Winking and OPC shall be governed by the DIR. The applicant for such investment approval is the foreign investor, and not the investee company. With regard to the foreign investment application, the DIR will examine whether the foreign investor has the "Mainland China Investor issue", which refers to whether the foreign investor constitutes a "Mainland China Investor" under the Regulations Governing the Investment by Mainland China Investors. Mainland China Investors will be subject to more stringent requirements and restrictions as compared to other foreign investors.

Definition of "Mainland China Investor"

Under the Cross-Strait Act, unless otherwise permitted by the DIR, no individual, legal entity, organisation, or other institution of Mainland China Area, or any foreign company invested thereby may make any investment in Taiwan. Under such legislation, the DIR promulgates the regulations and rules defining a "Mainland China Investor" and the regulations and rules governing investment by a Mainland China Investor. (A "**Mainland China Investor**") shall mean any of the following investors that is: (i) an individual, company, legal entity or institution of Mainland China; or (ii) a legal entity incorporated under the laws of any jurisdiction (other than Mainland China) whose direct or indirect shareholding in excess of 30% is owned by the individual, company, legal entity or institution of Mainland China or that is otherwise controlled by individual, company, legal entity or institution of Mainland China. The above 30% shareholding will be evaluated at each tier until the ultimate individual beneficiary and is based on the aggregate shareholding of all individuals, companies, legal entities or institutions of Mainland China. As at the Latest Practicable Date, the Company is a "foreign investor", and not a "Mainland China Investor".

Further, "controlled by individual, company, legal entity or institution of Mainland China" refers to any of the following events that the individual, company, legal entity or institution of Mainland China: (a) by contract arrangement with other investors, has the right or power to control majority of shares with voting rights; (b) by laws or contract arrangement, has the right or power to control the finance, business and human resource; (c) has the right or power to appoint majority of the board or other equivalent unit and such board or unit could control the decision of the company business; (d) has the right or power to control the majority of voting rights in the board or other equivalent unit and such board or unit could control the decision of the company business; or (e) has other controlling rights or power under the International Financial Reporting Standards (IFRS) or Taiwan Statements of Auditing Standards.

Individuals or legal entities from the Hong Kong or Macau Special Administrative Region do not directly fall within the ambit of "Mainland China Investors" under the current Taiwan laws and regulations, save in the case of a legal entity that falls under the above criteria (ii). A reference to an individual from the Hong

Kong Special Administrative Region means an individual who has permanent residency in Hong Kong and does not have any other passport other than a British (Overseas) passport or a Hong Kong passport. A reference to an individual from the Macau Special Administrative Region means an individual who has permanent residency in Macau and holds no other passport other than a Macau passport or a Portuguese passport obtained in Macau prior to the end of Portuguese rule.

Investment by Mainland China Investors in Taiwan

A Mainland China Investor cannot invest in business in Taiwan other than certain business sectors listed on the positive list promulgated by the DIR (the "**Positive List for Inbound Investment by Mainland China Investors**"). The laws and regulations further provide that the investment by an investor, which is owned or invested in by a Mainland China political party, military, government or national enterprise, no matter the country or region of its incorporation, shall be prohibited, regardless of its business, from investing in any business listed on the Positive List for Inbound Investment by Mainland China Investors. Moreover, when the business involves economic, political, social or cultural sensitivity, national security, or adverse impact to the Taiwan economic development or financial stability, the DIR can prohibit the investment application by a Mainland China Investor or revoke its investment even though the business to be invested by a Mainland China Investor falls within the Positive List for Inbound Investment by Mainland China Investors or if it was approved previously.

As the DIR reviews the foreign investment application, the DIR will trace the name, nationality, place of birth and shareholding of shareholders and directors tier by tier until the ultimate individual beneficiary to clarify whether Mainland China Investor issue exists.

Investment by foreign investors in Taiwan

The laws in principle allow foreign investments that do not involve the Mainland China Investor issue, but may prohibit or impose restrictions on such foreign investments exceptionally. Nevertheless, the foreign investments into Taiwan[1] shall be subject to prior approval from the DIR. Further, the foreign ownership and the transfer thereof shall comply with the legal requirements, procedures and restrictions, including but not limited to the following:

(a) According to the Foreign Investment Statute (excluding Mainland China Investors, who will be governed by a separate set of regulations that are more stringent), foreign investors shall not invest in the industries which may result in an adverse effect to national security, public order, social good moral or citizen health or which are prohibited by Taiwan laws. The Executive Yuan, the top executive authority of Taiwan, has promulgated the Negative List for Inbound Investment by Foreign Investors. Foreign investors are currently prohibited from investing in certain industries in Taiwan as set out in the prohibited fields of the Negative List for Inbound Investment by Foreign Investors (the "**Prohibited Fields**").

Pursuant to the Negative List for Inbound Investment by Foreign Investors, certain other industries are restricted so that foreign investors (except in certain limited cases) may invest in such industries only up to a specified level and with a specified approval of the relevant competent authority which is responsible for enforcing the relevant legislation which the Negative List for Inbound Investment by Foreign Investors intended to implement (the "**Restricted Fields**").

Furthermore, the DIR explicitly indicates in the investment application form that business category "J3 publishing industry" will be subject to restriction imposed by the competent business authority, i.e. the Ministry of Culture (the "**Taiwan MOC**"). If the Taiwan investee company's business is involved in the "J3 publishing industry", the DIR will submit the application to the Taiwan MOC for concurrent review. In practice, the Taiwan MOC and the DIR will request the foreign investor to issue a declaration to certify that none of the shares that are the subject of such application are directly or indirectly owned by any Mainland China Investor. The DIR will further include such requirement as a condition in the approval letter and request the foreign investor comply with such

[1] "Investments by the foreign investor" as defined under the Foreign Investment Statute includes (i) the holding of shares or capital of a Taiwan company; (ii) the setting up of a branch, a proprietary business or a partnership in Taiwan; and (iii) providing a loan to the foregoing Taiwan investee entity for a tenure of one year or more. In relation to (i) above, it includes (without limitation) establishing a Taiwan subsidiary, acquiring existing shares in a Taiwan entity from its shareholders, and subscribing new shares issued by a Taiwan entity. Whether a prior or ex-post facto approval from the DIR for the above is not determined by monetary threshold. Specifically, in relation to an investment by foreign investor into a Taiwan company, prior approval is required regardless of the investment amount.

requirement before it fully divests its investment.

As at the Latest Practicable Date, the industry in connection with business items registered by Taiwan Winking and OPC do not fall within the prohibited or restricted industries of the Negative List for Inbound Investment by Foreign Investors. Taiwan Winking and OPC are not allowed to pursue the Prohibited Fields as the Company is a foreign investor. In addition, neither Taiwan Winking nor OPC has any intention to pursue any business activities under the Restricted Fields. It is not intended for Taiwan Winking and OPC to be engaged in business activities relating to the "J3 publishing industry". The above restrictions are only applicable to the Company's investment into Taiwan Winking and OPC, while other Group entities incorporated in other jurisdictions are not subject to the requirements in relation to the "J3 publishing industry".

Furthermore, the Company, being the sole shareholder of Taiwan Winking and OPC, is not subject to any restrictions on the Company's right to hold 100% shareholding of Taiwan Winking and OPC or exercise voting right as the shareholder of Taiwan Winking and OPC.

(b) According to Taiwan laws and regulations in relation to investment by foreign investors, the transfer of an investment in a Taiwanese company by a foreign investor which was approved by the DIR (i.e., the shares in a Taiwanese company owned by such foreign investor) shall be subject to the prior approval of the DIR. Therefore, if the Company, being the current sole shareholder of Taiwan Winking and OPC, intends to transfer the shares to another investor in the future, DIR's prior approval will have to be obtained, and this requirement applies regardless of the quantum of the consideration for the transfer, the number of shares transferred and the identity of the transferee. As for the transferee, DIR's approval is required if the transferee is a foreign investor or a Mainland China Investor. In addition, if the transferee is a Mainland China Investor, the transferee will be subject to stricter requirements, including that all the business items of the investee Taiwanese company shall fall within the items on the Positive List for Inbound Investment by Mainland China Investors. Further, a Mainland China Investor (as the transferee) shall report the implementation of investment to the DIR within the statutory time limit, while there are no such requirements when the transferee is a foreign investor or Taiwan investor.

(c) Further, the investment, change of investment plan or structure, the increase or decrease of investment and the transfer of investment, etc. by the foreign investor shall be subject to the approval of the DIR, while certain matters, such as name change of the foreign investor, shall be subject to the ex-post filing with the DIR. Furthermore, in respect of loans from foreign shareholders to the Taiwan investee company with a loan period of one year or more, such loans will constitute an investment by such foreign investor and prior approval from the DIR will be required. In relation to the extension of a shareholder's loan by the Company to Taiwan Winking or OPC, the tenure of the shareholder's loan would determine whether it constitutes an investment or otherwise. Typically, a loan tenure of less than one year would not be considered as a foreign investment and hence the approval of DIR is not required. The investment in another Taiwanese company by a Taiwan enterprise where more than one-third of its shareholdings are owned by foreign investors, like Taiwan Winking or OPC, is also subject to DIR's prior approval as well. In addition, setting up a branch in Taiwan by the foreign investor also constitutes an investment under the Foreign Investment Statute and shall be governed thereby; however, the investment review function in such case has been consolidated and incorporated in the corporate registration application for setting up a branch, instead of a prior and separate investment application reviewed and approved by the DIR, and the Administration of Commerce of the Ministry of Economic Affairs, rather than the DIR, is the competent authority.

A failure to comply with the above rules as set forth in the Foreign Investment Statute will attract legal consequences, including that the authority may prohibit the remittance of dividend or other distribution to the foreign investor for a period of time or revoke the investment approval.

In the case of Mainland China Investors, according to the Cross-Strait Act, a failure to comply with the requirement to obtain DIR approval for a Mainland China investment will be subject to an administrative fine in the amount of NTD120,000 to NTD25,000,000, and this could be a continuing fine if the investor continuously fails to rectify any non-compliance. In addition, if the investee company fails to provide information or documents requested by the DIR or fails to obtain approval for investing in another Taiwanese company, this will attract an administrative fine in the amount of NTD60,000 to NTD2,500,000, and this could be a continuing fine if the investor continuously fails to rectify any non-compliance. Further, the DIR may order a Mainland China Investor to withdraw its investment or suspend the exercise of the shareholder's right of a Mainland China Investor. The DIR has the power, at its sole discretion, to grant a cure period for rectifying a breach of Mainland China investment restrictions. Furthermore, according to

Taiwan laws and regulations, in order to verify whether the above Mainland China investment restrictions are violated, the DIR has the power to request information from a foreign investor. In addition, when the foreign investor files subsequent applications with the DIR, the DIR has the power to request for further documents and information in relation to the foreign investor's ownership structure. In practice, the DIR may also initiate investigations in response to whistleblower information, third party reports or public information of a potential breach in such Mainland China investment restrictions.

Furthermore, in the event that a foreign investor falls within the ambit of a Mainland China Investor due to the alteration of upstream shareholding structure or controlling power, the investor shall obtain prior approval from the DIR before the alteration occurs. A failure to comply with foregoing requirement will result in fines and legal consequences as described in the preceding paragraph.

If the Company subsequently will become or is made aware that it will become a Mainland China Investor (i.e. crossing the 30% threshold), the Company will be required to do the necessary filing and obtain prior approvals from DIR for the change in identity from a "foreign investor" to a "Mainland China Investor". Failing to obtain the prior approval may be subject to the administrative fines in the amount of NTD120,000 to NTD25,000,000.

In such scenario described in the preceding paragraph above, in relation to an individual, company, legal entity or institution of Mainland China who acquires Shares (whether that is by way of an acquisition on the open market or by the issue of new Shares by the Company), the individual, company, legal entity or institution of Mainland China will not be subject to any form of approval from the DIR. The subject who shall seek the prior approval of the DIR will be the Company, rather than the relevant individual, company, legal entity or institution of Mainland China who acquires the Shares.

Mainland China investment by Taiwanese investors

The Cross-Strait Act and relevant regulations and rules as well as the FAQ and application forms promulgated and/or announced by the DIR for investment in a Mainland China entity (collectively, the "**Mainland China Investment Regulations**") govern investment in Mainland China entities by Taiwanese legal entities and individual investors. Under the Mainland China Investment Regulations, Taiwanese investors are allowed to invest in a Mainland China entity if its business falls outside the negative list of Mainland China investment promulgated by the DIR (the "**Negative List of Mainland China Investment**"). The art outsourcing and game development industry falls outside the Negative List of Mainland China Investment and thus, Taiwanese investors may invest in Mainland China entities which are engaged in the art outsourcing and game development industry.

However, the Mainland China Investment Regulations not only regulate direct investments but also indirect investments in Mainland China entities through entities incorporated in jurisdictions other than Mainland China and Taiwan (the "**Third Jurisdiction Entity**"). The subscription of new Shares by Taiwanese investors through a secondary fundraising (e.g. by way of placement or rights issue) may constitute a Mainland China Investment by Taiwanese investors under the Mainland China Investment Regulations or foreign investment by Taiwanese investors under the Regulations governing Taiwan Corporate Outbound Investment depending on whether the proceeds will be utilised to fund any of the Group's Mainland China Subsidiaries or investment into other Mainland China entities. Notwithstanding this, for so long as the Shares are listed and traded in the market of a securities exchange (including, but not limited to, AIM and the Catalist of the SGX-ST) (the "**Listing Period**"), except where the Taiwanese shareholder falls within the ambit of an "Insider" of the Company, Taiwanese investors' indirect investment in Mainland China entities through the Company will be exempted from the requirements and restrictions under the Mainland China Investment Regulations set out under *i.* below. An "Insider" refers to a Director, supervisor, top management team member or Shareholder holding more than 10% of the Company's issued Shares.

In the event that the proceeds from the fundraising will not be invested into Mainland China entities, the Mainland China Investment Regulations will not apply to Taiwanese investors as it will be considered investment in a Third Jurisdiction Entity and the requirements under *ii.* below shall apply instead.

(i) *Direct or indirect investments in a Mainland China entity by Taiwanese Investor*

According to the Mainland China Investment Regulations, a Taiwanese investor shall obtain prior approval from the DIR for direct or indirect investments in a Mainland China entity if the investor's cumulative investment amount in a single Mainland China entity exceeds US$1,000,000 or will exceed US$1,000,000 after the proposed investment. However, if the cumulative investment amount does not exceed US$1,000,000 after the proposed investment, the investor may apply

for *ex-post facto* approval from the DIR within six months after completing the investment. Additionally, if a Taiwanese investor transfers any direct or indirect investment in a Mainland China entity that was previously approved by the DIR to another investor, regardless of the transferee's nationality, the Taiwanese transferor shall apply for *ex-post facto* approval from the DIR within two months after completing the transfer. However, if the transferee is also a Taiwanese investor and the transferee's cumulative investment amount in such Mainland China entity has exceeded or will exceed the US$1,000,000 threshold after such transfer, both the Taiwanese transferee and the Taiwanese transferor shall jointly apply for prior approval from the DIR before the transfer. Subject to certain exceptions, the Mainland China Investment Regulations also imposes a general cap on the total amount of Mainland China investments that a single Taiwanese investor is permitted to invest into Mainland China. For a Taiwanese individual investor, this amount cannot exceed US$5,000,000 per annum. For a Taiwanese legal entity investor with a paid-up share capital of up to NTD80,000,000, this amount cannot exceed NTD80,000,000 or its net value or 60% of its consolidated net value, whichever is higher. For another Taiwanese legal entity investor, such amount shall not exceed its net value or 60% of its consolidated net value, whichever is the higher. Such rules will apply to and govern the Taiwan entity in the Group which has direct or indirect investment in Mainland China and those Taiwanese investors investing in the Company.

A Taiwanese investor who fails to comply with the Mainland China Investment Regulations will be subject to an administrative fine in the amount of NTD50,000 to NTD25.0 million. The DIR may also order such investor to cease or rectify their actions within a specified period. Failure to do so by the specified deadline may result in consecutive fines being imposed. These penalties apply only to the investor and will not affect the Company.

(ii) *Investment in a Third Jurisdiction Entity by Taiwanese Investor*

Where a Taiwanese investor is a company and invests in a Third Jurisdiction Entity by subscribing for new shares, and the proceeds obtained by the Third Jurisdiction Entity from such issuance of new shares will not be utilised to invest in any Mainland China entities, under Taiwan laws the investment will be considered a foreign investment, and not a Mainland China investment, regardless of whether the Third Jurisdiction Entity has a direct or indirect subsidiary in Mainland China. In this case, the requirements and procedures under the Mainland China Investment Regulations will not apply. However, Taiwanese investors shall apply for prior approval from the DIR if the investment amount in a single foreign entity exceeds NTD1.5 billion. If the amount of investment does not exceed NTD1.5 billion, an *ex-post facto* approval will be sufficient. Taiwan laws do not impose legal consequences for failing to comply with the foreign investment rules and requirements. As the use of proceeds from the Placing (as described in paragraph 9 (*Use of Proceeds*) of Part I (*The Group and its Business Activities*) of this Document) will not be utilised to invest in any Mainland China entities, the Company's Controlling Shareholder, Acer Gaming, as a Taiwanese investor, will only be required to obtain from the DIR either an *ex-ante* or *ex-post facto* approval for its foreign investment in respect of its subscription of new Placing Shares, in accordance with the requirements and procedures as described in the Important Information section of this Document. Acer Gaming intends to obtain an *ex-post facto* approval in this regard as its subscription amount of new Placing Shares will not reach the monetary threshold that requires an application for prior approval from the DIR to be made. If there is a change to the proposed use of proceeds from the Placing such that it will be used to invest in Mainland China entities, the Company's Taiwanese Shareholders (including the Controlling Shareholder, Acer Gaming), as Taiwanese investors, may also be required to obtain additional prior or *ex-post facto* approvals from the DIR subject to the thresholds under the Mainland China Investment Regulations as described above in the Important Information section of this Document.

Mainland China investment applications will be linked to individual Mainland China investee portfolios. Further, if the upstream shareholder or final beneficiary of the Taiwanese investor who conducts the direct or indirect investment in a Mainland China entity is also a Taiwanese person, the investment application shall only be made by such Taiwanese investor who conducts the direct or indirect investment in a Mainland China entity, rather than any upstream shareholder or final beneficiary, even though such entity is a Taiwanese person.

Secondary Trading of the Shares during the Listing Period

The secondary trading of Shares during the Listing Period will be exempted from the requirement to obtain

prior approval from the DIR. Under the exemptions, as long as the Shares are acquired on the open market, a Taiwanese investor, including an "Insider", will not be required to obtain any approval from the DIR under the Mainland China Investment Regulations. In addition, where a Taiwanese investor who is not an "Insider" acquires Shares on the market such that the investor's shareholding in the Company exceeds 10% of the Company's issued Shares, such investor is also not required to obtain approval from the DIR as the exemption for secondary trading would apply.

Furthermore, if a Taiwanese investor acquires a majority of the Shares or obtains control over the Company, the DIR would consider this to trigger privatisation of the Company, and the rules governing Mainland China and foreign investment will resume and apply.

Although Taiwanese investors' investments in Mainland China entities through the Company will be exempted from the requirements and restrictions under the Mainland China Investment Regulations during the Listing Period[2], a Taiwanese investor whose investment in the Company has been previously approved by the DIR shall be subject to the obligation to obtain *ex-post facto* approval from the DIR where he completely divests his investment in the Company. A Taiwanese investor (regardless of whether such Taiwanese investor is an "Insider" or otherwise) is required to obtain an *ex-post facto* approval from the DIR for a complete divestment of the Shares, in the event that the Taiwanese investor had previously sought approvals from the DIR in relation to the investment into the Company, and such requirement to obtain DIR's approval applies regardless of the consideration received for the complete divestment. This approval requirement will not mandatorily apply in respect of a divestment of part of such investor's investment in the Company. However, the laws and the DIR will not prohibit a voluntary application by the Taiwan investor in respect of such investor's partial divestment.

[2] Such exemption rules during the Listing Period are prescribed within the Frequently Asked Questions and as announced by the DIR. The responses to these questions are substantially viewed as rules and regulations of the DIR. It was explained by the DIR that the secondary trading of a listed company's shares on a securities exchange is not typically the type of investment that will be regulated under the Mainland China Investment Regulations or the foreign investment regulations (i.e. the requirements for outbound investment in a foreign entity (e.g. the Company) by Taiwanese investors, instead of inbound investment in a Taiwan entity by either foreign investors or Mainland China Investors). Hence, the secondary trading of the Shares on the SGX-ST will be exempted from the requirement to obtain DIR's approval.

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FUNDRAISING STATISTICS

Placing Price	£0.15
Number of Existing Shares	387,698,275
Total number of new Placing Shares being issued by the Company in the Placing	52,666,667
Number of Shares in issue on Admission	440,364,942
Percentage of Share Capital represented by the Placing Shares	11.96%
Market capitalisation of the Company at the Placing Price on Admission	£66,054,741
Total number of unvested Awards under the Winking Studios Performance Share Plan in issue at Admission	20,808,000
Warrants over Shares outstanding at Admission	4,487,359
Estimated gross proceeds of the Placing before expenses	£7,900,000
Estimated net proceeds of the Placing	£5,966,308
ISIN number	KYG9722U1040
SEDOL number	BS5YN25
AIM TIDM	WKS
LEI	836800YLTYAQJJBQEO88
£: S$ exchange rate on 7 November 2024 (being the Latest Practicable Date)	1.7139
S$: US$ exchange rate on 7 November 2024 (being the Latest Practicable Date)	0.7575

EXPECTED TIMETABLE

Publication of this Document	8 November 2024
Completion of the Placing	8.00 a.m. on 14 November 2024
Admission in respect of the Placing Shares and the Existing Shares	8.00 a.m. on 14 November 2024
Dealings commence in respect of the Share Capital on AIM	8.00 a.m. on 14 November 2024
CREST accounts credited pursuant to the Placing	8.00 a.m. on 14 November 2024
Posting of share certificates pursuant to the Placing	by 28 November 2024

Each of the above times and dates set out above and mentioned elsewhere in this Document may be subject to change at the absolute discretion of the Company, Strand Hanson or SP Angel without further notice. References in this Document are references to London time unless otherwise stated.

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Mr. Johnny Jan	Founder and Chief Executive Officer
	Mr. Oliver Yen	Proposed Finance Director and Group Chief Financial Officer
	Mr. Kao Shu-Kuo	Non-Executive Director
	Mr. Lim Heng Choon	Proposed Independent and Non-Executive Chairman (current Lead Independent and Non-Executive Director)
	Mr. Chang Yi-Hao	Independent and Non-Executive Director
	Mr. Yang Wu Te	Independent and Non-Executive Director
	Mr. Daniel Widdicombe	Proposed Independent and Non-Executive Director
	whose business addresses are as follows: Mr. Johnny Jan, Mr. Lim Heng Choon, Mr. Yang Wu Te and Mr. Daniel Widdicombe: 6 Raffles Quay, #14-06, Singapore 048580 Mr. Kao Shu-Kuo, Mr. Chang Yi-Hao and Mr. Oliver Yen: c/o 1F, No.158, Ruihu Street, Neihu District, Taipei City, Taiwan	
Joint-Company Secretaries	Yoo Loo Ping (ACS, ACG) (Member of the Chartered Secretaries Institute of Singapore) Cheng Lisa (ACS, ACG) (Member of the Chartered Secretaries Institute of Singapore)	
Registered office	P.O. Box 31119 Grand Pavilion, Hibiscus Way 802 West Bay Road Grand Cayman, KY1-1205 Cayman Islands	
Singapore Headquarters	6 Raffles Quay, #14-06, Singapore 048580	
Other Principal Places of Business	1F, No. 158 Ruihu Street, Neihu District, Taipei City 114067, Taiwan No. 1, Zhengxue Road, Qinhuai District, Nanjing, Mainland China, 210000	
Nominated Adviser and Financial Adviser in the United Kingdom	Strand Hanson Limited 26 Mount Row, London, UK, W1K 3SQ	
Financial Adviser in Singapore	PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") 16 Collyer Quay, #10-00, Collyer Quay Centre, Singapore 049318	
Broker	S.P. Angel Corporate Finance LLP Prince Frederick House, 35-39 Maddox Street, London, UK, W1S 2PP	
Auditors and Reporting Accountants	PricewaterhouseCoopers LLP 7 Straits View Level 12, Marina One East Tower Singapore 018936	

Solicitors to the Company as to English law	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place, 78 Cannon Street, London, UK, EC4N 6AF
Solicitors to the Company as to Singapore law	Rajah & Tann Singapore LLP 9 Straits View #06-07, Marina One West Tower Singapore 018937
Solicitors to the Company as to Cayman Islands law	Maples and Calder (Hong Kong) LLP 26th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Solicitors to the Company as to Mainland China law	Beijing Tian Yuan Law Firm Unit 509 Tower A Corporation Square 35, Financial Street Xicheng District, Beijing, Mainland China
Solicitors to the Company as to Taiwan law	Chen & Lin Attorneys-at-Law Bank Tower, 12th Floor 205 Dunhua North Road Taipei 105, Taiwan
Solicitors to the Company as to Hong Kong law	Michael Li & Co. Rooms 1901A, 1902 & 1902A, 19/F, New World Tower I, 16-18 Queen's Road Central, Central, Hong Kong
Solicitors to the Company as to Malaysian Law	Hazidin Chan 01-01 Seri Bukit Ceylon, 8 Lorong Ceylon, Off Jalan Raja Chulan, 50200 Kuala Lumpur
Solicitors to Strand Hanson and SP Angel	Fieldfisher LLP Riverbank House, 2 Swan Lane, London, UK, EC4R 3TT
Registrars	Computershare Investor Services PLC The Pavilions, Bridgwater Road, Bristol, UK, BS13 8AE

PART I. THE GROUP AND ITS BUSINESS ACTIVITIES

WINKING STUDIOS LIMITED

1. INTRODUCTION

The Company, Winking Studios Limited, was incorporated in the Cayman Islands with incorporation number 159882 on 15 December 2005, under the name "Winking Entertainment Ltd". The Company is the holding company of the Group and was incorporated to rationalise the corporate structure of the Group, with some of the Company's Subsidiaries having already commenced operations in certain jurisdictions prior to the incorporation of the Company in 2005. The Company changed its name to "Winking Studios Limited" with effect from 17 May 2023 and on 20 November 2023, the Company became listed and quoted on Catalist.

A Group structure chart is provided below.

1.1 *Principal Activities*

The Group is an art outsourcing and game development services provider with over 25 years' 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. The Group's three primary business segments are the:

(a) **Art Outsourcing**, where the Group creates and develops digital art assets as part of its provision of art outsourcing services. The Group has the capabilities to provide a wide range of design services, including 2D concept art, 3D modelling, 2D animation, 3D animation and visual effects, which include environment design and game character design;

(b) **Game Development**, where the Group provides game development services, including programming, development, design and script writing of games; and

(c) **Global Publishing and Other Services**, where the Group (i) releases game products developed by itself as well as third party game developers on global game platforms, including PlayStation, Switch, Steam and XBOX; and (ii) sells the Group's video games developed in-house and peripheral gaming products.

The Group is headquartered in Singapore, with nine operational studios based in Taiwan, Mainland China and Malaysia. The Group has a global customer base and is ranked third in Asia and fourth in the world in terms of global revenue from game outsourcing in 2023.

The breakdown of the Group's revenue based on business segments and geographical markets is set out in the tables below:

Breakdown by business segments

							(Unaudited)			
	FY2021		FY2022		FY2023		1H2023		1H2024	
	US$'000	%	US$'000	%	US$'000	%	US$'000	%	US$'000	%
Art Outsourcing Segment	20,394	86.1	22,021	89.9	24,124	82.4	11,845	83.4	12,631	83.0
Game Development Segment	2,895	12.2	2,227	9.1	4,996	17.1	2,308	16.2	2,495	16.4
Global Publishing and Other Services Segment[(1)]	402	1.7	250	1.0	161	0.5	57	0.4	99	0.6
Total Revenue	23,691	100.0	24,498	100.0	29,281	100.0	14,210	100.0	15,225	100.0

Note:

(1) Comprising revenue from the Group's (i) Global Publishing Segment; and (ii) Other Services Segment.

Breakdown by geographical markets[(1)]

							(Unaudited)			
	FY2021		FY2022		FY2023		1H2023		1H2024	
	US$'000	%	US$'000	%	US$'000	%	US$'000	%	US$'000	%
Mainland China and Hong Kong	13,023	55.0	12,635	51.6	11,964	40.9	6,233	43.9	5,030	33.0
Taiwan	4,373	18.5	3,748	15.3	5,339	18.2	2,636	18.6	3,210	21.1
Korea	3,776	15.9	4,813	19.6	5,479	18.7	2,481	17.5	3,136	20.6
USA	1,905	8.0	2,372	9.7	4,908	16.8	2,308	16.2	1,862	12.2
Japan	445	1.9	611	2.5	1,385	4.7	498	3.5	1,533	10.1
Others	169	0.7	319	1.3	206	0.7	54	0.3	454	3.0
Total Revenue	23,691	100.0	24,498	100.0	29,281	100.0	14,210	100.0	15,225	100.0

Notes:

(1) Revenue breakdown by geography is determined by whichever jurisdiction the tax identification number on a customers' invoice is registered.

1.2 ***Board***

The Board is led by the Company's founder Mr. Johnny Jan, who currently serves as Executive Chairman and Chief Executive Officer. On Admission, Mr. Lim Heng Choon will assume the role of Independent and Non-Executive Chairman and Director, with Mr. Johnny Jan remaining as Chief Executive Officer. The Board on Admission will comprise two Executive Directors, being the Chief Executive Officer and Group Chief Financial Officer, and five Non-Executive Directors, four of which are deemed to be independent. Further information on the Directors and the corporate governance of the Company is set out in Paragraphs 10 (*Directors and Senior Management Team*) and 12 (*Corporate Governance*) of this Part I and Paragraphs 6 (*Directors and Other Interests*) to 8 (*Directors' Service Agreements*) of Part VI (*Additional Information*) of this Document.

1.3 ***Placing and Admission***

The Company has raised approximately £7.9 million in gross proceeds through the issue of 52,666,667

new Shares by way of the Placing, conditional, *inter alia*, on Admission. The funds raised through the Placing are intended to accelerate the Group's growth, primarily through acquisition and supporting the Company's global expansion. A breakdown of the use of net proceeds is set out in paragraph 9 (*Use of Proceeds*) of this Part I.

2. KEY INVESTMENT PROPOSITION

The Directors consider that the Company benefits from the following key advantages.

- **Proven capabilities in art outsourcing and game development addressing a blue chip customer base** - Led by its founder Mr. Johnny Jan, over its 25 years of operating history, the Group has established itself as a leading art outsourcing service provider globally, with a strong reputation for the quality of its services and a demonstrable track record of working with the world's most prominent game developers and most successful game titles. The Group has collaborated with 22 of the top 25 game development companies, including miHoYo, the developer of hit multiplayer video game Genshin Impact, NetEase, Inc., NCSOFT Corporation, Gamania Digital Entertainment Co., Ltd, Ubisoft Shanghai and Rayark International Limited. The Group has also established a partnership with three of the major game publishing platforms, namely, Sony, Microsoft and Nintendo, which is a testament to the Group's reputation in the game development and art outsourcing industries.

- **Addressing a high growth market** - The video gaming sector, and in particular the mobile and online gaming segments, is expected to demonstrate continued strong growth, with the global gaming industry expected to reach US$345.3 billion revenue in 2028, representing a CAGR of 9.8% between 2023 and 2028. The mobile gaming sector, which is currently the Company's largest segment, is expected to continue to lead the growth in the overall global gaming industry, with a CAGR of 12.7% between 2023 and 2028, due to the increased demand for higher quality mobile games, which in turn has increased demand for associated art outsourcing services. With game companies needing to continuously improve the gameplay experience for players, game companies are allocating more resources to game development, which represented total spend of US$10.7 billion in 2023.

- **Compelling cost advantage** - Outsourcing represents an increasing proportion of game development budgets, with this trend expected to continue going forward. The outsourcing model allows game publishers and intellectual property owners to more efficiently manage their own in-house resources and to access the scale of experienced talent which has become necessary to support the launch of increasingly sophisticated gaming titles. The Group has a highly skilled workforce, with experience in all aspects of game development and differing art styles, and continues to train new recruits within its comprehensive training programmes.

- **Forward earnings visibility from growing follow-on revenues** - Focus on high growth mobile / online titles provides the Group with repeat revenue opportunities and enhanced earnings visibility. In H1 2024, such follow on revenues accounted for 44% of Group sales, and this proportion is expected to continue to increase.

- **Limited product risk** - As a "work-for-hire" business, the Group provides outsourcing services to its customers in support of their development of video and mobile games. As such, the Group is not exposed as principal to the risks associated with ownership and development of these products.

- **Fragmented market for Art Outsourcing services** - The global game art outsourcing industry is generally fragmented, with most service providers being relatively small independent studios. While some game art outsourcing studios have grown larger by merging with and/or acquiring other studios, most art outsourcing studios still do not have the capabilities to provide a comprehensive suite of art outsourcing services to clients. Leaders in the art outsourcing industry, such as the Group, therefore typically boast a comprehensive range of art outsourcing services that are able to meet the demands of various game companies in Asia, Europe and North America, noting that differences in game art styles and production methods requires a broad skill set which many of the smaller art outsourcing providers cannot provide. The fragmentation of the market provides opportunity for the Group, both through its ability to compete effectively within the global marketplace given its relative scale and through its acquisition strategy.

3. HISTORY AND DEVELOPMENT OF THE GROUP

The Company's founder, Mr. Johnny Jan, first ventured into the game development business in Taipei, Taiwan in 1997 under the branding of "WindThunder", which was primarily focused on the in-house

conceptualisation and development of games, including the PC games Heroine's Anthem 1 (launched in 2002) and Heroine's Anthem 2 (launched in 2003), both of which achieved commercial success in major markets. In 2003, Mr. Johnny Jan went on to set up the Group's studios in Shanghai and Nanjing under the "Winking" brand.

The Group's studios were initially focused on the development of games in-house, however an increasing number of existing and new customers approached the Group specifically for art outsourcing services. As the business and revenue grew from providing more art outsourcing services, a strategic decision was made in 2008 to re-evaluate the Group's business strategy to focus on developing art outsourcing services as a standalone business segment.

In 2022, Acer Gaming became a majority Shareholder following the acquisition of approximately 44.40% of the then issued Shares in the Company from previous shareholders who were financial investors, before increasing its stake further to approximately 54.96% in January 2023. Following this, Acer Gaming participated as a cornerstone investor in the initial public offering of the Company through an investment of S$2.16 million (approximately US$1.64 million) and Acer Soft Capital Incorporated, a wholly owned subsidiary of Acer, acquired a further approximately 8.63% interest following the Catalist Listing. In July 2024, Acer Group (through Acer Gaming and Acer SoftCapital Incorporated) participated in the Secondary Placement with an aggregate investment of approximately S$19.0 million (approximately US$14.39 million). The Acer Group (through Acer Gaming) is also participating as a cornerstone investor in the Placing through an investment of £6.0 million. On Admission, the Acer Group will hold an interest in the Company of approximately 64.16% and the Acer Group entities which are Shareholders in the Company will be subject to the Relationship Agreement, further details of which are set out in paragraph 15.1.3 (*Relationship Agreement*) of Part VI (*Additional Information*) of this Document.

Key Milestones

The table below sets forth the key milestones in the Group's history:

Year/Period	Milestones
1997	Founder and CEO, Mr. Johnny Jan first ventured into the art outsourcing and game development business under WindThunder Studio in Taipei, Taiwan.
2004	The Group established its first game development studios in Shanghai, Mainland China, with the incorporation of Shanghai Winking in January 2004, to access local talents as well as to capture potential market demand in Mainland China.
2004 to 2007	The Group started to offer full cycle game development services to its customers, which include the pre-production, production and post-production phases of the game development process.
2010 to 2016	The Group participated in the production of popular PC game titles such as Blade & Soul since 2010 with Korea-based NCSOFT Corporation, and Onmyoji and Identity V games since 2015 and 2016 with NetEase Games, thereby enhancing its capabilities in the Game Development Segment.
2016 to 2017	The Group first entered into a partnership with Epic Games, an American game and software developer and publisher, in respect of its marketing efforts in Taiwan.
2016 till present	The Group entered into agreements with major game publishers, namely Sony, Nintendo and Microsoft, which enabled the Group to provide game publishing services to customers on the console game platforms of these publishers.
2018 till present	The Group collaborated with other industry players on the development of various well-known game titles such as "Genshin Impact" since 2018, "Destiny 2" and "Lineage 2M" since 2019, "Assassin's Creed" in 2020 and "New World" since 2021.
2020 till present	The Group provided art outsourcing services to internationally renowned game titles, including "New World", "FIFA Online 4" "Blade & Soul II" and "Madden NFL 22".

Year/Period	Milestones
2021	Winking Art was incorporated as the Singapore headquarters of the Group.
2022 to 2023	Acer Gaming, a majority owned subsidiary of Acer Inc. (which is listed on the Taiwan Stock Exchange), became the single largest Shareholder of the Company.
2023	The Company became listed and quoted on Catalist.
2024	The Group successfully completed its first strategic acquisition of On Point Creative Co., Ltd, a Taiwan-based game art studio, in April 2024, further expanding the Group's operations in Taiwan. In June 2024, the Group established an operational presence in Malaysia through the acquisition of the business and certain assets of Pixelline Production Sdn. Bhd, an art outsourcing and animation outsourcing services business. In July 2024, the Company completed the Secondary Placement, receiving further investment from Acer Group (through Acer Gaming and Acer SoftCapital Incorporated), alongside various existing Shareholders, management team and other investors across Singapore, Malaysia and Taiwan.

4. WINKING STUDIOS BUSINESS OVERVIEW

4.1 *Art Outsourcing Segment*

Art Outsourcing represents the Group's largest business segment, accounting for 82.4% of revenues in the year to 31 December 2023. Within its Art Outsourcing Segment, the Group designs and develops various art, animation and visual effects for its customers including characters, environments and props and effects, which are required in their games.

As part of the services provided by the Group under the Art Outsourcing Segment, the Group also assists customers with the conceptualisation and creation of art assets to be used in promotional materials, such as posters and game trailers.

After customers' games have been released to the market, periodic game maintenance is required and from time-to-time new updates and downloadable content, such as expansion packs, will also be made available to game players. The Group may also be involved in this stage of the game development process through conceptualisation and creation of new art assets that feature in the new content being produced by customers.

The art asset creation process under the Art Outsourcing Segment generally comprises the following stages:

(i) Planning and pre-production

This is the initial stage of pre-production, when initial instructions and directions are received from customers, including certain art samples, which are generally 2D preliminary sketches and mood boards typically developed by such customer(s) in-house or by other art outsourcing firms engaged by customers, and from which the art style required for the digital art assets are determined.

After evaluating the requirements of each project, including the concept, style requirements, project timelines and manpower requirements, a project team will be assembled to handle the project. A project team typically comprises various employees from the production, art, visual effects, 2D and 3D modelling, and animation departments, and includes designers, technical artists and developers who will be led by a project manager. The project manager will guide the team throughout the artistic design and creation process and oversee the quality of the artwork design prior to presenting or delivering the work product to the customers.

Following the initial conceptualisation of the art assets, customers will be provided with a project brief which sets out the list of art assets to be produced, including the type, description, resolution and quantity of the art assets and proposed milestones for the delivery of the art assets if this has not already been provided

to the Group by customers in the initial discussions or brief.

(ii) **Production**

Once a customer has approved the project brief, the project team conceptualises the general aesthetics, art style and vision of the outsourced art assets, including character design and environment design, as well as illustration and icon design through a continual process of collaborative discussions with the customers.

Through regular updates on the progress of the work to the customer, the Group endeavours to minimise instances where any aspects of the work produced do not satisfy the customer's requirements and to ensure that, in the event that customers are not satisfied with the art assets produced, these issues can be resolved in a timely manner and before the final product is due to be delivered.

The Group has the necessary expertise and competencies to create and produce art assets of various types, including 2D art and 3D art, each in respect of various art styles ranging from cartoon styles to realistic styles or even a hybrid of styles. In order to maintain a catalogue of available content which can be generated into art assets for customers, the Group may also engage sub-contractors to handle certain modelling work and produce certain generic 2D and 3D base art assets which the Group acquires for customisation and use in projects in order to ensure that the tight timelines set for the Group by customers are met.

In order to offer high-quality art and design services under the Art Outsourcing Segment, designers have been employed who specialise in specific aspects of the art design process:

2D Art

The Group has a team of 2D artists who are experienced in concept sketch iteration, base and final detailing. They will build on the initial ideas generated from the planning and pre-production phase and transform these ideas into full-fledged characters, environments, landscapes and items. In creating the 2D art, technical artists first produce basic sketches before including further enhancements, such as painting in colours or including shadows. There is a focus on texture and lighting, so as to enhance the realism of the art assets and improve the immersion of the art assets into the overall game. Some customers also engage the Group to provide 2D sketches to be included in their project briefs to other art outsourcing service providers.

3D Art

The Group's 3D design team provides 3D modelling, including texturing, lighting and rendering services to create the 3-dimensional aspect of game assets where required by the project. Details and ambience are incorporated to render seamless and realistic characters, environments, landscapes and items within customers' game settings. The 3D technical artists are able to incorporate a high level of detail into their designs, for instance, taking into account customers' requests for specific physical traits or anatomical features to be incorporated into the art assets.

Animation

If the Group's engagement includes the animation of the art asset, the team will then move on to the rigging and skinning stage, which is the process of setting up the technical structure for animating such asset. The Group's scope of animation services includes key-frame animation, motion capture animation (MOCAP) and spin/live 2D animation.

The Group is capable of developing quality animated art assets in line with the latest trends and industry standards. The Group has set-up its own motion capture animation studio within the Nanjing offices, which allows the team to better understand the movements and actions to be captured in animation of the art assets. The animations team is also well-versed in the industry-standard software, such as Maya and Blender, which is utilised to capture muscle and object motion, body movement and other aspects of 2D and 3D animation, for both character and non-character animation, such as environment, object and ambient animation. The animations team works closely with customers to produce stylised and detailed forms of visuals that better convey the game characters' traits, attitudes and behaviours, as well as the background setting of the game, all of which are able to be integrated into customers' games.

Visual Effects

The engagement may also involve the inclusion of visual effects such as fire, water, dust and smoke, into

customers' games and the art assets, which are utilised to create realistic looking environments for a more immersive game playing experience. These effects can be both 2D and 3D and can be used in all styles of games.

Similar to the animations team, the visual effects team is well-versed in the industry-standard software, such as Houdini, Maya, 3Ds Max and Blender, and works closely with customers to produce the visual effects desired and which tie in seamlessly with the other aspects of their game.

(iii) **Completion and delivery of the art assets**

The ongoing process of reviewing and providing feedback reduces the likelihood of delays to the project timeline. Prior to the release of the finalised art assets to customers, the project manager will review the project team's work product, including checking for compliance with the art style stipulated by customers, ensuring consistent quality across the various art assets which are part of the brief, and providing feedback to the team. Thereafter, the team will review the near-final iterations of the work with customers and make the necessary edits and adjustments to incorporate their feedback. This is followed by the quality assurance stage, where the work is reviewed and approved by the quality assurance team project manager.

After the finalised art assets are released to customers through a designated website or transmission of compressed files, they will be incorporated into the final form of the game and/or other collateral being developed by customers.

The customers that commissioned the art assets own the intellectual property rights for the art assets outsourced to the Group in the Art Outsourcing Segment and there is no guarantee that those customers will engage the Group for any subsequent revisions to the art assets after the game has been published. Whether the Group is engaged for any follow-on work, including enhancements, revisions and updating the designs, would depend on the terms of the framework agreement and/or service agreement entered into between the Group entity and customer.

Group entities typically enter into framework agreements with customers in the Art Outsourcing Segment, for the provision of art outsourcing services which include developing, refining and delivering the art assets required by customers for a term of one to two years. Pursuant to the terms of the framework agreement, customers will issue purchase orders throughout the term of the framework agreement for each set of specific art assets which they may require for a particular phase in their game development projects. Depending on the scale and complexity involved, it typically takes one to three months to deliver the art assets set out in a purchase order. Given the nature of the Art Outsourcing Segment, the bulk of the costs of sales are labour costs. The key risks of entering into framework agreements and fulfilling the purchase orders include credit risk of the customer, as well as the other risks set out in Part III (*Risk Factors*) of this Document.

4.2 ***Game Development Segment***

Under the Game Development Segment, the Group is the principal developer and is responsible for all aspects of the game under development, from the conceptualisation to release and publication of the game title as well as post-release support and maintenance, including programming, development, design, script writing services and testing. The Group utilises game engines, mainly Unreal Engine and Unity, and is capable of developing games which are compatible with platforms such as PlayStation, Xbox, Switch and mobile platforms.

The Group's business process for the Game Development Segment is similar to that as described above for the Art Outsourcing Segment, with the key differences being as follows:

(i) As part of the production and development stage under the Game Development Segment, script writing, storyboarding, game programming, mass game art production and the inclusion of sound effects into games is carried out. The Group is capable of handling such functions in-house.

(ii) There is a quality assurance stage prior to the product release stage, which involves testing of the game by staff and third party players, to gauge end-consumer reception of the game through player feedback provided and also to clear any bugs and errors which are picked up during the inspection. The project manager for the relevant project will also preview the work and provide feedback to programmers and designers.

(iii) There is also additional product release, maintenance and update stages wherein the team works with customers to (A) provide support services through assisting in the conceptualisation and development of promotional materials and marketing collaterals for the game, including

posters and game trailers; and (B) assist with game maintenance and upgrades as well as the development of expansion packs as may be required by customers.

The Group will take on a game development project for customers when there is a request being made by customers or potential customers, and the Group determines that it is able to submit an appropriate proposal in respect of such request based on customer's stipulated requirements and the Group's available resources at that point in time. Customers that commissioned the game project own the intellectual property rights for the game and game content outsourced to the Group.

Under the Game Development Segment, the Group may outsource the development of the art assets or certain aspects of the game development process to third parties, as deemed appropriate. In respect of the games developed by the Group for customers, such outsourcing costs are typically borne by the Group, and are factored into the contract price quoted by the Group to customers.

4.3 ***Global Publishing and Other Services Segment***

Global Publishing

The Group also publishes various console and PC games on global game platforms including PlayStation, Switch , Steam and XBOX. Platform agreements with game distribution platforms (the "**Game Platforms**") generally have no specified periods. Under the Global Publishing Segment, the Group typically publish games developed by third party game development companies ("**Third Party Game Developers**") of a smaller scale, which require the Group's manpower, expertise, and access to the major game publishing platforms. For the game products developed by Third Party Game Developers, the Group, as the game publisher (the "**Game Publisher**"), decides the length of time such games are for sale on the respective platforms based on the agreements entered into with the Third Party Game Developers authorising the Group to publish their games, which are generally for a term of three to five years. As the Game Publisher, the Group may be liable under applicable laws should the published games contain any inappropriate content, however, the publishing agreements will typically state that the Group has the right to demand for compensation from the Third Party Game Developers for any losses and/or damages incurred in connection with publishing the games.

The intellectual property rights of the games that the Group publishes on the game platforms for other Third Party Game Developers are owned by the respective game developers.

The Group operates on a revenue-sharing model whereby the Group, as the Game Publisher, is entitled to a stipulated percentage of the revenue generated from the games developed by Third Party Game Developers through the Game Platforms on which the Group publishes such games.

Under the Global Publishing and Other Services Segment, the Group is not responsible for providing the post-purchase player services and/or technical support, which are handled directly by the Group's customers, being the Third Party Game Developers themselves. In certain situations where the end users encounter certain issues with the game however, the game platforms or end users may approach the Group directly, in which case it notifies the Third Party Game Developers of such issues for their further handling.

The Company's management is selective of the Third Party Game Developers the Group works with under the Global Publishing and Other Services Segment and potential customers are evaluated based on several factors, including their industry reputation, the quality of their games as well as the commercial viability and marketability of the games which they are seeking to publish.

Other Services

The Group sells its in-house developed video games and peripheral gaming products under its Other Services Segment.

The Group also develops a small number of games for its own use in-house under this segment, which primarily serve as prototypes to demonstrate and market the Group's technical competencies to customers. Currently, the Group also receives revenue from the fees paid by end players of games that the Group has developed in-house previously (the "**In-house Developed Games**") which are also available for sale through the Game Platforms although during the period between 1 January 2021 and 31 December 2023, the revenue generated by the Group from fees paid by end players was not material. For In-house Developed Games, the Group owns the intellectual property rights, and may grant licences over the intellectual property rights to third parties to produce and sell certain merchandise in relation to these intellectual property rights.

4.4 ***AI developments***

To ensure the Group's competitiveness, the Group has invested in training its own AI tools to fit the needs of its customers. In particular, GenMotion.AI, the Group's high-quality, cutting-edge generative AI tool designed specifically for 3D animation, enables users to create detailed 3D animations directly from text input by leveraging carefully curated training data sourced from the gaming industry to ensure accuracy in its 3D design. The Group's GenMotion.AI software was created utilising a deep understanding of animators' workflows and needs. Ultimately, the Group hopes to integrate GenMotion.AI with existing processes to further enhance efficiency and enhance user creativity. All training data used by GenMotion.AI is proprietary, copyright protected and documented in a transparent fashion to ensure traceability and to guarantee data integrity and authenticity. Whilst GenMotion.AI was initially designed for targeting game animators, the Board believe that it can offer a wide range of professional features allowing for precise customisation to meet detailed animation needs, and the Group intends that future releases will expand GenMotion.AI's accessibility to a broader audience beyond game development animators and will be catered to both amateur and professional developers alike. As such, the Group intends to provide its GenMotion.AI tool as a Software as a Service (SaaS) to the general public in the future, though as at the date of this Document the tool is still in training stages and the Group does not have a timeline for when GenMotion.AI will be offered on the market.

4.5 ***Selected Art Outsourcing and Game Development Projects Undertaken by the Group***

The Group has developed various video games, both on its own account as well as on behalf of customers and a team of experienced art talents, designers and scriptwriters has been established in Taiwan, Mainland China and Malaysia. The Group has a diverse portfolio of games across different genres, including action-adventure games, real-time strategy games, multiplayer online battle arena games and role-playing games (e.g. RPG and ARPG). From 2005, the Group has developed nine of its own video games and completed more than 1,400 art outsourcing projects and 25 game development projects respectively.

The following table sets out some of the most notable games that the Group has been involved in.

The Group has provided customers with art outsourcing services for the following games:	
2020 till present (released 2021)	*New World*
2021 (released 2021)	*Madden NFL 22*
2020 till present (released 2018)	*FIFA Online 4*
2020 (released 2020)	*Assassin's Creed Valhalla*
2020 (released 2019)	*Tom Clancy's The Division 2*
2019 till present (released 2020)	*Seven Knights 2*
2019 till present (released 2019)	*Lineage 2M*
2019 till present (released 2017)	*Destiny 2*
2018 till present (released 2020)	*Genshin Impact*
2016 till present (released 2017)	*Dark Avenger 3*
2016 to 2021 (released 2019)	*Saint Seiya: Awakening*
2016 to 2020 (released 2018)	*Identity V*
2015 to 2021 (released 2016)	*Onmyoji*

2010 till present (released in 2012)	*Blade & Soul*

As noted above, the Group also has self-developed games, where the Group acts as the game developer and publisher, which include the Heroine Anthem, Unearthing Mars and X.A.O.C franchises, though it is noted that proprietary game development is now a relatively small component of the Group's current operations.

4.6 ***Awards***

The Group has received several awards recognizing its work in respect of certain game titles, including the following:

Year	Description of award/recognition	Awarding organisation
2022	Original X Awards Winner under the Commercial Category for "*Heroine Anthem Zero 2*"	Taiwan Game Industry Promotion Alliance (TGIPA)
2019	Original X Awards of Best Commercial Game for "*Unearthing Mars 2*"	Taiwan Game Industry Promotion Alliance (TGIPA)
2018	2018 Digital Content Product Awards - Best Product of the Year Award for "*Unearthing Mars 2*"	Industrial Development Bureau, Ministry of Economic Affairs
2017	Original X Awards for Best Game in General for "*Unearthing Mars*"	Taiwan Game Industry Promotion Alliance (TGIPA)
2013	GameStar Silver Award for the best domestic self-made online game for "*X.A.O.C*"	Taipei Computer Association (TCA)
2011	Red Herring Top 100 Asia Winner Award	Red Herring
2007	Technology Fast 50 China 2007	Deloitte
2004	2004 GameStar Best Animation Award for "*Heroine's Anthem*"	Taipei Computer Association (TCA)
2004	2004 GameStar Best Soundtrack Award for "*Heroine's Anthem*"	Taipei Computer Association (TCA)
2004	2004 GameStar Best Art Design Award for "*Heroine's Anthem*"	Taipei Computer Association (TCA)

4.7 ***Quality Assurance***

The Group has a comprehensive quality control system in respect of its business operations.

Art Outsourcing Segment

The Group works closely with customers throughout the process of creating and developing art assets and games. This is achieved through seeking their feedback at various points during the course of the

project. A project manager is also designated to each project, and is responsible for reviewing the finished work product, which involves ensuring that the product is consistent with the specifications and styles agreed upon with customers. A draft of the art assets and/or game products is shared with customers, for customers to provide feedback and propose amendments to be incorporated. Prior to the delivery of the finalised art assets to customers, the work product is reviewed and approved by the Group's quality assurance team and the designated project manager, so as to ensure that the finalised art assets meet customers' specifications and are of a satisfactory quality.

Game Development Segment

Prior to the product release, the Group conducts quality inspection procedures which involves the testing of the game by the Group's staff and third party players, to gauge end-consumer reception of the game through the player feedback provided and also to clear any bugs and errors that are picked up during the inspection. The project manager for the relevant project also previews the work and provides feedback to programmers and designers for incorporation into the final version to be released.

On 1 September 2021, one of the Group companies, Nanjing Winking, received from the BSI British Standards Institution the ISO 27001:2013 (Provision of operation and maintenance services for enterprise internal business software by IT department) certification in recognition of the Group's quality management system relating to the Group's IT infrastructure for its studios in Nanjing, Mainland China. The certification was renewed on 22 June 2024 and is valid until 31 August 2027.

4.8 *Sales and Marketing*

The sales and marketing activities for each of the Group's three business segments are managed by the Group's sales and marketing department. The sales and marketing team consists of 20 employees, located in Taiwan, Mainland China, Singapore, Malaysia, the UK and North America. The sales and marketing team focuses on maintaining relationships with existing customers and forging new business relationships with potential customers. The Group conducts its sales and marketing activities principally through the following channels:

(a) referrals from existing customers;

(b) the Group's corporate website, which publicises details of the Group's services, past projects and track record;

(c) participation in international gameshows, tradeshows, exhibitions and conferences; and

(d) placing advertisements on search engines such as Google.

The Group also uses its in-house developed games in the Game Development Segment as a means of showcasing the Group's in-house design, animation, conceptualisation and game development capabilities.

5. COMPETITION

The global game art outsourcing industry is generally fragmented, with most service providers being relatively small independent studios. While some game art outsourcing studios have grown larger by merging with and/or acquiring other studios, most art outsourcing studios still do not have the capabilities to provide a comprehensive suite of art outsourcing services to clients. Leaders in the art outsourcing industry, such as the Group, therefore typically boast a comprehensive range of art outsourcing services that are able to meet the demands of various game companies in Asia, Europe and North America, noting that differences in game art styles and production methods requires a broad skill set which many of the smaller art outsourcing providers cannot provide.

In terms of headcount, in 2023, approximately 48.0% of the game art outsourcing studios were estimated to have fewer than 50 employees and only approximately 25.0% had more than 250 employees. From an annual revenue perspective, it is estimated that approximately 38.0% of studios generate less than US$1 million, while approximately 15.0% of studios recorded revenue of above US$10 million.

5.1 *Types of art outsourcing studios and global market leaders*

There are primarily four types of game art outsourcing studios:

(i) Vertical game art outsourcing studios

Vertical game art outsourcing studios, such as the Group, which concentrate on serving game companies

with art outsourcing services by leveraging their greater understanding of game art and also their deeper understanding towards game companies' requirements.

(ii) **One-stop game development studios**

One-stop game development studios provide their clients with one-stop, whole-cycle, game related outsourcing services, which includes art outsourcing services. An example of such a studio would be Keywords Studios.

(iii) **Digital art services studios**

Digital art services studios offer digital art services not only to game companies but also to animation companies. They will be able to deliver 2D or 3D video shots with high quality special effects, contributing to the client's marketing campaigns. An example of such a studio would be Original Force.

(iv) **General outsourcing studios**

General outsourcing studios are proficient in game art, visual design, digital marketing and other kinds of outsourcing services. They would typically have a more diversified revenue stream and would have a better understanding of the macro trends and industry news. An example of such a studio would be Fullspeed.

5.2 ***Competitiveness of the Art Outsourcing Industry Landscape***

The Group's total game art outsourcing revenue amounted to US$24.1 million, ranking fourth among all game art outsourcing studios globally as at 31 December 2023. Keywords Studios and Virtuos were the top two game art outsourcing studios in terms of global game art outsourcing revenue.

The following table and chart illustrate the top five players globally in 2023.

Top game art outsourcing studios, in terms of global revenue of game art outsourcing, 2023

Ranking	Company	Headquarter	Global game art outsourcing revenue, US$ million	Number of countries/regions covered	Number of employees (approximate)	Number of game art employees (approximate)
1	Keywords Studios	Ireland	71.0	20	12,300	1,400
2	Virtuos(1)	Singapore	47.0	8	3,700	1,850
3	Original Force(2)	Mainland China	36.0	3	2,150	1,300
4	**Winking**	**Singapore**	**24.1**	**3**	**700**	**600**
5	Pole to Win(3)	Japan	20.0	20	3,200	500

Source*: CIC Report (August 2024)*.

Notes:

(1) Virtuos is a Singapore-based company founded in the 2000s that specialises in game development and art production for AAA consoles, PC and mobile games, and works as an external developer for other companies.

(2) Original Force is a Chinese company founded in 2010 specialising in 3D art production for video games and CG animations.

(3) Pole To Win is a Japanese company founded in the late 2000s that offers game art, localisation and audio production services for video games.

5.3 ***Key Competitive Strengths***

The Directors believe that the Group's continuing success is attributable largely to certain key competitive strengths.

Proven capabilities in art outsourcing and game development underpinned by the Group's comprehensive game development knowledge and expertise and strong data security management system

Over its 25 years of operating history, the Group has established itself as a leading art outsourcing service provider globally, capable of offering a full suite of art asset creation services, covering 2D character art and scene art, 3D modelling, animation and other related game art assets. During this time, the Group has built a strong reputation for the quality of its services, with a demonstrable track record of

working with some of the world's most prominent game developers and most successful game titles. The Group has collaborated with 22 of the top 25 game development companies and its customers in the Art Outsourcing Segment include miHoYo, the developer of hit multiplayer video game Genshin Impact, EA, Ubisoft, Activision Blizzard, NetEase, NEXON, NCSOFT Corporation, Gamania Digital Entertainment Co., Ltd, Ubisoft Shanghai and Rayark International Limited.

Notwithstanding the Group's focus on art outsourcing services, as an end-to-end game development studio, the Group is also equipped with the requisite know-how, expertise and capabilities to handle the full game development cycle, having accumulated expertise in game development since the commencement of its operations in 2004 and given the initial focus on game development before the Group subsequently established its standalone Art Outsourcing Segment. The Group's familiarity with and ability to conceptualise, design, develop and test games under the same roof gives it an understanding of customers' requirements from the entire game development perspective, which enables the Group to better serve customers even within the specific scope of art outsourcing services, which in turn gives the Group a competitive edge over competitors that are pure art outsourcing companies.

Furthermore the Group has accumulated a vast amount of traditional art production techniques. These traditional art techniques have started to regain popularity in the Western gaming market in recent years and have become one of the key areas of interest for Western clients. However, there are now very few art service providers capable of offering these techniques, making this a unique advantage for the Group in developing the Western market. Additionally, a significant portion of the Chinese gaming market in recent years has favoured Japanese art styles, leading to the development of numerous Japanese-style games, which have achieved great success in the Japanese market. Over the past few years, the Group has served many Chinese gaming companies, cultivating strong capabilities in producing Japanese-style art. This has allowed the Group to provide valuable art production experience and techniques when expanding into the Japanese market, enabling it to quickly establish a presence there.

In addition, as the game development industry places a key emphasis on confidentiality, the Group has implemented comprehensive and strict confidential management protocols, which include, amongst others, the use of an intranet, limitations relating to data transmission and monitoring of computer usage, which is a key aspect of our art outsourcing and game development capabilities, particularly with larger customers.

The Group has an established partnership with three of the major game publishing platforms, namely, Sony, Microsoft and Nintendo, which the Directors believe is a testament to the Group's reputation in the game development and art outsourcing industries. The Group's established collaborations with these major game publishing platforms, which have been in place for a number of years, also help to build and strengthen the Group's reputation and profile with customers, many of whom are also game developers and would be keenly aware of the rigorous screening process which publishers on the Sony, Microsoft and Nintendo platforms would be required to go through.

Established multi-market presence with a far-reaching network and steady relationships with the Group's customers

According to the CIC Report, in terms of the global revenue of game art outsourcing in 2023, the Group ranked third in Asia and fourth in the world, ahead of most of the Group's competitors in Japan, Hungary and the USA. With offices and teams predominantly based in Singapore, Taiwan, Mainland China and Malaysia, and the UK, and connections to various contacts in the industry in Taiwan, Hong Kong, Mainland China, the USA, Europe and South Korea, the Group is able to tap into additional business and growth opportunities in these markets, putting the Group at a competitive advantage over competitors with a more regional focus. This is further supported by the Group's broad skillset and extensive experience across multiple game styles, as noted above. The Group plans to retain and further strengthen its presence in Asia whilst continuing to expand its operations and client base in Europe and North America.

The Group's presence in multiple markets has allowed it to cultivate long-term and stable working relationships with customers from various regions, including Mainland China, Europe, Japan, Korea and the USA, some of whom are leading game development companies with hit games and larger budgets for follow-up game development.

Founder-led, with a committed and strong management team and experienced Board of Directors

The Company is led by its founder, Mr. Johnny Jan, and an experienced management team with in-depth industry knowledge in art outsourcing and game development. Please refer to paragraph 10.1 (*Directors and Senior Management Team*) of Part I of this Document for further details on the Board and the senior

management team, which possess extensive industry experience, in-depth understanding of market trends and rich operational expertise that enables the Group to adapt and grow in a competitive and evolving landscape.

The senior management team is supported by a skilled and experienced team of artists and designers who are able to serve customers to a high standard of service and adhere to tight project timelines and schedules.

The Company is also majority owned by Acer Gaming, part of the Acer group of companies, which has an extensive network of relationships in the game development and art outsourcing industries as well as an in-depth understanding of the global gaming industry.

The Group has an effective human resources management system and structure

The Group has developed an employee training programme, aiming to ensure excellence in the Group's deliverables and to promote employees' career development. The Group's past track record and success are dependent on the technical capabilities, talent and dedication of its pool of qualified employees. As the Group operates in an industry which is dependent on employees, the Group has adopted various measures and a proven structure to continue to attract and increase its employee headcount which include offering comprehensive benefits packages and competitive pay packages. These include a rigorous recruitment process to attract new talent, and continuous training conducted in-house or by external instructors to maintain a competent workforce so as to ensure that the services rendered by the Group are of a high and consistent standard.

The Group's workforce undergoes a rigorous recruitment process followed by continuous training conducted in-house or by external instructors. For all new employees, the Group conducts a comprehensive induction programme which is catered according to employees' level of seniority and designation. The induction programme will cover aspects such as orientation of the studios, safety at the workplace and security and privacy of art assets and clients' communications. The Group has developed a comprehensive basic training programme targeted specifically for junior employees to enable them to integrate effectively into the Group and become equipped with the knowledge and skills to utilise the software and technology tools that the Group relies on as part of its business operations. During the basic training programme, experienced trainers make adjustments to their training based on the specific needs and level of technical capability of each individual. The Group continuously develops and revises its training programme based on updates to technology and the technical foundation or proficiency of each of its junior employees based on his or her coursework during their formal academic training. The Group also actively solicits feedback from its employees, instructors and certain industry experts to keep up with the developments in the gaming industry so that the Group may remain one of the preferred outsourcers in the sector.

The Group provides specialised or advanced training tailored to meet the needs of its employees with different specialisations, such as 2D art, 3D art and animation, which are conducted by senior employees or external instructors. As such, the Group's employees are kept up to date with new technologies, software or know-how, which also promotes their professional development. Training ensures that the Group's employees continue to stay relevant to the game development industry and that the Group is able to deliver optimal art assets to meet the stringent standards and demands of customers.

Furthermore, the Group also send certain of its employees to attend industry conferences, seminars and tradeshows internationally. These include the Game Development Conference held in San Francisco, CA, in the United States, and the External Development Summit held in Vancouver, BC, in Canada. Engagement at these events allows the Group's employees to gain industry specific know-how and insight and form new business relationships from meeting with other industry leaders. Depending on various factors such as performance and responsibilities involved, we also select certain managerial-level employees (such as project leaders) for external training to further hone their management skills and promote their long-term career development.

To maximise the quality and manage costs for each project, the Group typically adopts an effective team structure with a higher proportion of junior-level employees so that the cost of a project can be managed, thereby optimising the Group's profitability.

6. THE GROUP'S STRATEGY

The Group's key business strategies and future plans are as follows:

(a) **Increasing global presence**

The Group intends to further expand into overseas markets, including both developed and emerging markets, through which it hopes to further access the growth potential of the global game outsourcing market, which increased from US$1.8 billion in 2018 to US$3.7 billion in 2023.

The Group expects to increase its presence in global markets through leveraging its existing relationships with global game developers and various stakeholders, such as the Controlling Shareholder's network, the Group's customers, and game publishing platforms with whom the Group has established relationships. In particular, the Group will increase its business development and marketing efforts in regions such as Europe and the United States, which present potential growth opportunities for the Group to enhance its market share either through new business relationships with potential customers or securing more projects from existing customers.

The Group also plans to establish overseas subsidiaries and offices in the relevant jurisdictions where the Group hopes to grow its presence, including in the UK, Europe and the US, as well as further within the Asia region, including in Malaysia, the Philippines and Indonesia. In particular, the Group intends to expand its existing UK business development operations to create a hub from which to build its marketing presence in Western Europe and in order to filter and assess strategic acquisition opportunities.

(b) **Pursuing strategic acquisitions, joint ventures and strategic alliances to expand our scale and capacities.**

With over 20 years' experience in the game services industry, the Group has established itself as a leading game art outsourcing and development company in Asia. The Group aims to become a global leader in game art outsourcing services by strengthening its production capabilities and diversifying its customer base. A significant part of this strategy, in the near to medium term, comprises intended strategic acquisitions that add capacity and provide increased market presence, in particular in regions and with clients with which the Group seeks to increase its exposure such as Western regions and Japan.

The Group's acquisition strategy will mainly target two key objectives:

- to target Asian peers to solidify its regional presence and increase capacity; and
- to expand its presence in Western markets by developing a UK hub for business development in respect of Western clients and acquire smaller studios founded by experienced professionals in Western Europe.

To achieve these objectives, the Group will prioritise identifying companies with a different client base, varying major portfolio categories, an earnings track record, higher gross margins, and diverse management language capabilities. In addition, the Board intends to expand its presence in the UK to serve as a hub for enhanced engagement with Western clients and to assist with identifying and screening acquisition opportunities in Western Europe.

The Board has identified potential acquisition targets in line with this strategy and will seek to complete between one and three acquisitions in the 12 months following Admission. Through the completion of such acquisitions, the Board expects to increase headcount across the Group by between 100-500 employees within that period and increase its exposure to art design for console games developed by clients in Western regions.

The Board expects to make acquisitions at competitive valuations that will be earnings accretive to the Group's financial performance. The Company intends to fund such acquisitions predominantly by cash, though may include an equity component and/or debt funding at conservative levels.

Based on the Group's policies, the Group will assess each acquisition target and conduct relevant due diligence which is expected to include, legal, finance, tax, human resources and technology due diligence as deemed required. As the Company is listed on the SGX-ST and will be quoted on AIM from Admission, the Company will comply with the requirements under the Listing Manual Section B: Rules of the Catalist and the AIM Rules for Companies, as applicable, in relation to any acquisitions.

Upon completion of any acquisitions, the Company will undertake a series of pre-planned integration processes with the acquisition target, including internal controls, finance and accounting, business process and IT systems to seek to ensure integration is as seamless as possible and maximise potential synergies.

As at the date of this Document, the Company has not finalised terms or entered into any definitive agreements with any vendor in respect of its potential acquisition targets. There can therefore be no assurance or certainty that such acquisitions will be able to be completed or the timing thereof. The Board,

however, is confident, given its identified pipeline and industry knowledge and connections, that suitable acquisitions in line with the strategy outlined above can be identified and completed.

(c) **Exploring the use of AI and/or AI-related companies or businesses to improve and expand our art outsourcing capabilities.**

The Group operates in industries that are characterised by rapid technological change, particularly in areas such as artificial intelligence (AI), automation, and digital content creation. Following the rapid development of AI technologies globally, AI generated art has become increasingly common and widespread. The Group monitors the development of AI capabilities in the Art Outsourcing Segment, research their potential applications and explore the incorporation of AI-driven tools into the Group's existing processes that will complement and/or augment current efficiency and reduce operating costs. For further details on the Group's current AI development project, please refer to paragraph 4.4 (*AI Developments*) of Part I of this Document.

The Group is cognisant of the potential risks that may be related to the use of AI technology, such as possible infringement or misappropriation, and continues to work closely with clients to mitigate and manage such risks. Please refer to the risk factors set out in Part III (*Risk Factors*) of this Document for further detail.

Notwithstanding such risks the Board believes that the Group is well placed to capture the productivity enhancements that AI offers and sees this as an opportunity rather than a threat to its core business.

The Group intends to devote approximately £180,000 from the net proceeds raised from the Placing to invest in and explore certain AI capabilities in its Art Outsourcing Segment. Please refer to the Use of Proceeds set out in paragraph 9 (*Use of Proceeds*) of Part I of this Document for further detail.

7. FINANCIAL INFORMATION

7.1 *Selected Historical Financial Information*

Set out below is selected, summary consolidated financial information for the years ended 31 December 2021, 31 December 2022 and 31 December 2023, which has been extracted from the Company's published audited historical financial statements, and for the six month period ended 30 June 2024, which has been extracted from the Company's published unaudited condensed consolidated interim financial statements. This financial information is set out in Part IV (*Historical Financial Information*) of this Document. Investors should read the whole of the Company's published historical financial information and should not rely solely on the summarised information set out below.

	Year ended 31 December 2021 Audited US$m	*Year ended 31 December 2022 Audited US$m*	*Year ended 31 December 2023 Audited US$m*	*Six months ended 30 June 2024 Unaudited US$m*
Revenue	23.69	24.50	29.28	15.23
Gross Profit	7.73	6.45	9.33	4.24
Adjusted EBITDA[(1)(3)]	3.99	2.53	5.30	2.23
Depreciation	(0.85)	(1.39)	(1.72)	(0.89)
Amortisation of acquired intangibles	(0.11)	(0.07)	(0.07)	(0.05)
Adjusted EBIT[(1)(3)]	3.03	1.07	3.51	1.29
EBIT[(2)(3)]	3.03	0.84	1.51	1.05
Interest expense	(0.03)	(0.06)	(0.09)	(0.04)
Profit before tax	3.00	0.78	1.42	1.01
Tax charge	0.15	0.26	0.36	(0.10)
Profit after Tax	3.15	1.04	1.78	0.91

(1) Adjusted for one-off capital markets transaction, share-based compensation, and acquisition expenses.

(2) Interest income has not been adjusted for when calculating EBIT, as such interest income has been derived predominantly from cash generated from operating activities and therefore deemed by the Company to be akin to operating income in substance.

(3) Non-IFRS financial information including "Adjusted EBITDA", "Adjusted EBIT" and "EBIT" are not measures of operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

Revenue increased to US$29.3 million in the year ended 31 December 2023 (year ended 31 December 2022: US$24.5 million), driven by an increase of US$2.1 million in revenue from the Art Outsourcing Segment as a result of contracts from new customers in South Korea and the United States, which was in line with the Group's strategy to grow its market presence geographically. Revenue from the Game Development Segment also increased by US$2.8 million in the year to 31 December 2023 due to new projects from existing and new clients, as well as the relaxation of regulations on game developers and approvals for gaming licences in Mainland China.

Profit after tax fell to US$1.04 million in the year to 31 December 2022 predominantly due to the temporary suspension of granting new gaming licences in Mainland China which caused a decline in the demand for the Company's game development services. During the same period, the Group incurred increased cost of sales of US$18.05 million, leading to a fall in its gross profit margin from 32% in 2021 to 26% in 2022, as the Group expanded its headcount in anticipation of increased activities which did not materialise as the temporary suspension took effect. The Company was still able to achieve revenue growth through this period given its diverse client base and, following the ending of the suspension in April 2022, as demand for the Company's services in Mainland China rebounded and the Company was able to utilise its workforce in a more cost-effective manner, profit after tax improved to US$1.78 million in the year to 31 December 2023, which is stated after the deduction of listing cost expenses of US$2 million in relation to the Catalist Listing.

Cost of sales primarily relate to wages and salaries, and other employee-related costs. The increase in cost of sales over the three audited periods above is predominantly due to the increase in headcount across the periods.

Distribution and marketing expenses are mainly comprised of employee-related costs in the distribution and marketing department, as well as various depreciation and amortisation expenses. The increase in the year to 31 December 2023 was largely due to the Group's increased marketing and distribution activities aimed at expanding market share and increasing sales volume. Such efforts included adding sales staff, and promotional activities to penetrate into the Europe, America, and Asia markets.

Administrative expenses are largely made up of human resources, finance and legal function related costs, administrative related depreciation and amortisation expenses, and costs in relation to the Catalist SGX-ST listing. The increase in the year to 31 December 2023 was mainly due to the various expenses incurred in relation to the Company's listing on the Catalist SGX-ST amounting to US$2.0 million.

7.2 Current Trading

The Company's unaudited interim results for the six month period ended 30 June 2024 can be found at Part IV (*Historical Financial Information*) of this Document. For the period from 30 June 2024, being the date to which the Historical Financial Information in Part IV (*Historical Financial Information*) of this Document has been prepared, to the date of this Document, the Company has continued to trade in line with management's expectations and has incurred general operating expenses in line with its budget, with indicative orders from the Company's customers providing the Board with confidence in the continuing growth of the Company as it moves into 2025.

8. DETAILS OF THE PLACING

Up to 52,666,667 Placing Shares will be placed on behalf of the Company pursuant to the Placing, representing a total of 11.96% of the Share Capital and raising approximately £5.97 million for the Company net of estimated expenses of £1.93 million.

The Placing Shares will be issued to the relevant placees on Admission.

The Placing Shares will, on Admission, rank *pari passu* in all respects with the Existing Shares, including the right to receive dividends and other distributions declared, made or paid in respect of the Shares. The Placing Shares will be issued free of any expenses and stamp duty. The Placing Shares are in registered form, and the Share Capital will be free from restrictions on transfer and be freely transferable.

Pursuant to the Placing Agreement, SP Angel has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares. The Company and the Directors have given certain warranties (and the Company has given an indemnity) to each of Strand Hanson and SP Angel, all of which are customary for this type of agreement.

Each of the Directors who will hold Shares following Admission have entered into lock-in and orderly market arrangements pursuant to the Lock-In Deeds as set out below in paragraph 13 (*Lock-In Deeds and Orderly Market Arrangements*) of this Part I and paragraph 15.1.4 (*Lock-In Deeds and Orderly Market Agreements*) of Part VI (*Additional Information*) of this Document.

Under the Cornerstone Subscription Agreement entered into between the Company and Acer Gaming, Acer Gaming has undertaken to subscribe for, in aggregate, 40,000,000 Placing Shares to be issued by the Company under the Placing at the Placing Price. Further details of the Cornerstone Subscription Agreement is set out below in paragraph 15.1.6 (*Cornerstone Subscription Agreement*) of Part VI (*Additional Information*) of this Document.

The Placing which is not underwritten or guaranteed, is conditional, *inter alia*, on:

(a) the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms before the day of the issue of the Placing Shares;

(b) the Placing Shares having been unconditionally allotted and issued on the UK Business Day prior to the date of Admission; and

(c) Admission occurring no later than 8:00 a.m. on 14 November 2024 (or such later date as Strand Hanson, SP Angel and the Company may agree, being no later than 8:30 a.m. on 29 November 2024).

Each of Strand Hanson and SP Angel is entitled to terminate the Placing Agreement and not proceed with the Placing at all prior to completion of the Placing only prior to Admission if, prior to completion of the Placing or Admission respectively, certain events occur including circumstances where any of the warranties are found to be untrue, inaccurate or misleading or the occurrence of certain force majeure events. If such right is exercised by either Strand Hanson or SP Angel, the Placing will lapse and any monies received in respect of the Placing will be returned to investors without interest.

Further details of the Placing Agreement are set out in paragraph 15.1.1 (*Placing Agreement*) of Part VI (*Additional Information*) of this Document.

The Shares have not been, and will not be registered, under the US Securities Act or with any regulatory authority of any state or other jurisdiction of the US and may not be offered or sold within the US.

9. USE OF PROCEEDS

The Placing is expected to raise up to approximately £7.9 million (before expenses). After the remaining expenses of the Placing and Admission, estimated to be approximately £1.93 million in total, the Company is expected to receive approximately £5.97 million from the Placing.

When aggregated with the Company's unaudited cash balance of approximately £24.11 million as at 31 October 2024, the Group shall have pro forma net cash of approximately £30.08 million.

The Group intends to utilise approximately the net proceeds of the Placing as follows:

Allocated Use of Proceeds	**Net Proceeds (£' million)**	**As a % of the Placing net proceeds**
To continue actively pursuing strategic acquisitions, alliances and joint ventures in Asia and Europe to grow the Group's market share and increase operational capacity	approximately £5.61 million	94.0%
To establish a stronger presence and broaden the Group's customer base in the North America and European markets, including (i) increasing the Group's marketing and business development efforts; (ii) establishing a UK-based regional hub; and (iii) pursuing acquisitions of smaller studios in this region	approximately £0.18 million	3.0%
Enhancement of the Group's current operational capabilities, which includes continuous development and improvement of the Group's AI capabilities	approximately £0.18 million	3.0%
Total	approximately £5.97 million	100.0%

10. DIRECTORS AND SENIOR MANAGEMENT TEAM

The Company's Directors and senior management collectively have experience in the gaming, information technology, corporate finance and the investment banking sectors.

From Admission, the Board will consist of two Executive Directors and five Non-Executive Directors, of which four are deemed by the Board to be independent. Brief biographies of the Directors and

proposed Directors are set out below. Paragraph 7 (*Additional Information on the Directors*) of Part VI (*Additional Information*) of this Document contains details of current and past directorships and certain other information relating to the Directors. The Directors have ultimate responsibility for managing the Company's business in accordance with its Memorandum and Articles and assessing the appropriateness of its investing policy and strategy.

The details of the Directors and senior management are set out below.

10.1 ***Directors***

The Directors are as follows:

Mr. Lim Heng Choon, Proposed Independent and Non-Executive Chairman (currently Lead Independent and Non-Executive Director) (aged 53)

Mr. Lim Heng Choon was appointed as an Independent Director on 17 May 2023 and was re-designated as the Lead Independent and Non-Executive Director on 21 July 2023. On Admission, Mr. Lim Heng Choon will assume the role of Independent and Non-Executive Chairman. Since 2022, he has served as Chief Financial Officer and executive director of Centific Global Solutions, Inc (formerly Pactera Technologies NA, Inc.) as well as the founder and managing director of Hyperion Connect Pte. Ltd, a boutique consulting firm focusing on corporate advisory projects. Mr. Lim started his career at the Boston Consulting Group before joining Southern Bank Berhad and then Hisoft Technology International Limited, where he served in a multitude of roles including, Head of Strategic Planning/Corporate Development, Acting Chief Financial Officer, Chief Operating Officer and M&A Advisor. Mr. Lim also co-founded International Liquid Packaging Solutions Pte. Ltd., a start-up company in the business of industrial green packaging. Mr. Lim graduated from Monash University in 1996 with a Bachelor of Engineering before obtaining a Master's in Business Administration from the Kellogg School of Management, Northwestern University in 2001.

Mr. Johnny Jan, Founder and Chief Executive Officer (aged 48) (currently Executive Chairman, with such role to be assumed by Mr. Lim Heng Choon from Admission)

Mr. Johnny Jan is the Founder and CEO of the Group. On Admission, Mr. Jan will step down as Executive Chairman but retain the role of Chief Executive Officer of the Company. Mr. Jan has over 25 years of experience in the art outsourcing and game development industries, having started his career in Japan before launching WindThunder Era Co., Ltd in 2000. In 2004, he founded the Group's art outsourcing and game development studios in Mainland China, prior to the incorporation of the Company in 2005. He then grew the Group's footprint across the rest of East and Southeast Asia. He is also a director of the Taiwan Game Industry Promotion Alliance. Mr. Jan obtained a Bachelor's degree in business administration from the Central University of Taiwan in 2000 and a Master's degree in Business Administration from The National University of Singapore in 2024.

Mr. Oliver Yen, Finance Director and Group Chief Financial Officer (aged 56)

Mr. Oliver Yen joined the Group in 2014 and has more than 20 years of experience within the game development and game publishing industry. Mr. Yen will be appointed as a director of the Company with effect from Admission. Mr. Yen has been responsible for all finance related areas since joining the Group, overseeing its treasury function, audit and taxation matters. From 2000 to 2013, he was the Vice General Manager of the General Management Office in Softstar Entertainment Inc., a Taiwanese listed game development and game publishing company. Mr. Yen currently serves as independent non-executive director for two listed companies in Taiwan, Otsuka Information Technology Corp. and Patec Precision Industry Co., Ltd.. Mr. Yen graduated from the Tunghai University School of Management with a Bachelor's degree in Business Administration.

Mr. Kao Shu-Kuo, Non-Executive Director (aged 55)

Mr. Kao Shu-Kuo is the Chairman of the board of directors in Acer Gaming Inc. and was appointed to the Board of Directors of the Company on 17 May 2023. He started his career at the Acer Group in 1995 and in November 2018, he took on the role of Chief Operating Officer for Acer Incorporated and General Manager of its IT products business. He graduated from the Chung Hsing College of Law and Business - Institute of Corporate Management with a Master's degree in 1993.

Mr. Chang Yi-Hao, Independent and Non-Executive Director (aged 49)

Mr. Chang Yi-Hao was appointed to the Board on 29 September 2021. Previously, Mr. Chang was the President of Kunlun Gaming, which is one of the business units within Kunlun Tech Co., Ltd., a global

gaming distribution company, where he managed the marketing and operations teams across Asia. There, he acted as the primary liaison with platforms such as the Apple Store, Google Play, and Facebook and for secured licensing of internationally renowned games and intellectual properties for distribution in the Chinese market. Mr. Chang then founded Howard Marketing Co., Ltd, an Internet marketing and media agency. Mr. Chang obtained a Bachelor's degree from the Tsinghua University of Taiwan (Department of Electrical Engineering/Department of Economics) in 1997 before obtaining a Master's in business administration from the National Taiwan University, Graduate School of Business in 2001.

Mr. Yang Wu Te, Independent and Non-Executive Director (aged 66)

Mr. Yang Wu Te was appointed to the Board on 17 May 2023. Mr. Yang is an experienced private banking executive, having held several leadership positions at international financial institutes including Bankers Trust Co. Ltd. (now Deutsche Bank), the Private Banking Group, The Chase Manhattan Bank N.A. (now JPMorgan Chase & Co), Taishin International Bank and Merrill Lynch International Bank Limited. Between 2013 and 2020, Mr. Yang served as Executive Director/Relationship Manager of the private banking arm of Bank Julius Baer & Co. Ltd. Mr. Yang graduated from the China College of Municipal Administration, Taiwan in 1979 with a certificate in Business and Industrial Administration.

Mr. Daniel Widdicombe, Independent and Non-Executive Director (aged 58)

Since 2021, Mr. Widdicombe has served as Chief Financial Officer of Devolver Digital Inc., a U.S. video game publisher and developer listed on AIM. Mr. Widdicombe will be appointed as a director of the Company with effect from Admission. Previously, Mr. Widdicombe was Head of Investment Banking at China Construction Bank in London, the CFO at both Chinadotcom Ltd., listed on NASDAQ, and I-Quest Corporation Ltd. and a Managing Director at Bear Stearns. His experience also includes acting as Independent Non-Executive Board Director at AVIC-CCBI Aviation Industry Investment Fund Management GP Ltd. and Corgi International Ltd., listed on NASDAQ as well as Non-Executive Director at Middle Earth Advertising Ltd.. Mr. Widdicombe holds a MA Honours degree in Mandarin Chinese from the University of Edinburgh.

10.2 ***Senior Management***

Ms. Tina Li, General Manager of Art Outsourcing Segment (aged 46)

Ms. Tina Li is the General Manager of the Art Outsourcing Segment. She is responsible for overseeing the expansion and growth of the Group's businesses. She began her career in Nanjing Solitary Advertising Design Co., Ltd as a graphic designer from March 2000 to February 2001, before joining Xiamen Xin Rui Shi Multimedia Co., Ltd (Nanjing Office) as an art designer from March 2001 to December 2003. She subsequently joined the Group in December 2003 as an art designer, becoming an employee of Shanghai Winking upon its incorporation in January 2004 before being promoted to the role of General Manager of Shanghai Winking's Nanjing branch, a position which she held from August 2004 to January 2010. From January 2010 till present, she has been the General Manager of Nanjing Winking. She has also been the head of the Art Outsourcing Segment from January 2021 to present. Ms. Li is also the registered person in-charge of each of Nanjing Winking, the Nanjing Branch of Shanghai Winking and the Shanghai Branch of Nanjing Winking. She obtained a Master's degree in Software Engineering from Shanghai Fudan University in 2011.

11. **DIVIDENDS**

11.1 ***Dividend Policy***

In establishing the Group's dividend policy, the Board’s target will be to maximise total shareholder return, which it feels can be achieved in the short to medium term through primarily focusing on business growth. The Board therefore expects that the majority of the Group's earnings will be applied towards the further growth of the business both organically and through acquisition, however it intends to implement a conservative annual dividend policy from Admission with approximately 5-15% of its annual distributable profits expected to be distributed by way of an annual dividend. The quantum and payment of future dividends will remain at the Board's discretion and subject to the restrictions in paragraph 11.2 below. The Group may revise its dividend policy from time to time.

Subject to the Cayman Islands Companies Act and the Memorandum and Articles, the Shareholders in general meeting may, from time to time, declare a dividend but no dividend shall be declared in excess of the amount recommended by the Directors. The Board may, without the approval of the Shareholders, also declare an interim dividend. All dividends will be paid in accordance with the Memorandum and Articles

and the laws of the Cayman Islands.

The following table indicates the dividends provided during each of the financial years ended 31 December 2021, 2022 and 2023.

	FY2021	FY2022	FY2023[2]
Dividends per Share (Singapore cents)[1]	0.1	-	0.5

Note:

(1) Adjusted to be based on the total issued share capital as at the Latest Practicable Date.

(2) The dividend declared in 2023 comprised (i) a scrip dividend which resulted in the issue of 5,000,000 ordinary shares of a par value of NTD10 each; and (ii) a special dividend of S$0.005 per ordinary share.

11.2 *Reserves to be made prior to distributions by Winking Entertainment Corporation and On Point Creative Co., Ltd.*

Pursuant to their respective articles of association, before Winking Entertainment Corporation and On Point Creative Co., Ltd. may declare any distributions to their shareholders, they must set aside (i) a reserve for payment of tax, (ii) an amount to offset losses incurred in previous years and (iii) 10% as a statutory reserve. In addition to the above, Winking Entertainment Corporation must set aside between 1% to 10% of any annual profits for the purpose of employees' remuneration and no more than 2% of any annual profits for the purpose of directors' remuneration. On Point Creative Co., Ltd. must set aside at least 1% of any annual profits for the purpose of employees' remuneration.

12. CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance, which should be commensurate with the size and complexity of the Group, appropriate for the Group following Admission, and in the interests of the Shareholders. The Directors consider that the Company complies with the Singapore Code of Corporate Governance, and intend to continue to comply with it following Admission.

The Board is responsible for the overall management of the Group, including the formulation and approval of the Group's long-term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of internal control and risk management systems and the implementation of the Group's strategy, policies and plans. While the Board may delegate specific responsibilities, there is a formal schedule of matters specifically reserved for decision by the Board. Such reserved matters include, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board meets regularly to review performance and will meet at least four times each year.

On Admission, the Board will comprise seven Directors, two of whom shall be executive Directors and five of whom shall be non-executive directors, reflecting a blend of different experience and backgrounds. Mr. Lim Heng Choon, Mr. Chang Yi-Hao, Mr. Yang Wu Te and Mr. Daniel Widdicombe are considered independent and non-executive, and, as such, the majority of the Board is comprised of independent non-executive directors. Mr. Johnny Jan is considered as non-independent because he is the CEO of the Company and also has an aggregate interest in approximately 6.08% of the issued shares in the Company (prior to Admission). Mr. Oliver Yen is considered as non-independent because he is the Group Chief Financial Officer and will be the Finance Director and Group Chief Financial Officer on Admission and also has an aggregate interest in approximately 0.63% of the issued shares in the Company (prior to Admission). Mr. Kao Shu-Kuo is presently the Chairman of the Board of Directors of Acer Gaming and accordingly is not deemed to be independent.

Whilst the Company intends to continue to follow and report against the Singapore Corporate Governance Code from Admission in accordance with Rule 26 of the AIM Rules for Companies, the Board believes that the Company will, on Admission, also be aligned with the principles set out in the QCA Corporate Governance Code.

12.1 Board Committees

The Company has established an Audit, Risk and Disclosure Committee, a Nominating Committee, a Remuneration Committee and an AIM Compliance Committee.

The Audit, Risk and Disclosure Committee has Mr. Lim Heng Choon as the chairman, and has primary

responsibility, *inter alia*, for assisting the Board of Directors in discharging its statutory responsibilities on financial and accounting matters, reviewing the assurance from the Chief Executive Officer and the Chief Financial Officer on the financial records and financial statements of the Company. The Audit, Risk and Disclosure Committee meets with internal and external auditors, in each case without the presence of management, at least once a year. Mr. Yang Wu Te, Mr. Chang Yi-Hao (and from Admission, Mr. Daniel Widdicombe) are the other members of the Audit, Risk and Disclosure Committee.

The Nominating Committee has Mr. Yang Wu Te as the chairman, and is responsible for, *inter alia*, making recommendations to the Board of Directors on relevant matters relating to the review of Board succession plans for Directors. Mr. Lim Heng Choon and Mr. Chang Yi-Hao are the other members of the Nominating Committee.

The Remuneration Committee has Mr. Chang Yi-Hao as the chairman, and is responsible for, *inter alia*, reviewing and recommending to the Board of Directors, in consultation with the Chairman of the Board of Directors, a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Company who are not Directors or the CEO and reviewing and recommending to the Board of Directors the specific remuneration packages for each of the Directors and Key Management Personnel. Mr. Yang Wu Te and Mr. Lim Heng Choon are the other members of the Remuneration Committee.

The AIM Compliance Committee has Mr. Daniel Widdicombe as the chairman, and is responsible for, *inter alia*, monitoring and reporting on compliance with the AIM Rules for Companies. Mr. Chang Yi-Hao and Mr. Lim Heng Choon are the other members of the AIM Compliance Committee.

12.2 *Share Dealing Code*

The Company has adopted a share dealing code for dealings in securities of the Company by Directors and certain employees which is appropriate for a company whose shares are traded on AIM and SGX. This constitutes the Company's share dealing policy for the purpose of complying with applicable UK legislation, including the Market Abuse Regulation and applicable Singapore legislation, including pursuant to the SFA.

The insider dealing legislation set out in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, will apply to the Company and dealings in Shares, alongside the relevant provisions of Singapore law.

12.3 *Other Policies*

The Group has also adopted a number of customary governance policies including a disclosure policy, corporate sustainability policy, whistleblowing policy, anti-bribery and anti-corruption policy, compliance monitoring policy and anti-fraud and anti-money laundering policy.

13. LOCK-IN DEEDS AND ORDERLY MARKET ARRANGEMENTS

Acer Gaming, Acer SoftCapital Inc., the Directors and Tina Li who will hold Shares following Admission have undertaken to Strand Hanson, SP Angel and the Company not to dispose of any interests in Shares owned by them (subject to certain limited exceptions), for one year from the date of Admission , and for a further period of 12 months following the expiry of the initial 12 month period, other than in agreed circumstances, to effect all sales, transfers and other disposals of their Shares through SP Angel or such other person as may be the broker of the Company from time to time, and in such manner as they may reasonably require with a view to the maintenance of an orderly market in Shares.

Each of Flying Way International Corp. and Mr. Cho Tai-Wei (being one of the Flying Way International Shareholders), have undertaken to Strand Hanson, SP Angel and the Company, for a period of 12 months from the date of Admission, other than in agreed circumstances, to procure that all sales, transfers or other disposals of their Shares are effected only through SP Angel or such other person as may be the broker of the Company from time to time, and in such manner as they may reasonably require with a view to maintaining an orderly market in the Shares.

Such undertakings are in place in respect of 336,477,972 Shares in total, representing 76.41% of the Share Capital on Admission.

Further details of these arrangements are set out in paragraph 15.1.4 (*Lock-In Deeds and Orderly Market Agreements*) of Part VI (*Additional Information*) of this Document.

14. RELATIONSHIP AGREEMENT

The Company has entered into the Relationship Agreement with Acer Gaming and Acer SoftCapital Inc.

to regulate aspects of the continuing relationship between the Group and Acer Gaming. In particular, for so long as Acer Gaming and Acer SoftCapital Inc. (together with their associates (within the meaning of the AIM Rules for Companies)) hold an aggregate interest in voting rights representing 20% or more of the voting rights attaching to the Shares and the Shares remain admitted to trading on AIM, Acer Gaming and Acer SoftCapital Inc. each undertake, amongst other things to ensure that the Group is capable at all times of carrying on its business independently and that transactions between the parties are on arm's length basis terms and on normal commercial terms.

Further details of the Relationship Agreement are set out in paragraph 15.1.3 (*Relationship Agreement*) of Part VI (*Additional Information*) of this Document.

In accordance with the Catalist Rules, certain transactions between the Group and the Acer Group are also procedurally governed by an annually approved "IPT General Mandate", further details of which are set out in paragraph 16.1 (*Related Party Transactions*) of Part VI (*Additional information*) of this Document.

15. SHARE INCENTIVES

On 27 September 2023, the Shareholders adopted the Winking Studios Performance Share Plan.

The Winking Studios Performance Share Plan is a share incentive scheme. The Winking Studios Performance Share Plan has been adopted on the basis that it is important to retain talent whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding Participants who have contributed to the growth of the Group. The Winking Studios Performance Share Plan will give Participants an opportunity to have a personal equity interest in the Company.

The objectives of the Winking Studios Performance Share Plan are as follows:

(a) to retain key employees and executive Directors of the Group whose contributions are essential to the long-term growth and profitability of the Group;

(b) to instil loyalty to, and a stronger identification by the Participants with the long-term goals of, the Company;

(c) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders; and

(d) to align the interests of the Participants with the interests of the Shareholders.

According to the Winking Studios Performance Share Plan, the issuance of shares to employees of Winking Studios may occur in two scenarios: (1) Awards related to the development of the Winking Studios Group; and (2) Awards related to acquisitions.

In respect of Awards related to the development of the Winking Studios Group, the basis on which Awards may be granted under the Winking Studios Performance Share Plan will be aligned to the short, medium and long-term development goals for Winking Studios, taking into account the time needed to achieve those goals, the key employees to be involved, the key performance indicators that employees must meet and the number of shares to be awarded for such key employees.

Acquisition based Awards be considered on a case-by-case basis in order to incentivise the management team of the target company to continue to manage the target company effectively, endeavouring to consistently deliver strong performance for the Group following the relevant acquisition. The basis on which such Awards may be granted under the Winking Studios Performance Share Plan will be aligned to the short, medium and long-term development goals for the relevant target company, taking into account the actual operational status of the target company, the timeline required to achieve the relevant development goals, the key personnel or employees that will need to be involved in achieving those goals, the key performance indicators that those employees must meet and the number of Shares to be awarded for such key employees.

Any new Awards to be proposed would be determined following: (1) a review of a financial simulation prepared for the purpose, including in respect of the financial impact of the Awards for future years and the proportion of such impact relative to the Group's future projected profit and loss; (2) consideration by Independent Directors on the Remuneration Committee; and (3) consideration by the Board (including the Independent Directors).

On 8 April 2024, 20,808,000 Awards were granted to employees under the Winking Studios Performance Share Plan, of which a total of up to 12,580,000 Shares have been granted to Mr. Johnny Jan. Vesting conditions are up to 7 years of service.

Save as above, no other Awards have been granted under the Winking Studios Performance Share Plan as at the date of this Document.

In the event all Awards granted under the Winking Studios Performance Share Place vest, this would be 20,808,000 Shares, representing 4.73% of the Share Capital of the Company as at Admission.

Further details on the Winking Studios Performance Share Plan are set out in paragraph 10 (*Share Incentive Arrangements*) of Part VI (*Additional Information*) of this Document.

16. SINGAPORE TAKEOVER CODE AND CATALIST RULES

The Singapore Takeover Code is issued by the MAS pursuant to Section 321 of the SFA. The Singapore Takeover Code applies to take-over offers of companies which are incorporated outside Singapore and all or any of the shares of which are listed for quotation on a securities exchange (as approved by the MAS under the SFA). Accordingly, the Singapore Takeover Code will apply to take-over offers for the Shares for so long as the Company has a primary listing of the Shares on the SGX-ST. The Singapore Takeover Code is administered and enforced by the Securities Industry Council of Singapore ("**SIC**"). The Company will not be subject to the provisions of the UK Takeover Code as the Company is incorporated in the Cayman Islands.

Article 176 of the Memorandum and Articles provides that for so long as the Shares are listed on the SGX-ST, the provisions of Sections 138, 139 and 140 of the SFA and the Singapore Takeover Code, including any amendment, modification, revision, variation or re-enactment thereof, shall apply, as far as possible, to all take-over offers in respect of the Shares.

Responsibility for ensuring compliance with the Singapore Takeover Code rests with parties (including company directors) to a take-over or merger and their advisors.

In addition, the Company will, from Admission, continue to comply with all relevant Singapore laws, listing rules and regulations, including, *inter alia*, the disclosure requirements and the listing requirements of the SGX-ST (as set out in the Catalist Rules) as well as with the AIM Rules for Companies. In the event of any inconsistency between laws, rules and/or requirements of either stock exchanges or jurisdictions, the Company shall comply with the higher standard imposed by any law, rule and/or requirement.

For reference, a summary of the salient Catalist Rules and AIM Rules applicable to the Company after Admission is set out in the Shareholder circular published by the Company on 4 October 2024, which is available on the Company's website. This summary serves as a general guidance only and is not intended to be a comprehensive or exhaustive description of all the relevant laws, rules and regulations of Singapore, the Cayman Islands, England & Wales and Bailiwick of Jersey, nor can it be relied on as legal advice or any other advice to Shareholders of the Company.

Further details of the requirements of the Singapore Takeover Code are set out in paragraph 12 (*Singapore Takeover Code and Mandatory Offers*) of Part VI (*Additional Information*) of this Document.

17. MEMORANDUM AND ARTICLES AND SHAREHOLDER NOTIFICATION AND DISCLOSURE REQUIREMENTS

In accordance with the recommendation under the AIM Rules, subject to Admission, the Memorandum and Articles which will be in force at Admission will include the provisions of DTR 5. Consequently, on and from Admission, Shareholders will be required to disclose to the Company the level of their interests in Shares in accordance with the Memorandum and Articles and the provisions set out in DTR 5. Further details regarding the Memorandum and Articles, including notification and disclosure requirements contained in the Memorandum and Articles are summarised in paragraph 5 (*Memorandum and Articles*) of Part VI (*Additional Information*) of this Document.

In addition, the Company's Substantial Shareholders are subject to notification requirements under the SFA. Under the SFA, a Substantial Shareholder of a company listed on the SGX-ST is required to give written notice to the listed corporation when it (i) becomes a Substantial Shareholder; (ii) where there is a change in the percentage level of its interests while it remains as a Substantial Shareholder and (iii) when it ceases to be a Substantial Shareholder, and a Director is required to, amongst others, give written notice to the listed corporation of particulars of securities in the Company held by himself which he holds or in which he has an interest in and the nature and extent of the interest, as well as any change in respect of the foregoing particulars. In the case of a Substantial Shareholder, notification is required to be given to the Company within two Singapore Business Days after the person becomes aware that he has become or that he has ceased to be a Substantial Shareholder, or within two Singapore Business Days after he becomes aware of the change in the percentage level of his interests. In the case of a Director, notification

is required to be given to the Company within two Singapore Business Days after the date on which the Director becomes a Director of the Company or the date on which the Director becomes a holder of or acquires an interest in the securities (whichever last occurs), or within two Singapore Business Days after an acquisition or disposal of, or a change in, his interest in the securities or relevant securities-based derivatives contracts of the Company.

Shareholders should consider their notification and disclosure obligations carefully.

18. TAXATION

The attention of prospective investors is drawn to the information regarding taxation set out in paragraph 11 (*Taxation*) of Part VI (*Additional Information*) of this Document. This information is intended only as a general guide to the current tax position under taxation laws in certain stated jurisdictions. If an investor is in any doubt as to his or her tax position or is subject to tax in a jurisdiction other than the stated jurisdictions, he or she should consult his or her own independent financial adviser immediately, as the tax position in the jurisdiction of an investor may have an impact on the income they receive from the securities or relevant securities-based derivatives contracts of the Company.

19. RISK FACTORS

Your attention is drawn to the information under the heading "*Forward Looking Statements*" in the "*Important Information*" section of this Document, the risk factors set out in Part III (*Risk Factors*) of this Document and the information contained in Part VI (*Additional Information*) of this Document. In addition to all other information set out in this Document, potential investors should carefully consider the risks described and information contained in those sections before making a decision to invest in the Company.

20. ADMISSION, SETTLEMENT, CREST AND DEALINGS

Application will be made to the London Stock Exchange for the Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the new Shares will commence at 8.00 a.m. on 14 November 2024.

Following Admission, share certificates representing the new Shares are expected to be despatched by post to subscribers who wish to receive new Shares in certificated form, as to be recorded on the Jersey branch register, by no later than 10 UK & Jersey Business Days following Admission and depository interests ("**DIs**"), representing an interest in a corresponding number of Shares, will be delivered in CREST immediately following Admission.

In respect of subscribers for Placing Shares who have requested to receive new Shares in uncertificated form, new Shares, in the form of DIs, will be credited to their CREST stock accounts at or around 8.00 a.m. (U.K. time) on 14 November 2024. In the case of subscribers for Placing Shares who have requested to receive new Shares in certificated form, it is expected that share certificates will be despatched by post at the risk of the subscriber no later than 28 November 2024.

No temporary documents of title will be issued. All documents sent by, to or on behalf of a subscriber for Placing Shares who elects to hold Shares in certificated form, or at his or her direction, will be sent through the post at the subscriber's risk. Pending the despatch of definitive share certificates, transfers will be certified against the Jersey branch register of members of the Company. The Company reserves the right to issue any Shares in certificated form should it consider this to be necessary or desirable.

21. DEPOSITARY INTERESTS AND TRANSFERABILITY OF SHARES BETWEEN SGX-ST AND AIM

At present, the Company's Existing Shares are only listed and traded on the SGX-ST and are trading under the book-entry settlement system of the Central Depository (Pte) Limited (CDP).

To be admitted to trading on AIM, securities must be able to be transferred and settled through the CREST system, which is a computerised paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the CREST Regulations.

Since the Company is incorporated under the laws of the Cayman Islands, the Shares cannot be held or transferred directly through the CREST system. The Company has therefore appointed a depositary in the UK, Computershare Investor Services PLC (the "**UK Depositary**"), in order for investors to hold and transfer interests in Shares within CREST, pursuant to a depositary interest arrangement established by the Company. DIs established pursuant to the depository interest arrangement will be issued to investors

who wish to hold their entitlement to Shares in electronic form within the CREST settlement system. While the Shares shall be traded on AIM, settlement of those trades will be in the form of transfers of DIs. The DIs are not themselves listed or traded on AIM (the Shares are) and are an interest created under English law representing the underlying Shares (on a one-for-one basis) which can be settled electronically following Admission. The Company has applied for the DIs representing the Shares to be admitted to CREST with effect from Admission.

CREST is a UK electronic paperless share transfer and settlement system, which allows shares and other securities, (including DIs), to be held in electronic rather than paper form. Please note that CREST is a voluntary system and holders of shares who wish to receive and retain share certificates will also be able to do so. Further details of the depositary arrangements are set out in paragraph 17 (*Clearing and Settlement*) of Part VI (*Additional Information*) of this Document.

Further information regarding the depositary arrangement and the holding of Shares in the form of DIs is available from the UK Depositary. The UK Depositary may be contacted in writing at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE.

For more information concerning CREST, Shareholders should contact their brokers or Euroclear UK & International at 33 Cannon Street, London EC4M 5SB or by telephone on +44 (0)207 849 0000.

Upon Admission, the Shares will be transferrable and tradeable on the two stock exchanges (i.e. SGX-ST and AIM).

22. ADDITIONAL INFORMATION

You should read the whole of this Document and not just rely on the information contained in this Part I.

Your attention is drawn to the information set out in Parts II (*Market and Regulatory Overview*) to VI (*Additional Information*) (inclusive) of this Document which contain further information on the Group.

PART II. MARKET AND REGULATORY OVERVIEW

1. MARKET OVERVIEW

1.1 *Overview of the Global Gaming Industry*

The global game art outsourcing market size increased from 2018 to 2023, with the mobile sector of the global game art outsourcing industry registering the highest CAGR between 2018 and 2023 due to the rapid development of mobile games, increased demand for higher quality mobile games and increased demand for art outsourcing services in relation to mobile games. With game companies needing to continuously improve the gameplay experience for players, through higher quality graphics, interactivity and other aspects of games, there is an increasing expenditure on game art. With increasingly more new games launched globally and more resources being allocated to game development, game art expenditure recorded US$10.7 billion across all categories in 2023 as game development companies' pursuit of higher quality graphics.

Definition and categories of games

Games are structured forms of play, usually undertaken for entertainment. Games can be classified into various categories based on, *inter alia*, the gaming platforms and game genres, etc. In terms of a classification based on the gaming platform, games can largely be categorised into (a) console games; (b) PC games; and (c) mobile games.

Comparison of games, classified by platform

Game category	**Console games**		**PC games**		**Mobile games**	
Sub-category	Home console games	Handheld console games	Downloaded/boxed games	Browser games	App games	HTML5 games
Development cycle	• More than five years		• Downloaded/boxed games take more than two years • Browser games take approximately six months		• Less than a year	
Compatibility	• Console games have poor hardware compatibility		• Browser games have better hardware compatibility		• Mobile games have the best compatibility compared to console and PC types of games	
Playtime by players	• Relatively longer playtime on console games as compared to the majority of mobile games		• Approximately three hours on downloaded/boxed games per day • Approximately 45 minutes on browser games per day		• More fragmented • Approximately 30 minutes per day	

Source*: CIC Report (August 2024)*

(i) *Console games*

Console games refer to games that are played on consoles. They can be further categorised into home console games (for example, Xbox and PlayStation) and handheld console games (for example, Switch).

(ii) *PC games*

PC games refer to games that are played on PCs (including laptops). PC games can be further sub-categorised into downloaded/boxed games and browser games. The downloaded/boxed games require the installation of software on computers whereas browser games can be accessed through a PC website.

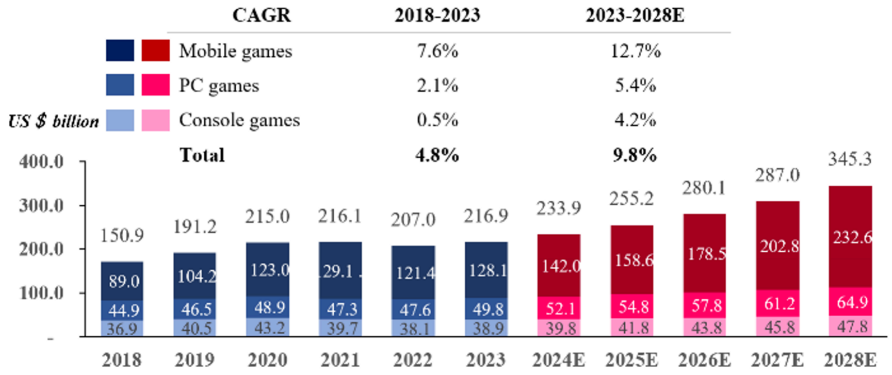
(iii) *Mobile games*

Mobile games refer to games that can be played on smartphones and tablets and usually are in the form of application games or HTML5 games, which are more accessible to players.

Market size of the global gaming industry

The global gaming industry generated US$216.9 billion in revenue in 2023, increasing from US$171.8 billion in 2018, representing a CAGR of 4.8% between 2018 and 2023. The COVID-19 pandemic contributed to the general increase in gaming activities as players spent more time playing games at home since outdoor activities were restricted. With the ongoing global recovery from the COVID-19 pandemic, the supply chain disruption that slowed the delivery of gaming hardware is easing. Tradeshows, conventions, exhibitions and conferences in the gaming industry have also resumed, which has accelerated the game development process. With the projected improvement of gaming hardware supplies and the shortening of delays in the game launches, the global gaming industry market size, in terms of revenue, is expected to reach US$345.3 billion in 2028, registering a CAGR of 9.8% between 2023 and 2028. The mobile gaming sector is expected to continue to lead the overall global gaming industry with a CAGR of 12.7% between 2023 and 2028.

The size of the global gaming industry, in terms of revenue, by platform, 2018-2028E



Source*: CIC Report (August 2024)*

In 2023, the global game industry rebounded, in part as a result of China resuming the issuance of new game licenses in 2022 and the future prospects of China's game industry are promising. APAC's gaming industry market size, which makes up a significant proportion of the global market, increased from US$89.0 billion in revenue in 2018 to US$107.3 billion in revenue in 2023, and is expected to further increase to US$179.6 in 2028 with a CAGR of 10.8%.

As the global economy gradually recovers, consumer confidence and disposable income are expected to increase, leading to an anticipated subsequent rise in spending on entertainment. Games, as an essential form of entertainment, naturally benefit from this trend. The gaming industry in North America and EMEA (Europe, Middle East, and Africa) regions has also seen a resurgence. North America's gaming industry market size increased from US$40.7 billion in revenue in 2018 to US$52.3 billion in revenue in 2023, representing a CAGR of 5.1%. It is expected that North America's gaming industry market size will reach US$83.4 billion in 2028.

Value chain of the global gaming industry

(i) *Game developers and outsourcing studios*

Game developers and outsourcing studios, including art outsourcing studios, programming outsourcing studios and others, are key participants in the gaming industry. Developers and outsourced experts are skilled agents who are responsible for the research, design and coding process in game production. They also provide game version updates and technical support based on feedback gathered from gamers and the market.

(ii) *Game publishers*

Game publishers are primarily responsible for the marketing, promotion, distribution and user-related services of games, as well as collaborating with game developers on the updating of and modifications to games based on gamers and/or market feedback. Game publishers launch games that are either developed by their in-house development team or third party game developers. Smaller-sized game studios are usually not capable of publishing games and would usually collaborate with larger companies or independent game publishers to do so.

(iii) *Distribution channels*

Distribution channels are platforms through which gamers have access to purchase games. For console games, game companies like Nintendo, Sony and Microsoft will typically have their own distribution channels. PC games can be distributed either by official channels or through third party channels. For example, Steam, Origin and Uplay are some of the key PC game distribution channels which are operated by major game companies. Other third party channels include the likes of Humble Store, which distributes a variety of PC games. Mobile games are typically distributed by third party channels, including, *inter alia*, Apple's App Store, Google Play and TapTap.

Value chain of the global gaming industry

Source: *CIC Report (August 2024)*

Competitive landscape of the global gaming industry

In 2023, the top 25 game companies accounted for 71.8% of the global gaming industry in terms of revenue. With many years of operation and engagement with top game developing companies, the Company has proven its ability and capacity to cooperate with them successfully in various projects and has established long-term working relationships with 22 of the top 25 game companies globally.

Top 25 game companies, in terms of revenue, Global, 2023

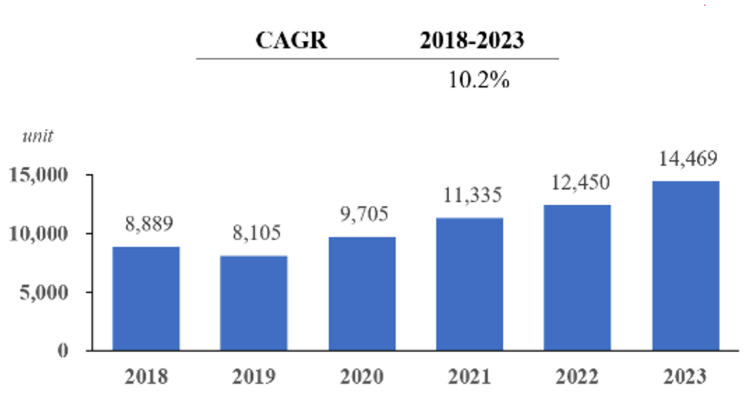
Ranking	Company name	Revenue, 2023, US$ million
1	Tencent	28,179
2	Sony	24,774
3	Microsoft	15,466
4	Nintendo	11,595
5	NetEase	11,488
6	Activision Blizzard	11,182
7	MIHOYO	8,358
8	Electronic Arts	7,657
9	Take-Two Interactive	5,396
10	Nexon	2,885
11	Playtika	2,567
12	Bandai Namco	2,540
13	Ubisoft	2,512
14	37 Interactive Entertainment	2,305
15	Sea Group	2,172
16	Warner Bros	2,013
17	Century Huatong	1,850
18	Playrix	1,833
19	NetMarble	1,820
20	Aristocrat Leisure	1,736
21	Konami	1,717
22	Square-Enix	1,673
23	Sega	1,517
24	Ncsoft	1,295
25	Cyber Agent	1,217
CR25		US$155,748 million

Source: *CIC Report (August 2024)*

Number of newly launched games and gamers globally

In 2023, the total number of available console games on Switch, PlayStation 4, PlayStation 5, Xbox One and Xbox X/S amounted to approximately 34,000 titles. For PC games, Steam, a digital distribution platform for PC games, had launched approximately 14,469 games in 2023 which represented an increase of approximately 6,000 games since 2018.

Number of new games launched on Steam, 2018-2023

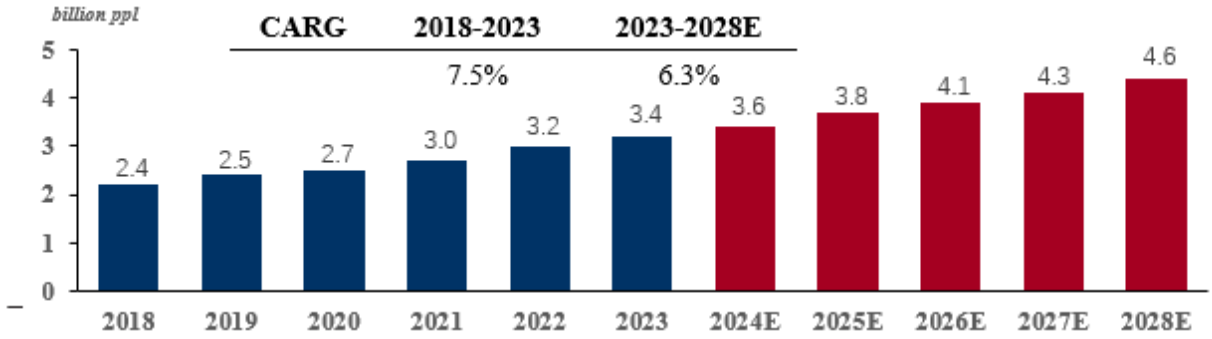


Source: *CIC Report (August 2024)*

Globally, the number of gamers increased from 2.4 billion in 2018 to 3.4 billion in 2023. This was mainly driven by (i) improved Internet infrastructure and the growing accessibility of high-speed Internet, such as the 5G network; (ii) the growing diversity of game genres; and (iii) the COVID-19 pandemic which altered people's gaming behaviour as the imposition of lockdowns and travel restrictions contributed to more people turning to games for leisure and entertainment from their homes.

The total number of gamers globally is expected to reach 4.6 billion by 2028, representing a CAGR of 6.3% between 2023 and 2028. According to the CIC Report, some key drivers in the coming years would be (i) the affordability of gaming as a pastime due to the free-to-play model; (ii) the growing number of mobile game players; and (iii) the increasing penetration of gaming culture in growth regions such as Latin America, the Middle East and Africa.

Number of gamers globally, 2018-2028E



Source: *CIC Report (August 2024)*

1.2 *Overview of the Global Game Art Outsourcing Industry*

Definition and categorisation of game art and game art outsourcing

Game art is a concept associated with the visual elements of a game (i.e. a subset of game development which involves the process of creating the artistic aspects of video games). Game art design begins with the pre-production phase of creating a video game, which typically begins with rough sketches of, *inter alia,* the characters, background and objects. High quality game art will present players with refined images and enhanced visual experiences.

Game art outsourcing is the process of creating digital art for games with the help of external contractors instead of an internal team. Game art outsourcing studios typically have an organised production process with a dedicated project manager responsible for communications with their customers. Different studios can offer different services and some studios may provide specialised services that focus on their capabilities and strengths in relation to the development of art assets. For example, some studios have higher competencies in creating 2D art assets, while others are more focused on 3D or animation. Labour cost constitutes one of the largest costs for game art outsourcing studios and it usually accounts for approximately 50% of the total cost.

Categories of game art and game art styles

Game art can be categorised into concept art, User Interface (UI) art, model art, animation and visual effects.

(a) Concept art refers to character and environment sketches, which can determine the art style of the game;

(b) UI art focuses on creating visual cues that help gamers follow the intended course of action in any given game;

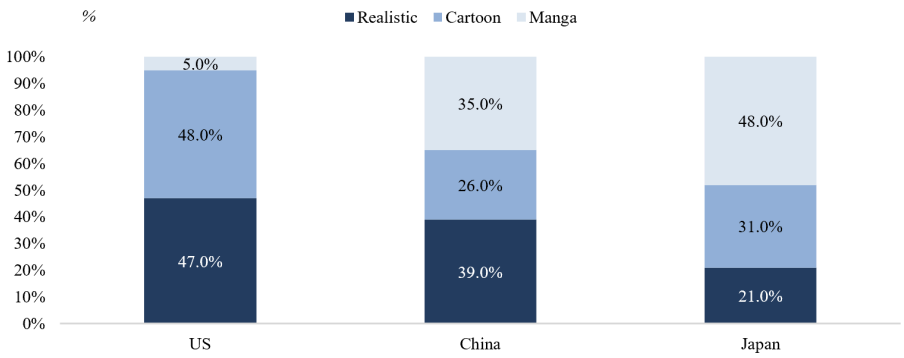
(c) Model art includes character modelling, prop modelling and environment modelling to develop all the 3D components;

(d) Animation is about bringing movements to the components, usually developed based on 3D and animation programmes; and

(e) Visual effects refer to the inclusion of special effects in the game, such as explosion effects or interaction effects, amongst others.

Game art can also be categorised by art style. The game art style describes the visual style of characters, items and props within the game. There are three major art styles, (i) art-realistic; (ii) cartoon; and (iii) manga. Differing regions have differing cultural backgrounds and thus would have different preferences with regard to art styles. For example, manga dominates the Japanese market and has a significant market share in Mainland China, but conversely it has a minor share in the U.S. This is in contrast to how the cartoon art style is much more popular in the US, and how the realistic art style is less popular in Japan.

Art style share of top 200 games in key gaming industry region, 2023

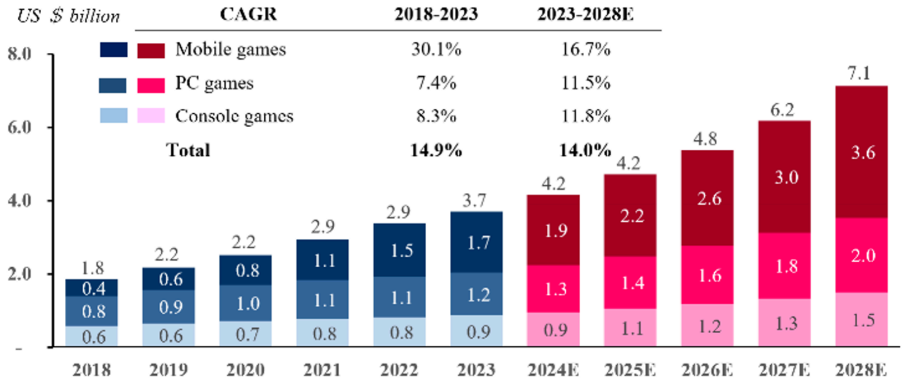


Source*: CIC Report (August 2024)*

Market size of the global game art outsourcing industry

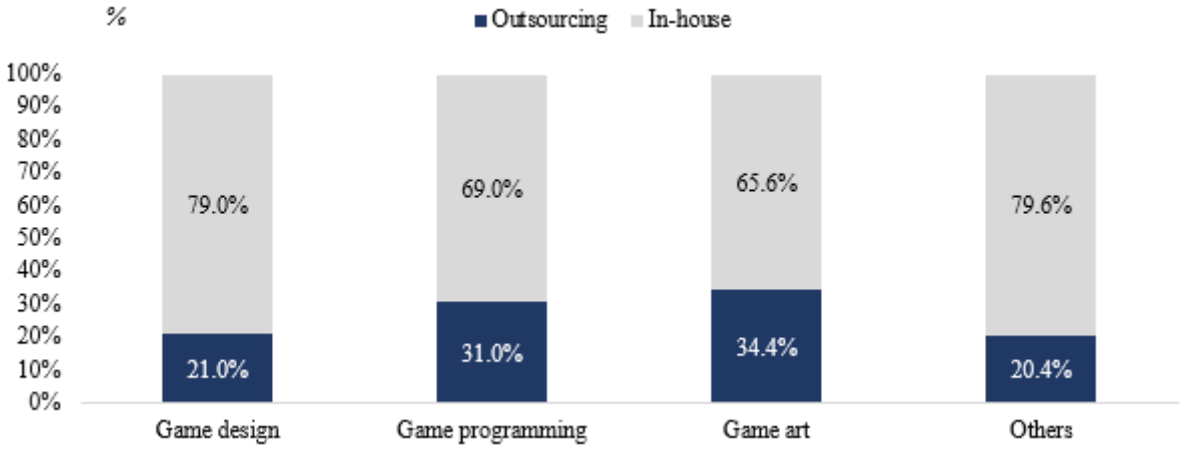
The global game art outsourcing market size increased from US$1.8 billion in 2018 to US$3.7 billion in 2023, indicating a CAGR of 14.9% from 2018 to 2023. The mobile sector of the global game art outsourcing industry has registered the highest CAGR between 2018 and 2023 due to the rapid development of mobile games, increased demand for higher quality mobile games and an increased demand for art outsourcing services in relation to mobile games. The PC and console sectors of the global game art outsourcing industry saw modest growth with a CAGR of 7.4% and 8.3% respectively between 2018 and 2023. Going forward, the mobile sector in the global game art outsourcing industry is expected to continue leading the market, with a projected size of US$3.6 billion in 2028 and registering a CAGR of 16.7% between 2023 and 2028. The PC and console sectors will continue their current growth momentum with a CAGR of 11.5% and 11.8%, respectively, between 2023 and 2028.

Market size of the global game art outsourcing market, by platform, 2018-2028E



Source: CIC Report (August 2024)

Global outsourcing penetration of game development market, 2023



Source: CIC Report (August 2024)

1.3 *Overview of the Global Game Development Industry*

Definition and categories of game development

Game development is the process of creating games. It involves (i) pre-production; (ii) production; and (iii) testing before the game is launched. Development follow-ups are required as there may be updates to the game following its launch. Game development usually involves various teams and/or organisations and requires many different skillsets.

(i) Pre-production

The pre-production stage involves the establishment of the game concept and is the stage whereby developers outline the development and design requirements. It is also the stage where basic art assets and prototypes are created. Pre-production sets the foundation for the entire game and clarifies the development target and direction.

(ii) Production

Production is usually the longest phase in the game development process. This is when designers, artists, programmers and project managers work together to develop the game. It is a major part of the game development process.

(iii) Testing

Testing is an essential step in providing a better gaming experience for players. Developers need to examine every feature and mechanism in the game for quality control. The process usually includes

checking the functionality, performance, compatibility and the fixing of all programming-related bugs.

(iv) Follow-up

After a game is launched, updates are usually required as some bugs are discovered or when new game characters/environments are introduced to prolong the life cycle of the game. Since gamers may have already completed the game, game developers will also regularly release updates to meet the technical requirements of platforms and gamers' changing expectations.

Hence, game development can be handled by in-house developers and/or art outsourcing studios. In-house production is when the game company utilises its employees to work on the entire game development process. Conversely, outsourced production relates to the engagement of outsourcing studios, as third parties to the game development process or project.

Throughout the entire game development process, the production of game art assets had seen the highest demand in relation to art outsourcing services amongst the game development process in 2023.

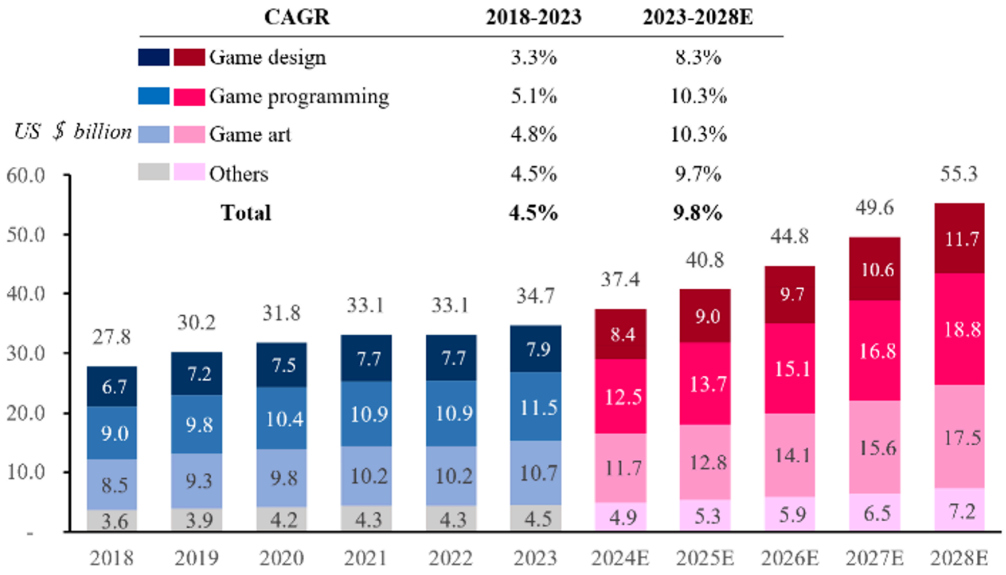
Global game development expenditure

Game development expenditure mainly relates to, *inter alia*, game design, game programming and game art. Game design expenditure mainly involves the development of the story background, gameplay and game interaction. Game programming refers to the use of computer programming languages to implement logic into a game. Game art is one of the critical game development processes, involving the creation of 2D and/or 3D animation of the game's character and environment, amongst others.

Global game development expenditure in the gaming industry increased from US$27.8 billion in 2018 to US$34.7 billion in 2023, registering a CAGR of 4.5% between 2018 and 2023. However, the global game development expenditure relating to game programming and game art is expected to register a higher CAGR of 9.8% between 2023 and 2028, reaching US$18.8 billion and US$17.5 billion, respectively by 2028. The CIC Report cited increasing labour costs of programmers and game artists and also the production of higher quality games as reasons for the growth. The total global development expenditure in the gaming industry is expected to increase to US$55.3 billion in 2028, registering a CAGR of 9.8% between 2023 and 2028.

Separately, the CIC Report also noted that the increase of the global game development expenditure has slowed down in recent years due to the (i) suspension by authorities in Mainland China of the issuance of game approvals in Mainland China in 2018 and 2021; and (ii) the increasing competition for user engagement. This had resulted in stagnant growth from 2020 to 2022.

Global game development expenditure, by type, 2018-2028E



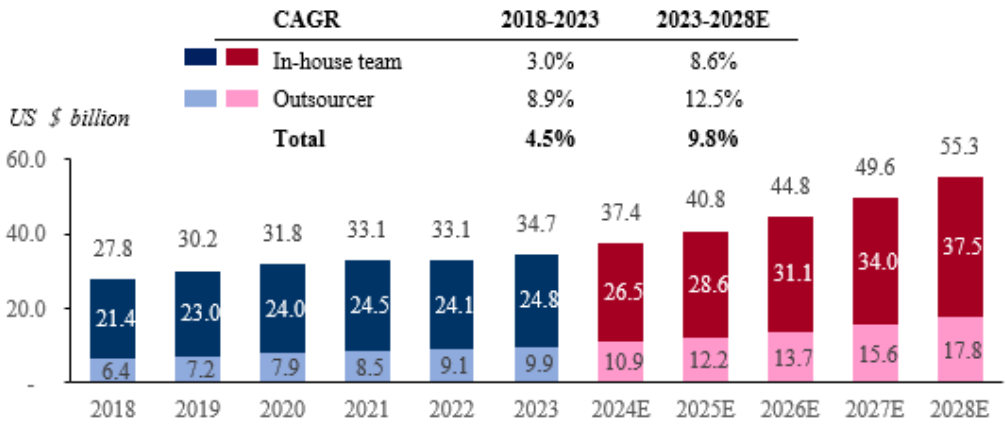
Note:

(1) *Others include services such as audio design, functional testing and localisation*

Source: *CIC Report (August 2024)*

Game development can be handled by an in-house team or be outsourced to external service providers, such as the Group. Generally, outsourcing would be more common for projects with a larger scope or higher complexity as these projects will require more manpower, and outsourcing serves as a cost-effective and flexible alternative. The global outsourced game development expenditure increased from US$6.4 billion in 2018 to US$9.9 billion in 2023, registering a CAGR of 8.9%. This figure is expected to grow to US$17.8 billion by 2028, registering a CAGR of 12.5% from 2023 to 2028, owing to the increasing scope and complexity of games.

Global game development expenditure, by type, 2018-2028E



Source*: CIC Report (August 2024)*

1.4 *Notable trends in the game development outsourcing industry*

In determining the Group's strategy, the Board is mindful of what it believes are certain key trends underlying its market and the evolution of the industry, as set out below.

Gaming companies' increasing expenditure on game art resulting from gamers' higher requirements in respect of game graphics

To attract new players while retaining the existing base of players, game companies will need to continuously improve the gameplay experience for players, through higher quality graphics, interactivity and other aspects of their games, which require heavier investments in the development of such games. As gamers are growing more accustomed to aesthetically pleasing media depicting high-quality visual effects and gaming experience, they expect a higher standard in terms of gaming graphics alongside improved game stories and modes of interaction.

For example, High-Dynamic Resolution ("**HDR**") offers gamers high-resolution graphics and is prevalent in the gaming industry. With HDR, it is easier for gamers to spot objects, which will mean that any defects or bugs in terms of graphics would be more obvious. As such, game companies are increasingly willing to engage more reputable and renowned art outsourcing studios which possess the expertise and capabilities to produce high-quality game graphics through the use of high-end game development engines such as Unreal Engine, Unity 3D and Houdini.

Game development expenditure was estimated to have reached US$34.7 billion in 2023 which is an increase from US$27.8 billion in 2018, representing a CAGR of 4.5%. Game art expenditure was estimated at US$10.7 billion across all categories of game development and is expected to increase to US$17.5 billion in 2028, representing a CAGR of 10.3% from 2023 to 2028. In addition, the top 25 game companies were estimated to have accounted for 71.8% of the revenue for the global gaming industry in 2023. The Group has worked and/or continues to work with 22 of the top 25 game companies. Given game development companies' pursuit of higher quality graphics, the Group's established track record and experience with working with top game developers should ensure that it is well-positioned to continuously receive orders from them.

Continually increasing supply of artistic talents

Professional art talents are essential assets to the game art outsourcing industry. Talent supply has been increasing, with the number of people wanting to be game artists increasing in recent years. The number of students taking the National Unified Art College Entrance Examination is estimated to have risen from 0.5 million in 2018 to 0.6 million in 2023 in Mainland China, while approximately 20,000 students graduate from art-related faculties annually in Taiwan. The growing base of talent for art is expected to boost the game art outsourcing industry. The Group recognises the importance of its employees and the need for qualified artistic talents. As such, it has established relationships with several art/animation colleges and education institutions from which the Group seeks to recruit university graduates. The Group have also implemented a comprehensive basic training programme targeted specifically at its junior employees to equip them with the knowledge and skills to utilise the software and tools necessary for the course of their work.

The Directors believe that the Group's credible reputation in the industry and relationships with education colleges and institutions will allow it to be one of the preferred employers for both graduates and experienced hires, thereby continuing to build up the Group's talent pool to take on more projects in line with the Group's future growth plans.

Leveraging and integrating AI for game art creation

AI technology is flourishing today and is being considered for application in the game development field, particularly in the art production process, to explore whether AI can improve efficiency and enhance the quality of art assets. However, game art assets demand a high degree of intricacy and stylistic diversity, and the lack of sufficient training data poses challenges for the development of automation in game art production through AI. At the same time, this presents opportunities. The Company will independently create a large volume of training data with full copyrights in specific art segments, such as Character Motion. The Company will also actively invest internal resources and leverage its more than 20 years of experience in art production to develop highly practical AI tools that meet the expectations of game professionals in these specific segments. This will improve efficiency and enhance the quality of art assets in those areas.

Accordingly, the Directors believe that it is important to explore and leverage the use of AI capabilities so as to capture the opportunities and take advantage of its capabilities to enhance workflow and work quality.

Growing demands of Asian game companies for art outsourcing services

Asian game companies in Mainland China, Japan and Korea have increasingly gained recognition for their game art expertise and high-quality game development capabilities. They have built a reputation for delivering visually appealing and engaging games that resonate with global gamers. Additionally, with the prevalent use of smartphones, Asian game companies have excelled in developing mobile games that cater to the preferences and habits of gamers which has led the success and popularity of their game titles. Accordingly, this has led to an increased demand for game outsourcing services in the Asia region given the cost-effectiveness.

The market size of the art outsourcing industry in APAC is reported to have increased from US$1.0 billion in 2018 to US$2.5 billion in 2023, registering a CAGR of 19.6% between 2018 and 2023. The art outsourcing market in APAC is projected to reach US$5.1 billion in 2028 with a CAGR of 15.0%. The Directors recognise the potential for art outsourcing in APAC and will consider establishing overseas subsidiaries and offices, especially in the Asia region such as Malaysia, the Philippines and Indonesia.

Shorter development cycles by game developers for the launch of new games

There is a growing requirement for shorter development cycles by game developers as gamers are not willing to wait three to five years for a new game to be launched. As such, game development companies are expected to accelerate the game development process and launch more games within a shorter period of time. However, game developers still have to provide an outstanding visual experience and gameplay to maintain the existing user base and to attract new users. Game developers are then required to work closely with their outsourcing partners, such as the Group, to outsource the design of their art assets and/or game developments so as to keep up with the shorter game development cycle in order for them to establish a first-mover advantage in the games that they will be developing.

The Directors believe that the Group's expertise in both art outsourcing and game development, and its long-standing relationships with reputable game developers, will allow the Group to continue to be one of

the preferred vendors that its customers would choose to work with.

2. REGULATORY OVERVIEW

The Group's business operations are subject to the laws, regulations and/or rules which are of general application in Mainland China, Taiwan, Hong Kong, Singapore and Malaysia, in which the Group entities carry on business and operations. The laws, regulations and/or rules set out below are not exhaustive and are only intended to provide some general information to investors and are neither designed nor intended to be a substitute for professional advice. Prospective investors should consult their own advisers regarding the implication of such laws, regulations and/or rules on the Group.

2.1 *Mainland China*

2.1.1 *Regulations Relating to Foreign Investment*

The Company is incorporated in the Cayman Islands and holds interests in the PRC incorporated entities within the Group. Such investments are subject to certain foreign investment regulations, as detailed below, in the PRC.

Prior to 2020, the incorporation procedures, approval procedures, registered capital requirement, foreign exchange, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise were regulated by the Wholly Foreign-owned Enterprise Law of the PRC, which was promulgated and which became effective on 12 April 1986 and was amended on 31 October 2000 and 3 September 2016, the Regulations on Implementations of the Wholly Foreign-owned Enterprise Law of the PRC, which were promulgated on 12 December 1990 and was amended on 12 April 2001 and 19 February 2014, and the Interim Measures for Record-filing Administration of the Incorporation and Change of Foreign-invested Enterprises, which became effective on 8 October 2016 and were amended on 30 July 2017 and 29 June 2018.

Since the Foreign Investment Law of the PRC was promulgated by the NPC of the PRC on 15 March 2019 and came into force on 1 January 2020, the Wholly Foreign-owned Enterprise Law of the PRC has been repealed by the Foreign Investment Law. The Foreign Investment Law sets out the definition of foreign investment and the framework for promotion, protection and administration of foreign investment activities. Since the Regulations on Implementations of the Foreign Investment Law of the PRC were promulgated on 26 December 2019 by the State Council and became effective on 1 January 2020, the Regulations on Implementations of Wholly Foreign-owned Enterprise Law of the PRC have been repealed simultaneously. Pursuant to the Regulations on the Implementations of the Foreign Investment Law of the PRC, the foreign-invested enterprises, established according to Wholly Foreign-owned Enterprise Law of the PRC prior to the implementation of the Foreign Investment Law, may alter the form, structure, etc. of their organisation pursuant to the provisions of the PRC Company Law and other related laws, and complete change registration pursuant to applicable laws. Alternatively, they may choose to retain the form, structure, etc. of their current organisation within five years after the implementation of the Foreign Investment Law.

Since the Measures on Reporting Foreign Investment Information were promulgated on 30 December 2019 by the MOFCOM and the SAMR became effective on 1 January 2020, the Interim Measures for Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises have been repealed by the Measures on Reporting Foreign Investment Information simultaneously. Pursuant to the Measures on Reporting Foreign Investment Information, foreign investors or foreign investment enterprises shall report the investment information through submitting initial reports, change reports, deregistration reports, annual reports, etc. to the competent commerce departments via the enterprise registration system and the national enterprise credit information disclosure system.

The M&A Rules, which were promulgated by the MOFCOM, the State-owned Assets Supervision and Administration Commission, the STA, the State Administration of Industry and Commerce, the CSRC and the SAFE on 8 August 2006, and subsequently amended by the MOFCOM on 22 June 2009, provide the scenarios that qualify as an acquisition of a domestic enterprise by a foreign investor.

Any investments conducted by the foreign investors and foreign enterprises in the PRC shall be subject to the Catalogue of Industries for Encouraging Foreign Investment (2022 Version) (the "**Encouraging Catalogue**"), the latest version of which was promulgated by the MOFCOM and the NDRC on 26 October 2022 and came into effect on 1 January 2023, and the Negative List (2021 Version). According to the Encouraging Catalogue and the Negative List (2021 Version), foreign investment industries are classified into two categories, (1) industries in which foreign investments are encouraged; and (2) industries in which

foreign investments are regulated by the Negative List (2021 Version). According to the Negative List (2021 Version), foreign investors shall not invest in the prohibited industries in the Negative List (2021 Version). Further, to invest in any field restricted by the Negative List (2021 Version), foreign investors should meet the investment conditions set out in this Negative List (2021 Version). Any industry not listed on the Negative List (2021 Version) is regarded as an industry in which foreign investment is permitted.

The State of the PRC adopts the administrative system of pre-establishment national treatment and Negative List (2021 Version) for foreign investments. A foreign investor shall not invest in any field prohibited from foreign investment under the Negative List (2021 Version). A foreign investor shall fulfil the investment conditions stipulated under the Negative List (2021 Version), for any restricted fields under the Negative List (2021 Version). For fields not mentioned in the Negative List (2021 Version), domestic and foreign investments shall be treated equally. For foreign investments, the State of the PRC established a foreign investment information reporting system. Foreign investors or foreign-invested enterprises shall submit the relevant information concerning its investment to the competent commerce authorities through the enterprise registration system and the enterprise credit information publicity system.

2.1.2 ***Regulations requiring approval of or filing with the CSRC***

On 17 February 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "**Trial Administrative Measures** ") and relevant five guidelines, which took effect on 31 March 2023. Pursuant to the Trial Administrative Measures, a PRC domestic company that seeks to offer and list securities in overseas markets shall fulfil certain filing procedures with the CSRC, which involves, among others, the submission of relevant materials including a filing report and a legal opinion, and providing truthful, accurate and complete information on the shareholders. Any overseas offering and listing made by an issuer that meets both the following conditions will be determined as indirect offering and listing in overseas market and, therefore, be subject to such filing requirements: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets, as documented in its audited consolidated financial statements for the most recent accounting year, is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in Mainland China, or its main places of business are located in Mainland China, or the senior managers in charge of its business operation and management are mostly Mainland China citizens or domiciled in Mainland China.

Pursuant to the Trial Administrative Measures, upon the occurrence of any of the material events specified below after an issuer has offered and listed its securities in an overseas market, the issuer shall submit a report thereof to the CSRC within three working days from the date of the occurrence and public disclosure of such event: (1) change of control; (2) investigations or sanctions imposed by overseas securities regulatory agencies or other relevant competent authorities; (3) change of listing status or transfer of listing segment; and (4) voluntary or mandatory delisting. Furthermore, subsequent securities offerings of an issuer in the same overseas market where it had previously offered and listed securities shall be filed with the CSRC within three working days after the completion of such offering. Subsequent securities offerings and listing of an issuer in other overseas markets other than where it has offered and listed its securities shall be filed with the CSRC within three working days after the relevant applications have been submitted overseas.

The CSRC or other PRC regulatory authorities may implement conditions requiring the Group, or which make it advisable for the Group, to halt future capital raising activities before settlement and delivery of the proceeds hereby. Consequently, if Shareholders and/or potential investors engage in future market trading or other activities in anticipation of and prior to settlement and delivery, there are potential risks that settlement and delivery may not occur.

Based on the CSRC Feedback, the Company is not included under the scope of the Trial Administrative Measures, however subsequent corporate actions and/or equity fundraising rounds may ultimately require the Group to make supplemental filings and/or obtain the approval of the CSRC. Please see the risk factor titled "*The interpretation and application of Regulations requiring approval of or filing with the CSRC may change, requiring the Group to make supplemental filings and/or obtain the approval of the CSRC for the Placing and Admission"* in Part III (*Risk Factors*) of this Document.

2.1.3 ***Regulations on Online Games Publishing and Operation***

On 17 February 2011, the MOC issued the revised Interim Provisions on the Administration of Internet Culture (the "**Internet Culture Interim Provisions**"), which became effective on 1 April 2011 and was last revised on 15 December 2017 by the MOC. Pursuant to the Internet Culture Interim Provisions, "**Internet**

cultural products" are defined as including online games specially produced for Internet and games disseminated or distributed through the Internet. Provision of Internet cultural products and related services for commercial purposes is subject to the approval of the provincial counterparts of the MOC.

On 3 June 2010, the MOC promulgated the Interim Measures on Administration of Online Games (the "**Online Game Measures**"), which comprehensively regulate the activities related to online game business, including the research and development and production of online games, the operation of online games, the standards for online games content, the issuance of virtual currencies used for online games and virtual currency trading services. All operators of online games, issuers of virtual currency and providers of virtual currency trading services are required to obtain the relevant Internet Culture Operation Licences. The Online Game Measures also require online game operators to protect the interests of the online game players and specified certain terms that must be included in the service agreement between online game operators and its online game players. The Notice of the MOC on the Implementation of the Interim Measures for the Administration of Online Games which took effect on 29 July 2010 specifies the entities regulated by the Online Game Measures and procedures related to the MOC's review of the content of online games, and emphasises the protection of minors playing online games and requests online game operators to promote real-name registration by their game players.

On 10 July 2019, the MOCT issued the Abolition Decision, which specifies that the Online Game Measures were abolished by the MOCT on 10 July 2019. Accordingly, the Online Game Measures no longer apply, however the Group's PRC-based customers' businesses were affected by these policies implemented by the government of the PRC and it is currently still an important focus of the government of the PRC under its soft policy framework.

In past years, and most recently in July 2021, the government of the PRC issued a suspension for granting new publication licences for game operators thereby effectively halting all game development in the PRC. The government lifted such measures in April 2022. The suspension did not have a critical impact on the Group's operations as the Group has a diversified base of customers in various jurisdictions but there is no assurance that if the relevant governmental policies in the PRC, as before, were to change in the future, the Group's customers will be able to continue to develop games and/or undertake their business activities which currently require the Group's services. Please see the risk factor titled "*The Group may be adversely affected by laws, regulations and government policies in the several jurisdictions where the Group or its customers operate or changes to such laws, regulations and government policies*" in Part III (*Risk Factors*) of this Document.

2.2 Taiwan

2.2.1 *Investment by foreign investors or Mainland China Investors in Taiwan and Mainland China investment by Taiwanese investors*

Please refer to the information under headings "*Investment by foreign investor or Mainland China Investors in Taiwan*" and "*Mainland China investment by Taiwanese investors*" in the "*Important Information*" section at the beginning of this Document for a summary of Taiwanese laws relating to these areas.

2.2.2 *Gaming software rating and registration*

According to the Gaming Software Rating Management Regulations promulgated by the Ministry of Digital Affairs (the "**MODA**") based on the authorisation under the Protection of Children and Youths Welfare and Rights Act, any person or entity publishing, selling, leasing, distributing, displaying or providing access for browsing or downloading of gaming software has an obligation of rating management for such gaming software (the "**Obligor of Rating Management**"). Under these Regulations, gaming software is categorised into five ratings - Restricted (R), Parental Guidance 15 (PG 15), Parental Guidance 12 (PG 12), Protected (P) and General Public (G) - based on certain features shown in the gaming software such as sex, violence, terror, drugs, improper language, anti-social behaviour, tobacco, alcohol and love affair, etc. Prior to the launch of gaming software, the publisher, agent or actual provider of such gaming software shall specify the rating category and label or state such rating on the gaming software product pursuant to the manners prescribed under these Regulations. In addition, the publisher, agent or actual provider of such gaming software shall also register such rating, descriptions of gaming content and the publisher's or agent's contact information on the Game Rating Website before the launch of gaming software. In addition, with regard to a gaming software that is not published in Taiwan but that Taiwan users may access or download the game through the Internet, if such gaming software is not rated and registered pursuant to the Gaming Software Rating Management Regulations, competent authorities may notify the provider of the Internet platform to take measures to limit the access or browsing or remove the game, or notify the

operator in Taiwan to terminate the services.

Failing to comply with the obligation of labelling on the gaming software product, pursuant to the authorisation under the Protection of Children and Youths Welfare and Rights Act, the Obligor of Rating Management may be subject to an administrative fine in the amount of NTD30,000 to NTD150,000 and the competent authority may order the Obligor of Rating Management to rectify such violation within a specified time limit. Failing to comply with the rating obligation, the obligation to specify the rating category or other provisions related to rating category or content, the Obligor of Rating Management may be subject to an administrative fine in the amount of NTD50,000 to NTD250,000 and the competent authority may order the Obligor of Rating Management to rectify such violation within a specified time limit. Such fines could be consecutive unless and until the non-compliance has been rectified.

2.3 Malaysia

2.3.1 Section 298A of the Malaysian Penal Code

Section 298A of the Malaysian Penal Code prohibits actions that cause or are likely to cause religious disharmony, disunity, or feelings of enmity, hatred, or ill will between persons or groups based on religion. This includes spoken or written words, visible representations, conduct, and activities that may prejudice the maintenance of harmony among persons of the same or different religions. Violation of this section can result in imprisonment ranging from two (2) to five (5) years. Therefore, the Company must ensure that the materials produced and disseminated by the Group complies with local cultural and legal standards to avoid criminal prosecution under the Malaysian Penal Code, the PPPA 1984 (see paragraph 2.4.5 below) and/or the CMA 1998 (see paragraph 2.4.6 below).

2.3.2 Regulations related to Publication

*Printing Presses and Publications Act 1984 ("**PPPA 1984**")*

The PPPA 1984 primarily governs the printing, publication, production, importation and distribution of publications in Malaysia.

Pursuant to Section 7 of the PPPA 1984, in the event the Minister is satisfied that any publication contains any article, caricature, photograph, report, notes, writing, sound, music, statement or any other thing which is in any manner prejudicial to or likely to be prejudicial to public order, morality, security, or which is likely to alarm public opinion, or which is or is likely to be contrary to any law or is otherwise prejudicial to or is likely to be prejudicial to public interest or national interest, he may in his absolute discretion by order published in the *Gazette* prohibit, either absolutely or subject to such conditions as may be prescribed, the printing, importation, production, reproduction, publishing, sale, issue, circulation, distribution or possession of that publication and future publications of the publisher concerned. This power could extend to publications originating in any country outside of Malaysia wherein the importation of such publications will be prohibited.

Anyone found printing, importing, producing, reproducing, publishing, selling, issuing, circulating, offering for sale, distributing and possessing for such purpose any prohibited publication shall be guilty of an offence. Upon conviction, the person is liable to imprisonment for a term not exceeding three years, a fine not exceeding MYR20,000 or both.

2.3.3 Regulations related to Communications and Multimedia

*Communications and Multimedia Act 1998 ("**CMA 1998**")*

The CMA 1998 regulates the communications and multimedia industry in Malaysia, covering various aspects such as content regulation, licensing, and enforcement, particularly for content disseminated through electronic means.

Section 211(1) of CMA 1998 provides that no content applications service provider, or any person using a content applications service, shall provide content that is indecent, obscene, false, menacing, or offensive in nature, with the intent to annoy, abuse, threaten, or harass any person. Any person who contravenes subsection commits an offence, and upon conviction, is liable to a fine not exceeding MYR50,000, imprisonment for a term not exceeding one year or both. The offender is further subject to a fine of MYR1,000 per day for each day the offence continues after conviction.

PART III. RISK FACTORS

Before making any investment decision, prospective investors should carefully consider all the information contained in this Document including, in particular, the risk factors described below. Shares may not be a suitable investment for all recipients of this Document. If you are in any doubt about the Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

In addition to the usual risks associated with an investment in a company, the Directors consider that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this Document, prior to making any investment decision in respect of the Shares. The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company.

It should be noted that the risks described below are not the only risks faced by the Group and there may be additional risks that the Directors currently consider not to be material or of which they are currently not aware.

If any of the events described in the following risks actually occur, the Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Shares could decline and investors could lose all or part of their investment.

RISKS SPECIFIC TO THE GROUP

The Group may seek opportunities for growth through acquisitions, joint ventures, investments and partnerships, which may not be successful

The Group may seek opportunities for growth through strategic alliances, acquisitions, joint ventures, investments and partnerships. There is no assurance that such transactions and initiatives or any of these efforts will be successful. The acquisitions and investments that the Group may make, or the joint ventures and partnerships that the Group may enter into, may expose the Group to additional business or operating risks or uncertainties, including but not limited to the following:

(a) inability to effectively integrate, control and manage the acquired businesses, which may in some cases operate partially autonomously within the Group;

(b) inability of the Group to exert control over the actions of joint venture partners, including any non-performance, default or bankruptcy of the joint venture partners;

(c) time and resources expended to coordinate internal systems, controls, procedures and policies;

(d) disruption to ongoing business and diversion of management's time and attention from the Group's day-to-day operations and other business concerns;

(e) risk of entering markets and/or geographies that the Group may have no or limited prior experience or dealing with new counterparties;

(f) potential loss of key employees and customers of the existing business and acquired businesses;

(g) risk that an investment or acquisition may reduce the Group's future earnings and increase expenses; and

(h) exposure to unknown liabilities.

If the Group is unable to successfully implement its growth strategy or is unable to address the risks associated with its Group's acquisitions, joint ventures, investments and partnerships, or if the Group encounters unforeseen expenses, difficulties, complications or delays frequently encountered in connection with the integration of acquired businesses and the expansion of operations, or fails to achieve acquisition synergies, its business, financial condition, results of operations and prospects may be materially and adversely affected.

The Group operates in a competitive environment

The Group faces competition in the market for its current services in each of its three key business segments as it 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. Further, given that most market players are small, independent studios, leading players are expected to gradually outperform other participants as they have the capacity to provide a more

comprehensive suite of services to clients. The Directors expect competition to continue to intensify in the future, given the expected growth in the gaming industry. In particular, with the developments in 2D and 3D art, digital animation and visual effects and the increase in market demand for art outsourcing services in recent years, the technical competencies of competing art outsourcing studios have also been improving, thereby intensifying competition in the industry. As such, an increasingly competitive landscape may result in the Group's market share being eroded, which could adversely affect the Group's ability to retain existing customers and attract new customers, as well as its business, results of operations, financial position and/or prospects.

The Group's success depends on its ability to provide customers with a comprehensive range of services that is able to compete and be of a quality that is at least comparable with those provided by competitors in the industries in which it operates. The Group may face significant competition, including from domestic and overseas competitors who may have: (i) greater technical capabilities; (ii) greater capital and other resources; (iii) superior brand recognition than the Group; (iv) more competitive pricing policies; (v) more attractive service terms; (vi) the ability to adapt more quickly to changes in market trends and customers' requirements than the Group is able to; (vii) a broader service offering; and/or (vii) a wider global presence.

To remain competitive in the industry, the Group will need to keep up to date with customer trends and preferences and technical capabilities, and incorporate these into its services. The art assets and games that the Group develop may involve numerous technical challenges, substantial capital investment, personnel resource commitment and significant amounts of time. If the Group is unable to commit the necessary resources to keep itself up to date and incorporate the continuously changing customer trends and preferences into its art assets and services to satisfy the market demand, this will adversely affect the Group's competitiveness and future growth, which may in turn directly affect the Group's market competitiveness, business, results of operations, financial position and/or prospects.

The Group's processes and range of services are reviewed regularly to ensure that the Group deliver technologically advanced and quality services. There is no assurance that the Group will be able to continue to compete successfully in an increasingly competitive marketplace in the future. With the intensification of market competition, if the Group fails to keep up with market demand and improve its level of technical competency, efficiency and quality of the provision of its services in a timely manner, it may be at a disadvantage compared to its competitors.

Competition may also intensify as the Group's existing competitors raise additional capital and expand their service offerings or improve their commercial terms and/or as established companies from other market segments or geographic markets expand into the Group's existing market segments or geographic markets. In addition, the Group's customers and potential customers may decide to design or develop art assets that the Group currently provide to them in-house if any new software tools become available to facilitate this. In the event that they develop such in-house capabilities, it may result in a reduction in the Group's market share and loss of revenue. In addition, the Group's business, results of operations, financial position and/or prospects may be adversely affected.

The Group's business is dependent on the goodwill of the "Winking" brand

The Group's business is dependent on the goodwill of the "Winking" brand, which is protected by registered trademarks in Singapore, Mainland China and Taiwan. Pixelline Art has applied for a trademark of the "Winking" logo in Malaysia, which is still pending as at the date of this Document. The Company intends to register trademarks in any other country where it makes further acquisitions, however there remains a risk that, where it has not or is not able to do so, third parties may use identical or similar marks to that of the Group. Maintaining the Group's brand reputation for supplying quality services is essential to enable the Group to maintain its existing customer base and attract new customers. Any negative publicity around the "Winking" brand that may arise, from time to time, may tarnish the goodwill of the brand. Negative comments relating to the Group's services, its business operations and management may appear in Internet postings and other media sources from time to time and it cannot be assured that other types of negative publicity of a more serious nature will not arise in the future. Any such negative publicity, regardless of veracity, may adversely affect the Group's business, results of operations, financial position and/or prospects.

The Group is dependent on key personnel for continued success

The Group's success to date is attributable to the leadership and contributions of key management personnel, who are collectively responsible for the overall corporate development and business strategies of the Group, as well as implementing business plans and driving growth. Loss of key personnel can complicate and delay ongoing and planned projects, which could have a negative impact on the Group's

operations. As such, the experience and contribution of the Company's management are crucial to the success and continuous growth of the Group. In particular, key personnel include (but are not limited to): (1) the CEO, Mr. Johnny Jan, who is the Group's founder and is primarily responsible for overseeing the business development activities and operations of the Group and for leading the overall strategic direction of the Group; (2) Mr. Oliver Yen, the Group CFO, who is responsible for all finance-related matters and oversees the Group's treasury function, audit and tax matters; and (3) Ms. Tina Li, the General Manager of the Art Outsourcing Segment and is responsible for overseeing expansion and growth of the Group's business.

The Group's continued success and growth will depend, to a large extent, on its ability to retain the services of Mr. Johnny Jan and the personnel in his management team. The loss 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 financial performance and operations. In addition, the Group may lose certain customers or other key stakeholder relationships if they choose to follow departed members of the Group's key management. The Group cannot guarantee that key personnel will remain indefinitely at the Group, especially following the expiry of the initial terms of their employment contracts. For further information on the Group's employment contracts with certain members of key management, please see paragraph 8 (*Directors' Service Agreements*) of Part VI (Additional Information) of this Document. If it is unable to retain or recruit suitable and qualified employees to replace such key management personnel, the Group's business, results of operations, financial position and/or prospects may be adversely affected.

Further, the Group is dependent on project and business managers for setting strategic business direction and actively managing the business. As such, the Group's ability to meet continued success and future business challenges depends on its ability to attract, recruit and retain experienced, talented and skilled professionals. Without a sufficient number of skilled employees, the Group's operations could suffer. Competition for qualified personnel with established experience in the industry could become intense and costly, both in retaining existing employees and when replacing or finding additional suitable employees. The loss of the services of key personnel, inability to recruit or train a sufficient number of skilled professionals, or the Group's inability to manage the attrition levels in different employee categories may have an adverse effect on its business, results of operations and financial condition.

The Group may face rising labour costs and labour shortages, and may not be able to attract and/or retain skilled personnel

As the nature of the Group's business is knowledge-intensive and talent-intensive, human resources are one of the core elements of the Group's development, and employee remuneration is also a major part of the cost of sales of the Group, accounting for 56.7%, 58.3%, 57.5% and 57.6% of the Group's cost of sales for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, respectively. The Group requires highly skilled personnel to provide artistic and technical services in the creation, production and development of art assets and video games. As the demand for such highly skilled persons from competitors increases, shortages in professionals may also occur due to the high mobility of artistic and technical staff in the art outsourcing industry, and thus acquiring and keeping these skilled personnel could prove more difficult or cost substantially more than estimated by the Group.

The Group's labour requirements may also be subject to numerous external factors, including the availability of a sufficient number of suitable persons in the relevant job segment, prevailing labour costs including wage rates, quotas and applicable levies, demographic, health and insurance costs. This could cause the Group to incur greater costs or prevent the Group from pursuing its stated business objectives as quickly as it would otherwise wish to do so. As the industry-standard wage increases, the Company will need to revise its pay and benefits packages in order to attract talent, and if such increased costs cannot be passed to customers, its business, results of operations, financial position and/or prospects may be adversely affected.

The Group's growth plans will require it to hire, train and retain a significant number of new employees in the future, especially designers, technical artists, animators and programmers. While the Directors believe its customers currently engage the Group for its range of services and quality (including the expertise its designers, artists, animators and programmers) rather than for low prices, the Group cannot ensure that this commercial rationale on the part of its customers will continue to be applicable in their decisions as to whether to engage the Group in the future.

As the Group faces increased competition in terms of the quality and range of services offered and also in respect of hiring skilled labour, the Group may have to increase wages and employee benefits to attract and retain qualified personnel or risk considerable employee turnover. The Group may also be unable to pass on increases in such costs to its customers due to their bargaining power or competitive pricing

pressures from competitors. If the Group is unable to hire, train and retain the required number of skilled personnel and professional staff at a reasonable cost or at all, the Group may be unable to execute its growth strategy. The Group's business, results of operations, financial position and/or prospects, as well as its ability to compete effectively, may be adversely affected.

There is also no assurance that the Group will, in the future, be able to retain the skilled personnel whom the Group have trained or that suitable and timely replacements can be found for skilled personnel who leave the Group. As such, the increasing labour costs and labour shortage may adversely affect the Group's business, results of operations, financial position and/or prospects.

The Group could be implicated by the leakage or misappropriation of its customers' information and/or any improper use or disclosure of its customers' intellectual property, which could harm the Group's reputation and/or expose the Group to potential lawsuits

All three of the Group's key business segments require the handling, storage and management of information pertaining to customers, as well as transmission of confidential information, such as customers' operating and business information including, in particular, the plans for video games prior to their release to the public. The Group's business operations may also require the handling and processing of customers' intellectual property, for example, animation and videos, scripts, trademarks, music and other works protected under copyright laws. Contracts entered into by members of the Group with customers may also impose a duty of confidentiality on the relevant member or members of the Group to protect such customers' intellectual property. The Group faces risks inherent in protecting the security of this information, such as guarding against unauthorised use and disclosure of customers' intellectual property, including against attacks on systems of the Group by outside parties or fraudulent behaviour by the Group's management or employees.

The Group has employed security measures such as the use of intranet and virtual private networks (VPN) as well as restricting the use of external hard drives in its offices so as to protect against unauthorised access of such confidential and proprietary information. Nonetheless, the Group cannot be certain that its security measures are adequate in preventing any and all unauthorised access attempts. If there is any breach in the Group's security systems or a perception of risk of security breach by the Company, confidential and proprietary information that could be valuable to the Group's customers, could be misappropriated or misused, which may result in potentially costly litigation and/or loss of customers or harm to the Group's reputation or relationships with existing or potential business partners. Further, in the event of any claims or litigation involving infringement of intellectual property rights and/or leakage or misappropriation of customer information of the Group, whether with or without merit, the Group may be required to divert a significant amount of time and resources to defend or attend to any possible litigation or legal proceedings. In such event, the Group's business, results of operations, financial position and/or prospects, as well as its reputation, may be adversely affected.

The Group is exposed to risks of infringement of intellectual property rights that it owns

The Group relies on trademarks, trade secrets (including the Group's project management process, technical capabilities on how certain software programmes should be utilised and the Group's employee training programme), copyrights and other contractual provisions to protect its intellectual property and proprietary rights. The Group's business is dependent on its expertise in producing 2D and 3D digital images, animation and visual effects. Based on the Group's years of experience and its portfolio of past projects, the Group has accumulated a wealth of 2D and 3D digital images, animation and visual effects content as well as art outsourcing and game development experience, which are integral to its core competitiveness. In addition, members of the Group have applied for patents or computer software copyrights and also possess certain know-how that may not necessarily be patentable.

The Group has successfully registered its "Winking" trademark in Singapore, Mainland China and Taiwan. As at the Latest Practicable Date, Pixelline Art has applied for a trademark of the "Winking" logo in Malaysia, which is pending. The Directors believe the "Winking" trademark and brand are well recognised by customers and in the industry that the Group operates in to represent reliability, quality, creativity and expertise, which have contributed to the Group's success. It is possible that the Group's competitors may adopt product or trade names similar to the Group, notwithstanding trademarks of the Group that have been registered in certain jurisdictions (as noted above), and the Group may not be able to completely prevent the infringement of its intellectual property rights globally, and may need to dedicate funds, resources and time to the litigation of any such infringements from time to time. As a result, the goodwill generated by the Group's brand may be eroded and its business may be adversely affected. In the event there is widespread infringement of the Group's intellectual property rights or should unauthorised parties

exploit any of the Group's trademarks and brand, its reputation and goodwill and hence its ability to maintain its competitive edge may be adversely affected.

There is no assurance that the steps taken by the Group to protect its intellectual property rights will be adequate. It may be possible for third parties to unlawfully pass off the Group's trademarks or infringe its works which are protected by copyright. The Group may not have sufficient resources to be able to effectively prevent such infringement of its intellectual property rights. There is also no assurance that the Group will be able to obtain adequate remedies in the event of an unauthorised replication of our trademarks or unauthorised use of the Group's intellectual property. If the Group fails to protect its intellectual property rights adequately, there may be an adverse impact on its business, results of operations, financial position and/or prospects.

The Group's ability to remain competitive depends on its capacity to continuously innovate and integrate new technologies into its service offerings, some of which have inherent risks in and of themselves

The Group operates in industries that are characterised by rapid technological change, particularly in areas such as artificial intelligence (AI), automation, and digital content creation. The Group's ability to remain competitive depends on its capacity to continuously innovate and integrate new technologies into its service offerings. However, failure to adapt to technological advancements or delays in implementing new technologies may impair the Group's ability to meet client demands, resulting in loss of revenue and market share. Additionally, significant investment may be required to update or replace outdated systems and processes, which could adversely impact the Group's profitability.

While the Group seeks to utilise AI-driven tools to enhance its services only with the authorisation or consent of stakeholders (such as clients), these systems are inherently subject to limitations. These systems may produce inaccurate or suboptimal outputs, which could negatively affect the quality of the Group's deliverables. Errors or biases in AI-generated results, stemming from flawed data or improper model training, may lead to client dissatisfaction, financial liability, and reputational harm. Although the Group employs human oversight, reliance on AI presents risks that may not be entirely mitigated.

The deployment of AI technologies exposes the Group to ethical, legal, and regulatory challenges. AI's use in data processing, decision-making, and content generation may raise concerns related to data privacy, bias, and intellectual property. Regulatory scrutiny in multiple jurisdictions, particularly with regard to AI's impact on personal data and the transparency of automated decision-making, could result in compliance burdens, legal liabilities, or penalties. Failure to manage these ethical and regulatory risks may adversely affect the Group's operations and reputation.

The Group may also face cybersecurity risks, particularly given the integration of AI and other advanced technologies into its operations. AI systems and the data they process may become targets for cyberattacks, resulting in data breaches, manipulation of AI models, or disruptions to critical services. A significant breach could lead to the unauthorised disclosure of confidential client information or operational outages, both of which could severely impact the Group's business and result in financial losses, legal consequences, and reputational damage. The Group is committed to maintaining robust cybersecurity measures, but these may not be sufficient to prevent all potential security threats.

The Group's historical financial performance is not indicative of future performance

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Group's revenue from contracts with customers was US$23.7 million, US$24.5 million, US$29.3 million and US15.2 million respectively. The Group's revenue, expenses and results of operations may vary from period to period and from year to year in response to a variety of factors beyond its control, including general business and economic conditions that impact the game development industry, outbreak of communicable diseases, the growth rate of the video games market, difficulties in attracting suitably qualified staff, an increase in competitive pricing pressures within the markets in which the Group operates, the loss of key customers and game developers and publishers retaining and expanding their in-house capabilities to create art assets. There is no assurance that the Group will be able to remain resilient and profitable, or that profits will grow at the same rate as in the past, in the event disease outbreaks (similar to the COVID-19 pandemic) occur, or in the event of any terrorist attack, financial crisis or other events which may happen in the future. Accordingly, the Group's historical results of operations may not be indicative of the Group's future performance and undue reliance should not be placed on these comparisons to predict the Group's future financial performance or the future performance of the Shares.

The Group is exposed to the risk that there is no limitation of liability in some of the framework agreements entered into with its customers

Some of the framework agreements that the Group has entered into or may enter into with its customers do not contain limitations on the Group entities' liability. The ability of the Group to insert a limitation of liability clause into the framework agreement depends largely on the outcome of the negotiations between the Group with the relevant game developer. In the gaming industry, game developers typically have a stronger bargaining power and the Group's customers are mostly comprised of reputable and large game developers in the region and worldwide. As a result, the Group may not be successful in negotiating the inclusion of limitation of liability clauses within its framework agreements. While the Directors believe that this is in line with industry practice, it remains a risk that liability may arise in relation to, *inter alia*, claims by third parties for breach of intellectual property rights, breach of confidentiality provisions (including the dissemination of information relating to to-be-released video games), breach of a customer's secure network to which the Group has access to or a material delay in performing the services under a customer contract. Any claims made by the Group's customers for a substantial amount may have an adverse effect on the Group's business, results of operations, financial position and/or prospects.

The Group's insurance coverage may not be adequate to indemnify it against all possible liabilities

The Group's business segments are exposed to various risks arising from its business operations, including without limitation, machinery or equipment failure, including computers, servers, processors and cameras. These risks may result in breach of the Group's data and security, damage or destruction to the Group's property or may otherwise result in the Group's operations being suspended or disrupted. The Group may also face civil and/or criminal penalties arising from any such incidents. In the event that the Group fails to meet stipulated delivery deadlines, the Group may also be required to pay penalties or liquidated damages to the affected customers.

The Group maintains insurance coverage that is necessary and customary for the business in which it operates, including commercial fire insurance and property insurance. There can be no assurance that such insurance can be obtained or retained on commercially reasonable terms or at all, or that any such coverage will sufficiently cover any losses suffered by the Group. The occurrence of a significant event or adverse claim exceeding the insurance coverage that the Group maintain, or that is not covered by insurance, could result in the Group having to pay compensation or damages and/or incur loss of revenue and could have a material adverse effect on the Group's business, results of operations, financial position and/or prospects.

The Group's business and expansion plans may be subject to its ability to raise capital and successfully implement its growth strategies, which may hinder its ability to capitalise on new business opportunities

The Group has experienced steady growth and expansion that have placed, and continue to place, significant pressure on the Group's management and resources. The development and expansion of the businesses, whether organically or by acquisition, entail significant difficulties and costs, including recruitment and compliance costs as well as the expenditure of integrating newly acquired businesses.

The Group's business and expansion plans will require adequate funding. For further details of such business and expansion plans, please refer to paragraph 6 (*The Group's Strategy*) of Part I (*The Group and its Business Activities*) of this Document. Such funds are needed for, among other things, expanding into overseas markets as well as pursuing strategic acquisitions and partnerships. In the event that the costs of implementing such plans should exceed these estimates significantly or that we come across opportunities to grow through expansion plans which cannot be predicted at this juncture, and the funds generated from the Group's operations prove insufficient for such purposes, the Group may need to raise additional funds to meet these funding requirements. Unless and until the businesses that the Group invests in generate revenues to offset these costs, the results of the operations of these businesses and therefore of the Group may be adversely affected.

There can be no assurance that financing, either on a short-term or a long-term basis, will be made available, or if available, that such financing will be obtained on terms favourable to the Group. If the Group is unable to secure necessary financing or secure such financing on terms which are favourable to the Group, either through debt and/or equity financing, this may adversely affect the Group's business, results of operations, financial position and/or prospects.

Such financing, even if obtained, may be accompanied by conditions that limit the Group's ability to pay dividends or require the Group to seek lenders' consent for payment of dividends, or restrict the Group's

freedom to operate its business by requiring lenders' consent for certain corporate actions. Further, in the event that the Group raises additional funds by way of a limited placement or by a rights offering or through the issuance of new Shares to new and/or existing Shareholders after the Placing, they may be priced at a discount to the then prevailing market price of the Shares trading on the SGX-ST or AIM, or if any Shareholders are unable or unwilling to participate in such additional rounds of fundraising, in which case, such Shareholders' equity interest may be diluted. If the Group fail to utilise the new equity to generate a commensurate increase in earnings, the Group's EPS may be diluted, and this could cause a decline in the share price.

In addition, future debt financing may, apart from increasing our interest expenses and gearing, subject the Group to various restrictive covenants and result in all or any of the following:

(a) limit the Group's ability to pay dividends or require the Group to seek consent for the payment of dividends;

(b) increase the Group's vulnerability to general adverse economic and/or industry conditions;

(c) require the Group to dedicate a substantial portion of its cash flows from operations to payments on its debt, thereby reducing the availability of its cash flows to fund capital expenditure, working capital and other requirements;

(d) require the Group to grant security over its assets; and/or

(e) limit the Group's flexibility in planning for, or reacting to, changes in its businesses and its industries.

In addition, while the Group strives to lower the costs of business expansion, there can be no assurance that the Group will be able to control its costs and ensure that its acquired businesses turn profitable within a short period, or that the Group will be successful in implementing its growth strategies, and any failure to do so could have a material adverse effect on the business, results of operations, financial position and/or prospects of the Group.

Any loss or deterioration of the Group's relationship with customers may result in the loss of revenue, harm the Group's business reputation and have a material adverse effect on financial results

Third party game developers engage the Group to create art assets for their video games and to develop video games and/or to publish their games on game publishing platforms. The Group may not be able to maintain a mutually beneficial commercial relationship with its game developer partners and/or the game publishing platforms with whom members of the Group have entered into publishing contracts in every case. Any failure on the Group's part to deliver the art assets the Group has been commissioned to create to the satisfaction of its customers or to perform its obligations under the framework agreements or game publishing agreements with them, may adversely affect the Group's business relationships with such third party game developers and/or game publishing platforms.

The term of the framework agreements that the Group enters into with customers under its Art Outsourcing Segment, which are primarily game developers, is typically one to two years, and is renewable upon the mutual agreement of the Group and such customer. As for the customers under the Group's Game Development Segment, contracts are generally for a period of between two to three years, and are renewable upon both parties' consent.

The Group are dependent on IT in the administration of its business. Any failure of the technology infrastructure of the Group or malfunction of services and/or software utilised by the Group could lead to significant costs and disruptions that could reduce revenues, harm the Group's business reputation and have a material adverse effect on financial results. ***Use of AI in the sector may also become prevalent in the industry and any AI algorithms that the Group uses may not operate properly or as expected which could detrimentally impact the art outsourcing capabilities of the Group***

The digital nature of the Group's business inevitably results in a higher dependency on technology in the development of virtual reality products, provision of 2D and 3D images, animation, visual effects and other art outsourcing, game development and game publishing services. As such, the operation of the Group's business depends on providing customers with high quality services that rely upon the Group's technology infrastructure and equipment. The Group may experience technology disruptions, outages and other large-scale performance problems due to a variety of factors, including technology infrastructure changes, human or software error, hardware or software failure, computer viruses and denial of service,

fraud and security attacks. These disruptions, outages or other problems may be caused by the Group or by third party service providers.

Any damage, malfunction, breakdowns or interruption of the Group's IT systems, software or networks either as a one-off event or repeatedly, could result in delays in project timelines and consequently may result in reputational damage to the Group's business, or could also cause the Group to materially breach its contracts with suppliers and customers. The Group may have to incur additional costs and expend resources in repairing such damage, malfunction, breakdown or interruption which may directly impact profits. The Group may also stand to lose customers and/or may become liable to them for the Group's failure to comply with its obligations under the various agreements with customers.

Whilst the Group have in place back-up servers which contain copies of the information critical to the Group's business operations, and have scheduled periodic back-ups for the Group's data and information, the Group cannot confirm or guarantee that such measures are sufficient to mitigate the risks of any failure of the Group's technology infrastructure or any software or services used or provided by the Group.

The Group also utilises various software and game development engines for its Art Outsourcing Segment and Game Development Segment. The Group are required to pay a licence fee for the use of such software and game development engines. Any malfunction or inability to use such software and game engines may have a material adverse impact on the Group's business and financial performance.

There is no guarantee that the Group will be able to successfully mitigate all or substantially all of the risks of business interruption as a result of failure of the Group's technology infrastructure, IT systems, software or networks and if the Group fails to provide the levels of service required by its customers, such customers may be entitled to receive a return of a portion of their fees and/or may seek to terminate their relationship with the Group.

Use of AI in the sector may increase and become prevalent in the industry. If this were to occur, the Group anticipates that it would need to increase its development and use of AI to keep pace with competitors. However as this is new technology, it is has unforeseen implications. AI algorithms may not operate properly as expected which could negatively impact the art outsourcing capabilities of the Group. The Group is exploring the application of AI to improve and expand its art outsourcing capabilities **.** As with many developing technologies, AI presents risks and challenges that could affect an algorithms' further development, adoption and use. AI is a novel technology, its acceptance is subject to change and there may be future backlash against AI technology or certain AI use cases. AI algorithms may be flawed. Datasets may be insufficient, of lesser quality than expected, or contain biased information. If the recommendations, forecasts, responses or analyses that AI applications produce are deficient or inaccurate, the Group could be subject to competitive harm, potential legal liability, and brand or reputation harm. If the Group enables or offers AI solutions that fail to operate as expected it could have a material detrimental impact on business operations.

Further, the use of any AI algorithms by the Group may be undermined by other AI technologies deployed with such intent or otherwise. It is possible that competitors' AI is developed that could outperform the AI algorithms that may be used by the Group.

The Group may be involved in disputes, legal and other proceedings and investigations arising out of the Group's operations from time to time and may face legal liabilities as a result

During the course of the Group's business, the Group may be involved in disputes with its customers and suppliers from time to time in relation to various matters, including complaints about the quality of services or products purchased. Further, disputes may arise between the Group and its customers as to the value of services performed by the Group in a particular period and the service fees that the Group are entitled to in the relevant period. The Group may also be subject to regulatory investigations and administrative penalties imposed by governmental authorities in relation to, *inter alia*, the games that the Group develop and/or publish, in the event that such games are viewed to be contrary to the prevailing publication and censorship guidelines, as well as alleged or actual breaches of the relevant tax laws and regulations.

There is no assurance that the Group is or will be able to resolve every occasion of dispute amicably in its favour. If the Group is unable to do so, disputes with customers or regulators may lead to legal and other proceedings against the Group, and consequently the Group may incur extensive expenditure in defending itself in such actions. If the Group cannot obtain favourable outcomes in such proceedings or investigations, it may be liable to pay significant sums of damages or penalties, which may have an adverse effect on the Group's business, results of operations, financial position and/or prospects.

Relatedly, there is also no assurance that the Group will not face lawsuits claiming the infringement of any

intellectual property rights of third parties in the future. In the event of any claims or litigation involving infringement of their intellectual property rights, whether with or without merit, the Group may be required to divert a significant amount of its time and resources to defend or attend to any possible litigation or legal proceedings. Any such claim or litigation could adversely affect the Group's business, results of operations, financial position and/or prospects.

RISKS RELATING TO THE GROUP'S OPERATIONS OVERSEAS

The Group may be adversely affected by laws, regulations and government policies in the several jurisdictions where the Group or its customers operate or changes to such laws, regulations and government policies

The Group provides services to customers around the world, including Mainland China, Taiwan, Korea, Europe, the United States, Hong Kong and Japan. As a result, the Group's customers' businesses are subject to various laws, regulations and/or rules in the jurisdictions which they have operations in, including laws, regulations and/or rules affecting trade and taxes, repatriation of funds and withholding taxes, restrictions on content, and any changes to these laws and other applicable local regulatory requirements.

For further details on a number of the laws and regulations to which the Group is subject please refer to paragraph 2 (*Regulatory Overview*) of Part II (*Market and Regulatory Overview*) of this Document.

Any changes in such laws, regulations, rules and/or market practices applicable to the Group may also impact the Group's ability to carry on business generally and/or as a going concern which may in turn have an adverse impact on the Group's business and operations.

For instance, the Group's Mainland China-based customers' businesses were affected by policies implemented by the government of Mainland China to regulate the digital content industry, which is currently an important focus of the government of Mainland China under its soft power policy framework. In past years, and most recently in July 2021, the government of Mainland China issued a suspension for granting new publication licences for game operators thereby effectively halting all game development in Mainland China. The government lifted such measures in April 2022.

The suspension did not have a critical impact on the Group's operations as the Group has a diversified base of customers in various jurisdictions, but there is no assurance that if the relevant governmental policies in Mainland China, as before, or elsewhere were to change in the future, the Group's customers will be able to continue to develop games and/or undertake their business activities which currently require the Group's services. In the event that they are unable to do so, it may in turn adversely affect the Group's business, results of operations, financial position and/or prospects.

For further details of the regulations of Mainland China on online games publishing and operation, please refer to paragraph 2.1.3 (*Regulations on Online Games Publishing and Operation)* of Part II (*Market and Regulatory Overview*) of this Document.

The Group derives a certain portion of its revenue from overseas operations and is exposed to foreign exchange risk

The Group has a presence in various countries and territories through its overseas offices. The Group's business is therefore exposed to fluctuations in foreign exchange rates as its commercial transactions and its assets and liabilities are denominated in many different currencies including but not limited to RMB, NTD, HKD, US$, MYR, Euros, Japanese Yen, Canadian dollars, S$ and GBP. Revenue from the Group's subsidiaries is primarily denominated in currencies such as RMB, NTD and US$. However, the Group's financial statements are prepared in US$. The exchange rates between the US$, RMB and NTD have varied substantially in recent years and may continue to fluctuate significantly in the future. In preparing the Group's financial statements, the Group translates revenue and expenses in its markets from their local currencies into US$ using the average exchange rates for the year (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions). Assets and liabilities are translated at the closing exchange rates at the reporting date. If the US$ strengthens relative to local currencies, the Group reported revenue, gross profit and net income will be reduced to that effect. The Group is also exposed to foreign exchange fluctuations when there are timing differences between invoicing and collection of payment. The Group's net foreign exchange loss was US$123,000 and US$144,000 for the years ended 31 December 2021 and 2022 respectively. For the year ended 31 December 2023 and the six months ended 30 June 2024, the Group's net foreign exchange gain was US$22,000 and US$12,000 respectively.

The impact of future exchange rate fluctuations among these currencies cannot be accurately predicted, and there can be no assurance that the Group's attempt to mitigate the adverse effects of exchange rate fluctuations will be successful or that such exchange rate fluctuations will not in the future have a material adverse effect on the Group's business, results of operations, financial position and/or prospects.

In addition, the proceeds to be raised from the Placing will be denominated in GBP, pending conversion into other currencies at the appropriate time, while the Group's intended uses of the Placing proceeds are likely to be denominated in US$, S$ or other foreign currencies. To the extent that the proceeds, revenue and operating costs and/or purchases are not entirely matched in the same currency and to the extent that there are timing differences between currency conversion and/or invoicing and collection of payment, as the case may be, the Group is exposed to adverse movements in the currencies in which it deals, and such adverse movements may have a negative impact on the overall value of the Group's assets or financial performance.

Several countries in which the Group operate impose restrictions on foreign ownership of businesses. Changes in relevant laws, regulations and/or rules or policies could materially and adversely affect the Group's business, financial condition and results of operations

The Group's business is subject to laws, regulations and/or rules in the countries or regions where the Group may operate. There are various licensing, approval or notification requirements governing different aspects of the Group's business which the Group must comply with, and which may impose conditions that may restrict the Group's operations. Regulatory authorities may exercise broad discretion in assessing the Group's compliance with such requirements or introducing new requirements, and the Group may incur additional costs and suffer operational restrictions that could be harmful to its business.

In addition, foreign investors are subject to restrictions on foreign ownership in certain industries and jurisdictions in which the Group operate, including Taiwan. The governments of these countries in which the Group operates may re-evaluate or amend the relevant laws, regulations, rules and/or policies, and any adverse changes in the laws, regulations, rules and/or policies, including their application or interpretation, could require the Group to remove or amend its existing arrangements or reduce its voting or economic interests in any existing or future subsidiaries and associates in these countries. Any such removal, amendment or reduction could affect the Group's ability to successfully implement its business strategies and operate in the relevant countries. Furthermore, it cannot be assured that the subsidiaries and associates of the Group will be able to comply with any new restrictions on foreign ownership because compliance may be affected by whether other shareholders are considered domestic or foreign investors, as determined in accordance with the applicable laws, regulations and/or rules. If foreign ownership restrictions are determined to have been violated, monetary and criminal penalties could be imposed and relevant licences or agreements could be cancelled or voided. Any of these events could materially and adversely affect the Group's business, results of operations, financial position and/or prospects.

The introduction of new services and products may require the Group to comply with additional, yet undetermined, laws, regulations and/or rules. Compliance may require obtaining appropriate permits, licences or certificates as well as expending additional resources to monitor developments in the relevant regulatory environment. The failure to adequately comply with these future laws, regulations and/or rules may delay, or possibly prevent, some of our products or services from being offered to users, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Changes to existing laws, regulations and guidelines, or the introduction of new laws, regulations and guidelines could also have a negative impact on the Group's operations, even if such laws, regulations and/or rules are not directly applicable to the Group. Should there be any subsequent modifications, additions or new restrictions to the current compliance standards, the Group may incur additional costs or administrative burdens in complying with the new or modified standards which may materially and adversely affect the Group's profitability and, consequently, its business, financial condition, results of operations and prospects.

Please refer to paragraph 2.1 (*Mainland China*) of Part II (*Market and Regulatory Overview*) of this Document for more details on certain applicable Mainland China laws, regulations and rules.

Any acts of bribery, money laundering, corrupt practices or other misconduct of the Group's employees or working partners may materially and adversely affect the Group's business and reputation

The Group has in place anti-money laundering and anti-bribery and anti-corruption policies however, the

Group cannot guarantee that its employees and working partners will comply with such laws, regulations and/or rules in the countries where the Group operates. If such persons fail to comply with the applicable anti-bribery and anti-corruption laws, this may subject the Group to substantial financial losses and may have a negative impact on the Group's reputation, and may mean the Group's business, results of operations, financial position and/or prospects may be adversely affected.

The Group may be subject to risks associated with the macro environment and international relations of Taiwan where one of the Group's offices is located

Some of the Group's assets and operations are located in Taiwan. Accordingly, the Group's business, results of operations and financial condition and the market price of the Shares may be affected by changes in the policies, regulations, taxation, inflation, interest rates, international relations, social instability and other economic or social developments in or affecting Taiwan which are outside the Group's control. Any tension between Taiwan and the international community and other factors affecting the general political and/or economic conditions in Taiwan could have a material adverse effect on the Group's results of operations and financial condition, as well as the market price and liquidity of the Shares. Further, if relations between Taiwan and the international community, especially its neighbouring countries worsen, it could also have a material adverse effect on Taiwan's macro economy and the Group's ability to manage and operate the Group's operations in other countries and to implement future plans for the expansion of the Group's existing operations. There can be no assurance that the present tensions will not worsen, which could have a significant adverse impact on the Group's business, results of operations, financial position and/or prospects.

Adverse changes in economic, social and political policies of the government of Mainland China could adversely effect overall economic growth in Mainland China, which could materially and adversely affect the Group's business

The Group's operations are mainly conducted in Mainland China through the Mainland China Subsidiaries. The Directors anticipate that Mainland China will continue to be a significant operational base of the Group in the near future. The Group is therefore influenced by the economic, social, political and legal developments in Mainland China, including the level of development, growth rate, foreign exchange controls, capital reinvestment, allocation of resources, rate of inflation and trade balance position. Economic reforms that begun in the late 1970s have resulted in significant economic growth. However, economic reform policies or measures in Mainland China may constantly evolve.

Any adverse changes in economic conditions in Mainland China, the policies of the government of Mainland China or Mainland China laws, regulations and/or rules could have a material and adverse effect on the overall economic growth of Mainland China. Such developments could lead to reduction in demand for the Group's products and the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

Please refer to paragraph 2.1 (*Mainland China*) of Part II (*Market and Regulatory Overview*) of this Document for more details on certain applicable Mainland China laws, regulations and rules.

The restrictions on Mainland China foreign exchange or outbound capital flows may affect the Group's ability to receive dividends and other payments from the Mainland China Subsidiaries

In Mainland China, foreign-invested enterprises are subject to Mainland China rules and regulations on currency conversion, including the Regulation for Foreign Exchange Controls in Mainland China, which is regulated by the SAFE. The ability of the Mainland China Subsidiaries to pay dividends or to repatriate profits to the Group may be affected by changes in the foreign exchange control of Mainland China. The government of Mainland China imposes controls on the convertibility between the RMB and foreign currencies and, in certain cases, the remittance of currency out of Mainland China. The Group receives a significant portion of its revenues in RMB. The income of the Group at the holding company level may be primarily derived from dividend payments from the Mainland China Subsidiaries. Shortages in the availability of foreign currency may restrict the ability of the Mainland China Subsidiaries of the Group to remit sufficient foreign currency to pay dividends or other payments to the Group, or otherwise satisfy their foreign currency denominated obligations. Under existing Mainland China foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of Mainland China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The

government of Mainland China may also at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents the Group from obtaining sufficient foreign currency to satisfy currency demands, the Group may not be able to pay dividends in foreign currencies to Shareholders. Please refer to paragraph 2.1.1 (*Regulations Relating to Foreign Investment)* of Part II (*Market and Regulatory Overview*) of this Document for further details.

The interpretation and application of regulations requiring approval of or filing with the CSRC may change, requiring the Group to make supplemental filings and/or obtain the approval of the CSRC for the Placing and Admission

Based on the CSRC Feedback, while the Company is not included under the scope of the Trial Administrative Measures, the interpretation and application of the Trial Administrative Measures remain unclear and uncertain, and subsequent corporate actions and/or equity fundraising rounds may ultimately require the Group to make supplemental filings and/or obtain the approval of the CSRC. Any failure to obtain or any delay in obtaining the CSRC approval for any relevant corporate action and/or equity fundraising where such approval is required, or a rescission of such CSRC approval that has been obtained by the Group, may result in certain sanctions imposed by the CSRC or other Mainland China regulatory authorities, which could include fines and penalties on the Group's operations in Mainland China, restrictions or limitations on the Group's ability to pay dividends outside of Mainland China, and other forms of sanctions.

It cannot be guaranteed that new rules or regulations promulgated in the future pursuant to the Trial Administrative Measures will not impose any additional requirement on the Group. If it is determined that the Group are subject to any CSRC approval, filing, other governmental authorisation or requirements for future capital raising activities and/or corporate actions, the Group may fail to obtain such approval or meet such requirements in a timely manner or at all, or completion could be rescinded. Any failure to obtain or delay in obtaining such approval or completing such procedures for future capital raising activities and/or corporate actions, or a rescission of any such approval obtained by the Group, may result in certain sanctions by the CSRC or other Mainland China regulatory authorities. These regulatory authorities may impose fines and penalties on the Group's operations in Mainland China, limit the Group's ability to pay dividends outside of Mainland China, limit the Group's ability to operate in Mainland China, delay or restrict the transfer of funds into Mainland China, or take other actions that could materially and adversely affect the Group's business, financial condition, results of operations, and prospects, as well as the proceeds of the Shares.

Please refer to paragraph 2.1.2 (*Regulations requiring approval of or filing with the CSRC)* of Part II (*Market and Regulatory Overview*) of this Document for further details.

Social insurance and housing providence fund in Mainland China

The Mainland China Subsidiaries are required to make social insurance and housing provident fund contributions in relation to its employees in accordance with laws and regulations in Mainland China. Any failure to pay such amounts may result in penalties by the relevant authorities for any violation of the relevant laws and regulations.

According to the provisions of the “Social Insurance Law” of the PRC, the social insurance collecting agency shall order the employer to make up any shortfall within a prescribed period and impose a late payment fee amounting to 0.05% of the unpaid amount for each day where the shortfall is overdue. If the non-compliance continues, the employer may be subject to a fine ranging from one to three times the unpaid amount owed to the relevant administrative agency. According to the “Regulations on the Administration of Housing Provident Fund”, an order for payment within a prescribed time limit may be given by the local authority. If no payment is made within that time limit, the local authority shall have the right to apply for compulsory enforcement of the payment in court.

It cannot be guaranteed that such contributions have been made in full in respect of all employees of Nanjing Winking Entertainment Ltd and whilst this entity has not been issued with any notifications by the relevant authorities requiring shortfalls to be paid, there is a risk of penalties being incurred in respect of such laws due to incomplete contributions.

RISKS RELATING TO THE SHARES AND THE AIM MARKET

Suitability of an investment in the Shares

An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result from the investment (which may be equal to the whole amount invested). Such an investment should be seen as

complementary to existing investments in a wide spread of financial assets and should not form a major part of an investment portfolio. Investors should not consider investing in Shares unless they already have a diversified investment portfolio. Prospective investors should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. Investment in the Company should not be regarded as short term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objectives of the Company will be achieved. Investment in the Shares may not be suitable for all prospective investors. Prospective investors are, accordingly, advised to consult a person authorised under FSMA who specialises in investments of this nature before making any investment decisions.

Control by the Company's Shareholders of the Company's share capital after the Placing may limit investors' ability to influence the outcome of decisions requiring the approval of Shareholders

After the completion of the Placing, the Controlling Shareholder, Acer Gaming, will hold approximately 57.39% of the issued and paid-up share capital of the Company. As a result, the Controlling Shareholder will be able to significantly influence the corporate actions of the Company such as mergers or takeover attempts in a manner which may not be in line with the interests of public Shareholders. It will also have veto power in relation to any Shareholder action or approval requiring a majority vote except in situations where it is required, by the AIM Rules for Companies, the Catalist Rules, the SGX-ST or undertakings given by it and its Associates, to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of the Group which may not benefit Shareholders. On Admission, the Controlling Shareholder, Acer Gaming, and Acer SoftCapital Inc. will enter into the Relationship Agreement as detailed in paragraph 15.1.3 (Relationship Agreement) of Part VI (*Additional Information*) of this Document.

The Company is a Cayman Islands incorporated company and the rights and protection afforded to shareholders pursuant to the laws of the Cayman Islands may not be the same as those in other jurisdictions

The Company is incorporated in the Cayman Islands as an exempted company and is subject to the Cayman Islands Companies Act. The Company also has to comply with the Catalist Rules and will have to comply with the AIM Rules for Companies upon Admission. The Act may provide shareholders of companies incorporated under the laws of England and Wales certain rights and protections of which there may be no corresponding rights or protections under the Cayman Islands Companies Act. As such, if you invest in the Shares, you may or may not be accorded the same level of shareholder rights and protections that a shareholder of a company incorporated under the laws of England and Wales would be afforded under the Act.

The rights of Shareholders and the responsibilities of the Company's management and the Board of Directors under Cayman Islands laws may be different from those applicable to a company incorporated in another jurisdiction, including the United Kingdom. The Company's corporate affairs are governed by the Memorandum and Articles, the Cayman Islands Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take legal action against the Company and its Directors, the protection of the interests of minority Shareholders, and fiduciary responsibilities owed by the Directors to the Company under Cayman Islands laws are to a large extent governed by the common law of the Cayman Islands, the Cayman Islands Companies Act and the Memorandum and Articles. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which may have persuasive, but not binding, authority on a court in the Cayman Islands. The rights of Shareholders and the fiduciary responsibilities of the Directors under Cayman Islands laws may not be as clearly established as they would be under statutes or judicial precedents in other jurisdictions where investors may be located. The Cayman Islands may have a less developed body of securities law than the United Kingdom. In addition, the laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statues and under judicial precedents in Singapore or other jurisdictions.

As a result, public Shareholders may have more difficulty in protecting their interest in connection with actions taken by the Company's management, Directors or principal Shareholders than they would as shareholders of a company incorporated in another jurisdiction.

The Singapore Takeover Code contains provisions that could discourage a take-over of the Company

The Company is subject to the Singapore Takeover Code which contains certain provisions that may

possibly delay, deter or prevent a future take-over or change in control of the Company. Under the Singapore Takeover Code, except with the consent of the SIC, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares, is required to extend a take-over offer for the remaining voting Shares in accordance with the Singapore Takeover Code. Except with the consent of the SIC, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of the voting Shares, either on his own or together with parties acting in concert with him, acquires additional voting Shares representing more than 1.0% of the voting Shares in any six-month period. While the Singapore Takeover Code seeks to ensure an equality of treatment among Shareholders, its provisions could substantially impede the ability of the Shareholders to benefit from a change in control and, as a result, may adversely affect the market price of our Shares and the ability to realise any benefits from a potential change in control. In addition, the Company's Controlling Shareholder, Acer Gaming, will have a shareholding interest of approximately 57.39% in the Company's post-Placing share capital. This concentration of ownership could delay, deter or prevent a change in control of the Company or a successful offer under the Singapore Takeover Code by another person.

Risk that Admission does not become effective

Admission will only become effective following completion of the Placing and with the approval of the London Stock Exchange. If completion of the Placing occurs but Admission does not, there is a risk that the Shares will be suspended from trading on AIM until such time that AIM approve the Admission of the Shares to trading. If Admission does not take place within six months of the suspension, the trading of the Shares on AIM may be cancelled.

Taxation

This Document has been prepared on the basis of legislation, regulation, rules and practices as at the date of this Document and the Directors' interpretation thereof. Such interpretation may not be correct and it is always possible that legislation, rules and practices may change. Any change in legislation or regulation in the Cayman Islands or elsewhere and, in particular, in tax status or tax residence of the Group or in tax legislation or its interpretation or practice could affect the Group's ability to provide returns to Shareholders, the value of the investments held by the Group and/or alter the post tax returns to Shareholders. The taxation of an investment in the Company depends on the individual circumstances of prospective investors.

Further, as the Group operates in a variety of jurisdictions, it falls subject to tax laws and regulations of multiple jurisdictions and these jurisdictions may change. Continued compliance with the laws and regulations in multiple jurisdictions may lead to increased costs associated with the monitoring and compliance with such laws, including as a result of the implementation of alternate practices being required in order to comply with local laws. For example, in respect of the PRC tax law, whilst the Group have not during the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 been subject to any notice of material breach, investigation, non-compliance or penalty in respect of Enterprise Income Tax Law of the PRC (2018 Revision) (the "**EIT Law**"), there can be no assurance that the Company will not be considered a PRC resident enterprise for PRC enterprise income tax purposes in the future and be subject to the uniform 25.0% corporate income tax on our global income. In such a case, the Group's profitability and cash flow may be materially and adversely affected as a result of its global income being taxed under the EIT Law.

If, following the imposition, application or modification of existing laws or regulations, or the adoption of new laws and regulations across the jurisdictions in which it operates, the Group fails to comply with such laws, this may adversely affect the Group's reputation and customer confidence therein, its business, results of operations and financials.

Volatility of Share price

The Placing Price may not be indicative of the market price for the Shares following Admission. The Shares' market value may be uncertain and may be subject to wide fluctuations in response to many factors, including those referred to in this Part III, as well as stock market fluctuations, changes in financial estimates by industry participants or securities analysts and general economic conditions or changes in political sentiment that may substantially affect the market price of the Shares irrespective of the Group's actual financial, trading or operational performance. These factors could include the performance of the Group, large purchases or sales of the Shares (or the perception that such sales may occur, as, for example in the period leading up to the expiration of the various lock-in agreements to which certain

Shareholders are subject), legislative changes and market, economic, political or regulatory conditions. The combination of one or more of these factors could mean that investors are unable to recover their original investment in the Shares.

Shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List

Shares will be admitted to trading on AIM and will not be admitted to the Official List of the Financial Conduct Authority or to any other stock exchange except for Catalist. The rules of AIM are less rigorous than those of the Official List and an investment in Shares traded on AIM may carry a higher risk than an investment in shares admitted to the Official List. In addition, the market in Shares on AIM may have limited liquidity, making it more difficult for an investor to realise its investment than might be the case in respect of an investment in shares which are quoted on the London Stock Exchange's main market for listed securities. Prospective investors should therefore be aware that the market price of the Shares may be more volatile than the market prices of shares quoted on the London Stock Exchange's main market for listed securities and may not reflect the underlying value of the net assets of the Group. For these and other reasons, investors may not be able to sell at a price which permits them to recover their original investment.

Additional capital and dilution

The Directors (having made due and careful enquiry) are of the opinion that the working capital available to the Company and the Group is sufficient for its present requirements, that is for at least 12 months from the date of Admission. If the Group fails to generate sufficient revenue, then it may need to raise additional capital in the future, whether from equity or debt sources, to fund expansion and development. If the Group is unable to obtain this financing on terms acceptable to it, then it may be forced to curtail its planned strategic development. If additional funds are raised through the issue of new equity or equity-linked securities of the Group other than on the basis of a pro rata offer to existing Shareholders, the percentage ownership of such Shareholders may be substantially diluted. There is no guarantee that market conditions prevailing at the relevant time will allow for such a fundraising or that new investors will be prepared to subscribe for Shares at a price which is equal to or in excess of the Placing Price.

Shareholders may earn a negative or no return on their investment in the Company

The Company's results of operations and financial condition are dependent on its performance and of the performance of the members of the Group. The Company's ability to pay dividends will depend, among other things, on its financial performance, the availability of distributable profits and reserves and cash available for this purpose. The Company's ability to pay dividends in the future is affected by a number of factors, principally the Company's ability to receive sufficient dividends from its subsidiaries. The payment of dividends by the Company's Subsidiaries is, in turn, subject to restrictions, including the existence of sufficient distributable reserves and cash in its Subsidiaries. These restrictions could limit or prohibit the payment of dividends to the Company by its Subsidiaries, which could restrict the Company's ability to pay dividends to Shareholders.

Substantial sales of Shares

There can be no assurance that certain Directors or other Shareholders will not elect to sell their Shares following the expiry of the Lock-In Deeds, details of which are set out in paragraph 15.1.4 (*Lock-In Deeds and Orderly Market Agreements*) of Part VI (*Additional Information*) of this Document, or otherwise. The market price of Shares could decline as a result of any such sales of Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Shares at a time or at a price it deems appropriate.

There is no guarantee that the Company's Shares will continue to be traded on AIM and/or Catalist

The Company cannot assure investors that the Shares will always continue to be traded on AIM, Catalist or on any other exchange. If such trading were to cease, certain investors may decide to sell their Shares, which could have an adverse impact on the price of the Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM and/or Catalist, the level of liquidity of the Shares traded on AIM could decline.

Exchange rate fluctuations may impact on the value of and the investment in the Shares or any dividends in foreign currency terms

The Shares will be quoted on AIM in pounds sterling and on Catalist in Singapore dollars. Any dividends to be paid in respect of them will be paid, to Shareholders whose Shares are held in CDP, in Singapore in Singapore dollars, and to Shareholders whose Shares are held in CREST, in pounds sterling. An investment in Shares by an investor in a jurisdiction whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of the pound sterling in relation to such foreign currency will reduce the value of the investment of the Shares or any dividends in foreign currency terms.

Relationship with the Acer Group

At the date of Admission, the Acer Group (via Acer Gaming Inc. and Acer SoftCapital Inc.) will own approximately 64.16% of the issued share capital of the Company. The Acer Group will be locked-in pursuant to the Lock-In Deed.

Following expiry of the Lock-In Deed, should the Acer Group choose to divest of its shareholding there is a risk that the share price would be adversely affected.

The Acer Group will have a significant interest in, and will continue to exert substantial influence over the Company, and, at times, its interest may differ from or conflict with those of other Shareholders.

Accordingly, a relationship agreement has been entered into between Acer Gaming Inc., Acer SoftCapital Inc., the Company and Strand Hanson to ensure that the Company is able to carry on its business independently and to regulate the relationship between them on an arm's length and normal commercial basis.

The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is an exempted company with limited liability incorporated in the Cayman Islands. The rights of holders of Shares are set out in the Memorandum and Articles and are governed by the law of the Cayman Islands. These rights may differ from the rights of shareholders in UK corporations. An Overseas Shareholder may not be able to enforce a judgment against any of the Directors and the Executive Officers. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil or commercial matters or any judgments under the securities law of countries other than the UK against the Directors who are residents of the UK or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries. Furthermore, English law currently limits significantly the circumstances under which shareholders may bring derivative actions. Under English law, in most cases, only the Company may be the proper plaintiff for the purposes of maintaining proceedings in respect of wrongful acts committed against it and, generally, neither an individual shareholder, nor any group of shareholders, has any right of action in such circumstances. There is uncertainty as to whether the courts of the Cayman Islands would (i) recognise or enforce judgments of English courts obtained against the Company or the Directors or the Executive Officers that are predicated upon the civil liability provisions of the securities laws of the UK or countries other than the UK, or (ii) entertain original actions brought in the Cayman Islands against the Company or the Directors or the Executive Officers that are predicated upon the securities laws of the UK or countries other than the UK.

Although there is no statutory enforcement in the Cayman Islands of judgments obtained in the English courts, a judgment obtained in such jurisdiction will be recognised and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (a) is given by a foreign court of competent jurisdiction, (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (c) is final, (d) is not in respect of taxes, a fine or a penalty, and (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

Under Cayman Islands law, the Company will normally be the proper plaintiff to sue for a wrong done to the Company, and as a general rule, a derivative action may ordinarily not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law

principles (namely the rule in Foss v. Harbottle and the exceptions thereto) so that a minority shareholder may be permitted to commence a class action against or derivative actions in the name of the Company to challenge:

- an act which is ultra vires or illegal and is therefore incapable of ratification by the Shareholders;
- an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the Company; and
- an act, although not ultra vires, could only be effected duly if authorised by more than a simple majority vote which has not been obtained.

Shareholders in jurisdictions outside of the UK may not be able to participate in future equity offerings

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise these rights, unless either the Shares and any other securities that are offered and sold are registered under the Securities Act, or the Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable US or other Shareholders to exercise their pre-emption rights or, if available, that the Company will use any such exemption.

PART IV. HISTORICAL FINANCIAL INFORMATION

This Part IV relates to the historical financial information of the Company and its Subsidiaries. This historical financial information is set out in the Appendix to this Document.

- The historical financial information included for the years ended 31 December 2021 and 2022 has been extracted from the prospectus prepared in connection with the Catalist Listing and published and registered by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), acting as agent on behalf of the MAS, on 8 November 2023.
- The historical financial information included for the year ended 31 December 2023 has been extracted from the Group's audited annual consolidated accounts for the financial year ended 31 December 2023, published on 15 April 2024.
- The interim financial information for the six months ended 30 June 2024 has been extracted from the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024, published on 14 August 2024.

The Group's consolidated financial statements for the years ended 2021, 2022, and 2023 have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") issued by the local Accounting Standards Council ("**ASC**") under Accounting and Corporate Regulatory Authority, Singapore's regulator of business registration, financial reporting, public accountants, and corporate service providers. SFRS(I)s comprise Standards and Interpretations that are equivalent to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

As set out in the interim financial information for the six months ended 30 June 2024, the Group has adopted International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The interim financial information for the six months ended 30 June 2024 was the first set of financial statements the Group prepared in accordance with IFRS. The Group will apply IFRS in all future annual and interim financial statements.

PART V. UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The unaudited pro forma financial information of the Group in this Part V has been prepared to illustrate the effect on the net assets of the Group as if the Placing had taken place on 30 June 2024.

The unaudited pro forma financial information is based on the unaudited consolidated net assets of the Group as at 30 June 2024 and has been prepared using accounting policies consistent with those set out in the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024.

The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position. The unaudited pro forma financial information has been prepared on the basis set out in the notes below and in accordance with Schedule Two of the AIM Rules for Companies.

The unaudited pro forma does not constitute statutory or audited accounts.

The Unaudited Pro Forma Financial Information does not reflect any changes in the financial or trading position of the Group, since 30 June 2024, save for the placement of 108.0 million new ordinary shares on 8 July 2024 and committed proceeds from the Placing.

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

	Consolidated Interim Statement of Financial Position as at 30 June 2024	July 2024 private placement	Sub-total	Committed proceeds from the Placing	Unaudited pro forma net assets as at 30 June 2024
	US$'000	US$'000	US$'000	US$'000	US$'000
	(Note 1)	*(Note 2)*		*(Note 3)*	
Assets					
Current assets					
Cash and cash equivalents	11,631	19,912	31,543	7,745	39,288
Trade and other receivables	4,045	-	4,045	-	4,045
Contract assets	4,243	-	4,243	-	4,243
	19,919	**19,912**	**39,831**	**7,745**	**47,576**
Non-current assets					
Investment in Financial Assets at Amortised Cost	1,466	-	1,466	-	1,466
Property, plant and equipment	2,041	-	2,041	-	2,041
Intangible assets	1,944	-	1,944	-	1,944
Right-of-use assets	2,157	-	2,157	-	2,157
Deferred income tax assets	1,470	-	1,470	-	1,470
Other non-current assets	350	-	350	-	350
	9,428	**-**	**9,428**	**-**	**9,428**
Total assets	**29,347**	**19,912**	**49,259**	**7,745**	**57,004**
Liabilities and equity					
Current liabilities					
Trade and other payables	5,001	32	5,033	-	5,033
Contract liabilities	93	-	93	-	93
Current income tax	70	-	70	-	70

	Consolidated Interim Statement of Financial Position as at 30 June 2024	July 2024 private placement	Sub-total	Committed proceeds from the Placing	Unaudited pro forma net assets as at 30 June 2024
liabilities					
Lease liabilities	871	-	871	-	871
	6,035	32	**6,067**	-	**6,067**
Non-current liabilities					
Lease liabilities	1,350	-	1,350	-	1,350
Deferred income tax liabilities	985	-	985	-	985
	2,335	**-**	**2,335**	**-**	**2,335**
Total liabilities	**8,370**	**32**	**8,402**	**-**	**8,402**
Net assets	**20,977**	**19,880**	**40,857**	**7,745**	**48,602**

Notes:

(1) The net assets of the Group as at 30 June 2024 have been extracted without material adjustment from the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024.

(2) This adjustment reflects the placement of 108.0 million new ordinary shares at an issue price of $0.25 for net proceeds of S$26.5 million (US$19.9 million) on 8 July 2024 as disclosed in note 16 of the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024.

(3) This adjustment reflects the net proceeds of the committed Placing by the Company of £6.0 million (US$7.7 million), which is stated after deducting associated costs of £1.9 million (US$2.5 million), resulting in a pro forma cash and cash equivalents balance of US$39.3 million.

PART VI. ADDITIONAL INFORMATION

1. RESPONSIBILITY

1.1 The Company and the Directors, whose names are set out in the section titled "*Directors, Secretary, Registered Office and Advisers*" of this Document, accept responsibility, both individually and collectively, for the information contained in this Document including, in respect of the Directors, individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 The information contained in this Document extracted from the CIC Report has been accurately reproduced and so far as the Company is aware and is able to ascertain from the CIC Report, no facts have been omitted which would render the reproduced information inaccurate or misleading.

2. THE COMPANY

2.1 The Company, Winking Studios Limited, was incorporated in the Cayman Islands under the Cayman Islands Companies Act as an exempted company with limited liability on 15 December 2005 with the incorporation number 159882 under the name "Winking Entertainment Ltd". The Company changed its name to "Winking Studios Limited" with effect from 17 May 2023. The Company is domiciled in the Cayman Islands and the Company's LEI number is 836800YLTYAQJJBQEO88.

2.2 The Company's registered office is located at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. There is no telephone number or facsimile number for the Company's registered office.

2.3 The Company's principal places of business are as follows:

(i) **Singapore**: 6 Raffles Quay, #14-06, Singapore 048580;

(ii) **Taiwan**: 1F, No. 158 Ruihu Street, Neihu District, Taipei City 114067, Taiwan; and

(iii) **Mainland China**: No. 1, Zhengxue Road, Qinhuai District, Nanjing, Mainland China 210000.

2.4 The Company's main contact telephone number is +86 25 8465 1255 and its main contact facsimile number is +86 25 5188 5585.

2.5 The Company's website is https://www.winkingworks.com/. The information found on the Company's website does not form part of this Document.

2.6 The corporate affairs of the Company are governed by the Cayman Islands Companies Act, the Memorandum and Articles and the common law of the Cayman islands. The Memorandum and Articles provide that the liability of each Member is limited to the amount unpaid on such Member's Shares.

2.7 The principal legislation under which the Shares have been or will be created is the Cayman Islands Companies Act and the regulations made thereunder.

3. SHARE CAPITAL

3.1 The authorised share capital of the Company on incorporation was US$1,000,000 divided into 10,000,000 ordinary shares of a par value of US$0.10 each. The issued share capital of the Company on incorporation was 2 ordinary shares of a par value of US$0.10 each. As at the date of this Document, the authorised share capital of the Company is S$1,000,000,000 divided into 25,000,000,000 ordinary shares of a par value of S$0.04 each and the issued share capital of the Company is S$15,507,931 divided into 387,698,275 fully paid ordinary shares of a par value of S$0.04 each.

3.2 There have been the following changes in the Company's authorised and issued share capital since September 2020:

3.2.1 on 3 September 2020, 13,387,089 ordinary shares of a par value of US$0.01 each

were allotted and issued pursuant to Board resolutions passed and approved on 3 September 2020, to various investors at a price of US$0.31 per ordinary share. Following such issuance the issued share capital of the Company was 55,280,150 ordinary shares of a par value of US$0.01 each with a total aggregate nominal value of US$552,801.50;

3.2.2 on 16 September 2020, 3,225,806 ordinary shares of a par value of US$0.01 each were allotted and issued pursuant to Board resolutions passed and approved on 16 September 2020, to an investor at a price of US$0.31 per ordinary share. Following such issuance the issued share capital of the Company was 58,505,956 ordinary shares of a par value of US$0.01 each with a total aggregate nominal value of US$585,059.56;

3.2.3 on 29 September 2021:

(a) the Company repurchased and cancelled the previously issued 58,505,956 ordinary shares of a par value of US$0.01 each at a price of US$0.011 per ordinary share from the then-existing Shareholders for an aggregate consideration of US$648,129. The consideration was fulfilled via an issuance of 1,845,415 ordinary shares of a par value of NTD10 each (the "**New NTD Shares Issuance**"). The purpose of the Share repurchase and the New NTD Shares Issuance was to change the currency denomination of the Company's share capital from US$ to NTD; and

(b) 13,856,517 ordinary shares of a par value of NTD10 each were allotted and issued pursuant to Board and Shareholders resolutions regarding capitalisation of capital reserve passed and approved on 29 September 2021, to the then-existing Shareholders by capitalising the capital reserve of US$4,578,000.

The total issued share capital of the Company following such exercise was 15,701,932 ordinary shares of a par value of NTD10 each;

3.2.4 on 10 January 2023, 1,744,659 ordinary shares of a par value of NTD10 each were allotted and issued pursuant to Board resolutions passed and approved on 10 January 2023, to Acer Gaming at a price of NTD53 per ordinary share. Following such issuance the total issued share capital of the Company was 17,446,591 ordinary shares of a par value of NTD10 each;

3.2.5 on 17 May 2023, the Company declared and issued scrip dividend, which resulted in the issue of 5,000,000 ordinary shares of a par value of NTD10 each by capitalising the Company's retained profits. Following such issuance the total issued share capital of the Company was 22,446,591 ordinary shares of a par value of NTD10 each;

3.2.6 on 1 November 2023:

(a) the authorised share capital of the Company was increased from "NTD1,000,000,000 divided into 100,000,000 ordinary shares of a par value of NTD10 each" to an aggregate of (a) "NTD1,000,000,000 divided into 100,000,000 ordinary shares of a par value of NTD10 each" and (b) "S$20,000,000 divided into 500,000,000 ordinary shares of a par value of S$0.04 each", by the creation of an additional authorised share capital of "S$20,000,000 divided into 500,000,000 ordinary shares of a par value of S$0.04 each" ("**Increase of Authorised Share Capital**");

(b) immediately following the Increase of Authorised Share Capital, for the purpose of redenominating the then existing issued share capital of NTD224,465,910 to S$ at the then prevailing exchange rate of NTD1.00 to S$0.0427, an aggregate of 239,698,275 ordinary shares of a par value of S$0.04 each in the capital of the Company were issued at par to the then existing Shareholders as at 31 October 2023 on a pro-rata basis to their holdings and the issue of such Shares was registered in the register of members of the Company (the "**Redenomination Issuance**");

(c) immediately following the Redenomination Issuance, the 22,446,591 ordinary shares of a par value of NTD10 each that were in issue (and held by the

respective existing Shareholders) as at 31 October 2023 were repurchased by the Company at par for an aggregate price equal to the proceeds of the Redenomination Issuance (the "**Redenomination Share Repurchase**"); and

(d) immediately following the Redenomination Share Repurchase, all shares that were denominated in NTD (being the repurchased 22,446,591 ordinary shares of a par value of NTD10 each) were cancelled. Following such cancellation the authorised but unissued share capital of the Company was reduced by way of the cancellation of the authorised share capital of "NTD1,000,000,000 divided into 100,000,000 ordinary shares of a par value of NTD10 each", leaving the remaining authorised share capital of the Company as "S$20,000,000 divided into 500,000,000 ordinary shares of a par value of S$0.04 each" (the ordinary shares of a par value of S$0.04 each hereinafter referred to as the "**Shares**");

3.2.7 on 20 November 2023, 40,000,000 Shares were allotted and issued pursuant to the Catalist Placement Agreement and the Catalist Placement Cornerstone Subscription Agreements with Acer Gaming and Jason Chen at a price of S$0.20 per Share. Following such issuance the total issued share capital of the Company was 279,698,275 Shares;

3.2.8 on 20 November 2023, the Shares were admitted and listed on Catalist, the sponsor-supervised listing platform of the SGX-ST;

3.2.9 on 30 April 2024, the authorised share capital of the Company was increased from "S$20,000,000 divided into 500,000,000 Shares" to "S$1,000,000,000 divided into 25,000,000,000 Shares" by the creation of an additional authorised share capital of "24,500,000,000 Shares" to rank *pari passu* in all respects with the then existing Shares; and

3.2.10 on 10 July 2024, the Company allotted and issued 108,000,000 Shares by way of a placement, pursuant to the Secondary Placement Agreement, at an issue price of S$0.25 per Share. Following such issuance the total issued share capital of the Company was 387,698,275 Shares.

3.3 As at the date of this Document, and following Admission (assuming the Placing is fully placed), the Share Capital is, and will be, as follows:

	Existing Shares		Following Admission (including Placing Shares)	
	Nominal Value (S$)	Number of Shares (fully paid)	Nominal Value (S$)	Number of Shares (fully paid)
Issued and fully paid	15,507,931	387,698,275	17,614,597.68	440,364,942

3.4 Save as disclosed in this Document:

(i) no loan capital of the Company has been issued or is proposed to be issued;

(ii) there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;

(iii) no person has any preferential subscription rights for any share capital of the Company;

(iv) none of the Shares have been sold or made available to the public in conjunction with the application for Admission;

(v) no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company; and

(vi) no shares in the Company are held by the Company or any of its subsidiary undertakings.

3.5 The Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Memorandum and Articles permit the Company to issue shares in uncertificated form. The Shares will have rights and be subject to the restrictions referred to in paragraph 5 (*Memorandum and Articles*) of this Part VI.

3.6 The Placing Shares to be issued pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Existing Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of this Document.

3.7 Save as disclosed in paragraphs 6 (*Directors and Other Interests*), 9 (*Major Shareholders and Voting Rights*) and 10 (*Share Incentive Arrangements*) of this Part VI, the Company has not issued or granted, or agreed to issue or grant, any options, warrants, exchangeable securities, securities with warrants or any convertible securities of the Company.

3.8 As at the date of this Document, there is no class of shares in issue other than the Shares and no Shares have been issued other than as fully paid.

3.9 The Shares are not being marketed or being made available to the public in whole or in part in conjunction with the application for Admission.

4. SUBSIDIARY UNDERTAKINGS

4.1 As at the date of this Document, the Company has six direct subsidiary undertakings as well as the three subsidiaries of Shanghai Winking Entertainment Ltd, the Taiwan branch of Winking Art Pte. Ltd. and the two subsidiaries of On Point Creative Co., Ltd., details of which are set out below. Nanjing Winking Entertainment Ltd and Shanghai Wishing Entertainment Ltd are wholly owned subsidiaries of Shanghai Winking Entertainment Ltd and Winking Art Limited is a wholly owned subsidiary of Nanjing Winking Entertainment Ltd. On Point Creative (HK) Company Limited is a wholly owned subsidiary of On Point Creative Co., Ltd. and On Point Creative (Suzhou) Co. Ltd is a wholly owned subsidiary of On Point Creative (HK) Company Limited. Winking Art Pte. Ltd. (Taiwan) is a branch of Winking Art Pte. Ltd. (Singapore).

Name of entity	Date and place of incorporation/residence	Principal activities	Percentage of issued share capital held (%)
Winking Art Pte. Ltd.[(1)] (private company limited by shares)	4 January 2021; Singapore	Development of computer games and animation production	100
Winking Art Entertainment Corporation (company limited by shares)	21 July 2016; Taiwan	Provision of game art outsourcing services and game development outsourcing services across various platforms such as console, PC, online and handheld content for the video games industry	100
On Point Creative Co., Ltd. (company limited by shares)	26 January 2018; Taiwan	Provision of game art outsourcing services across various platforms such as console, PC, online and handheld content for the video games industry	100
Shanghai Winking Entertainment Ltd (limited liability company (wholly owned by foreign legal persons))	13 January 2004; Mainland China	Provision of game art outsourcing services across various platforms such as console, PC, online and handheld content for the video games industry	100
Nanjing Winking Entertainment Ltd (limited liability company (wholly owned by a legal person which is invested or controlled by a non-natural person))	18 August 2009; Mainland China	Provision of game art outsourcing services and game development outsourcing services across various platforms such as console, PC, online and handheld content for the video games industry	100
Shanghai Wishing Entertainment Ltd (limited liability company (wholly owned by foreign-invested enterprise legal person))	20 December 2007; Mainland China	Provision of game art outsourcing services across various platforms such as console, PC, online and handheld content for the video games industry	100
On Point Creative	14 March 2024; Mainland	Provision of game art outsourcing services	100

(Suzhou) Co., Ltd. (Limited Liability Company (wholly owned by Taiwan, HK & Macau legal persons)	China	across various platforms such as console, PC, online and handheld content for the video games industry	
Winking Art Limited (private company limited by shares)	2 August 2017; Hong Kong	Provision of game art outsourcing services across various platforms such as console, PC, online and handheld content for the video games industry	100
Winking Skywalker Entertainment Limited (private company limited by shares)	1 February 2010; Hong Kong	Release of game products developed by the Group as well as our clients on global game platforms, including PlayStation, Switch and Steam	100
On Point Creative (HK) Company Limited (private company limited by shares)	19 June 2019; Hong Kong	Acting as agent for web games artwork design and animation services	100
Pixelline Art Sdn. Bhd. (private company limited by shares)	17 May 2024; Malaysia	Undertaking and executing all kinds of works in animation, computer-generated imagery and post-production in motion pictures, video and television programmes, post-production activities and all other related activities and to carry on business in general trading	100

(1) The Company's Singapore subsidiary, Winking Art Pte. Ltd., has a branch in Taiwan, Winking Art Pte Ltd Taiwan Branch.

Subsidiary Options and Warrants

4.2 On 29 December 2023, the Company's subsidiary OPC entered into service agreements with its five employees, three of whom are Taiwanese employees of OPC (one of whom is its director Mr. Sim Chen) and two of whom are Mainland China employees of OPC's Mainland China subsidiary. Such service agreements stipulated that OPC agrees to issue to such employees, in accordance with Taiwanese laws, a total of 350,000 employee restricted shares (which will account for approximately 9.09% of OPC's equity after such issuance) in order to incentivise long-term talent retention. Chinese nationals must submit an application to the government of Mainland China before being granted overseas shares. They must also submit an application to the DIR before subscribing for these shares as such subscription constitutes an investment in Taiwanese company. Therefore while the effective date of the service agreements was 25 April 2024, taking into account the necessary review period for such applications, it is anticipated that the issue date for these employee restricted shares will only be determined by the board of directors of OPC in 2025 following completion of such governmental review.

Investments/Acquisitions

4.3 On 28 June 2024, the Company purchased the business (and certain assets) of Pixelline Production Sdn. Bhd, ("**Pixelline Production**") which carries out full pipeline animation production, television commercials and motion graphic post-production and partial animation contract work. The acquisition of Pixelline Production was financed through the Company's internal resources as well as proceeds from certain placements and a cornerstone tranche which took place in 2023. The aggregate purchase consideration payable by the Company is up to US$1,000,000 comprising a US$300,000 upfront cash payment, a one time aggregate payment of US$200,000 for the transfer of employees, and the balance payable in tranches subject to earn-out conditions being met for the financial years ending 31 December 2024, 31 December 2025 and 31 December 2026.

4.4 On 28 December 2023, the Company entered into a sale and purchase agreement which completed on 1 April 2024, to purchase of 100% of the issued and paid-up share capital of OPC, a company mainly engaged in the provision of art outsourcing services. The aggregate purchase consideration was NTD59,900,000 (or approximately US$1,867,083)[3]cash, and no adjustments to the consideration pursuant to the sale and purchase agreement were made.

[3] Based on the mid-market exchange rate of NTD1: US$0.03117 as at 1 April 2024

4.5 Other than as described above in this paragraph 4 (*Subsidiary Undertakings*), the Company does not have any investments and has not made any firm commitments with respect to any prospective investments.

5. MEMORANDUM AND ARTICLES

The following is a summary of the provisions of the Memorandum and Articles that will be in force as at Admission.

Objects of the Company

The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.

Ordinary Resolution and Special Resolution

5.1 An "ordinary resolution" is defined in the Memorandum and Articles as a resolution passed by a simple majority of votes of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting. In computing the majority on a poll regard shall be had to the number of votes to which each Member is entitled by the Memorandum and Articles.

5.2 A "special resolution" is defined in the Memorandum and Articles as having the same meaning as in the Cayman Islands Companies Act and for this purpose, the requisite majority shall be not less than three-fourths of the votes of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. In computing the majority on a poll regard shall be had to the number of votes to which each Member is entitled by the Memorandum and Articles.

5.3 Article 84 of the Memorandum and Articles provides that a resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of all Members for the time being entitled to receive notice of and to attend and vote at general meetings of the Company shall, for the purposes of the Memorandum and Articles, be treated as a resolution duly passed at a general meeting of the Company and, where relevant, as a special resolution so passed.

5.4 The following summarises certain provisions of the Memorandum and Articles relating to:

5.4.1 *the appointment, retirement and removal of the Directors (Articles 85 and 86)*

The Company may by ordinary resolution at any general meeting appoint any person to be a Director either as an additional Director or to fill a casual vacancy. The Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director.

Each Director shall retire at least once every three years. A retiring Director shall be eligible for re-election.

The Company at the meeting at which a Director retires under any provision of the Memorandum and Articles may by ordinary resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected except in any of the following cases:

(a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost;

(b) such Director is disqualified under the Cayman Islands Companies Act or (for so long as the Shares are listed on the designated stock exchange (as defined in the Memorandum and Articles)) the rules or regulations of the designated stock exchange from holding office as a Director in any jurisdiction for reasons other than on technical grounds; or

(c) where such Director has given notice in writing to the Company that he is unwilling to be re-elected.

Subject to any provision to the contrary in the Memorandum and Articles, the

Members may, at any general meeting convened and held in accordance with the Memorandum and Articles, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything in the Memorandum and Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).

5.4.2 *the power of a Director to vote on a proposal, arrangement or contract in which he is interested (Articles 100, 101 and 102)*

Subject to the Cayman Islands Companies Act and to the Memorandum and Articles, no Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with the Memorandum and Articles.

A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company, or which may directly or indirectly create a conflict with his duties or interests as Director, shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

A Director shall not participate in any discussions and shall not be entitled to vote on any resolution of the Board in respect of any contract, transaction or arrangement, or proposed contract, transaction or arrangement of any other proposal whatsoever (and/or receive any information relating thereto):

(a) in which he has any material interest (personal or otherwise), whether directly or indirectly;

(b) which might, whether directly or indirectly, create a conflict with his duties or interests as a Director; or

(c) in the case of a Director who represents the interests of, or who was nominated for appointment by a Substantial Shareholder, in which such Substantial Shareholder and/or its related corporation may have an interest or potential interest.

At a Board meeting, a Director shall not be counted in the quorum in relation to any resolution on which he is debarred from voting and any such resolution shall be determined in accordance with the Memorandum and Articles.

Matters in which a Director shall not be considered to have a personal material interest shall include the following:

(A) any contract or arrangement in which he is interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his interest in shares or debentures or other securities of the Company; or

(B) any proposal concerning the adoption, modification or operation of a share option scheme, a share incentive scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.

5.4.3 *the remuneration of Directors (Articles 95, 96, 97 and 98)*

The fees of Directors shall from time to time be determined by the Company in general meeting, and shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the general meeting, and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Such remuneration shall be deemed to accrue from day to day.

Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Directors or committees of the Directors or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any fees or ordinary remuneration provided for by or pursuant to any other article. The fees in the case of a Director other than an executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an executive Director or otherwise shall be remunerated by a commission on, or percentage of turnover.

The Board shall obtain the approval of the Company in general meeting before making any payment to any Director or past Director by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

5.4.4 *the borrowing powers exercisable by Directors (Article 109)*

Subject to the provisions of the Memorandum and Articles, the Directors may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Cayman Islands Companies Act, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

5.4.5 *the retirement or non-retirement of a Director under an age limit requirement*

There are no provisions relating to retirement of Directors upon reaching any age limit in the Memorandum and Articles.

5.4.6 *the shareholding qualification of a Director (Article 85(3))*

Neither a Director nor an alternate Director is required to hold any Shares by way of qualification.

5.4.7 *rights, preferences and restrictions attaching to the Shares*

The Company currently has only one class of Shares, namely ordinary shares.

(a) *Dividends and Distribution (Articles 136 and 137)*

Subject to the Cayman Islands Companies Act, any rights and restrictions for the time being attached to any shares of the Company, or as otherwise provided for in the Memorandum and Articles, the Company in general meeting may from time to time declare dividends in any currency to be paid to the Members but no dividend shall be declared in excess of the amount recommended by the Board.

Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the

Board determines is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of the share premium account or any other fund or account which may be authorised for this purpose in accordance with the Cayman Islands Companies Act, provided that no distribution or dividend may be paid to Members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

(b) *Voting Rights* (*Article 65*)

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Memorandum and Articles, at any general meeting (i) on a show of hands every Member present in person (or being a corporation, is present by a representative duly authorised under Article 83 of the Memorandum and Articles) or by proxy shall have one vote and the chairman of the meeting shall determine which proxy shall be entitled to vote where a Member (other than the Depository or a relevant intermediary) is represented by two proxies, and (ii) on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder or which he represents and in respect of which all calls due to the Company have been paid, but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share.

For so long as the shares of the Company are listed on the designated stock exchange, if required by the listing rules of the designated stock exchange, all resolutions at general meetings shall be voted by poll (unless such requirement is waived by the designated stock exchange).

(c) *Share in Surplus upon Liquidation* (*Article 169*)

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares of the Company, (i) if the Company shall be wound up and the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such Members in proportion to the amount paid up on the shares held by them respectively; and (ii) if the Company shall be wound up and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Cayman Islands Companies Act, divide among the Members *in specie* or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(d) *Redemption Provisions* (*Article 3(2)(a)*)

Subject to the Cayman Islands Companies Act, the Memorandum and Articles and, where applicable, the rules or regulations of any designated stock exchange, the Company shall have the power to issue shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Member on such terms and in such manner as the Directors may determine.

5.4.8 *any changes in capital (Article 4)*

The Company may from time to time by ordinary resolution in accordance with the Cayman Islands Companies Act alter the conditions of its Memorandum of Association to:

(a) increase its capital by such sum divided into Shares of such amounts as the resolution shall prescribe or, if the Company has Shares without par value, increase its share capital by such number of Shares without nominal or par value, or increase the aggregate consideration for which its shares may be issued, as it thinks expedient;

(b) consolidate and divide all or any of its capital into Shares of larger amount than its existing Shares;

(c) convert all or any of its paid-up Shares into stock and reconvert that stock into paid-up shares of any denomination;

(d) sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum of Association (subject, nevertheless, to the Cayman Islands Companies Act); and

(e) cancel Shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its capital by the amount of the Shares so cancelled or, in the case of Shares without par value, diminish the number of Shares into which its capital is divided.

5.4.9 *any change in the respective rights of the various classes of Shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law (Articles 10 and 11)*

Whenever the share capital of the Company is divided into different classes of Shares, subject to the provisions of the Statutes, preference shares other than redeemable preference shares may be redeemed or repurchased and the special rights attached to any class may be varied or abrogated with the sanction of a special resolution passed at a separate class meeting of the holders of the Shares of the class concerned (but not otherwise, provided always that where the necessary majority for such a special resolution is not obtained at such class meeting, consent in writing if obtained from the holders of three-fourths in nominal value of the issued shares of the class concerned within two months of such class meeting shall be as valid and effectual as a special resolution carried at such class meeting).

To every such separate class meeting and all adjournments thereof all the provisions of the Memorandum and Articles relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum (other than at an adjourned meeting) shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class and at any adjourned meeting of such holders, two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him. The foregoing provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

5.4.10 *pre-emptive rights in respect of issuances of Equity Securities (Articles 12(2), 12(3) and 12(4))*

Under Article 12(2), subject to any direction to the contrary that may be given by the Company in general meeting or except as permitted under the rules or regulations of a Designated Stock Exchange, all new Equity Securities shall before issue be offered to Shareholders in proportion, as far as the circumstances admit (the Directors being permitted to make such exclusions or other arrangements necessary or expedient to deal with fractional entitlements, record dates, or legal, regulatory or practical difficulties which may arise under the laws of or requirements of any regulatory authority or a designated stock exchange or any other matter whatsoever), to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of Equity Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of that time, or on the receipt of an intimation from Shareholders to whom the offer is made that he declines to accept the Equity Securities offered, the Board may dispose of those Equity Securities in such manner as it thinks most beneficial to the Company. This provision may have the effect of delaying, deferring or preventing a change in control of the Company.

Article 12(3) provides that the grant and issuance of options by Directors pursuant to any employees' share option scheme(s) to be adopted by the Directors that might or would require Equity Securities to be allotted and issued, including but not limited to the creation and issue of (as well as adjustments to) options convertible into shares shall not be subject to the general pre-emptive rights set out in Article 12(2).

Article 12(4) further provides that where Directors are generally authorised to allot Equity Securities after having obtained the prior approval of the Company in general meeting by way of an Ordinary Resolution, the general pre-emptive rights may be disapplied by way of a further Ordinary Resolution passed by the Company in general meeting, save that, for so long as the shares of the Company are listed on AIM, where the proposed allotment and issue of Equity Securities is wholly for cash, the additional resolution required for the purpose of Article 12(4) shall be a Special Resolution.

Unless revoked or varied by the Company in general meeting, otherwise specified in the Special Resolution or Ordinary Resolution (as applicable) or required by any applicable rules or regulations of a Designated Stock Exchange, such authorities to disapply pre-emptive rights shall not continue in force beyond the conclusion of the annual general meeting of the Company next following the passing of the Special Resolution or Ordinary Resolution (as the case may be), or the date by which such annual general meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earlier), save that the Directors may before such expiry make any offer or agreement that would or might require Equity Securities in the capital of the Company to be allotted and issued after such expiry and the Directors may allot and issue Equity Securities in the capital of the Company in pursuance of any such Instrument (as defined in the Memorandum and Articles), offer or agreement as if the power conferred thereby had not expired.

5.4.11 *any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates (Article 145)*

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six years from the date of declaration shall be forfeited and shall revert to the Company. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if

a period of six years has elapsed from the date of declaration of such dividend or the date on which such other moneys are first payable. For the avoidance of doubt, no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

5.4.12 *incorporated terms of the Disclosure Guidance and Transparency Rules (DTRs) published by the Financial Conduct Authority of the United Kingdom (Articles 174 and 175)*

In addition to the notification obligations under the Securities and Futures Act, a Shareholder must comply with Chapter 5 of the United Kingdom Financial Conduct Authority's Disclosure Guidance and Transparency Rules by notifying the Company of the percentage of voting rights it holds or is deemed to hold through direct or indirect holdings (or a combination of such holdings) if the percentage of those voting rights reaches or exceeds certain thresholds. The Company must also use all reasonable endeavours to comply with the notification and disclosure requirements of Rule 17 of the AIM Rules. The Company is also entitled to require any person whom it believes to be interested in any shares in the Company to confirm or refute that interest and in the absence of a response from the relevant person, the Company is entitled to take certain actions such as suspending the voting rights in respect of the shares in question and, where such shares represent more than 0.25% of the then outstanding issued shares in the capital of the Company, suspending the rights to receive dividends on those shares until the relevant information is provided to the Company. Any Shareholders who do not comply with these notification and disclosure requirements may be ordered to do so on application to the Singapore courts by the Company or any other Shareholder . If the Company becomes aware of a breach of these provisions, it may issue a notice requiring the provision of the requested information and any continuing failure to respond may lead to the suspension of rights attaching to such shares.

5.4.13 *transfer of depositary interests (Article 46(2))*

To enable the Directors to facilitate electronic settlement of Shares (represented by depositary interests) through CREST, the Directors are empowered to implement and/ or approve arrangements in relation to the evidencing of title to and transfer of shares in the form of depositary interests, instruments and securities.

6. DIRECTORS AND OTHER INTERESTS

6.1 The interests of the Directors and any person connected with a director (within the meaning of section 252 to 254 of the Act) respectively (all of which are beneficial unless otherwise stated), in the issued share capital of the Company, were as at the Latest Practicable Date and are expected to be immediately following Admission, to the extent that their existence is known to, or could with reasonable diligence be ascertained by, a Director, as follows:

	As at Latest Practicable Date		Immediately following the Placing and Admission	
Director	Number of Shares	Percentage of issued ordinary share capital	Number of Shares	Percentage of issued ordinary share capital
Mr. Johnny Jan[(1)]	23,573,660	6.08%	24,240,327	5.50%
Mr Oliver Yen	2,455,396	0.63%	2,722,063	0.62%
Mr. Kao Shu-Kuo	300,000	0.08%	300,000	0.07%
Mr. Chang Yi-Hao	0	0.00%	0	0.00%
Mr. Yang Wu Te	0	0.00%	0	0.00%
Mr. Lim Heng Choon	0	0.00%	0	0.00%
Mr. Daniel Widdicombe	0	0.00%	0	0.00%

Note:

(1) Mr. Johnny Jan's shareholdings include 2,304,731 Shares held by his wife Ms. Lee Chiu-Hui.

6.2 In addition, Mr. Johnny Jan was granted up to 12,580,000 Awards on 8 April 2024 pursuant to the Winking Studios Performance Share Plan which will be vested across five tranches. The vesting conditions are up to seven years of service. Mr. Johnny Jan will be allotted and issued 12,580,000 Shares at the end of the period subject to threshold targets and tenure of service being achieved.

6.3 Save as set out in paragraph 6.1 and 6.2 above, as at immediately following Admission, no Director will, and no person so connected with a Director respectively has, or is expected to have, any interest in the share capital of the Company or any of its Subsidiaries or any options over the Company's shares.

6.4 Save as disclosed above, no Director or member of a Director's family has any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Shares.

7. ADDITIONAL INFORMATION ON THE DIRECTORS

7.1 Other than their directorship of the Company, the directorships and partnerships currently held by the Directors and held over the five years preceding the date of this Document are as follows:

Director	Current directorships	Past directorships
Mr. Johnny Jan	*Group Companies* Winking Art Pte. Ltd. Winking Art Limited Winking Entertainment Corporation Winking Skywalker Entertainment Limited Shanghai Winking Entertainment Ltd Shanghai Wishing Entertainment Ltd Winking Entertainment (HK) Limited	*Group Companies* Jiangsu Nuanyi Information Technology Co., Ltd. Winking 23 BJ Studio Corporation Yahyel Future Entertainment Inc Nanjing Winking Entertainment Ltd
	Other Companies Chih-ching Universe Co., Ltd.	*Other Companies* Shanghai Shenglun Business Consulting Co., Ltd.
Mr. Oliver Yen	*Group Companies* Winking Art Pte. Ltd. On Point Creative Co., Ltd. Pixelline Art Sdn. Bhd.	*Group Companies* Nanjing Nuanyi Information Technology Co., Ltd. Playeo Technology (Pingtan) Co., Ltd. Shanghai Winking Entertainment Limited Winking Studios Limited[4]
	Other Companies Patec Precision Industry Co., Ltd. Otsuka Information Technology Co., Ltd	*Other Companies* NIL
Mr. Kao Shu-Kuo	*Group Companies* NIL	*Group Companies* NIL
	Other Companies Acer Global Merchandise Philippines Inc. Acer Gadget Inc. Altos Computing Inc. Acer Gaming Inc. DropZone Holding Limited DropZone (Hong Kong) Limited	*Other Companies* Star VR Corporation
Mr. Chang Yi-Hao	*Group Companies* NIL	*Group Companies* NIL
	Other Companies Big Data Co., Ltd. Treasure Sage Sabah Sdn Bhd Rainbow Path Global Ltd Treasure Sage Ltd Howard Digital Marketing Co., Ltd. Insight Digital World Co., Ltd. Mountain and Sea Leisure Co., Ltd. Yiwen Co., Ltd. Vision Accelerator Co., Ltd.	*Other Companies* NIL

Mr. Yang Wu Te	*Group Companies* NIL	*Group Companies* NIL
	Other Companies NIL	*Other Companies* NIL
Mr. Lim Heng Choon	*Group Companies* NIL	*Group Companies* NIL
	Other Companies Centific Global Solutions, Inc edgeTech Venture Ltd Liho Besuto Sdn Bhd Awesome Realty Sdn Bhd Esports Business Network Sdn Bhd KDH Design Inc Hyperion Connect Pte Ltd KDH Design Co Ltd Hyperion Connect Ltd International Liquid Packaging Solutions Pte Ltd Global Vision Holdings Pte Ltd	*Other Companies* Ritamix Global Limited
Mr. Daniel Widdicombe	*Group Companies* NIL	*Group Companies* NIL
	Other Companies Devolver Digital Inc.	*Other Companies* CCB International Overseas (UK) I-Quest Corporation Ltd AVIC-CCBI Aviation Industry Investment Fund Management GP Ltd Arnold House School Limited

7.2 In October 2019, Mr. Oliver Yen was involved in a car accident (the "**Car Accident**"), which led to (i) criminal litigation (the "**Criminal Proceeding**"); and (ii) civil litigation brought by a party involved in the Car Accident who was dissatisfied with the outcome of the Criminal Proceeding (the "**Dissatisfied Party**") and who sought damages against Mr. Oliver Yen (the "**Civil Proceeding**"). The cause of the Car Accident was Mr. Oliver Yen's car suffering a punctured tyre which then led to a chain collision.

In relation to the Criminal Proceeding, the Taiwan New Taipei District Court, the court of the first instance, had on 11 February 2022 ordered an imprisonment term of three months and probation period for a period of two years on Mr. Oliver Yen for negligently causing injury as a result of the Car Accident. Given the offence was not committed intentionally, such order also provided that (i) the imprisonment sentence could be substituted with a payment of NTD1,000 (which equates to US$31) per day of any such imprisonment; and (ii) Mr. Oliver Yen would not be subject to any fine or imprisonment if his probation period of two years was served satisfactorily.

In relation to the Civil Proceeding, the Taiwan New Taipei District Court, Banqiao Court Area Summary Court had, on 13 June 2023, rendered a judgment determining that the Dissatisfied Party total damages arising from the accident amount to NTD 957,248. Since both parties were found to have been negligent, the court apportioned liability equally between Mr. Oliver Yen and the Dissatisfied Party, holding each responsible for 50% of the damages. Consequently, Mr. Oliver Yen was ordered to pay NTD 478,624 to the Dissatisfied Party. During the first instance, Mr. Oliver Yen filed a counterclaim seeking compensation for damages allegedly incurred as a result of the accident. However, since the counterclaim was filed after the statutory limitation period, the court, while acknowledging that the Dissatisfied Party should bear some degree of liability, ultimately dismissed Mr. Oliver Yen's counterclaim on procedural grounds.

The Dissatisfied Party has appealed against the judgements in respect of both the Criminal Proceeding and the Civil Proceeding, and as at the Latest Practicable Date, both appeals remain pending.

The second hearing in the Criminal Proceeding is scheduled for the morning of 26 November 2024, while the Civil Proceeding remains pending, awaiting further notice from the court. Pending the outcome of the Criminal Proceeding, should the order described above stand, Mr. Oliver Yen shall take the option to pay the fine in lieu of imprisonment.

[4] Until resignation from Board in 2021

7.3 Save as disclosed in this paragraph 7 (*Additional Information on the Directors*), as at the date of this Document, none of the Directors have:

7.3.1 any unspent convictions in relation to indictable offences;

7.3.2 had a bankruptcy order made against him or made an individual voluntary arrangement;

7.3.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary arrangement, company voluntary arrangement or made any composition or arrangement with its creditors generally or of any class of its creditors whilst he was a director of that company or within 12 months after he ceased to be a director of that company

7.3.4 been a partner in a partnership which has been placed in compulsory liquidation, administration or made a partnership voluntary arrangement whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;

7.3.5 had any asset placed in receivership or any asset of a partnership in which he was a partner placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership; or

7.3.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies) or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

8. DIRECTORS' SERVICE AGREEMENTS AND APPOINTMENT LETTERS

8.1 *Definitions*

In paragraphs 8.2 and 8.3 of this Part VI, the following capitalised words have the meanings set out in this paragraph 8.1:

"**Group**" means the group of companies consisting of the Company and its Subsidiary or Subsidiaries from time to time; and

"**Participate**" means, whether directly or indirectly, to carry on or be engaged (whether alone or in partnership or joint venture with or on behalf of any other person, firm or corporation), concerned (whether by the provision of expertise, information or financial assistance to such business or otherwise) or interested (whether as trustee, principal, agent, officer, director, shareholder, unitholder, employee, partner or in any other capacity), other than as a holder of not more than 5.0% of the total issued shares or debentures of any company listed on any recognised stock exchange provided that the executive does not or shall not participate in or is otherwise involved in the management and/or operations of such company.

"**Subsidiary**" means any corporation (a) in which the composition of the board of directors is controlled by the first-mentioned corporation; (b) in which more than half of the voting power is controlled by the first-mentioned corporation; or (c) which is a subsidiary of any corporation which is a subsidiary of the firs-mentioned corporation, and the term "**Subsidiaries**" shall be construed accordingly.

8.2 *Service Agreement of Mr. Johnny Jan*

8.2.1 The Company entered into an executive service agreement with the CEO Mr. Johnny Jan on 28 September 2023 (as amended by a letter dated 8 November 2024, to take effect on Admission) (the "**Executive Service Agreement**"). Mr. Johnny Jan's engagement as CEO pursuant to the terms of the Executive Service Agreement is for a period of three years with effect from 20 November 2023 (the "**CEO Initial Term**"), and to be continued thereafter from year to year (unless otherwise terminated by either party giving not less than six months' written notice to the other or by the Company paying the Mr. Johnny Jan an amount equal to six months' salary in lieu of notice). Mr. Johnny Jan is entitled to a basic salary of S$293,148 (which equates to US$222,060) per annum and is subject to confidentiality undertakings.

8.2.2 The Company may also, among other reasons, terminate the Executive Service Agreement with Mr. Johnny Jan if he is disqualified to act as a director or executive officer of the Company under any applicable laws, the Memorandum and Articles or any rules prescribed by the SGX-ST, is guilty of any dishonesty, gross misconduct or wilful neglect of duty, or commits any continued material breach of the terms of the Executive Service Agreement after written warning (other than a breach which is capable of remedy and has been remedied by the CEO to the satisfaction of

the Board within 30 days upon him being called upon to do so in writing by the Board), be guilty of conduct likely to bring himself or any member of the Group into disrepute, or becomes bankrupt or is convicted of any criminal offence (other than an offence which in the reasonable opinion of the Board does not affect his position in the Company). The Company may additionally terminate the Executive Service Agreement if the CEO persistently refuses to carry out any reasonable lawful order given to him in the course of his employment or persistently fails to diligently attend to his duties under the Executive Service Agreement.

8.2.3 The Executive Service Agreement also provides, among other things, that CEO shall not without the prior written consent of the Company during the continuance of his employment Participate in a business that the Group presently carries on or such other business that the Group may carry on from time to time. Additionally, the Executive Service Agreement imposes non-solicitation and other non-competition obligations on CEO for as long as he is an employee of the Company and for a period of 12 months following the cessation of his employment (subject to the prior consent in writing of the Company).

8.2.4 The Executive Service Agreement covers the terms of employment, specifically his salary and bonus. Pursuant to the terms of the Executive Service Agreement, Mr. Johnny Jan is entitled to a basic monthly salary. In addition, he is entitled to an annual fixed bonus amounting to two months' salary provided that the Group records a profit after tax (based on the audited consolidated profit after tax of the Group for the relevant FY ("**PAT**") and the PAT shall include any adjustments in relation to the bonus amounts payable to the executive officer(s) of the Group from time to time and/or executive director(s) of the Company from time to time in respect of that FY ("**Adjusted PAT**")), in the relevant FY (the "**Fixed Bonus**"). In respect of FY2023, he is also entitled to a further performance bonus based on, *inter alia*, the Adjusted PAT of the Group (subject to any other appropriate adjustment(s) to the PAT that shall be determined and approved by the Remuneration Committee and the Board) in respect of that FY of the Group having met certain financial thresholds (the "**FY2023 Performance Bonus**"). He is also entitled to an incentive bonus (the "**Incentive Bonus**") in respect of each FY from FY2024 onwards determined at the sole discretion of the Remuneration Committee and subject to approval by the Board. The Incentive Bonus is calculated based on the Group's Adjusted PAT (subject to any other appropriate adjustment(s) to the PAT that shall be determined and approved by the Remuneration Committee and the Board) for the relevant FY as follows:

Adjusted PAT	**Incentive Bonus (in terms of the number of months based on last drawn monthly salary)**
0 to US$1.0 million	2
More than US$1.0 million to US$1.4 million	4
More than US$1.4 million to US$1.8 million	6
More than US$1.8 million to US$2.2 million	8
More than US$2.2 million to US$2.6 million	10
More than US$2.6 million to US$3.0 million	12
Any subsequent increase in Adjusted PAT by multiples of US$0.4 million	Additional two months for each multiple

8.2.5 Mr. Johnny Jan's remuneration, Fixed Bonus, FY2023 Performance Bonus and the Incentive Bonus shall be fixed for the CEO Initial Term and shall thereafter be subject to annual review by the Remuneration Committee and be subject to the Group's financial performance and the prevailing market and economic conditions. Notwithstanding the previous sentence, the full payment of the Fixed Bonus, the FY2023 Performance Bonus and the Incentive Bonus (as applicable) is subject to (a) annual review and adjustments (if any) to take into account Mr. Johnny Jan's individual contribution as assessed by the Remuneration Committee; (b) annual performance appraisal of Mr. Johnny Jan by the Remuneration Committee and (c) any other reasonable indicator(s) on which the Remuneration Committee may base their appraisal on. Mr. Johnny Jan's remuneration, Fixed Bonus, FY2023 Performance Bonus and Incentive Bonus are

considered to be in line with the industry as the Company's Remuneration Committee comprises members who are knowledgeable and familiar with the remuneration package within the industry.

8.2.6 Mr. Johnny Jan will not be entitled to any benefits upon the termination of the Executive Service Agreement. The Executive Service Agreement does not contain any entitlement whereby the Company must pay a gratuity or other retirement, superannuation, death or disability benefits to him or to his widow or dependents or relations or connections or to any persons in respect or may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance. The Nominating Committee has taken into consideration Mr. Johnny Jan's appointment as CEO as well as his duties and responsibilities, in assessing the appropriateness of his remuneration package.

8.2.7 Directors' fees do not form part of the terms of the Executive Service Agreement as these require the approval of Shareholders at the Company's annual general meeting.

8.2.8 The Executive Service Agreement is governed by the laws of Singapore.

8.3 ***Employment Agreement of Mr. Oliver Yen***

8.3.1 The Company entered into an employment agreement with Mr. Oliver Yen on 28 September 2023 (as amended by a letter dated 8 November 2024, which included his appointment as Finance Director, to take effect on Admission) (the "**Employment Agreement with Mr. Oliver Yen**"). Mr. Oliver Yen's engagement as the Group CFO pursuant to the terms of the Employment Agreement with Mr. Oliver Yen is for a period of three years with effect from 20 November 2023 (the "**CFO Initial Term"**), and to be continued thereafter from year to year (unless otherwise terminated by either party giving not less than six months' written notice to the other or by the Company paying Mr. Oliver Yen an amount equal to six months' salary in lieu of notice). Mr. Oliver Yen is entitled to a basic salary of NTD1,872,504 and RMB274,440 (which equates to US$96,369.81) per annum and is subject to confidentiality undertakings.

8.3.2 The Company may, among other reasons, terminate the Employment Agreement with Mr. Oliver Yen if Mr. Oliver Yen, amongst other reasons, is disqualified to act as a director or as an executive officer under any applicable laws, the Memorandum and Articles or any rules prescribed by the SGX-ST, is guilty of any dishonesty, gross misconduct or wilful neglect of duty or commits any continued material breach of the terms of his employment agreement after written warning (other than a breach which is capable of remedy and has been remedied by the Mr. Oliver Yen to the satisfaction of the Board within 30 days upon him being called upon to do so in writing by the Board), be guilty of conduct likely to bring himself or any member of the Group into disrepute or becomes bankrupt or is convicted of any criminal offence (other than an offence which in the reasonable opinion of the Board does not affect his position in the Company). The Company may additionally terminate the Employment Agreement with Mr. Oliver Yen if Mr. Oliver Yen persistently refuses to carry out any reasonable lawful order given to him in the course of his employment or persistently fails to diligently attend to his duties under the Employment Agreement with Mr. Oliver Yen.

8.3.3 The Employment Agreement with Mr. Oliver Yen also provides, among other things, that he shall not without the prior written consent of the Company during the continuance of his employment Participate in a business that the Group presently carries on or such other business that the Group may carry on from time to time. Additionally, the Employment Agreement with Mr. Oliver Yen imposes non-solicitation and other non-competition obligations on him for as long as he is an employee of the Company and for a period of 12 months following the cessation of his employment (subject to the prior consent in writing of the Company).

8.3.4 The Employment Agreement with Mr. Oliver Yen covers the terms of employment, specifically his salary and bonus. Pursuant to the terms of the Employment Agreement with Mr. Oliver Yen, Mr. Oliver Yen is entitled to a basic monthly salary. In addition, he is entitled to an annual fixed bonus amounting to two months' salary provided that the Group records an Adjusted PAT in the relevant financial year (the "**CFO Fixed Bonus**"). In respect of FY2023, he is also entitled to a further performance bonus if the Company completes its listing on the Catalist of the SGX-ST by 31 December 2023 (the "**CFO Performance Bonus**"). He is also entitled to an incentive bonus (the "**CFO Incentive Bonus**") in respect of each FY from FY2024 onwards determined at the sole discretion of the Remuneration Committee and subject approval by the Board. Such bonus is calculated based on the Group's Adjusted PAT (subject to any other appropriate adjustment(s) to

the PAT that shall be determined and approved by the Remuneration Committee and the Board) for the relevant FY.

8.3.5 Mr. Oliver Yen's remuneration, CFO Performance Bonus and CFO Incentive Bonus shall be fixed for the CFO Initial Term and shall thereafter be subject to annual review by the Remuneration Committee and be subject to the Group's financial performance and the prevailing market and economic conditions. Notwithstanding the previous sentence, the full payment of the CFO Incentive Bonus is subject to (a) annual review and adjustments (if any) to take into account the Mr. Oliver Yen's individual contribution as assessed by the Remuneration Committee; (b) annual performance appraisal of Mr. Oliver Yen by the Remuneration Committee and (c) any other reasonable indicator(s) on which the Remuneration Committee may base their appraisal on. Mr. Oliver Yen's remuneration, CFO Fixed Bonus, CFO Performance Bonus and CFO Incentive Bonus are considered to be in line with the industry as the Company's Remuneration Committee comprises members who are knowledgeable and familiar with the remuneration package within the industry.

8.3.6 Mr. Oliver Yen will not be entitled to any benefits upon the termination of the Employment Agreement with Mr. Oliver Yen. The Employment Agreement with Mr. Oliver Yen does not contain any entitlement whereby the Company must pay a gratuity or other retirement, superannuation, death or disability benefits to him or to his widow or dependents or relations or connections or to any persons in respect or may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance. The Nominating Committee has taken into consideration Mr. Oliver Yen's duties and responsibilities, in assessing the appropriateness of his remuneration package.

8.3.7 Directors' fees do not form part of the terms of the Employment Agreement with Mr. Oliver Yen as these require the approval of Shareholders at the Company's annual general meeting.

8.3.8 The Employment Agreement with Mr. Oliver Yen is governed by the laws of Singapore.

8.4 ***Non-Executive Director Appointment Letters***

The following non-executive director letters have been entered into.

8.4.1 Mr. Lim Heng Choon is engaged by the Company as a Non-Executive Independent Director on the terms of a letter of appointment dated 28 September 2023 and as the Independent and Non-Executive Chairman from Admission pursuant to the terms of an amendment letter dated 8 November 2024. Such appointments are on an ongoing basis, terminable by the Company at any time and for any reason, and terminable by Mr. Lim Heng Choon on not less than three months' prior written notice. Mr. Lim Heng Choon receives a fee of US$27,000 per annum and is subject to confidentiality undertakings. Mr. Lim Heng Choon is not entitled to any payment on termination of his appointment by the Company, other than for fees due in respect of his notice period and reimbursement of any expenses properly incurred before the date of termination. Mr. Lim Heng Choon's letter of appointment is governed by Singapore law.

8.4.2 Mr. Kao Shu-Kuo is engaged by the Company as a Non-Executive Director on the terms of a letter of appointment dated 28 September 2023 (as amended by a letter dated 8 November 2024 effective from Admission) on an ongoing basis, terminable therefore on not less than three months' prior written notice. Mr. Kao Shu-Kuo, being also the chief operating officer of Acer Inc., is not compensated (other than expenses) for his role as a Director of the Company. Mr. Kao Shu-Kuo is not entitled to any payment on termination of his appointment by the Company. Mr. Kao Shu-Kuo is subject to confidentiality undertakings pursuant to his letter of appointment. Mr. Kao Shu-Kuo's letter of appointment is governed by Singapore law.

8.4.3 Mr. Chang Yi-Hao is engaged by the Company as a Non-Executive Independent Director on the terms of a letter of appointment dated 28 September 2023 (as amended by a letter dated 8 November 2024 effective from Admission) on an ongoing basis, terminable by the Company at any time and for any reason, and terminable by Mr. Chang Yi-Hao on not less than three months' prior written notice. Mr. Chang Yi-Hao receives a fee of US$27,000 per annum and is subject to confidentiality undertakings. Mr. Chang Yi-Hao is not entitled to any payment on termination of his appointment by the Company, other than for fees due in respect of his notice period and reimbursement of any expenses properly incurred before the date of termination. Mr. Chang Yi-Hao's letter of appointment is governed by Singapore law.

8.4.4 Mr. Yang Wu-Te is engaged by the Company as a Non-Executive Independent Director on the

terms of a letter of appointment dated 28 September 2023 (as amended by a letter dated 8 November 2024 effective from Admission) on an ongoing basis, terminable by the Company at any time and for any reason, and terminable by Mr. Yang Wu-Te on not less than three months' prior written notice. Mr. Yang Wu-Te receives a fee of US$27,000 per annum and is subject to confidentiality undertakings. Mr. Yang Wu-Te is not entitled to any payment on termination of his appointment by the Company, other than for fees due in respect of his notice period and reimbursement of any expenses properly incurred before the date of termination. Mr. Yang Wu-Te's letter of appointment is governed by Singapore law.

8.4.5 Mr. Daniel Widdicombe will be engaged by the Company from Admission as a Non-Executive Independent Director on the terms of a letter of appointment dated 8 November 2024 for an initial term of three years, terminable on three months' written notice. In the event that Admission does not become effective by 29 November 2024, Mr. Widdicombe's appointment and the agreement constituted by his letter of appointment shall automatically terminate. Mr. Widdicombe will receive a fee of US$63,500 per annum and is subject to confidentiality undertakings. He is not entitled to any payment on termination of his appointment by the Company, other than for fees due on a pro-rata basis, to the extent that they are unpaid, up to the date of termination, save for where termination is as a result of Admission not taking place, in which case Mr. Widdicombe is not entitled to any compensation or notice. Mr. Widdicombe's letter of appointment is governed by English law.

8.4.6 Other than payment of salary and benefits in lieu of notice, the letters of appointment of the Directors referred to in paragraphs 8.4.1 to 8.4.5 above do not provide for benefits upon termination of employment.

Save as disclosed above, there are no existing or proposed service agreements between the Company, its Subsidiaries and any of the Directors. There are no existing or proposed service agreement entered or to be entered into by the Directors with the Company or any of its Subsidiaries which provide for benefits upon termination of employment.

9. MAJOR SHAREHOLDERS AND VOTING RIGHTS

9.1 As at the Latest Practicable Date, insofar as is known to the Company, no person or persons, other than as set out below, are or will, immediately following Admission, have an interest, directly or indirectly, in 3% or more of the share capital or voting rights of the Company, so far as notifiable under English law.

Name	Number of Shares immediately prior to Admission	Percentage of issued ordinary share capital immediately prior to Admission[(1)]	Number of Shares following Admission	Percentage of issued ordinary share capital following Admission
Acer Gaming	212,737,815	54.87%	252,737,815	57.39%
Acer SoftCapital Inc.	29,808,621	7.69%	29,808,621	6.77%
Flying Way International Corp.[(2)]	26,669,146	6.88%	26,669,146	6.06%
Mr. Johnny Jan[(3)]	23,573,660	6.08%	24,240,327	5.50%

Notes:

(1) Based on 387,698,275 Shares in issue as at the Latest Practicable Date.

(2) Flying Way International Corp. is owned by Mr. Cho Tai-Wei (44.0%) and Mr. Cho Tai-Ching (40.0%), who are siblings. The remaining shareholder of Flying Way International Corp. is Ms. Cho Wen-Lin, who holds 16.0% of the shares in Flying Way International Corp., and she is the sister of Mr Cho Tai-Wei and Mr. Cho Tai-Ching. Mr Cho Tai-Wei, Mr. Cho Tai-Ching and Ms. Cho Wen-Lin are cousins of Mr. Johnny Jan. This figure includes 3,586,594 Shares held directly by Mr Cho Tai-Wei.

(3) Includes 2,304,731 Shares held directly by Ms. Lee Chiu-Hui, the spouse of Mr. Johnny Jan.

9.2 The Company's major shareholders set out in paragraph 9.1 above do not have different voting rights to other Shareholders.

9.3 The Directors are not aware of any person (other than any person referred to in paragraph 9.1 above) who is at the date of this Document interested, directly or indirectly, in 3% or more of the Company's share capital or voting rights or who will on Admission be interested, directly or indirectly, in 3% or more of the Company's share capital and voting rights.

9.4 As at the Latest Practicable Date, save as disclosed in paragraph 6 (*Directors and Other Interests*) and this paragraph 9 (*Major Shareholders and Voting Rights*) of this Part VI, the Company is not aware of any person or persons who, directly or indirectly, owns or controls the Company.

10. SHARE INCENTIVE ARRANGEMENTS

On 27 September 2023, the Shareholders adopted the Winking Studios Performance Share Plan.

The Winking Studios Performance Share Plan is a share incentive scheme. The Winking Studios Performance Share Plan has been adopted on the basis that it is important to retain talent whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding Participants who have contributed to the growth of the Group. The Winking Studios Performance Share Plan will give Participants an opportunity to have a personal equity interest in the Company.

On 8 April 2024, 20,808,000 Awards were granted to employees under the Winking Studios Performance Share Plan, of which a total of up to 12,580,000 Shares have been granted to Mr. Johnny Jan. Vesting conditions are up to seven years of service.

In the event all Awards granted under the Winking Studios Performance Share Place vest, this would be 20,808,000 Shares, representing 4.73% of the issued share capital of the Company as at Admission (assuming all of the Placing Shares are issued).

Save as set out above in this paragraph 10 (*Share Incentive Arrangements*), as at the Latest Practicable Date, no other Awards have been granted under the Winking Studios Performance Share Plan.

10.1 *Objectives of the Winking Studios Performance Share Plan*

The objectives of the Winking Studios Performance Share Plan are as follows:

(a) to retain key employees and executive Directors of the Group whose contributions are essential to the long-term growth and profitability of the Group;

(b) to instil loyalty to, and a stronger identification by the Participants with the long-term goals of, the Company;

(c) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders; and

(d) to align the interests of the Participants with the interests of the Shareholders.

10.2 *Participants of the Winking Studios Performance Share Plan*

Full-time Group Employees and Directors (including Independent Directors) who have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee from time to time shall be eligible to participate in the Winking Studios Performance Share Plan, provided that none shall be an undischarged bankrupt as at the Award Date.

Controlling Shareholders of the Company or Associates of such Controlling Shareholders who meet the criteria above are also eligible to participate in the Winking Studios Performance Share Plan if their participation and Awards are approved by independent Shareholders in separate resolutions for each such person and for such Award.

The selection of a Participant and the number of Shares which are the subject of each Award to be granted in accordance with the Winking Studios Performance Share Plan shall be determined in the absolute discretion of the Remuneration Committee, which shall take into account criteria as it considers fit, including (but not limited to) his rank, job performance and potential for future development, his contribution to the success and development of the Group and, if applicable, the extent of effort and difficulty with which the Performance Condition(s) may be achieved within the relevant performance period.

10.3 *Rationale for Participation of Executive Directors and Group Employees in the Winking Studios Performance Share Plan*

The extension of the Winking Studios Performance Share Plan to Group Employees allows the Group to have a fair and equitable system to reward the executive Directors and Group Employees who have made and who continue to make significant contributions to the long-term growth of the Group.

The Directors believe that the grant of Awards to the executive Directors and Group Employees will enable

the Group to attract and retain such persons, incentivise them to produce higher standards of performance, encourage greater dedication and loyalty by enabling the Company to give recognition to past contributions and services and motivate Participants generally to contribute towards the long-term growth of the Group.

10.4 ***Rationale for Participation of Non-Executive Directors and Group Employees in the Winking Studios Performance Share Plan***

Although the Non-Executive Directors are not involved in the day-to-day running of the Group's operations, they play an invaluable role in furthering the business interests of the Group by contributing their experience and expertise. The participation by Non-Executive Directors in the Winking Studios Performance Share Plan will provide the Company with a further avenue to acknowledge and recognise their services and contributions to the Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. For instance, the Non-Executive Directors may bring strategic or other value to the Company which may be difficult to quantify in monetary terms. The grant of Awards to Non-Executive Directors will allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company as Non-Executive Directors, and to motivate existing Non-Executive Directors to take extra efforts to promote the interests of the Company and/or the Group.

10.5 ***Rationale for Participation of Controlling Shareholders and their Associates in the Winking Studios Performance Share Plan***

An employee who is a Controlling Shareholder of the Company or an Associate of a Controlling Shareholder shall be eligible to participate in the Winking Studios Performance Share Plan if (a) his participation in the Winking Studios Performance Share Plan and (b) the actual number and terms of the Awards to be granted to him have been approved by independent Shareholders of the Company in separate resolutions for each such person. Such employee is required to abstain from voting on, and (in the case of employees who are Directors) refrain from making any recommendation on, the resolutions in relation to the Winking Studios Performance Share Plan.

One of the main objectives of the Winking Studios Performance Share Plan is to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group. The objectives of the Winking Studios Performance Share Plan apply equally to the Group's employees who are Controlling Shareholders or their respective Associates. The Directors are of the view that all deserving and eligible Participants should be motivated, regardless of whether they are Controlling Shareholders or their respective Associates. It is the Group's interest to incentivise outstanding employees who have contributed to the growth of the Group and continue to remain with the Group.

Although the Controlling Shareholders and their respective Associates have or may already have shareholding interests in the Company, the extension of the Winking Studios Performance Share Plan to allow Controlling Shareholders and their respective Associates the opportunity to participate in the Winking Studios Performance Share Plan will ensure that they are equally entitled, with the other Group Employees, to participate in and benefit from this system of remuneration. The Winking Studios Performance Share Plan is intended to be part of the Company's system of employee remuneration and the Company is of the view that employees who are Controlling Shareholders of their respective Associates should not be unduly discriminated against by virtue only of their shareholding in the Company.

10.6 ***Summary of the Winking Studios Performance Share Plan***

The following is a summary of the rules of the Winking Studios Performance Share Plan:

10.6.1 *Administration*

The Winking Studios Performance Share Plan shall be administered by the Remuneration Committee, which has the absolute discretion to determine persons who will be eligible to participate in the Winking Studios Performance Share Plan. A member of the Remuneration Committee who is also a Participant of the Winking Studios Performance Share Plan must not be involved in its deliberation or decision in respect of Awards (as the case may be) in respect of the Awards granted or to be granted to him.

10.6.2 *Size of the Winking Studios Performance Share Plan*

In order to reduce the dilutive impact of the Winking Studios Performance Share Plan, the aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Winking Studios Performance Share Plan on any date, when aggregated with:

(a) the total number of new Shares allotted and issued and/or to be allotted and issued, or delivered and/or to be delivered pursuant to Awards already granted under the Winking Studios Performance Share Plan; and

(b) the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company,

shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day preceding that date.

10.6.3 *Maximum Entitlements*

The aggregate number of Shares which may be issued or transferred pursuant to Awards under the Winking Studios Performance Share Plan to Participants who are Controlling Shareholders and/or Associates of Controlling Shareholders shall not exceed 25.0% of the total number of Shares available under the Winking Studios Performance Share Plan.

The aggregate number of Shares which may be issued or transferred pursuant to Awards under the Winking Studios Performance Share Plan to each Participant who is a Controlling Shareholder or his Associate shall not exceed 10.0% of the Shares available under the Winking Studios Performance Share Plan.

However, it does not necessarily mean that the Remuneration Committee will definitely issue the Award Shares up to the prescribed limit. The Remuneration Committee shall exercise its discretion in deciding the number of Award Shares to be granted to each Participant which will depend on the performance and value of the Participant to the Group.

10.6.4 *Awards*

Awards represent the right of a Participant to receive fully paid Shares free of charge, provided that certain prescribed performance targets (if any) are met and upon the expiry of the prescribed performance period.

An Award shall be personal to the Participant and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Remuneration Committee.

The number of Award Shares to be granted to a Participant in accordance with the Winking Studios Performance Share Plan shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria as it considers fit, including (but not limited to) his rank, job performance, potential for future development and his contribution to the success and development of the Group and the extent of effort and difficulty with which the Performance Condition(s) may be achieved within the performance period.

It is not currently envisaged that there will be any specific restrictions on the eligibility of Participants to participate in the Winking Studios Performance Share Plan once it has been determined that such person is an eligible Participant pursuant to the rules of the Winking Studios Performance Share Plan.

10.6.5 *Details of Awards*

The Remuneration Committee shall decide, in relation to each Award (to be granted to a Participant):

(a) the date on which the Award is to be granted;

(b) the number of Award Shares;

(c) the Performance Condition(s) and the performance period during which such Performance Condition(s) are to be satisfied, if any;

(d) the extent to which the Award Shares shall be released on the Performance Condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of each prescribed vesting period; and

(e) any other condition which our Remuneration Committee may determine in relation to that Award.

10.6.6 *Timing of Awards*

Awards may be granted at any time during the period when the Winking Studios Performance Share Plan is in force. An Award letter confirming the Award and specifying, amongst others, the number of Award Shares, the prescribed Performance Condition(s) and the performance period during which the prescribed

Performance Condition(s) are to be satisfied, will be sent to each Participant as soon as is reasonably practicable after making an Award.

10.6.7 *Vesting of Awards*

Subject to the applicable laws, the Company will deliver Shares to Participants upon vesting of their Awards by way of either (a) an issue of new Shares; or (b) a transfer of Shares then held by the Company in treasury.

In determining whether to issue new Shares to Participants upon vesting of their Awards, the Company will take into account factors such as, but not limited to, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of issuing new Shares and delivering existing Shares. In addition, the Remuneration Committee will also take into consideration, *inter alia,* the amount of Shares held by the Company in treasury; whether the limits for the issuance of new Shares have been exceeded or will be exceeded; any other relevant corporate exercises which the Company is planning to undertake in the near future which may affect the number of treasury shares held and/or the limit for new Shares being exceeded.

The financial effects of the above methods are discussed below.

10.6.8 *Termination of Awards*

Special provisions in the rules of the Winking Studios Performance Share Plan dealing with the lapse or earlier vesting of Awards apply in certain circumstances which include the termination of the Participant's employment, the bankruptcy of the Participant and the winding-up of the Company.

10.6.9 *Rights of Shares Arising*

New Shares allotted and issued and existing Shares procured by the Company for transfer on the release of an Award shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

10.6.10 *Duration of the Winking Studios Performance Share Plan*

The Winking Studios Performance Share Plan shall continue in operation at the discretion of the Remuneration Committee for a maximum period of ten years commencing on the date on which the Winking Studios Performance Share Plan is adopted by the Company in general meeting, provided that the Winking Studios Performance Share Plan may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Winking Studios Performance Share Plan may be terminated at any time by the Remuneration Committee or by resolution of the Company in general meeting, subject to all relevant approvals which may be required being obtained. The termination of the Winking Studios Performance Share Plan shall not affect Awards which have been granted in accordance with the Winking Studios Performance Share Plan.

10.6.11 *Abstention from Voting*

Shareholders who are eligible to participate in the Winking Studios Performance Share Plan are to abstain from voting on any Shareholders' resolution relating to the Winking Studios Performance Share Plan, and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

10.7 ***Adjustments and Alterations under the Winking Studios Performance Share Plan***

The following describes the adjustment events under, and provisions relating to alterations of, the Winking Studios Performance Share Plan.

10.7.1 *Adjustment Events*

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves, bonus issue or rights issue, capital reduction, subdivision, consolidation, distribution or otherwise) shall take place or if the Company shall make a capital distribution or a declaration of a special dividend (whether in cash or *in specie*), then the Remuneration Committee may, in its sole discretion, determine whether, then:

(a) the class and/or number of Award Shares to the extent not yet vested and the rights attached thereto; and/or

(b) the class and/or number of Shares over which future Awards may be granted under the Winking Studios Performance Share Plan,

may, at the option of the Remuneration Committee, be adjusted in such manner as the Remuneration Committee may determine to be appropriate. However, any adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not also receive.

Unless the Remuneration Committee considers an adjustment to be appropriate, (a) the issue of securities as consideration for an acquisition or a private placement of securities; (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force; (c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the Winking Studios Performance Share Plan; or (d) any issue of Shares arising from the exercise of options or the subscription rights of any warrants or the conversion of any loan stock or any securities convertible into Shares by the Company, shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a capitalisation issue or bonus issue) must be confirmed in writing by the Company's auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

10.7.2 *Modifications to the Winking Studios Performance Share Plan*

The Winking Studios Performance Share Plan may be modified and/or altered from time to time by a resolution of the Remuneration Committee, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall alter adversely the rights attached to the Awards granted prior to such modification or alteration except with the written consent of such number of Participants who, if their Awards were released to them, would thereby become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release of all outstanding Awards upon the Performance Condition(s) for all outstanding Awards being satisfied in full under the Winking Studios Performance Share Plan.

No alteration shall be made to certain rules of the Winking Studios Performance Share Plan to the advantage of the holders of the Awards except with the prior approval of our Shareholders in general meeting.

10.8 ***Financial Effects of the Winking Studios Performance Share Plan***

The SFRS(I) requires the fair value of employee services received in exchange for the grant of company shares (share-based payment awards) to be recognised as an expense.

The grant date fair value of equity-settled share-based payment awards granted is recognised as an expense, with a corresponding increase in equity (share-based payment reserve), over the period that the Participants unconditionally become entitled to the Awards. The amount recognised as an expense is adjusted to reflect the number of Awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of Awards that meet the related service and non-market performance conditions at the Vesting Date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

When new company shares are issued to Participants, the share-based payment reserve is transferred to increase share capital. If existing company shares are purchased for the Participants, as opposed to new shares issued for delivery to Participants, the increase in share capital is the net of share-based payment reserve less the cost of shares purchased.

The combined NTA will be decreased by the cost of purchasing the existing company shares delivered to Participants. If new company shares are issued, there would be no effect on the combined NTA due to the offsetting effect of expenses recognised and increased share capital.

During the vesting period, the combined EPS would be reduced by both the expense recognised and the potential ordinary shares to be issued under the Winking Studios Performance Share Plan. NTA per share would be diluted as a result of the reduced NTA if the existing Shares are purchased or the increased number of Shares if new Shares are issued.

10.9 ***Aggregated dilution***

In aggregate, under the Winking Studios Performance Share Plan, the maximum dilution for Shareholders not participating in either the Winking Studios Performance Share Plan will be up to 4.51% of the Company's issued share capital following Admission.

11. TAXATION

11.1 ***United Kingdom Taxation***

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Shares. The following statements are based on current UK legislation and what is understood to be the current practice of HMRC as at the date of this Document, both of which may change, possibly with retroactive or immediate effect. They apply only to Shareholders who are resident (and, in the case of individuals Shareholders, domiciled) for UK tax purposes in (and only in) the UK, who hold their Shares as an investment (other than under tax exempt arrangements such as individual savings accounts), and who are the absolute beneficial owners of both their Shares and any dividends paid on them.

The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold 5% or more of the Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme.

The comments set out below do not constitute legal or tax advice. Shareholders or prospective Shareholders who are in any doubt about his or her tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside of the United Kingdom, should contact their own professional adviser on the potential tax consequences of subscribing for, purchasing, holding or selling Shares under the laws of their country and/or state of citizenship, domicile or residence.

Taxation on Dividends

Withholding tax on dividends

Under current UK tax legislation, there is no UK requirement to withhold tax at source from a dividend payment made by the Company.

UK tax resident individual Shareholders

An individual Shareholder who is resident for tax purposes in the United Kingdom ("**UK**") will not be liable to UK income tax on any dividend which they receive from the Company in respect of Shares to the extent that (taking account of any other dividends received in the same tax year by that Shareholder) the amount of such dividend falls within the UK's tax free threshold for dividend income (the "**Dividend Allowance Amount**"). The Dividend Allowance Amount for the tax year 2024/25 is £500. Dividends within the Dividend Allowance Amount will still count as taxable income when determining how much of the basic rate band or higher rate band has been used.

Subject to the availability of any personal or other allowance and taking account of any other dividends received by the Shareholder in the same tax year, such Shareholder will be subject to United Kingdom income tax on the amount (if any) of a dividend received from the Company in respect of Shares in excess of the Dividend Allowance Amount for the tax year 2024/25 at the rate of:

(a) 8.75%, to the extent that such amount falls within the basic rate band;

(b) 33.75%, to the extent that such amount falls within the higher rate band; and

(c) 39.35%, to the extent that such amount falls within the additional rate band.

For the purpose of determining which of the taxable bands dividend income falls into, dividend income

is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which would (if there was no nil rate amount) have fallen within the basic or higher rate bands will use up those bands respectively for the purpose of determining whether the income falls within the higher rate or additional rate bands (as applicable).

UK discretionary trustees

The Dividend Allowance Amount is not available to UK resident trustees of a discretionary trust. UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 39.35%, which mirrors the dividend additional rate.

UK tax resident corporate Shareholders

A UK resident corporate Shareholder will be liable to UK corporation tax unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009 (subject to anti-avoidance rules and provided all conditions are met). It is anticipated that dividends should fall within one of such exempt classes but shareholders should seek independent advice to confirm their position (subject to anti-avoidance rules and provided all conditions are met).

If the conditions for exemption are not met, or cease to be satisfied, or such a corporate Shareholder elects for an otherwise exempt dividend to be taxable, then the corporate Shareholder will be subject to UK corporation tax on dividends received from the Company at the relevant rate applicable to the tax year in which the dividend is received (the main rate being 25% for the 2024/25 tax year).

A small profits rate was also introduced from 1 April 2023 for some companies with augmented profits of £50,000 or less so that they pay corporation tax at 19% on those profits. Companies with profits exceeding £50,000 but not more than £250,000 pay corporation tax at the main rate of 25% reduced by a marginal relief. The £50,000 and £250,000 limits will be shared between associated companies.

Non-UK Shareholders

Shareholders who are not resident in the UK (and, in the case of corporate Shareholders, have no permanent establishment in the UK and hold their Shares as an investment and not in connection with any trade carried on by them in the UK), should not be subject to UK tax in respect of dividends received. Any such Shareholder may be subject to taxation on such dividend income in their local jurisdiction and should seek tax advice accordingly.

Taxation of Chargeable Gains

For the purpose of UK tax on chargeable gains, the purchase of Shares on a placing is regarded as an acquisition of a new holding in the Company's share capital. To the extent that a Shareholder acquires Shares allotted to them, the Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

The amount paid for the Shares will generally constitute the tax base cost of a Shareholder's holding.

A disposal or deemed disposal of all or any of the Shares by UK resident Shareholders or Shareholders who carry on a trade in the UK through a permanent establishment with which their investment in the Company is connected may, depending on the relevant shareholder's circumstances and subject to any available exemption or relief, give rise to a liability to UK taxation on chargeable gains.

(a) *UK tax resident individual Shareholders*

Where a UK tax resident individual Shareholder disposes of Shares at a gain, then, subject to the availability of any exemptions and reliefs such as capital losses and the annual exempt amount, Capital Gains Tax ("**CGT**") will be levied. The annual exempt amount for the tax year 2024/25 is £3,000, which should be available to exempt all or part of the chargeable gain to the extent it has not already been utilised by the individual to relieve other chargeable gains.

For such individuals, CGT is at the date of this Document charged at 18% where the individual's taxable income and gains are within the income tax basic rate band. To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the income tax basic rate band, CGT is at the date of this Document charged at 24%

For trustees and personal representatives of deceased persons, CGT on gains in excess of the annual exempt amount for the tax year in which the disposal took place are as at the date of this Document charged at a flat rate of 24%.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised in respect of their Shares (subject

to any available exemption or relief).

(a) *UK resident corporate Shareholders*

Where a Shareholder is within the charge to UK corporation tax, a disposal of Shares may give rise to a chargeable gain (or allowable loss), depending on the circumstances and subject to any available exemption or relief. Any such chargeable gain will be subject to corporation tax at the relevant rates (see "*Taxation on Dividends*" section above).

Stamp duty and stamp duty reserve tax ("SDRT")

The tax treatment in relation to stamp duty and stamp duty reserve tax ("**SDRT**") should be as follows:

(a) No UK stamp duty or SDRT will generally be payable on the issue of the Shares.

(b) Depositary interests are treated as chargeable securities for SDRT purposes and are therefore within the scope of SDRT. However, provided the underlying securities (in this case, the Shares) are admitted to trading on a recognised growth market such as AIM and not listed on any recognised stock exchange, then transfers of the depositary interests will qualify for the growth market exemption from SDRT.

Should the growth market exemption not apply then, subject to the application of an exemption for depositary interests that constitute "foreign securities" as defined for the purposes of the Stamp Duty Reserve Tax (UK Depositary Interests in Foreign Securities) Regulations 1999 (Statutory Instrument 1999 No. 2383, as amended), transfers of depositary interests within CREST will generally be liable to SDRT (at a rate of 0.5% of the consideration paid).

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS AT THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.

11.2 *Cayman Islands Taxation*

Pursuant to Section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands: (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and (b) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable (i) on or in respect of the shares, debentures or other obligations of the Company; or (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on exempted companies based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double taxation arrangement entered into with the United Kingdom but otherwise is not party to any double tax treaties that are applicable to any payments made by or to the Company.

11.3 *Singapore Taxation*

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. The discussion is based on laws, regulations, and interpretations now in effect and available as of the date of this Document. These laws and regulations are subject to change, which may be retrospective to this Document. These laws and regulations are also subject to various interpretations and the relevant tax authorities, or the courts of Singapore could later disagree with the explanations or conclusions set out below.

The discussion is limited to a general description of certain Singapore income tax, stamp duty, estate duty and GST (as defined below) consequences with respect to the subscription for, ownership and disposal of the Shares, and does not purport to be a comprehensive nor exhaustive description of all tax

considerations that may be relevant to a decision to subscribe for, hold or dispose of the Shares.

Prospective investors should consult their own tax advisers concerning the tax consequences of subscribing for and/or purchasing, owning and disposing of the Shares. Neither the Company, its Directors nor any other persons involved in this Document accepts responsibility for any tax effects or liabilities resulting from the subscription for, holding or disposal of the Shares.

Income Tax

Corporate income tax

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on income accrued in or derived from Singapore, and foreign sourced income received or deemed received in Singapore, unless otherwise exempted.

Foreign-sourced income is deemed to be received in Singapore when it is:

(a) remitted to, transmitted, or brought into Singapore;

(b) used to pay off any debt incurred in respect of a trade or business carried on in Singapore; or

(c) used to purchase any movable property brought into Singapore.

Foreign income in the form of branch profits, dividends, and service fee income ("**specified foreign income**") received or deemed received in Singapore by a Singapore tax resident corporate taxpayer are exempted from Singapore tax provided that the following qualifying conditions are met:

(a) such income is subject to tax of a similar character to income tax (by whatever name called) under the laws of the territory from which such income is received;

(b) at the time such income is received in Singapore by the person resident in Singapore, the highest corporate tax rate levied under the law of the territory from which such income is sourced in in the year the specified foreign income is received in Singapore is at least 15.0%; and

(c) the Comptroller of Income Tax (the "**Comptroller**") is satisfied that the tax exemption would be beneficial to the person resident in Singapore who is receiving or deemed to be receiving the specified foreign income.

A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign income received or deemed received in Singapore.

A company is regarded as tax resident in Singapore if the control and management of the company's business is exercised in Singapore. Control and management are defined as the making of decisions on strategic matters, such as those concerning the company's policy and strategy. Where the control and management of a company is exercised is a question of fact. Generally, the location of the Board of Directors' meetings where strategic decisions are made determines where the control and management is exercised. However, under certain scenarios, holding Board meetings in Singapore may not be sufficient and other factors will be considered to determine if the control and management of the business is indeed exercised in Singapore.

The prevailing corporate tax rate in Singapore is 17.0%.

With effect from year of assessment 2020, the partial tax exemption scheme will be limited to the first S$200,000 (instead of S$300,000 previously) of the normal chargeable income – 75.0% of the first S$10,000 and 50.0% of the next S$190,000. The remaining chargeable income that exceeds S$200,000 will be fully taxable at the prevailing corporate tax rate.

Individual income tax

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accrued in or derived from Singapore. Foreign-sourced income received or deemed received by an individual is exempt from income tax in Singapore except for such income received through a partnership in Singapore.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

With effect from Year of Assessment 2024, a Singapore tax resident individual is subject to tax at the

progressive resident rates, ranging from 0% to 24.0%. Deductions of qualifying personal reliefs may also be applicable. A non-Singapore tax resident individual is taxed at the tax rate of 24.0% with effect from Year of Assessment 2024 except that Singapore employment income and certain income are taxable at reduced rates. Singapore employment income of non-resident individuals is taxed at a flat rate of 15.0% or at progressive resident rates, whichever yields a higher tax. A non-resident individual (other than a director) exercising a short term employment in Singapore for not more than 60 days may be exempt from tax in Singapore. All foreign-sourced income received in Singapore by an individual is exempt from Singapore income tax.

Dividend Distributions

Singapore adopted the one-tier corporate tax system from 1 January 2003. Under the one-tier corporate tax system, the tax paid by a Singapore resident company on its corporate profits is a final tax. Dividends payable by the Singapore resident company to its shareholders are exempt from Singapore income tax in the hands of the shareholders.

There is no withholding tax on the dividend payments to both resident and non-resident shareholders. Foreign shareholders receiving tax exempt (one-tier) dividends are advised to consult their tax advisors to take into account the tax laws of their respective countries of residence and the applicability of any double taxation agreement which their country of residence may have with Singapore.

Capital Gains Tax

Any gains considered to be in the nature of capital made from the sale of the Shares will not be taxable in Singapore to the extent that they do not fall within the ambit of the new Section 10L of the Income Tax Act 1947 of Singapore ("**ITA**"), which came into effect on 1 January 2024. However, any gains derived by any person from the sale of the Shares which are gains from any trade, business, profession, or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Further, to the extent that they do not fall within the ambit of the new section 10L of the ITA, gains derived by a company (the "**Divesting Company**") between 1 June 2012 and 31 December 2027 (both dates inclusive) from the disposal of ordinary shares which it legally and beneficially owns in another company (the "**Investee Company**") may be exempt from income tax under section 13W of the ITA. Section 13W of the ITA requires the Divesting Company legally and beneficially own at least 20% of the shares in the Investee Company at all times during a continuous period of at least 24 months ending on the date immediately prior to the date of disposal of such shares.

Under Section 10L of the ITA, gains received in Singapore by an entity of a relevant group from the sale or disposal of any movable or immovable property outside Singapore will be treated as income chargeable to tax under Section 10(1)(g) of the ITA under certain circumstances. The foreign-sourced disposal gains will be subject to tax if the entity does not have adequate economic substance in Singapore and the sale or disposal of the foreign asset occurs on or after 1 January 2024. An entity is a member of a group of entities if its assets, liabilities, income, expenses, and cash flows are (a) included in the consolidated financial statements of the parent entity of the group; or (b) excluded from the consolidated financial statements of the parent entity of the group solely on size or materiality grounds or on the grounds that the entity is held for sale. A group is a relevant group if (a) the entities of the group are not all incorporated, registered or established in Singapore; or (b) any entity of the group has a place of business outside Singapore.

Investors are advised to consult their own tax advisors on the applicable tax treatment if they received gains in Singapore from the disposal of the Shares.

Holders of the Shares who apply or who are required to apply Financial Reporting Standard ("**FRS**") 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I) 9**") (as the case may be), for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Shares, irrespective of disposal, in accordance with FRS 39 or FRS 109 or SFRS(I) 9 (as the case may be).

Bonus Shares

Any bonus shares received by Shareholders are not taxable in Singapore.

Stamp Duty

There is no stamp duty payable on the subscription, allotment or holding of the Shares.

Stamp duty is payable on the executed instrument of transfer for the transfer of Shares at 0.2% on

the consideration for, or market value of the Shares, whichever is higher.

The purchaser is liable for stamp duty unless there is an agreement to the contrary.

No stamp duty is payable if no dutiable document relating to the share transfer is executed or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the dutiable document which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of Shares through the scripless trading system operated by CDP, if such transfers are not pursuant to an instrument of transfer entered into.

Pursuant to recent amendments to the Stamp Duties Act 1929 of Singapore, stamp duty is payable on certain electronic instruments that effect a transfer of interest in Shares, where such instruments are regarded or deemed to be executed in Singapore, or executed outside Singapore and received in Singapore. In this regard, an electronic instrument that is executed outside Singapore is received in Singapore if (a) it is retrieved or accessed by a person in Singapore; (b) an electronic copy of it is stored on a device (including a computer) and brought into Singapore; or (c) an electronic copy of it is stored on a computer in Singapore.

Estate Duty

Singapore estate duty had been abolished with effect from 15 February 2008.

Goods and Services Tax ("GST")

The sale of Shares by a GST-registered investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Any GST incurred by the investor in making this exempt supply is not recoverable from the Comptroller of GST.

Where Shares are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a taxable supply subject to GST at zero-rate if certain conditions are met. Any GST incurred by a GST-registered investor in the making of this supply in the course of or furtherance of a business may be recoverable from the Comptroller of GST.

Services such as brokerage, handling and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares are subject to GST at the prevailing standard rate of 9% with effect from 1 January 2024. Similar services rendered to an investor belonging outside Singapore may be subject to GST at zero-rate if certain conditions are met.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with purchase and sale of our Shares.

12. SINGAPORE TAKEOVER CODE AND MANDATORY OFFERS

12.1 *Application to the Company*

The Singapore Takeover Code is issued by the MAS pursuant to Section 321 of the SFA.

The Singapore Takeover Code regulates the acquisition of voting shares of a public company that is either:

(a) primarily listed in Singapore; or

(b) unlisted with more than 50 shareholders and net tangible assets of S$5 million or more.

The Singapore Takeover Code will accordingly apply to the Company.

The following is a non-exhaustive short summary of certain provisions in the Singapore Takeover Code. A copy of the Singapore Takeover Code is available on-line at the MAS' website at www.mas.gov.sg.

12.2 *Introduction*

The Singapore Code is administered and enforced by the SIC whose contact details are as follows:

Securities Industry Council

25th Storey, MAS Building

10 Shenton Way Singapore 079117 Tel: (65) 6229 9222 and (65) 6225 5577 Fax: (65) 6225 1350 Email: sic@mas.gov.sg

If Shareholders or prospective investors are in any doubt as to the application of the Singapore Takeover Code to them, they should speak to a professional adviser who is qualified to advise on such matters or they should contact the SIC direct.

The SIC may, from time to time, issue notes on the interpretation of the General Principles and the Rules of the Singapore Code. It also has powers under Singapore law to investigate any dealing in securities that is connected with a takeover or merger transaction. The duty of the SIC is the enforcement of good business standards and not the enforcement of Singapore law. The SIC expects prompt co-operation from those to whom enquiries are directed to ensure efficient administration of the Singapore Takeover Code.

Although the Singapore Takeover Code is non-statutory and does not have the force of law, if the SIC finds that there has been a breach of the Singapore Takeover Code, it may have recourse to private reprimand or public censure or to further action designed to deprive the offender temporarily or permanently of its ability to enjoy the facilities of the Singapore securities market. If the SIC finds evidence to show that a criminal offence has taken place whether under the Companies Act 1967 of Singapore (the "**Singapore Companies Act**"), the SFA or under Singapore criminal law, it will refer the matter to the appropriate authority.

Under the Singapore Takeover Code, an offeror must treat all shareholders of the same class in an offeree company equally. Where an offeree company has more than one class of equity share capital, a comparable offer must be made for each class. Shareholders of the offeree company must be given sufficient information, advice and time to enable them to reach an informed decision on an offer, and no relevant information should be withheld from them.

In determining the acquisition of shareholdings by an offeror under the Singapore Takeover Code, shares in the offeree company held or acquired by persons acting in concert with the offeror are to be taken together with shares in the offeree company held or acquired by the offeror.

Under the Singapore Takeover Code, "parties acting in concert" comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:

(a) a company and its parent company, subsidiaries or fellow subsidiaries (together, the "related companies" for the purposes of this paragraph (a)), the associated companies of any of the company and its related companies, companies whose associated companies include any of these foregoing companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

(b) a company with any of its directors (together with their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its customers in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;

(g) partners; and

(h) an individual and (i) such person's close relatives, (ii) such person's related trusts, (iii) any person who is accustomed to act in accordance with such person's instructions, (iv) companies controlled by the individual, such person's close relatives, such person's related trusts or any person who is accustomed to act in accordance with such person's instructions and (v) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

There are three types of takeover offers under the Singapore Takeover Code, namely mandatory offers,

voluntary offers and partial offers.

12.3 ***Mandatory offers***

Any person acquiring, whether by a series of transactions over a period of time or not, either on his or her own or together with parties acting in concert with such person, 30% or more of the voting rights in the Company or any person holding, either on his or her own or together with parties acting in concert with such person, between 30% and 50% (both amounts inclusive) of the voting rights in the Company, and if such person (or parties acting in concert with him) acquires, either on his or her own or together with parties acting in concert with such person, additional voting shares representing more than 1% of the voting rights in the Company in any six-month period, must, except with the consent of the SIC, extend a mandatory take-over offer for all the remaining voting shares in accordance with the provisions of the Singapore Takeover Code. A mandatory offer must be conditional upon the offeror obtaining acceptances which will result in the offeror and persons acting in concert with it holding shares carrying more than 50.0% of the voting rights of the offeree company. Generally, no other conditions are permitted to be imposed in a mandatory offer.

The consideration for the mandatory offer must be in cash or be accompanied by a cash alternative at (subject to certain exceptions) not less than the highest price paid by the offeror or parties acting in concert with the offeror for voting rights of the offeree company within the preceding six months prior to the offer period and during the offer period.

12.4 ***Voluntary Offers***

A voluntary offer is a takeover offer for the voting shares of an offeree company made by a person when he has not incurred an obligation to make a mandatory general offer for that offeree company under Singapore Takeover Code.

A voluntary offer must be conditional upon the offeror receiving acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the offer, will result in the offeror and person acting in concert with it holding more than 50% of the voting rights of the offeree company.

Normal conditions, such as level of acceptance (provided that in the case of a high level acceptance, the offer document states clearly the level of acceptances upon which the offer is conditional and the offeror has satisfied the SIC that it is acting in good faith in imposing such a high level of acceptance), approval of shareholders for the issue of new shares and the approval for listing of the relevant exchange in which the offeree company's shares are listed may be attached without reference to the SIC. However, a voluntary offer must not be made subject to conditions whose fulfilment depends on the subjective interpretation or judgement by the offeror or lies in the offeror's hands.

The consideration for the voluntary offer must be in cash or securities or a combination thereof at (subject to certain exceptions) not less than the highest price paid by the offeror or any person acting in concert with it for voting rights of the offeree company within the preceding three months prior to the offer period and during the offer period. However, a cash offer is required where the offeror and any person acting in concert with it has bought for cash during the offer period and within six months prior to its commencement, shares of any class under offer in the offeree company carrying 10% or more of the voting rights of that class.

12.5 ***Partial Offers***

Partial offers are voluntary offers for less than 100.0% of the shares in an offeree company.

The SIC will normally consent to a partial offer which could not result in the offeror and persons acting in concert with it holding shares carrying 30% or more of the voting rights of the offeree company.

The SIC will not consent to any partial offer which could result in the offeror and its concert parties holding shares carrying not less than 30% but not more than 50% of the voting rights of the offeree company.

The Council will not normally consent to a partial offer which could result in the offeror and its concert parties holding shares carrying more than 50% of the voting rights of the offeree company, unless certain conditions are satisfied. These include:

(a) the partial offer is not a mandatory offer;

(b) the offeror confirming and undertaking in its application for consent that it and its concert parties did not and will not acquire any voting shares (excluding voting shares acquired by the offeror

and its concert parties via a rights issue and/or bonus issue without increasing their aggregate percentage shareholdings) in the offeree company:

(i) in the six months prior to the date of the offer announcement (and confirms this fact in the offer announcement);

(ii) in the period between submitting the application for the SIC's consent and the making of the partial offer;

(iii) during the offer period (except pursuant to the partial offer); and

(iv) during a period of six months after the close of the partial offer, if the partial offer becomes unconditional as to acceptances.

(c) the partial offer being conditional on the offeree company's shareholders approval, but with the offeror, its concert parties and their associates not entitled to vote on the partial offer; and the partial offer is made to all shareholders of the same class and arrangements are made for those shareholders who wish to accept in full for the relevant percentage of their holdings. Shares tendered in excess of this percentage should be accepted by the offeror from each shareholder in the same proportion as the number tendered to the extent necessary to enable the offeror to obtain the total number of shares for which he has offered.

Partial offers may, in respect of each class of share capital involved, be in cash or securities or a combination of cash and securities. The consideration requirements in relation to when a cash offer is required for a partial offer are the same as those for a voluntary offer.

12.6 *Appropriate Offers to Holders of Convertible Securities*

Where an offer is made for equity share capital and the offeree company has outstanding instruments convertible into, rights to subscribe for and options in respect of securities being offered for or which carry voting rights outstanding, the offeror must make an appropriate offer or proposal to the holders thereof.

An appropriate offer or proposal for such convertible instruments, subscription rights or options is at least the higher of the following:

(a) the "see-through" price, being:

(i) offer price for the underlying securities multiplied by the conversion ratio (in the case of convertible instruments); and

(ii) the excess of the offer price for the underlying securities over the exercise or subscription price (in the case of options and rights respectively); and

(b) the highest price paid by the offeror and persons acting in concert with it for such convertible instruments, subscription rights or options during the offer period and:

(i) for a mandatory offer, within six months of commencement of the offer period; or

(ii) for a voluntary offer, within three months of commencement of the offer period.

12.7 *Disclosure of Dealings During Offer Period*

The Singapore Code requires the offeror, the offeree company or any of their associates to:

(a) publicly disclose dealings in relevant securities for their own accounts or for the accounts of discretionary investment clients during the offer period in writing to the relevant exchange, the SIC and the press; and

(b) privately disclose dealings in relevant securities for the account of non-discretionary investment clients (other than an offeror, the offeree company and any of their associates) during the offer period in writing to the SIC,

no later than 12 noon (Singapore time) on the dealing day following the date of the relevant transaction.

"**Relevant securities**" include equity share capital of the offeror and the offeree company, options and securities carrying conversion or subscription rights into equity share capital of the offeror and the offeree company.

Under the Singapore Takeover Code, the term "associate" is not exhaustively defined but is generally intended to cover all persons (whether or not acting in concert with the offeror, offeree company or with one another) who directly or indirectly own, or deal in, the shares of the offeror or offeree company in

a takeover or merger transaction and who have (in addition to their normal interest as shareholders) an interest or potential interest, whether commercial, financial or personal, in the outcome of the offer.

These will normally include:

(a) the following companies in relation to the offeror or the offeree:

  (i) its parent;

  (ii) its subsidiaries;

  (iii) the fellow subsidiaries of the offeror or the offeree;

  (iv) the associated companies of the offeror, the offeree or any of (i), (ii) or (iii); and

  (v) companies whose associated companies include any of the offeror, the offeree or any of (i), (ii), (iii) or (iv);

(b) any person who has provided financial assistance (other than a bank in the ordinary course of business) to the offeror, the offeree or any of the above for the purchase of voting rights;

(c) banks, stockbrokers, financial and other professional advisers to the offeror, the offeree or appointed for or in connection with the offer by any company in (a) including persons controlling, controlled by or under the same control as such banks, stockbrokers, financial or other professional advisers;

(d) the directors (together with their close relatives and related trusts and companies controlled by any of the directors, such relatives or trusts) of the offeror, the offeree or any company in (a);

(e) the pension funds and employee share schemes of the offeror, the offeree or any company in (a);

(f) any investment company, unit trust or other fund whose investments an associate manages on a discretionary basis but only in respect of the investment account which the associate manages;

(g) a holder of 5% or more of the equity share capital of the offeror or the offeree. This includes a holder who acquires shares which takes him through 5%. Where two or more persons act as a syndicate or other group pursuant to an agreement or understanding (whether formal or informal) to acquire or hold such equity share capital, they will be deemed to be a single holder for this purpose of this paragraph;

(h) any trustee-manager (together with its parent company, subsidiaries, and fellow subsidiaries, and its associated companies and companies of which it is an associated company) of the offeror, the offeree or any registered business trust or business trust that relates to the Offeror or the Offeree in (a) above;

(i) any trustee (in its capacity as trustee of a real estate investment trust ("**REIT**")) of the offeror, the offeree or any REIT that relates to the offeror or the offeree in any of the ways set out in (a) above;

(j) any manager (together with its parent, subsidiaries, and fellow subsidiaries, and its associated companies and companies of which it is an associated company) of the offeror, the offeree or any REIT that relates to the offeror or the offeree in any of the ways set out in (a) above; and

(k) a company having a material trading arrangement with the offeror or the offeree.

12.8 ***Squeeze-out rules***

Under Section 215(1) of the Singapore Companies Act, an offeror is entitled to exercise its statutory right of squeeze-out by acquiring shares of shareholders that have not accepted an offer for their shares ("**Dissenting Shareholders**") if that offer has been accepted by holders of not less than 90% of the shares of the target company (other than shares already held at the date of the offer by the offeror and excluding any treasury shares) ("**Squeeze-out Threshold**"). Shares held or acquired (a) by a person who is accustomed or is under an obligation whether formal or informal to act in accordance with the directions, instructions or wishes of the offeror in respect of the offeree company; (b) by the offeror's spouse, parent, brother, sister, son, adopted son, stepson, daughter, adopted daughter or stepdaughter; (c) by a person whose directions, instructions or wishes the offeror is accustomed or is under an obligation whether formal or informal to act in accordance with, in respect of the offeree company; or (d) by a body corporate that is controlled (within the meaning of subsection 215(12) of the Singapore Companies Act) by the offeror or a person mentioned in paragraph (a), (b) or (c), are also to be treated as held or acquired by the offeror for the purposes of determining the number of Shares required to meet the Squeeze-out Threshold. The maximum period to exercise the right to squeeze out is two months after the Squeeze-out Threshold is

achieved. If the offeror achieves the Squeeze-out Threshold and chooses to exercise its squeeze-out right, the offeror must deliver a notice to each Dissenting Shareholder. In the event, the Dissenting Shareholders have a right to request a list of all Dissenting Shareholders. The Dissenting Shareholders may within one month from the date of the notice, or 14 days from the date on which the list of Dissenting Shareholders is provided (whichever is later), object to the squeeze-out by filing an application in court. If there is no objection or any objection is dismissed by the court, the offeror may, after the expiration of one month after the date on which the notice was given or 14 days after the list of Dissenting Shareholders is given to a Dissenting Shareholder (whichever is later), send a copy of the notice to the target company together with an instrument of transfer. Upon receipt of the duly executed instrument of transfer and the consideration for the remaining shares from the offeror, the target company is obliged to register the offeror as the holder of the remaining shares. The target company will hold the consideration in a separate bank account on trust for the Dissenting Shareholders until claimed by them. The offeror is required to acquire the shares on the same terms (including price) as it acquired the shares of the shareholders under the scheme or contract, or on such other terms that were offered to the Dissenting Shareholders in the offer documents (if they are different from those offered to the other shareholders).

13. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry and having regard to the committed proceeds of the Placing, that the working capital available to the Company and the Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

14. LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during a period covering at least the previous 12 months from the date of this Document which may have, or have had in the recent past significant effects on the Company's or the Group's financial position or profitability.

15. MATERIAL CONTRACTS

15.1 Below is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which any of the Group is a party, for the two years immediately preceding publication of this Document and a summary of any other contract (not being a contract entered into in the ordinary course of the business, entered into by any of the Group which which contains any provision under which any of the Group has any obligation or entitlement which is material to the Group as at the date of this Document.

15.1.1 Placing Agreement

On 8 November 2024, the Company, the Directors, Strand Hanson and SP Angel entered into a placing agreement (the "**Placing Agreement**"). Pursuant to the Placing Agreement, SP Angel has agreed, subject to certain conditions, to act as agent for the Company and to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement is conditional upon, *inter alia*, Admission occurring not later than 8.00 a.m. on 14 November 2024 (or such later date as the Company and each of Strand Hanson and SP Angel may agree, being not later than 8.30 a.m. on 29 November 2024). The Placing Agreement contains warranties from the Company and the Directors in favour of each of Strand Hanson and SP Angel in relation to, *inter alia*, the accuracy of the information in this Document and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify each of Strand Hanson and SP Angel in respect of certain liabilities they may incur in respect of the Placing. Each of Strand Hanson and SP Angel has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties or a force majeure event.

The Placing Agreement is governed by English law.

15.1.2 Warrant Instrument

On 8 November 2024, in connection with the Placing Agreement referred to at paragraph 15.1.1 (*Placing Agreement*) of this Part VI, the Company entered into a warrant instrument pursuant to which it issued warrants in favour of Strand Hanson to subscribe for up to 1% of the Share Capital of the Company at the time the warrant is issued, at an exercise price equal to the Placing Price (the "**Strand Hanson Warrants**"). The Strand Hanson Warrants may be exercised during the period commencing on the date of Admission and terminating on (and including) the fifth anniversary of Admission.

On 8 November 2024, in connection with the Placing Agreement referred to at paragraph 15.1.1 (*Placing Agreement*) of this Part VI, the Company entered into a warrant instrument pursuant to which it issued warrants in favour of SP Angel to subscribe for up to 2.5% of the new Shares issued to institutional and other investors introduced by SP Angel pursuant to the Placing, at an exercise price equal to the Placing Price (the "**SP Angel Warrants**"). The SP Angel Warrants may be exercised during the period commencing on the date of Admission and terminating on (and including) the third anniversary of Admission.

The warrant instruments contain provisions to adjust the number and/or nominal value of Shares to be subscribed for in certain circumstances including following a capitalisation of profits or reserves, a sub-division or consolidation of the Shares, or a suspension or cancellation of the Shares from trading on AIM except to the extent required by the AIM Rules for Companies.

15.1.3 **Relationship Agreement**

On 8 November 2024, the Company, Strand Hanson, Acer Gaming and Acer SoftCapital Inc. entered into a relationship agreement to regulate the relationship between the Company, Acer Gaming and Acer SoftCapital after Admission (the "**Relationship Agreement**"). Pursuant to the Relationship Agreement, for so long as Acer Gaming and Acer SoftCapital (together with their associates) hold an interest in 20% or more of the voting rights attaching to the Shares and the Shares are admitted to trading on AIM, Acer Gaming and Acer SoftCapital Inc. each undertake, among other things, that they shall (and shall use their respective reasonable endeavours to procure that any of their associates shall) do all such things as they are reasonably able to do to ensure that: (i) all transactions, agreements or arrangements entered into with any member of the Group will be made at arm's length and on a normal commercial basis; (ii) the Group is capable at all times of carrying on its business for the benefit of the Shareholders as a whole and independently of Acer Gaming, Acer SoftCapital Inc. and their associates; and (iii) no general meeting of the Company is to be requisitioned by Acer Gaming, Acer SoftCapital or their associates in order to amend the Memorandum and Articles in such a way as might reasonably be expected to, among other things, undermine the Relationship Agreement to the detriment of the Group.

The Relationship Agreement is governed by English law.

15.1.4 **Lock-In Deeds and Orderly Market Agreements**

On 8 November 2024 the Company entered into lock-in and orderly market agreements (the "**Lock-in Deeds**") pursuant to which each of the Directors, Tina Li, Acer Gaming and Acer SoftCapital Inc. who will hold Shares following Admission have undertaken to the Company, Strand Hanson and SP Angel not to dispose of any interests in Shares owned by them (subject to certain limited exceptions), for one year from the date of Admission, and for a further period of 12 months following the expiry of the initial 12 month period, other than in agreed circumstances, to effect all sales, transfers and other disposals of their Shares through SP Angel or such other person as may be the broker of the Company from time to time, and in such manner as they may reasonably require with a view to the maintenance of an orderly market in the Shares.

On 8 November 2024 the Company also entered into orderly market agreements (the "**Orderly Market Agreements**") pursuant to which each of Flying Way International Corp. and Mr. Cho Tai-Wei (being one of the Flying Way International Shareholders) have undertaken to the Company, Strand Hanson and SP Angel, for a period of 24 months from the date of Admission, other than in agreed circumstances, to procure that all sales, transfers or other disposals of their Shares are effected only through SP Angel or such other person as may be the broker of the Company from time to time, and in such manner as they may reasonably require with a view to the maintenance of an orderly market in the Shares.

The Lock-In Deeds and the Orderly Market Agreements are governed by English law.

15.1.5 **Nominated Adviser Agreement**

On 8 November 2024 the Company and Strand Hanson entered into a nominated adviser agreement (the "**Nominated Adviser Agreement**") pursuant to which, and conditional upon Admission, the Company has appointed Strand Hanson to act as its nominated adviser and financial adviser for the purposes of the AIM Rules for Companies. The Company has also agreed to pay to Strand Hanson an annual advisory fee for its services as nominated adviser. The Nominated Adviser Agreement contains certain indemnities given by the Company to Strand Hanson.

The Nominated Adviser Agreement is governed by English law.

15.1.6 **Cornerstone Subscription Agreement**

On 8 November 2024 the Company and Acer Gaming entered into a cornerstone subscription agreement (the "**Cornerstone Subscription Agreement**"), pursuant to which Acer Gaming shall subscribe for, in aggregate 40,000,000 new Shares at the Placing Price under the Placing. The Cornerstone Subscription Agreement is conditional upon, *inter alia*, the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms on or before Admission.

The Cornerstone Subscription Agreement is governed by Singapore law.

15.1.7 **Broker Agreement**

On 26 July 2024, the Company and SP Angel entered into a broker agreement (the "**Broker Agreement**"). Pursuant to the Broker Agreement, the Company has appointed SP Angel to act as broker to the Company in connection with the Placing and Admission. The Broker Agreement contains certain undertakings, warranties and indemnities given by the Company to SP Angel. After an initial appointment period of six months, the Broker Agreement is terminable upon not less than ten UK Business Days prior written notice by either the Company or SP Angel.

The Broker Agreement is governed by English law.

15.1.8 **Strand Hanson Engagement Letter**

On 8 April 2024 (as varied by an agreement dated 5 November 2024), the Company and Strand Hanson entered into an engagement letter (the "**Strand Hanson Engagement Letter**"), pursuant to which the Company appointed Strand Hanson to act as Financial Adviser and Nominated Adviser to the Company for the purpose of the Placing and Admission. The Strand Hanson Engagement Letter contains certain undertakings, warranties and indemnities given by the Company to Strand Hanson. The Strand Hanson Engagement Letter shall continue, unless terminated earlier by mutual agreement or in accordance with the terms of the Strand Hanson Engagement Letter, until the earlier of Admission and 8 April 2025.

The Strand Hanson Engagement Letter is governed by English law.

15.1.9 **Malaysia Acquisition Business Sale Agreements**

In June 2024, the Company entered into the following agreements to effect the purchase of the business and assets of Pixelline Production Sdn Bhd ("**Pixelline Production**") in Malaysia:

(a) On 27 June 2024, the Company (as purchaser) entered into a business sale agreement with Pixelline Production (as vendor) pursuant to which the Company agreed to purchase the business and assets of Pixelline Production for a purchase price of US$300,000 (the "**Malaysia Acquisition BSA**"). Pursuant to the terms of the Malaysia Acquisition BSA the Company benefits from indemnification undertakings given to it by key personnel of Pixelline Production, on a joint and several basis, against all Losses (as defined in the Malaysia Acquisition BSA) which the Company (as purchaser) may suffer through or arising from any breach by Pixelline Production of any of its obligations, commitments, undertakings, warranties and indemnities under or pursuant to the Malaysia Acquisition BSA. The Malaysia Acquisition BSA is governed by Malaysian law.

(b) On 27 June 2024, the Company entered into earn out agreements with two of the key personnel at Pixelline Production in order to appoint such key personnel to assist in the Company's business-related activities in Malaysia with respect to the operation by the Company of Pixelline Art (the "**Malaysian Earn Out Agreements**"). The term of the Malaysian Earn Out Agreements is three years and contain customary non-compete restrictions for their duration. The terms of the Malaysian Earn Out Agreements also provide that key personnel are to be subject to customary confidentiality obligations which survive termination of the agreements. Subject to the fulfilment of certain conditions (being the due execution of employment agreements by the key personnel, the key personnel having ensured and procured commencement of the transfer of Pixelline Production's employees to Pixelline Art, and the key personnel having facilitated the completion of the transfer of assets of Pixelline Production to the Company pursuant to the terms of the Malaysia Acquisition BSA), the key personnel are entitled to receive a one time key personnel remuneration, in the aggregate amount of US$200,000. In addition, based on Pixelline Art's performance for the periods of FY2024, FY2025 and FY2026, the key personnel may receive a one-time performance bonus, in the aggregate amount of up to US$500,000. The Malaysian Earn Out Agreements are governed by Singapore law.

(c) On 28 June 2024, the Company (as assignee) and Pixelline Production (as assignor) entered into a deed of assignment pursuant to which Pixelline Production agreed to sell, assign and transfer to the Company all of Pixelline Production's right, title and interest in and over Pixelline Production's business and assets. Pursuant to the terms of the deed, the Company benefits from Pixelline Production's covenants to procure the transfer to the Company of the goodwill, assets, benefits, rights, title and/or interest over Pixelline Production's business and assets. This deed of assignment is governed by Malaysian law.

15.1.10 **Secondary Placement Agreement**

On 9 April 2024, the Company and PPCF entered into a placement agreement in connection with the Company's Secondary Placement (the "**Secondary Placement Agreement**"). Pursuant to the Secondary Placement Agreement, the Company appointed PPCF as placement agent to subscribe and/or procure subscriptions for 108,000,000 Shares for a placement commission of 3.5% of the aggregate placement price for each such share payable by the Company. The Secondary Placement was not underwritten.

The Secondary Placement Agreement was governed by Singapore law.

15.1.11 **OPC Share Purchase Agreement**

On 28 December 2023, the Company (as purchaser) and Game Hours Inc. (as vendor) entered into a sale and purchase agreement for the sale and purchase of 100% of the issued and paid-up share capital of OPC, a company mainly engaged in the provision of art outsourcing services (the "**OPC SPA**"). The aggregate purchase consideration was NTD59,900,000 (approximately US$1,867,083)[5] cash, and no adjustments to the consideration pursuant to the OPC SPA were made. The purchase of OPC completed on 1 April 2024.

The OPC SPA was governed by the laws of the Republic of China.

15.1.12 **Continuing Sponsorship Agreement**

On 8 November 2023, the Company and PPCF entered into a continuing sponsorship agreement, pursuant to which the Company appointed PPCF to manage and sponsor the Company's listing on Catalist (the "**Continuing Sponsorship Agreement**").

The Continuing Sponsorship Agreement is governed by Singapore law.

15.1.13 **Catalist Placement Agreement**

On 8 November 2023, the Company and PPCF entered into a placement agreement in connection with the Company's listing on Catalist in Singapore (the "**Catalist Placement Agreement**"). Pursuant to the Catalist Placement Agreement, the Company appointed PPCF as placement agent to subscribe and/or procure subscriptions for 27,200,000 Shares for a placement commission of 3.5% of the aggregate placement price for each such share payable by the Company (the "**Catalist Placement**"). The Catalist Placement was not underwritten.

The Catalist Placement Agreement was governed by Singapore law.

15.1.14 **Moratorium undertakings**

On 8 November 2023, in connection with the Catalist Listing, certain persons, including, amongst others, Mr. Johnny Jan, Acer Gaming, Flying Way International Corp. and the Flying Way International Shareholders entered into a deed of undertaking in favour of the Company (the "**Moratorium Undertakings**"). Mr. Johnny Jan and Acer Gaming provided the Moratorium Undertakings pursuant to requirements under the Catalist Rules and therein agreed not to, *inter alia*, dispose of their interests in the Shares held by them as at the time of the Catalist Listing, for a period of six months immediately following the Catalist Listing (the "**Initial Period**"). For the subsequent six months following the Initial Period, the restrictions applied in respect of their effective interest in 50% of the Shares as at the time of the Catalist Listing. The Flying Way International Shareholders had entered into the Moratorium Undertakings on a voluntary basis to demonstrate their commitment to the Company at the time of the Catalist Listing, and therein agreed not to, *inter alia*, dispose of their interests in Flying Way International Corp. (and so indirectly the Shares) for the Initial Period. For the subsequent six months following the Initial Period, the restrictions applied in respect of their effective interest in 50% of any part of the Shares held by Flying Way

[5] Based on the mid-market exchange rate of NTD1:US$0.03117 as at 1 April 2024.

International Corp.

The Moratorium Undertakings are governed by Singapore law.

15.1.15 **Catalist Placement Cornerstone Subscription Agreements**

On 28 September 2023, cornerstone subscription agreements were entered into between the Company and each of Acer Gaming and Mr. Jason Chen in relation to the Catalist Placement (the "**Catalist Placement Cornerstone Subscription Agreements**"). Pursuant to the Catalist Placement Cornerstone Subscription Agreements, Acer Gaming and Mr. Jason Chen agreed to subscribe for, in aggregate 12,800,000 Shares, a commitment price of S$0.20 per Share amounting to an aggregate commitment price of S$2,560,000. Such Shares were issued to Acer Gaming and Mr. Jason Chen on 17 November 2023.

The Catalist Placement Cornerstone Subscription Agreements are governed by Singapore law

16. RELATED PARTY TRANSACTIONS

16.1 Under the Catalist Rules, the Company may require approvals from Shareholders in respect of any transactions which cross certain prescribed thresholds and therefore constitute "Interested Person Transactions" between the Company and Acer Group, as the Company's parent undertaking. These approvals are dealt with by an annual approval proposed at the Company's annual general meeting where Shareholders are asked to approve an "Interest Persons Transactions" mandate governing, *inter alia*, the entry into such transactions with specific entities within the Acer Group provided that such transactions are on normal commercial terms, consistent with the Group's usual policies and practices and are not prejudicial to the interests of the Company and its minority Shareholders (the "**IPT General Mandate**"). The IPT General Mandate prescribes various procedural requirements that the Company must comply with to ensure that the terms of any transaction under the IPT General Mandate are monitored and subject to disclosure thresholds and maximum quantums. The IPT General Mandate was recently updated to reflect the Company's dual-listing on AIM and approved by Shareholders at an extraordinary general meeting of the Company held on 28 October 2024. The updated IPT General Mandate will remain in force until the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, unless revoked or varied by the Company in general meeting. Copies of the IPT General Mandate and the associated circular in respect of the 28 October 2024 Shareholder meeting, can be found on the Company's website. Notwithstanding the IPT General Mandate, the Company will continue to comply with AIM Rule 13 regarding, *inter alia*, the entering into and disclosure of related party transactions, as defined in the AIM Rules.

16.2 The following transactions between the Group and Acer Group have occurred since 30 June 2024, being the date of the unaudited interim accounts set out in Part IV (*Historical Financial Information*) and the Appendix of this Document:

Description of transaction	Name of Group entity which was party to the transaction	Name of Acer entity which was party to the transaction	Transacted amount
Consulting service fees paid to Acer America Corporation for services such as engagement of personnel on the Company's behalf	Winking Art Limited	Acer America Corporation	US$40,798
Fees for lease of office space and related facilities / services by the Group	Winking Art Pte. Ltd. Taiwan branch	Acer Inc.	US$1,823
Fees for provision of art outsourcing and/or game development services by the Group	Winking Entertainment Corporation	Acer Inc.	US$66,274
Joint development of AI project contracts between the Group and Acer	Winking Studios Limited and Subsidiaries	Acer Inc.	US$305,699
Subscription of new shares by Acer Gaming Inc. as part of the Secondary Placement	Winking Studios Limited	Acer Gaming Inc.	US$13,089,000

Subscription of new shares by Acer SoftCapital Inc. as part of the Secondary Placement	Winking Studios Limited	Acer SoftCapital Inc.	US$1,056,000

16.3 In addition to the Acer transactions referred to in paragraph 16.2 above, the following related party transaction has occurred since 30 June 2024 or resulted in the Group receiving revenue since that date, being the date of the unaudited interim accounts set out in Part V (*Unaudited Pro Forma Statement of Net Assets*) of this Document:

Description of transaction	Name of Group entity which was party to the transaction	Name of third party	Transacted amount since 30 June 2024
Services pursuant to an outsourcing agreement dated 30 January 2018	On Point Creative (HK) Company Limited	Shanghai Weiyu Network Technology Co., Ltd - Suzhou Branch (wholly-owned by GAME HOURS Inc., a company listed on the Emerging Stock Board of the Taipei Exchange, the controlling shareholder of which is Hsu Su-Chi, a former director of the Company)	US$49,980

16.4 Save as set out in this paragraph 16 (*Related Party Transactions*) and the financial statements in the Appendix to this Document, there are no related party transactions that the Company or any of the Group have entered into during the period covered by the historical financial information set out in Part IV (*Historical Financial Information*) and up to the date of this Document.

17. CLEARING AND SETTLEMENT

17.1 General

Shares are currently accepted for clearance through the book-entry settlement system of CDP. Following Admission, DIs representing Shares will also be accepted for clearance through CREST.

CREST is the UK system operated by Euroclear for the paperless settlement of trades in securities and the holding of uncertificated securities. It avoids the need for physical share certificates which may delay settlement. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. The Company has applied to Euroclear UK & International, the operator of CREST, for the Shares to be admitted to CREST with effect from Admission. The Memorandum and Articles permit the holding of Shares under CREST. However, under English Law, shares of non-UK companies such as the Company cannot be held or transferred directly in the CREST system. As a result, DIs may be created to allow trading in shares of non-UK companies to be settled through CREST.

17.2 The nature of DIs

DIs are independent securities, constituted under English law and which may be held, transferred and settled in the CREST system. DI holders will not be the legal owners of the Shares but will have beneficial interests in the Shares through their ownership of the DIs. The Company has made arrangements for a market in its Shares to be made in London, details of which are set out below. Trades in this market will be capable of settlement in CREST in the form of DIs.

17.3 Depositary Arrangements

The UK Depositary will hold the Shares and issue DIs representing the underlying Shares which will be held on trust for the holders of the DIs. The DIs will be created pursuant to and issued on the terms of the Deed Poll (defined and summarised below), which sets out the rights attaching to the Shares and the relationship between the DI and the underlying Shares. The Shares will be transferred or issued to an account for the UK Depositary on the Jersey branch register and the UK Depositary will issue DIs to participating members.

Application has been made for the DIs to be admitted to CREST with effect from Admission. To ensure that holders of DIs are able to enjoy all rights associated with the direct holding of Shares,

DI holders will, to the extent possible, receive the same information as Shareholders.

17.4 **Deed Poll**

The deed poll, entered into by the UK Depositary on 4 November 2024 (the "**Deed Poll**"), contains certain provisions which are binding upon DI holders, including:

17.4.1 the DI holder shall warrant that the Shares which are transferred or issued to the UK Depositary (or a custodian on behalf of the UK Depositary) are free and clear of all liens, charges, encumbrances or third party interests (other than the interests arising under a declaration of trust pursuant to the Deed Poll);

17.4.2 the UK Depositary shall pass on and exercise (so far as it is reasonably able) on behalf of DI holders all rights and entitlements received or to which they are entitled to in respect of the underlying Shares;

17.4.3 the UK Depositary shall be entitled to cancel DIs and withdraw the underlying Shares in certain circumstances, for example, where a DI holder has failed to perform any obligation under the Deed Poll or any other agreement with respect to the DI;

17.4.4 each DI holder is liable to indemnify the UK Depositary and, where applicable, a custodian against all liabilities arising from or incurred in connection with the Deed Poll so far as they relate to the deposited property; and

17.4.5 the UK Depositary may terminate the Deed Poll by giving 30 days' prior notice to the holders of the DIs. Upon such notice, the holder will be deemed to have requested the cancellation of the DIs and the withdrawal of the underlying Shares.

18. GENERAL

18.1 The Financial Adviser and Nominated Adviser to the Company is Strand Hanson of 26 Mount Row, London, W1K 3SQ, which is regulated in the UK by the Financial Conduct Authority.

18.2 The Broker and Bookrunner to the Company is S.P Angel Corporate Finance LLP of Prince Frederick House, 35-39 Maddox Street, London, England, W1S 2PP, which is regulated in the UK by the Financial Conduct Authority.

18.3 The expenses of or incidental to the Placing and Admission are payable by the Company and are estimated to amount to £1,933,692 (excluding value added tax), including commissions of £100,290.

18.4 The total proceeds of the Placing expected to be raised by the Company are £7,900,000 and the net proceeds, after deduction of the expenses, are estimated at £5,966,308.

18.5 The International Security Identification Number ("**ISIN**") of the Shares is KYG9722U1040.

18.6 Other than the intended application for Admission and the continued admission and listing of the Shares on Catalist, the sponsor-supervised listing platform of the SGX-ST, the Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made, nor, except as stated below, are there intended to be any other arrangements for dealings in the Shares.

18.7 PricewaterhouseCoopers LLP of 7 Straits View, Marina One East Tower, Level 12, Singapore 018936, which is a member of the Institute of Singapore Chartered Accountants, has been the Company's auditors since the financial year 2020.

18.8 Strand Hanson has given and not withdrawn its written consent to the inclusion in this Document of the references to its name in the form and context in which they appear.

18.9 SP Angel has given and not withdrawn its written consent to the inclusion in this Document of the references to its name in the form and context in which they appear.

18.10 Save for the Secondary Placement completed in July 2024, there has been no significant change in the financial position or financial performance of the Group since 30 June 2024, being the date to which the unaudited condensed interim financial information of the Group set out in Part IV (*Historical Financial Information*) of this Document has been prepared.

18.11 No person (other than professional advisers otherwise disclosed in this Document and trade suppliers) has received, directly or indirectly, from the Company within 12 month preceding the date of application for Admission; or entered into contractual arrangements (not otherwise

disclosed in this Document) to receive, directly or indirectly, from the Company on or after Admission respectively any of the following:

18.11.1 fees totalling ten thousand pounds (£10,000) or more;

18.11.2 securities in the Company with a value of ten thousand pounds (£10,000) or more calculated by reference to the Placing Price; or

18.11.3 any other benefit with a value of ten thousand (£10,000) or more at the date of Admission.

18.12 The Shares are in registered form and will, following Admission, be capable of being held in uncertificated form. Prior to the despatch of share certificates following the Placing, transfers will be certified against the register of members. Save as disclosed in this Document, the Company does not hold any treasury shares (i.e. shares in the Company held by the Company) and no Shares were held by, or on behalf of, any member of the Group.

18.13 Save as disclosed in Part III (*Risk Factors*) of this Document, the Group is not dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.

18.14 No financial information contained in this Document is intended by the Company to represent or constitute a forecast of profits by the Company or the Group.

18.15 Where information in this Document has been sourced from a third party, the Company confirms that it has been accurately reproduced and, as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Document, the source of such information has been identified.

18.16 Save as disclosed in this Document, there are no environmental issues that the Directors have determined may affect the Company's utilisation of tangible fixed assets and the Directors have not identified any events that have occurred since the end of the last financial year and which are considered to be likely to have a material effect on the Company's prospects for the current financial year.

18.17 Except as stated in this Document, there have been no material investments made by the Company during the last three financial years and there are no material future investments on which firm commitments have been made.

19. AVAILABILITY OF DOCUMENTS

The Company will provide, without charge, to each person to whom a copy of this Document has been sent in electronic form or by way of a website notification, upon the oral or written request of such person, a hard copy of this Document. Written or telephone requests for such documents should be directed to the Company at 1F No. 158 Ruihu St., Neihu., Taipei City 114067, Taiwan or by telephone on +886 289795568 #8702 or by email at ir.iris@winkingworks.com.

This Document shall also be available on the Company's website at https://investor.winkingworks.com.

Dated: 8 November 2024

PART VII. DEFINITIONS AND GLOSSARY

The following definitions apply throughout this Document unless the context otherwise requires:

Acer	means Acer Incorporated;
Acer Gaming	means Acer Gaming Inc.;
Acer Group	means Acer and its subsidiaries;
Act	means the Companies Act 2006, as amended;
Adjusted EBIT	means EBIT adjusted for one-off capital markets transaction, share based compensation and acquisition expenses;
Adjusted EBITDA	means earnings before interest, taxes, depreciation and amortisation, adjusted for one-off capital markets transaction, share-based compensation and acquisition expenses;
Admission	means admission of the Placing Shares and the Existing Shares to trading on AIM becoming effective;
AIM	means AIM, a market operated by the London Stock Exchange;
AIM Rules for Companies	means the AIM Rules for Companies, as published by the London Stock Exchange from time to time and setting out the rules and responsibilities in relation to companies with a class of securities admitted to AIM;
AIM Rules for Nominated Advisers	the rules for nominated advisers to AIM companies published by the London Stock Exchange;
APAC	means Asia-Pacific;
Article or Articles	means an article or articles of the Memorandum and Articles;
Art Outsourcing Segment	means the business segment of the Group which involves the creation of digital art assets as part of its provision of art outsourcing services;
Associate	(i) in relation to any Director, Substantial Shareholder or Controlling Shareholder (being an individual) means: (a) his immediate family; (b) the trustees of any trust of which he or his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object; and (c) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and (ii) 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;
Audit, Risk and Disclosure Committee	means the audit, risk and disclosure committee of the Company as at the date of this Document, unless otherwise stated;
Award	means an award of Shares granted pursuant to the Winking Studios Performance Share Plan;
Award Date	means in relation to an Award, the date on which the Award is granted pursuant to

	Rule 5 of the Winking Studios Performance Share Plan;
Award Shares	means 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 or Board of Directors	means the board of Directors of the Company from time to time, unless otherwise stated;
Broker Agreement	means the broker agreement entered into on 26 July 2024 between the Company and SP Angel, details of which are set out in paragraph 15.1.7 (*Broker Agreement*) of Part VI (*Additional Information*) of this Document;
Business Day	means any day on which banks in the City of London, the People's Republic of China, Taiwan, Malaysia, the Cayman Islands and Singapore are all open for business;
certificated or in certificated form	in relation to a Share, recorded on the Register of Members as being held in certificated form (that is not in CREST or held by CDP);
CAGR	means compound annual growth rate;
Catalist	means the sponsor-supervised listing platform of the SGX-ST;
Catalist Listing	the listing of the Company on the Catalist of the SGX-ST on 16 November 2023;
Catalist Placement	means the placement undertaken by PPCF on behalf of the Company at the time of the Company's listing on the Catalist of the SGX-ST in November 2023;
Catalist Placement Agreement	means the placement agreement entered into between the Company and PPCF dated 8 November 2023;
Catalist Rules	means the Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time;
Cayman Islands Companies Act	means the Companies Act (As Revised) of the Cayman Islands, as amended, modified or supplemented from time to time;
CDP	means Central Depository (Pte) Limited;
CEO	means Chief Executive Officer;
CEO Initial Term or CFO Initial Term	means a period of three years with effect from 20 November 2023;
CIC Report	means the independent report on the markets in which the Group operates commissioned by the Company from China Insights Industry Consultancy Ltd of 10F, Block B, Jing'an International Centre, 88 Puji Road, Jing'an District, Shanghai 200070, Peoples Republic of China;
Company or Winking Studios	means Winking Studios Limited, a company incorporated in the Cayman Islands with incorporation number 159882 and registered office at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands;
Continuing Sponsorship Agreement	means the continuing sponsorship agreement entered into on 8 November 2023 between the Company and PPCF, details of which are set out in paragraph 15.1.12 (*Continuing Sponsorship Agreement*) of Part VI (*Additional Information*) of this Document;

Controlling Shareholder	as defined in the Catalist Rules, means a person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all the voting shares in the Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over the Company;
Cornerstone Subscription Agreement	means the cornerstone subscription agreement entered into on 8 November 2024 between the Company and Acer Gaming, details of which are set out in paragraph 15.1.6 (*Cornerstone Subscription Agreement*) of Part VI (*Additional Information*) of this Document;
CREST	means the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & International is the operator;
CREST Regulations	means the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time, and any applicable rules made under those regulations;
Cross-Strait Act	means the Act Governing Relations between the People of the Taiwan Area and the Mainland China Area promulgated by the Legislative Yuan of Taiwan;
CSRC	means the China Securities Regulatory Commission;
CSRC Feedback	means the written response from CSRC received by the Company on 7 April 2024;
Depositor	has the meaning ascribed to it in Section 81SF of the SFA;
Depository	has the meaning ascribed to it in Section 81SF of the SFA;
Disclosure Guidance and Transparency Rules	means the Disclosure Guidance and Transparency Rules Sourcebook incorporated in the FCA Rules;
DIR	means Department of Investment Review, Ministry of Economic Affairs of Taiwan (which was previously known as the Investment Commission, Ministry of Economic Affairs of Taiwan or MOEAIC prior to 26 September 2023);
Directors or Board	means the directors of the Company at the date of this Document, together with the Proposed Directors whose names are set out in the section titled "*Directors, Secretary, Registered Office and Advisers*" of this Document;
Document	means this Document dated 8 November 2024;
DTR 5	means Chapter 5 of the Disclosure Guidance and Transparency Rules;
EBIT	means earnings before interest and taxes. Interest income has not been adjusted for when calculating EBIT, as such interest income has been derived predominantly from cash generated from operating activities and therefore deemed by the Company to be akin to operating income in substance;
EIT Law	means the Enterprise Income Tax Law of the PRC (2018 Revision);
EPS	means earnings per Share;
EU	means the European Union;
Euroclear UK & International	means Euroclear UK & International Limited;
Executive Officers	means together the executive officers of the Group, being the chief executive officer of the Group as at the date of this Document (Mr. Johnny Jan) and the chief

	financial officer of the Group as at Admission (Mr. Oliver Yen);
Existing Shares	means the Shares in issue immediately prior to the Placing;
FCA	means the Financial Conduct Authority;
Flying Way International Shareholders	means shareholders of Flying Way International Corp. who were deemed to be interested in Shares in the Company by virtue of their shareholding in Flying Way International Corp. pursuant to section 4 of the SFA;
Foreign Investment Statute	has the meaning ascribed to it under heading "*Investment by foreign investors or Mainland China Investors in Taiwan*" in the "*Important Information*" section of this Document;
FSMA	means the Financial Services and Markets Act 2000, as amended;
FY	means financial year ending 31 December in the relevant year;
Game Development Segment	means the business segment of the Group which involves the provision of game development services (other than the creation of digital art assets), including programming, development, design and script writing of games;
Game Rating Website	means the website operated by the Digital Game Self-regulation Committee of Taiwan that discloses Taiwan entertainment software rating information;
Gaming Software Rating Management Regulations	means the Gaming Software Rating Management Regulations promulgated by the Ministry of Digital Affairs of Taiwan;
Global Publishing Segment	means the business segment where the Group releases game products developed in-house as well as third party game developers on global game platforms, including PlayStation, Switch and Steam;
Global Publishing and Other Services Segment	means the Global Publishing Segment, together with the Other Services Segment;
Group	means the Company and its subsidiary undertakings;
Group CFO	means the Group Chief Financial Officer, being Mr. Oliver Yen;
Group Employee	means an employee of the Group (including any executive director of any member of the Group who meets the relevant criteria and who shall be regarded as a Group Employee for the purposes of the Plan) selected by the Remuneration Committee to participate in the Winking Studios Performance Share Plan in accordance with Rule 4 of the Winking Studios Performance Share Plan;
HMRC	means HM Revenue and Customs;
Hong Kong	means Hong Kong, Special Administrative Region of the PRC;
Independent Directors	means the independent Directors of the Company for the purposes of the Singapore Corporate Governance Code as at Admission, unless otherwise stated;
IT	means information technology;
Latest Practicable Date	means 7 November 2024;
Listing Period	means the period during which the Shares are listed and traded in the market of a securities exchange (including, but not limited to, AIM and the Catalist of the SGX-

	ST);
Lock-in Deeds	means the lock-in deeds to be entered into by certain Shareholders, details of which are set out in paragraph 15.1.4 (*Lock-In Deedsand Orderly Market Agreements*) of Part VI (*Additional Information*) of this Document;
London Stock Exchange	means London Stock Exchange plc;
Mainland China	means the mainland portion of the PRC;
Mainland China Investment Regulations	means the Cross-Strait Act and relevant regulations and rules as well as the FAQ and application forms promulgated and/or announced by the DIR for investment in a Mainland China entity;
Mainland China Investor	means any of the following investors that is: (i) an individual, company, legal entity or institution of Mainland China; or (ii) a legal entity incorporated under the laws of any jurisdiction (other than Mainland China) whose direct or indirect shareholding in excess of 30% is owned by the individual, company, legal entity or institution of Mainland China or that is otherwise controlled by individual, company, legal entity or institution of Mainland China;
Mainland China Subsidiaries	means the subsidiaries of the Group that are located in Mainland China;
Member	means the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
Memorandum of Association	means memorandum of association of the Company, as amended from time to time;
Memorandum and Articles	means the memorandum and articles of association of the Company, as amended from time to time;
MOC	means Ministry of Culture of the PRC;
MOCT	means Ministry of Culture and Tourism of the PRC;
MOFCOM	means Ministry of Commerce of the PRC;
Nanjing Winking	means Nanjing Winking Entertainment Ltd;
NDRC	means National Development and Reform Commission;
Negative List (2021 Version)	means the Special Administrative Measures for Foreign investment Access (Negative List) (2021 Version);
Negative List for Inbound Investment by Foreign Investors	means the Negative List for Inbound Investment by Foreign Investors promulgated by the DIR of Taiwan;
Nominated Adviser Agreement	means the nominated adviser agreement dated 8 November 2024 between the Company and Strand Hanson;
Nominating Committee	means the nominating committee of the Company as at the date of this Document, unless otherwise stated;

Non-Executive Directors	means the non-executive Directors of the Company (including Independent Directors) as at the date of this Document, unless otherwise stated, being Mr. Kao Shu-Kuo, Mr. Lim Heng Choon, Mr. Chang Yi-Hao, Mr. Yang Wu Te, and from Admission, Mr. Daniel Widdicombe;
Non-Executive Independent Directors	means the independent non-executive Directors of the Company as at the date of this Document, unless otherwise stated, being Mr. Lim Heng Choon, Mr. Chang Yi-Hao, Mr. Yang Wu Te, and from Admission, Mr. Daniel Widdicombe;
NPC of the PRC	means National People's Congress of the PRC;
NTA	means net tangible assets;
OPC	means On Point Creative Co., Ltd.;
Other Services Segment	means the business segment of the Group where video games developed in-house and peripheral gaming products are sold;
Overseas Shareholder	means Shareholders (or nominees of, or custodians or trustees for, Shareholders) not resident in, or nationals or citizens of the Cayman Islands;
Participant	means a Group Employee and/or non-executive director of any member of the Group who has been granted an Award;
Performance Condition	means, in relation to an Award, the condition specified on the Award Date in relation to that Award;
Placing	means the placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
Placing Agreement	means the conditional agreement in respect of Placing between (1) the Company, (2) the Directors, (3) Strand Hanson and (4) SP Angel dated 8 November 2024, particulars of which are summarised in paragraph 15.1.1 (*Placing Agreement*) of Part VI (*Additional Information*) of this Document;
Placing Price	means fifteen pence (£0.15) per Placing Share;
Placing Shares	means 52,666,667 Shares which are the subject of the Placing;
PRC	means the People's Republic of China;
Proposed Directors	means Oliver Yen and Daniel Widdicombe;
Prospectus Regulation	means the EU Prospectus Regulation 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Prospectus Directive 2003/71, as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018;
Prospectus Regulation Rules	means the prospectus regulation rules made by the FCA under Part VI of FSMA;
Register of Members	means the register of members of the Company maintained in accordance with the Cayman Islands Companies Act and where applicable, any branch register of members of the Company to be maintained at such place as the Board shall determine from time to time;
Relationship Agreement	the relationship agreement to be entered into on or around the date of this Document between (1) the Company, (2) Strand Hanson, (3) Acer Gaming and (4) Acer SoftCapital Inc.

Released Award	means an Award which has been released in accordance with Rule 7 of the Plan;
Remuneration Committee	means the remuneration committee of the Company as at the date of this Document, unless otherwise stated;
SAFE	means State Administration of Foreign Exchange of the PRC;
SAMR	means State Administration for Market Regulation of the PRC;
Secondary Placement	means the Company's first secondary placement fundraising post-IPO of S$27.0 million, which completed in July 2024, pursuant to the terms of the Secondary Placement Agreement;
Secondary Placement Agreement	means the placing agreement dated 9 April 2024 between the Company and PPCF in connection with the Secondary Placement;
Securities Account	means the securities account maintained by a Depositor with CDP, but does not include a securities sub-account;
Securities and Futures Act or SFA	means the Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time;
SFRS(I)	means Singapore Financial Reporting Standards (International);
SGX-ST	means the Singapore Exchange Securities Trading Limited;
Shanghai Winking	means Shanghai Winking Entertainment Ltd;
Share Capital	means the Shares in issue immediately following the Placing and Admission, comprising the Existing Shares and the Placing Shares;
Shares	means the ordinary shares of a par value of S$0.04 each in the capital of the Company, including those represented, received or delivered in the form of depositary interests as the context may require;
Shareholders	means 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;
Singapore Business Day	means any day on which banks in Singapore are open for business;
Singapore Code of Corporate Governance	means the Code of Corporate Governance 2018 of Singapore, as amended, modified or supplemented from time to time;
Singapore Takeover Code	means the Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time;
SP Angel Warrants	means warrants issued in favour of SP Angel in connection with the Placing pursuant to a warrant deed dated 8 November 2024;
STA	means State Taxation Administration of the PRC;
State Council	means State Council of the PRC;
Statutes	means the Cayman Islands Companies Act and every other act of the legislature of the Cayman Islands for the time being in force applying to or affecting the Company, the Memorandum and/or the Articles of Association and any reference

	to any provision in any statute is to that provision as so modified or re-enacted or contained in any such subsequent act or acts;
Strand Hanson	means Strand Hanson Limited, a company incorporated in England and Wales with registered number 02780169 and registered office at 26 Mount Row, London, W1K 3SQ;
Strand Hanson Engagement Letter	means the engagement letter dated 8 April 2024 (as varied by an agreement dated 5 November 2024) between the Company and Strand Hanson;
Strand Hanson Warrants	means warrants issued in favour of Strand Hanson in connection with Admission pursuant to a warrant deed dated 8 November 2024;
Subsidiaries	means any subsidiary as defined in the Act;
Substantial Shareholders	means persons who have an interest in the Shares of not less than 5.0% of the aggregate of all the voting shares of the Company;
Taiwan Winking	means Winking Entertainment Corporation;
Third Jurisdiction Entity	means the indirect investments in Mainland China entities through entities incorporated in jurisdictions other than Mainland China and Taiwan;
Trial Administrative Measures	means the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies promulgated by the CSRC;
UK or United Kingdom	means the UK of Great Britain and Northern Ireland;
UK Business Day	means any day on which banks in the City of London are open for business;
UK & Jersey Business Day	means any day on which banks in the City of London and Jersey (Channel Islands) are all open for business;
UK Depositary	means Computershare Investor Services PLC, as the issuer of depositary interests, or such other depositary for the Shares as is appointed by the Company from time to time and notified to the shareholders;
UK Takeover Code	means the City Code on Takeovers and Mergers published by the Takeover Panel in the United Kingdom;
United States or USA or U.S.	means the United States of America. Its territories and possessions, any state of the United States of America and the District of Columbia;
US Securities Act	means the US Securities Act of 1933, as amended;
Vesting Date	means, in relation to Shares which are the subject of a Released Award, the date (as determined by the Remuneration Committee and notified to the relevant Participant) on which those Shares have vested pursuant to Rule 7 of the Plan;
Winking Art	means Winking Art Pte. Ltd.;
Winking Studios Performance Share Plan	means the share award plan of the Company, known as the Winking Studios Performance Share Plan, the rules and terms of which are summarised in paragraph 10 (*Share Incentive Arrangements*) of Part VI (*Additional Information*) of this Document;
£ or GBP	means British pounds sterling;
%	means per cent.;

Canadian dollars	means the lawful currency of Canada;
Euros	means the lawful currency of the European Union;
GBP	means the lawful currency of the United Kingdom;
HKD	means Hong Kong Dollars, the lawful currency of Hong Kong;
Japanese Yen	means the lawful currency of Japan;
MYR	means the lawful currency of Malaysia;
NTD	means new Taiwan Dollars, the lawful currency of Taiwan;
Renminbi or RMB	means Renminbi, the lawful currency of Mainland China;
S$ and Singapore cent	means Singapore dollars and cents, the lawful currency of Singapore; and
US$	means United States dollars, the lawful currency of the United States.

Name used in this Document	**Name in Passport/National Registration Identity Card (NRIC)**
Mr. Chang Yi-Hao	Chang, Yi-Hao (張益豪)
Mr. Cho Tai-Wei	Cho, Tai-Wei (卓岱瑋)
Mr. Jason Chen	Chen, Chun-Shen (陳俊聖)
Mr. Johnny Jan	Jan, Cheng-Han (詹承翰)
Mr. Kao Shu-Kuo	Kao, Shu-Kuo (高樹國)
Mr. Lim Heng Choon	Lim, Heng Choon (林興俊)
Mr. Oliver Yen	Yen, Chun-Te (嚴俊德)
Mr. Yang Wu Te	Yang, Wu Te (楊武德)
Mr. Daniel Widdicombe	Widdicombe, Daniel
Ms. Tina Li	Li, Ziting (李子婷)

GLOSSARY

The following glossary of technical terms applies throughout this Document, unless the context otherwise requires. The terms and abbreviations and their assigned meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms, and should not be treated as definitive.

"**2D**"	means two-dimensional;
"**3D**"	means three-dimensional;
"**AI**"	means artificial intelligence;
"**ARPG**"	means action role-playing game;
"**HDR**"	means High Dynamic Resolution;
"**PC**"	means personal computer;
"**RPG**"	means role-playing game;
"**UI**"	means user interface; and
"**Unity**"	means a cross-platform game engine developed by Unity Technologies that provides game developers with a 2D and 3D platform to create video games.
"**Unreal Engine**"	means a video game development tool from the video game and software development company, Epic Games. With this tool, developers have the ability to build simulations, edit videos or sound, and render animations

APPENDIX

APPENDIX A – INDEPENDENT AUDITOR'S REPORT AND THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 and 2022

WINKING STUDIOS LIMITED

(Incorporated and domiciled in Cayman Islands with limited liability No. 159882)

AND ITS SUBSIDIARIES

APPENDIX A – INDEPENDENT AUDITOR'S REPORT AND THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

The Board of Directors

Winking Studios Limited
P.O. Box 31119 Grand Pavilion, Hibiscus Way,
802 West Bay Road, Grand Cayman,
KY1-1205, Cayman Islands

Report on Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Winking Studios Limited (the "Company") and its subsidiaries (the "Group") set out on pages A-5 to A-74, which comprise the consolidated statements of financial position as at 31 December 2020, 2021 and 2022, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the financial years ended 31 December 2020, 2021 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, 2021 and 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for each of the financial years ended 31 December 2020, 2021 and 2022.

Basis for Opinion

We conducted our audits in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("AC R A Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Directors for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on distribution and use

This report is made solely to you as a body for the inclusion in the Offer Document of the Company to be issued in relation to the proposed offering of the shares of the Company in connection with the Company's listing on the Catalist of the Singapore Exchange Securities Trading Limited[1].

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

Partner-in-charge: Alex Toh Wee Keong
8 November 2023

[1] *Notwithstanding the "Restriction on distribution and use" wording in the Audit Report within the Independent Auditors Report and the Audited Consolidated Financial Statements for the Financial Years ended 31 December 2020, 2021 and 2022, the Company has obtained a letter from its auditor allowing for the reproduction of these reports within this Document.*

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the financial years ended 31 December 2020, 2021 and 2022
(All amounts in US Dollar unless otherwise stated)

	Note	Years ended 31 December 2020 USD'$000	2021 USD'$000	2022 USD'$000
Revenue from contracts with customers	4	14,486	23,691	24,498
Cost of sales	7	(8,892)	(15,957)	(18,050)
Gross profit		5,594	7,734	6,448
Other income	5	267	158	146
Other losses – net	6	(100)	(319)	(120)
Distribution and marketing	7	(546)	(821)	(1,013)
Administrative expenses	7	(3,029)	(3,712)	(4,603)
Expected credit gains/(losses)	23	17	(20)	(32)
Interest income		6	7	9
Finance expenses	9	(19)	(26)	(60)
		(3,404)	(4,733)	(5,673)
Profit before income tax		2,190	3,001	775
Income tax (expense)/credit	10(a)	(11)	150	262
Profit for the years		2,179	3,151	1,037
Other comprehensive income(loss):				
Items that may be reclassified subsequently to profit or loss:				
Currency translation gains/(losses) arising from consolidation		303	296	(909)
Total comprehensive income for the financial years		2,482	3,447	128
Profit for the years attributable to:				
– Equity holders of the Company		1,854	3,109	1,037
– Non-controlling interests		325	42	–
		2,179	3,151	1,037
Total comprehensive income attributable to:				
– Equity holders of the Company		2,250	3,404	128
– Non-controlling interests		232	43	–
		2,482	3,447	128
Earnings per share for profit attributable to equity holders of the Company				
(Expressed in dollar per share)				
– Basic and diluted earnings per share	11	0.01	0.01	0.005

The accompanying notes form an integral part of these financial statements.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020, 31 December 2021 and 31 December 2022
(All amounts in US Dollar unless otherwise stated)

		As at 31 December		
		2020	2021	2022
ASSETS	**Note**	**USD'$000**	**USD'$000**	**USD'$000**
Current assets				
Cash and cash equivalents	12	4,779	7,278	6,057
Trade and other receivables	13	3,006	3,611	3,704
Contract assets	4	1,975	2,644	2,975
Total current assets		9,760	13,533	12,736
Non-current assets				
Property, plant and equipment	14	771	1,349	2,307
Intangible assets	16	117	245	243
Right-of-use assets	15	498	2,218	2,804
Deferred tax assets	19	379	834	1,028
Other non-current assets	17	99	326	366
Total non-current assets		1,864	4,972	6,748
Total assets		11,624	18,505	19,484
LIABILITIES				
Current liabilities				
Trade and other payables	18	2,930	4,325	4,504
Contract liabilities	4	–	–	137
Current income tax liabilities	10(b)	35	11	24
Lease liabilities	15	340	840	896
Total current liabilities		3,305	5,176	5,561
Non-current liabilities				
Lease liabilities	15	186	1,336	1,901
Deferred income tax liabilities	19	540	991	892
Total non-current liabilities		726	2,327	2,793
Total liabilities		4,031	7,503	8,354
NET ASSETS		7,593	11,002	11,130
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	20	648	5,226	5,226
Other reserves		2,848	(1,282)	(2,166)
Retained profits		4,102	7,058	8,070
		7,598	11,002	11,130
Non-controlling interests		(5)	–	–
Total equity		7,593	11,002	11,130

The accompanying notes form an integral part of these financial statements.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial years ended 31 December 2020, 2021 and 2022
(All amounts in US Dollar unless otherwise stated)

		Attributable to owners of the Group							
				Other reserves					
	Note	Share capital	Capital reserves	Other reserves	Currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
		USD'$000	USD'$000	USD'$000	USD'$000	USD'$000	USD'$000	USD'$000	USD'$000
Balance at 1 January 2020		482	1,561	–	(844)	2,270	3,469	1,194	4,663
Profit for the year		–	–	–	–	1,854	1,854	325	2,179
Other comprehensive income/(loss) for the year		–	–	–	396	–	396	(93)	303
Total comprehensive income for the year		–	–	–	396	1,854	2,250	232	2,482
Transactions with owners, recognised directly in equity									
Cash capital increase	20	166	4,984	–	–	–	5,150	–	5,150
Profit appropriations to statutory reserves		–	–	22	–	(22)	–	–	–
Transactions with non-controlling interest	22	–	–	(3,271)	–	–	(3,271)	(1,431)	(4,702)
Balance at 31 December 2020		648	6,545	(3,249)	(448)	4,102	7,598	(5)	7,593
Balance at 1 January 2021		648	6,545	(3,249)	(448)	4,102	7,598	(5)	7,593
Profit for the year		–	–	–	–	3,109	3,109	42	3,151
Other comprehensive income for the year		–	–	–	295	–	295	1	296
Total comprehensive income for the year		–	–	–	295	3,109	3,404	43	3,447

The accompanying notes form an integral part of these financial statements.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
For the financial years ended 31 December 2020, 2021 and 2022
(All amounts in US Dollar unless otherwise stated)

		Attributable to owners of the Group							
			Other reserves						
Transactions with owners, recognised directly in equity		**Share Capital**	**Capital Reserves**	**Other Reserves**	**Currency translation Reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		USD'$000	**USD'$000**	**USD'$00**	**USD'$000**	**USD'$000**	**USD'$000**	**USD'$000**	**USD'$000**
Stock buyback	20	(648)	–	–	–	–	(648)	–	(648)
Profit appropriations to statutory reserves		–	–	153	–	(153)	–	–	–
Issuance of new shares	20	648	–	–	–	–	648	–	648
Capital reserves transferred to capital	20	4,578	(4,578)	–	–	–	–	–	–
Disposal of controlling interest in subsidiary	12	–	–	–	–	–	–	(38)	(38)
Balance at 31 December 2021		5,226	1,967	(3,096)	(153)	7,058	11,002	–	11,002

The accompanying notes form an integral part of these financial statements.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
For the financial years ended 31 December 2020, 2021 and 2022
(All amounts in US Dollar unless otherwise stated)

		Attributable to owners of the Group							
				Other reserves					
	Note	Share capital	Capital reserves	Other reserves	Currency translation reserve	Retained profits	Total	Non-controlling interests	Total equity
		USD'$000	USD'$000	USD'$000	USD'$000	USD'$000	USD'$000	USD'$000	USD'$000
Balance at 1 January 2022		5,226	1,967	(3,096)	(153)	7,058	11,002	–	11,002
Profit for the year		–	–	–	–	1,037	1,037	–	1,037
Other comprehensive loss for the year		–	–	–	(909)	–	(909)	–	(909)
Total comprehensive income for the year		–	–	–	(909)	1,037	128	–	128
Transactions with owners, recognised directly in equity									
Profit appropriations to statutory reserves				25	–	(25)	-	–	–
				25	–	(25)	-	–	–
Balance at 31 December 2022		5,226	1,967	(3,071)	(1,062)	8,070	11,130	–	11,130

The accompanying notes form an integral part of these financial statements.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the financial years ended 31 December 2020, 2021 and 2022
(All amounts in US Dollar unless otherwise stated)

		Years ended 31 December		
		2020	2021	2022
Cash flows from operating activities	**Note**	**USD'$000**	**USD'$000**	**USD'$000**
Profit before income tax		2,190	3,001	775
Adjustments for:				
– Depreciation of property, plant and equipment	7	159	253	415
– Depreciation of right-of-use assets	7	376	597	974
– Amortisation of intangible assets	7	164	106	66
– Derecognition loss on property, plant and equipment	14	41	–	–
– Expected credit gains/(losses)	23	(17)	20	32
– Fair value loss on financial assets	6	123	–	–
– Interest income		(6)	(7)	(9)
– Finance expenses	9	19	26	60
– Losses on disposal of property, plant and equipment	6	56	40	64
– Losses on disposal of subsidiary	6	–	123	–
– Gains on lease modification	6	(29)	–	(151)
– Exchange (gains)/losses		(166)	66	73
		2,910	4,225	2,299
Changes in working capital:				
– Contract assets		(564)	(613)	(576)
– Trade and other receivables		(1,302)	(599)	(448)
– Contract liabilities		(199)	–	141
– Trade and other payables		979	1,333	569
Cash generated from operations		1,824	4,346	1,985
Interest received		6	7	9
Income tax paid	10(b)	(17)	(36)	(15)
Net cash generated from operating activities		1,813	4,317	1,979

The accompanying notes form an integral part of these financial statements.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
For the financial years ended 31 December 2020, 2021 and 2022
(All amounts in US Dollar unless otherwise stated)

		Years ended 31 December		
		2020	2021	2022
Cash flows from investing activities	**Note**	**USD'$000**	**USD'$000**	**USD'$000**
Additions to property, plant and equipment	14	(424)	(990)	(1,601)
Proceeds from disposal of property, plant and equipment		22	79	11
Increase in prepayments for equipment		–	(117)	–
Additions to intangible assets		(211)	(232)	(86)
Increase in refundable deposits		(4)	(132)	(70)
Decrease in refundable deposits		79	24	–
Disposal of a subsidiary, net of cash	12	–	36	–
Net cash used in investing activities		(538)	(1,332)	(1,746)
Cash flows from financing activities				
Cash capital increase	20	5,150	–	–
Principal payments of lease liabilities	15	(359)	(606)	(790)
Cash capital increase of subsidiaries	22	30	–	–
Acquisition of non-controlling interests of a subsidiary	22	(4,732)	–	–
Interest paid		(19)	(26)	(60)
Net cash generated from/(used in) financing activities		70	(632)	(850)
Net increase in cash and cash equivalents		1,345	2,353	(617)
Cash and cash equivalents				
Beginning of financial year		3,138	4,779	7,278
Effects of exchange rate changes on cash and cash equivalents		296	146	(604)
End of financial year	12	4,779	7,278	6,057

The accompanying notes form an integral part of these financial statements.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
For the financial years ended 31 December 2020, 2021 and 2022
(All amounts in US Dollar unless otherwise stated)

Reconciliation of liabilities arising from financing activities

	1 January USD$'$000	Non-cash changes: Addition USD$'$000	Non-cash changes: Interest expense on lease liabilities	Principal and interest payments USD$'$000	Non-cash changes: Lease modification USD$'$000	Non-cash changes: Foreign exchange movement USD$'$000	31 December USD$'$000
Lease liabilities							
2022	2,176	1,779	60	(850)	(151)	(217)	2,797
2021	526	2,220	26	(632)	–	36	2,176
2020	738	144	19	(378)	(29)	32	526

The accompanying notes form an integral part of these financial statements.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial years ended 31 December 2020, 2021 and 2022
(All amounts in US Dollar unless otherwise stated)

1. General information, basis of presentation and the subsidiaries

1.1 General information

Winking Studios Limited (the "Company"), formerly known as WINKING ENTERTAINMENT LTD., was incorporated and domiciled in Cayman Islands on 15 December 2005 as an exempted private company limited by shares. The address of the Company's registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company. The Company, together with its subsidiaries (as listed in Note 1.2) (collectively referred herein as, the "Group"), are principally engaged in the operation of Art Outsourcing and Game Development studios in the People's Republic of China (the "PRC").

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial years ended 31 December 2020, 2021 and 2022
(All amounts in US Dollar unless otherwise stated)

1. General information, basis of presentation and the subsidiaries (continued)

1.2 The subsidiaries

The subsidiaries held by the Company are as follows:

Name of subsidiaries	Country and date of incorporation	Principal activities	Effective interest held by the Group As of 31 December 2020 %	2021 %	2022 %	Notes
Directly held						
Shanghai Winking Entertainment Limited	People's Republic of China 13 January 2004	Investment holding, Art outsourcing and Game development headquarter	100	100	100	(ii)
Winking Entertainment (HK) Ltd.	Hongkong 26 October 2007	Game development, management and sales	100	100	100	(ii)
Winking Art Pte. Ltd.	Singapore 4 January 2021	Art outsourcing	–	100	100	(iii), (ii), (vi)
Winking Entertainment Corporation	Taiwan 21 July 2016	Intellectual property licensing	100	100	100	(i)
Winking Skywalker Entertainment Ltd.	Hongkong 1 February 2010	Intellectual property licensing	100	100	100	(ii)

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial years ended 31 December 2020, 2021 and 2022
(All amounts in US Dollar unless otherwise stated)

1. General information, basis of presentation and the subsidiaries (continued)

1.2 The subsidiaries (continued)

The subsidiaries held by the Company are as follows: (continued)

Name of subsidiaries	Country and date of incorporation	Principal activities	Effective interest held by the Group As of 31 December 2020 %	2021 %	2022 %	Notes
Indirectly held						
Nanjing Winking Entertainment Limited	People's Republic of China 18 August 2009	Art outsourcing	100	100	100	(ii)
Shanghai Wishing Entertainment Ltd.	People's Republic of China 20 December 2007	Group administration, PRC's Intellectual property licensing	100	100	100	(ii)
Winking Entertainment Investment Ltd.	Hongkong 2 August 2017	Original intellectual licensing development, Intellectual property licensing	100	100	100	(ii)
Jiangshu Nuanyi Entertainment Ltd.	People's Republic of China 31 December 2019	Intellectual property licensing	100	–	–	(iii), (iv)
Winking Art Limited	Hongkong 2 August 2017	Art outsourcing	100	100	100	(ii)

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial years ended 31 December 2020, 2021 and 2022
(All amounts in US Dollar unless otherwise stated)

1. General information, basis of presentation and the subsidiaries (continued)

1.2 The subsidiaries (continued)

The subsidiaries held by the Company are as follows: (continued)

Name of Subsidiaries	Country and date of incorporation	Principal activities	Effective interest held by the Group			Notes
			As of 31 December			
			2020	2021	2022	
			%	%	%	
Indirectly held						
Nanjing Calmingray Studio Ltd.	People's Republic of China 30 September 2018	Art outsourcing	50	-	-	(ii), (iii), (v)
Winking Art Ltd. (Philippines), Inc.	Philippines 21 January 2019	Art outsourcing	100	-	-	(ii), (v)
Yahyel Future Entertainment Inc.	Taiwan 26 April 2018	Original game development	100	100	-	(ii), (vii)
Winking 23 BJ Studio Corporation	Taiwan 23 April 2018	Original game development	100	100	-	(ii), (vii)

Notes:
(i) Local statutory financial statements audited by PricewaterhouseCoopers Taiwan for the financial years ended 31 December 2020, 2021 and 2022.

1. General information, basis of presentation and the subsidiaries (continued)

1.2 The subsidiaries (continued)

Notes: (continued)

(ii) No statutory audited financial statements had been prepared for the financial years ended 31 December 2020, 2021 and 2022.

(iii) On 24 July 2020, the Company entered into an equity transfer agreement with third party. Accordingly, the equity interest held by the Company decreased from 100% to 50%. This resulted in a decrease in non-controlling interest by USD1,000 and an increase in equity attributable to owners of the parent of USD31,000.

(iv) Jiangshu Nuanyi Entertainment Ltd. has been liquidated during the financial year ended 31 December 2021.

(v) On 30 November 2020, the Board of Directors approved the disposal of a 50% equity interest in Nanjing Calmingray Studio Ltd. at a consideration of USD9,000 (Note 12). And of a 100% equity interest in Winking Art Ltd. (Philippine), Inc. at a consideration of USD60,000 (Note 12). As of 31 May 2021, the disposals were completed.

(vi) Winking Art Pte. Ltd. is incorporated during the financial year ended 31 December 2021.

(vii) The dissolutions of the Company's subsidiaries, Yahyel Future Entertainment Inc. and Winking 23 BJ Studio Corporation were approved by the Board of Directors on 19 January 2021. As at 31 December 2022, the dissolutions were completed.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied throughout the financial years ended 31 December 2020, 2021 and 2022 (collectively referred to as the "Track Record Period"), unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of consolidated financial statements in conformity with SFRS(I)s requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3. The financial statements have been prepared on a historical cost basis, except for disclosed in the accounting policies below.

The Group has adopted all applicable new and revised SFRS(I)s and interpretations of SFRS(I)s including SFRS(I) 16 Leases (Covid-19-Related Rent Concessions beyond 30 June 2021), SFRS(I) 3 Business Combinations (Reference to the Conceptual Framework), SFRS(I)s1-16 Property, Plant and Equipment (Proceeds before Intended Use), SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract), Annual improvements to SFRS(I) 2018-2020, except for any new standards or interpretation that are not yet effective for the reporting period ended 31 December 2022.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies

The following new standards, amendments and interpretations to existing SFRS(I)s have been published and are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group.

Description	Effective for annual period beginning on or after
SFRS(I) 17 Insurance Contracts	1 January 2023
Amendments to SFRS(I) 1-12, International tax reform – pillar two model rules'	1 January 2023
Amendments to SFRS(I) 7, 'Supplier finance arrangements'	1 January 2024
Amendments to SFRS(I) 1-1, 'Classification of liabilities as current or non-current'	1 January 2024
Amendments to SFRS(I) 1-1, 'Non-current liabilities with covenants'	1 January 2024
Amendments to SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)	1 January 2023
Amendments to SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	1 January 2023
Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 17 Insurance Contracts	1 January 2023
Amendments to SFRS(I) 16, 'Lease liability in a sale and leaseback'	1 January 2024
Amendments to SFRS(I) 10 Consolidated Financial Statements	To be determined
Amendments to SFRS(I) 1-28 Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	To be determined

Management anticipates that the adoption of the above new or amended accounting standards and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. Summary of significant accounting policies (continued)

2.3 Revenue recognition

Revenue is recognised when or as the control of the service is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the services may be transferred over time.

(a) Revenue from service and Other

(i) Revenue from service

The Group's revenue from providing art outsourcing, technical support and game development and other related services is recognised when the individual performance obligation is fulfilled over time. Service revenue is based on the price specified in the contract. The stage of completion is estimated based on the actual labour hours spent relative to the total expected labour hours.

The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(ii) Other

- The Group entered into contracts with customers to grant a licence of intellectual property to the customer. The Group recognises revenue when the performance obligation has been satisfied.

- The Group is engaged in video games and sales of peripheral products of the games. Sales are recognised when control of the products has transferred, that is, the customer has control of the product and obtained most residual benefit, and there is no unfulfilled obligation that could affect the customer acceptance of the products.

(b) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest rate method.

2.Summary of significant accounting policies (continued)

2.4 Employee compensation

Employee benefits are recognised as an expense unless the cost qualifies to be capitalised as an asset.

- *Defined contribution plans*

  Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2.5 Leases

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Group's lease agreements do not impose any covenants.

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(a) Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(b) Lease liabilities

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

2.Summary of significant accounting policies (continued)

2.5 Leases (continued)

(b) Lease liabilities (continued)

Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments include fixed payment (including in-substance fixed payments), less any lease incentives receivables.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

(i) There is a change in future lease payments arising from changes in an index or rate;

(ii) There is a change in the Group's assessment of whether it will exercise an extension option; or

(iii) There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(c) Short-term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.6 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

2.Summary of significant accounting policies (continued)

2.6 Income taxes (continued)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.7 Government grant

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.Summary of significant accounting policies (continued)

2.8 Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Estimated useful life
Computers and electronic equipment	3-5 years
Leasehold improvements	1.5-5 years
Motor vehicles	5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains/(losses) – net". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.Summary of significant accounting policies (continued)

2.9 Intangible assets

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.10 Impairment of non-financial assets

Intangible assets, property, plant with equipment, and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

2. Summary of significant accounting policies (continued)

2.10 Impairment of non-financial assets (continued)

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.11 Financial assets

(a) Classification and measurement

The Group classifies its financial assets at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, contract assets and other non-current assets-refundable deposits.

There is one measurement category into which the Group classified its debt instruments:

Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 23 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets that do not contain a significant financing component, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2. Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

(c) Recognition and derecognition (continued)

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.12 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

2. Summary of significant accounting policies (continued)

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.15 Currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in United States Dollar ("USD"), and the functional currency of the Company is United States Dollar ("USD").

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains/(losses)".

2. Summary of significant accounting policies (continued)

2.15 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date; and

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions).

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

2.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company.

2.17 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

2. Summary of significant accounting policies (continued)

2.17 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Disposals

When a change in the Group's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Estimates of contract assets and service revenue

The Group recognises contract assets and service revenue when the individual performance obligation is fulfilled or over time. Service revenue is based on the price specified in the contract. The stage of completion is estimated based on the actual labour hours spent relative to the total expected labour hours.

Management has to estimate the total labour hours to complete, which are used in the input method to determine the Group's recognition of art outsourcing revenue.

Significant judgement is used to estimate these total labour hours to complete. In making these estimates, management has relied on the experienced staff of the art outsourcing to determine the progress of the art outsourcing and also on past experience of completed projects.

Please refer to Note 4 for more details about the transactions.

4. Revenue

The Group derives revenue from the transfer of services over time. Disaggregation of the Group's revenue is set out below.

	Years ended 31 December		
	2020	2021	2022
	USD'$000	USD'$000	USD'$000
Service revenue	13,957	23,289	24,248
Other	529	402	250
Total	14,486	23,691	24,498

4. Revenue (continued)

All art outsourcing contracts are for periods of one year or less. As permitted under SFRS(I) 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	1 January	31 December		
	2020	2020	2021	2022
	USD'$000	USD'$000	USD'$000	USD'$000
Contract assets	1,289	1,975	2,644	2,975
Contract liabilities	197	-	-	137

Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Years ended 31 December		
	2020	2021	2022
	USD'$000	USD'$000	USD'$000
Service revenue	197	-	-

5. Other income

	Years ended 31 December		
	2020	2021	2022
	USD'$000	USD'$000	USD'$000
Government grant income	201	39	113
Others	66	119	33
	267	158	146

6. Other gains/(losses) – net

	Years ended 31 December		
	2020	2021	2022
	USD'$000	USD'$000	USD'$000
Foreign exchange gains/(losses)	75	(123)	(144)
Gains on lease modification	29	–	151
Losses on disposal of property, plant and equipment	(56)	(40)	(64)
Losses on disposal of subsidiary (Note 12)	–	(123)	–
Losses on liquidation of subsidiary	–	–	(48)
Fair value loss on financial assets	(123)	–	–
Others	(25)	(33)	(15)
	(100)	(319)	(120)

7. Expenses by nature

	Years ended 31 December		
	2020	2021	2022
	USD'$000	USD'$000	USD'$000
Employee compensation (Note 8)	7,521	12,968	16,055
Subcontract Expense	2,311	4,233	3,637
Depreciation of property, plant and equipment (Note 14)	159	253	415
Depreciation of right-of-use assets (Note 15)	376	597	974
Amortisation charges on intangible assets (Note 16)	164	106	66
Derecognition loss on property, plant and equipment (Note 14)	41	–	–
Service fee	252	645	361

7. Expenses by nature (continued)

	Years ended 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Welfare expenses	188	283	361
Travel expenses	113	146	80
Other expenses	1,342	1,259	1,717
Total cost of sales, distribution and marketing costs and administrative expenses	12,467	20,490	23,666

8. Employee compensation

	Years ended 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Wages and salaries	6,910	11,103	13,240
Employer's contribution to defined contribution plans	394	1,522	2,396
Other personnel expenses	217	343	419
	7,521	12,968	16,055

The Group's PRC subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the PRC are based on certain percentage of employees' monthly salaries and wages. Due to the Covid-19 pandemic, the PRC government announced a reduction on pension contribution percentage,during the period from February 2020 to December 2020. Other than the monthly contributions, the Group has no further obligations.

The Group's Taiwan subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with Republic of China nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

8. Employee compensation (continued)

For the financial years ended 31 December 2020, 2021 and 2022, the pension costs under defined contribution pension plans of the Group amounted to USD73,030, USD818,157 and USD1,379,170 respectively.

9. Finance expenses

	Years ended 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Interest expense on lease liabilities (Note 15)	19	26	60

10. Income taxes

(a) Income tax expense

	Years ended 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Current income tax	35	11	28
Under-provision in prior financial years	17	-	–
Total current income tax	52	11	28
Deferred income tax credit (Note 19)	(39)	(161)	(290)
Currency translation differences	(2)	–	–
	11	(150)	(262)

10. Income taxes (continued)

(a) Income tax expense (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the standard rate of income tax as follows:

	Years ended 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Profit before income tax	2,190	3,001	775
Tax calculated at the applicable tax rate	489	716	221
Effect of:			
– expenses not deductible	2	4	14
– tax exempt income	(359)	(59)	(89)
– expenses relating to technical improvements deduction	–	(329)	(294)
– temporary differences not recognised as deferred tax assets	–	3	8
– taxable loss not recognised as deferred tax assets	–	25	172
– under-provision in prior financial years	17	–	–
– utilisation of unrecognised tax losses	(142)	(535)	(349)
– other	4	25	55
Tax charge/(credit)	11	(150)	(262)

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

10. Income taxes (continued)

(b) Movement in current income tax liabilities

	2020 USD'$000	2021 USD'$000	2022 USD'$000
Beginning of financial year	–	35	11
Currency translation differences	–	1	–
Income tax paid	(17)	(36)	(15)
Tax expense	35	11	28
Under-provision in prior financial years	17	–	–
End of financial year	35	11	24

(c) Tax incentive

Certain subsidiaries of the Group qualified for a preferential tax policy implemented by the PRC government as follows:

The subsidiaries of the Group, Shanghai Winking Entertainment Limited, Shanghai Wishing Entertainment Ltd. and Nanjing Winking Entertainment Limited, were entitled to the reduction or exemption of enterprise income tax under the 'Announcement of the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households' promulgated by the Ministry of Finance and the State Taxation Administration of the People's Republic of China. The subsidiaries were also entitled to a higher deduction of 175% to 200% for the expenses relating to technical improvements that have been incurred by an enterprise during the research and development activity.

11. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing net profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the financial year.

	Years ended 31 December		
	2020	**2021**	**2022**
Net profit attributable to equity holders of the Company (USD'000)	1,854	3,109	1,037
Weighted average number of ordinary shares ('000)	178,327	221,068	221,068
Basic earnings per share (in USD)	0.01	0.01	0.005

For the financial years ended 31 December 2020, 2021 and 2022, the aforementioned weighted average number of ordinary shares outstanding had been retrospectively adjusted to account for (i) the number of ordinary shares from the conversion of US dollar ordinary shares into NTD ordinary shares, (ii) from the capitalisation of capital reserve, (iii) from the issuance of scrip dividends by capitalisation of the Company's retained profits on 17 May 2023 and (iv) the number of ordinary shares from the conversion of NTD ordinary shares to Singapore Dollar ("SGD") ordinary shares on 1 November 2023. Please refer to Note 20 and Note 28 for details.

(b) Diluted earnings per share

For the financial years ended 31 December 2020, 2021 and 2022, diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares.

12. Cash and cash equivalents

	As at 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Cash on hand	24	15	5
Checking accounts and demand deposits	4,755	7,263	6,052
	4,779	7,278	6,057

12. Cash and cash equivalents (continued)

(a) Disposal of subsidiaries

(i) On 31 May 2021, the Group disposed 50% of shares in the subsidiary, Nanjing Calmingray Studio Ltd. and therefore lost control over the subsidiary. The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiary are as follows:

	At 31 May 2021 USD'$000
Carrying amounts of assets and liabilities as at the date of disposal:	
Cash and bank balances	15
Trade and other receivables	52
Property, plant and equipment	2
Deferred tax assets	24
Total assets	93
Trade and other payables	18
Total liabilities	18
Net assets derecognised	75
Less: Non-controlling interests	(38)
Net assets disposed of	**37**
Cash inflows arising from disposal:	
Net assets disposed of (as above)	37
Loss on disposal	(28)
Cash proceeds on disposal	9
Less: Cash and bank balances in subsidiary disposed of	(15)
Net cash outflow on disposal	**(6)**

12. Cash and cash equivalents (continued)

(a) Disposal of subsidiaries (continued)

(ii) On 31 May 2021, the Group disposed 100% of shares in the subsidiary, Winking Art Ltd. (Philippines), Inc. and therefore lost control over the subsidiary. The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiary are as follows:

	On 31 May 2021 USD'$000
Carrying amounts of assets and liabilities as at the date of disposal:	
Cash and bank balances	18
Trade and other receivables	2
Property, plant and equipment	59
Deferred tax assets	119
Other non-current asset	3
Total assets	201
Trade and other payables	6
Other current liabilities	40
Total liabilities	46
Net assets disposed of	**155**
Cash inflows arising from disposal:	
Net assets disposed of (as above)	155
Loss on disposal	(95)
Cash proceeds on disposal	60
Less: Cash and bank balances in subsidiary disposed of	(18)
Net cash inflow on disposal	**42**

12. Cash and cash equivalents (continued)

(b) Financing activities with no cash flow effects:

	Years ended 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
US dollar ordinary shares repurchased and issuing new NT dollar ordinary shares (Note 20)	-	648	

(c) The Group has no cash and cash equivalents pledged to others.

13. Trade and other receivables

	As at 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Trade receivables:			
– Receivables	2,656	3,259	3,372
Less: Loss allowance	(20)	(30)	(59)
	2,636	3,229	3,313
Other receivables	153	162	193
Prepayments:			
– Offset against business tax payable	141	51	2
– Other prepayments	76	169	196
	217	220	198
Total	3,006	3,611	3,704

As at 31 December 2020, 2021 and 2022, trade receivables were all from contracts with customers. Also, as of 1 January 2020, the trade receivables from contracts with customers amounted to USD1,212,000.

The Group has no trade receivables pledged to others.

The Group did not hold any collateral for trade receivables.

14. Property, plant and equipment

	Computers and electronic equipment USD'$000	Leasehold improvements USD'$000	Motor vehicles USD'$000	Total USD'$000
2020				
Beginning of financial year				
Cost	1,196	568	77	1,841
Accumulated depreciation and impairment	(774)	(446)	(45)	(1,265)
	422	122	32	576
Addition	355	69	–	424
Disposal	(37)	(41)	–	(78)
Derecognition	–	(41)	–	(41)
Depreciation charge	(130)	(23)	(6)	(159)
Currency translation differences	41	6	2	49
End of financial year	651	92	28	771
Representing:				
Cost	1,463	593	82	2,138
Accumulated depreciation and impairment	(812)	(501)	(54)	(1,367)
	651	92	28	771

14. Property, plant and equipment (continued)

	Computers and electronic equipment	Leasehold improvements	Motor vehicles	Asset under construction	Total
	USD'$000	USD'$000	USD'$000	USD'$000	USD'$000
2021					
Beginning of financial year					
Cost	1,463	593	82	–	2,138
Accumulated depreciation and impairment	(812)	(501)	(54)	–	(1,367)
	651	92	28	–	771
Addition	810	180	–	–	990
Disposal	(119)	–	–	–	(119)
Disposal of subsidiaries (Note 12)	(36)	(2)	(23)	–	(61)
Depreciation charge	(205)	(45)	(3)	–	(253)
Currency translation differences	18	5	(2)	–	21
End of financial year	1,119	230	–	–	1,349
Representing:					
Cost	1,828	788	50	–	2,666
Accumulated depreciation and impairment	(709)	(558)	(50)	–	(1,317)
	1,119	230	–	–	1,349

14. Property, plant and equipment (continued)

	Computers and electronic equipment	Leasehold improvements	Motor vehicles	Asset under construction	Total
	USD'$000	USD'$000	USD'$000	USD'$000	USD'$000
2022					
Beginning of financial year	1,828	788	50	–	2,666
Cost	(709)	(558)	(50)	–	(1,317)
Accumulated depreciation and impairment	1,119	230	–	–	1,349
Addition	992	333	–	276	1,601
Disposal	(70)	(5)	–	–	(75)
Depreciation charge	(348)	(67)	–	–	(415)
Currency translation differences	(118)	(28)	–	(7)	(153)
End of financial year	1,575	463	–	269	2,307
Representing:					
Cost	2,325	628	45	269	3,267
Accumulated depreciation and impairment	(750)	(165)	(45)	–	(960)
	1,575	463	–	269	2,307

The abovementioned property, plant and equipment were not subject to any pledges.

15. Leases – The Group as a lessee

(a) Nature of the Group's leasing activities

Leasehold building

The Group leases office premises. Rental contracts are typically contracted for periods of 1 to 5 year(s). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

(b) Amounts recognised in the consolidated statements of financial position

The consolidated statements of financial position show the following amounts relating to leases:

	As at 31 December		
	2020 USD'$000	**2021 USD'$000**	**2022 USD'$000**
Right-of-use assets			
– Buildings	498	2,218	2,804
Lease liabilities			
Current	340	840	896
Non-current	186	1,336	1,901
	526	2,176	2,797

The carrying amount of right-of-use assets and the depreciation charge are as follows:

	2020 USD'$000	**2021 USD'$000**	**2022 USD'$000**
Beginning of financial year	698	498	2,218
Addition	144	2,282	1,778
Depreciation charge	(376)	(597)	(974)
Currency translation differences	32	35	(218)
End of financial year	498	2,218	2,804

15. Leases – The Group as a lessee (continued)

(b) Amounts recognised in the consolidated statements of financial position (continued)

Interest expense

	Years ended 31 December		
	2020 USD'$000	**2021 USD'$000**	**2022 USD'$000**
Interest expense on lease liabilities (Note 9)	19	26	60

Lease expense not capitalised in lease liabilities

	Years ended 31 December		
	2020 USD'$000	**2021 USD'$000**	**2022 USD'$000**
Lease expense – short-term leases	34	11	54
Lease expense – low-value leases	9	15	18
Total	43	26	72

For the financial years ended 31 December 2020, 2021 and 2022, the Group's total cash outflow for all leases were USD421,000, USD658,000 and USD922,000, respectively.

For the financial years ended 31 December 2020, 2021 and 2022, the Company has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to USD29,000, USD nil and USD151,000 by increasing other gains, respectively.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the financial years ended 31 December 2020, 2021 and 2022
(All amounts in US Dollar unless otherwise stated)

16. Intangible assets

	Computer software licences USD'$000	Patent right USD'$000	Trademark USD'$000	Total USD'$000
2020				
Beginning of financial year				
Cost	1,375	30	56	1,461
Accumulated amortisation	(1,317)	(29)	(51)	(1,397)
	58	1	5	64
Addition	211	–	–	211
Amortisation charge	(159)	(1)	(4)	(164)
Currency translation differences	6	–	–	6
End of financial year	116	–	1	117
Representing:				
Cost	1,668	30	60	1,758
Accumulated amortisation	(1,552)	(30)	(59)	(1,641)
	116	–	1	117
2021				
Beginning of financial year				
Cost	1,668	30	60	1,758
Accumulated amortisation	(1,552)	(30)	(59)	(1,641)
	116	–	1	117
Addition	232	–	–	232
Amortisation charge	(105)	–	(1)	(106)
Currency translation differences	2	–	–	2
End of financial year	245	–	–	245

16. Intangible assets (continued)

	Computer software licences USD'$000	Patent right USD'$000	Trademark USD'$000	Total USD'$000
Representing:				
Cost	1,355	31	60	1,446
Accumulated amortisation	(1,110)	(31)	(60)	(1,201)
	245	–	–	245
2022				
Beginning of financial year	1,355	31	60	1,446
Cost	(1,110)	(31)	(60)	(1,201)
Accumulated amortisation	245	–	–	245
Addition	86	–	–	86
Amortisation charge	(66)	–	–	(66)
Currency translation differences	(22)	–	–	(22)
End of financial year	243	–	–	243
Representing:				
Cost	1,296	31	56	1,383
Accumulated amortisation	(1,053)	(31)	(56)	(1,140)
	243	–	–	243

16. Intangible assets (continued)

Amortisation expense included in the statement of comprehensive income is analysed as follows:

	Years ended 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Cost of sales	45	26	2
Administrative expenses	119	80	64
	164	106	66

17. Other non-current assets

	As at 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Prepayments for equipment	-	119	119
Refundable deposits	99	207	247
	99	326	366

18. Trade and other payables

	As at 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Current			
Trade payables to:			
– non-related parties	1,057	1,369	1,209
Other payables:			
– salaries and bonuses payable	1,569	2,340	2,434
– social insurance and provident fund payable	42	66	146

18. Trade and other payables (continued)

	As at 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
– service charge payable	127	351	273
– others	135	199	442
	1,873	2,956	3,295
Total	2,930	4,325	4,504

19. Deferred income taxes

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

			2020		
	Beginning of financial year	**Recognised in profit or loss**	**Disposal of subsidiaries**	**Currency translation differences**	**Total**
Deferred income tax assets	**USD'$000**	**USD'$000**	**USD'$000**	**USD'$000**	**USD'$000**
Accrued expenses	67	40	-	6	113
Tax losses	65	144	-	11	220
Lease liabilities	60	(20)	-	6	46
	192	**164**	-	**23**	**379**
Deferred income tax liabilities					
Service revenue	(322)	(145)	-	(27)	(494)
Right-of-use assets	(60)	20	-	(6)	(46)
	(382)	**(125)**	–	**(33)**	**(540)**
	(190)	**39**	-	**(10)**	**(161)**

19. Deferred income taxes (continued)

	2021				
	Beginning of financial year USD'$000	**Recognised in profit or loss USD'$000**	**Disposal of subsidiaries USD'$000**	**Currency translation differences USD'$000**	**Total USD'$000**
Deferred income tax assets					
Accrued expenses	113	(1)	–	2	114
Tax losses	220	285	(143)	(3)	359
Lease liabilities	46	308	-	7	361
	379	**592**	**(143)**	**6**	**834**
Deferred income tax liabilities					
Service revenue	(494)	(123)	–	(13)	(630)
Right-of-use assets	(46)	(308)	–	(7)	(361)
	(540)	**(431)**	**–**	**(20)**	**(991)**
	(161)	**161**	**(143)**	**(14)**	**(157)**

	2022				
	Beginning of financial year	**Recognised in profit or loss**	**Disposal of subsidiaries**	**Currency translation differences**	**Total**
Deferred income tax assets	**USD'$000**	**USD'$000**	**USD'$000**	**USD'$000**	**USD'$000**
Accrued expenses	114	5	-	(11)	108
Tax losses	359	393	-	(42)	710
Lease liabilities	361	(131)	-	(20)	210
	834	**267**	-	**(73)**	**1,028**

19. Deferred income taxes (continued)

	2022				
	Beginning of financial year	**Recognised in profit or loss**	**Disposal of subsidiaries**	**Currency translation differences**	**Total**
	USD'$000	**USD'$000**	**USD'$000**	**USD'$000**	**USD'$000**
Deferred income tax liabilities					
Service revenue	(630)	(108)	-	56	(682)
Right-of-use assets	(361)	131	-	20	(210)
	(991)	**23**	**–**	**76**	**(892)**
	(157)	**290**	**-**	**3**	**136**

The Group has unrecognised tax losses of USD14,348,000, USD12,651,000 and USD9,690,000 as at 31 December 2020, 2021 and 2022 respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies. The Group tax losses which amounted to USD9,690,000 will expire between 31 December 2023 to 31 December 2032.

The Group's subsidiary, Shanghai Winking Entertainment Limited, is qualified as a technology-based small- and medium-sized enterprise (TSME). In accordance with the local tax act, beginning on 1 January 2018, the losses of the enterprise occurred 5 years before the year in which they become qualified as TSMEs and have not been utilized shall be allowed to be carried forward to subsequent years to be utilized, and the maximum carry forward period is extended from 5 years to 10 years.

20. Share capital

	No. of ordinary shares Issued share capital share	Amount Issued share capital USD'$000
2020		
Beginning of financial year	41,893,061	482
Cash capital increase	16,612,895	166
End of financial year	**58,505,956**	**648**
2021		
Beginning of financial year	58,505,956	648
Repurchase and cancellation of outstanding USD ordinary shares	(58,505,956)	(648)
Shares issued (NTD$10 per share)	1,845,415	648
Capital surplus transferred to capital	13,856,517	4,578
End of financial year	**15,701,932**	**5,226**
2022		
Beginning/End of financial year	**15,701,932**	**5,226**

In September 2020, the Company issued 16,612,895 ordinary shares with par value USD0.01 per share to various of investors for a cash consideration of USD5,149,999 constituting of share capital USD166,129 and capital reserves USD4,983,870.

On 24 August 2021, the Company repurchased and cancelled its previously issued 58,505,956 ordinary shares with par value of USD0.011 per share from the existing shareholders for a consideration of USD648,000. The consideration was fulfilled via issuance of 1,845,415 ordinary shares with par value of NTD$10 per share.

On 24 August 2021, the Company issued 13,856,517 ordinary shares by capitalising its capital reserve of USD4,578,000.

20. Share capital (continued)

The rights and obligations of all the ordinary shares issued are the same.

All issued ordinary shares fully paid-up with par value of NTD$10 per share.

21. Other reserve

Pursuant to the Company's Articles of Incorporation, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership.

Please refer to the consolidated statement of changes in equity for the details of changes in the Group's other reserve.

22. Transactions with non-controlling interest

(a) Acquisition of additional equity interest in a subsidiary

During the financial year ended 2020, the Group acquired an additional 26.18% of the issued shares of its subsidiary, Shanghai Winking Entertainment Limited, for a purchase cash consideration of USD4,732,000. The carrying amount of non-controlling interest in Shanghai Winking Entertainment Limited on the date of acquisition was USD1,430,000. The Group derecognised non-controlling interests of USD1,430,000 and recorded a decrease in the equity attributable to owners of the parent of USD3,302,000. The effect of changes in the ownership interests of Shanghai Winking Entertainment Limited on the equity attributable to owners of the Group during the financial year ended 2020 is summarised as follows:

	Year ended 31 December 2020 USD'$000
Consideration paid to non-controlling interest	(4,732)
Carrying amount of non-controlling interest acquired	1,430
Other reserves – difference between proceeds on actual acquisition of equity interest in a subsidiary and its carrying amount	(3,302)

22. Transactions with non-controlling interest (continued)

(b) The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary:

On 24 July 2020, the Company entered into an agreement with third party. Accordingly, the equity interest held by the Company decreased from 100% to 50%. This resulted in a decrease in non-controlling interest by USD1,000 and an increase in equity attributable to owners of the parent of USD31,000. The effect of changes in the ownership interest of Nanjing Calmingray Studio Ltd. on the equity attributable to owners of the Group during the financial year ended 2020 is summarised as follows:

	Year ended 31 December 2020 USD'$000
Subsidiary cash capital increase	30
Decrease in the carrying amount of non-controlling interest	1
Other reserves – recognition of changes in ownership interest in subsidiaries	31

23. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the management. Group treasury is mainly responsible for identifying, evaluating and hedging financial risks. Group Treasury measures actual exposures against the limits set and prepare regular report to the Board of Directors.

23. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk

(i) Currency risk

The Group operates internationally and is exposed to currency risk arising from the transactions of the Company and its subsidiaries in various currency, primarily the USD, the Chinese Renminbi ('RMB') and the New Taiwan Dollar ('NTD') other than their respective functional currencies.

Management has set up a policy to require group companies to manage their currency risk against their functional currency. The companies are required to manage their entire currency risk exposure with the Group treasury. Currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group's currency exposure based on the information provided to key management is as follows:

	NTD '$000	RMB '$000	USD '$000
At 31 December 2020			
Financial assets			
Cash and bank balances	338	3,598	577
Trade and other receivables	390	1,440	711
Receivables from holding corporations/subsidiaries	511	3,749	9,859
Total financial assets	1,239	8,787	11,147
Financial liabilities			
Trade and other payables	(276)	(2,493)	–
Payable from holding corporations/subsidiaries	(511)	(3,749)	(9,859)
Total financial liabilities	(787)	(6,242)	(9,859)
Net financial assets	452	2,545	1,288

23. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	NTD '$000	RMB '$000	USD '$000
Less: Net financial assets denominated in the respective entities' functional currency	(441)	(953)	(232)
Net currency exposure	11	1,592	1,056
At 31 December 2021			
Financial assets			
Cash and bank balances	941	3,059	2,886
Trade and other receivables	1,163	766	1,112
Receivables from holding corporations/subsidiaries	65	2,089	2,425
Total financial assets	2,169	5,914	6,423
Financial liabilities			
Trade and other payables	(905)	(3,220)	–
Payable from holding corporations/subsidiaries	(65)	(2,089)	(2,425)
Total financial liabilities	(970)	(5,309)	(2,425)
Net financial assets	1,199	605	3,998
(Less)/add: Net financial assets denominated in the respective entities' functional	(1,060)	190	(2,297)
Net currency exposure	139	795	1,701

23. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	NTD '$000	RMB '$000	USD '$000
At 31 December 2022			
Financial assets			
Cash and bank balances	655	3,039	2,092
Trade and other receivables	905	2,025	618
Receivables from holding corporations/subsidiaries	151	1,640	600
Total financial assets	1,711	6,704	3,310
Financial liabilities			
Trade and other payables	(838)	(3,145)	–
Payable from holding corporations/subsidiaries	(151)	(1,640)	(600)
Total financial liabilities	(989)	(4,785)	(600)
Net financial assets	722	1,919	2,710
Less: Net financial assets denominated in the respective entities' functional currency	(597)	(1,803)	(1,921)
Net currency exposure	125	116	789

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as NTD and RMB. If the NTD and RMB strengthened/weakened against the USD by 1% (2021, 2020: 1%) and 1% (2021, 2020: 1%) respectively with all other variables profit before tax, the effects arising from the net financial asset would decrease/increase the total return by USD2,410 (2020: USD16,030, 2021: USD9,340) respectively.

23. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(ii) Equity price risk

There was no significant equity price risk on the transactions of the Group.

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

Credit exposure to a new counterparty is restricted by credit limits that are approved by the Head of Credit Control based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Head of Credit Control.

As the Group does not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

23. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (Continued)

The movements in credit loss allowance are as follows:

	As at 31 December		
	Contract assets	**Trade receivables**	**Total**
	USD'$000	**USD'$000**	**USD'$000**
2020			
Balance at 1 January 2020	-	112	112
Reversal of unutilised amount	-	(17)	(17)
Written off	-	(77)	(77)
Effect of foreign exchange	-	2	2
Balance at 31 December 2020	-	20	20
2021			
Balance at 1 January 2021	-	20	20
Asset acquired/originated	-	20	20
Written off	-	(10)	(10)
Effect of foreign exchange	-	–	–
Balance at 31 December 2021	-	30	30

23. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

	As at 31 December		
	Contract assets	**Trade receivables**	**Total**
	USD'$000	**USD'$000**	**USD'$000**
2022			
Balance at 1 January 2022	-	30	30
Asset acquired/originated	-	32	32
Effect of foreign exchange	-	(3)	(3)
Balance at 31 December 2022	-	59	59

(i) Trade receivables and contract assets

The Group uses a loss rate methodology to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward looking macroeconomic factors affecting the ability of the customers to settle the receivables.

23. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 365 days past due. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2020, 2021 and 2022 are set out in the provision matrix as follows:

	As at 31 December				
	Without past due	**0 to 30 days**	**31 days to 90 days**	**>91 days**	**Total**
2020					
Expected loss rate	0.2%~2.14%	0.4%~2.34%	1.2%~3.14%	100%	
Total book value (USD'$000)					
- Trade receivables	2,405	125	112	14	2,656
- Contract assets	1,975	–	–	–	1,975
	4,380	125	112	14	4,631
Loss allowance	**4**	**1**	**1**	**14**	**20**

23. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

	As at 31 December				
	Without past due	**0 to 30 days**	**31 days to 90 days**	**>91 days**	**Total**
2021					
Expected loss rate	0.2%~1.57%	0.4%~1.77%	1.2%~2.57%	100%	
Total book value (USD'$000)					
- Trade receivables	2,938	281	29	11	3,259
- Contract assets	2,644	–	–	-	2,644
	5,582	281	29	11	5,903
Loss allowance	**16**	**2**	**1**	**11**	**30**
2022					
Expected loss rate	0.3%~ 11.77%	0.7%~ 11.97%	1.7%~12.77%	100%	
Total book value (USD'$000)					
- Trade receivables	2,953	267	121	31	3,372
- Contract assets	2,975	–	–	–	2,975
	5,928	267	121	31	6,347
Loss allowance	**18**	**8**	**2**	**31**	**59**

(ii) Cash and bank balance

The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

23. Financial risk management (continued)
Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and the ability to close out market positions at a short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and checking accounts and demand deposits as disclosed in Note 12.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility and cash and bank balances (Note 12) of the Group on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these obligations, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	As at 31 December		
	Less than 1 year USD'$000	**Over 1 year USD'$000**	**Total USD'$000**
2020			
Non-derivative financial liabilities			
Trade and other payables	2,930	-	2,930
Lease liabilities (include current and non-current)	364	188	552

23. Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

	As at 31 December		
	Less than 1 year USD'$000	**Over 1 year USD'$000**	**Total USD'$000**
2021			
Non-derivative financial liabilities			
Trade and other payables	4,325	-	4,325
Lease liabilities (include current and non-current)	904	1,388	2,292
2022			
Non-derivative financial liabilities			
Trade and other payables	4,504	-	4,504
Lease liabilities (include current and non-current)	966	1,989	2,955

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

23. Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk (continued)

The Group monitors capital on the basis of the debt ratio. This ratio is calculated as total liabilities divided by total assets.

	As at 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Total liabilities	4,031	7,503	8,354
Total assets	11,624	18,505	19,484
Debt ratio	35%	41%	43%

(e) Fair value measurements

The Group did not hold financial and non-financial instruments measured at fair value as at 31 December 2020, 2021 and 2022.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	As at 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	4,779	7,278	6,057
Trade and other receivables	2,789	3,391	3,506
Other non-current assets-refundable deposits	99	207	247
	7,667	10,876	9,810

23. Financial risk management (continued)

Financial risk factors (continued)

(f) Financial instruments by category (continued)

	As at 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	2,930	4,325	4,504
Lease liabilities			
– Current	340	840	896
– Non-current	186	1,336	1,901
	3,456	6,501	7,301

24. Immediate and ultimate holding corporations

Subsequent to the shares transfer agreement of shareholders on 31 December 2022, the Company's immediate holding corporation is Acer Gaming Inc., incorporated in Taiwan. The ultimate holding corporation is Acer Incorporated, incorporated in Taiwan.

25. Related party transactions

Names of related parties and relationship

Names of related parties	**Relationship with the Company**
All the directors, President and main management	The Group's key management and governance

25. Related party transactions (continued)

Significant related party transactions

The Group had no related party transactions for the financial years ended 31 December 2020, 2021 and 2022 respectively.

Key management personnel compensation

	Years ended 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Short-term employee benefits	435	536	557

26. Segment Information

The chief operating decision maker ("CODM") has been identified as the Executive Directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The Group is principally engaged in art outsourcing. Information reported to CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group. For the financial years ended 31 December 2020, 2021 and 2022, there are three operating segments based on business type: (1) Original Equipment Manufacturer ("Art Outsourcing Segment"), (2) Original Design Manufacturer ("Game Development Segment") and (3) Global Publishing and Others. The CODM assess performance of the operating segments based on a measure of profit/(loss) before income tax.

26. Segment information (continued)

Information about the disaggregation of the Group's revenue from external customers by the business type of sales customers and non-current assets by the business type of assets is as follows:

	Year ended 31 December 2020			
	Art Outsourcing Segment	**Game Development Segment**	**Global Publishing and Others**	**Total**
	USD'$000	**USD'$000**	**USD'$000**	**USD'$000**
Segment revenue				
Service revenue	12,251	1,706	–	13,957
Licencing and product revenue	–	–	529	529
	12,251	**1,706**	**529**	**14,486**
Profit before income tax	**1,966**	**373**	**(149)**	**2,190**
Significant non-cash items				
Depreciation of property, plant and equipment	124	33	2	159
Depreciation of right-of-use assets	212	164	–	376
Segment assets	**9,830**	**1,369**	**425**	**11,624**
Included in the segment assets:				
Trade receivables and other receivables	2,542	354	110	3,006
Property, plant and equipment	595	166	10	771
Right-of-use assets	186	312	–	498
Segment liabilities	**3,409**	**475**	**147**	**4,031**

26. Segment information (continued)

Information about the disaggregation of the Group's revenue from external customers by the business type of sales customers and non-current assets by the business type of assets is as follows (continued):

	Year ended 31 December 2021			
	Art Outsourcing Segment	**Game Development Segment**	**Global Publishing and Others**	**Total**
	USD'$000	**USD'$000**	**USD'$000**	**USD'$000**
Segment revenue				
Service revenue	20,394	2,895	–	23,289
Licencing and product revenue	–	–	402	402
	20,394	**2,895**	**402**	**23,691**
Profit before income tax	**2,290**	**1,613**	**(902)**	**3,001**
Significant non-cash items				
Depreciation of property, plant and equipment	207	45	1	253
Depreciation of right-of-use assets	424	173	–	597
Segment assets	**15,930**	**2,261**	**314**	**18,505**
Included in the segment assets:				
Trade receivables and other receivables	3,108	441	62	3,611
Property, plant and equipment	1,104	243	2	1,349
Right-of-use assets	1,444	774	–	2,218
Segment liabilities	**6,459**	**917**	**127**	**7,503**

26. Segment information (continued)

Information about the disaggregation of the Group's revenue from external customers by the business type of sales customers and non-current assets by the business type of assets is as follows (continued):

	Year ended 31 December 2022			
	Art Outsourcing Segment	**Game Development Segment**	**Global Publishing and Others**	**Total**
	USD'$000	**USD'$000**	**USD'$000**	**USD'$000**
Segment revenue				
Service revenue	22,021	2,227	–	24,248
Licencing and product revenue	–	–	250	250
	22,021	**2,227**	**250**	**24,498**
Profit before income tax	**1,644**	**209**	**(1,078)**	**775**
Significant non-cash items				
Depreciation of property, plant and equipment	319	66	30	415
Depreciation of right-of-use assets	937	34	3	974
Segment assets	**17,514**	**1,771**	**199**	**19,484**
Included in the segment assets:				
Trade receivables and other receivables	3,329	337	38	3,704
Property, plant and equipment	2,074	210	24	2,308
Right-of-use assets	2,520	255	29	2,804
Segment liabilities	**7,509**	**759**	**86**	**8,354**

26. Segment information (continued)

Revenue from external customers were classified based on the customers' locations, respectively. Geographical information is as follows:

	As at 31 December		
	2020	**2021**	**2022**
	Revenue	**Revenue**	**Revenue**
	USD'$000	**USD'$000**	**USD'$000**
PRC and Hong Kong	10,064	13,023	12,635
Taiwan	1,416	4,373	3,748
Korea	2,179	3,776	4,813
United States	308	1,905	2,372
Other	519	614	930
	14,486	23,691	24,498

Non-current assets were classified based on the assets' locations, respectively. Geographical information is as follows:

	As at 31 December		
	2020	**2021**	**2022**
	non-current assets	**non-current assets**	**n-current assets**
	USD'$000	**USD'$000**	**USD'$000**
PRC and Hong Kong	882	3,004	3,100
Taiwan	529	1,134	2,614
Other	74	-	6
	1,485	4,138	5,720

26. Segment information (continued)

Details of the revenue from individual customers that exceed 10% of net sale revenue in the statements of comprehensive income for the reported period are as follows:

	Years ended 31 December		
	2020	**2021**	**2022**
	USD'$000	**USD'$000**	**USD'$000**
Customer W	3,234	4,514	2,617
Customer Z	836	2,504	1,912
Customer T	1,010	2,387	1,724

27. Outbreak of Coronavirus Disease ("COVID-19")

Globally, the governments of multiple countries have undertaken drastic actions to limit the spread of COVID-19 including, safe distancing measures, lockdowns, travel restrictions and various travel advisories since the outbreak of COVID-19. Recently, many of these countries have lifted the restrictions.

As the Group is operating in a gaming industry, its operation has not been materiality affected by COVID-19.

28. Events occurring after the reporting period

Save as disclosed elsewhere in these financial statements, the following events occurred after 31 December 2022:

On 10 January 2023, the Company issued 1,744,659 ordinary Shares with par value NT$10 per share to various of investors for a cash consideration of USD3,022,980 constituting share capital of USD568,392 and capital reserves of USD2,454,588.

On 17 May 2023, the Company declared and issued scrip dividends where it issued 5,000,000 ordinary Shares of a par value of NTD10 per Share by capitalising its retained profits of USD1,623,060.

On 1 November 2023, the Company repurchased and cancelled its previously issued 22,446,591 ordinary shares with par value of NTD10 per share from the existing shareholders for a consideration of USD7,418,000. The consideration was fulfilled via issuance of 239,698,275 ordinary shares with par value of SGD0.04 per share.

29. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Winking Studios Limited on 8 November 2023.

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WINKING STUDIOS LIMITED

(Incorporated and domiciled in Cayman Islands with limited liability No. 159882)

AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

WINKING STUDIOS LIMITED
(Incorporated and domiciled in Cayman Islands with limited liability No. 159882)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2023 and the balance sheet of the Company as at 31 December 2023.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 10 to 61 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Johnny Jan
Kao Shu-Kuo
Lim Heng Choon
Chang Yi-Hao
Yang Wu Te

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director	
	At 31.12.2023	At 01.01.2023
Winking Studios Limited		
(No. of ordinary shares)		
Johnny Jan	**21,268,929**	1,548,233
Kao Shu-Kuo	**300,000**	-

(b) According to the register of directors' shareholdings, the directors holding office at the end of the financial year had no interests in the options to subscribe for ordinary shares of the Company or its related corporations.

(c) Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Lim Heng Choon (Chairman)
Chang Yi-Hao
Yang Wu Te

All members of the Audit Committee were non-executive directors.

The Audit Committee carried out its functions and reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor;

Audit Committee (continued)

- the independence and objectivity of the independent auditor;
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2023 before their submission to the Board of Directors; and
- interested person transaction as defined under Chapter 9 of the Catalist Rules to ensure that they are on normal commercial terms and not prejudicial to the interest of the Company or its shareholders.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the independent auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the independent auditor.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director or executive office to attend its meetings. The independent auditor has unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

Johnny Jan
Executive Director

Lim Heng Choon
Lead Independent Director and
Non-Executive Director

15 April 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WINKING STUDIOS LIMITED

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Winking Studios Limited ("the Company") and its subsidiaries ("the Group") and the balance sheet of the Company present fairly, in all material aspects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows for the financial year then ended in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s").

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2023;
- the balance sheets of the Company and the Group as at 31 December 2023;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our Audit Approach (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of service revenue The Group recognises service revenue over time by reference to the price specified in the contract and the measure of progress towards complete satisfaction of the performance obligation. The measure of progress is determined based on the actual labour hours acknowledged by customers relative to the total contractual expected labour hours agreed with customers. Management has relied on past experience of completed projects to determine the total contractual expected labour hours to be agreed with the customers. We focused on the recognition of service revenue because of the use of significant effort to determine the extent of satisfaction of the performance obligation due to the voluminous number of contracts.	Our audit procedures included the following: • Evaluate the appropriateness of the Group's revenue recognition policies in accordance with SFRS(I) 15; • Obtain understanding of revenue recognition processes and evaluate the design and test the effectiveness of the relevant internal controls over revenue recognition of service revenue; • Obtain and review, on a sample basis, sales contract to assess the performance obligation; • Test the price and actual labour hours acknowledged by customers for selected projects, on a sample basis; and • Recompute the measure of progress and the revenue recognised for the year. Based on the above procedures performed, we did not note material exceptions to management's assessment of the recognition of service revenue to be taken up as at 31 December 2023. We also found the disclosure on the method used by management in recognising service revenue in Note 3 to be appropriate.

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with SFRS(I)s and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Alex Toh Wee Keong.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 15 April 2024

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2023

	Note	**2023 USD'000**	2022 USD'000
Revenue from contracts with customers	4	**29,281**	24,498
Cost of sales	7	**(19,947)**	(18,050)
Gross profit		**9,334**	6,448
Other income	5	**124**	146
Other gains/(losses) - net	6	**13**	(120)
Distribution and marketing	7	**(1,548)**	(1,013)
Administrative expenses	7	**(6,368)**	(4,603)
Expected credit losses	24	**(111)**	(32)
Interest income		**68**	9
Finance expenses	9	**(89)**	(60)
		(7,911)	(5,673)
Profit before income tax		**1,423**	775
Income tax credit	10(a)	**357**	262
Profit for the year		**1,780**	1,037
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation losses arising from consolidation		**(76)**	(909)
Total comprehensive income for the year		**1,704**	128
Profit for the year attributable to:			
- Equity holders of the Company		**1,780**	1,037
Total comprehensive income attributable to:			
- Equity holders of the Company		**1,704**	128
Earnings per share for profit attributable to equity holders of the Company			
(Expressed in dollar per share)			
- Basic and diluted earnings per share	11	**0.007**	0.005

The accompanying notes form an integral part of these financial statements.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS
As at 31 December 2023

	Note	Group		Company	
		2023	2022	**2023**	2022
		USD'000	USD'000	**USD'000**	USD'000
ASSETS					
Current assets					
Cash at bank	12	**16,423**	6,057	**5,549**	55
Trade and other receivables	13	**3,876**	3,704	**399**	13
Contract assets	4	**3,469**	2,975	**-**	-
		23,768	12,736	**5,948**	68
Non-current assets					
Property, plant and equipment	14	**2,255**	2,307	**-**	-
Right-of-use assets	15	**2,545**	2,804	**-**	-
Intangible assets	16	**203**	243	**-**	-
Investment in subsidiaries	17	**-**	-	**12,588**	9,981
Other non-current assets	18	**249**	366	**-**	-
Deferred income tax assets	20	**1,483**	1,028	**-**	-
Total non-current assets		**6,735**	6,748	**12,588**	9,981
Total assets		**30,503**	19,484	**18,536**	10,049
LIABILITIES					
Current liabilities					
Trade and other payables	19	**5,402**	4,504	**455**	275
Contract liabilities	4	**44**	137	**-**	-
Current income tax liabilities	10(b)	**63**	24	**-**	-
Lease liabilities	15	**930**	896	**-**	-
		6,439	5,561	**455**	275
Non-current liabilities					
Lease liabilities	15	**1,687**	1,901	**-**	-
Deferred income tax liabilities	20	**930**	892	**-**	-
		2,617	2,793	**-**	-
Total liabilities		**9,056**	8,354	**455**	275
NET ASSETS		**21,447**	11,130	**18,081**	9,774

The accompanying notes form an integral part of these financial statements.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS
As at 31 December 2023

	Note	Group		Company	
		2023	2022	**2023**	2022
		USD'000	USD'000	**USD'000**	USD'000
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	**8,615**	5,226	**8,615**	5,226
Other reserves		**4,609**	(2,166)	**8,818**	1,967
Retained profits		**8,223**	8,070	**648**	2,581
Total equity		**21,447**	11,130	**18,081**	9,774

The accompanying notes form an integral part of these financial statements.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

	Note	Attributable to owners of the Group					
			Other reserves				
		Share capital USD'000	Capital reserves USD'000	Other reserves USD'000	Currency translation reserve USD'000	Retained profits USD'000	Total USD'000
2023							
Beginning of financial year		5,226	1,967	(3,071)	(1,062)	8,070	11,130
Profit for the year		-	-	-	-	1,780	1,780
Other comprehensive loss for the year		-	-	-	(76)	-	(76)
Total comprehensive income for the year		-	-	-	(76)	1,780	1,704
Transactions with owners, recognised directly in equity							
Issuance of new shares pursuant to IPO		1,193	4,773	-	-	-	5,966
Share issue expenses		-	(377)	-	-	-	(377)
Cash capital increase		569	2,455	-	-	-	3,024
Stock buyback		(7,422)	-	-	-	-	(7,422)
Issuance of new shares		7,422	-	-	-	-	7,422
Capitalisation of retained profits		1,627	-	-	-	(1,627)	-
		3,389	6,851	-	-	(1,627)	8,613
End of financial year		8,615	8,818	(3,071)	(1,138)	8,223	21,447
2022							
Beginning of financial year		5,226	1,967	(3,096)	(153)	7,058	11,002
Profit for the year		-	-	-	-	1,037	1,037
Other comprehensive loss for the year		-	-	-	(909)	-	(909)
Total comprehensive income for the year		-	-	-	(909)	1,037	128
Transactions with owners, recognised directly in equity							
Profit appropriations to statutory reserves		-	-	25	-	(25)	-
		-	-	25	-	(25)	-
End of financial year		5,226	1,967	(3,071)	(1,062)	8,070	11,130

The accompanying notes form an integral part of these financial statements.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2023

	Note	**2023 USD'000**	2022 USD'000
Cash flows from operating activities			
Profit before income tax		**1,423**	775
Adjustments for:			
- Depreciation of property, plant and equipment	7	**611**	415
- Depreciation of right-of-use assets	7	**1,110**	974
- Amortisation of intangible assets	7	**74**	66
- Expected credit losses	24	**111**	32
- Interest income		**(68)**	(9)
- Finance expenses	9	**89**	60
- Loss on disposal of property, plant and equipment	6	**9**	64
- Gains on lease modification	6	**-**	(151)
- Exchange losses		**73**	73
		3,432	2,299
Changes in working capital:			
- Contract assets		**(546)**	(576)
- Trade and other receivables		**(350)**	(448)
- Contract liabilities		**(90)**	141
- Trade and other payables		**976**	569
Cash generated from operations		**3,422**	1,985
Interest received		**68**	9
Income tax paid	10(b)	**(21)**	(15)
Net cash generated from operating activities		**3,469**	1,979
Cash flows from investing activities			
Additions to property, plant and equipment	14	**(630)**	(1,601)
Proceeds from disposal of property, plant and equipment		**17**	11
Decrease in prepayments for equipment		**98**	-
Additions to intangible assets		**(38)**	(86)
Increase in refundable deposits		**-**	(70)
Decrease in refundable deposits		**12**	-
Net cash used in investing activities		**(541)**	(1,746)

The accompanying notes form an integral part of these financial statements.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2023

	Note	**2023 USD'000**	2022 USD'000
Cash flows from financing activities			
Proceeds from share issuance, net of share issue expenses	21	**8,613**	-
Principal payments of lease liabilities		**(1,031)**	(790)
Interest paid		**(89)**	(60)
Net cash generated from/(used in) financing activities		**7,493**	(850)
Net changes in cash and cash equivalents		**10,421**	(617)
Cash and cash equivalents			
Beginning of financial year		**6,057**	7,278
Effects of exchange rate changes on cash and cash equivalents		**(55)**	(604)
End of financial year	12	**16,423**	6,057

Reconciliation of liabilities arising from financing activities

	Beginning of financial year USD'000	Principal and interest payments USD'000	Non-cash changes				End of financial year USD'000
			Addition USD'000	Interest expense on lease liabilities USD'000	Lease modification USD'000	Foreign exchange movement USD'000	
Lease liabilities							
2023	**2,797**	**(1,120)**	**855**	**89**	**-**	**(4)**	**2,617**
2022	2,176	(850)	1,779	60	(151)	(217)	2,797

The accompanying notes form an integral part of these financial statements.

1. General information

Winking Studios Limited (the "Company") was incorporated in the Cayman Islands on 15 December 2005 pursuant to the Cayman Islands Companies Act as an exempted company with limited liability, under the name "Winking Entertainment Ltd". The Company was listed on the Catalist of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 November 2023.

The address of the Company's registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company. The Company, together with its subsidiaries (as listed in Note 17) (collectively referred herein as, the "Group"), are principally engaged in the operation of Art Outsourcing and Game Development studios in the People's Republic of China (the "PRC").

2. Material accounting policy information

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2023

On 1 January 2023, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in the substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

The following new standards, amendments and interpretations to existing SFRS(I)s have been published and are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group.

2. Material accounting policy information (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2023 (continued)

Description	Effective for annual period beginning on or after
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Management anticipates that the adoption of the above new or amended accounting standards and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Revenue recognition

Revenue is recognised when or as the control of the service is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the services may be transferred over time.

(a) Revenue from service and Others

(i) Revenue from service

The Group's revenue from providing art outsourcing, technical support and game development and other related services is recognised when the individual performance obligation is fulfilled over time. Service revenue is based on the price specified in the contract. The stage of completion is determined based on the actual labour hours acknowledged by customers relative to the total contractual expected labour hours agreed with customers.

2. Material accounting policy information (continued)

2.2 Revenue recognition (continued)

(a) Revenue from service and Others (continued)

(i) Revenue from service (continued)

The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(ii) Others

- The Group entered into contracts with customers to grant a licence of intellectual property to the customer. The Group recognises revenue when the performance obligation has been satisfied.

- The Group is engaged in sales of video games and sales of peripheral products of the games. Sales are recognised when control of the products has transferred, that is, the customer has control of the product and obtained most residual benefit, and there is no unfulfilled obligation that could affect the customer acceptance of the products.

(b) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest rate method.

2.3 Employee compensation

Employee benefits are recognised as an expense unless the cost qualifies to be capitalised as an asset.

- *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2. Material accounting policy information (continued)

2.4 Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(a) Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(b) Lease liabilities

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include fixed payment (including in-substance fixed payments), less any lease incentives receivables.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

(i) There is a change in future lease payments arising from changes in an index or rate;
(ii) There is a change in the Group's assessment of whether it will exercise an extension option; or
(iii) There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. Material accounting policy information (continued)

2.4 Leases (continued)

(c) Short-term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.5 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

2. Material accounting policy information (continued)

2.5 Income taxes (continued)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.6 Government grant

Grants from the government are recognised as a receivable at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.7 Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs.

2. Material accounting policy information (continued)

2.7 Property, plant and equipment (continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Estimated useful life
Computers and electronic equipment	3 - 5 years
Leasehold improvements	1.5 - 5 years
Motor vehicles	5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains/(losses) - net". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.8 Intangible assets

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2. Material accounting policy information (continued)

2.9 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.10 Impairment of non-financial assets

Intangible assets, property, plant with equipment, right-of-use assets and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2. Material accounting policy information (continued)

2.11 Financial assets

(a) Classification and measurement

The Group classifies its financial assets at amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, contract assets and other non-current assets-refundable deposits.

There is one measurement category into which the Group classified its debt instruments:

Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

2. Material accounting policy information (continued)

2.11 Financial assets (continued)

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 24 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.12 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2. Material accounting policy information (continued)

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.15 Currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in United States Dollar ("USD"), and the functional currency of the Company is USD.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity instruments), contract assets and financial liabilities.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains/(losses)".

2. Material accounting policy information (continued)

2.15 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date; and

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions).

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

2.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company.

2. Material accounting policy information (continued)

2.17 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2. Material accounting policy information (continued)

2.17 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

2. Material accounting policy information (continued)

2.17 Group accounting (continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates of contract assets and service revenue

The Group recognises contract assets and service revenue when the individual performance obligation is fulfilled over time. Service revenue is based on the price specified in the contract. The stage of completion is determined based on the actual labour hours acknowledged by customers relative to the total contractual expected labour hours agreed with customers.

Management has to estimate the total labour hours to complete the service, which are contractually agreed with customers and used to determine the Group's recognition of art outsourcing revenue.

Management has relied on past experience of completed projects to determine the total contractual expected labour hours to be agreed with the customers.

Please refer to Note 4 for more details about the transactions.

4. Revenue

The Group derives revenue from the transfer of services over time. Disaggregation of the Group's revenue is set out below.

	Group	
	2023	2022
	USD'000	USD'000
Service revenue	**29,120**	24,248
Other	**161**	250
Total	**29,281**	24,498

All art outsourcing contracts are for periods of one year or less. As permitted under SFRS(I) 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	Group		
	31 December		1 January
	2023	2022	2022
	USD'000	USD'000	USD'000
Contract assets	**3,469**	2,975	2,644
Contract liabilities	**44**	137	-

Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Group	
	2023	2022
	USD'000	USD'000
Service revenue	**137**	-

5. Other income

	Group	
	2023	2022
	USD'000	USD'000
Government grant income	**51**	113
Others	**73**	33
	124	146

6. Other gains/(losses) - net

	Group	
	2023	2022
	USD'000	USD'000
Foreign exchange gains/(losses)	**22**	(144)
Gains on lease modification	**-**	151
Losses on disposal of property, plant and equipment	**(9)**	(64)
Losses on liquidation of subsidiary	**-**	(48)
Others	**-**	(15)
	13	(120)

7. Expenses by nature

	Group	
	2023	2022
	USD'000	USD'000
Employee compensation (Note 8)	**17,692**	16,055
Subcontract Expense	**3,410**	3,637
Depreciation of property, plant and equipment (Note 14)	**611**	415
Depreciation of right-of-use assets (Note 15)	**1,110**	974
Amortisation charges on intangible assets (Note 16)	**74**	66
Professional fees	**2,475**	361
Welfare expenses	**463**	361
Travel expenses	**206**	80
Other expenses	**1,822**	1,717
Total cost of sales, distribution and marketing costs and administrative expenses	**27,863**	23,666

8. Employee compensation

	Group	
	2023	2022
	USD'000	USD'000
Wages and salaries	**14,631**	13,240
Employer's contribution to defined contribution plans	**1,609**	1,379
Other social security contribution	**992**	1,017
Other personnel expenses	**460**	419
	17,692	16,055

8. Employee compensation (continued)

The Group's PRC subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the PRC are based on certain percentage of employees' monthly salaries and wages.

The Group's Taiwan subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with Republic of China nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

For the financial years ended 31 December 2022 and 2023, the pension costs under defined contribution pension plans of the Group amounted to USD 1,379,170 and USD 1,609,273 respectively.

9. Finance expenses

	Group	
	2023	2022
	USD'000	USD'000
Interest expense on lease liabilities (Note 15)	**89**	60

10. Income taxes

(a) Income tax credit

	Group	
	2023	2022
	USD'000	USD'000
Current income tax	**51**	28
Underprovision of current income taxes	**9**	-
Total current income tax	**60**	28
Deferred income tax credit (Note 20)	**(417)**	(290)
	(357)	(262)

10. Income taxes (continued)

(a) Income tax credit (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the standard rate of income tax as follows:

	Group	
	2023 USD'000	2022 USD'000
Profit before income tax	**1,423**	775
Tax calculated at the applicable tax rate	**302**	221
Effect of:		
- expenses not deductible for tax purposes	**23**	14
- income not subject to tax	**(57)**	(89)
- expenses relating to technical improvements deduction	**(16)**	(294)
- temporary differences not recognised as deferred tax assets	**(9)**	8
- taxable loss not recognised as deferred tax assets	**-**	172
- under-provision of income taxes in prior financial year	**9**	-
- utilisation of previously unrecognised tax losses	**(609)**	(349)
- other	**-**	55
Tax credit	**(357)**	(262)

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

(b) Movement in current income tax liabilities

	Group		Company	
	2023 USD'000	2022 USD'000	**2023 USD'000**	2022 USD'000
Beginning of financial year	**24**	11	**-**	-
Currency translation differences	**-**	-	**-**	-
Income tax paid	**(21)**	(15)	**-**	-
Tax expense	**60**	28	**-**	-
End of financial year	**63**	24	**-**	-

10. Income taxes (continued)

(c) Tax incentive

Certain subsidiaries of the Group qualified for a preferential tax policy implemented by the PRC government as follows:

The subsidiaries of the Group, Shanghai Winking Entertainment Limited, Shanghai Wishing Entertainment Ltd. and Nanjing Winking Entertainment Limited, were entitled to the reduction or exemption of enterprise income tax under the 'Announcement of the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households' promulgated by the Ministry of Finance and the State Taxation Administration of the People's Republic of China. The subsidiaries were also entitled to a higher deduction of 175% to 200% for the expenses relating to technical improvements that have been incurred by an enterprise during the research and development activity.

11. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing net profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the financial year.

	Group	
	2023	2022
Net profit attributable to equity holders of the Company (USD'000)	**1,780**	1,037
Weighted average number of ordinary shares ('000)	**243,381**	221,068
Basic earnings per share (in USD)	**0.007**	0.005

For the financial years ended 31 December 2022 and 2023, the aforementioned weighted average number of ordinary shares outstanding had been retrospectively adjusted to account for (i) the number of ordinary shares from the conversion of US dollar ordinary shares into NTD ordinary shares, (ii) from the capitalisation of capital reserve, (iii) from the issuance of scrip dividends by capitalisation of the Company's retained profits on 17 May 2023, and (iv) the number of ordinary shares from the conversion of NTD ordinary shares to Singapore Dollar ("SGD") ordinary shares on 1 November 2023. Please refer to Note 21 for details.

11. Earnings per share (continued)

(b) Diluted earnings per share

For the financial years ended 31 December 2022 and 2023, diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares.

12. Cash and cash equivalents

	Group		Company	
	2023	2022	**2023**	2022
	USD'000	USD'000	**USD'000**	USD'000
Cash at bank and on hand	**14,343**	6,057	**5,549**	55
Short term bank deposits	**2,080**	-	**-**	-
	16,423	6,057	**5,549**	55

13. Trade and other receivables

	Group		Company	
	2023	2022	**2023**	2022
	USD'000	USD'000	**USD'000**	USD'000
Trade receivables:				
- Receivables	**3,499**	3,372	**-**	-
Less: Loss allowance	**(69)**	(59)	**-**	-
	3,430	3,313	**-**	-
Other receivables	**173**	193	**13**	-
Other receivables - subsidiaries	**-**	-	**386**	13
Prepayments:				
- Offset against business tax payable	**-**	2	**-**	-
- Other prepayments	**273**	196	**-**	-
	446	391	**399**	13
Total	**3,876**	3,704	**399**	13

As at 31 December 2022 and 2023, trade receivables were all from contracts with customers. Also, as of 1 January 2022, the trade receivables from contracts with customers amounted to USD 3,229,000.

The Group has no trade receivables pledged to others.

The Group did not hold any collateral for trade receivables.

14. Property, plant and equipment

	Computers and electronic equipment USD'000	Leasehold improvements USD'000	Motor vehicles USD'000	Asset under construction USD'000	Total USD'000
Group					
2023					
Cost					
Beginning of financial year	2,325	628	45	269	3,267
Additions	417	19	-	194	630
Disposals	(102)	(12)	-	-	(114)
Reclassification	-	318	-	(318)	-
Currency translation differences	(32)	(18)	(1)	(7)	(58)
End of financial year	2,608	935	44	138	3,725
Accumulated depreciation					
Beginning of financial year	(750)	(165)	(45)	-	(960)
Depreciation charge	(461)	(150)	-	-	(611)
Disposals	77	11	-	-	88
Currency translation differences	11	1	1	-	13
End of financial year	(1,123)	(303)	(44)	-	(1,470)
Net book value					
Beginning of financial year	1,575	463	-	269	2,307
End of financial year	1,485	632	-	138	2,255

	Computers and electronic equipment USD'000	Leasehold improvements USD'000	Motor vehicles USD'000	Asset under construction USD'000	Total USD'000
Group					
2022					
Cost					
Beginning of financial year	1,828	788	50	-	2,666
Additions	992	333	-	276	1,601
Disposals	(312)	(428)	-	-	(740)
Currency translation differences	(183)	(65)	(5)	(7)	(260)
End of financial year	2,325	628	45	269	3,267
Accumulated depreciation					
Beginning of financial year	(709)	(558)	(50)	-	(1,317)
Depreciation charge	(348)	(67)	-	-	(415)
Disposals	242	423	-	-	665
Currency translation differences	65	37	5	-	107
End of financial year	(750)	(165)	(45)	-	(960)
Net book value					
Beginning of financial year	1,119	230	-	-	1,349
End of financial year	1,575	463	-	269	2,307

As at 31 December 2022 and 2023, there is no property, plant and equipment for the Company.

15. Leases - The Group as a lessee

(a) Nature of the Group's leasing activities

Leasehold building

The Group leases office premises. Rental contracts are typically contracted for periods of 1 to 5 year(s). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

(b) Amounts recognised in the consolidated statements of financial position

The consolidated statements of financial position show the following amounts relating to leases:

	Group		Company	
	2023	2022	**2023**	2022
	USD'000	USD'000	**USD'000**	USD'000
Right-of-use assets				
- Buildings	**2,545**	2,804	**-**	-
Lease liabilities				
Current	**930**	896	**-**	-
Non-current	**1,687**	1,901	**-**	-
	2,617	2,797	**-**	-

The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Group	
	2023	2022
	USD'000	USD'000
Beginning of financial year	**2,804**	2,218
Addition	**855**	1,778
Depreciation charge	**(1,110)**	(974)
Currency translation differences	**(4)**	(218)
End of financial year	**2,545**	2,804

Interest expense

	Group	
	2023	2022
	USD'000	USD'000
Interest expense on lease liabilities (Note 9)	**89**	60

15. Leases - The Group as a lessee (continued)

(b) Amounts recognised in the consolidated statements of financial position (continued)

Lease expense not capitalised in lease liabilities

	Group	
	2023	2022
	USD'000	USD'000
Lease expense – short-term leases	**10**	54
Lease expense – low-value leases	**6**	18
Total	**16**	72

For the financial years ended 31 December 2022 and 2023, the Group's total cash outflow for all leases were USD 922,000 and USD 1,136,000 respectively.

For the financial year ended 31 December 2022, the Company has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to USD151,000 by increasing other gains.

16. Intangible assets

	Computer software licences USD'000	Patent right USD'000	Trademark USD'000	Total USD'000
Group				
2023				
Cost				
Beginning of financial year	1,296	31	56	1,383
Additions	38	-	-	38
Disposal	-	(29)	-	(29)
Currency translation differences	90	-	(1)	89
End of financial year	1,424	2	55	1,481
Accumulated amortisation				
Beginning of financial year	(1,053)	(31)	(56)	(1,140)
Amortisation charge	(74)	-	-	(74)
Disposal	-	29	-	29
Currency translation differences	(94)	-	1	(93)
End of financial year	(1,221)	(2)	(55)	(1,278)
Net book value				
Beginning of financial year	243	-	-	243
End of financial year	203	-	-	203

16. Intangible assets (continued)

	Computer software licences USD'000	Patent right USD'000	Trademark USD'000	Total USD'000
Group				
2022				
Cost				
Beginning of financial year	1,355	31	60	1,446
Additions	86	-	-	86
Currency translation differences	(145)	-	(4)	(149)
End of financial year	1,296	31	56	1,383
Accumulated amortisation				
Beginning of financial year	(1,110)	(31)	(60)	(1,201)
Amortisation charge	(66)	-	-	(66)
Currency translation differences	123	-	4	127
End of financial year	(1,053)	(31)	(56)	(1,140)
Net book value				
Beginning of financial year	245	-	-	245
End of financial year	243	-	-	243

As at 31 December 2022 and 2023, there is no intangible assets for the Company.

Amortisation expense included in the statement of comprehensive income is analysed as follows:

	Group	
	2023	2022
	USD'000	USD'000
Cost of sales	**7**	2
Administrative expenses	**67**	64
	74	66

17. Investments in subsidiaries

The investments in subsidiaries represent unquoted equity shares at cost.

	Company	
	2023	2022
	USD'000	USD'000
Equity investments at cost	**12,588**	9,981

17. Investments in subsidiaries (continued)

The subsidiaries held by the Company are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective interest held by the Group		Cost of investment		Notes
			2023	2022	**2023**	2022	
			%	%	**USD'000**	USD'000	
Directly held							
Shanghai Winking Entertainment Limited	People's Republic of China	Investment holding, Art outsourcing and Game development headquarter	**100**	100	**6,822**	6,822	(iii)
Winking Entertainment (HK) Ltd.	Hongkong	Game development, management and sales	**100**	100	**2,500**	2,500	(ii)
Winking Art Pte. Ltd.	Singapore	Art outsourcing	**100**	100	**1,026**	376	(ii)
Winking Entertainment Corporation	Taiwan	Intellectual property licensing	**100**	100	**2,240**	283	(i)
Winking Skywalker Entertainment Ltd.	Hongkong	Intellectual property licensing	**100**	100	*****	*	(ii)
					12,588	9,981	

*Cost of investment is at USD 1.

17. Investments in subsidiaries (continued)

The subsidiaries held by the Company are as follows: (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Effective interest held by the Group		Notes
			2023	2023	
			%	%	
Indirectly held					
Nanjing Winking Entertainment Limited	People's Republic of China	Art outsourcing	**100**	100	(iii)
Shanghai Wishing Entertainment Ltd.	People's Republic of China	Group administration, PRC's Intellectual property licensing	**100**	100	(iii)
Winking Entertainment Investment Ltd.	Hongkong	Original intellectual licensing development, Intellectual property licensing	**100**	100	(ii)
Winking Art Limited	Hongkong	Art outsourcing	**100**	100	(ii)

Note:
(i) Audited by PricewaterhouseCoopers Taiwan for local statutory purposes.
(ii) These subsidiaries are audited by other accounting firms for local statutory purposes.
(iii) Under the PRC laws, these subsidiaries are not required to appoint an auditor. The Company had appointed PricewaterhouseCoopers LLP, Singapore to perform audit/review work in respect of the Group (comprising the Company and subsidiaries) for consolidation purpose in accordance with the SFRS(I).

18. Other non-current assets

	Group		Company	
	2023	2022	**2023**	2022
	USD'000	USD'000	**USD'000**	USD'000
Prepayments for equipment	**15**	119	**-**	-
Refundable deposits	**234**	247	**-**	-
	249	366	**-**	-

19. Trade and other payables

	Group		Company	
	2023	2022	**2023**	2022
	USD'000	USD'000	**USD'000**	USD'000
Current				
Trade payables to:				
- non-related parties	**1,459**	1,209	**-**	-
Other payables:				
- salaries and bonuses payable	**2,857**	2,434	**-**	-
- social insurance and provident fund payable	**136**	146	**-**	-
- service charge payable	**393**	273	**381**	259
- other payables to ultimate holding corporation	**2**	-	**-**	-
- other payables to subsidiaries	**-**	-	**59**	-
- others	**555**	442	**15**	16
	3,943	3,295	**455**	275
Total	**5,402**	4,504	**455**	275

20. Deferred income taxes

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	2023			
	Beginning of financial year USD'000	Recognised in profit or loss USD'000	Currency translation differences USD'000	Total USD'000
Deferred income tax assets				
Accrued expenses	108	48	(2)	154
Tax losses	710	378	(13)	1,075
Lease liabilities	210	48	(4)	254
	1,028	**474**	**(19)**	**1,483**
Deferred income tax liabilities				
Service revenue	(682)	(6)	13	(675)
Right-of-use assets	(210)	(49)	4	(255)
	(892)	**(55)**	**17**	**(930)**
	136	**419**	**(2)**	**553**

	2022			
	Beginning of financial year USD'000	Recognised in profit or loss USD'000	Currency translation differences USD'000	Total USD'000
Deferred income tax assets				
Accrued expenses	114	5	(11)	108
Tax losses	359	393	(42)	710
Lease liabilities	361	(131)	(20)	210
	834	**267**	**(73)**	**1,028**
Deferred income tax liabilities				
Service revenue	(630)	(108)	56	(682)
Right-of-use assets	(361)	131	20	(210)
	(991)	**23**	**76**	**(892)**
	(157)	**290**	**3**	**136**

20. Deferred income taxes (continued)

With effect from 1 January 2018, the PRC tax regulation allows a company, which had qualified as a technology-based small-and-medium-sized enterprise ("TSME"), to carry forward the unutilised tax losses (including those losses relating to 5 years prior to it qualifying as a TSME) for a period of up to 10 years.

The Group has unrecognised tax losses of USD 9,690,000 and USD 7,626,000 as at 31 December 2022 and 2023, respectively, which can be carried forward and used to offset against future taxable income subject to those companies meeting certain statutory requirements. Tax losses amounting to USD7,626,000 will expire between 1 January 2024 to 31 December 2032.

21. Share capital

	Issued share capital	
	No. of ordinary shares share	Amount USD'000
2023		
Beginning of financial year	15,701,932	5,226
Cash capital increase	1,744,659	569
Declaration and issuance of scrip dividend	5,000,000	1,627
Repurchase and cancellation of outstanding USD ordinary shares	(22,446,591)	(7,422)
Shares issued	239,698,275	7,422
Issuance of shares upon listing	40,000,000	1,193
End of financial year	279,698,275	8,615
2022		
Beginning / End of financial year	15,701,932	5,226

The rights and obligations of all the ordinary shares issued are the same.

All issued ordinary shares fully paid-up with par value of SGD 0.04 per share.

On 10 January 2023, the Company issued 1,744,659 ordinary shares with par value NT$10 per share to various of investors for a cash consideration of USD 3,022,980 constituting share capital of USD 568,392 and capital reserves of USD 2,454,588.

On 17 May 2023, the Company declared and issued scrip dividends where it issued 5,000,000 ordinary shares of a par value of NTD 10 per share by capitalising its retained profits of USD 1,626,550.

On 1 November 2023, the Company repurchased and cancelled its previously issued 22,446,591 ordinary shares with par value of NTD 10 per share from the existing shareholders for a consideration of USD 7,422,000. The consideration was fulfilled via issuance of 239,698,275 ordinary shares with par value of SGD 0.04 per share.

21. Share capital (continued)

On 20 November 2023, pursuant to Company's initial public offering, the Company issued 40,000,000 ordinary shares by way of a placement and cornerstone tranche, with par value SGD 0.04 per share at SGD 0.20 for each placement share and each cornerstone share. The placement and cornerstone tranche were fully subscribed and the proceeds resulted in an increase in total equity of USD 5,996,400 constituting share capital of USD 1,193,280 and capital reserves of USD 4,773,120.

22. Other reserve

Pursuant to the Company's Articles of Incorporation, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and capital contributions can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership.

Please refer to the consolidated statement of changes in equity for the details of changes in the Group's other reserve.

23. Dividends

	Group	
	2023	2022
	USD'000	USD'000
Proposed but not recognised as a liability as at 31 December		
- Exempt dividend for 2023 of SGD 0.5 cents (2022: nil cents) per share	**1,059**	-

At the Annual General Meeting on 30 April 2024, a special dividend of SGD 0.5 cents per share amounting to a total of US$1,059,000 will be recommended.

These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2023.

24. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

24. Financial risk management (continued)

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the management. Group treasury is mainly responsible for identifying, evaluating and hedging financial risks. Group Treasury measures actual exposures against the limits set and prepare regular report to the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates internationally and is exposed to currency risk arising from the transactions of the Company and its subsidiaries in various currency, primarily the USD, the Chinese Renminbi ("RMB") and the New Taiwan Dollar ("NTD") other than their respective functional currencies.

Management has set up a policy to require group companies to manage their currency risk against their functional currency. The companies are required to manage their entire currency risk exposure with the Group treasury. Currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group's currency exposure based on the information provided to key management is as follows:

	NTD '$000	RMB '$000
Group		
2023		
Financial assets		
Cash and bank balances	2,288	3,727
Trade and other receivables	1,563	1,083
Receivables from holding corporations/ subsidiaries	141	1,095
Total financial assets	3,992	5,905
Financial liabilities		
Trade and other payables	(882)	(3,116)
Payable from holding corporations/ subsidiaries	(141)	(1,095)
Total financial liabilities	(1,023)	(4,211)
Net financial assets	2,969	1,694
Less: Net financial assets denominated in the respective entities' functional currency	(3,078)	(787)
Net currency exposure	(109)	907

24. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	NTD '$000	RMB '$000
Group		
2022		
Financial assets		
Cash and bank balances	655	3,039
Trade and other receivables	905	2,025
Receivables from holding corporations/ subsidiaries	151	1,640
Total financial assets	1,711	6,704
Financial liabilities		
Trade and other payables	(838)	(3,145)
Payable from holding corporations/ subsidiaries	(151)	(1,640)
Total financial liabilities	(989)	(4,785)
Net financial assets	722	1,919
(Less): Net financial assets denominated in the respective entities' functional currency	(597)	(1,803)
Net currency exposure	125	116

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as NTD and RMB. If the NTD and RMB strengthened/weakened against the USD by 1% (2022: 1%) and 1% (2022: 1%) respectively with all other variables profit after tax, the effects arising from the net financial asset would decrease/increase the total return by USD 7,980 (2022: USD 2,410) respectively.

There was no significant currency risk on the transactions of the Company.

(ii) Equity price risk

There was no significant equity price risk on the transactions of the Group.

24. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

Credit exposure to an new counterparty is restricted by credit limits that are approved by the Head of Credit Control based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Head of Credit Control.

As the Group does not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The movements in credit loss allowance are as follows:

	Group		
	Contract assets	Trade receivables	Total
	USD'000	USD'000	USD'000
2023			
Beginning of financial year	-	59	59
Asset acquired/originated	-	111	111
Written off	-	(97)	(97)
Effect of foreign exchange	-	(4)	(4)
End of financial year	-	69	69
2022			
Beginning of financial year	-	30	30
Asset acquired/originated	-	32	32
Effect of foreign exchange	-	(3)	(3)
End of financial year	-	59	59

24. Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets

The Group uses a loss rate methodology to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as default if the counterparty fails to make contractual payments within 90 days when they fall due, and writes off the financial asset when a debtor fails to make contractual payments greater than 365 days past due. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

24. Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2022 and 2023 are set out in the provision matrix as follows:

	Group				
	Without past due	0 to 30 days	31 days to 90 days	> 91 days	Total
2023 Expected loss rate	0.73%	0.83%	3.14%	100%	
Total book value (USD'000)					
- Trade receivables	3,386	4	67	42	3,499
- Contract assets	3,469	-	-	-	3,469
	6,855	4	67	42	6,968
Loss allowance	**24**	**-**	**3**	**42**	**69**
2022 Expected loss rate	0.61%	3.00%	1.65%	100%	
Total book value (USD'000)					
- Trade receivables	2,953	267	121	31	3,372
- Contract assets	2,975	-	-	-	2,975
	5,928	267	121	31	6,347
Loss allowance	**18**	**8**	**2**	**31**	**59**

(ii) Cash and bank balance

The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

24. Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and the ability to close out market positions at a short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and checking accounts and demand deposits as disclosed in Note 12.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility and cash and bank balances (Note 12) of the Group on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these obligations, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Group		
	Less than 1 year USD'000	Over 1 year USD'000	Total USD'000
2023			
Non-derivative financial liabilities			
- Trade and other payables	5,402	-	5,402
- Lease liabilities (include current and non-current)	1,041	1,751	2,792
2022			
Non-derivative financial liabilities			
- Trade and other payables	4,504	-	4,504
- Lease liabilities (include current and non-current)	966	1,989	2,955

24. Financial risk management (continued)

(c) Liquidity risk (continued)

	Company		
	Less than 1 year USD'000	Over 1 year USD'000	Total USD'000
2023			
Non-derivative financial liabilities			
- Trade and other payables	455	-	455
2022			
Non-derivative financial liabilities			
- Trade and other payables	275	-	275

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group monitors capital on the basis of the debt ratio. This ratio is calculated as total liabilities divided by total assets.

	Group		Company	
	2023 USD'000	2022 USD'000	**2023 USD'000**	2022 USD'000
Total liabilities	**9,056**	8,354	**455**	275
Total assets	**30,503**	19,484	**18,536**	10,049
Debt ratio	**30%**	43%	**2%**	3%

(e) Fair value measurements

The Group did not hold financial and non-financial instruments measured at fair value as at 31 December 2022 and 2023.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

24. Financial risk management (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	Group		Company	
	2023 USD'000	2022 USD'000	**2023 USD'000**	2022 USD'000
Financial assets				
Financial assets at amortised cost				
Cash and cash equivalents	**16,423**	6,057	**5,549**	55
Trade and other receivables	**3,603**	3,506	**399**	13
Other non-current assets - refundable deposits	**234**	247	**-**	-
	20,260	9,810	**5,948**	68
Financial liabilities				
Financial liabilities at amortised cost				
Trade and other payables	**5,402**	4,504	**455**	275
Lease liabilities				
- Current	**930**	896	**-**	-
- Non-current	**1,687**	1,901	**-**	-
	8,019	7,301	**455**	275

25. Immediate and ultimate holding corporations

The Company's immediate holding corporation is Acer Gaming Inc., incorporated in Taiwan. The ultimate holding corporation is Acer Incorporated, incorporated in Taiwan.

26. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	Group	
	2023 USD'000	2022 USD'000
Sales of services to ultimate holding corporation	**49**	-
Administrative fees from ultimate holding corporation	**8**	2
Other payables to ultimate holding corporation	**2**	-
Distribution and marketing fees from associate of ultimate holding corporation	**107**	-

Other related parties comprise mainly companies which are controlled by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2023, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Note 13 and 19 respectively.

Key management personnel compensation

	Group	
	2023 USD'000	2022 USD'000
Short-term employee benefits	**992**	557

27. Segment information

The chief operating decision maker ("CODM") has been identified as the Executive Director of the Company who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The Group is principally engaged in art outsourcing. Information reported to CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group. For the financial years ended 31 December 2022 and 2023, there are three operating segments based on business type: (1) Original Equipment Manufacturer ("Art Outsourcing Segment"), (2) Original Design Manufacturer ("Game Development Segment") and (3) Global Publishing and Others.

27. Segment information (continued)

The CODM assess performance of the operating segments based on a measure of profit/(loss) before income tax.

Information about the disaggregation of the Group's revenue from external customers by the business type of sales customers and non-current assets by the business type of assets is as follows:

	Group			
	Art Outsourcing Segment USD'000	Game Development Segment USD'000	Global Publishing and Others USD'000	Total USD'000
2023				
Segment revenue				
Service revenue	24,124	4,996	-	29,120
Licencing and product revenue	-	-	161	161
	24,124	**4,996**	**161**	**29,281**
Profit before income tax	**646**	**1,115**	**(338)**	**1,423**
Significant non-cash items				
Depreciation of property, plant and equipment	503	104	4	611
Depreciation of right-of-use assets	915	189	6	1,110
Amortisation of intangible assets	61	13	-	74
Segment assets	**23,909**	**4,951**	**160**	**29,020**
Included in the segment assets:				
Trade and other receivables	3,193	662	21	3,876
Additions to:				
Property, plant and equipment	520	107	3	630
Right-of-use assets	704	146	5	855
Intangible assets	31	6	1	38
Segment liabilities	**6,695**	**1,386**	**45**	**8,126**

27. Segment information (continued)

Information about the disaggregation of the Group's revenue from external customers by the business type of sales customers and non-current assets by the business type of assets is as follows:

	Group			
	Art Outsourcing Segment USD'000	Game Development Segment USD'000	Global Publishing and Others USD'000	Total USD'000
2022				
Segment revenue				
Service revenue	22,021	2,227	-	24,248
Licencing and product revenue	-	-	250	250
	22,021	2,227	**250**	**24,498**
Profit before income tax	**1,644**	**209**	**(1,078)**	**775**
Significant non-cash items				
Depreciation of property, plant and equipment	319	66	30	415
Depreciation of right-of-use assets	937	34	3	974
Amortisation of intangible assets	54	11	1	66
Segment assets	**16,590**	**1,678**	**188**	**18,456**
Included in the segment assets:				
Trade receivables and other receivables	3,329	337	38	3,704
Additions:				
Property, plant and equipment	1,439	146	16	1,601
Right-of-use assets	1,598	162	19	1,779
Intangible assets	71	15	-	86
Segment liabilities	**6,708**	**678**	**76**	**7,462**

27. Segment information (continued)

Reconciliation

(a) Segment assets

The amounts reported to the Group with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than deferred income tax assets.

Segment assets are reconciled to total assets as follows:

	Group	
	2023	2022
	USD'000	USD'000
Art Outsourcing Segment assets	**23,909**	16,590
Game Development Segment assets	**4,951**	1,678
Global Publishing and Others Segment assets	**160**	188
	29,020	18,456
Unallocated:		
- Deferred income tax assets	**1,483**	1,028
Total assets	**30,503**	19,484

(b) Segment liabilities

The amounts provided to the Group with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated to the reportable segments other than deferred income tax liabilities.

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	2023	2022
	USD'000	USD'000
Art Outsourcing Segment liabilities	**6,695**	6,708
Game Development Segment liabilities	**1,386**	678
Global Publishing and Others Segment liabilities	**45**	76
	8,126	7,462
Unallocated:		
- Deferred income tax liabilities	**930**	892
Total liabilities	**9,056**	8,354

27. Segment information (continued)

Revenue from external customers were classified based on the customers' locations, respectively. Geographical information is as follows:

	Group	
	2023	2022
	USD'000	USD'000
PRC and Hong Kong	**11,964**	12,635
Taiwan	**5,339**	3,748
Korea	**5,479**	4,813
United States	**4,908**	2,372
Other	**1,591**	930
	29,281	24,498

Non-current assets were classified based on the assets' locations, respectively. Geographical information is as follows:

	Group	
	2023	2022
	USD'000	USD'000
PRC and Hong Kong	**2,855**	3,100
Taiwan	**2,355**	2,614
Other	**42**	6
	5,252	5,720

Details of the revenue from individual customers that exceed 10% of net sale revenue in the statements of comprehensive income for the reported period are as follows:

	Group	
	2023	2022
	USD'000	USD'000
Customer W	**3,715**	2,617
Customer Z	**1,650**	1,912
Customer T	**3,446**	1,724
	8,811	6,253

28. Significant events

(a) On 28 December 2023, the Company entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Game Hours, Inc. (the “Vendor” and together with the subsidiaries of the Vendor, the “Vendor Group”), in relation to the purchase of 100% of the issued and paid-up share capital of On Point Creative Co., Ltd (the "Target Company"), which is wholly held by the Vendor, for an aggregate purchase consideration of NTD59,900,000 (the "Proposed Acquisition").

Completion of the Proposed Acquisition is conditional upon satisfaction of conditions precedent set out in the Sale and Purchase Agreement, which include, inter alia, the following:

“The Parties having obtained all necessary consents, permits and approvals from regulatory authorities or third parties as well as internal approvals required for the completion of the Proposed Acquisition, and if any such consents, permits or approvals are subject to conditions, such conditions being acceptable to the Purchaser, and the execution of the Sale and Purchase Agreement and the Parties' performance of their obligations thereunder not being prohibited or restricted by any statute, judgement or order.”

As of 1 April 2024, the Proposed Acquisition has been completed as the conditions precedent set out in the Sale and Purchase Agreement has been satisfied. The purchase consideration has been paid to Game Hours, Inc. on 1 April 2024.

(b) On 8 April 2024, the Company 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""). 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.

The Proposed Collaboration is subject to the parties entering into definitive agreement(s) upon the completion of satisfactory due diligence by the Company. 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 the assets to be acquired.

The financial impact on the proposed acquisition will be accounted for in the financial statements for the financial year ending 31 December 2024.

28. Significant events (continued)

(c) On 8 April 2024, Winking Studios Limited (the "Company", together with its subsidiaries the "Group") announces the grant of share awards ("Awards") pursuant to the Winking Studios Performance Share Plan ("Winking PSP") to employees of the Group.

Of the 20,808,000 shares granted under the Winking PSP, a total of up to 12,580,000 Shares are granted to our Executive Chairman and CEO, Mr Johnny Jan, subject to the respective vesting requirements. The shares will be vested in five different tranches, subject to performance target and tenure of service, with vesting period ranging from 2026 to 2030, as set out below:

Tranche	Up to % of Awards	Vesting date/End of Performance Period
Tranche 1	25.60	2026
Tranche 2	18.60	2027
Tranche 3	18.60	2028
Tranche 4	18.60	2029
Tranche 5	18.60	2030

The financial impact will be accounted for in the financial statements for the financial year ending 31 December 2024.

29. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Winking Studios Limited on 15 April 2024.

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

Unaudited Condensed Consolidated Interim Financial Statements

For the Six Months Ended 30 June 2024

(Incorporated and domiciled in Cayman Islands with limited liability No. 159882)

*Winking Studios Limited (the "**Company**") was listed on Catalist of 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 Company's Sponsor. This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") 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.*

Winking Studios Continues Track Record of Profitability with Revenue Growth of 7.1% in 1H2024; A Stronger Pipeline of Projects is Expected in 2H2024

- *Driven by growth from Arts Outsourcing and Game Development segments, the Group's recorded revenue growth of 7.1% versus 1H2023, while the revenue growth is 10.5% in 1H2024 assuming on a constant currency basis[(1)] by converting local currency in operating markets to the reporting currency in USD*
- *Recorded gross profit of US$4.2 million with a gross margin of 27.9% in 1H2024. Excluding the effects of the integration of two newly-acquired art studios, gross profit remains stable at 30.0% in 1H2024*
- *Profit before tax of US$1.0 million in 1H2024 despite increased marketing and promotional expenses of US$0.5 million, and ongoing listing expenses on the SGX of US$0.2 million recognised in 1H2024*
- *Generated increased cash flow of US$0.9 million from operating activities during 1H2024*
- *Healthy balance sheet with cash and cash equivalents and bond investments of US$13.1 million, and zero borrowings as at 30 June 2024*
- *Serving a global customer base that includes 21 of the top 25 game publishers in the world, majority of its projects are games with online connectivity (such as mobile, console and PC)*
- *Strong pipeline of projects in 2H2024 from indicative bookings of the Group's artists by customers of at least US$10.1 million as at 13 August 2024 (subject to changes depending on the final confirmation from customers)*
- *Completed a share placement in July 2024 raising gross proceeds of S$27.0 million in July 2024 to accelerate the Group's growth plans and global M&A strategy*

Summary of Financial Results and Alternative Performance Measures ("APMs"[(2)]) for the six months ended 30 June

(US$' million)	*1H2024*	*1H2023*	*Change (%)*
Revenue	***15.2***	*14.2*	*7.1*
Gross Profit	***4.2***	*4.4*	*(2.8)*
Profit before Tax	***1.0***	*1.3*	*(23.7)*
EBITDA[(3)]	***2.0***	*2.3*	*(12.5)*
Adjusted EBITDA[(4)]	***2.2***	*2.8*	*(20.1)*
Adjusted Net Income[(5)]	***1.2***	*1.8*	*(34.1)*

(1) Constant currency basis: The current period's reported revenue is recalculated using the average exchange rate from the same period last year. This adjustment allows management and other users of the financial statements to better understand the underlying trading performance compared to the previous year.

(2) APMs showcase the financial performance of the Group, which are not standard accounting measures defined by the International Financial Reporting Standards (IFRS). The Directors believe these measures provide valuable additional information for users of financial information to understand the fundamental transactional performance of the Group. In particular, APMs are used to provide a clearer understanding to the users of the accounts of the Group's underlying profitability over a period of time.

(3) EBITDA is earnings before interest, taxes, depreciation, and amortisation.

*(4) Adjusted for the Group's SGX IPO expenses, expenses related to the dual-listing on London Stock Exchange ("**LSE**"), share-based compensation expenses, costs of acquisition and integration, and private placement related expenses (to raise S$27 million).*

(5) Adjusted for the Group's SGX IPO expenses, expenses related to the dual-listing on LSE, share-based compensation expenses, costs of acquisition and integration, amortisation of intangible assets, and private placement related expenses (to raise S$27 million).

SINGAPORE, 13 August 2024 *– Winking Studios Limited ("**Winking Studios**" or the "**Company**", and together with its subsidiaries, the "**Group**"), one of Asia's largest game art outsourcing studios and an established game development company, is pleased to announce a set of profitable results for the six months ended 30 June 2024 ("**1H2024**").*

Executive Chairman and Chief Executive Officer, Mr Johnny Jan (詹承翰), said, *"Coupled with increased investments in marketing and promotional initiatives, the Group's revenue growth in 1H2024 highlights the potential of the fast-growing gaming services industry globally.*

Since our IPO listing on the Catalist Board of the SGX in November 2023, we have taken definitive steps to execute our business strategies and growth plans. We have already acquired two art outsourcing studios to enlarge our presence in Asia and completed our recent placement to strengthen our business foundation for the next phase of our growth.

Combined with our accelerated M&A strategy, we will continue to focus on serving our blue-chip clientele with excellence and dedication by expanding our resources and service offerings in the gaming services industry, particularly in games with online connectivity that currently accounts for majority of our projects.

With deep involvement in popular online mobile games such as Dungeons & Fighters and Genshin Impact, we look forward to better supporting our customers as they introduce new updates regularly to enhance the gaming experience for their customers.

With our global ambitions, we aim to strengthen our value propositions so as to harness the latent opportunities within the global gaming services industry."

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

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WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

A. Condensed Consolidated Interim Statements of Comprehensive Income

	Note	Group Six Months Ended 30 June 1H2024	1H2023	Increase/ (Decrease)
		Unaudited USD'$000	USD'$000	%
Revenue from contracts with customers	4.2	15,225	14,210	7.1
Cost of sales		(10,983)	(9,845)	11.6
Gross profit		4,242	4,365	(2.8)
Other income		382	65	487.7
Other gains/(losses) - net		(37)	65	NM
Distribution and marketing		(1,002)	(539)	85.9
Administrative expenses		(2,732)	(2,486)	9.9
Expected credit (losses)/gains		53	(126)	NM
Interest income		140	19	636.8
Finance expenses		(39)	(43)	(9.3)
		(3,235)	(3,045)	6.2
Profit before income tax		**1,007**	**1,320**	(23.7)
Income tax expense	8	(98)	(57)	71.9
Profit for the period		**909**	**1,263**	(28.0)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation losses arising from consolidation		(496)	(289)	71.6
Total comprehensive income for the period		413	974	(57.6)
Profit for the period attributable to:				
- Equity holders of the Company		909	1,263	(28.0)
Total comprehensive income attributable to:				
- Equity holders of the Company		413	974	(57.6)
Earnings per share for profit (in USD)				
- Basic and diluted earnings per share	10	0.003	0.005	(38.6)

The accompanying accounting policies and explanatory notes form an integral part of the condensed interim financial statements

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

B. Condensed Consolidated Interim Statements of Financial Position

	Group		Company	
	Unaudited 30-06-2024 USD'$000	Audited 31-12-2023 USD'$000	Unaudited 30-06-2024 USD'$000	Audited 31-12-2023 USD'$000
ASSETS				
Current assets				
Cash and cash equivalents	11,631	16,423	754	5,549
Trade and other receivables	4,045	3,876	96	399
Contract assets	4,243	3,469	-	-
Total current assets	19,919	23,768	850	5,948
Non-current assets				
Investment in Financial Assets at Amortised Cost	1,466	-	1,466	-
Property, plant and equipment	2,041	2,255	20	-
Intangible assets	1,944	203	480	-
Right-of-use assets	2,157	2,545	-	-
Investment in subsidiaries	-	-	14,462	12,588
Deferred income tax assets	1,470	1,483	-	-
Other non-current assets	350	249	-	-
Total non-current assets	9,428	6,735	16,428	12,588
Total assets	**29,347**	**30,503**	**17,278**	**18,536**
LIABILITIES				
Current liabilities				
Trade and other payables	5,001	5,402	392	455
Contract liabilities	93	44	-	-
Current income tax liabilities	70	63	-	-
Lease liabilities	871	930	-	-
Total current liabilities	6,035	6,439	392	455
Non-current liabilities				
Lease liabilities	1,350	1,687	-	-
Deferred income tax liabilities	985	930	-	-
Total non-current liabilities	2,335	2,617	-	-
Total liabilities	8,370	9,056	392	455
NET ASSETS	**20,977**	**21,447**	**16,886**	**18,081**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	8,615	8,615	8,615	8,615
Other reserves	4,289	4,609	8,818	8,818
Retained profits/(accumulated losses)	8,073	8,223	(547)	648
Total equity	**20,977**	**21,447**	**16,886**	**18,081**

The accompanying accounting policies and explanatory notes form an integral part of the condensed interim financial statement

C. Condensed Consolidated Interim Statements of Cash Flow

	Note	Group Six Months Ended 30 June 1H2024 USD'$000 Unaudited	1H2023 USD'$000 Unaudited
Cash flows from operating activities			
Profit before income tax		1,007	1,320
Adjustments for:			
- Depreciation of property, plant and equipment	7	310	298
- Depreciation of right-of-use assets	7	578	566
- Amortization of intangible assets		50	38
- Expected credit losses		(53)	126
- Share-based compensation expense		176	-
- Interest income	7	(140)	(19)
- Finance expenses		39	43
- Losses on disposal of property, plant and equipment	7	11	8
- Exchange (gains)/losses		(39)	208
		1,939	2,588
Changes in working capital:			
- Contract assets		(855)	(1,372)
- Trade and other receivables		142	160
- Contract liabilities		50	(58)
- Trade and other payables		(511)	(756)
Cash generated from operations		765	562
Interest received	7	140	19
Income tax paid		-	-
Net cash generated from operating activities		**905**	**581**
Cash flows from investing activities			
Additions to property, plant and equipment		(148)	(307)
Proceeds from disposal of property, plant and equipment		19	18
Increase in prepayments for equipment		-	23
Additions to intangible assets		(27)	(33)
Decrease in refundable deposits		8	9
Acquisition of subsidiaries, net of cash acquired		(2,032)	-
Purchase of bonds		(1,469)	-
Net cash used in investing activities		**(3,649)**	**(290)**
Cash flows from financing activities			
Proceeds from share issuance, net of share issue expenses		-	3,023
Principal payments of lease liabilities		(579)	(518)
Interest paid		(39)	(43)
Cash dividends paid		(1,059)	-
Net cash (used in)/generated from financing activities		**(1,677)**	**2,462**
Net increase/(decrease) in cash and cash equivalents		**(4,421)**	**2,753**
Cash and cash equivalents			
Beginning of financial period		16,423	6,057
Effects of exchange rate changes on cash and cash equivalents		(371)	(273)
End of financial period		**11,631**	**8,537**

The accompanying accounting policies and explanatory notes form an integral part of the condensed interim financial statements

WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

D. Condensed Consolidated Interim Statements of Changes in Equity

	Attributable to owners of the Group						
		Other reserves					
Group	Share capital USD'$000	Capital reserves USD'$000	Other reserves USD'$000	Currency translation reserve USD'$000	Retained profits USD'$000	Total USD'$000	Total equity USD'$000
Balance at 1 January 2024 Audited							
Beginning of financial year	8,615	8,818	(3,071)	(1,138)	8,223	21,447	21,447
Profit for the year	-	-	-	-	909	909	909
Other comprehensive loss for the year	-	-	-	(496)	-	(496)	(496)
Total comprehensive income for the year	-	-	-	(496)	909	413	413
Transactions with owners, recognized directly in equity	-	-	-	-	-	-	-
Cash Dividends	-	-	-	-	(1,059)	(1,059)	(1,059)
Share-based compensation expense	-	-	176	-	-	176	176
	-	-	176	-	(1,059)	(883)	(883)
Balance at 30 June 2024 Unaudited	**8,615**	**8,818**	**(2,895)**	**(1,634)**	**8,073**	**20,977**	**20,977**
Balance at 1 January 2023 Audited							
Beginning of financial year	5,226	1,967	(3,071)	(1,062)	8,070	11,130	11,130
Profit for the year	-	-	-	-	1,263	1,263	1,263
Other comprehensive loss for the year	-	-	-	(289)	-	(289)	(289)
Total comprehensive income for the year	-	-	-	(289)	1,263	974	974
Transactions with owners, recognized directly in equity							
Cash capital increase	568	2,455				3,023	3,023
Retained profits transferred to capital	1,627	-	-	-	(1,627)	0	0
Stock buyback	(7,421)	-	-	-	-	(7,421)	(7,421)
Issuance of new shares	7,421	-	-	-	-	7,421	7,421
	2,195	2,455	-	-	(1,627)	3,023	3,023
Balance at 30 June 2023 Unaudited	**7,421**	**4,422**	**(3,071)**	**(1,351)**	**7,706**	**15,127**	**15,127**

The accompanying accounting policies and explanatory notes form an integral part of the condensed interim financial statements

D. Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	Attributable to owners of the Company					
		Other reserves				
	Share capital	Capital reserves	Other reserves	Retained profits	Total	Total equity
Company	USD'$000	USD'$000	USD'$000	USD'$000	USD'$000	USD'$000
Balance at 1 January 2024 Audited						
Beginning of financial year	8,615	8,818	-	648	18,081	18,081
Profit for the year	-	-	-	(312)	(312)	(312)
Total comprehensive income for the year	-	-	-	(312)	(312)	(312)
Transactions with owners, recognized directly in equity						
Cash Dividends	-	-	-	(1,059)	(1,059)	(1,059)
Share-based compensation expense	-	-	176	-	176	176
	-	-	176	(1,059)	(883)	(883)
Balance at 30 June 2024 Unaudited	**8,615**	**8,818**	**176**	**(723)**	**16,886**	**16,886**
Balance at 1 January 2023 Audited						
Beginning of financial year	5,226	1,967	-	2,581	9,774	9,774
Profit for the year	-	-	-	(1)	(1)	(1)
Total comprehensive income for the year	-	-	-	(1)	(1)	(1)
Issue of new shares						
Cash capital increase	568	2,455	-	-	3,023	3,023
Capitalization of retained profits	1,627	-	-	(1,627)	-	-
Share issue expenses	-	-	-	-	-	-
	2,195	2,455	-	(1,627)	3,023	3,023
Balance at 30 June 2023 Unaudited	**7,421**	**4,422**	-	**953**	**12,796**	**12,796**

E. Notes to the Condensed Consolidated Interim Financial Statements

1 Corporate information

Winking Studios Limited (the **"Company"**) was incorporated in the Cayman Islands on 15 December 2005 pursuant to the Cayman Islands Companies Act as an exempted company with limited liability, under the name "Winking Entertainment Ltd". The Company was listed on the Catalist of Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) on 20 November 2023.

The address of the Company's registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company. The Company, together with its subsidiaries (the "**Group**") are principally engaged in the operation of art outsourcing and game development studios in the People's Republic of China (the "**PRC**"), the Republic of China ("**Taiwan**"), and Malaysia.

The Group is one of the largest **Art Outsourcing** and **Game Development** studios in Asia. Currently, the Group has employees across Singapore, Malaysia, Shanghai, Nanjing, Suzhou, and Taipei. Clients of our **Art Outsourcing** and **Game Development** services include 21 of the top 25 game publishers around the globe.

2 Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), specifically IAS34 Interim Financial Reporting ("**IFRS(I)s**"). The condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements for the financial year ended 31 December 2023.

These condensed consolidated interim financial statements for the financial period ended 30 June 2024 are the first set of condensed consolidated interim financial statements the Group prepared in accordance with IFRS. The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2023 were prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s). IFRS(I)s comprise standards and interpretations that are equivalent to SFRS(I)s. Financial statements that have been prepared in accordance and complied with SFRS(I)s are deemed to have also complied with IFRSs.

To better meet the expectations of global and international investors and shareholders, as well as to enhance the comparability of the Group's financial reports with international peers, the Group has transitioned from SFRS(I)s to IFRS(I)s. This change is also intended to strengthen our competitiveness in the capital markets by aligning with widely recognized international accounting standards.

E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

2 Basis of preparation(cont'd)

In adopting IFRS on 1 January 2024, the Group is required to apply all of the specific transition requirements in IFRS1 First-time Adoption of IFRS. The Group's opening balance sheet has been prepared as of 1 January 2024, which is the Group's date of transition to IFRS. The accounting policies adopted are consistent with those of the previous financial year, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1, and the specific requirements of IFRS1**.** The adoption of these new standards, amendments and interpretations has no significant impact to the Group.

The condensed interim financial statements are presented in United States Dollars ("**USD**" or "**US$**") which is the Company's functional currency, and all values are rounded to the nearest thousand ("**US$'000**"), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

The following are the new or amended Standards and Interpretations to new IFRSs applicable to the amounts recognized in the financial statements in the current, prior, or future periods.:

Description	**Effective for annual period beginning on or after**
Amendments to IAS 1,'Classification of liabilities as current or noncurrent'	1 January 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	1 January 2024
Amendments to IAS 7 and IFRS 7,'Supplier finance arrangements'	1 January 2024
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	1 January 2024
Amendments to IFRS 10 and IAS 28, 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined

2.2 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Estimates of contract assets and service revenue

The Group recognizes contract assets and service revenue when the individual performance obligation is fulfilled or over time. Service revenue is based on the price specified in the contract. The stage of completion is estimated based on the actual labour hours acknowledged by customers relative to the total contractual expected labour hours.

E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

2 Basis of preparation(cont'd)

2.2 Critical accounting estimates, assumptions and judgements(con'd)

Management has to estimate the total labour hours to complete each project, which are contractually agreed with customers to determine the Group's recognition of art outsourcing revenue.

Significant judgement is used to estimate the total labour hours required to complete each project. In making these estimates, management has relied on the experienced staff and also on past experience of completed projects to determine the total labour hours required to complete each project.

3 Seasonal operations

The Group's businesses were not affected significantly by seasonal or cyclical factors during the financial period.

4 Segment and revenue information

For management purposes, the Group is organized into business units based on our products and services, and has three reportable operating segments as follows:

(i) Original Equipment Manufacturer ("**Art Outsourcing Segment**"), where the Group creates and develops digital art assets as part of our provision of art outsourcing services. The 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.

(ii) Original Design Manufacturer ("**Game Development Segment**"), where the Group provides game development services, including programming, development, design and script writing of games; and

(iii) Global Publishing and Other Services Segment, where the Group (i) releases game products developed by us as well as third party game developers on global game platforms, including PlayStation, Switch and Steam (the "**Global Publishing Segment**"); and (ii) sell our video games developed in-house and peripheral gaming products ("**Other Services Segment**") (collectively, the "G**lobal Publishing and Other Services Segment**"). During the six months ended 30 June 2024, the revenue contribution from our Other Services Segment was insignificant.

The chief operating decision maker ("**CODM**") has been identified as the Executive Chairman and CEO of the Company who reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has allocated resources and assessed the performance of the operating segments based on these reports.

E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

4 Segment and revenue information (cont'd)

4.1 Reportable Segments

Information about the disaggregation of the Group's revenue from external customers by the type of sales customers and assets by reportable operating segments is as follows:

	Six Months Ended 30 June 2024			
	Art Outsourcing Segment	Game Development Segment	Global Publishing and Other Services Segment	Total
Segment revenue	**USD'$000**	**USD'$000**	**USD'$000**	**USD'$000**
Service revenue	12,631	2,495	-	15,126
Licensing and product revenue	-	-	99	99
	12,631	2,495	99	15,225
Profit before income tax	**658**	**646**	**(297)**	**1,007**
Significant non-cash items				
Depreciation of property, plant and equipment	257	51	2	310
Depreciation of right-of-use assets	480	95	3	578
Amortization of intangible assets	41	8	1	50
Segment assets[1]	**23,127**	**4,569**	**181**	**27,877**
Included in the segment assets:				
Trade receivables and other receivables	3,356	663	26	4,045
Additions to:				
Property, plant and equipment	209	41	2	252
Right-of-use assets	516	102	4	622
Intangible assets	1,539	304	13	1,856
Segment liabilities[2]	**6,127**	**1,210**	**48**	**7,385**

[1] Segment assets does not include deferred income tax asset.

[2] Segment liabilities does not include deferred income tax liabilities.

E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

4 Segment and revenue information (cont'd)

4.1 Reportable segments(cont'd)

Information about the disaggregation of the Group's revenue from external customers by the type of sales customers and assets by reportable operating segments is as follows (continued):

	Six Months Ended 30 June 2023			
	Art Outsourcing Segment	Game Development Segment	Global Publishing and Other Services Segment	Total
Segment revenue	**USD'$000**	**USD'$000**	**USD'$000**	**USD'$000**
Service revenue	11,845	2,308	-	14,153
Licensing and product revenue	-	-	57	57
	11,845	2,308	57	14,210
Profit before income tax	**908**	**576**	**(164)**	**1,320**
Significant non-cash items				
Depreciation of property, plant and equipment	249	48	1	298
Depreciation of right-of-use assets	472	92	2	566
Amortization of intangible assets	32	6	-	38
Segment assets[3]	**17,542**	**3,418**	**84**	**21,045**
Included in the segment assets:				
Trade receivables and other receivables	2,731	532	13	3,276
Additions to:				
Property, plant and equipment	256	50	1	307
Right-of-use assets	61	12	-	73
Intangible assets	27	5	1	33
Segment liabilities[4]	**5,043**	**982**	**24**	**6,049**

[3] See footnote 1 above;

[4] See footnote 2 above.

E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

4 Segment and revenue information (cont'd)

4.2 Geographical information

Revenue

Revenue from external customers were classified based on the customers' respective locations. Geographical information is as follows:

	Group Six Months Ended 30 June	
	1H2024	**1H2023**
	USD'$000	**USD'$000**
Mainland China and Hong Kong[5]	5,030	6,233
Taiwan[6]	3,210	2,636
Korea	3,136	2,481
United States	1,862	2,308
Japan	1,533	498
Other	454	54
Total Revenue	**15,225**	**14,210**

- 1H2024: Revenue from Mainland China (including Hong Kong) accounted for 33.0%, of which revenue from the overseas subsidiary in China and Chinese subsidiaries from European and American customers accounted for 4.39% of total Group's revenue.

- 1H2023: Revenue from Mainland China (including Hong Kong) accounted for 43.9%, of which Chinese subsidiaries from European and American customers accounted for 4.3% of total Group's revenue.

Due to the strategy of diversifying revenue sources to other region, the revenue contribution from the Japanese market significantly increased in 1H2024. It grew from 3.5% of the Group's revenue in 1H2023 to 10.1% in 1H2024, reaching USD 1.5 million, representing a threefold period-on-period increase.

[5] Hong Kong here refers to Hong Kong Special Administrative Region.

[6] Taiwan here refers to the Taiwan region.

E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

4.2 Geographical information

Non-current assets
Non-current assets were classified based on the assets' respective locations. Geographical information is as follows (continued):

	Group	
	As at	
	30 June 2024	30 June 2023
	USD'$000	USD'$000
Mainland China and Hong Kong[7]	2,548	2,508
Taiwan[8]	3,422	2,450
Others[9]	1,988	59
Total	**7,958**	**5,017**

5 Property, Plant and equipment

During the six months ended 30 June 2024, the Group acquired assets amounting to approximately USD 0.15 million (30 June 2023: USD 0.31 million) and the Group disposed of assets amounting to USD 0.03 million (30 June 2023: USD 0.07million).

[7] See footnote 5 above

[8] See footnote 6 above

[9] Others here refers to the Cayman Islands, Malaysia and Singapore

E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

6 Loans and borrowings

During the six months ended 30 June 2023 and 30 June 2024, the Group does not have any banking facilities or other borrowings.

7 Profit before taxation

Profit before tax includes the following:

	Group Six Months Ended 30 June	
	1H2024	1H2023
Other income / (expenses):	**USD'$000**	**USD'$000**
Government grant income	278	51
Foreign exchange gains	12	74
Losses on disposal of property, plant and equipment	(11)	(8)
Interest income	140	19
Depreciation of property, plant and equipment	(310)	(298)
Depreciation of right-of-use assets	(578)	(566)
Amortisation of intangible assets	(50)	(38)

8 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group Six Months Ended 30 June	
	1H2024	1H2023
	USD'$000	**USD'$000**
Current income tax	16	48
Overestimating or underestimating income taxes	-	9
Total current income tax	16	57
Deferred income tax expense	82	-
Income tax expense recognized in profit or loss	**98**	**57**

E. Notes to the Condensed Interim Financial Statements(cont'd)

9 Dividends

	Group Six Months Ended 30 June	
	1H2024	1H2023
	USD'$000	USD'$000
No interim dividend has been proposed for 1H2024 (1H2023: Nil)	-	-

10 Earnings per share ("EPS")

(a) Basic earnings per share

	Group Six Months Ended 30 June	
	1H2024	1H2023
	USD'$000	USD'$000
Earnings per ordinary share for the period:		
Net profit attributable to equity holders of the Company (USD'000)	909	1,263
Weighted average number of ordinary shares ('000)	279,698	238,506
Basic earnings per share (in USD)	**0.003**	**0.005**

From January 1, 2023 to June 30, 2024, the aforementioned weighted average number of ordinary shares outstanding had been retrospectively adjusted to account for (i) from cash capital increase, (ii) the issuance of scrip dividends by capitalization of the Company's retained profits on 17 May 2023 , and (iii) the number of ordinary shares from the conversion of New Taiwan Dollar ("**NTD**") ordinary shares to Singapore Dollar ("**SGD**") ordinary shares on 8 November 2023.

(b) Diluted earnings per share

For the six months ended 30 June 2024, diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares.

11 Net asset value per share

	Group As at		Company As at	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Net asset (USD'$000)	20,977	21,447	16,886	18,081
Number of ordinary shares('$000)	279,698	279,698	279,698	279,698
Net asset value per ordinary share (USD cents)	7.50	7.67	6.04	6.46

Net asset value per share is calculated by dividing the Group's net assets attributable to owners of the Company by the total number of issued ordinary shares as at 30 June 2024 and 31 December 2023.

E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

12 Related party transactions

Names of related parties	Relationship with the Company
Acer Incorporated	Controlling Shareholder
Acer Gaming Inc.	Associate of Controlling Shareholder
Acer America Corporation	Associate of Controlling Shareholder
Directors, President and Key Management	The Group's key management and governance

Significant related party transactions

(a) Transactions with related parties

	Six Months Ended 30 June	
	1H2024	**1H2023**
	USD'$000	**USD'$000**
Sales of goods and/or services to-holding company	-	28
Administrative Fees from holding Companies	4	-
Distribution and marketing fees from other related parties	95	54
Reimbursement of research and development costs from ultimate holding company	172	-
Other income from ultimate holding company	92	-
Advance payables from ultimate holding company	36	-

(b) Key management personnel compensation

	Six Months Ended 30 June	
	1H2024	**1H2023**
	USD'$000	**USD'$000**
Short-term employee benefits	307	289
Share-based Compensation	158	-
Total	465	289

E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

13 Fair value of assets and liabilities

	Group		Company	
	As at			
	30 June 2024 USD'$000 Unaudited	31 December 2023 USD'$000 Audited	30 June 2024 USD'$000 Unaudited	31 December 2023 USD'$000 Audited
Financial assets carried at amortised cost				
Cash and cash equivalents	11,631	16,423	754	5,549
Trade and other receivables	4,045	3,876	96	399
Investment in Financial Assets at Amortised Cost	1,466	-	1,466	-
Other non-current assets - refundable deposits	350	234	-	-
	17,492	**20,533**	**2,316**	**5,948**
Financial liabilities measured at amortised cost				
Trade and other payables	5,001	5,402	392	455
Lease liabilities				
- Current	871	930	-	-
- Non-current	1,350	1,687	-	-
	7,222	**8,019**	**392**	**455**

14 Share capital

	Issued share capital	
	No. of ordinary shares	Amount USD'$000
2024		
Beginning / End of 30 June 2024	279,698,275	8,615
2023		
Beginning of financial year	15,701,932	5,226
Cash capital increase	1,744,659	569
Declaration and issuance of scrip dividend (NT$10 per share)	5,000,000	1,627
Repurchase and cancellation of outstanding USD ordinary shares	(22,446,591)	(7,422)
Shares issued (SGD0.04 per share)	239,698,275	7,422
Shares issued (SGD0.04 per share)	40,000,000	1,193
As at 31 December 2023	**279,698,275**	**8,615**

E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

14 Share capital(cont'd)

On 10 January 2023, the Company issued 1,744,659 ordinary shares with par value NT$10 per share to various of investors for a cash consideration of USD 3,022,980 constituting of share capital of USD568,392 and capital reserves of USD2,454,588. The rights and obligations of all the ordinary shares issued are the same. All represent issued ordinary shares fully paid-up with par value of NTD$10 per share.

On 17 May 2023, the Company declared and issued scrip dividends where it issued 5,000,000 ordinary shares of a par value of NTD 10 per share by capitalising its retained profits of USD1,626,550.

On 1 November 2023, the Company repurchased and cancelled its previously issued 22,446,591 ordinary shares with par value of NTD10 per share from the existing shareholders for a consideration of USD7,422,000. The consideration was fulfilled via issuance of 239,698,275 ordinary shares with par value of SGD0.04 per share.

On 20 November 2023, pursuant to the Company's initial public offering ("**IPO**"), the Company issued 40,000,000 ordinary shares by way of a placement and cornerstone tranche, with par value SGD0.04 per share at SGD0.20 for each placement share and each cornerstone share. The placement and cornerstone tranche were fully subscribed, and the proceeds resulted in an increase in total equity of USD5,966,400 constituting share capital of USD1,193,280 and capital reserves of USD4,773,120.

The Company did not hold any treasury shares and subsidiary holdings as at 30 June 2024. There are no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 30 June 2024.

15 Restricted Employee Shares("RSU")

Grant Date: 8 April 2024

Quantity Granted: 20,808,000 shares (par value S$0.04 per share)

Vesting Conditions: Up to 7 years of service

Grantees: Full-time employees of Winking Studios Limited Group who meet specific criteria

On 27 September 2023, Winking Studios Limited approved the "Winking Studios Performance Share Plan" at an Extraordinary General Meeting. On 8 April 2024, the Remuneration Committee resolved to issue 20,808,000 restricted employee shares to eligible full-time employees. Subject to respective vesting conditions, a total of up to 12,580,000 shares will be granted to the Executive Chairman and CEO, Mr. Johnny Jan and up to 7,868,000 to the remaining employees. As of 30 June 2024, no shares have been issued.

Currently, the Winking Studios Performance Share Plan is scheduled to distribute restricted employee shares in five annual installments from 2024 to 2028 with vesting period ranging from 2026 to 2030. Each installment is subject to different personal performance evaluation indicators, the Company's operational goals, and service tenure. The actual issuance of shares to eligible employees will occur upon achieving these three indicators. Full-time employees granted these shares can subscribe to the allocated shares at a price of S$0 per share. Employees who do not meet the vesting conditions shall not obtain the shares pursuant to the Winking Studios Performance Share Plan.

E. Notes to the Condensed Consolidated Interim Financial Statements(cont'd)

15 Restricted Employee Shares(cont'd)

	2024 No. of ordinary shares
Awards granted but not vested:	
Balance at 1 January	-
Granted	20,808,000
Balance at 30 June	20,808,000

RSU units that are expected to be share-settled are measured at their fair values at the granted date. The fair value is measured based on the share price and vesting condition at the granted date.

Part	No. of ordinary shares	Fair value per share
A	5,328,000	SGD 0.2393
B	11,800,000	SGD 0.2125~0.2333
C	3,680,000	SGD 0.1292~0.1603

RSU units that are expected to be share-settled are measured at their fair values at the granted date. The fair value is measured based on the share price and vesting condition at the granted date by Monte Carlo method.

16 Subsequent events

The Group has successfully completed the placement of 108.0 million new ordinary shares on 8 July 2024, at an issue price of SGD0.25 per share, raising a total of SGD27.0 million, with net proceeds amounting to approximately SGD26.5 million.

The placement garnered significant interest from key investors, including Acer Group, the existing indirect controlling shareholder, the Company's management team, and both existing and new investors from Malaysia, Singapore, and Taiwan.

The net proceeds from the placement will be primarily used for strategic corporate initiatives, acquisitions, and enhancement of operational capabilities. Specifically, the funds will be allocated as follows:

- To support corporate actions on a global scale, such as secondary or dual listings and potential fundraising exercises.
- For strategic acquisitions, alliances, and joint ventures to expand market share and customer base.
- To enhance current operational capabilities, including the use of artificial intelligence to maintain high-quality services and art assets.
- To expand and improve the infrastructure of existing offices to increase global market presence.

On 28 June 2024, the Company, having fully satisfied the conditions precedent, successfully completed the purchase of the business of Pixelline Production Sdn. Bhd. (the "**Vendor**"), being full pipeline animation production, television commercials and motion graphic post-production and partial animation contract work, as well as certain assets of the Vendor.

The Company's board of directors believe that it will allow the Group to (i) scale up its presence in Southeast Asia, which is in line with the Company's business strategies of pursuing growth through acquisitions; (ii) provide the Group with increased resources, including assets and manpower, so as to achieve an increased capacity for its service offerings; and (iii) allow the Group to expand its customer base, thereby reducing the concentration risk on existing customers.

F. Other information required by the Appendix 7C of the Catalist Rules

1 Review

The condensed consolidated interim statement of financial position of Winking Studios Limited and its subsidiaries as at 30 June 2024 and the related condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim cash flows statements for the six-month period then ended and certain explanatory notes have not been audited or reviewed by our auditors.

2 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (this is not required for any audit issue that is a material uncertainty relating to going concern):—

(a) Updates on the efforts taken to resolve each outstanding audit issue.
Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.
Not applicable.

3 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

1) Statements of Profit and Loss and Other Comprehensive Income

1H2024 vs 1H2023

Revenue

The Group's revenue increased by 7.1% from USD 14.21 million in 1H2023 to USD 15.23 million in 1H2024, which was mainly due to an increase in revenue from the Art Outsourcing Segment by USD 0.79 million, a growth of 6.6%, arising from increased orders from both new and existing clients in Japan and South Korea. The revenue from the Game Development Segment increased by USD 0.19 million, a growth of 8.1%, due to the increased orders from existing clients.

It is to be noted that there was a negative impact of approximately 3.4 percentage points to the Group's revenue in 1H2024 due to currency exchange rate fluctuations when converting local currency in operating markets to the reporting currency in USD, whereby certain foreign currencies depreciated against USD during 1H2024.

Excluding the impact of exchange rate fluctuations, the Group's revenue increased by 10.5% year-on-year assuming on a constant currency basis.

Given that the acquisition of two art studios were only completed less than 2-3 months before 30 June 2024, their revenue contribution for 1H2024 were insignificant.

F. Other information required by the Appendix 7C of the Catalist Rules(cont'd)

3 Review of the performance of the group(cont'd)

Gross Profit

Gross profit for 1H2024 dipped marginally from USD 4.37 million in 1H2023 to USD 4.24 million, with the gross margin declining slightly from 30.7% to 27.9%.

Gross profit margin in 1H2024 was affected by lower gross profit margin from the two newly-acquired companies mainly due to:
- Various projects being deferred to 2H2024 on the request of the customers; and
- Reduced efficiency from the initial integration process (which generally takes three months) post-acquisition

Excluding the two newly-acquired companies, namely On Point Creative Co., Ltd., and Pixelline Production Sdn. Bhd., the Group's gross margin remained relatively stable at 30.0% in 1H2024.

Other Income

Other income increased significantly from USD 0.07 million in 1H2023 to USD 0.38 million in 1H2024, a growth of 487.7%. This was mainly due to the receipt of approximately USD 0.22 million Grant for Equity Market Singapore Scheme from the Monetary Authority of Singapore for our IPO listing on the Catalist of the SGX-ST, and net investment income from stakeholders for a collaborative artificial intelligence ("**AI**") project.

Other Gains/(Losses) – Net

As compared to other gains – net of USD 0.07 million recognised in 1H2023, the Group recognised other losses-net of USD 0.04 million in 1H2024, which was mainly due to the increase in foreign exchange losses in 1H2024 as a result of currency fluctuations.

Distribution and Marketing Expenses

Distribution and marketing expenses increased by 85.9%, from USD 0.54 million in 1H2023 to USD 1.0 million in 1H2024, which was mainly due to our increased marketing and promotional initiatives in the European, American, and Japanese markets, which resulted in higher personnel costs and related expenditures.

Administrative Expenses

Administrative expenses increased by 9.9% from USD 2.49 million in 1H2023 to USD 2.73 million in 1H2024, which was mainly due to increase in share-based compensation expenses and the increase in costs of acquisition and integration related to the acquisition of two art outsourcing studios, namely On Point Creative Co., Ltd. and Pixelline Production Sdn. Bhd., and amortisation of intangible assets.

Following the completion of our IPO listing on the Catalist of SGX-ST in November 2023, the Group recognised ongoing listing expenses on the SGX-ST of USD 0.20 million in 1H2024.

Expected Credit (Losses)/Gain

As compared to expected credit losses of USD 0.13 million recognised in 1H2023, the Group recognised a gain of USD 0.05 million in 1H2024 that reflected the positive results of the Company's enhanced credit control measures.

F. Other information required by the Appendix 7C of the Catalist Rules(cont'd)

3 Review of the performance of the group(cont'd)

Interest Income

Interest income increased by 636.8% from USD 0.02 million in 1H2023 to USD 0.14 million in 1H2024. The increment was primarily due to interest earned from the funds raised from our IPO and the increase in cash and cash equivalents (from cash generated from operating activities), as well as higher interest income from investment in bonds.

Profit Before Income Tax

Profit before income tax decreased by 23.7% from USD 1.32 million in 1H2023 to USD 1.007 million in 1H2024. The decrease was mainly due:
- increased marketing and promotional expenses of USD 0.46 million; and
- ongoing listing expenses on the SGX-ST of USD 0.20 million.

Income Tax

Income tax expenses increased by 71.9% from USD 0.06 million in 1H2023 to USD 0.10 million in 1H2024, which was mainly due to the reversal of previously recognised deferred tax assets in 1H2023, leading to higher income tax expenses.

2) Statements of Financial Position

The comparative analysis of assets and liabilities is based on the Group's financial statements as at 31 December 2023 and 30 June 2024.

Current assets decreased by approximately USD 3.85 million from USD 23.77 million as at 31 December 2023 to USD 19.92 million as at 30 June 2024, mainly due to the following:

Cash and Cash Equivalents

As at 30 June 2024, cash and cash equivalents amounted to USD 11.63 million, a decrease of approximately 29.2% from USD 16.42 million as at 31 December 2023. This decrease was primarily due to the acquisition of two art outsourcing studios, namely On Point Creative Co., Ltd., and Pixelline Production Sdn. Bhd, dividend payments, and the USD 1.5 million purchase of US-denominated bonds ("**Bond Investments**") that have bond ratings of at least "A-", and partially offset by the returns from bond investments.

Trade and Other Receivables

Trade and other receivables increased from USD 3.88 million as at 31 December 2023 to USD 4.05 million as at 30 June 2024, in line with the increase in business activities within the Art Outsourcing Segment and Game Development Segment.

Contract Assets

Contract assets increased from USD 3.47 million as at 31 December 2023 to USD 4.24 million as at 30 June 2024, representing a growth of approximately 22.3%, mainly due to the higher volume of work completed in 1H2024 that has been recognised as revenue. Almost 100% of the contract assets from the previous year's output were converted into trade receivables or cash payments.

F. Other information required by the Appendix 7C of the Catalist Rules(cont'd)

3 Review of the performance of the group(cont'd)

Non-current assets increased by approximately USD 2.69 million from USD 6.74 million as at 31 December 2023 to USD 9.43 million as at 30 June 2024, mainly due to the following:

Investment in Financial Assets at Amortised Cost

The addition of USD 1.47 million in Investment in Financial Assets at Amortised Cost reflects the Group's bond investments.

Intangible Assets

Intangible assets increased significantly from USD 0.20 million as at 31 December 2023 to USD 1.94 million as at 30 June 2024, mainly due to the recognition of goodwill from the acquisition of two art outsourcing studios, namely On Point Creative Co., Ltd. and Pixelline Production Sdn. Bhd.

Other Non-Current Assets

Other non-current assets increased from USD 0.25 million as at 31 December 2023 to USD 0.35 million as at 30 June 2024, reflecting an increase in prepayments for the Company's software system development.

Current Liabilities decreased by approximately USD 0.40 million from USD 6.44 million as at 31 December 2023 to USD 6.04 million as at 30 June 2024, mainly due to the following:

Trade and Other Payables

Trade and other payables decreased from USD 5.40 million as at 31 December 2023 to USD 5.0 million as at 30 June 2024, mainly due to the increased payments to suppliers.

Contract Liabilities

Contract liabilities increased from USD 0.04 million as at 31 December 2023 to USD 0.09 million as at 30 June 2024, mainly due to the increased customer prepayments.

Lease Liabilities

Lease liabilities decreased from USD 0.93 million as at 31 December 2023 to USD 0.87 million as at 30 June 2024, a decrease of approximately 6.3%, mainly due to some of the Group's office leases reaching the end of the lease period.

Non-current liabilities decreased by approximately USD 0.28 million from USD 2.62 million as at 31 December 2023 to USD 2.34 million as at 30 June 2024, mainly due to the following:

Lease Liabilities

Lease liabilities decreased from USD 1.69 million as at 31 December 2023 to USD 1.35 million as at 30 June 2024, a decrease of approximately 20.0%, mainly due to some of the Group's office leases reaching the end of the lease period.

F. Other information required by the Appendix 7C of the Catalist Rules(cont'd)

3 Review of the performance of the group(cont'd)

Equity decreased by approximately USD 0.47 million from USD 21.45 million as at 31 December 2023 to USD 20.977 million as at 30 June 2024, mainly due to the following:

Other Reserves

Other reserves decreased from USD 4.61 million as at 31 December 2023 to USD 4.29 million as at 30 June 2024, mainly due to currency translation losses arising from the consolidation of subsidiaries with different reporting currencies.

Retained Profits

Retained profits decreased from USD 8.22 million as at 31 December 2023 to USD 8.07 million as at 30 June 2024, mainly due to the payment of dividends by the Company during 1H2024.

3) Statement of Cash Flows

Net Cash Generated from Operating Activities

Net cash generated from operating activities increased from USD 0.58 million in 1H2023 to USD 0.90 million in 1H2024, which was mainly due to increased revenue, accelerated cash collection processes by the Group, and increased interest income, which are positive adjustments to operating cash flows before changes in working capital.

Net Cash Used in Investing Activities

Net cash used in investing activities in 1H2024 was USD 3.64 million, compared to USD 0.29 million used in 1H2023. This was mainly due to the Group's purchase of two art outsourcing studios, namely On Point Creative Co., Ltd. and Pixelline Production Sdn. Bhd., and bond investments (that amounted to USD 1.5 million) in 1H2024.

Net Cash Generated from/(Used in) Financing Activities

Net cash used in financing activities in 1H2024 was USD1.68 million that was mainly due to dividends paid in 1H2024, compared to net cash of USD2.46 million generated in 1H2023 which was mainly due to the Company securing new investors during 1H2023.

4 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has previously been disclosed.

5 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

With the projected improvement of gaming hardware supplies and the shortening of delays in the game launches, the global gaming industry market size, in terms of revenue, is expected to reach US$317.6 billion in 2027, registering a CAGR of 8.9% between 2022 and 2027. The mobile games sector is expected to continue to lead the overall global gaming industry with a CAGR of 11.7% between 2022 and 2027[10].

[10] Source: Independent Market Report, China Insights Industry Consultancy Limited, September 2023.

F. Other information required by the Appendix 7C of the Catalist Rules(cont'd)

5 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.(cont'd)

The art outsourcing market in APAC is experiencing substantial growth as more game development companies choose art outsourcing studios within the APAC region as their long-term partners given the more competitive fees and the quality of work produced. The market size of the art outsourcing industry in APAC increased from US$0.8 billion in 2017 to US$2.3 billion in 2022, registering a CAGR of 23.0% between 2017 and 2022. It is projected to reach US$4.5 billion in 2027 with a CAGR of 14.4%.[1]

The Group intends to continue with our mergers and acquisitions plan within our industry to strengthen our market position and expand our business scope globally.

With majority of the Group's projects involving games with online connectivity, barring unforeseen circumstances, the Group expects a stronger project pipeline in the second half of 2024 from indicative bookings of our artists by customers of at least US$10.1 million as at 13 August 2024.

The Group will continue to focus on project management and execution to deliver high-quality and cost-effective gaming services to our customers on a timely basis.

6 To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Total number of issued shares	279,698,275	279,698,275

The Company did not have any treasury shares as at 30 June 2024 and 31 December 2023.

7 A statement showing all sales, transfers, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

8 A statement showing all sales, transfers, cancellation and/ or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no sales, transfers, cancellation and/ or use of subsidiary holdings during and as at the end of the current financial period reported on.

9 Dividend

a. Current Financial Period Reported on
Any distribution recommended for the current financial period reported on?
No.

F. Other information required by the Appendix 7C of the Catalist Rules(cont'd)

9 Dividend(cont'd)

b. Corresponding period of the immediately preceding financial year.
Nil.

c. Date payable.
Nil.

d. Books closure date
Nil.

10 If no dividend has been declared/recommended, a statement to that effect.

At a meeting held on 13 August 2024, the Board recommends no interim dividend payment for the six months ended 30 June 2024. so as to conserve cash for our growth plans.

11 If the Group has obtained a general mandate from shareholders for interested person transactions ("**IPTs**"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company had at its annual general meeting held on 30 April 2024 obtained shareholders' approval for the renewal of the general mandate for IPTs. Save as disclosed below, there are no other IPTs equal to or above S$100,000 (equivalent to USD 73,746) in 1H2024.

Name of Interested Persons	**Details of Transactions**	**Aggregate value of the IPTs during the financial period (excluding IPTs previously approved by shareholders and excluding transactions less than $100,000 (USD'000)**	**Aggregate value of the IPTs during the financial period which were previously approved by shareholders excluding transactions less than $100,000 (USD'000)**
Acer America Corporation	Obtaining of services	-	95.12
Total		-	95.12

F. Other information required by the Appendix 7C of the Catalist Rules(cont'd)

12 Use of Initial Public Offering ("**IPO**") proceeds as at date of this announcement. Pursuant to Rule 704(30) of the SGX-ST Listing Manual Section B: Rules of Catalist, the Board wishes to announce the Company received gross proceeds of S$8,000,000 from the placement of new shares pursuant to the IPO on 20 November 2023.

As at the date of this announcement, the status on the use of the Net Proceeds is as follows:

Use of net proceeds	**Amount in aggregate (S$000)**	**Balance as at 20 November 2023 (S$000)**	**Amount utilised from 20 November 2023 to 31 July 2024 (S$000)**	**Balance as at 31 July 2024 (S$000)**
Expansion of our operations globally, including establishing subsidiaries and offices and enhancing existing office and supporting infrastructure	1,000	1,000	-	1,000
Acquisitions, joint ventures and/or strategic alliances	2,240	2,240	68	2,172
Exploration of the use of AI capabilities in our art outsourcing segment	1,200	1,200	461	739
General working capital purposes	636	636	542	94
Total	**5,076**	**5,076**	**1,071**	**4,005**

13 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7H in accordance with Rule 720(1) of the Catalist Rules.

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to item F.3

F. Other information required by the Appendix 7C of the Catalist Rules(Cont'd)

15 Disclosures on Incorporation of Entities, Acquisition and Realisation of Shares pursuant to Catalist Rule 706A.

(i) Acquisition of 100% of the Issued and Paid-Up Share Capital of On Point Creative Co., Ltd.

On 1 April 2024, the Company acquired 100% of the issued share capital in On Point Creative Co., Ltd., a company mainly engaged in the provision of art outsourcing services, for cash consideration of NTD 59,900,000 (approximately USD 1,873,925). The acquisition is expected to expand the Group's sale and capabilities so as to increase the Group's market presence globally.

Purchase consideration	**USD'$000**
Cash paid	**1,874**

Assets and liabilities recognised as a result of the acquisition

	Fair Value USD'$000
Cash and cash equivalents	342
Trade and other receivables	344
Current income tax assets	1
Property, plant and equipment	32
Intangible assets	455
Deferred income tax assets	107
Other non-current assets	27
Right of use assets	112
Trade and other payables	(234)
Current income tax liabilities	(1)
Lease liabilities	(115)
Deferred income tax liabilities	(72)
Net identifiable assets acquired	**998**
Add: Goodwill	876
Total	**1,874**

The goodwill is attributable to synergies that are expected to arise after the Company's acquisition of the new subsidiary. The residual excess of consideration paid over the fair values of identifiable assets and liabilities have been recorded as provisional goodwill amounting to USD 0.88 million.

The cash consideration has been fully satisfied in cash paid by the Company to the vendor's designated account on 1 April 2024.

Please refer to the Company's announcements dated 28 December 2023 and 1 April 2024 in relation to the acquisition for further details.

F. Other information required by the Appendix 7C of the Catalist Rules(Cont'd)

15 Disclosures on Incorporation of Entities, Acquisition and Realisation of Shares pursuant to Catalist Rule 706A.

(ii) Acquisition of the Business and Certain Assets of Pixelline Production Sdn. Bhd. ("Pixelline Production").

On 28 June 2024, the Company acquired the business of Pixelline Production, for an aggregate purchase consideration of up to USD 1,000,000. The acquisition is expected to expand the Groups' sale and capabilities so as to increase the Group's market presence globally.

The Group incurred acquisition related costs of USD 7,504 relating to external legal fees have been classified as 'administrative' expenses in the condensed consolidated statement of profit or loss.

Purchase consideration	**USD'$000**
Cash paid	**500**

Assets and liabilities recognised as a result of the acquisition

	Fair Value USD'$000
Property, plant and equipment	20
Intangible assets	280
Net identifiable assets acquired	**300**
Add: Goodwill	200
Total	**500**

The goodwill is attributable to synergies that are expected to arise after the Company's acquisition of the business.

The residual excess of consideration paid over the fair values of identifiable assets have been recorded as provisional goodwill amounting to USD 0.2 million.

The remaining purchase consideration of up to USD 500,000 will be paid in various tranches by the Company to the vendor shareholders, subject to fulfilling certain financial targets in respect of the financial years ending 31 December 2024, 31 December 2025 and 31 December 2026 as per the earn-out agreements with each of the vendor shareholders. For the avoidance of doubt, this contingent amount will not be included in the initial purchase consideration but will be recognised separately when the conditions for payment are met, in accordance with IFRS.

Please refer to the Company's announcements dated 8 April 2024, 27 June 2024 and 28 June 2024 in relation to the acquisition for further details.

G. Other information

Alternative Performance Measures ("**APMs**")

The Group reports a number of APMs to showcase the financial performance of the Group, which are not standard accounting measures defined by the International Financial Reporting Standards (IFRS). The Directors believe these measures provide valuable additional information for users of financial information to understand the fundamental transactional performance of the Group. In particular, APMs are used to provide a clearer understanding to the users of the accounts of the Group's underlying profitability over a period of time.

The Group also has an established niche in games with online connectivity, which accounted for 90.50% of the Group's manpower usage, based on the total number of man days involved in games with online connectivity charged to customers divided by total number of days charged to customers for 1H2024 (which does not include the two newly-acquired art studios).

Adjusted EBITDA

EBITDA includes operating profit as reported in the Consolidated Statement of Comprehensive Income, adjusted for amortization and impairment of intangible assets, depreciation, and the increase of interest expenses . Adjusted EBITDA will account for the Group's SGX IPO expenses ("**SGX IPO Expenses**"), expenses related to the dual-listing London Stock Exchange ("**LSE**") ("**LSE Dual Listing Expenses**"), share-based compensation expenses, costs of acquisition and integration, and private placement related expenses (S$27 million fundraise completed in July 2024) ("**Private Placement Related Expenses**").

	Group Six Months Ended	
	1H2024	**1H2023**
	USD'$000	**USD'$000**
Net Income	909	1,263
Interest Expenses	39	43
Income tax expenses (credit)	98	57
Earnings before interest and taxation ("**EBIT**")	**1,046**	**1,363**
Depreciation	887	864
Amortization	50	38
Earnings before interest, taxation, depreciation and amortisation ("**EBITDA**")	**1,983**	**2,265**
SGX IPO Expenses	-	520
LSE Dual Listing Expenses[i]	14	-
Share-based compensation expenses	176	-
Costs of acquisition and integration	8	-
Private Placement Related Expenses	43	-
Adjusted Expenses	241	520
Adjusted EBITDA	**2,224**	**2,785**
Revenue from contracts with customers	15,225	14,210
Adjusted EBITDA as a % of revenue	14.61%	19.60%

G. Other information (Cont'd)

Alternative Performance Measures ("**APMs**")(cont'd)

For the avoidance of doubt, the Group did not adjust both the ongoing listing expenses on the SGX-ST of USD 0.20 million and increased marketing and promotional expenses of USD 0.46 million in 1H2024 to derive Adjusted EBITDA in 1H2024 as these are considered to be ongoing expenses.

Adjusted Net income

The adjusted net income is calculated by taking the net income and adjusting it for certain expenses to provide a clearer picture of the Group's underlying financial performance. The adjustments for the six months ended 30 June 2024 and 30 June 2023 included expenses related to the SGX IPO Expenses, LSE Dual Listing Expenses, Share-based compensation expenses, costs of acquisition and integration, amortisation of intangible assets, and Private Placement Related Expenses.

	Group Six Months Ended	
	1H2024	**1H2023**
	USD'$000	**USD'$000**
Net Income	909	1,263
SGX IPO Expenses	-	520
LSE Dual Listing Expenses	14	-
Share-based compensation expenses	176	-
Costs of acquisition and integration	8	-
Private Placement Related Expenses	43	-
Amortization of intangible assets	50	38
Adjusted Expenses	**291**	**558**
Tax arising on Adjusted Expenses	-	-
Adjusted Net income	**1,200**	**1,821**

For the avoidance of doubt, the Group did not adjust both the ongoing listing expenses of the SGX-ST of USD 0.20 million and increased marketing and promotional expenses of USD 0.46 million in 1H2024 to derive Adjusted Net Income in 1H2024 as these are considered to be ongoing expenses.

BY ORDER OF THE BOARD

MR. JOHNNY JAN
Executive Chairman and Chief Executive Officer
14 August 2024

Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

On behalf of the Board of Directors of the Company, we the undersigned, hereby confirm to the best of our knowledge that nothing has come to our attention of the Board of Directors of the Company which may render the unaudited condensed consolidated interim financial statements of the Company and the Group for the six months ended 30 June 2024 to be false or misleading in any material aspect.

On behalf of the Board

_____ _____

MR. JOHNNY JAN
Executive Chairman and Chief Executive Officer

14 August 2024

MR. Lim Heng Choon
Lead Independent Director and Non-Executive Director
14 August 2024