



WINKING STUDIOS LIMITED

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

ENTRY INTO SALE AND PURCHASE AGREEMENT FOR THE PROPOSED ACQUISITION OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF ON POINT CREATIVE CO., LTD. (創點數位概念股份有限公司)

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Winking Studios Limited (the "**Company**" or the "**Purchaser**", and together with the subsidiaries of the Company, the "**Group**") wishes to announce that the Company has on 28 December 2023 entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with Game Hours, Inc. (唯數娛樂科技股份有限公司) (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. (創點數位概念股份有限公司) (the "**Target Company**"), which is wholly held by the Vendor, for an aggregate purchase consideration of NTD59,900,000 (or approximately S\$2,584,685¹ or USD1,961,126²) (the "**Proposed Acquisition**").

2. INFORMATION ON THE TARGET COMPANY

The Target Company is a company limited by shares incorporated in the Republic of China ("**ROC**") on 26 January 2018. Its registration number is 55844216. It is mainly engaged in the provision of art outsourcing services. As at the date of this announcement, the entire issued and paid-up share capital of the Target Company is NTD35,000,000, comprising 3,500,000 ordinary shares (the "**Sale Shares**") each with a par value of NTD10. The Target Company is a 100% directly owned subsidiary of the Vendor, which is listed on the Taipei Exchange.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Directors believe that the Proposed Acquisition is in line with the Group's business strategy to pursue strategic acquisitions to expand its sale and capabilities so as to increase its market presence globally, which is in line with its business strategies as disclosed in the section entitled "*General Information on our Group – Business Strategies and Future Plans*" of the offer document issued by the Company dated 8 November 2023 (the "**Offer Document**"). The Proposed Acquisition will be financed through the Company's internal resources as well as proceeds from the Placement (as defined in the Offer Document) and the Cornerstone Tranche (as defined in the Offer Document) and is not expected to have any material impact on the Group's earnings per share or net tangible assets per share for the current financial year ending 31 December 2023. The said utilisation is in accordance with the intended use of proceeds from the Placement and the Cornerstone Tranche and is in accordance with the percentage allocated, as stated in the Offer Document. The Company will make further announcement(s) when the remaining proceeds from the Placement and the Cornerstone Tranche are materially disbursed.

Having considered the terms of the Proposed Acquisition and based on the benefits of the Proposed Acquisition to the Group, the Directors are of the view that the Proposed Acquisition is in the best interests of the Company.

¹ Based on the exchange rate of NTD1: S\$0.04315 as at 28 December 2023.

² Based on the exchange rate of NTD1: USD0.03274 as at 28 December 2023.

4. RELATIVE FIGURES IN RESPECT OF THE PROPOSED ACQUISITION

As the business of the Target Company is that of art outsourcing, being the Group's existing principal business, and the Target Company operates in a jurisdiction in which the Group already has operations, there is thus no change in risk profile of the Company. As such, the Proposed Acquisition is regarded to be in connection with the ordinary course of the Company's business pursuant to paragraph 2.3 of Practice Note 10A of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**") and it is not subject to the requirements under Chapter 10 of the Catalist Rules. Nonetheless, for completeness and good governance, the Company wishes to set out the relative figures in respect of the Proposed Acquisition pursuant to Catalist Rule 1006 based on the latest announced unaudited consolidated accounts of the Group as at 31 March 2023 as set out in the Offer Document, as follows:-

Catalist Rule	Bases of computation	Relative figures (%)
1006(a)	The net asset value (" NAV ") of the assets to be disposed of, compared with the Group's NAV.	Not applicable ⁽¹⁾
1006(b)	The net profits ⁽²⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits	39.57
1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation ⁽³⁾ based on the total number of issued shares excluding treasury shares	4.47
1006(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable ⁽⁵⁾

Notes:

- (1) This basis is not applicable to the Proposed Acquisition, being an acquisition of assets.
- (2) Under Catalist Rule 1002(3)(b), "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Based on the unaudited consolidated financial statements of the Group for the financial period from 1 January 2023 to 31 March 2023 (1Q2023), the net profit of the Group was approximately USD560,000 (approximately S\$737,912, using an exchange rate of USD1 to S\$1.3177). Based on the latest unaudited financial statements of the Target Company for the same financial period, the net profit

attributable to the Target Company was approximately NTD6,767,792 (approximately S\$292,030³ or USD221,578⁴).

- (3) Under Catalist Rule 1002(5), "market capitalisation" is determined by multiplying the number of shares in issue by the volume weighted average price of such shares transacted on 27 December 2023, being the last market day whereby the Company's shares were traded preceding the date of the Sale and Purchase Agreement.
- (4) This basis is not applicable as there are no consideration shares to be issued by the Company as consideration for the Proposed Acquisition.
- (5) This basis is not applicable as the Company is not a mineral, oil and gas company.

Although the relative figure under Catalist Rule 1006(b) exceeds 5%, as the Proposed Acquisition is regarded to be in connection with the ordinary course of the Company's business, it is not subject to the requirements under Chapter 10 of the Catalist Rules, thus the Company is disclosing the information in this announcement for completeness and good governance on a voluntary basis. The Proposed Acquisition does not require the approval of the shareholders of the Company (the "**Shareholders**").

5. DETAILS IN RELATION TO THE PROPOSED ACQUISITION

5.1 The aggregate value of the consideration, including factors taken into account in arriving at it and how it will be satisfied, including the terms of payment

(a) Purchase Consideration and Adjustment to Purchase Consideration

The Purchase Consideration shall be NTD59,900,000 (or approximately S\$2,584,685⁵ or USD1,961,126⁶) (the "**Purchase Consideration**"), subject to adjustment in the event the Final NAV (as defined below) is lower than the Estimated NAV (as defined below).

The Vendor and the Purchaser (the "**Parties**") have agreed that the Purchase Consideration shall be adjusted where the Final NAV, being the net asset value of the Target Company as reflected in its unaudited consolidated financial statements, is less than the Estimated NAV, being an agreed amount of NTD20,000,000 (or approximately S\$863,000⁷ or USD654,800⁸) (the amount by which the Final NAV is less than the Estimated NAV, the "**NAV Deficit**"), as follows.

$$\text{Adjusted Purchase Consideration} = \text{Purchase Consideration} - \left(\frac{\text{Purchase Consideration} \times \text{NAV Deficit}}{20,000,000} \right)$$

The Sale and Purchase Agreement does not provide that any adjustments will be made to the Purchase Consideration in the event the Final NAV exceeds the Estimated NAV.

(b) Terms of Payment

The Purchase Consideration shall be fully satisfied in cash and shall be payable by the Purchaser to the Vendor's designated account on Completion, less any applicable securities transaction tax or other taxes and fees (if any).

(c) Basis of the Purchase Consideration

³ See footnote 1 above.

⁴ See footnote 2 above.

⁵ See footnote 1 above.

⁶ See footnote 2 above.

⁷ See footnote 1 above.

⁸ See footnote 2 above.

The Purchase Consideration was negotiated between the Parties at arm's length and arrived at on a willing buyer-willing seller basis, taking into account, amongst other things:

- i. the fair value of the Sale Shares as set out in the Valuation Report (as defined below);
- ii. the unaudited net tangible asset value of the Target Company as at 30 September 2023;
- iii. the past financial performance of the Target Company (including its net profit of NTD10,410,454 (or approximately S\$449,211⁹ or USD340,838¹⁰) and NTD7,054,939 (or approximately S\$304,421¹¹ or USD230,979¹²) for the financial years ended 31 December 2021 and 31 December 2022, respectively);
- iv. the business prospects of the Target Company;
- v. the synergies between the Group and the Target Company given that both are engaged in the art outsourcing business; and
- vi. the prevailing market conditions in respect of the art outsourcing business in the ROC.

(d) Conditions Precedent

Completion of the Proposed Acquisition ("**Completion**") is conditional upon satisfaction of conditions precedent set out in the Sale and Purchase Agreement (the "**Conditions Precedent**"), which include, *inter alia*, the following:

- i. 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;
- ii. the Parties' representations and warranties under the Sale and Purchase Agreement remaining true, not misleading, correct and accurate in all respects at completion;
- iii. each of the Parties having fully complied with and performed its undertakings and obligations under the Sale and Purchase Agreement, save for those undertakings and obligations which shall be performed on or after Completion;
- iv. specified key management personnel of the Target Company having entered into service agreements (the form of which shall be provided by the Purchaser) with the Target Company; and
- v. no material adverse event having occurred in respect of the Target Company and its subsidiary, On Point Creative (HK) Company Limited since the signing of the Sale and Purchase Agreement till Completion.

⁹ See footnote 1 above.

¹⁰ See footnote 2 above.

¹¹ See footnote 1 above.

¹² See footnote 2 above.

(e) Completion

Completion shall take place within 10 business days after the fulfilment of all the Conditions Precedent or on 31 March 2024, or on such other date as may be agreed otherwise by the Parties.

(f) Post-completion obligation

The Vendor shall, within 7 days from the date of Completion, provide the Purchaser with a guarantee issued by a financial institution in the principal amount of NTD30,000,000 (or approximately S\$1,294,500¹³ or USD982,200¹⁴), as security for the Vendor's performance of its obligations and undertakings under the Sale and Purchase Agreement (the "**Guarantee**"). The Parties have agreed that no claim shall be made pursuant to the Guarantee after 120 days from the date of Completion.

(g) Put Option

If the Vendor breaches any of its representations, warranties, undertakings or other obligations under the Sale and Purchase Agreement, and if such breach can be remedied but is not remedied within 15 days following a written notice from the Purchaser, the Purchaser is entitled to require the Vendor to repurchase all or part of the Sale Shares (the "**Repurchase Shares**") from the Purchaser (the "**Repurchase**") at an aggregate price (the "**Repurchase Consideration**") that shall be the higher of:

- i. the consideration per Sale Share, multiplied by the number of Repurchase Shares, together with interest at a rate of 5% per annum on the Repurchase Consideration, calculated from the date of Completion till the date of the Repurchase; or
- ii. the net asset value of the Repurchase Shares as at the time of the Repurchase,

(the "**Put Option**"). The Put Option may only be exercised within the period of two (2) years from the date of Completion.

The Vendor may also designate another person to purchase the Repurchase Shares from the Purchaser.

5.2 Value of the Sale Shares

Based on the latest audited accounts of the Target Company as at 25 April 2023 for the financial year ended 31 December 2022, the book value represented by the Sale Shares was NTD40,548,477 (or approximately S\$1,749,667¹⁵ or USD1,327,557¹⁶) and the net tangible asset value of the Sale Shares was NTD20,599,843 (or approximately S\$888,883¹⁷ or USD674,439¹⁸). There is no market value of the Sale Shares as the shares of the Target Company are not publicly listed on any stock exchange, and no valuation of the Sale Shares was undertaken.

The Company commissioned an independent valuation in respect of the Sale Shares for the purposes of the Proposed Acquisition. Based on a valuation report dated 15 December 2023 prepared by ClientView Management Consulting Co., Ltd. (客观企业管理顾问股份有限公司) (the "**Valuation Report**"), the fair value of the Sale Shares as at 30 September 2023 is

¹³ See footnote 1 above.

¹⁴ See footnote 2 above.

¹⁵ See footnote 1 above.

¹⁶ See footnote 2 above.

¹⁷ See footnote 1 above.

¹⁸ See footnote 2 above.

NTD58,303,664 (or approximately S\$2,515,803¹⁹ or USD1,908,862²⁰) to NTD62,717,648 (or approximately S\$2,706,267²¹ or USD2,053,376²²) (the "**Fair Value of the Sale Shares**"). The Fair Value of the Sale Shares was mainly derived from the income method of valuation, which is based on the future income flow, including expected dividends, cash flows or surpluses.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, whether direct or indirect, in the Proposed Acquisition save for their direct or indirect interests (if any) arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

7. DETAILS OF SERVICE AGREEMENTS

No person will be appointed to the Board, and no service contract will be entered into by the Company in connection with the Proposed Acquisition.

8. DOCUMENTS FOR INSPECTION

Copies of the Sale and Purchase Agreement and Valuation Report are available for inspection during normal business hours at the Singapore headquarters of the Company at 6 Raffles Quay, #14-06, Singapore 048580, for a period of three (3) months commencing from the date of this announcement.

9. FURTHER UPDATES

The Company will make the relevant update announcements in compliance with the Catalyst Rules to inform Shareholders of any updates or developments in due course in relation to the Proposed Acquisition, if any.

10. CAUTION IN TRADING

Shareholders and potential investors of the Company should exercise caution when trading in the Company's shares. In particular, Shareholders and potential investors of the Company should note that there is no assurance that any business activities or transactions mentioned in this announcement will materialise. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

MR. JOHNNY JAN
Executive Director and Chief Executive Officer

28 December 2023

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms. Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.*

¹⁹ See footnote 1 above.

²⁰ See footnote 2 above.

²¹ See footnote 1 above.

²² See footnote 2 above.