



WINKING®

Shape the Premium

WINKING STUDIOS LIMITED

(Company Registration No.: 159882)

(Incorporated in the Cayman Islands on 15 December 2005)

**One of Asia's largest game art outsourcing studios and
an established game development company**

Placement and Cornerstone Tranche of an aggregate of 40,000,000 New Shares comprising (i) the Placement of 27,200,000 Placement Shares at S\$0.20 for each Placement Share, payable in full on application; and (ii) the Cornerstone Tranche of an issuance of 12,800,000 Cornerstone Shares at S\$0.20 for each Cornerstone Share

OFFER DOCUMENT DATED 8 NOVEMBER 2023

(Registered by the Singapore Exchange Securities Trading Limited (the "SGX-ST"), acting as agent on behalf of the Monetary Authority of Singapore (the "Authority") on 8 November 2023).

This document is important. Before making any investment in the securities being offered, you should consider the information provided in this document carefully, and consider whether you understand what is described in this document. You should also consider whether an investment in the securities being offered is suitable for you, taking into account your investment objectives and risk appetite. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s). You are responsible for your own investment choices.

PrimePartners Corporate Finance Pte. Ltd. ("PPCF" or the "Sponsor, Issue Manager and Placement Agent") has on behalf of Winking Studios Limited (the "Company") made an application to the SGX-ST for permission to deal in, and for quotation of, all the ordinary shares (the "Shares") in the capital of our Company that are already issued, the new Shares (the "Placement Shares") which are the subject of the Placement (as defined herein), the Cornerstone Shares (as defined herein) and the new Shares which may be issued pursuant to the Winking Studios Performance Share Plan (as defined herein) (the "Award Shares") on the Catalist of the SGX-ST (the "Catalist").

At the same time as but separate from the Placement (as defined herein), each of Acer Gaming Inc. and Mr. Jason Chen (as defined herein) (collectively, the "Cornerstone Investors") has entered into a cornerstone subscription agreement with our Company (as may be amended or supplemented from time to time) (collectively, the "Cornerstone Subscription Agreements") to subscribe for such number of new Shares in the capital of our Company (the "Cornerstone Shares") to be determined by dividing their commitment amounts of S\$2,160,000 and S\$400,000 respectively by the Placement Price (as defined herein) conditional upon amongst other things, the Placement Agreement (as defined herein) having been entered into and not having been terminated pursuant to its terms on or prior to the Placement Settlement Date (as defined herein).

Acceptance of applications will be conditional upon, amongst others, the issue of the Placement Shares and Cornerstone Shares and permission being granted by the SGX-ST for the listing and quotation of all our Shares, the Placement Shares, the Cornerstone Shares and the Award Shares on Catalist and the listing of all such Shares. Monies paid in respect of any application accepted will be returned (without interest or any share of revenue or other benefit arising therefrom, at the applicant's own risk and the applicant shall not have any right or claim against us and/or the Sponsor, Issue Manager and Placement Agent) if the admission and listing do not proceed for any reason. The dealing in and quotation of our Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Mainboard of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on

Catalist. You 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 your professional adviser(s).

This offer of Placement Shares is made in or accompanied by this Offer Document that has been registered by the SGX-ST, acting as agent on behalf of the Authority. Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that our Company is suitable to be listed and complies with the Catalist Rules (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of our Shares, the Placement Shares, the Cornerstone Shares or the Award Shares, as the case may be, being offered for investment. The registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the Securities and Futures Act 2001 of Singapore, or any other legal or regulatory requirements, or requirements under the Catalist Rules, have been complied with.

We have not lodged this Offer Document in any other jurisdiction.

Investing in our Shares involves risks which are described in the section entitled "Risk Factors" of this Offer Document. Investors should also take note of the foreign investment requirements under Taiwan laws and regulations under the heading "Our investment in Taiwan is subject to Taiwanese regulatory requirements and any non-compliance may have an adverse impact on our investment".

After the expiration of six months from the date of registration of this Offer Document, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

Sponsor, Issue Manager and Placement Agent



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Company Registration No.: 200207389D)

(Incorporated in the Republic of Singapore)

CORPORATE PROFILE

We are Asia's third largest game art outsourcing studio¹ with over 25 years of experience providing complete end-to-end art outsourcing and game development services across various platforms for the video games industry. Headquartered in Singapore, we have seven studios across Nanjing, Shanghai and Taipei with over 700 employees including 600 designers and artists serving a global customer base.

We are majority owned by Acer Gaming, which is a part of the Acer Group and which has an extensive network of relationships in the art outsourcing and game development industries, as well as an in-depth understanding of the gaming industry in Asia.

As at the Latest Practicable Date², we have completed more than 1,400 and 25 art outsourcing projects and game development projects respectively.

> **25 Years** of experience in art outsourcing and game development

> **700** Highly skilled employees

3rd

in Asia¹

4th

Globally¹

BUSINESS SEGMENTS

Art Outsourcing Segment

We create and develop digital art assets as part of our provision of art outsourcing services. This is our key business segment and our capabilities mainly comprise 2D concept art, 3D modelling, 2D animation, 3D animation and visual effects, which includes environment design and game character design.

Game Development Segment

We develop games using game engines, mainly Unreal Engine and Unity, which are compatible with platforms such as PlayStation, Xbox, Switch and mobile platforms. As principal developer, we are responsible for all aspects of the game under development, from conceptualisation to release and publish of the game title and post-release support and maintenance, including programming, development, design, script writing services and testing.

Global Publishing & Other Services Segment

We release game products developed by ourselves as well as third party game developers on global game platforms including PlayStation, Switch and Steam. We also sell our video games developed in-house and peripheral gaming products.



Notable Projects

We have developed and collaborated on internationally renowned game titles and award-winning projects including:

- Assassin's Creed
- Blade & Soul
- Destiny 2
- FIFA Online 4
- Genshin Impact
- Heroine Anthem
- Identity V
- Madden NFL 22
- Unearthing Mars



Key Customers & Partners

Our strong track record has led to collaborations with 19 of the top 25 global game companies. Some of our key partners and customers include:

- NetEase
- MiHoYo
- Nexon
- NCSOFT
- UBISOFT
- Electronic Arts
- Sony
- Nintendo

We have also entered into a partnership with Epic Games in respect of its marketing efforts in Taiwan.

1. Source: Independent Market Report by China Insights Industry Consultancy Limited, September 2023 (in terms of global revenue derived from game art outsourcing in 2022)

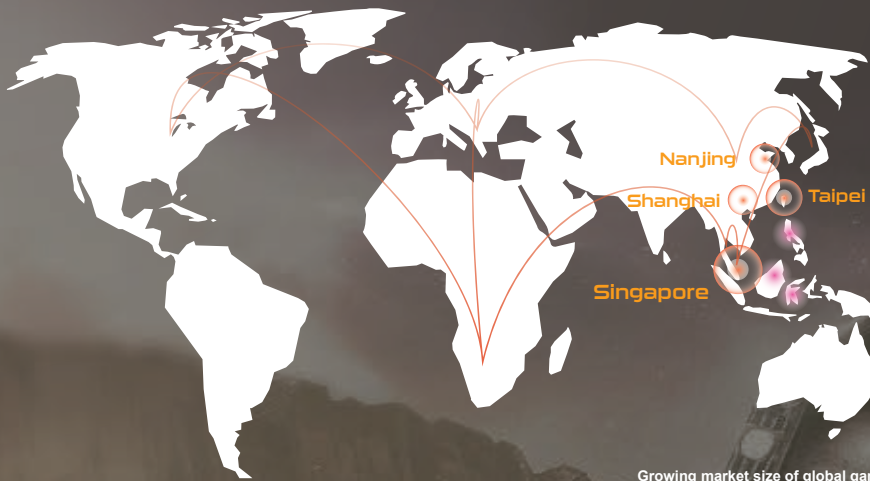
2. The Latest Practicable Date is 15 September 2023

COMPETITIVE STRENGTHS

- Our proven capabilities in art outsourcing and game development, underpinned by our comprehensive game development knowledge and expertise and strong data security management system, have earned us a strong reputation and industry recognition. We have a collaboration with 19 of the top 25 global game companies and established partnership with three of the major game publishing platforms – Sony, Microsoft and Nintendo.
- Our established multi-market presence with a far-reaching network and long-term and steady relationships with our customers have placed us as third in Asia and fourth in the world, ahead of most of our competitors in Japan, Hungary and the USA, in terms of global revenue derived from game art outsourcing in 2022¹.
- Our committed and strong management team is guided by an experienced board of directors and supported by our skilled and experienced staff. The extensive industry experience, in-depth understanding of market trends and rich operational expertise of our management team enable us to adapt in a competitive landscape and have resulted in our proven track record of successfully completed projects. We are majority-owned by Acer Gaming, which is part of the Acer Group, and we anticipate that we may continue to leverage this affiliation to strengthen and broaden our business across the region and internationally, by tapping into new business opportunities and via the recruitment of talents introduced to us by them.
- Our effective human resources management system and structure which includes a rigorous recruitment process to attract new talent, and coupled with continuous training conducted inhouse or by external instructors will ensure that the services rendered by our Group are of a high and consistent standard.

BUSINESS STRATEGIES AND FUTURE PLANS

- Enhance our presence globally to capture market opportunities by establishing overseas subsidiaries and offices in Malaysia, Indonesia and the Philippines, that will allow us to draw on local talents and tap into the potential customer base in these countries while capitalising on prospects and growth trends in the Asia region, as well as by increasing our business development and marketing efforts in regions such as the USA and Europe.
- Pursue strategic acquisitions and alliances, and joint ventures to grow our market share and/or to expand into new business that are complementary to our Group's businesses that will add value in terms of broadening our customer base, market penetration and/or service lines, as well as enhancing our technical competencies.
- Monitor and explore the use of artificial intelligence ("AI") and/or invest in AI-related companies or businesses to improve, and expand our art outsourcing capabilities.

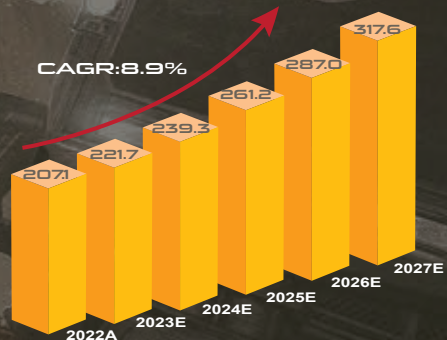


- Singapore headquarters and our studios location
- Our planned expansion into Malaysia, Philippines and Indonesia

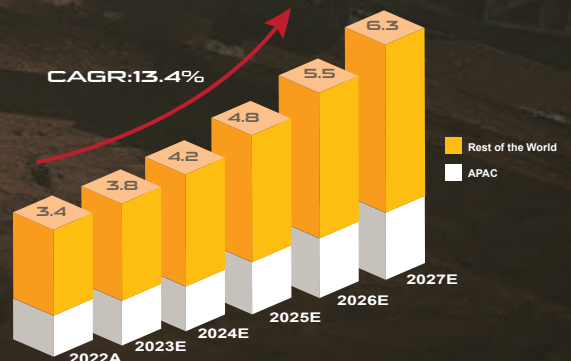
PROSPECTS & INDUSTRY TRENDS³

- Headquartered in Singapore with offices and teams across Asia-Pacific ("APAC"), we are strategically and advantageously positioned to capture the substantial growth potential within APAC's gaming industry especially in game art outsourcing, which is expected to reach a global market size of US\$6.3 billion in 2027 at a CAGR of 13.4% between 2022 and 2027, with APAC contributing to the bulk of the market.
- We expect our revenue to increase in line with higher demand for our services across all three business segments, in particular our Art Outsourcing Segment and our Game Development Segment. This is expected to be driven by trends highlighted in the Independent Market Report, including:
 - Gaming companies' increasing expenditure on game art resulting from gamers' higher requirements in respect of game graphics;
 - Continually increasing supply of artistic talents;
 - Leveraging and integrating AI for game art creation;
 - Growing demands of Asian game companies for art outsourcing services; and
 - Shorter development cycles by game developers for launch of new games.

Growing market size of global gaming industry by revenue (US\$³billion)



Growing market size of global game art sourcing by revenue (US\$³billion)



3. Source: Independent Market Report by China Insights Industry Consultancy Limited, September 2023

KEY MANAGEMENT

Mr. Johnny Jan, Executive Chairman and Chief Executive Officer

Mr. Johnny Jan is the founder of our Group. He has over 25 years of experience in the art outsourcing and game development industries, and is also a director of the Taiwan Game Industry Promotion Alliance.

Mr. Oliver Yen, Group CFO

Mr. Oliver Yen joined our Group in 2014. Mr. Yen has over 28 years of finance and management experience, with more than 20 years of experience within the game development and game publishing industry.

Ms. Tina Li, General Manager of Art Outsourcing Segment

Ms. Tina Li joined our Group in 2003. Ms. Li has more than 22 years of industry experience. She is responsible for overseeing the expansion and growth of our Group's businesses.

CORNERSTONE INVESTORS

Acer Gaming

Acer Gaming is our Controlling Shareholder and it is listed on the Taipei Exchange Emerging Stock Market and is a subsidiary of Acer Inc., which is listed on the Taiwan Stock Exchange. Acer Gaming has obtained the agency right of Sony PlayStation 5 in Taiwan, and successfully obtained the agency right of Logitech racing simulation equipment, ASTRO gaming headset microphone, SEGA's game and products of HORI, Japanese gaming accessories leading brand, in Taiwan in 2022.

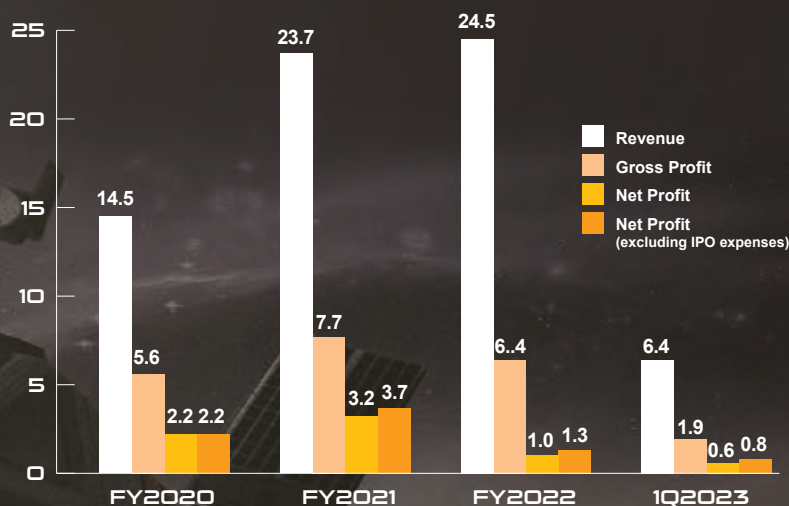
Mr. Jason Chen

Mr. Jason Chen is the Chairman and Chief Executive Officer of Acer, which is the majority shareholder of Acer Gaming.

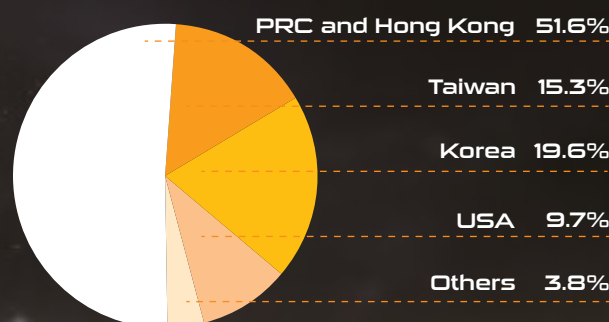
FINANCIAL HIGHLIGHTS

Revenue and Profitability

Historical Financial Performance (US\$'million)



Revenue Contribution by Geographical Area (FY2022)



Our Group has shown a growth in revenue in past three financial years and also recorded profitability during the Period Under Review.

Strong Balance Sheet and Cash Position

US\$'000	As at 31 Dec 2022	As at 31 Mar 2023
Current Assets	12,736	15,556
Non-current Assets	6,748	7,040
Total Assets	19,484	22,596
Current Liabilities	5,561	4,998
Non-current Liabilities	2,793	2,742
Total Liabilities	8,354	7,740
Total Equity	11,130	14,856
Cash & cash equivalents at end of the year / period	6,057	9,091

Our Group has a strong financial position and we recorded a cash and cash equivalents of approximately US\$9.1 million as at 31 March 2023.

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Mr. Johnny Jan (Executive Chairman and CEO) Mr. Kao Shu-Kuo (Non-Executive Director) Mr. Lim Heng Choon (Lead Independent and Non-Executive Director) Mr. Chang Yi-Hao (Independent and Non-Executive Director) Mr. Yang Wu Te (Independent and Non-Executive Director)
JOINT COMPANY SECRETARIES	:	Loo Shi Yi (ACS, ACG) (Member of the Chartered Secretaries Institute of Singapore) Hon Wei Ling (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
PRINCIPAL PLACE OF BUSINESS	:	No. 1, Zhengxue Road, Qinhuai District, Nanjing, PRC
SPONSOR, ISSUE MANAGER AND PLACEMENT AGENT	:	PrimePartners Corporate Finance Pte. Ltd. 16 Collyer Quay #10-00, Collyer Quay Centre Singapore 049318
SOLICITORS TO THE PLACEMENT AND LEGAL ADVISER TO OUR COMPANY AS TO SINGAPORE LAW	:	Rajah & Tann Singapore LLP 9 Straits View #06-07, Marina One West Tower Singapore 018937
LEGAL ADVISER TO OUR COMPANY AS TO CAYMAN ISLANDS LAW	:	Maples and Calder (Hong Kong) LLP 26th Floor, Central Plaza 18 Harbour Road Wanchai, Hong Kong
LEGAL ADVISER TO OUR COMPANY AS TO PRC LAW	:	Beijing Tian Yuan Law Firm Unit 509 Tower A Corporation Square 35, Financial Street Xicheng District, Beijing, PRC
LEGAL ADVISER TO OUR COMPANY AS TO TAIWAN LAW	:	Chen & Lin Attorneys-at-Law Bank Tower, 12th Floor 205 Tun Hwa North Road Taipei 105, Taiwan

CORPORATE INFORMATION

LEGAL ADVISER TO OUR COMPANY AS TO HONG KONG LAW	:	Jingtian & Gongcheng LLP Suites 3203-3207 32/F, Edinburgh Tower, The Landmark 15 Queen's Road Central, Hong Kong
LEGAL ADVISER TO THE SPONSOR, ISSUE MANAGER AND PLACEMENT AGENT AS TO SINGAPORE LAW	:	Shook Lin & Bok LLP 1 Robinson Road #18-00, AIA Tower Singapore 048542
INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT	:	PricewaterhouseCoopers LLP 7 Straits View Level 12, Marina One East Tower Singapore 018936 Partner-in-charge: Mr. Alex Toh Wee Keong (a member of the Institute of Singapore Chartered Accountants)
INDEPENDENT FINANCIAL ADVISER	:	Xandar Capital Pte. Ltd. 3 Shenton Way #24-02, Shenton House Singapore 068805
INDUSTRY CONSULTANT	:	China Insights Industry Consultancy Limited 10F, Block B, Jing'an International Centre 88 Puji Road, Jing'an District Shanghai 200070, PRC
PRINCIPAL BANKERS OF OUR COMPANY AND OUR GROUP	:	CTBC Bank Co., Ltd. 20/F Manhattan Place 23 Wang Tai Road Kowloon Bay, Hong Kong HSBC Bank (China) Company Limited 30/F, Shanghai IFC 8 Century Avenue, Lujiazui Pudong New Area, Shanghai, China
RECEIVING BANK	:	The Bank of East Asia Limited, Singapore Branch 60 Robinson Road BEA Building Singapore 068892
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) 9 Raffles Place #26-01, Republic Plaza, Tower 1 Singapore 048619

DEFINITIONS

In this Offer Document and the accompanying Application Forms, the following definitions apply where the context so admits:

Companies within our Group

<i>“Company” or “Winking Studios”</i>	:	Winking Studios Limited
<i>“Group”</i>	:	Our Company and our subsidiaries
<i>“Nanjing Winking”</i>	:	Nanjing Winking Entertainment Ltd (南京唯晶信息科技有限公司)
<i>“Shanghai Winking”</i>	:	Shanghai Winking Entertainment Ltd (上海唯晶信息科技有限公司)
<i>“Shanghai Wishing”</i>	:	Shanghai Wishing Entertainment Ltd (上海唯艺信息科技有限公司)
<i>“Taiwan Winking”</i>	:	Winking Entertainment Corporation (唯晶科技股份有限公司)
<i>“Winking Art”</i>	:	Winking Art Pte. Ltd.
<i>“Winking Entertainment (HK)”</i>	:	Winking Entertainment (HK) Limited
<i>“Winking Skywalker”</i>	:	Winking Skywalker Entertainment Limited (唯晶天行者有限公司)

Other Corporations and Agencies

<i>“Acer”</i>	:	Acer Incorporated (宏碁股份有限公司)
<i>“Acer Gaming”</i>	:	Acer Gaming Inc. (宏碁遊戲股份有限公司)
<i>“Acer Group”</i>	:	Acer and its subsidiaries
<i>“Authority” or “MAS”</i>	:	Monetary Authority of Singapore
<i>“CDP”</i>	:	Central Depository (Pte) Limited
<i>“CSRC”</i>	:	China Securities Regulatory Commission (中国证券监督管理委员会)
<i>“Independent Auditor and Reporting Accountant”</i>	:	PricewaterhouseCoopers LLP
<i>“Independent Financial Adviser”</i>	:	Xandar Capital Pte. Ltd.
<i>“Industry Consultant”</i>	:	China Insights Industry Consultancy Limited

DEFINITIONS

<i>“MIIT”</i>	:	Ministry of Industry and Information Technology of the PRC (中华人民共和国工业和信息化部)
<i>“MOC”</i>	:	Ministry of Culture of the PRC (中华人民共和国文化部)
<i>“MOCT”</i>	:	Ministry of Culture and Tourism of the PRC (中华人民共和国文化和旅游部)
<i>“MOEAIC”</i>	:	Investment Commission, Ministry of Economic Affairs of Taiwan, i.e. Department of Investment Review, Ministry of Economic Affairs of Taiwan after 26 September 2023
<i>“MOF”</i>	:	Ministry of Finance (中华人民共和国财政部)
<i>“MOFCOM”</i>	:	Ministry of Commerce of the PRC (中华人民共和国商务部)
<i>“MOHRSS”</i>	:	Ministry of Human Resources and Social Security of the PRC (中华人民共和国人力资源和社会保障部)
<i>“MOM”</i>	:	Ministry of Manpower of Singapore
<i>“NPC of the PRC”</i>	:	National People’s Congress of the PRC (全国人民代表大会)
<i>“Principal Bankers”</i>	:	CTBC Bank Co., Ltd. and HSBC Bank (China) Company Limited
<i>“Receiving Bank”</i>	:	The Bank of East Asia Limited, Singapore Branch
<i>“SAFE”</i>	:	State Administration of Foreign Exchange of the PRC (国家外汇管理局)
<i>“SAMR”</i>	:	State Administration for Market Regulation of the PRC (国家市场监督管理总局)
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share Registrar”</i>	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)
<i>“Sponsor and Issue Manager” or “Sponsor, Issue Manager and Placement Agent” or “Placement Agent”</i>	:	PrimePartners Corporate Finance Pte. Ltd.
<i>“STA”</i>	:	State Taxation Administration of the PRC (国家税务总局)
<i>“State Council”</i>	:	State Council of the PRC (国务院)

DEFINITIONS

General

- “1Q”** : Three-month financial period ended, or as the case may be, ending 31 March
- “APAC”** : Asia-Pacific
- “Application Forms”** : The printed application forms to be used for the purpose of the Placement and which form part of this Offer Document
- “Application List”** : The list of applications for subscription for the Placement Shares
- “Articles of Association”** : The articles of association of our Company, as amended from time to time
- “Art Outsourcing Segment”** : The business segment of our Group which involves the creation of digital art assets as part of our provision of art outsourcing services
- “Associate”** : (a) in relation to any Director, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) 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
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and
- (b) 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 Committee”** : The audit committee of our Company as at the date of this Offer Document, unless otherwise stated
- “Award”** : An award of Shares granted pursuant to the Winking Studios Performance Share Plan
- “Award Shares”** : 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

DEFINITIONS

<i>“Board” or “Board of Directors”</i>	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“CAGR”</i>	:	Compound annual growth rate
<i>“Catalist”</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>“Catalist Rules”</i>	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
<i>“Cayman Islands Companies Act”</i>	:	The Companies Act (As Revised) of the Cayman Islands, as amended, modified or supplemented from time to time
<i>“CEO”</i>	:	Chief Executive Officer
<i>“Closing Date”</i>	:	16 November 2023 or such other date as our Company, and the Sponsor, Issue Manager and Placement Agent may agree, or such other postponed date as may be required under the SFA
<i>“Code of Corporate Governance 2018”</i>	:	The Code of Corporate Governance 2018, as amended, modified or supplemented from time to time
<i>“Controlling Shareholder”</i>	:	As defined in the Catalist Rules, a person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all the voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over our Company
<i>“Cornerstone Investors”</i>	:	Acer Gaming and Mr. Jason Chen
<i>“Cornerstone Shares”</i>	:	The aggregate of 12,800,000 new Shares to be subscribed for by the Cornerstone Investors
<i>“Cornerstone Subscription Agreements”</i>	:	The cornerstone subscription agreements entered into between our Company and each of the Cornerstone Investors dated 28 September 2023 (as may be amended from time to time), pursuant to which the Cornerstone Investors are to subscribe for their respective Cornerstone Shares
<i>“Cornerstone Tranche”</i>	:	The subscription of the Cornerstone Shares by the Cornerstone Investors pursuant to the terms of the Cornerstone Subscription Agreements
<i>“Directors”</i>	:	The directors of our Company as at the date of this Offer Document, unless otherwise stated

DEFINITIONS

“EMEA”	:	Europe, the Middle East and Africa
“Employee Shareholders”	:	Mr. Oliver Yen and Mr. Cho Tai-Wei
“Employment Agreements”	:	The employment agreements dated 28 September 2023 entered into between our Company and each of Mr. Oliver Yen and Ms. Tina Li, as described in the section entitled “Directors, Executive Officers and Employees – Service and Employment Agreements” of this Offer Document
“EPS”	:	Earnings per Share
“Executive Director”	:	The executive Director of our Company as at the date of this Offer Document, unless otherwise stated
“Executive Officers”	:	The executive officers of our Group as at the date of this Offer Document, who are also key executives as defined under the SFR, unless otherwise stated
“FY”	:	Financial year ended, or as the case may be, ending 31 December
“Game Development Segment”	:	The business segment of our Group where we provide game development services (other than the creation of digital art assets), including programming, development, design and script writing of games
“Global Publishing Segment”	:	The business segment where our 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”	:	The Global Publishing Segment, together with other services we provide, such as selling our video games developed in-house and peripheral gaming products
“Group CFO”	:	Group Chief Financial Officer
“GST”	:	Goods and services tax
“Hong Kong”	:	Hong Kong, Special Administrative Region of the PRC
“Independent Directors”	:	The independent Directors of our Company as at the date of this Offer Document, unless otherwise stated
“Independent Market Report”	:	The report titled “Global Game Art Outsourcing Industry Report” dated 28 September 2023 prepared by the Industry Consultant
“IT”	:	Information technology

DEFINITIONS

<i>“Latest Practicable Date”</i>	:	15 September 2023, being the latest practicable date for the purposes of lodgement of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority
<i>“Listing”</i>	:	The proposed listing and quotation of all our Shares on Catalist
<i>“Management and Sponsorship Agreement”</i>	:	The management and sponsorship agreement dated 8 November 2023 entered into between our Company and PPCF pursuant to which PPCF agreed to manage and sponsor the Placement, details as described in the section entitled <i>“Plan of Distribution – Management, Sponsorship and Placement Arrangements”</i> of this Offer Document
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Member”</i>	:	The person registered in the Register of Members as the holder of shares in our 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
<i>“Memorandum” or “memorandum of association”</i>	:	Memorandum of association of our Company, as amended from time to time
<i>“NAV”</i>	:	Net asset value
<i>“New Shares”</i>	:	The 40,000,000 new Shares comprising the Placement Shares and the Cornerstone Shares
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Non-Executive Directors”</i>	:	The non-executive Directors of our Company (including Independent Directors) as at the date of this Offer Document, unless otherwise stated
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer Document”</i>	:	This offer document dated 8 November 2023 issued by our Company in respect of the Placement
<i>“Other Services Segment”</i>	:	The business segment of our Group where we sell our video games developed in-house and peripheral gaming products
<i>“Period Under Review”</i>	:	The period which comprises FY2020, FY2021, FY2022 and 1Q2023

DEFINITIONS

“PER”	:	Price earnings ratio
“Placement”	:	The placement of the Placement Shares by the Sponsor, Issue Manager and Placement Agent on behalf of our Company for subscription at the Placement Price, subject to and on the terms and conditions of this Offer Document
“Placement Agreement”	:	The placement agreement dated 8 November 2023 entered into between our Company and PPCF pursuant to which PPCF agreed to subscribe and/or procure subscribers for the Placement Shares, details as described in the section entitled “ <i>Plan of Distribution – Management, Sponsorship and Placement Arrangements</i> ” of this Offer Document
“Placement Price”	:	S\$0.20 for each Placement Share
“Placement Settlement Date”	:	The date and time on which the Placement Shares are issued in settlement under the Placement
“Placement Shares”	:	The 27,200,000 new Shares for which our Company invites applications to subscribe for pursuant to the Placement, subject to and on the terms and conditions set out in this Offer Document
“PRC” or “Mainland China”	:	The People’s Republic of China
“Register of Members”	:	The register of members of our Company maintained in accordance with the Cayman Islands Companies Act and where applicable, any branch register of members of our Company to be maintained at such place as the Board shall determine from time to time
“Remuneration Committee”	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
“Restructuring Exercise”	:	The restructuring exercise undertaken in connection with the Listing, as set out in the section entitled “ <i>Restructuring Exercise</i> ” of this Offer Document
“R&D”	:	Research and development
“Securities Account”	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account
“Securities and Futures Act” or “SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time

DEFINITIONS

<i>“Service Agreement”</i>	:	The service agreement dated 28 September 2023 entered into between our Company and Mr. Johnny Jan, as described in the section entitled <i>“Directors, Executive Officers and Employees – Service and Employment Agreements”</i> of this Offer Document
<i>“SFR”</i>	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended, modified or supplemented from time to time
<i>“SFRS(I)”</i>	:	Singapore Financial Reporting Standards (International)
<i>“SGXNET”</i>	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system network prescribed by the SGX-ST
<i>“Share(s)”</i>	:	Ordinary share(s) having a par value of S\$0.04 each in the share capital of our Company
<i>“Shareholder(s)”</i>	:	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
<i>“Singapore Companies Act”</i>	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
<i>“Statutes”</i>	:	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 our 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
<i>“Substantial Shareholders”</i>	:	Persons who have an interest in the Shares of not less than 5.0% of the aggregate of all the voting shares of our Company
<i>“United States” or “USA” or “U.S.”</i>	:	The United States of America
<i>“VAT”</i>	:	Value-added tax
<i>“Winking Studios Performance Share Plan”</i>	:	The share award plan of our Company, known as the “Winking Studios Performance Share Plan”, the rules and terms of which are set out in Appendix J to this Offer Document

DEFINITIONS

Currencies, Units and Others

“%” or “per cent.”	:	Per centum
“Canadian dollars”	:	The lawful currency of Canada
“Euros”	:	The lawful currency of the European Union
“HKD”	:	Hong Kong Dollars, the lawful currency of Hong Kong
“Japanese Yen” or “JPY”	:	The lawful currency of Japan
“KRW”	:	South Korean Won, the lawful currency of the Republic of South Korea
“NTD”	:	New Taiwan Dollars, the lawful currency of Taiwan
“Renminbi” or “RMB”	:	Renminbi, the lawful currency of the PRC
“S\$” and “cent”	:	Singapore dollars and cents, the lawful currency of Singapore
“US\$” and “US cents”	:	United States dollars and cents, the lawful currency of the United States

Name used in this Offer 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 (卓岱璋)
“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
“Mr. Oliver Yen”	:	Yen, Chun-Te (嚴俊德)
“Mr. Yang Wu Te”	:	Yang Wu Te
“Ms. Tina Li”	:	Li, Ziting (李子婷)

Any capitalised terms relating to the Winking Studios Performance Share Plan which are not defined in this section of this Offer Document shall have the meanings ascribed to them as stated in the section entitled “Appendix J – Rules of the Winking Studios Performance Share Plan” to this Offer Document.

DEFINITIONS

The expressions “associated company”, “associated entity”, “related corporation”, “related entity”, “Entity At Risk”, “subsidiary”, “subsidiary entity”, “substantial interest-holder” and “Substantial Shareholder” shall have the meanings ascribed to them respectively in the SFA, the SFR, the Singapore Companies Act and/or the Catalist Rules, as the case may be.

The expressions “Depositor”, “Depository”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Any word defined under the Cayman Islands Companies Act, Singapore Companies Act, the SFA, the SFR, the Catalist Rules or any statutory modification thereof and used in this Offer Document and the Application Forms shall, where applicable, have the meaning ascribed to it under the Cayman Islands Companies Act, Singapore Companies Act, the SFA, the SFR, the Catalist Rules or any statutory modification thereto, as the case may be.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document and the Application Forms to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted.

Any reference in this Offer Document and the Application Forms to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Offer Document and the Application Forms shall be a reference to Singapore time unless otherwise stated.

References in this Offer Document to “our Group”, “we”, “our”, and “us” or any other grammatical variations thereof shall unless otherwise stated, mean our Company, our Group or any member of our Group as the context requires.

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 your 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.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

The information on our website, any website directly or indirectly linked to our website or the websites of any of our related corporations or other entities in which we may have an interest, or any website, is not incorporated by reference in this Offer Document and should not be relied on.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the business of our Group, the following glossary contains an explanation and description of certain technical terms and abbreviations commonly used in our industry and used in this Offer Document. 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”	:	Two-dimensional
“3D”	:	Three-dimensional
“AI”	:	Artificial intelligence
“ARPG”	:	Action role-playing game
“FPS”	:	First-person shooter
“GPU”	:	Graphics processing unit
“H5 game”	:	HTML5 game, a game that is played on a mobile web page
“MMORPG”	:	Massively multiplayer online role-playing game
“NPC”	:	Non-player character
“PC”	:	Personal computer
“RPG”	:	Role-playing game
“UI”	:	User interface
“Unity”	:	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”	:	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
“VR”	:	Virtual reality

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward looking statements”. You can identify some of these statements by terms such as “anticipate”, “believe”, “could”, “estimate”, “profit estimate”, “expect”, “intend”, “may”, “plan”, “will” and “would” or similar words. However, you should note that these words are not the exclusive means of identifying forward looking statements. All statements regarding our expected financial position, trend information, business strategies, plans and prospects are forward looking statements.

These forward looking statements, including without limitation, statements as to our revenue and profitability, cost measures, planned strategy and anticipated expansion plans, expected growth in demand, expected industry trends and any other matters discussed in this Offer Document regarding matters that are not historical fact, are only predictions. These forward looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward looking statements. These risks, uncertainties and other factors include, amongst others, the following:

- (a) the competitive environment that our Group operates in;
- (b) our dependence on our key personnel for our continued success;
- (c) our dependence on the goodwill of our “Winking” brand;
- (d) leakage or misappropriation of our customers’ information and/or any improper use or disclosure of our customers’ intellectual property;
- (e) infringement of the intellectual property rights that we own;
- (f) rising labour costs and labour shortages, and our ability to attract and retain skilled personnel;
- (g) the deterioration of our operating cash flow due to a potential mismatch in time between receipt of payments from our customers and payments to our suppliers;
- (h) our historical financial performance is not indicative of our future performance;
- (i) there is no limitation of liability in some of the framework agreements that we have entered into with our customers;
- (j) our insurance coverage may not be adequate to indemnify us against all possible liabilities;
- (k) we may seek opportunities for growth through acquisitions, joint ventures, investments and partnerships, but these may not be successful;
- (l) our Group’s business and expansion plans in the future may be subject to our ability to raise capital and successfully implement our growth strategies;
- (m) loss or deterioration of our relationship with customers, suppliers and game publishing platforms;
- (n) we are dependent on IT in the administration of our business;

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

- (o) lease renewal, increase in lease rental rates and risk of relocation, may cause disruption to our business operations;
- (p) major flaws in our games developed under our Game Development Segment, including undetected programming errors or defects;
- (q) changes in laws, regulations and government policies in the jurisdictions which our customers have operations in;
- (r) disputes, legal and other proceedings arising out of our operations from time to time;
- (s) outbreaks of infectious and/or communicable diseases;
- (t) terrorist attacks, armed conflicts and increased hostilities, natural disasters and outbreak of communicable diseases; and
- (u) the factors described in the section entitled “*Risk Factors*” of this Offer Document.

Some of these risk factors are discussed in greater detail in this Offer Document, in particular, but not limited to, the discussions under the sections entitled “*Risk Factors*” and “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” of this Offer Document. All forward looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. These forward looking statements are applicable only as of the date of this Offer Document.

The sections entitled “*General Information on our Group – Prospects*”, “*General Information on our Group – Trend Information*” and “*General Information on our Group – Business Strategies and Future Plans*” of this Offer Document, as well as other parts of this Offer Document (to the extent applicable or relevant), contain data, information, financial analyses, forecast, figures and statements (including market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications) which are forward looking and based on certain assumptions and projections. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but we are unable to assure you that such information is accurate or complete.

Neither our Company, the Sponsor, Issue Manager and Placement Agent nor any person(s) acting on our or their behalf have conducted an independent review or verified the accuracy or veracity of such data, information, financial analysis, forecast, figures and statements, assumptions and projections (the “**Third Party Data**”). Where any of the Third Party Data or any information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors, the Sponsor, Issue Manager and Placement Agent or any person(s) acting on our or their behalf has been to ensure that such Third Party Data or information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context. No representation is made by us, the Sponsor, Issue Manager and Placement Agent or any person(s) acting on our or their behalf in respect of any of such Third Party Data or information and neither we, the Sponsor, Issue Manager and Placement Agent nor any person(s) acting on our or their behalf take any responsibility for any of such Third Party Data or information.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward looking statements in this Offer Document, undue reliance must not be placed on these statements. None of us, the Sponsor, Issue Manager and Placement Agent or any other person represents or warrants that our actual future results, performance or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward looking statements as a result of the risks faced by us. We and the Sponsor, Issue Manager and Placement Agent disclaim any responsibility to update any of those forward looking statements or publicly announce any revisions to those forward looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

We are, however, subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after the registration of this Offer Document but before the close of the Placement, we become aware of:

- (a) a false or misleading statement or matter in this Offer Document;
- (b) an omission from this Offer Document of any information that should have been included in it under the Section 243 of the SFA; or
- (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority, which would have been required by Section 243 of the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, our Company may in consultation with the Sponsor, Issue Manager and Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority.

PRESENTATION OF FINANCIAL AND STATISTICAL INFORMATION

This Offer Document contains the audited consolidated financial statements of our Group for FY2020, FY2021 and FY2022, and the unaudited interim condensed consolidated financial statements of our Group for the three-month period ended 31 March 2023, together with the related notes thereto, as set out in Appendices A and B to this Offer Document, respectively, which have been prepared in accordance with the SFRS(I).

The SFRS(I) differs in certain respects from generally accepted accounting principles in certain other countries, including the U.S.. We have not provided a quantitative reconciliation or narrative discussion of these differences in this Offer Document. Investors should consult their own professional advisers for an understanding of the differences between the SFRS(I) and generally accepted accounting principles in other countries, including the U.S. and how those differences might affect such financial statements and financial information and, more generally, the financial results of our Group going forward.

The preparation of our financial statements in conformity with the SFRS(I) at times requires our management to make subjective estimates and judgements regarding matters that are inherently uncertain. Such estimates 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. These estimates and judgements affect reported amounts and disclosures. Our results of operations may differ if prepared under different estimates and judgements.

We will, in accordance with the relevant laws and regulations in Singapore, prepare all future periodic financial reports which we will release on SGXNET, and all audited financial statements which we will provide to our Shareholders, in accordance with the SFRS(I).

Certain numerical figures set out in this Offer Document, including financial data presented in millions or thousands and percentages, have been subject to rounding adjustments and, as a result, the totals of the data in this Offer Document may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in the section entitled “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” of this Offer Document are approximate figures and have been calculated using the numerical data in our consolidated financial statements or the tabular presentation of other data (subject to rounding) contained in this Offer Document, as applicable, and not using the numerical data in the narrative description thereof.

INDUSTRY AND MARKET DATA

This Offer Document includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information.

We have commissioned the Industry Consultant to prepare the Independent Market Report on the global gaming industry and the global game art outsourcing industry. Please refer to “*Appendix D – Independent Market Report of the Industry Consultant*” to this Offer Document for further details. While our Directors and the Sponsor, Issue Manager and Placement Agent have taken reasonable steps to ensure that the information is extracted accurately and in its proper context, we cannot ensure the accuracy of the information or data and our Directors and the Sponsor, Issue Manager and Placement Agent have not independently verified any of the data from third party sources or ascertained the underlying assumptions relied upon therein. Consequently, none of us, the Sponsor, Issue Manager and Placement Agent, or our or their respective officers, agents, employees and advisers makes any representation as to the accuracy or completeness of such information or data and shall not be obliged to provide any updates on the same.

SELLING RESTRICTIONS AND NOTICE TO INVESTORS

SINGAPORE

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of the Placement Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Placement Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us and the Sponsor, Issue Manager and Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us and/or the Sponsor, Issue Manager and Placement Agent.

Persons to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit the same to occur.

By accepting this Offer Document, you agree to be bound by the foregoing limitations. No part of this Offer Document may be (i) copied, photocopied or duplicated in any form by any means; or (ii) distributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose.

TAIWAN

The securities of our Company have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities rules and may not be offered, issued or sold within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering, issuance and sale of the shares in Taiwan.

Investors should also take note of the foreign investment requirements under Taiwan laws and regulations under the sections entitled “*Risk Factors – Risks Relating to the Jurisdictions In Which our Group Has Operations – Our investment in Taiwan is subject to Taiwanese regulatory requirements and any non-compliance may have an adverse impact on our investment*” and “*General Information on our Group – Government Regulations – Taiwan*” of this Offer Document.

DETAILS OF THE PLACEMENT

LISTING ON CATALIST

An application has been made to the SGX-ST for permission to deal in, and for the listing and quotation of, all our Shares already issued, the Placement Shares, the Cornerstone Shares and the Award Shares, on Catalist. Such permission will be granted when our Company has been admitted to Catalist. Our acceptance of applications and the allotment and allocation of the Placement Shares will be conditional upon, amongst others, the completion of the Placement, which is subject to certain conditions, including permission being granted by the SGX-ST to deal in, and for quotation of, all our Shares, including the Placement Shares, the Cornerstone Shares, and the Award Shares, on Catalist. Monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, if the completion of the Placement does not occur because the said permission is not granted or for any reason, and the applicant will not have any claim against us and/or the Sponsor, Issue Manager and Placement Agent. No Shares will be allotted and/or allocated on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Mainboard of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You 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 your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalist but relies on the Sponsor, Issue Manager and Placement Agent confirming that our Company is suitable to be listed and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of the Placement Shares and Cornerstone Shares being offered for investment.

Admission to Catalist is not to be taken as an indication of the merits of the Placement, our Company, our subsidiaries, our existing issued Shares, the Placement Shares, the Cornerstone Shares or the Award Shares.

A copy of this Offer Document has been lodged with and registered by the SGX-ST, acting as agent on behalf of the Authority. Registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority, does not imply that the SFA, the Catalist Rules or any other legal or regulatory requirements, have been complied with. The SGX-ST has not, in any way, considered the merits of our existing issued Shares, the Placement Shares, the Cornerstone Shares or the Award Shares, as the case may be, being offered or in respect of which an invitation is made, for investment. We have not lodged or registered this Offer Document in any other jurisdiction.

As we are a foreign issuer, our Company has also undertaken to comply with the relevant requirements as set out under Rule 412 of the Catalist Rules.

DETAILS OF THE PLACEMENT

Notification under Section 309B(1) of the SFA, as applicable: The Shares, which are stocks or shares issued or proposed to be issued by a corporation or body unincorporate (other than a corporation or body unincorporate that is a collective investment scheme), are prescribed capital markets products (as defined in the Schedule of 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).

We are subject to the provisions of the SFA, the SFR and the Catalist Rules regarding corporate disclosure. In particular, if after the registration of this Offer Document but before the close of the Placement, we become aware of:

- (a) a false or misleading statement or matter in this Offer Document;
- (b) an omission from this Offer Document of any information that should have been included in it under the requirements of Section 243 of the SFA; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority, and which would have been required by the requirements of Section 243 of the SFA to be included in the Offer Document if it had arisen before the Offer Document was lodged,

that is materially adverse from the point of view of an investor, we may, in consultation with the Sponsor, Issue Manager and Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to purchase and/or subscribe for the Placement Shares and:

- (a) where the Placement Shares have not been issued to the applicants, we shall either:
 - (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or

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- (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled; and (B) we shall within seven days from the date of lodgement of the supplementary or replacement offer document, return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk; or
- (b) where the Placement Shares have been issued to the applicants, we shall either:
 - (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to return to us the Placement Shares which they do not wish to retain title in; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, as the case may be, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Placement Shares which they do not wish to retain title in; or
 - (iii) (A) treat the issue of the Placement Shares as void, in which case the issue of the Placement Shares shall be deemed void; and (B) we shall within seven days from the date of lodgement of the supplementary or replacement offer document, return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk.

Any applicant who wishes to exercise his option under paragraph (a)(i) or (ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven days from the receipt of such notification, pay to him all monies paid by him on account of his application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant shall not have any claim against us and/or the Sponsor, Issue Manager and Placement Agent.

Any applicant who wishes to exercise his option under paragraph (b)(i) or (ii) to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares, to us, whereupon we shall, subject to compliance with the Cayman Islands Companies Act and the Articles of Association, within seven days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Placement Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the issue of those Placement Shares shall be cancelled upon repurchase by our Company, and he shall not have any claim against us and/or the Sponsor, Issue Manager and Placement Agent.

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Pursuant to Section 242 of the SFA, the Authority and/or the SGX-ST, acting as agent on behalf of the Authority, may, in certain circumstances issue a stop order to our Company, directing that no or no further Shares to which this Offer Document relates, be allotted or issued (the “**Stop Order**”). Such circumstances will include a situation where this Offer Document (a) contains any statement or matter which, in the Authority’s opinion, is false or misleading; (b) omits any information that should have been included in it under the SFA; (c) does not, in the Authority’s opinion, comply with the requirements of the SFA; or (d) if the Authority is of the opinion that it is in the public interest to do so.

In the event that the Authority or the SGX-ST, acting as agent on behalf of the Authority, issues a Stop Order and applications to subscribe for the Placement Shares have been made prior to the Stop Order, then:

- (a) where the Placement Shares have not been issued to the applicants, the applications of the Placement Shares pursuant to the Placement shall be deemed to have been withdrawn and cancelled and we shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Placement Shares; or
- (b) where the Placement Shares have been issued to the applicants, the issue of the Placement Shares pursuant to the Placement shall be deemed to be void and we shall, within 14 days from the date of the Stop Order pay to the applicants all monies paid by them for the Placement Shares.

If we are required by applicable Singapore laws to cancel issued Placement Shares and repay application monies to applicants (including instances where a Stop Order is issued), subject to compliance with the Cayman Islands Companies Act and the Articles of Association, our Company will purchase the Placement Shares at the Placement Price. Information relating to the purchase of our Shares by our Company is set out in the sections entitled “*Appendix F – Summary of Certain Provisions of the Cayman Islands Companies Act and the Memorandum and Articles of Association of our Company*” to this Offer Document and “*Appendix G – Description of our Shares – Purchase by Our Company of Our Own Shares*”.

Where monies paid in respect of applications received or accepted are to be returned to the applicants, such monies will be returned to the applicants at their own risk, without interest or any share of revenue or other benefit arising therefrom, and they will not have any claim against us, the Sponsor, Issue Manager and Placement Agent.

No representation, warranty or covenant, expressed or implied, is made by us, the Sponsor, Issue Manager and Placement Agent or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Offer Document is, or shall, to the extent permitted by law, be relied upon as a promise, representation or covenant by us, the Sponsor, Issue Manager and Placement Agent or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Neither our Company, the Sponsor, Issue Manager and Placement Agent, nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

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No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us and/or the Sponsor, Issue Manager and Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Placement, nor the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or our subsidiaries or in any statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we will comply with the relevant provisions and, if required, make an announcement of the same to the SGX-ST and to the public and/or lodge a supplementary or replacement offer document with the SGX-ST, acting as agent on behalf of the Authority. You should take note of any such announcement and/or supplementary or replacement offer document and, upon release of such an announcement and/or supplementary or replacement offer document, shall be deemed to have been given notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Placement Shares are offered for subscription for and/or purchase solely on the basis of the instructions contained and representations made in the Offer Document.

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any persons other than the applicants in connection with their application for the Placement Shares or for any other purpose.

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability during office hours, from:

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00, Collyer Quay Centre
Singapore 049318

An electronic copy of this Offer Document is also available on the SGX-ST's website, <http://www.sgx.com>.

The Placement will be open from 9 November 2023 (after the registration of the Offer Document by the SGX-ST, acting as agent on behalf of the Authority (the "Registration")) to 16 November 2023.

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The Application List will open on 9 November 2023 after the Registration and will remain open until 12.00 noon on 16 November 2023 or for such further period or periods as our Directors may, in consultation with the Sponsor, Issue Manager and Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary offer document or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures to subscribe for and/or purchase the Placement Shares are set out in the section entitled “*Appendix E – Terms, Conditions and Procedures for Application and Acceptance*” to this Offer Document.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable for the Placement and trading in our Shares is set out below:

Indicative date/time	Event
9 November 2023 (after registration of this Offer Document)	Open of Placement
16 November 2023 at 12.00 noon	Close of Application List
20 November 2023 at 9.00 a.m.	Commence trading on a “ready” basis
22 November 2023	Settlement date for all trades done on a “ready” basis

The above timetable is indicative only as it assumes that the date of closing of the Application List is 16 November 2023, the date of admission of our Company to Catalist is 20 November 2023, the SGX-ST’s shareholding spread requirement will be complied with and the Placement Shares will be issued and fully paid-up prior to 20 November 2023. The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST. All dates and times referred to above are Singapore dates and times.

The above timetable and procedures may be subject to such modifications as the SGX-ST may, in its absolute discretion, decide, including the decision to permit commencement of trading on a “ready” basis and the commencement date of such trading. All persons trading in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted or are otherwise beneficially entitled to.

We may, at our sole discretion, in consultation with the Sponsor, Issue Manager and Placement Agent, and subject to all laws and regulations and the Catalist Rules, agree to extend or shorten the period during which the Placement is open, provided that such period may not be less than two Market Days.

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the Internet at the SGX-ST’s website, <http://www.sgx.com>; and
- (b) in one or more major English language newspaper(s) in Singapore.

We will publicly announce the level of subscription for and/or purchase of the Placement Shares and the basis of allotment and/or allocation of the Placement Shares as soon as it is practicable after the close of the Application List through the channels described in (a) and (b) above.

We reserve the right to reject or accept, in whole or in part, or to scale down any application for the Placement Shares, without assigning any reason therefore, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

Investors should consult the SGX-ST’s announcement on the “ready” trading date released on the Internet (at the SGX-ST’s website, <http://www.sgx.com>) or the local newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

PLAN OF DISTRIBUTION

THE PLACEMENT AND THE CORNERSTONE TRANCHE

The Placement is in respect of 27,200,000 Placement Shares offered in Singapore, and the Listing is managed and sponsored by PPCF. At the same time as but separate from the Placement, the Cornerstone Investors have entered into the Cornerstone Subscription Agreements with our Company to subscribe for such number of new Shares in the capital of our Company (i.e. the Cornerstone Shares) to be determined by dividing their commitment amounts of S\$2,160,000 and S\$400,000 respectively by the Placement Price, conditional upon, amongst others, the Placement Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Placement Settlement Date.

Prior to the Placement, there had been no public market for our Shares. The Placement Price is determined by our Company following consultation with the Sponsor, Issue Manager and Placement Agent, taking into consideration, amongst others, the prevailing market conditions and estimated market demand for our Shares (including the Placement Shares) determined through a book-building process. The Placement Price is the same for all Placement Shares and is payable in full on application.

The minimum initial application is for 1,000 Shares. An applicant may apply to subscribe for a larger number of Placement Shares in integral multiples of 100 Shares. In order to ensure a reasonable spread of Shareholders, we have the absolute discretion to prescribe a limit to the number of Shares to be allotted to any single applicant and/or to allot Shares above or under such prescribed limit as we shall deem fit.

Pursuant to the Management and Sponsorship Agreement entered into between us and PPCF as set out in the section entitled “*Plan of Distribution – Management, Sponsorship and Placement Arrangements*” of this Offer Document, we have appointed PPCF and PPCF has agreed to act as full sponsor for the Listing. PPCF, as the Sponsor and Issue Manager, will receive a management fee for its services rendered in connection with the Placement.

PLACEMENT SHARES

The Placement Shares are made available to retail and institutional investors in Singapore. Applications for the Placement Shares may be made by way of printed Application Forms or such other forms of application as the Sponsor, Issue Manager and Placement Agent deems appropriate. The terms and conditions and procedures for application and acceptance are set out in “*Appendix E – Terms, Conditions and Procedures for Application and Acceptance*” to this Offer Document.

Pursuant to the terms and conditions contained in the Placement Agreement as disclosed in the section entitled “*Plan of Distribution – Management, Sponsorship and Placement Arrangements*” of this Offer Document, the Sponsor, Issue Manager and Placement Agent has agreed to subscribe for or procure subscribers for the Placement Shares, at the Placement Price.

Subscribers for and purchasers of the Placement Shares may be required to pay brokerage of up to 1.0% of the Placement Price (and the prevailing GST thereon, if applicable) to the Sponsor, Issue Manager and Placement Agent or any sub-placement agent as may be appointed by the Sponsor, Issue Manager and Placement Agent as well as stamp duties and other charges.

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SUBSCRIPTION FOR THE NEW SHARES

Acer Gaming, our Controlling Shareholder, intends to subscribe for 10,800,000 Cornerstone Shares, representing approximately 27.0% of the New Shares, pursuant to the Cornerstone Tranche. We have also been informed that Mr. Kao Shu-Kuo, our Non-Executive Director, and our Group CFO, Mr. Oliver Yen, intend to subscribe for an aggregate of 1,050,000 Placement Shares in the Placement. Save for the foregoing, none of our Directors or Substantial Shareholders intends to subscribe for the Placement Shares pursuant to the Placement. To the best of our knowledge, none of our Independent Directors or the members of our Company's management or employees, intends to subscribe for more than 5.0% of the Placement Shares in the Placement. In the event that any Placement Shares are subscribed for by our Directors, Substantial Shareholders and/or their respective Associates, such subscriptions will be disclosed in an announcement in accordance with Rule 428 of the Catalist Rules.

To the best of our knowledge, as at the date of this Offer Document, save for Acer Gaming and Mr. Jason Chen (who are subscribing for such number of Cornerstone Shares amounting to 27.0% and 5.0% of the New Shares respectively), we are not aware of any person who intends to subscribe for more than 5.0% of the New Shares in the Cornerstone Tranche.

However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for more than 5.0% of the New Shares. If such person(s) were to make an application for more than 5.0% of the New Shares and are subsequently allotted such number of Shares, we will make the necessary announcements at an appropriate time. The final allocation and allotment of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406(1) of the Catalist Rules.

No Shares shall be issued and allotted and/or allocated on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

MANAGEMENT, SPONSORSHIP AND PLACEMENT ARRANGEMENTS

Management and Sponsorship Agreement

Pursuant to the Management and Sponsorship Agreement dated 8 November 2023 entered into between our Company and PPCF as the Sponsor and Issue Manager, our Company has appointed PPCF to manage and sponsor the Listing. PPCF will receive a management fee from our Company for its services rendered in connection with the Listing.

The Sponsor and Issue Manager may in its absolute discretion, by notice in writing to our Company, rescind or terminate the Management and Sponsorship Agreement if, at any time prior to the date and time of the commencement of trading of our Shares on Catalist, amongst others:

- (a) the Sponsor and Issue Manager becomes aware of any inaccuracy or misrepresentation by our Company and/or our agent(s) or any material breach of any of the warranties, representations, covenants or undertakings given by our Company to the Sponsor and Issue Manager in the Management and Sponsorship Agreement;
- (b) if any of the conditions specified in the Management and Sponsorship Agreement has not been satisfied or waived by the Sponsor and Issue Manager on or before the Closing Date;

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- (c) if there shall have been or come into effect, since the date of the Management and Sponsorship Agreement:
- (i) in the reasonable opinion of the Sponsor and Issue Manager, any material adverse effect, or any development involving a prospective material adverse effect; or
 - (ii) in any relevant jurisdiction, any introduction or prospective introduction of or any change in any statute, regulation, order, policy or directive (whether or not having the force of law and including without limitation, any directive or request issued by the SGX-ST) or in the interpretation or application thereof by any court or other competent authority that has or is expected to have any material adverse effect on our Group as a whole; or
 - (iii) any material adverse change, or any development involving a prospective material adverse change or crisis, in local, national or international monetary, financial and capital markets (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition or any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST (including Catalist); or
 - (iv) any material adverse change, or any development involving a prospective material adverse change, in local, national, or international securities or stock markets; or
 - (v) any occurrence of any local, regional or international outbreak or escalation of hostilities, insurrection or armed conflict that may have a material adverse effect on the financial markets; or
 - (vi) any regional or local outbreak of disease that may have a material adverse effect on the financial markets; or
 - (vii) any event or series of events in the nature of *force majeure* (including without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism, acts of God, accident, epidemics, pandemics, earthquakes or interruption or delay in transportation); or
 - (viii) any material adverse change, or any development involving a prospective material adverse change, in the business, trading position, operations or prospects of our Company or of our Group as a whole,

which event(s) shall in the reasonable opinion of the Sponsor and Issue Manager (A) be likely to prejudice the success of the subscription, placement or issue of the Placement Shares (whether in the primary market or in respect of dealings in the secondary market) or be likely to have a material adverse effect on the placement of the Placement Shares, or (B) be likely to have a material adverse effect on the business, trading position, operations or prospects of our Company or of our Group as a whole, or (C) make it impracticable or inadvisable to proceed with the subscription, sale, placement, issue or transfer of the New Shares, or (D) be such that no reasonable full sponsor or issue manager would have entered into the Management and Sponsorship Agreement, or (E) result in a material fluctuation or material adverse conditions in the SGX-ST which event(s) shall in the reasonable opinion of the Sponsor and Issue Manager exercised in good faith be likely to have a material adverse effect on the Placement, or (F) make it uncommercial or otherwise contrary to or outside the

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usual commercial practices in Singapore for the Sponsor and Issue Manager to observe or perform or be obliged to observe or perform the terms of the Management and Sponsorship Agreement;

- (d) a stop order is issued by the SGX-ST, acting as agent on behalf of the Authority, or other competent authority pursuant to the SFA (notwithstanding that a supplementary or replacement offer document is subsequently registered with the SGX-ST, acting as agent on behalf of the Authority);
- (e) if the SGX-ST or the Authority or other regulatory body having authority over our Company shall make any ruling (or revoke any ruling previously made) the effect of which would restrict or impede the listing and quotation of the Placement Shares or the sale of the Placement Shares;
- (f) if the issue and subscription and/or sale and transfer of the Placement Shares in accordance with the provisions of the Management and Sponsorship Agreement shall be prohibited by any applicable law, or objected to by, any legislative, executive or regulatory body or authority of Singapore or elsewhere (including without any limitation, the Authority and the SGX-ST); or
- (g) there is a conflict of interest for the Sponsor and Issue Manager which the Sponsor and Issue Manager has promptly notified our Company of, or any dispute, conflict or disagreement with our Company which cannot be reasonably resolved or our Company wilfully fails to comply with any advice from or recommendation of the Sponsor and Issue Manager.

Notwithstanding anything herein contained, the Sponsor and Issue Manager may by notice in writing to our Company terminate the Management and Sponsorship Agreement if:

- (a) there comes to the notice of the Sponsor and Issue Manager (i) any statement contained in this Offer Document or the Application Forms relating hereto which in the sole and absolute opinion of the Sponsor and Issue Manager has become untrue, incorrect or misleading in any material respect; or (ii) circumstances or matters have arisen or have been discovered, which would, if this Offer Document was to be issued at that time, constitute in the sole and absolute opinion of the Sponsor and Issue Manager, a material omission of such information, and our Company fails to lodge a supplementary or replacement offer document or document within a reasonable time after being notified of such a material misrepresentation or omission or fails to promptly take such steps as the Sponsor and Issue Manager may reasonably require to inform investors of the lodgement of such supplementary offer document or document; or
- (b) our Company has not been admitted to the Official List of Catalist or there is no listing or quotation for trading of the Shares or the Placement Shares on Catalist on or before 31 December 2023 (or such other date as our Company and the Sponsor and Issue Manager and the SGX-ST may agree).

Placement Agreement

Pursuant to the Placement Agreement dated 8 November 2023 entered between our Company and PPCF, our Company has appointed PPCF as the Placement Agent to subscribe and/or procure subscriptions for the Placement Shares for a placement commission of 3.5% of the aggregate Placement Price for each Placement Share, payable by our Company. Subject to any

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applicable laws and regulations, the Placement Agent may, at its absolute discretion, appoint one or more sub-placement agents for the Placement. The Placement is not underwritten.

The Placement Agreement and the obligations of the Placement Agent under the Placement Agreement are conditional upon, amongst others:

- (a) this Offer Document having been registered by the SGX-ST, acting as agent on behalf of the Authority, by the date of registration in accordance with the Catalist Rules;
- (b) the Listing and Quotation Notice being issued or granted by the SGX-ST, acting as agent on behalf of the Authority, and such Listing and Quotation Notice not being revoked or withdrawn on or prior to the Closing Date;
- (c) the compliance by our Company to the satisfaction of the SGX-ST and/or the Authority with all the conditions imposed by the SGX-ST and/or the Authority in granting the Listing and Quotation Notice (if any), where such conditions are required to be complied with by the Closing Date;
- (d) the SGX-ST not having withdrawn or changed the terms and conditions of the Listing and Quotation Notice for the admission of our Company to the Official List of Catalist (the “**Admission**”) and our Company having complied with any conditions contained therein required to be complied with prior to the Admission;
- (e) such approvals as may be required for the transactions described in the Placement Agreement and in this Offer Document in relation to the Admission and the Placement being obtained, and not withdrawn or amended, on or before the date on which our Company is admitted to Catalist of the SGX-ST (or such other date as our Company and the Sponsor, Issue Manager and Placement Agent may agree in writing);
- (f) the offer, allotment, issue, transfer and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction, which is applicable to our Company or the Placement Agent;
- (g) there not having occurred, in the reasonable opinion of the Placement Agent, any material adverse effect or any development likely to involve a prospective material adverse effect, whether or not arising from transactions in the ordinary course of business, subsequent to the date of the Placement Agreement which, in the reasonable opinion of the Placement Agent, is or is likely to be materially adverse in the context of the Placement or is reasonably likely to prejudice materially the success of the Placement or dealings in the secondary market nor the occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect, as at the Closing Date, any of the warranties or representations contained in the Placement Agreement nor any breach by our Company of any of its obligations hereunder;
- (h) the compliance by our Company with all applicable laws and regulations concerning the Admission, the listing of the Shares, the New Shares and the Award Shares on the Catalist of the SGX-ST and the transactions contemplated in the Placement Agreement and this Offer Document and no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or any other similar matter having occurred which,

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in the reasonable opinion of the Placement Agent, has or may have an adverse effect on the Placement and the listing of the Shares, the New Shares and the Award Shares on the Catalist of the SGX-ST;

- (i) the letters of undertaking referred to in this Offer Document under the section entitled “*Shareholders – Moratorium*” being executed and delivered to the Sponsor, Issue Manager and Placement Agent before the date of registration of this Offer Document;
- (j) the Management and Sponsorship Agreement not being terminated or rescinded pursuant to the provisions of the Management and Sponsorship Agreement; and
- (k) the representations, warranties and undertakings in the Placement Agreement remaining true and accurate in all material respects as at the Closing Date and our Company having performed all of its obligations hereunder to be performed on or before the Closing Date.

Other than pursuant to the Placement Agreement, there are no contracts, agreements or understandings between our Company and any person or entity that would give rise to any claim for brokerage commission, finder’s fees or other payments in connection with the subscription of the Placement Shares.

Save as aforesaid, no commission, discount or brokerage, has been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or securities-based derivatives contracts in our Company.

Pursuant to the Management and Sponsorship Agreement and the Placement Agreement, our Company will hold the Sponsor, Issue Manager and Placement Agent, their affiliates and their respective directors, officers, representatives, employees and/or agents (the “**Indemnified Persons**”) fully and effectively indemnified against all liabilities, costs and expenses arising out of any claim brought or threatened to be brought against any of them in relation to the Admission and/or the Placement (whether or not such claim is successful, compromised or settled) for whatever reasons, including but not limited to:

- (a) any failure by our Company to comply with the Catalist Rules and/or any statute or statutory regulation, governmental or ministerial order or decree, or decision or circular of the SGX-ST or any other authority (including without limitation to the foregoing, any directive or order by the Authority or the SGX-ST pursuant to the SFA and the Catalist Rules);
- (b) the preliminary Offer Document or, as the case may be, this Offer Document (or any amendment or supplement thereto) and/or the offering materials not containing all information required or material in the context of the offering of the Placement Shares, or any statement contained therein or in any information which is otherwise supplied by our Company to the Sponsor, Issue Manager and Placement Agent in connection with the Placement or the Listing being untrue, incorrect or misleading;
- (c) any material misrepresentation contained in the preliminary Offer Document and/or this Offer Document, as the case may be; or
- (d) any breach or alleged breach of our Company of any of the representations and warranties or undertakings contained in the Management and Sponsorship Agreement and the Placement Agreement or in any officers’ certificates provided by any officer of our Company,

PLAN OF DISTRIBUTION

of any obligations of our Company as contained in the Management and Sponsorship Agreement and the Placement Agreement,

including in any such case (but without prejudice to the generality of the foregoing) all costs, charges and expenses which the Indemnified Persons may incur or bear in disputing any such claim made against any of them or in establishing any claim on their part under the foregoing provisions, in each case except in relation to any claim arising out of the wilful misconduct, malice or gross negligence of the Sponsor, Issue Manager and Placement Agent. For the avoidance of doubt, notwithstanding the indemnities contained in the Management and Sponsorship Agreement, the liabilities under Sections 253 and 254 of the SFA remain applicable to the Sponsor, Issue Manager and Placement Agent.

The Management and Sponsorship Agreement and the Placement Agreement are each conditional upon the other not being terminated or rescinded pursuant to the provisions of the Management and Sponsorship Agreement and the Placement Agreement (as the case may be) and may be terminated on the occurrence of certain events, including those specified above. In the event that the Management and Sponsorship Agreement or the Placement Agreement is terminated, our Company reserves the right, at the absolute discretion of our Directors, to cancel the Placement.

INTERESTS OF THE SPONSOR, ISSUE MANAGER AND PLACEMENT AGENT

In the reasonable opinion of our Directors, PPCF does not have a material relationship with our Company save as disclosed below and in the section entitled “*Plan of Distribution – Management, Sponsorship and Placement Arrangements*” of this Offer Document:

- (a) PPCF is the Sponsor, Issue Manager and Placement Agent for the Placement; and
- (b) PPCF will be the Continuing Sponsor of our Company for a period of three years from the date our Company is admitted and listed on Catalist.

NO INTRODUCER AND CONSULTANT

There are no introducers to the Placement and Cornerstone Tranche and no consultants have been engaged by our Group in relation to the Placement, Cornerstone Tranche and/or the Listing, or to assist in the issue of securities or securities-based derivatives contracts to investors during the period of 12 months prior to the date of lodgement of this Offer Document, for the purposes of facilitating the Placement, Cornerstone Tranche and our application for the Listing.

OFFER DOCUMENT SUMMARY

The information contained in this summary is derived from, and should be read in conjunction with, the full text of this Offer Document. As it is a summary, it does not contain all of the information that prospective investors should consider before investing in our Shares. Prospective investors should read this entire Offer Document carefully, especially the section entitled “Risk Factors” of this Offer Document and our financial statements and related notes before deciding on whether or not to invest in our Shares.

OUR COMPANY

Our 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”. Our Company’s registration number is 159882. Our Company is the holding company of our Group, and was incorporated to rationalise the corporate structure of our Group. Some of our subsidiaries had already commenced operations in certain jurisdictions prior to the incorporation of our Company in 2005. Our Company changed its name to “Winking Studios Limited” with effect from 17 May 2023. Further details are set out in the sections entitled “Restructuring Exercise” and “Group Structure” of this Offer Document.

BUSINESS OVERVIEW

We are an art outsourcing and game development studio with over 25 years of 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. Our three primary business segments are the:

- (a) Art Outsourcing Segment, where we create and develop digital art assets as part of our provision of art outsourcing services. Our 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;
- (b) Game Development Segment, where we provide game development services, including programming, development, design and script writing of games; and
- (c) Global Publishing and Other Services Segment, where we (i) release game products developed by ourselves 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 “**Global Publishing and Other Services Segment**”). During the Period Under Review, the revenue contribution from our Other Services Segment was insignificant.

Our principal places of business are in Taiwan and the PRC where we house our seven studios, and our operations are supported by our office and team at our headquarters in Singapore. Nevertheless, we have cultivated a global customer base, and the services we render are available to our base of customers located across the globe. According to the Independent Market Report, in terms of global revenue of game art outsourcing in 2022, our Group ranked third in Asia and fourth in the world, ahead of most of our competitors in Japan, Hungary and the USA.

Further details are set out in the sections entitled “General Information on our Group – History” and “General Information on our Group – Business Overview” of this Offer Document.

OFFER DOCUMENT SUMMARY

SUMMARY OF OUR FINANCIAL INFORMATION

The following tables present a summary of our financial highlights and should be read in conjunction with the sections entitled “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” of this Offer Document, “*Independent Auditor’s Report and the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022*”, as set out in Appendix A to this Offer Document and the “*Independent Auditor’s Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023*” as set out in Appendix B to this Offer Document.

Selected Items from the Consolidated Statements of Profit or Loss and Other Comprehensive Income

US\$'000	← Audited →			← Unaudited →	
	FY2020	FY2021	FY2022	1Q2022	1Q2023
Revenue from contracts from customers	14,486	23,691	24,498	6,059	6,425
Profit before income tax	2,190	3,001 ⁽⁴⁾	775 ⁽⁵⁾	496	236 ⁽⁶⁾
Profit for the year/period	2,179	3,151 ⁽⁴⁾	1,037 ⁽⁵⁾	629	560 ⁽⁶⁾
Total comprehensive income for the financial year/period	2,482	3,447	128	420	703
Profit for the year/period attributable to equity holders of our Company	1,854	3,109	1,037	629	560
Total comprehensive income attributable to equity holders of our Company	2,250	3,404	128	420	703
Pre-Placement EPS (US cents) ⁽¹⁾	0.77	1.30	0.43	0.26	0.23
Post-Placement EPS (US cents) ⁽²⁾⁽³⁾	0.66	1.11	0.37	0.22	0.20

Notes:

- (1) For comparative purposes, EPS for the Period Under Review has been computed based on the profit for the years/periods attributable to equity holders of our Company and our pre-Placement and and pre-Cornerstone Tranche share capital of 239,698,275 Shares.
- (2) For comparative purpose, EPS adjusted for the Placement and Cornerstone Tranche for the Period Under Review has been computed based on the profit for the years/periods attributable to equity holders of our Company and our post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares.
- (3) Had the Service Agreement and Employment Agreements (as set out in the section entitled “*Directors, Executive Officers and Employees – Service and Employment Agreements*” of this Offer Document) been in effect since 1 January 2022, the profit for the year and adjusted EPS based on our Company’s post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares for FY2022 would have been approximately US\$0.9 million and 0.34 US cents, respectively.
- (4) For illustrative purposes only, assuming the exclusion of the listing expenses of approximately US\$0.5 million incurred in relation to our Company’s preparation for the Listing, the profit before income tax and profit for the year (assuming income tax credit remains the same) for FY2021 would be approximately US\$3.5 million and US\$3.7 million respectively.

OFFER DOCUMENT SUMMARY

- (5) For illustrative purposes only, assuming the exclusion of the listing expenses of approximately US\$0.2 million incurred in relation to our Company's preparation for the Listing, the profit before income tax and profit for the year (assuming income tax credit remains the same) for FY2022 would be approximately US\$1.0 million and US\$1.3 million respectively.
- (6) For illustrative purposes only, assuming the exclusion of the listing expenses of approximately US\$0.2 million incurred in relation to our Company's preparation for the Listing, the profit before income tax and profit for the period (assuming income tax credit remains the same) for 1Q2023 would be approximately US\$0.5 million and US\$0.8 million respectively.

Selected Items from the Consolidated Statements of Financial Position

US\$'000	← Audited →	← Unaudited →		
	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 31 March 2023
Non-current assets	1,864	4,972	6,748	7,040
Current assets	9,760	13,533	12,736	15,556
Total assets	11,624	18,505	19,484	22,596
Non-current liabilities	726	2,327	2,793	2,742
Current liabilities	3,305	5,176	5,561	4,998
Total liabilities	4,031	7,503	8,354	7,740
Net assets attributable to equity holders of our Company	7,598	11,002	11,130	14,856
Net assets attributable to non-controlling interests	(5)	–	–	–
NAV per Share (US cents) ⁽¹⁾	3.17	4.59	4.64	6.20
NTA per Share (US cents) ⁽²⁾	3.12	4.49	4.54	6.09

Notes:

- (1) The NAV per Share has been compared based on NAV attributable to the equity holders of our Company and pre-Placement and pre-Cornerstone Tranche share capital of 239,698,275 Shares.
- (2) The NTA per Share has been computed based on NAV attributable to the equity holders of our Company net of intangible assets and our pre-Placement and pre-Cornerstone Tranche share capital of 239,698,275 Shares.

COMPETITIVE STRENGTHS

We believe that we are able to compete effectively due to the following competitive strengths:

- (a) we have proven capabilities in art outsourcing and game development underpinned by our comprehensive game development knowledge and expertise and strong data security management system;
- (b) we have an established multi-market presence with a far-reaching network and steady relationships with our customers;
- (c) we have a committed and strong management team with deep sector expertise, guided by an experienced board of directors and supported by our skilled and experienced staff; and
- (d) we have an effective human resources management system and structure.

OFFER DOCUMENT SUMMARY

For further details, please refer to the section entitled “*General Information on our Group – Competitive Strengths*” of this Offer Document.

PROSPECTS

Our Directors believe that the prospects of our Group are encouraging for the following reasons:

- (a) game development companies’ increasing expenditure on game art resulting from gamers’ higher requirements in respect of game graphics;
- (b) continually increasing supply of artistic talents;
- (c) leveraging and integrating AI for game art creation;
- (d) growing demands of Asian game companies for art outsourcing services; and
- (e) shorter development cycles by game developers for launch of new games.

A detailed discussion of our prospects is set out in the section entitled “*General Information on our Group – Prospects*” of this Offer Document.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

- (a) enhance our presence globally to capture market opportunities;
- (b) pursue strategic acquisitions, joint ventures and strategic alliances to expand our scale and capabilities; and
- (c) monitor and explore the use of AI and/or invest in AI-related companies or businesses to improve and expand our art outsourcing capabilities.

A detailed discussion of our prospects is set out in the section entitled “*General Information on our Group – Business Strategies and Future Plans*” of this Offer Document.

OUR CONTACT DETAILS

Our registered office is at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. We do not have a telephone number or facsimile number for our registered office. Our principal place of business address is at No. 1, Zhengxue Road, Qinhuai District, Nanjing and the telephone and facsimile numbers for our principal place of business are +86 25 8465 1255 and +86 25 5188 5585 respectively. The address of our Singapore headquarters is 6 Raffles Quay, #14-06, Singapore 048580 and the telephone number for our Singapore headquarters is +65 6717 3377. We do not have a facsimile number for our Singapore headquarters. The address of our principal business operations in Taiwan is 1F, No. 158 Ruihu Street, Neihu District, Taipei City 114067, Taiwan. The telephone number for our Taiwan office is +886 2 8979 5568 and the facsimile number is +886 2 8979 5569. Our Internet address is <https://www.winkingworks.com/en-US/> and our email address is ir@winkingworks.com. **Information contained in our website does not constitute part of this Offer Document and should not be relied on.**

THE PLACEMENT AND CORNERSTONE TRANCHE

Placement Size	:	27,200,000 Placement Shares
		The Placement Shares, upon issue and allotment, will rank <i>pari passu</i> in all respects with the existing issued Shares.
Placement Price	:	S\$0.20 for each Placement Share, payable in full on application.
The Placement	:	The Placement comprises an offering of 27,200,000 Placement Shares at the Placement Price, for placement to members of the public and institutional investors in Singapore, subject to and on the terms and conditions of this Offer Document.
Cornerstone Tranche	:	<p>At the same time as but separate from the Placement, each of the Cornerstone Investors has entered into a Cornerstone Subscription Agreement with our Company to subscribe for an aggregate of 12,800,000 Cornerstone Shares at the Placement Price, conditional upon, among others, the Placement Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Listing Date.</p> <p>The Cornerstone Shares will in aggregate constitute approximately 4.58% of the total number of issued Shares as at the Listing Date. The Cornerstone Investors are not subject to any lock-up restrictions in respect of their shareholding interests in our Company, save for Acer Gaming, which is a promoter.</p>
Purpose of the Placement and Cornerstone Tranche	:	<p>Our Directors believe that the listing of our Company and the quotation of our Shares on Catalist will enhance our public image locally and overseas and enable us to raise funds from the capital markets for the expansion of our business operations.</p> <p>The Placement and Cornerstone Tranche will also provide members of the public, our management, employees and business associates as well as those who have contributed to our success with an opportunity to participate in the equity of our Company. In addition, the proceeds of the issue of New Shares will provide us with additional capital to finance our business expansion and for general working capital of our Company.</p>
Listing Status	:	Prior to the Placement, there had been no public market for our Shares. Our Shares will be quoted in Singapore dollars on Catalist, subject to the admission of our Company to Catalist and permission for dealing in, and for quotation of, our Shares being granted by the SGX-ST.

THE PLACEMENT AND CORNERSTONE TRANCHE

- Use of Proceeds** : Please refer to the section entitled “*Use of Proceeds and Expenses*” of this Offer Document for more details.
- Risk Factors** : Investing in our Shares involves risks which are described in the section entitled “*Risk Factors*” of this Offer Document.

EXCHANGE RATES

The following table sets out, for each of the financial years or period indicated, the average and closing exchange rates between S\$ and US\$, rounded to four decimal places. Where applicable, the exchange rates in the table below used for the translation of our Group's financial statements are disclosed elsewhere in this Offer Document. These exchange rates have been presented solely for information only. We make no representation that the US dollar or Singapore dollar amounts set out below and referred to elsewhere in this Offer Document could have been or could be converted into any of the respective other currencies at the rates indicated or at any other rate or at all.

	US\$1.00: S\$1.00 ⁽¹⁾⁽²⁾⁽³⁾	
	Average ⁽⁴⁾	Closing
FY2020	1.3769	1.3218
FY2021	1.3438	1.3482
FY2022	1.3786	1.3409
1Q2023	1.3302	1.3298

Source: Capital IQ

The table below sets forth the highest and lowest exchange rates between the S\$ and US\$ for each of the past six months prior to the Latest Practicable Date.

	US\$1.00: S\$1.00 ⁽¹⁾⁽²⁾⁽³⁾	
	High	Low
March 2023	1.3526	1.3237
April 2023	1.3384	1.3218
May 2023	1.3551	1.3246
June 2023	1.3548	1.3372
July 2023	1.3553	1.3198
August 2023	1.3589	1.3373

Source: Capital IQ

As at the Latest Practicable Date, the exchange rate between US\$ and S\$ was US\$1.00 to S\$1.3626.

Notes:

- (1) The above exchange rates have been calculated with reference to exchange rates quoted from Capital IQ and should not be construed as representations that the US\$ amounts actually represent such amounts or could be converted into the S\$ at the rate indicated, or at any other rate, or at all. Capital IQ has not consented to the inclusion of the exchange rates quoted under this section for the purposes of Section 249 of the SFA and is thereby not liable for these exchange rates under Sections 253 and 254 of the SFA. While we and the Sponsor, Issue Manager and Placement Agent have taken reasonable action to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.
- (2) The high and low amounts were determined using the closing exchange rates at the end of each day during the period indicated.
- (3) Information pertaining to FY2020, FY2021, FY2022 and 1Q2023 is taken from 1 January 2020 to 31 December 2020, 1 January 2021 to 31 December 2021, 1 January 2022 to 31 December 2022 and 1 January 2023 to 31 March 2023, respectively.
- (4) The yearly average rate was determined using the closing exchange rates on the last day of each month during the period indicated. The monthly or periodic average rate was determined using the closing exchange rates at the end of each day during the period indicated.

PLACEMENT STATISTICS

Placement Price 20.00 cents

NAV

The NAV per Share based on the net assets attributable to equity holders of our Company under the unaudited interim condensed consolidated statements of financial position of our Group as at 31 March 2023:

- | | |
|--|------------|
| (a) before adjusting for the estimated net proceeds of the Placement and Cornerstone Tranche and based on the pre-Placement and pre-Cornerstone Tranche share capital of 239,698,275 Shares | 8.24 cents |
| (b) after adjusting for the estimated net proceeds of the Placement and Cornerstone Tranche and based on the post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares | 8.99 cents |

Premium of Placement Price over the NAV per Share as at 31 March 2023:

- | | |
|--|--------|
| (a) before adjusting for the estimated net proceeds of the Placement and Cornerstone Tranche and based on the pre-Placement and pre-Cornerstone Tranche share capital of 239,698,275 Shares | 142.7% |
| (b) after adjusting for the estimated net proceeds of the Placement and Cornerstone Tranche and based on the post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares | 122.5% |

NTA

The NTA per Share based on the net assets attributable to equity holders of our Company net of intangible assets under the unaudited interim condensed consolidated statements of financial position of our Group as at 31 March 2023:

- | | |
|--|------------|
| (a) before adjusting for the estimated net proceeds of the Placement and Cornerstone Tranche and based on the pre-Placement and pre-Cornerstone Tranche share capital of 239,698,275 Shares | 8.10 cents |
| (b) after adjusting for the estimated net proceeds of the Placement and Cornerstone Tranche and based on the post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares | 8.87 cents |

Premium of Placement Price over the NTA per Share as at 31 March 2023:

- | | |
|--|--------|
| (a) before adjusting for the estimated net proceeds of the Placement and Cornerstone Tranche and based on the pre-Placement and pre-Cornerstone Tranche share capital of 239,698,275 Shares | 146.9% |
| (b) after adjusting for the estimated net proceeds of the Placement and Cornerstone Tranche and based on the post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares | 125.5% |

PLACEMENT STATISTICS

EPS

EPS based on the audited consolidated profit attributable to equity holders of our Company for FY2022 and the post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares 0.51 cents

EPS based on the audited consolidated profit attributable to equity holders of our Company for FY2022 and the post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares, assuming that the Service Agreement and Employment Agreements (as set out in the section entitled “*Directors, Executive Officers and Employees – Service and Employment Agreements*” of this Offer Document) had been in place since the beginning of FY2022 0.47 cents

EPS based on the average consolidated profit attributable to equity holders of our Company for FY2020, FY2021 and FY2022 (excluding Listing expenses) and the post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares (the “**Three-year Average EPS**”) 1.07 cents

PER

PER based on the Placement Price and EPS of our Group for FY2022 39.2 times

PER based on the Placement Price and EPS of our Group for FY2022 assuming that the Service Agreement and Employment Agreements had been in place since the beginning of FY2022 42.6 times

PER based on the Placement Price and the Three-year Average EPS based on the audited consolidated statement of profit and loss and other comprehensive income of our Group 18.7 times

Net Cash Flows From Operating Activities

Net cash flows from operating activities per Share of our Group for FY2022 based on our Company’s post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares 0.95 cents

Net cash flows from operating activities per Share of our Group for FY2022 based on our Company’s post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares, assuming that the Service Agreement and Employment Agreements had been in place since the beginning of FY2022 0.91 cents

Placement Price to Net Operating Cash Flow per Share

Placement Price to net cash flows from operating activities per Share of our Group for FY2022 based on the post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares 21.1 times

PLACEMENT STATISTICS

Placement Price to net cash flows from operating activities per Share of our Group for FY2022 based on the post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares, assuming that the Service Agreement and Employment Agreements had been in place since the beginning of FY2022 22.0 times

Market Capitalisation

Market capitalisation based on the Placement Price and the post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares S\$55.9 million

RISK FACTORS

An investment in our Shares involves a number of risks, some of which, including market, liquidity, credit, operational, legal and regulatory risks, could be substantial and are inherent in our business.

Prospective investors should carefully consider and evaluate each of the following risk factors and all other information contained in this Offer Document (including the financial statements and the notes thereto) before deciding to invest in our Shares. Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general social, economic, political and regulatory conditions, the securities markets and ownership of our Shares, including possible future dilution in the value of our Shares. These are not the only risks we face. Factors that affect the price of our Shares may change, and the following should not be construed as a comprehensive listing of all the risk factors. The following section does not state risks unknown to us now but which could occur in the future, and risks which we currently believe to be immaterial, which could turn out to be material. Should these risks occur and/or turn out to be material, they could materially and adversely affect our business, results of operations, financial position and/or prospects. Our business, results of operations, financial position and/or prospects could be materially and adversely affected by any of these risks, should they occur or turn out to be material. The market price of our Shares could decline due to any of these risks, and investors may lose part of or all of their investments in our Shares.

To the best of our Directors' knowledge and belief, all risk factors that are material to investors in making an informed judgement about our Group have been set out below. Before deciding to invest in the Shares, prospective investors should seek professional advice from their advisers about their particular circumstances.

This Offer Document also contains forward looking statements which involve risks and uncertainties. Our actual results of operations could differ materially from those anticipated in these forward looking statements due to a variety of factors, including the risks described below and elsewhere in this Offer Document. Please refer to the section entitled "Cautionary Note Regarding Forward Looking Statements" of this Offer Document.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

Our Group operates in a competitive environment

Our Group 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. As set out in the Independent Market Report, the global game art outsourcing industry is fragmented, given that most market players are small independent studios and leading players are expected to gradually outperform other participants as they have the capacity to provide a more comprehensive suite of services to clients. According to the Independent Market Report, from an annual revenue perspective, approximately 38.0% of studios generate less than US\$1.0 million, while approximately 15.0% of studios recorded revenue of above US\$10.0 million.

We face competition in the market for our current services in each of our three key business segments, and we expect competition to continue to intensify in the future, given the expected growth in the gaming industry.

RISK FACTORS

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 the competitiveness in the industry. As such, an increasingly competitive landscape may result in our market share being eroded, which could adversely affect our ability to retain existing customers and attract new customers, as well as our business, results of operations, financial position and/or prospects.

Our success depends on our ability to provide our customers with a comprehensive range of services that is able to compete and be of a quality that is at least comparable with those being provided by our competitors in the industries in which we operate. Our 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 our Group; (iv) more competitive pricing policies; (v) more attractive service terms; and/or (vi) the ability to adapt more quickly to changes in market trends and customers' requirements than we are able to. Our Group has established an efficient art asset (2D and 3D) production and management system over the course of our years of operation, and we believe we have built a team with strong technical capabilities to provide high quality services, as evidenced by our stable and reliable domestic and international customer base.

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

We review our processes and range of services regularly to ensure that we deliver technologically advanced and quality services. Although our Directors believe that our Group possesses competitive strengths compared to our competitors, there is no assurance that our Group will be able to continue to compete successfully in such a competitive marketplace in the future. With the intensification of market competition, if our Group fails to keep up with market demand and improve the level of technical competency, efficiency and quality of the provision of our services in a timely manner, we may be in a position of disadvantage as compared to our competitors. Competition may also intensify as our 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 our Group's existing market segments or geographic markets. In addition, our customers and potential customers may decide to design or develop art assets that we 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 our market share and loss of revenue, and our business, results of operations, financial position and/or prospects may be adversely affected.

RISK FACTORS

We are dependent on our key personnel for our continued success

Our success to date is attributable to the leadership and contributions of our key management personnel, who are collectively responsible for the overall corporate development and business strategies of our Group as well as implementing business plans and driving our growth. Loss of key personnel can complicate and delay ongoing and planned projects, which would possibly have a negative impact on our Company's operations. As such, the experience and contribution of our management are crucial to the success and continuous growth of our Group. In particular, our Executive Chairman and CEO, Mr. Johnny Jan, who is our founder and who established the business of our Group, our Group CFO, Mr. Oliver Yen and our General Manager of Art Outsourcing Segment, Ms. Tina Li. Please refer to the section entitled "*Directors, Executive Officers and Employees*" of this Offer Document for further details on our Executive Chairman and CEO and Executive Officers. Our Group's continued success and growth will depend, to a large extent, on our ability to retain the services of our Executive Chairman and CEO and the personnel in our management team. The loss of the services 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 our financial performance and operations. In addition, our Group may lose customers or other key stakeholder relationships to the organisations that members of the key management of our Group may join after leaving their positions with us. Although we have entered into service contracts and employment agreements with certain of our key management personnel, we cannot assure you that we will be able to continue to engage their services in the future following the expiry of the initial terms of such contracts. If we are unable to retain or recruit suitable and qualified employees to replace such key management personnel, our business, results of operations, financial position and/or prospects may be adversely affected.

Whilst there were no material changes to the key management personnel during the Period Under Review and up to the Latest Practicable Date, we cannot guarantee that such changes will not occur in the future and if we lose the services of our key management personnel without timely and suitable replacement, this may adversely affect our business, results of operations, financial position and/or prospects.

Our business is dependent on the goodwill of our "Winking" brand

Our business is dependent on the goodwill of our "Winking" brand, which is protected by registered trademarks in the PRC and Taiwan. As at the Latest Practicable Date, we have applied for a trademark of our "Winking" logo in Singapore which is still pending. Maintaining our brand reputation for supplying quality services is essential to enable us to maintain our existing customer base and attract new customers. Any negative publicity around our "Winking" brand that may arise from time to time may tarnish the goodwill of our brand. Negative comments about our services, our business operations and management may appear in Internet postings and other media sources from time to time and we cannot assure you 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 our business, results of operations, financial position and/or prospects. During the Period Under Review and up to the Latest Practicable Date, to the best of our Directors' knowledge, there has not been any negative publicity surrounding our "Winking" brand that had a material adverse effect on our business operations.

RISK FACTORS

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

All three of our key business segments require us to handle, store and manage information pertaining to our customers, as well as transmit confidential information, such as customers' operating and business information, including in particular, the plans for video games prior to their release to the public. Our business operations may also require us to handle and process our customers' intellectual property, for example, animation and videos, scripts, trademarks, music and other works protected under copyright laws. Our contracts entered into with our customers may also impose a duty of confidentiality on us to protect our customers' intellectual property. We face risks inherent in protecting the security of this information, such as guarding against unauthorised use and disclosure of our customers' intellectual property, including against attacks on our systems by outside parties or fraudulent behaviour by our employees.

Although (i) we have 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 our offices so as to protect against unauthorised access of such confidential and proprietary information; and (ii) there have been no past incidents that have had a material adverse impact on our Group's operations and/or financials during the Period Under Review and up to the Latest Practicable Date, we are unable to assure you that our current security measures are adequate in preventing all unauthorised access attempts. If there is any breach in our security systems or a perception of risk of security breach by our Company, confidential and proprietary information that could be valuable to our customers could be misappropriated or misused, which may result in potentially costly litigation and/or loss of customers or harm to our reputation or relationships with our existing or potential business partners. While there has not been any incident involving infringement of intellectual property rights and/or leakage or misappropriation of our customers' information involving our Group during the Period Under Review up till the Latest Practicable Date, there is no guarantee that such incidents will not occur in the future, and in the event of any claims or litigation involving infringement of intellectual property rights and/or leakage or misappropriation of our customers' information, whether with or without merit, we may be required to divert a significant amount of our time and resources to defend or attend to any possible litigation or legal proceedings. In such event, our business, results of operations, financial position and/or prospects, as well as our reputation, will be adversely affected.

We are exposed to risks of infringement of the intellectual property rights that we own

We rely on trademarks, trade secrets (including our project management process, technical capabilities on how certain software programmes should be utilised and our employee training programme), copyrights and other contractual provisions to protect our intellectual property and proprietary rights. Our business is dependent on our expertise in producing 2D and 3D digital images, animation and visual effects. Based on our years of experience and our portfolio of past projects that we have participated in, we have 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 our core competitiveness. In addition, we have applied for patents or computer software copyrights, further details of which are set out in the section entitled "*General Information on our Group – Intellectual Property Rights*" of this Offer Document, and also possess certain know-how that may not necessarily be patentable.

We have successfully registered our "Winking" trademark in the PRC and Taiwan. We believe our "Winking" trademark and brand are well recognised by our customers and in the industry that we operate in to represent reliability, quality, creativity and expertise, which have contributed to our success. Please refer to the section entitled "*General Information on our Group – Awards*", for the

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awards that our Group has received over the years. It is possible that our competitors may adopt product or trade names similar to ours, notwithstanding our trademarks have been registered, and we may not be able to completely prevent the infringement of our intellectual property rights, whether in Singapore or overseas. As a result, the goodwill generated by our brand may be eroded and our business may be adversely affected. In the event there is widespread infringement of our intellectual property rights or should unauthorised parties exploit our trademark and brand, our reputation and goodwill and hence our ability to maintain our competitive edge may be adversely affected.

Notwithstanding that our Group is not aware of any infringement of our intellectual property rights which has occurred during the Period Under Review and up to the Latest Practicable Date, there is no assurance that the steps taken by our Group to protect our intellectual property rights are adequate. It may be possible for third parties to unlawfully pass off our trademarks or infringe our works which are protected by copyright. We may not have sufficient resources to be able to effectively prevent such infringement of our intellectual property rights. There is also no assurance that we will be able to obtain adequate remedies in the event of an unauthorised replication of our trademarks or unauthorised use of our intellectual property. If we fail to protect our intellectual property rights adequately, there may be an adverse impact on our business, results of operations, financial position and/or prospects.

We may face rising labour costs and labour shortages, and may not be able to attract and retain skilled personnel

As the nature of our business is knowledge-intensive and talent-intensive, human resources are one of the core elements of our Group's development, and employee remuneration is also a major part of the cost of sales of our Group, accounting for approximately 56.9%, 56.7%, 58.3% and 62.6% of our cost of sales for FY2020, FY2021, FY2022 and 1Q2023 respectively. We require 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 our 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 our Group. Our 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, demographics, and health and insurance costs. This could cause us to incur greater costs or prevent us from pursuing our stated business objectives as quickly as we would otherwise wish to do so. As the industry-standard wage increases, our Company will need to revise our pay and benefits packages in order to attract talent, and if such increased costs cannot be passed to customers, our business, results of operations, financial position and/or prospects may be adversely affected.

Our growth plans will require us to hire, train and retain a significant number of new employees in the future, especially our designers, technical artists, animators and programmers. While we believe our customers currently engage us for our range of services and quality rather than for low prices, we cannot ensure that this commercial rationale on the part of our customers will continue to be applicable in their decisions as to whether to engage our Group in the future. As we face increased competition from our competitors in terms of the quality and range of services offered and also in respect of hiring skilled labour, we may have to increase wages and employee benefits to attract and retain qualified personnel or risk considerable employee turnover. We may also be unable to shift the extra costs to our customers due to their bargaining power or competitive pricing pressures from our competitors. If we are unable to hire, train and retain the required number of skilled personnel and professional staff at a reasonable cost or at all, we may be unable

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to execute our growth strategy. Our business, results of operations, financial position and/or prospects, as well as our ability to compete effectively, may be adversely affected. While we have not, during the Period Under Review and up to the Latest Practicable Date, experienced any difficulties in attracting and retaining skilled personnel which has had an adverse effect on our operations, and while our Group has adopted measures to increase our pool of qualified employees, such as by offering comprehensive benefits packages and competitive pay, as well as establishing relationships with several art/animation colleges from which we can recruit fresh university graduates and implement a comprehensive internal training programme, there is no assurance that we will, in the future, be able to retain the skilled personnel whom we have trained or that suitable and timely replacements can be found for skilled personnel who leave us. As such, the increasing labour costs and labour shortage may adversely affect our business, results of operations, financial position and/or prospects.

Our operating cash flow may deteriorate due to a potential mismatch in time between receipt of payments from our customers and payments to the suppliers

Our financial position and profitability are affected by the creditworthiness of our customers. Our operating cash flow may deteriorate due to a potential mismatch in time between receipt of payments from our Company's customers and payments to the suppliers, and our Company may take a long time to collect trade receivables from our customers.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, our average trade receivables turnover days were approximately 49 days, 46 days, 49 days and 44 days, respectively. We generally grant our customers a credit period that ranges from 30 days to 60 days from the invoice date. Our business is subject to risks that customers or counterparties may delay or fail to fulfill their contractual obligations. Although our loss allowance derived from our expected loss rate was insignificant, representing approximately 0.8%, 0.9%, 1.7% and 4.1% of our trade receivables and contract assets as at 31 December 2020, 2021 and 2022 and 31 March 2023 respectively, there is no assurance that we will not experience any material difficulty in debt collections or potential default by customers in the future. While our finance department monitors material overdue payments closely, there is no assurance that we will be able to collect overdue payments. Any material non-payment or non-performance by customers or counterparties could adversely affect our business, results of operations, financial position and/or prospects. Please refer to the section entitled "*General Information on our Group – Credit Management*" of this Offer Document for further information.

As at 31 December 2020, 2021 and 2022 and 31 March 2023, we recorded trade payables of approximately US\$1.1 million, US\$1.4 million, US\$1.2 million and US\$1.1 million respectively. As at 31 December 2020, 2021 and 2022 and 31 March 2023, our average trade payables turnover days were 34 days, 28 days, 26 days and 23 days, respectively. Further, our suppliers generally grant us a credit period that ranges from 30 days to 45 days.

Although we have implemented measures to better regulate our cashflow and increase the amount of accounts receivable collected, there is no assurance that we will not experience any significant cash flow mismatch in the future. Further, there can be no assurance that our cash flow management measures will function properly. If we fail to properly manage the possible cash flow mismatch, we may suffer losses from credit exposures. If we fail to generate sufficient revenue from our operations, or if we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business, results of operations, financial position and/or prospects will be adversely affected.

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Our historical financial performance is not indicative of our future performance

For FY2020, FY2021, FY2022 and 1Q2023, our revenue from contracts with customers was US\$14.5 million, US\$23.7 million, US\$24.5 million and US\$6.4 million respectively. Our 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 our 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 our Group operates, the loss of key customers and game developers and publishers retaining and expanding their in-house capabilities to create art assets. While we have remained profitable in FY2020, FY2021, FY2022 and 1Q2023 despite the COVID-19 pandemic which resulted in challenges in the launching of new games by game developers, including challenges due to semiconductor chip shortages, there is no assurance that our 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 the COVID-19 pandemic persists or other disease outbreaks occur, or in the event of any terrorist attack, financial crisis or other factors which may happen in the future. Accordingly, our historical results of operations may not be indicative of our future performance and undue reliance should not be placed on these comparisons to predict our future financial performance or the future performance of our Shares.

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

Some of the framework agreements that our Group has entered into or may enter into with our customers do not contain limitations on our Group entities' liability. The ability of our Group to insert a limitation of liability clause into the framework agreement depends largely on the outcome of the negotiations between our Group with the game developer. Typically, the game developers are in a position with a stronger bargaining power within the gaming industry, and in particular, our Group's customers comprise mostly reputable and large game developers in the region and worldwide. As such, our Group will not be able to successfully negotiate for the framework agreement to include a limitation of liability clause. While we believe that this is in line with the industry practices, 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 our Group has access to or a material delay in performing the services under a customer contract. While we have not experienced such incidents during the Period Under Review and up to the Latest Practicable Date, any claims made by our customers for a substantial amount may have an adverse effect on our business, results of operations, financial position and/or prospects.

Our insurance coverage may not be adequate to indemnify us against all possible liabilities

Our business segments are exposed to various risks arising from our business operations, including without limitation, machinery or equipment failure (such as computers, servers, processors and cameras). These risks could cause injury, death or damage or destruction to property, which may result in our operations being suspended or disrupted. We may also face civil and/or criminal penalties arising from any such incidents. In the event that we fail to meet stipulated delivery deadlines, we may also be required to pay penalties or liquidated damages to the affected customers.

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We maintain insurance coverage that is necessary and customary for the business in which we operate, including commercial fire insurance and business interruption insurance and property insurance. Please refer to the section entitled “*General Information on our Group – Insurance*” of this Offer Document for further details of our existing insurance coverage. There can be no assurance that such insurance can be obtained on commercially reasonable terms or at all, or that any such coverage will sufficiently cover any losses suffered by us. The occurrence of a significant event or adverse claim exceeding the insurance coverage that we maintain, or that is not covered by our insurance, could result in our Group having to pay compensation or damages and/or incur loss of revenue and could have a material adverse effect on our business, results of operations, financial position and/or prospects.

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

While our Group has grown substantially in recent years, there is no assurance that our Group can sustain such growth, or otherwise maintain our financial performance or meet anticipated financial performance expectations. We 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 our Group may make, or the joint ventures and partnerships that our Group may enter into, may expose our Group to additional business or operating risks or uncertainties, including but not limited to the following:

- (a) inability to effectively integrate and manage the acquired businesses;
- (b) inability of our Group to exert control over the actions of our 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 our day-to-day operations and other business concerns;
- (e) risk of entering markets that our 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 our Group’s future earnings and increase expenses; and
- (h) exposure to unknown liabilities.

If our Group is unable to successfully implement our growth strategy or is unable to address the risks associated with our Group’s acquisitions, joint ventures, investments and partnerships, or if our 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, our business, financial condition, results of operations and prospects may be materially and adversely affected.

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Our Group's business and expansion plans in the future may be subject to our ability to raise capital and successfully implement our growth strategies, which may hinder our ability to capitalise on new business opportunities

We have experienced steady growth and expansion that have placed, and continue to place, significant pressure on our management and resources. The development and expansion of our 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.

Our Group's business and expansion plans will require adequate funding. For further details of such business and expansion plans, please refer to the section entitled "*General Information on our Group – Business Strategies and Future Plans*" of this Offer 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 our funds generated from our operations prove insufficient for such purposes, we may need to raise additional funds to meet these funding requirements. Unless and until the businesses that our Group invests in generate revenues to offset these costs, the results of the operations of these businesses and therefore of our Group will 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 our Group. If our Group is unable to secure necessary financing or secure such financing on terms which are favourable to us, either through debt financing and/or equity financing, this may adversely affect our business, results of operations, financial position and/or prospects.

Such financing, even if obtained, may be accompanied by conditions that limit our ability to pay dividends or require us to seek lenders' consent for payment of dividends, or restrict our freedom to operate our business by requiring lenders' consent for certain corporate actions. Further, in the event that we raise 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 Placement, they may be priced at a discount to the then prevailing market price of our Shares trading on the SGX-ST, or if any Shareholders are unable or unwilling to participate in such additional rounds of fund raising, in which case, such Shareholders' equity interest may be diluted. If we fail to utilise the new equity to generate a commensurate increase in earnings, our EPS will be diluted, and this could cause a decline in our share price.

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

- (a) limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- (b) increase our vulnerability to general adverse economic and/or industry conditions;
- (c) require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, thereby reducing the availability of our cash flows to fund capital expenditure, working capital and other requirements; and/or
- (d) limit our flexibility in planning for, or reacting to, changes in our businesses and our industries.

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In addition, while our Group strives to lower the costs of business expansion, there can be no assurance that we will be able to control our costs and ensure that our acquired businesses turn profitable within a short period, or that we will be successful in implementing our 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 our Group.

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

Third party game developers engage us to create art assets for their video games and to develop video games and/or to publish their games on game publishing platforms. We may not be able to maintain a good and mutually beneficial commercial relationship with our game developer partners and/or the game publishing platforms with whom we have entered into publishing contracts. Any failure on our part to deliver the art assets which we have been commissioned to create to the satisfaction of our customers or to perform our obligations under the framework agreements or game publishing agreements with them, may adversely affect our business relationships with such third party game developers and/or game publishing platforms.

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

Under our Global Publishing Segment, there is typically no specified period for the platform agreements with the game platforms, such as PlayStation, Switch and Steam. We also enter into publishing agreements with third party game developers which authorise us with the rights to publish their game products, which are typically for a term of three to five years are generally renewable upon both parties' consent. These third party game developers may terminate our publishing agreements prior to their expiration as a result of our non-compliance with the terms or conditions set out therein, or may choose not to renew their publishing agreements with us upon the expiry of the existing term. Even if the third party game developer are willing to renew the publishing agreements, they may only agree to do so on commercial terms which are less beneficial to the existing terms or may at the same time enter into similar agreements with our competitors, allowing our competitors to enhance their portfolios and better compete against us. During the Period Under Review and up to the Latest Practicable Date, we were not dependent on any single third party game developer and have not experienced any loss or deterioration of our relationship with game developers and game publishing platforms which has resulted in an adverse effect on our business operations. However, any loss or deterioration of our relationship with any of third party game developer in the future may result in a loss of revenue and materially and adversely affect our business, results of operations, financial position and/or prospects.

In addition, during the Period Under Review and up to the Latest Practicable Date, we published games developed by our customers primarily on third party publishing platforms, such as Sony, Nintendo and Microsoft, which are publishing channels with strong bargaining power. We are subject to the standard service terms and conditions of these publishing channels with regard to the promotion, distribution, operation and payment methods for the games which we publish on such publishing channels. If any of these publishing channels (i) ceases their business operations for any reason, including without limitation, it not having obtained or maintained the requisite licences or permits for its operations and/or other regulatory compliance issues; (ii) discontinues their relationship with us for any reason, including without limitation, our failure to comply with

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applicable laws or regulations in any jurisdiction in which the games we publish are offered to end players; (iii) limits or withdraws our access to its platforms; (iv) modifies its terms of services or other policies to which we are subject; (v) changes its fee structure; and/or (vi) provides more favorable terms to our competitors, such loss or deterioration of our relationship with such game publishing platforms may result in a loss of revenue or market share. In addition, our Group has benefited from the widely recognised brand names and large user bases of such game publishing platforms and any loss or deterioration of our existing relationship with them and/or any loss by these game publishing platforms of their market position may result in us having to identify alternative channels for our services under our Global Publishing and Other Services Segment, which may consume substantial resources and may not be effective, which may in turn adversely affect our business, financial performance and results of operations.

We are dependent on IT in the administration of our business. Any failure of the physical or technology infrastructure of our Group or malfunction of services and software utilised by our Group could lead to significant costs and disruptions that could reduce revenues, harm our Group's business reputation and have a material adverse effect on financial results

The digital nature of our business inevitably results in a higher dependency on technology in our 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 our Group's business depends on providing customers with highly reliable services that rely upon our Group's technology infrastructure and equipment. We may experience technology system disruptions, outages and other large-scale performance problems due to a variety of factors, including technology infrastructure changes, human or software errors, hardware failure, computer viruses and denial of service, fraud and security attacks, whether such disruptions, outages or other problems are caused by ourselves or by third party service providers. Consequently, our Group must protect the technology infrastructure and equipment located at our Group's premises.

Any damage, malfunction, breakdowns or interruption of our 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 our business, or could also cause our Group to materially breach our contracts with our suppliers and customers. We will have to incur additional costs and expend resources in repairing such damage, malfunction, breakdown or interruption which will directly impact our profits. We may also stand to lose customers and/or may become liable to them for damages should such failure to maintain our technology infrastructure and equipment result in leakages in our customer information and data and/or result in our failure to comply with our obligations under the various agreements entered into with our customers under our Art Outsourcing Segment, Game Development Segment and Global Publishing and Other Services Segment on time or at all. For instance, while our Group does not have any service level commitment obligations to our customers under the Game Development Segment pursuant to the terms and conditions of such agreements and our employees are assigned to a particular client for a period of time to work on that customer's game development project during which the customer will assign work directly to our employees based on the scope of work agreed with us prior to the commencement of work and the progress and completion of the game development project would be directly managed by the customer, our Group does have service level commitment obligations to substantially all of our customers under our Art Outsourcing Segment in which we are contractually obliged to deliver art assets by certain milestones or our contracts with customers under our Global Publishing and Other Services Segment stipulate a timeline for the publishing of third party game developers' games on third party platforms. Our Group may not be able to meet these levels of service in the event of service interruptions due to equipment

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damage or failure in our Group's offices or other factors. While our Group had not experienced service level disruptions or an inability to meet the service level commitments in the Period Under Review which had a material adverse impact on our Group's financials and/or operations and we have in place back-up servers which contain a copy of the information critical to our business operations, and have scheduled periodic back-ups for our data and information, we cannot assure you that such measures are sufficient to mitigate the risks of any failure of the physical or technology infrastructure or services of our Group.

Our Group also utilises various software and game development engines for our Art Outsourcing Segment and Game Development Segment. We are required to pay a licence fee for the use of such software and game development engines which are made available for use to any party. Although our Group has not experienced any limitation or restrictions to the use of such software and game development engines in the past as we are not a competitor of the software companies and game engine companies and the risk of our Company being unable to access software or game engine for game development is remote, any malfunction or inability to use such software and game engines may have a material adverse impact on our business and financial performance.

During the Period Under Review and up to the Latest Practicable Date, our Group has not experienced damage, malfunction, breakdown or interruption of our infrastructure, IT systems, software or networks which had a material adverse impact on our business and financial performance. Notwithstanding this, there is no assurance that our Group will be able to successfully mitigate all or substantially all of the risks of business interruption as a result of failure of our technology infrastructure, IT systems, software or networks and if our Group fails to provide the levels of service required by our customer, our customer may be entitled to receive a return of a portion of their fees and/or may seek to terminate their relationship with our Group. In addition, our Group's inability to meet our service level commitments may damage our reputation and could reduce the confidence of our Group's customers in our services, impairing our ability to retain existing customers and attract new customers.

Lease renewal, increase in lease rental rates and risk of relocation, may cause disruption to our business operations

Our Group leases the premises of most of our operations. We are required to engage in renewal negotiations with the lessors for our leases prior to expiry of such leases. During the renewal negotiation process, the lessor may revise the terms and conditions of the lease and we may face the possibility of an increase in rent, or we may not be able to renew the relevant lease on terms and conditions acceptable to us or at all. In addition, under the terms of certain of our lease agreements, the lessor has the right to terminate the lease agreement unilaterally in certain events (and in respect of one lease, at will). Please refer to the section entitled "*General Information on our Group – Material Properties and Fixed Assets*" of this Offer Document for further details of our existing leases.

While as at the date of this Offer Document, we do not foresee any difficulties in renewing our existing leases and have not encountered such situations in the past, there is no assurance that the leases of such premises will be renewed or will not be terminated by the respective lessors. In the event that our leases are not renewed or are terminated, we will be required to relocate our business operations and assets to other suitable replacement facilities, which may cause disruptions to our normal business operations. We will also have to incur additional costs and expenses relating to reinstating the relevant premises prior to handing over and other relocation costs.

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There is no certainty that we will be able to renew our existing leases or find suitable replacement premises or lease new premises on terms favourable to us, or at all. Higher costs (including any increased rental rates) may adversely affect our profitability if we are unable to pass on such increased costs to our customers. If any of the foregoing instances were to occur, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Major flaws in our games developed under our Other Services Segment, including undetected programming errors or defects in our games, could harm our reputation

The games that we currently develop in-house under our Other Services Segment are largely for the purposes of showcasing our end-to-end technical competencies and marketing our services to customers. While there was no incident involving major flaws in our games that arose during the Period Under Review that harmed our reputation, there is no assurance that such an incident will not occur in the future. As such, in the event that such games contain major bugs or flaws, this could affect the gameplay experience, and if the programming bugs affect the gameplay experiences severely, or for any reason, we cannot resolve the bugs in a timely manner, our reputation may be harmed, and our business, results of operations, financial position and/or prospects may be adversely affected.

We may be adversely affected by changes in laws, regulations and government policies in the jurisdictions which our customers have operations in

While the majority of our customers are based in the PRC, we also provide services to customers based in Taiwan, Korea, the USA, Hong Kong and Japan. As a result, our 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. Any changes in such laws, regulations and/or rules applicable to them may impact their ability to carry on business as a going concern which may in turn have an adverse impact on our business and operations. There are also differing laws, regulations and/or rules on the protection of intellectual property in the various jurisdictions in which our customers are based or operating in.

In particular, our PRC-based customers' businesses may be affected by policies implemented by the PRC government to promote the digital content industry, which is currently an important focus of the PRC government under its soft power policy. In recent years, the PRC government has successively issued a series of industrial policies, such as the Guiding Opinions of the Ministry of Culture on Promoting the Innovative Development of Digital Culture Industry, the National Strategic Emerging Industry Development Plan for the 13th Five-Year Plan, and the Cultural Development Reform Plan for the 13th Five-Year Plan of the Ministry of Culture, which clearly place the digital creative industry as a strategic emerging industry. In addition, the PRC government had in July 2021 implemented a suspension on the granting of new publication licences for game operators, including our Group's customers in the Art Outsourcing Segment and Game Development Segment, to publish their online games. Notwithstanding the lifting of such measures in April 2022, the PRC government has granted a significantly lower number of licences than prior to the suspension period.

As at the Latest Practicable Date, none of our PRC subsidiaries are engaged in the business of publication and operation of online games in the PRC and accordingly are not required to obtain such licences for the continuation of our operations in the PRC. Nevertheless, the suspension had affected the business of certain of our Group's downstream customers in our Art Outsourcing Segment, which are game operators in the PRC. Although the suspension did not have any

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material adverse impact on our Group's operations as our Group has a diversified base of customers in various jurisdictions apart from the PRC, there is no assurance that if the relevant governmental policies were to change in the future, our customers will be able to continue to develop games and/or undertake their business activities which currently require our services. In the event that they are unable to do so, it may in turn adversely affect our business, results of operations, financial position and/or prospects.

For further details of the PRC regulations on online games publishing and operation, please refer to the section entitled "*General Information on our Group – Government Regulations – PRC – Regulations on Online Games Publishing and Operation*" of this Offer Document.

We may be involved in disputes, legal and other proceedings and investigations arising out of our operations from time to time and may face legal liabilities as a result

During the course of our business, we may be involved in disputes with our 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 us and our customers as to the value of services performed by us in a particular period and the service fees that we are entitled to in the relevant period. In the event that we disagree with such measurement results, contractual disputes with our customers may arise. We may also be subject to investigations and administrative penalties imposed by authorities in relation to *inter alia*, the games that we 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. Whilst we have not experienced any material litigation, investigations or other proceedings during the Period Under Review and up to the Latest Practicable Date which has had a material adverse impact on our Group's business and operations, there is no assurance that we are or will be able to resolve every occasion of dispute amicably in our favour, including by way of settlement, negotiation and/or mediation with the relevant parties. If we fail to do so, it may lead to legal and other proceedings against us, and consequently we may have to incur extensive expenditure in defending ourselves in such actions. If we fail to obtain favourable outcomes in such proceedings or investigations, we may be liable to pay significant sums of damages or penalties, which may have an adverse effect on our business, results of operations, financial position and/or prospects. Further, while the publishing agreements that our Group has entered or will enter into will typically state that our 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 and our Group had not previously encountered such issues which had a material impact on our Group's financials and/or business operations during the Period Under Review, there is no assurance that our Group may not, in the future, encounter such issues which will lead us to exercise our right to demand for compensation, or that such compensation is sufficient to mitigate any adverse impact on our Group's financials and/or business operations.

There is also no assurance that we will not infringe 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, we may be required to divert a significant amount of our time and resources to defend or attend to any possible litigation or legal proceedings. Although our Group has not faced any claims alleging infringement of intellectual property rights by us as at the Latest Practicable Date, this is not a guarantee that we would not, in the future, face such claims, which could adversely affect our business, results of operations, financial position and/or prospects.

RISK FACTORS

Our Group is exposed to risks in respect of outbreaks of infectious and/or communicable diseases

An outbreak of the influenza virus and its variants, including COVID-19, influenza A (H1N1) and the avian influenza (H5N1), the Ebola virus, the middle east respiratory syndrome (MERS), the Zika virus or any other communicable diseases or the recurrence and spread of severe acute respiratory syndrome (SARS), may potentially affect our Group's business and/or the operations of the third party contractors, consultants and other parties that our Group engages. The outbreak of any communicable disease that escalates into a regional or global pandemic may have a material and adverse effect on business, results of operations, financial position and/or prospects. Although the exact nature and magnitude of the impact of such diseases cannot currently be predicted, previous occurrences of communicable diseases have had an adverse effect on the economies of those countries in which they were prevalent. For example, the COVID-19 pandemic has caused a severe impact on global, regional and national economies and disruptions to international trade and business activity and resulted in, among others, travel and transportation restrictions, prolonged closures of workplaces, businesses and schools, lockdowns in certain countries, disruptions to the global supply chains and increased volatility in capital and securities markets.

In the event that an outbreak occurs at our Group's offices, our Group may be required to temporarily suspend all or part of our operations or shut down our Group's offices and quarantine all affected employees and/or workers to prevent the spread of the diseases. While we have not during the Period Under Review and up to the Latest Practicable Date experienced any such suspension of our operations or shut down of our offices which has had a material adverse impact on our business, operations and financial performance, if such an event were to occur in the future, it may materially and adversely affect our business, results of operations, financial position and/or prospects.

Terrorist attacks, armed conflicts and increased hostilities, natural disasters and outbreak of communicable diseases could adversely affect our financial performance

Terrorist attacks, armed conflicts, increased hostilities and other acts of violence or war, natural disasters such as earthquakes and outbreak of communicable diseases around the world or other events beyond our control may adversely affect the regional and global financial markets. The occurrence of any of these events may result in a loss of business confidence, which could potentially lead to an economic recession and have an adverse effect on our business, results of operations and financial condition. There can be no guarantee that social and civil disturbances will not occur in the future and on a wider scale, or that any such disturbances will not, directly or indirectly, materially and adversely affect our business, results of operations, financial position and/or prospects.

RISKS RELATING TO OUR OPERATIONS OVERSEAS

We are exposed to risks associated with operations in various overseas jurisdictions

We have established offices and incorporated subsidiaries in various overseas jurisdictions. As such, we are subject to governmental regulations and safety and licensing standards in various jurisdictions. This may cause us to incur additional expenditure and may also require time and effort on the part of our management to address.

RISK FACTORS

In case of any default or delay in payment or any other dispute with parties which are based in foreign jurisdictions, we may need to initiate legal proceedings or take other appropriate actions. Enforcement of arbitral awards or court judgements in our favour or of our legal rights may be difficult, time consuming or not possible at all in some of the jurisdictions in which are involved or by virtue of the difficulties associated with enforcement across jurisdictions. An inability to successfully enforce our legal rights in these jurisdictions could have a material adverse effect on our business, results of operations, financial position and/or prospects.

As our Group conducts our business in multiple countries, we are subject to a multitude of tax rules, including those relating to income taxes, VAT, sales taxes, payroll taxes and other taxes. There is a risk that tax authorities in a country in which our Group conducts its business will raise claims against our Group for failure to comply with applicable tax laws and any such failure to comply may adversely affect our business, results of operations, financial position and/or prospects.

We derive certain portion of our revenue from overseas operations and are exposed to foreign exchange risk

We have a presence in various countries and territories through our overseas offices. Our business is therefore exposed to fluctuations in foreign exchange rates as our commercial transactions and our assets and liabilities are denominated in many different currencies such as NTD, HKD, US\$, Euros, Japanese Yen, Canadian dollars and S\$. Revenue from our subsidiaries is primarily denominated in currencies such as RMB, NTD and US\$. However, our 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 our financial statements, we translate revenue and expenses in our markets from their local currencies into US\$ using the exchange rates prevailing at the time of such transactions. If the US\$ strengthens relative to local currencies, our reported revenue, gross profit and net income will be reduced to that effect. Further, as at the Latest Practicable Date, revenue from overseas sales is the main component of our Company's revenue from contracts with customers. For FY2020, our Group's net foreign exchange gain was approximately US\$75,000, while our Group's net foreign exchange loss was approximately US\$123,000, US\$144,000 and US\$23,000 for FY2021, FY2022 and 1Q2023 respectively.

The impact of future exchange rate fluctuations among these currencies on our results of operations and financial condition cannot be accurately predicted, and there can be no assurance that our 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 our business, results of operations, financial position and/or prospects.

In addition, the proceeds to be raised from the Placement and Cornerstone Tranche will be denominated in S\$ while our intended uses of proceeds are likely to be denominated in US\$. To the extent that our 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 invoicing and collection of payment, as the case may be, we are exposed to any appreciation of the other foreign currencies and/or the depreciation of the S\$ against the US\$.

Moreover, our Shares are traded in S\$. Accordingly, any fluctuation in the exchange rates between the currencies may have an impact on the value of our Group's reported earnings, NTA and other financial measures in US\$ terms. This, in turn, may affect the market price of our Shares.

RISK FACTORS

The interpretation and application of laws, regulations and/or rules in the jurisdictions in which we operate involve uncertainties

The courts in certain jurisdictions which we operate in may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. Businesses can become involved in lengthy court cases over simple issues when rulings are not clearly defined, and the poor drafting of laws and excessive delays in the legal process for resolving issues or disputes compound such problems. Accordingly, we could face risks such as (i) effective legal redress in the courts of such jurisdictions being more difficult to obtain, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities and therefore less certainty; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and (v) the relative inexperience or unpredictability of the judiciary and courts in such matters.

Enforcement of laws in some of the jurisdictions which we operate in may depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to us by local lawyers or even previously by the relevant local authority itself. Furthermore, there is limited or no relevant case law providing guidance on how courts would interpret such laws and the application of such laws to our contracts, licences, licence applications or other arrangements. There can be no assurance that there will be no unfavourable interpretation or application of the laws in the jurisdictions in which we operate or that such interpretation or application will not adversely affect our contracts, licences, licence applications or other legal arrangements. In certain jurisdictions, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be less certain and more susceptible to revision or cancellation, and legal redress may be uncertain or delayed. If the existing body of laws, regulations and/or rules in the countries in which we operate are interpreted or applied, or relevant discretions exercised, in an inconsistent manner by the courts or applicable regulatory bodies, this could result in ambiguities, inconsistencies and anomalies in the enforcement of such laws, regulations and/or rules, which in turn could hinder our long-term planning efforts and may create uncertainties in our operating environment.

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

Foreign investors are subject to restrictions on foreign ownership in certain industries jurisdictions in which we operate, including Taiwan. Please refer to the section entitled “*General Information on our Group – Government Regulations*” of this Offer Document for more information on such restrictions. The governments of these countries and other countries in which we operate 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 us to remove or amend our existing arrangements or reduce our voting or economic interests in any existing or future subsidiaries and associates in these countries. Any such removal, amendment or reduction could affect our ability to successfully implement our business strategies and operate in the relevant countries. Furthermore, we cannot assure you that our subsidiaries or associates 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

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penalties could be imposed and relevant licences or agreements could be cancelled or voided. Any of these events could materially and adversely affect our business, results of operations, financial position and/or prospects.

Our Group is subject to the foreign exchange laws, regulations and/or rules in the PRC and Taiwan

The foreign exchange laws, regulations and/or rules applicable in the PRC and Taiwan are as set out in the section entitled “*Exchange Controls*” of this Offer Document. Any restrictions on the repatriation of funds from such countries may limit the ability of our subsidiaries and associated companies to distribute dividends to our Company. This, in turn, may impact the availability of cash and cash equivalents for use by our Company, and the remittance of dividends, interest or other payments to Shareholders. There is also no assurance that the relevant laws, regulations and/or rules applicable in the PRC, Taiwan, Hong Kong and Singapore will not change. In the event that there is any adverse change in the relevant foreign exchange laws, regulations and/or rules relating to the borrowing or repatriation of foreign currency, there may be a material and adverse impact on our Group’s business, results of operations, financial position and/or prospects.

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

While there may be efforts by governmental bodies to combat bribery, money laundering, corrupt practices and other improper conducts in the countries in which we operate, there can be no assurance that our employees and/or our working partners, including, among others, our suppliers, customers and working partners, will not be engaged in acts of bribery, money laundering, corruption or other misconduct. There can also be no assurance that our internal control and risk management systems will prevent any improper or illegal acts of our employees or working partners. Whilst our Group has in place anti-money laundering and anti-bribery and anti-corruption policies and there were no incidents during the Period Under Review involving a breach of anti-bribery, anti-corruption and other related laws, regulations and/or rules, we cannot assure you that our employees and working partners will comply with such laws, regulations and/or rules in the countries in which we operate. If such persons fail to comply with the applicable anti-bribery and anti-corruption laws, this may subject us to substantial financial losses and may have a negative impact on our reputation, and may mean our business, results of operations, financial position and/or prospects may be adversely affected.

We are subject to evolving regulatory requirements, non-compliance with which, or changes in which, may materially and adversely affect our business and prospects

Our business is subject to laws, regulations and/or rules in the countries or regions where we may operate. There are various licensing, approval or notification requirements governing different aspects of our business which we must comply with, and which may impose conditions that may restrict our operations. Regulatory authorities may exercise broad discretion in assessing our compliance with such requirements or introducing new requirements, and we may incur additional costs and suffer operational restrictions that could be harmful to our business. For instance, out of our Group’s seven leases in the PRC which are required to be registered with the relevant local branch, three remain unregistered. As the registration process for leases is within the capacity of the relevant landlord for which our Group is not able to exert control over, we accordingly do not foresee that we will be able to register the aforesaid unregistered leases in the near future by ourselves. Under the PRC laws, while non-registration of a lease does not render such lease

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invalid or unenforceable, the potential penalty would be a maximum penalty of RMB10,000 which may be imposed for each lease that is not registered, with such liability falling on both parties of the relevant lease agreement. Accordingly, the maximum potential fines or penalties that may be imposed under the Administrative Measures for Commodity House Leasing (商品房屋租赁管理办法) and other local laws on our Group arising from non-registration of the three leases, would be up to RMB30,000, which is not expected to have any material adverse impact to our Group's financial position.

In addition, we may be subject to foreign ownership rules, restrictions and/or regulations in the PRC, if the businesses that our subsidiaries engage in falls within the fields prohibited or restricted for foreign investment as stipulated under the Special Administrative Measures for Foreign investment Access (Negative List) (2021 Version) (外商投资准入特别管理措施 (负面清单) (2021年版)) (“**Negative List (2021 Version)**”). During the Period Under Review and up to the Latest Practicable Date, each of our PRC subsidiaries (i) has obtained all requisite approvals required for our operations in the PRC; (ii) has been in compliance with the relevant PRC laws and regulations in all material aspects in relation to our business operations in the PRC; and (iii) do not engage in businesses that falls within the fields prohibited or restricted for foreign investment as stipulated under the Negative List (2021 Version).

Furthermore, the introduction of new services and products may require us 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 our 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 our operations, even if such laws, regulations and/or rules are not directly applicable to us. Should there be any subsequent modifications, additions or new restrictions to the current compliance standards, we may incur additional costs or administrative burdens in complying with the new or modified standards which may materially and adversely affect our profitability and, consequently, our business, financial condition, results of operations and prospects.

While we were not aware of any change in regulatory requirements during the Period Under Review that had a material adverse effect on our Group's operations, this is no assurance that there will not be any change in regulatory requirements in the future which may have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to the requirements in relation to the approval of or filing with the CSRC or other PRC government authorities under PRC law

On 17 February 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境内企业境外发行证券和上市管理试行办法) (the “**Measures**”) and relevant five guidelines, which took effect on 31 March 2023. Pursuant to the 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

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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 PRC citizens or domiciled in Mainland China. For more details, please refer to the section entitled "*General Information on our Group – Government Regulations – PRC*" of this Offer Document.

Based on the CSRC Feedback (as defined herein), while our Company is not included under the scope of the Measures, the interpretation and application of the Measures remain unclear and uncertain, and subsequent corporate actions and/or equity fundraising rounds may ultimately require us to make supplemental filings and/or obtain the approval of the CSRC, and if CSRC approval is required, it is uncertain whether we can or how long it will take us to obtain the approval and, even if we obtain such CSRC approval, there are also potential risks in the event that such CSRC approval is rescinded. 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 us, may result in certain sanctions imposed by the CSRC or other PRC regulatory authorities, which could include fines and penalties on our operations in the PRC, restrictions or limitations on our ability to pay dividends outside of the PRC, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations. Please refer to the section entitled "*General Information on our Group – Government Regulations – PRC*" of this Offer Document for more details on the CSRC Feedback.

In addition, we cannot guarantee that new rules or regulations promulgated in the future pursuant to the Measures will not impose any additional requirement on us. If it is determined that we are subject to any CSRC approval, filing, other governmental authorisation or requirements for future capital raising activities and/or corporate actions, we 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 us, may result in certain sanctions by the CSRC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on our operations in the PRC, limit our ability to pay dividends outside of the PRC, limit our operating privileges in the PRC, delay or restrict the repatriation of the proceeds from the Listing or future capital raising activities into the PRC, or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the proceeds of our Shares.

Pursuant to the 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.

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The CSRC or other PRC regulatory authorities may implement conditions requiring us, or which make it advisable for us, to halt future capital raising activities before settlement and delivery of the proceeds hereby. Consequently, if our 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. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and the proceeds of the Shares.

Government regulation of loans and direct investments by our Company to our foreign subsidiaries may delay or prevent us from making loans or additional capital contribution, which could materially and adversely affect our liquidity and ability to expand our business and operations in such jurisdictions

Local laws, regulations and/or rules may also have differing requirements and restrictions on the ability of a foreign holding company to make loans, direct investments or additional capital contribution to our operating subsidiaries and affiliated entities including those in the PRC and Taiwan. This may impede our ability to expand our business and operations and increase our presence in these jurisdictions, such that our business, results of operations, financial position and/or prospects may be adversely affected. For further details of the PRC and Taiwan regulations on online games publishing and operation, please refer to the sections entitled “*General Information on our Group – Government Regulations – PRC – Regulations Relating to Foreign Investment*” and “*General Information on our Group – Government Regulations – Taiwan – Investment by foreign investors or PRC investors in Taiwan*” of this Offer Document.

RISKS RELATING TO THE JURISDICTIONS IN WHICH OUR GROUP HAS OPERATIONS

We may be subject to risks associated with the macro environment and international relations of Taiwan where one of our offices is located

Some of our assets and operations are located in Taiwan. Accordingly, our 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 our 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 our results of operations and financial condition, as well as the market price and liquidity of our 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 our ability to manage and operate our operations in the countries where we are located and to implement future plans for the expansion of our existing operations. There can be no assurance that the present tensions will not worsen, which could have a significant adverse impact on our business, results of operations, financial position and/or prospects.

Our investment in Taiwan is subject to Taiwanese regulatory requirements and any non-compliance may have an adverse impact on our investment

The primary law governing foreign investment in Taiwan is the Statute for Investment by Foreign Nationals (the “**Foreign Investment Statute**”). Save for certain exceptions, the MOEAIC is the primary competent authority for the review and approval of investment applications made by foreign investors in accordance with the Foreign Investment Statute. Foreign investments in Taiwan require the prior approval of the MOEAIC. In general, foreign investments in Taiwan will not be subject to any other special prohibition and/or restriction, unless it involves prohibited

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and/or restricted businesses under the relevant rules to provide the prohibited and restricted categories thereunder (the “**Negative List for Inbound Investment by Foreign Investors**”) or as otherwise indicated by the MOEAIC and/or the relevant competent business authority. In addition, the prior approval of the MOEAIC is also required for certain transactions as specified by the Foreign Investment Statute, such as (i) changes to the foreign investor’s investment plan or investment structure (including for capital increases in the foreign investor’s Taiwan subsidiary), or (ii) if the foreign investor wishes to transfer its investment to another person. Such approvals requirements apply to our Company post-Listing. The MOEAIC may, in its approval letter, impose certain requirements that the foreign investors must comply with for the entirety of the investment period. A failure to comply with the Foreign Investment Statute will result in legal consequences, such as prohibition of profit repatriation or revocation of the investment approval, which will have an adverse impact on our investment.

Further, the MOEAIC will examine whether the foreign investor constitutes a “PRC investor” under the Regulations Governing the Investment by PRC Investors. Investments by PRC investors will be subject to stricter requirements and restrictions as compared to investments by other foreigners and is, in principle, prohibited by Taiwan laws, regulations and/or rules, unless otherwise permitted by the MOEAIC. A “**PRC Investor**” shall mean any of the following investors that is: (i) an individual, company, legal entity or institution of the PRC; or (ii) a legal entity incorporated under the laws of any jurisdiction (other than the PRC) whose direct or indirect shareholding in excess of 30% is owned by any individual, company, legal entity or institution of the PRC or that is otherwise controlled by individual, company, legal entity or institution of the PRC. The PRC investor’s investment in Taiwan shall comply with the PRC Investment Regulations. As the MOEAIC reviews the foreign investment application, the MOEAIC will trace the name, nationality, place of birth and shareholding of shareholders and directors for each shareholding level until the ultimate individual beneficiary is identified, so as to gain clarity on whether the ultimate shareholder is a PRC Investor. In the event that a foreign investor falls within the ambit of a PRC Investor and fails to comply with the PRC Investment Regulations, such investor may be subject to relevant sanctions, such as rectification within requested time limit, withdrawal of investment and/or suspension of exercising shareholder’s rights, and fines.

Our Company, being the sole shareholder of Taiwan Winking, is a foreign investor under applicable Taiwanese rules and regulations and accordingly, the MOEAIC’s approval will be required should there be a change in the direct shareholding of Taiwan Winking. Hence, any change in foreign investors’ interests in our Company (i.e., an indirect shareholder of Taiwan Winking) will not be subject to MOEAIC’s approval unless and until such change in shareholding causes our Company to become a “PRC Investor”.

The relevant laws, regulations and/or rules of investment by foreign investors or PRC Investors in Taiwan are as set out in the section entitled “*General Information on our Group – Government Regulations*” of this Offer Document.

Currently, the business activity registered by Taiwan Winking does not fall within the prohibited and/or restricted industries in the Negative List for Inbound Investment by Foreign Investors. Furthermore, the sole shareholder of Taiwan Winking, i.e. our Company, is not subject to any restrictions in relation to its 100% shareholding in Taiwan Winking or in the exercise of its voting rights as the sole shareholder of Taiwan Winking.

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Although our Company, as a foreign investor, has obtained the approval of the MOEAIC for its investment in Taiwan Winking, we may still need to seek additional approvals from the MOEAIC from time to time, including approvals in relation to changes in investment structure, in accordance with our business items, plans and/or operational requirements. There is no assurance that such approvals will be obtained or that as part of such approvals, the MOEAIC will not impose conditions which we would have to comply with. There is also, in general, no assurance that the MOEAIC will not deviate from its current practices and impose new requirements on our Company even in the absence of any regulatory applications. Revised or new Taiwanese legislation, regulations or rules relating to foreign investments may also be promulgated which may have an adverse effect on our Company, and any breach of any of these Taiwanese regulatory requirements could have an adverse effect on our business, financial condition and results of operations.

The management and finance team of our Company are familiar with the regulatory requirements and procedures in Taiwan in relation to foreign investments as our Company has conducted various fund-raising exercises in the past since its incorporation in 2005, and our Group's finance team and management will continue to monitor compliance with the applicable Taiwanese rules and regulations and shall engage a legal counsel as and when appropriate for advice. Our Directors are of the view that the proposed measures are appropriate and adequate to ensure compliance with the requirements and procedures in Taiwan in relation to foreign investments post-Listing. However, there is no assurance that we will be in full compliance with all Taiwanese rules and regulations that may be promulgated from time to time, and any breach of any of these Taiwanese regulatory requirements could have an adverse effect on our business, financial condition and results of operations.

Our Taiwanese Shareholders/investors may be subject to Taiwan laws and regulations for his/her/its investment in our Company and failure to comply with these rules may affect their investment and may lead to certain punishments being imposed

Our Taiwanese Shareholders and/or investors may be subject to Taiwan laws and regulations in relation to their investment in our Company. For so long as our Company has PRC subsidiaries, the Taiwanese Shareholders' or investors' investment in our Company will constitute an indirect PRC investment under Taiwan laws, unless our Company's investment in the PRC entity is made through a Taiwan legal entity. A Taiwanese investor's acquisition of shares in an entity incorporated in jurisdictions other than the PRC and Taiwan (such as the Cayman Islands, where our Company is incorporated) which have a PRC subsidiary or branch (the "**Third Jurisdiction Entity**") by means of acquiring such shares from existing shareholders, i.e. the sale and purchase of the existing issued shares, will be deemed to constitute an "indirect PRC investment" rather than a foreign investment.

Therefore, the Relations Between Peoples of the Taiwan Area and the Mainland Area Act (the "**Cross-Strait Act**") and other PRC Investment Regulations will apply. Further information on the applicable Taiwan laws and regulations are as set out in the section entitled "*General Information on our Group – Government Regulations*" of this Offer Document. The obligation to comply with such Taiwan laws and regulations rests with the individual Taiwanese Shareholders or investors, rather than our Company or any entity in our Group. Taiwanese Shareholders and prospective Taiwanese investors should consult their own advisers to obtain more detailed information applicable to their case and to obtain a comprehensive understanding of the relevant legal requirements in Taiwan.

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Adverse changes in economic, social and political policies of the PRC government could have a material adverse effect on overall economic growth in the PRC, which could materially and adversely affect our business

Our operations are mainly conducted in the PRC through our PRC subsidiaries. Our Directors anticipate that the PRC will continue to be a significant operational base of our Group in the near future. Our Group is therefore influenced by the economic, social, political and legal developments in the PRC, 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 the PRC may constantly evolve.

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

We are subject to labour regulations in the PRC

We are required to comply with applicable PRC labour, social insurance and housing fund laws, regulations and/or rules. For instance, the PRC Labour Contract Law (中华人民共和国劳动合同法), which became effective on 1 January 2008 and was amended on 28 December 2012, and the Implementing Rules for the PRC Labour Contract Law (中华人民共和国劳动合同法实施条例), which were promulgated and became effective on 18 September 2008, set forth workers' rights including overtime hours, pensions, layoffs, employment contracts and the role of trade unions, and specified standards and procedures for the termination of an employment contract. In addition, under the applicable PRC laws, regulations and/or rules, companies must establish and implement a system of ensuring occupational safety and health, educate employees on occupational safety and health, prevent work-related accidents and reduce occupational hazards. Companies must also contribute to their employees' social insurance and housing fund. See "General Information on our Group – Government Regulations – PRC – Regulations relating to Labour and Safety" of this Offer Document for more details on the applicable PRC laws, regulations and/or rules in relation to labour.

Accordingly, we are required to pay several statutory social welfare benefits for employees of our PRC subsidiaries which include medical care insurance, occupational injury insurance, unemployment insurance, maternity insurance, pension and housing fund contributions. Due to differences in local regulation and inconsistent implementation and interpretation by the local authorities in the PRC, and different levels of acceptance of the social welfare system by employees depending on their willingness to make their corresponding contribution thereto, we may not have paid in full certain statutory social welfare benefits for our employees. Any failure by us in complying with the applicable PRC labour, social insurance and housing fund laws, regulations and/or rules may subject us to penalties and liabilities under PRC laws, regulations and/or rules, including but not limited to the issue of warnings and imposition of fines. Under applicable PRC laws, regulations and/or rules, employers failing to make sufficient statutory social welfare benefit payments may be ordered by the relevant authorities to contribute the shortfall within a prescribed period, and, additionally, in the case of failure to make sufficient payments of medical care insurance, occupational injury insurance, unemployment insurance, maternity insurance and pension, employers may be imposed with a daily late payment fee equivalent to 0.05% of the overdue payment from the date on which the payment became overdue and failing which, the relevant authorities may impose a fine of up to three times the overdue amount.

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In the event that we are found to be in breach of any other applicable PRC labour, social insurance and housing fund laws, regulations and/or rules, which affect our usage of labour, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Failure to comply with PRC regulations regarding the registration requirements for employee share ownership plans or share option plans, when options or awards (as the case may be) are granted may subject PRC participants or us to fines and other legal or administrative sanctions

In February 2012, the PRC SAFE promulgated the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies (国家外汇管理局关于境内个人参与境外上市公司股权激励计划外汇管理有相关问题的通知) (the “SAFE Circular 7”). Under the SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly listed company are required to register with the SAFE or its local branches, complete certain other procedures, and must retain a qualified PRC agent which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stock or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. We and our PRC employees, who may be granted Awards under the Winking Studios Performance Share Plan, are subject to these regulations and failure of the PRC share option holders or restricted shareholders to complete their SAFE registrations may subject these PRC residents to fines of up to RMB300,000 for entities or up to RMB50,000 for individuals, and may also limit our ability to contribute additional capital to our PRC subsidiaries, limit the ability of our PRC subsidiaries to distribute dividends to us, or otherwise materially and adversely affect our business, financial condition, results of operations and prospects.

The PRC State Taxation Administration (“STA”) has also issued relevant rules and regulations concerning employee share incentives, such as the Notice of Ministry of Finance and STA on Issues relating to Collection of Individual Income Tax on Personal Income from Shares and Options (关于个人股票期权所得征收个人所征税问题的通知), effective on 1 July 2005, and the Notice about Issues Concerning the Individual Income Tax on Share-option Incentives of the STA (国家税务总局关于股权激励有关个人所得税问题的通知), effective from 24 August 2009. Under these rules and regulations, our employees working in the PRC will be subject to PRC individual income tax upon release of the Awards under the Winking Studios Performance Share Plan, and our PRC subsidiaries which implement share option schemes shall act as the withholding agent for individual income tax and shall withhold individual income taxes for their employees upon exercise of the options or release of the awards. If our PRC subsidiaries fail to withhold their individual income taxes according to the relevant rules and regulations, we may be ordered to pay within the specific time and/or fines imposed by the relevant tax authorities.

Following the Listing, our Remuneration Committee will deliberate and decide on the list of the participants under the Winking Studios Performance Share Plan. As at the Latest Practicable Date, our Group has yet to appoint a qualified PRC agent to conduct such registration and complete the procedural requirements. Our Group will consider the appointment of a qualified PRC agent to conduct the SAFE registration and other procedures in due course when required.

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We may be deemed to be a PRC tax resident under the EIT Law and be subject to PRC taxation on our worldwide income

Under the Enterprise Income Tax Law of the PRC (2018 Revision) (《中华人民共和国企业所得税法》(2018年修改) (the “**EIT Law**”) which took effect on 29 December 2018 and its implementation rules, an enterprise established under the laws of a foreign country or region whose “de facto management body” is located in the PRC is considered a “resident enterprise” and will generally be subject to a uniform 25.0% corporate income tax on its worldwide income. Under the implementation rules of the EIT Law, “de facto management body” is defined as the managing body that has the material and overall management control over the production, business, personnel, accounts and assets of an enterprise.

On 22 April 2009, the State Administration of Taxation issued the Notice on Issues Relating to Determination of PRC Controlled Offshore Enterprises as PRC Resident Enterprises by Applying the De Facto Management Body (《关于境外注册中资控股企业依据实际管理机构标准认定为居民企业有关问题的通知》) (the “**SAT Circular No. 82**”) stipulating certain specific criteria for determining whether the “de facto management body” of a PRC-controlled offshore enterprise is located in the PRC. These criteria include, among others: (i) the location where senior management and senior management departments that are responsible for daily production, operation and management of the enterprise perform their duties; (ii) whether decisions relating to the enterprise’s financial and human resource matters are made or subject to approval by organisations or personnel in the PRC; (iii) the location of the enterprise’s primary assets, accounting books and records, company seals, and minutes of board and shareholders’ meetings; and (iv) whether 50.0% or more of the voting board members or senior executives of the enterprise habitually reside in the PRC. Whilst we have not during the Period Under Review and up to the Latest Practicable Date been subject to any notice of material breach, investigation, non-compliance or penalty in respect of EIT Law, there can be no assurance that our 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, our profitability and cash flow may be materially and adversely affected as a result of our global income being taxed under the EIT Law.

Under such circumstances, our business, financial position and results of operations may be materially and adversely affected. As at the Latest Practicable Date, only our PRC subsidiaries are tax resident in the PRC under the EIT Law. As at the Latest Practicable Date, the PRC tax authorities have not raised any material comments and/or findings on our Group’s past tax filings but this is no assurance that the authorities would not raise any material comments and/or findings in the future which could adversely affect our business, financial condition, results of operations and prospects.

We may face uncertainties relating to the indirect transfers of PRC taxable assets by non-PRC resident enterprises

On 3 February 2015, the STA issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《国家税务总局关于非居民企业间接转让财产企业所得税若干问题的公告》) (the “**STA Circular 7**”) which was amended on 1 December and 29 December 2017. The STA Circular 7 provides comprehensive guidelines relating to, and also heightened the PRC tax authorities’ scrutiny over, indirect transfers by a non-resident enterprise of PRC taxable assets. Under STA Circular 7, when a non-resident enterprise transfers PRC taxable assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC taxable assets, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC taxable assets, by disregarding the existence of such overseas holding company and by considering the transaction to be a direct transfer of PRC enterprise income taxes and without any other reasonable commercial purpose.

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However, the STA Circular 7 contains certain exemptions, including the following situations (i) where a non-resident enterprise derives income from the indirect transfer of PRC taxable assets by acquiring and selling shares of an overseas listed holding company, which holds such PRC taxable assets on a public market; and (ii) where the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement if the non-resident enterprise had directly held and disposed of such PRC taxable assets, in the context of an indirect transfer of PRC taxable assets.

We have conducted and may conduct acquisitions involving changes in corporate structures, and historically our Shares were transferred by certain then shareholders to our current Shareholders. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance in connection with the investigation of PRC tax authorities with respect thereto. Any PRC tax imposed on a transfer of our Shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in our Company.

The restrictions on the PRC foreign exchange or outbound capital flows may affect our ability to receive dividends and other payments from our PRC subsidiaries

In the PRC, foreign-invested enterprises (“FIEs”) are subject to the PRC rules and regulations on currency conversion, including the Regulation for Foreign Exchange Controls in the PRC, which is regulated by the SAFE. The ability of our PRC subsidiaries to pay dividends or to repatriate profits to us may be affected by changes in the PRC foreign exchange control. The PRC government imposes controls on the convertibility between the RMB and foreign currencies and, in certain cases, the remittance of currency out of the PRC. We receive a significant portion of our revenues in RMB. Our income at the holding company level may be primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. Under existing PRC 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 the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Please refer to the section entitled “Exchange Controls – PRC” of this Offer Document for further details.

Our PRC-incorporated subsidiaries may incur liability pursuant to unauthorised actions by their legal representatives

Our PRC-incorporated subsidiaries are required by law to each appoint a legal representative to be the person responsible to perform the duties and powers on their behalf. The legal representative is authorised to perform all acts regarding the general administration of the PRC subsidiaries and can also execute powers of attorney and execute any legal transaction that is within the nature and the scope of business of the company. In the event that any of the legal representatives of our PRC-incorporated subsidiaries performs any unauthorised actions in contravention of the law and/or their contractual obligations purportedly on behalf of the respective subsidiary, there is a risk that our Group and/or our PRC-incorporated subsidiaries may

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be held liable for such acts. While measures and controls have been implemented in order to mitigate such a risk, there is no assurance that the legal representatives of our PRC-incorporated subsidiaries will adhere to such measures and control procedures. Further details on the measures that have been taken in relation to the current legal representatives of our PRC-incorporated subsidiaries are set out in the section entitled “*Corporate Governance – Legal Representative*” of this Offer Document. If the legal representatives of our PRC-incorporated subsidiaries incur liability without authorisation on behalf of our Group and/or our PRC-incorporated subsidiaries, our business, results of operations, financial position and/or prospects may be materially and adversely affected.

There were no such past incidents which had a material adverse impact on our Group’s business operations and/or financials, but we cannot assure you that any future occurrence of such events will not have a material adverse effect on our business, financial position and results of operations.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of any offshore equity offerings subsequent to the Placement to make loans to or make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business

Under PRC laws, regulations and/or rules, we are permitted to utilise the proceeds of any financing outside the PRC to fund our PRC subsidiaries by making loans to or additional capital contributions to our PRC subsidiaries, subject to applicable government registration, statutory limitations on amount and approval requirements. For more details, please refer to the section entitled “*Exchange Controls – PRC*” of this Offer Document.

Filing with the MOFCOM and the SAMR and approval from the SAFE are required, as the case may be, for the utilisation of the proceeds from outside the PRC to fund our PRC subsidiaries by making loans to or additional capital contributions to our PRC subsidiaries, and our Company does not foresee difficulties in fulfilling such requirements, where applicable. While our finance department, as led by our Group CFO, and the Audit Committee will monitor the use of proceeds to ensure that they would not be utilised to fund our Group’s PRC-incorporated subsidiaries unless the requisite approvals and/or registration requirements are duly complied with and our Group CFO will report to the Audit Committee periodically in respect of material disbursements of the use of proceeds and provide the Audit Committee with a status report on the use of the net proceeds, we cannot assure you that we will be able to complete the necessary registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we received or expect to receive from our offshore offerings and to capitalise or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

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RISKS RELATING TO OWNERSHIP OF OUR SHARES

The validity of certain issuances and transfers of Shares of our Company cannot be verified

We are subject to laws and regulations governing our corporate administration and management, including corporate and taxation laws and regulations in relation to the issuance and transfers of Shares of our Company, and there is no assurance that we will be able to maintain at all times full compliance with such laws and regulations. We have in the past encountered and may encounter corporate secretarial irregularities, due in part to the long corporate history of our Company, which may conflict with or affect the validity of corporate actions we take or have taken. These past corporate secretarial irregularities include records of board or shareholder resolutions approving certain new issuances of Shares between 2006 and 2012 not being maintained, records of waivers or approvals of previous preferred shareholders of their rights of pre-emption under the Memorandum and Articles of Association of our Company effective at the relevant time in respect of certain share issuances and share subdivisions between 2006 and 2012 not having been maintained, records of the board resolutions for the grant of options by our Company in 2008 not having been maintained and records of the relevant board resolutions and instruments of transfer for certain transfers of Shares between 2006 and 2014 not having been maintained. As a result of our Company having moved its offices and changed its registered agent/registered office provider in the Cayman Islands and office personnel in Taiwan in the past, certain corporate records were lost. In order to rectify such corporate secretarial irregularities, a number of steps will have to be taken, which includes sighting and/or re-executing the relevant instruments of transfers, waivers of pre-emption and board resolutions approving the relevant issuances and transfers of shares which are the subject of the corporate secretarial irregularities. Our Company has exhausted all means of locating the missing corporate records, including by contacting the previous registered agent/registered office provider to look for the corporate records, as well as looking for the corporate records in its offices in Taiwan and the PRC, and it is the case that the records, whether in physical or electronic form, cannot be located presently. Further, as the corporate secretarial irregularities occurred more than nine to 17 years ago, and the contact details of the relevant shareholders and directors provided were as of those relevant points in time, such contact details have already been outdated and the location of such shareholders and directors would not be possible. As such, re-execution of the missing documents is not possible. Although we have not experienced any challenges to the validity of the Shares of our Company as at the Latest Practicable Date, and our Company has engaged professional staff, including legal and financial personnel, to handle the matters relating to the issuance and allotment of Shares and transfers of Shares alongside the Company Secretary to prevent the recurrence of such irregularities, we cannot be certain that we will not encounter such claims in the future or that similar irregularities will not occur in the future.

In the event such legal proceedings or claims are commenced against our Company, we may have to devote substantial time and resources to defending such proceedings and such proceedings may also divert the attention of our management from our core business. Further, in the event a claimant successfully challenges the validity of a transfer or allotment, certain corporate actions may be considered void or we may be required to issue or transfer certain shares to the claimant. If the foregoing events occur, it could materially and adversely affect our business, prospects, financial condition, reputation, and the proceeds of the Shares.

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Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Mainboard of the SGX-ST

An application has been made for our Shares to be listed for quotation on Catalist, a listing platform designed primarily for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Mainboard of the SGX-ST.

The Shares may not be a suitable investment for all investors

Each prospective investor in the Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Shares, our Group, and the merits and risks of investing in the Shares and the information contained in this Offer Document; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Shares and the effect an investment in the Shares will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Shares, including where the currency of the Shares is different from the prospective investor's currency; (iv) understand thoroughly the terms of the Placement; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Market and economic conditions may affect the market price and demand for our Shares

There exists both a potential for risks and benefits when an investor participates in the stock market. Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price and demand for our Shares. The market price of our Shares is also subject to extraneous factors such as the market demand and supply conditions prevailing interest rates, inflation, the prevailing investor sentiment and other unforeseeable factors. All these factors can give rise to a deviating share value which can, directly or indirectly, cause an investor to suffer a loss whilst investing in the stock market. In addition, as our Shares will be quoted in S\$ on the SGX-ST, dividends, if any, in respect of our Shares will be paid in S\$. Fluctuations in the exchange rate between the S\$ and other currencies will affect, amongst other things, the foreign currency value of the proceeds which a Shareholder would receive upon the sale of our Shares in Singapore and the foreign currency value of dividend distributions.

There has been no prior public market for our Shares and there may not be an active or liquid market for our Shares

Prior to the Listing, there has been no public market for our Shares. Although we have made an application to the SGX-ST for our Shares to be listed for quotation on Catalist, there can be no assurance that an active or liquid public market will develop or be sustained after the Listing. Liquidity of a securities market is often a function of the volume of the underlying shares that are publicly held by unrelated parties. Active and liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. If an active public market for our Shares does not develop after the Listing, the market price and liquidity of our Shares may be adversely affected.

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There is also no assurance that the market price for our Shares will not decline below the Placement Price. The Placement Price may not necessarily be indicative of the market price of our Shares after the Placement is complete and investors may be unable to resell their Shares at or above the Placement Price. The prices at which our Shares will trade after the Placement will be determined by the market and may be influenced by many factors, including:

- (a) our financial results;
- (b) our prospects, and those of the industry in which we compete;
- (c) an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures;
- (d) the present state of our development;
- (e) any adverse or positive news arising in relation to our Group;
- (f) the valuation of publicly-traded companies that are engaged in business activities similar to ours; and
- (g) any volatility in the securities markets of Singapore.

Our share price may fluctuate significantly in the future which could result in substantial losses for investors subscribing for our Shares pursuant to the Placement

The market price of our Shares may fluctuate significantly and rapidly as a result of, amongst others, the following factors, some of which are beyond our control:

- (a) variation in our results of operations;
- (b) changes in securities analysts' estimates of our results of operations and recommendations;
- (c) announcements by us of significant contracts, acquisitions, strategic alliances or joint ventures or capital commitments;
- (d) additions or departures of key personnel;
- (e) fluctuations in stock market prices and volume;
- (f) involvement in litigation and/or investigations by government authorities;
- (g) general economic and stock market conditions; and
- (h) discrepancies between our actual operating results and those expected by investors and securities analysts.

The stock markets have from time-to-time experienced significant price and volume fluctuations that have affected the market prices of securities. These fluctuations have often been unrelated or disproportionate to the operating performance of publicly traded companies. In the past, following periods of volatility in the market price of a particular company's securities, an investor may lose all or part of his investment and litigation has sometimes been brought against that company. If similar litigation is instituted against us, it could result in substantial costs and divert management's attention and resources from our core business.

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Future issuance of Shares by us and sale of Shares by our existing Shareholders may adversely affect the price of our Shares

In the event we issue, or our Shareholders sell, substantial amounts of our Shares in the public market following the Placement, the price of our Shares may be adversely affected. Such issues or sales may also make it difficult for us to issue new Shares and raise the necessary funds in the future at a time and price we deem appropriate.

Except as otherwise described in the section entitled “*Shareholders – Moratorium*” of this Offer Document, there will be no restriction on the ability of our Shareholders to sell their Shares either on Catalist or otherwise. In addition, the price of our Shares may be under downward pressure if Shareholders who are subject to a moratorium sell their Shares upon the expiry of their respective moratorium periods.

Investors may not be able to participate in future rights issues or certain other equity issues of our Shares

In the event that we issue new Shares, we will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where we elect to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, we will have the discretion and may also be subject to certain regulations as to the procedures to be followed in making such rights available to Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, we may not offer such rights to our existing Shareholders having an address in jurisdictions outside of Singapore.

Accordingly, certain Shareholders may be unable to participate in future equity offerings by us and may experience dilution in their shareholdings.

We may require additional funding for our growth plans and such funding may result in a dilution of our Shareholders’ investment

We have attempted to estimate our funding requirements in order to implement our growth plans, as set out in the section entitled “*General Information on our Group – Business Strategies and Future Plans*” of this Offer Document. In the event that the costs of implementing such plans exceed these estimates significantly or we come across opportunities to grow through expansion plans which cannot be predicted at this juncture and the funds generated from our operations prove insufficient for such purposes, we may need to raise additional funds to meet these funding requirements.

These additional funds may be raised by issuing equity or debt securities or by borrowing from banks or from other resources. We cannot ensure that we will be able to obtain any additional financing on terms that are acceptable to us, or at all. If we fail to obtain additional financing on terms that are acceptable to us, we will not be able to implement such plans fully. Such financing, even if obtained, may be accompanied by conditions that limit our ability to pay dividends or require us to seek lenders’ consent for the payment of dividends or restrict our freedom to operate our business by requiring lenders’ consent for certain corporate actions.

Further, in the event that we raise additional funds by way of a limited placement or by a rights offering or through the issuance of new Shares, any Shareholders who are unable or unwilling to participate in such additional rounds of fundraising may suffer dilution in their investments.

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Negative publicity which includes those relating to any of our Directors, Executive Officers or Controlling Shareholders may adversely affect our share price

Negative publicity or announcements relating to any of our Directors, Executive Officers or Controlling Shareholders may adversely affect the market perception of our Group or the performance of the price of our Shares, whether or not it is justified. For instance, such negative publicity may arise from unsuccessful attempts in joint ventures, acquisitions or take-overs, or involvement in insolvency proceedings.

Control by our Shareholders of our share capital after the Placement may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

After the completion of the Placement and the issuance of the Cornerstone Shares, our Controlling Shareholder, Acer Gaming, will hold approximately 51.0% of the issued and paid-up share capital of our Company. As a result, our Controlling Shareholder will be able to significantly influence our corporate actions such as mergers or takeover attempts in a manner which may not be in line with the interests of our 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 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 our Group which may not benefit our Shareholders.

You will incur immediate dilution and may experience further dilution in the NAV of your Shares

The Placement Price of 20.00 cents is substantially higher than our Group's NAV per Share of 8.99 cents as at 31 March 2023 based on the post-Placement and post-Cornerstone Tranche share capital and adjusted for the net proceeds from the Placement. If we were liquidated immediately following the Placement, each investor subscribing for the Placement Shares would receive less than the price he/she paid for the Placement Shares. Please refer to the section entitled "*Dilution*" of this Offer Document for further details.

In addition, we intend to issue Award Shares under our Winking Studios Performance Share Plan. To the extent that such Award Shares are issued, there may be further dilution to investors participating in the Placement. Please refer to the sections entitled "*The Winking Studios Performance Share Plan*" of this Offer Document and "*Appendix J – Rules of the Winking Studios Performance Share Plan*" to this Offer Document for further details.

We may not be able to declare dividends in the future

Our ability to declare dividends to our Shareholders in the future will be contingent on our future financial performance and distributable reserves of our Company. This is in turn dependent on our ability to implement our future plans, and on regulatory, competitive and technical factors and other factors such as general economic conditions, demand for and selling prices of our products and services and other factors exclusive to the art outsourcing, game development and global game publishing industries. Any of these factors could have a material adverse effect on our business, prospects, financial position and results of operations, and hence there is no assurance that we will be able to pay dividends to our Shareholders after the completion of the Placement.

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The receipt of dividends from our subsidiaries may also be affected by the passing of new laws, adoption of new regulations and other events outside our control, and our subsidiaries may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. Source withholding tax and exchange rate fluctuations may also apply to dividends and distributions from our subsidiaries to us. If our subsidiaries cease to pay dividends or reduce the amount of the dividends they pay to our Company, or if dividends become subject to increased tax because of changes in ownership of our subsidiaries or changes in tax laws or treaties, it would have an adverse effect on our financial position and ability to pay dividends on our Shares.

Further, in the event that we are required to enter into any loan arrangements with any financial institutions, covenants in the loan agreements may also limit when and how much dividends we can declare and pay out.

Protection afforded to Shareholders under Singapore law may be limited

Our main operations and assets are currently located in the PRC and Taiwan, and are therefore subject to the relevant laws, regulations and/or rules of both the PRC and Taiwan respectively. Singapore laws may provide our Shareholders with certain rights and protections for which there may be no corresponding or similar provisions under the relevant laws, regulations and/or rules in the PRC and/or Taiwan. As a result, it may be difficult for investors to enforce a judgement obtained in Singapore against our assets in the PRC and/or Taiwan. It may also be difficult for investors to take legal action against us or our Controlling Shareholders in a foreign jurisdiction and the costs of bringing such action could be prohibitive.

We are a Cayman Islands incorporated company and the rights and protection accorded to our shareholders may not be the same as those in other jurisdictions

Our Company is incorporated in the Cayman Islands as an exempted company and is subject to the Cayman Islands Companies Act. We will also have to comply with the Catalist Rules upon our admission to Catalist. The Singapore Companies Act may provide shareholders of Singapore-incorporated companies 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 our Shares, you may or may not be accorded the same level of shareholder rights and protections that a shareholder of a Singapore-incorporated company would be accorded under the Singapore Companies Act.

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

RISK FACTORS

shareholders may differ in some respects from those established under statutes and under judicial precedents in Singapore or other jurisdictions.

As a result, our public Shareholders may have more difficulty in protecting their interest in connection with actions taken by our management, our Directors or our principal Shareholders than they would as shareholders of a company incorporated in another jurisdiction. See the sections entitled “*Appendix F – Summary of Certain Provisions of the Cayman Islands Companies Act and the Memorandum and Articles of Association of our Company*” and “*Appendix I – Comparison of Cayman Islands and Singapore Corporate Law*” to this Offer Document for further details.

Singapore take-over code contains provisions that could discourage a take-over of our Company

We are subject to the Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) which contains certain provisions that may possibly delay, deter or prevent a future take-over or change in control of our Company. Under the Take-over Code, except with the consent of the Securities Industry Council of Singapore, 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 Take-over Code. Except with the consent of the Securities Industry Council of Singapore, 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 Take-over 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, our Controlling Shareholder, Acer Gaming, will have a shareholding interest of approximately 51.0% in our post-Placement and post-Cornerstone Tranche share capital. This concentration of ownership could delay, deter or prevent a change in control of our Company or a successful offer under the Take-over Code by another person.

USE OF PROCEEDS AND EXPENSES

USE OF PROCEEDS

The estimated net proceeds to be raised from the Placement and the issuance of the Cornerstone Shares, after deducting estimated expenses incurred in relation to the Placement and the issue of the Cornerstone Shares of approximately S\$2.9 million, will be approximately S\$5.1 million.

We intend to use our gross proceeds from the issue of Placement Shares and the Cornerstone Shares primarily as follows:

Use of proceeds ⁽¹⁾	Amount in aggregate (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds raised from the Placement and the Cornerstone Tranche (cents)
Expansion of our operations globally, including establishing subsidiaries and offices and enhancing existing office and supporting infrastructure	1,000	12.5
Acquisitions, joint ventures and/or strategic alliances	2,240	28.0
Exploration of the use of AI capabilities in our art outsourcing segment	1,200	15.0
General working capital purposes	636	8.0
Listing expenses ⁽²⁾⁽³⁾	2,924	36.5
Total	8,000	100.0

Notes:

- (1) Currently, our Company does not intend to utilise the proceeds to fund any of our Group's subsidiaries incorporated in the PRC. In the event that there is an intention to utilise the proceeds to fund our Group's subsidiaries incorporated in the PRC, our Company will make the relevant announcement on the SGXNET in a timely manner and we will obtain the relevant approvals and/or fulfil the requisite registration requirements prior to the application and utilisation of the proceeds from the Placement. Such announcement(s) made on SGXNET in relation to any changes in our Company's intention to use the proceeds from the Placement towards investment in a PRC entity will also clearly set out the implication(s) of such investment in a PRC entity to the Taiwanese shareholders.
- (2) Of the total estimated listing expenses to be borne by our Company, approximately S\$0.6 million will be capitalised against share capital and the balance of the estimated listing expenses will be accounted for under our Group's statement of profit or loss and other comprehensive income. Please refer to the section entitled "Use of Proceeds and Expenses – Listing Expenses" of this Offer Document for further details.
- (3) Listing expenses mainly comprise professional fees (including the Sponsor and Issue Manager's fees, the Industry Consultant's fees, audit fees, legal fees and other professional fees) as at the date of this Offer Document, placement commission in connection with the Placement and the Cornerstone Tranche, as well as listing and application fees.

USE OF PROCEEDS AND EXPENSES

Further details of our use of proceeds may be found in the section entitled “*General Information on our Group – Business Strategies and Future Plans*” of this Offer Document. Save as disclosed in the sections entitled “*Offer Document Summary – Business Strategies and Future Plans*” and “*General Information on our Group – Business Strategies and Future Plans*” of this Offer Document, we do not intend to use the net proceeds from the Placement and the issuance of the Cornerstone Shares, whether directly or indirectly, to acquire or refinance the acquisition of any asset, business or entity, and as at the Latest Practicable Date, we have not identified any asset, business or entity to acquire or refinance.

The foregoing discussion represents our best estimate of our allocation of the proceeds of the Placement and the issue of the Cornerstone Shares based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates, and we may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that we decide to reallocate the net proceeds of the Placement and the issue of the Cornerstone Shares for other purposes, we will publicly announce our intention to do so through a SGXNET announcement to be posted on the Internet at the SGX-ST’s website, <http://www.sgx.com>. In addition, our Company will make periodic announcements on the use of the proceeds from the Placement and the issue of the Cornerstone Shares as and when the proceeds from the Placement and the issue of the Cornerstone Shares are materially disbursed and provide a status report on the use of the proceeds attributable to our Company from the Placement and the issue of the Cornerstone Shares in our annual reports.

Pending the deployment of the net proceeds to be raised from the Placement and the issue of the Cornerstone Shares as aforesaid, we may use the funds as general working capital or invest in short-term money market instruments as our Directors may, in their absolute discretion, deem fit.

In the reasonable opinion of our Directors, no minimum amount must be raised from the Placement.

None of the proceeds of the Placement and the issue of the Cornerstone Shares will be used to discharge, reduce or retire any indebtedness of our Group.

LISTING EXPENSES

The estimated amount of expenses of the Placement and the issue of the Cornerstone Shares and of the application for Listing, including placement commission, management fees, audit and legal fees, advertising and printing expenses, fees payable to the SGX-ST and all other incidental expenses in relation to the Placement and the issue of the Cornerstone Shares is approximately S\$2.9 million. Such expenses will be borne by us and deducted from the gross proceeds from the Placement.

USE OF PROCEEDS AND EXPENSES

A breakdown of these estimated expenses to be borne by us in relation to the Placement and the issue of the Cornerstone Shares is as follows:

Expenses⁽¹⁾	Amount in aggregate (S\$'000)⁽²⁾	As a percentage of gross proceeds from the Placement and the Cornerstone Tranche (%)
Listing and application fees	40	0.5
Professional fees and expenses ⁽³⁾	2,581	32.3
Placement commission and brokerage ⁽⁴⁾	280	3.5
Miscellaneous expenses ⁽⁵⁾	23	0.3
Total	2,924	36.5

Notes:

- (1) Out of the total estimated listing expenses to be borne by our Company, approximately S\$0.6 million will be capitalised against share capital and the balance of the estimated listing expenses will be accounted for under our Group's statement of profit or loss and other comprehensive income.
- (2) The amounts exclude GST, where applicable.
- (3) Includes, amongst others, the estimated audit and legal fees, fees for the Sponsor, Issue Manager and Placement Agent, the Share Registrar and other professionals. These are estimated expenses and the actual amounts may differ.
- (4) The amount of placement commission per Placement Share, agreed upon between the Sponsor, Issue Manager and Placement Agent and our Company is 3.5% of the Placement Price payable for each Placement Share. For more information, please refer to the section entitled "*Plan of Distribution – Management, Sponsorship and Placement Arrangements*" of this Offer Document.
- (5) Includes the estimated cost of production of this Offer Document and other marketing expenses and certain other expenses incurred or to be incurred in connection with the Placement and the issue of the Cornerstone Shares. These are estimated expenses and the actual amounts may differ.

DIVIDEND POLICY

Statements contained in this section that are not historical facts are forward looking statements. Such statements are subject to certain risks and uncertainties and should under no circumstances be regarded as a representation, warranty or prediction by us, the Sponsor, Issue Manager and Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward looking statements that speak only as at the date hereof.

Past Dividends

Save as disclosed below, neither our Company nor any of our subsidiaries has declared or paid any dividends during the Period Under Review.

Dividends declared in respect of FY2020 and FY2021 by Nanjing Winking

Date on which dividends were declared	Group Company	Financial year in respect of which the dividends were declared	Dividend amount	Name of shareholder to whom dividends were paid
18 November 2020	Nanjing Winking	FY2019	RMB1,356,115.1	Shanghai Winking
18 June 2021	Nanjing Winking	FY2020	RMB8,864,864.49	Shanghai Winking

Dividends Declared by our Company

On 17 May 2023, our Company declared and issued scrip dividends on the Shares amounting to NTD\$50,000,000 in aggregate. Save as disclosed, no dividends have been declared by our Company or any of our subsidiaries in respect of the period from 1 April 2023 and up to the Latest Practicable Date.

Dividend Policy

We currently do not have a fixed dividend policy. The declaration and payment of future dividends may be recommended by our Board at their discretion, after considering a number of factors, including the factors outlined below, as well as other factors deemed relevant by our Board:

- (a) the level of our cash and retained earnings;
- (b) our actual and projected financial performance;
- (c) our projected levels of capital expenditure and expansion plans;
- (d) our working capital requirements and general financial condition; and
- (e) the terms of borrowing arrangements (if any).

Subject to the Cayman Islands Companies Act and the Articles of Association, our 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 our Directors. Our Board may, without the approval of our Shareholders, also declare an interim dividend. All dividends will be paid in accordance with the Articles of Association and the laws of the Cayman Islands.

DIVIDEND POLICY

All dividends are paid *pro-rata* among the Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

The amount of dividends that may be declared and paid by us should not be taken as an indication of the dividends payable in the future. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future. Please refer to the section entitled "*Risk Factors – We may not be able to declare dividends in the future*" of this Offer Document for further details.

Information relating to taxes payable on dividends are set out in the section entitled "*Appendix H – Taxation*" to this Offer Document. Information relating to withholding tax rates on dividends distributed by Foreign Investment Enterprises in the PRC is set out in the section entitled "*Appendix H – Taxation – PRC Taxation – Taxation on Dividends*" to this Offer Document. Please also refer to the section entitled "*Appendix H – Taxation – Singapore Taxation – Dividend Distributions*" for a description of Singapore taxation on dividends. Please also refer to the section entitled "*Appendix H – Taxation – Taiwanese Taxation*" for a description of Taiwanese taxation on dividends.

SHARE CAPITAL

Our Company (Registration No. 159882) was incorporated in the Cayman Islands on 15 December 2005 under the Cayman Islands Companies Act as an exempted company with limited liability, under the name of “Winking Entertainment Ltd”. Our Company changed its name to “Winking Studios Limited” with effect from 17 May 2023.

As at the date of incorporation, our issued and paid-up share capital was US\$0.20 comprising two ordinary shares with a par value of US\$0.10 each. As at the Latest Practicable Date (before the completion of the Restructuring Exercise), our issued and paid-up share capital was NTD224,465,910, comprising 22,446,591 Shares with a par value of NTD10 each. As at the date of this Offer Document (following the completion of the Restructuring Exercise), our issued and paid-up share capital is S\$9,587,931 (or approximately US\$7,417,581) comprising 239,698,275 Shares with a par value of S\$0.04 each. Please refer to the section entitled “*Restructuring Exercise*” of this Offer Document for further details on the Restructuring Exercise.

Pursuant to resolutions passed on 27 September 2023, our Shareholders approved, amongst others, the following:

- (a) the adoption of the amended and restated Memorandum and Articles of Association of our Company;
- (b) the allotment and issue of the New Shares which are the subject of the Placement and the Cornerstone Tranche, on the basis that the Placement Shares and the Cornerstone Shares, when allotted, issued and fully paid-up, will rank *pari passu* in all respects with the existing issued Shares;
- (c) the adoption of the Winking Studios Performance Share Plan (details of which are set out in the section entitled “*Winking Studios Performance Share Plan*” of this Offer Document, and “*Appendix J – Rules of the Winking Studios Performance Share Plan*” to this Offer Document) and the authorisation of our Directors, pursuant to the Articles of Association, to allot and issue Shares upon the vesting of Awards granted under the Winking Studios Performance Share Plan;
- (d) the adoption of the IPT General Mandate for Interested Person Transactions, details of which are set out in the section entitled “*Interested Person Transaction – General Mandate for Interested Person Transactions*” of this Offer Document;
- (e) the listing and quotation of all the issued Shares (including the Placement Shares to be allotted and issued pursuant to the Placement, the Cornerstone Shares and the Award Shares) on Catalist; and
- (f) the authorisation to our Directors by way of ordinary resolution in a general meeting, to:
 - (i) (A) issue Shares whether by way of rights, bonus or otherwise;
 - (B) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, securities-based derivatives contracts, convertible securities or other instruments convertible into Shares; and/or

SHARE CAPITAL

(C) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit;

(ii) (notwithstanding that the authority conferred by the resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by our Directors pursuant to (i) above, while such authority was in force, provided that:

(A) the aggregate number of Shares to be issued pursuant to such authority (including Shares issued in pursuance of Instruments made or granted pursuant to this authority does not exceed 100.0% of the post-Placement and post-Cornerstone Tranche issued share capital excluding treasury shares and subsidiary holdings, and provided further that the aggregate number of Shares to be issued other than on a *pro-rata* basis to Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) does not exceed 50.0% of the post-Placement and post-Cornerstone Tranche issued share capital excluding treasury shares and subsidiary holdings;

(B) in exercising such authority, our Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Memorandum and Articles of Association for the time being of our Company; and

(C) (unless revoked or varied by our Company in general meeting), the authority so conferred shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

For the purpose of this resolution, the “**post-Placement and post-Cornerstone Tranche issued share capital**” shall mean the total number of issued Shares of our Company (excluding treasury shares and subsidiary holdings) immediately after the Placement following completion of the Placement and the issuance of the Cornerstone Shares, after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given, provided the options or share awards were granted in compliance with the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares.

Pursuant to resolutions passed on 1 November 2023, our Shareholders approved the Restructuring Redenomination of the par value of our existing Shares from NTD to S\$ in connection with the Restructuring Exercise and the Listing. Further details of the Restructuring Exercise are set out in the section entitled “*Restructuring Exercise*” of this Offer Document.

As at the date of this Offer Document, there is only one class of shares in the capital of our Company, being the Shares. A summary of our Memorandum and Articles of Association relating to, amongst others, the voting rights of our Shareholders is set out in “*Appendix F – Summary of Certain Provisions of the Cayman Islands Companies Act and the Memorandum and Articles of Association of our Company*” to this Offer Document.

SHARE CAPITAL

As at the date of this Offer Document, following the completion of the Restructuring Exercise, the issued and paid-up share capital of our Company is S\$9,587,931 (or approximately US\$7,417,581) comprising 239,698,275 Shares with a par value of S\$0.04 each.

There is no founder, management, deferred or unissued Shares reserved for issuance for any purpose. The New Shares comprising the Placement Shares and Cornerstone Shares shall have the same interest and voting rights as our existing Shares that were issued prior to the Placement and Cornerstone Tranche and there are no restrictions to the free transferability of our Shares except where required by law or the Catalist Rules. As at the Latest Practicable Date, save for the Award Shares which may be granted under the Winking Studios Performance Share Plan, no person has been, or is permitted to be, given an option to subscribe for or purchase any securities or securities-based derivatives contracts of our Company or any of our subsidiaries.

There are no Shares that are held by or on behalf of our Company or by our subsidiaries.

Details of the changes in the issued and paid-up share capital of our Company in the last three years prior to the Latest Practicable Date and the resultant issued and paid-up share capital immediately after the Placement and the issue of the Cornerstone Shares are as follows:

Purpose	Number of new Shares issued	Resultant number of Shares	Resultant issued and paid-up share capital (US\$'000)
Issued and paid-up share capital as at 1 January 2020	–	41,893,061	482
Issuance of Shares by our Company on 3 September 2020 ⁽¹⁾⁽³⁾	13,387,089	55,280,150	616
Issuance of Shares by our Company on 16 September 2020 ⁽²⁾⁽³⁾	3,225,806	58,505,956	648
<u>Redenomination from US\$ to NTD</u>			
Issuance of new Shares by our Company as consideration for the 2021 Shares Repurchase ⁽⁴⁾ (as defined herein) on 29 September 2021 (“ New NTD Shares Issuance ”)	1,845,415	1,845,415	648
Shares repurchase on 29 September 2021 (“ 2021 Shares Repurchase ”)	(58,505,956)	–	(648)
Capitalisation of capital reserve on 29 September 2021 ⁽⁵⁾	13,856,517	15,701,932	5,226
Issuance of Shares by our Company on 10 January 2023 ⁽⁶⁾	1,744,659	17,446,591	5,795
Capitalisation of retained earnings on 17 May 2023 ⁽⁷⁾	5,000,000	22,446,591	7,418

SHARE CAPITAL

Purpose	Number of new Shares issued	Resultant number of Shares	Resultant issued and paid-up share capital (US\$'000)
<u>Restructuring Redenomination (as defined herein) from NTD to S\$</u>			
Redenomination Issuance (as defined herein) ⁽⁸⁾	239,698,275	262,144,866	14,454
Redenomination Share Repurchase (as defined herein) ⁽⁸⁾	(22,446,591)	239,698,275	7,418
New Shares to be issued comprising the Placement Shares and Cornerstone Shares	40,000,000	279,698,275	8,142 ⁽⁹⁾
Issued and paid-up capital after the Placement and the Cornerstone Tranche	–	279,698,275	8,142

Notes:

- (1) On 3 September 2020, our Company had issued a total of 13,387,089 ordinary Shares of a par value of US\$0.01 per Share to various investors with an aggregate share capital of US\$133,871 based on a par value of US\$0.01 per Share.
- (2) On 16 September 2020, our Company had issued a total of 3,225,806 ordinary Shares of a par value of US\$0.01 per Share to an investor with an aggregate share capital of US\$32,258 based on at a par value of US\$0.01 per Share.
- (3) The Shares issued on 3 September 2020 and 16 September 2020 to various investors for an aggregated cash consideration of US\$5,149,999 were allocated to our Company's share capital and capital reserves of approximately US\$166,129 and US\$4,983,370 respectively.
- (4) On 29 September 2021, our Company repurchased and cancelled the previously issued 58,505,956 ordinary Shares of a par value of US\$0.01 per Share at US\$0.011 per Share from the then-existing Shareholders with a consideration of US\$648,129. The consideration was fulfilled via an issuance of 1,845,415 ordinary Shares of a par value of NTD10 per Share. The purpose of the Share Repurchase and the New NTD Shares Issuance was to change the currency denomination of the authorised share capital from US\$ to NTD.
- (5) On 29 September 2021, our Company issued 13,856,517 ordinary Shares of a par value of NTD10 per Share by capitalising the capital reserve of US\$4,578,000.
- (6) On 10 January 2023, Acer Gaming was issued 1,744,659 ordinary Shares of a par value of NTD10 per Share in the capital of our Company for a cash consideration of US\$3,022,980 constituting share capital of US\$568,392 and capital reserves of US\$2,454,588.
- (7) On 17 May 2023, our Company declared and issued scrip dividends where we issued 5,000,000 ordinary Shares of a par value of NTD10 per Share by capitalising our retained profits of US\$1,623,060.
- (8) As part of the Restructuring Exercise, our Company had on 1 November 2023 completed the Redenomination Issuance and Redenomination Share Repurchase. Please refer to the section entitled "Restructuring Exercise" for the details of the Redenomination Issuance and Redenomination Share Repurchase.
- (9) Takes into account the capitalisation of the estimated listing expenses of approximately S\$0.6 million. The remaining estimated listing expenses of approximately S\$2.3 million will be charged to the profit or loss account of our Company.

SHARE CAPITAL

The issued and paid-up share capital and the Shareholders' equity of our Company after the adjustments to reflect the Restructuring Exercise, the Placement and the issue of the Cornerstone Shares are set forth below.

	As at 1 January 2020	As at the Latest Practicable Date and before the Restructuring Exercise	After the Restructuring Exercise and the Placement and Issue of Cornerstone Shares
Issued and fully paid-up shares (number of shares)	41,893,061	22,446,591	279,698,275
Issued and fully paid-up share capital (US\$)	482,000	7,417,581	8,141,922
Other reserves (US\$)	717,000	431,000	5,577,831
Retained earnings (US\$)	2,270,000	7,739,202	6,976,522
Total equity (US\$)	3,469,000	15,587,783	20,696,275

Save as disclosed above and the section entitled "*General Information – Share Capital*" of this Offer Document, there were no changes in the issued and paid-up share capital of our Company in the last three years prior to the Latest Practicable Date.

Please refer to the section entitled "*General Information – Share Capital*" of this Offer Document for details of changes in the issued and paid-up share capital of our Group within the three years preceding the Latest Practicable Date.

SHAREHOLDERS

OWNERSHIP STRUCTURE

Our Directors, Substantial Shareholders and other Shareholders and their respective shareholdings as at the Latest Practicable Date, immediately before the Placement and the issue of the Cornerstone Shares (as at the date of the Offer Document) and immediately after the Placement and the issue of the Cornerstone Shares are set out as follows:

	As at the Latest Practicable Date		After the Restructuring Exercise but immediately before the Placement and the Issuance of the Cornerstone Shares		After the Placement and the Issuance of the Cornerstone Shares	
	Direct Interest Number of Shares	%	Direct Interest Number of Shares	%	Direct Interest Number of Shares	%
Directors						
Mr. Johnny Jan ⁽¹⁾	1,991,733	8.9	215,827	1.0	21,268,929	7.6
Mr. Kao Shu-Kuo	–	–	–	–	2,304,731	0.8
Mr. Chang Yi-Hao	–	–	–	–	300,000 ⁽²⁾	0.1
Mr. Yang Wu Te	–	–	–	–	–	–
Mr. Lim Heng Choon	–	–	–	–	–	–
Controlling Shareholders (other than our Directors)						
Acer Gaming ⁽³⁾⁽⁴⁾	12,336,613	55.0	–	–	131,737,815	51.0
Acer ⁽³⁾	–	–	12,336,613	55.0	–	–
Substantial Shareholders (other than our Directors)						
Flying Way International Corp ⁽⁵⁾	2,161,570	9.6	–	–	23,082,552	8.3
Mr. Cho Tai-Wei ⁽⁵⁾	273,022	1.2	2,161,570	9.6	2,915,494	1.0
Ms. Cho, Tai-Ching ⁽⁵⁾	–	–	2,161,570	9.6	–	–
Other Shareholders						
Mr. Oliver Yen	103,515	0.5	–	–	1,105,396 ⁽²⁾	0.7
Ms. Lee, Chiu-Hui ⁽¹⁾	215,827	1.0	1,991,733	8.9	21,268,292	7.6
					2,304,731	0.8
					142,537,815	51.0
					23,082,552	8.3
					23,082,552	8.3
					1,855,396 ⁽²⁾	0.7
					21,268,929	7.6

SHAREHOLDERS

	As at the Latest Practicable Date		After the Restructuring Exercise but immediately before the Placement and the Issuance of the Cornerstone Shares		After the Placement and the Issuance of the Cornerstone Shares	
	Direct Interest Number of Shares	Deemed Interest Number of Shares	Direct Interest Number of Shares	Deemed Interest Number of Shares	Direct Interest Number of Shares	Deemed Interest Number of Shares
	%	%	%	%	%	%
Public						
Cornerstone Investor ⁽⁶⁾	—	—	—	—	2,000,000	0.7
Existing public Shareholders ⁽⁷⁾	5,364,311	23.7	57,283,358	23.9	57,283,358	20.5
New public Shareholders	—	—	—	—	26,150,000	9.3
Total	22,446,591	100.0	239,698,275	100.0	279,698,275	100.0

Notes:

- (1) Ms. Lee, Chiu-Hui is the spouse of Mr. Johnny Jan. Accordingly, Mr. Johnny Jan is deemed to have an interest in the securities held by her, by virtue of Section 133(4) of the SFA.
- (2) As of the date of this Offer Document, Mr. Kao Shu-Kuo and Mr. Oliver Yen have indicated their interests to subscribe for 300,000 and 750,000 Placement Shares respectively, representing approximately an aggregate of 0.38% of the post-Placement and post-Cornerstone Tranche share capital.
- (3) As at the Latest Practicable Date, Acer holds an aggregate direct and indirect shareholding interest of 70.03% in Acer Gaming. Accordingly, Acer is deemed to have an interest in the Shares which are directly held by Acer Gaming by virtue of section 4 of the SFA.
- (4) Acer Gaming is one of our Cornerstone Investors. The number of shares held by Acer Gaming consists of its 131,737,815 existing Shares held before the Placement and the 10,800,000 New Shares issued pursuant to its subscription of Cornerstone Shares under the Cornerstone Tranche.
- (5) As at the Latest Practicable Date, Flying Way International Corp is owned by Mr. Cho Tai-Wei (44.0%) and Ms. Cho, Tai-Ching (40.0%), who are siblings. Accordingly, each of them is deemed to have an interest in the Shares in which Flying Way International Corp has an interest by virtue of section 4 of the SFA.
- (6) Mr. Jason Chen, one of our Cornerstone Investors other than Acer Gaming. Each of such other Cornerstone Investors (excluding Acer Gaming) will not hold more than 5.0% of our Company's total issued and paid-up share capital immediately after the Placement. Please refer to the section entitled "Shareholders – Information on Cornerstone Investors" for further information.
- (7) Existing public shareholders refers to existing Shareholders of our Company who are unrelated third parties and are not subject to any moratorium or voluntary lock-up obligations.

SHAREHOLDERS

Save as disclosed above and in the section entitled “*Directors, Executive Officers and Employees*” of this Offer Document, there are no relationships among our Directors, Substantial Shareholders, Controlling Shareholders and Executive Officers.

To the best of the knowledge of our Directors, we are not directly or indirectly owned or controlled, whether severally or jointly, by any other corporation, any government or other natural or legal person.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the Placement Shares and Cornerstone Shares which are the subject of the Placement and the Cornerstone Tranche respectively.

Save as disclosed in the section entitled “*Shareholders*” of this Offer Document, there has been no change in the percentage of ownership of Shares of our Directors and Substantial Shareholders in the last three years prior to the Latest Practicable Date.

As at the Latest Practicable Date, our Company has only one class of Shares. There is no restriction on the transfer of fully paid Shares in scripless form except where required by law or the Catalist Rules.

There has been no public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of business trust which has occurred between 1 January 2022 and up to the Latest Practicable Date.

There are no Shares in our Company that are held by or on behalf of our Company or by the subsidiaries of our Company.

Our Directors are not aware of any arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

Information on Cornerstone Investors

Concurrently with, but separate from the Placement, the Cornerstone Investors have entered into Cornerstone Subscription Agreements dated 28 September 2023 with our Company to subscribe for such number of Cornerstone Shares at the Placement Price to be determined by dividing the aggregate commitment amount of S\$2,560,000 by the Placement Price, rounded down to the nearest 100 Shares, conditional upon, among others, the Placement Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the Placement Settlement Date. An aggregate of 12,800,000 Cornerstone Shares will be issued to the Cornerstone Investors. The Cornerstone Investors are:

Acer Gaming

Acer Gaming is listed on the Taipei Exchange Emerging Stock Market and is a subsidiary of Acer, which is listed on the Taiwan Stock Exchange. Acer Gaming has obtained the agent right of Sony PlayStation 5 in Taiwan, and successively obtained the agency right of Logitech racing simulation equipment, ASTRO gaming headset microphone, SEGA's game and products of HORI, Japanese gaming accessories leading brand, in Taiwan in 2022.

SHAREHOLDERS

Acer Gaming is the Controlling Shareholder of our Company and Mr. Kao Shu-Kuo is presently the Chairman of the Board of Directors of Acer Gaming. Save as disclosed, the Cornerstone Investors are not related to our Company, our Directors, Controlling Shareholders, Executive Officers and/or their associates.

Mr. Jason Chen

Mr. Jason Chen is the Chairman and Chief Executive Officer of Acer, which is the majority shareholder of Acer Gaming. Save as disclosed in this paragraph above, the Cornerstone Investors are not related to each other, our Company, the Directors, Controlling Shareholders and/or their Associates.

MORATORIUM

Controlling Shareholders and their Associates

Under Rule 422 of the Catalist Rules, (i) our Controlling Shareholders and their Associates; and (ii) Executive Directors with an interest of 5.0% or more of the issued share capital of our Company excluding subsidiary holdings as at our Company's date of admission to Catalist, will be deemed promoters of our Company.

Mr. Johnny Jan, Ms. Lee, Chiu-Hui and Acer Gaming

Each of Mr. Johnny Jan, Ms. Lee, Chiu-Hui and Acer Gaming, who are each deemed a promoter of our Company, has on 8 November 2023 undertaken to the Sponsor, Issue Manager and Placement Agent and our Company, amongst others, that, from the date commencing on the date of admission of our Company to Catalist and for a period of six months after our Company's date of admission to Catalist (the "**Initial Period**"), he/she/it will not directly or indirectly:

- (a) offer, pledge, sell, contract to sell, realise, assign, sell any option or contract to purchase, purchase any option or contract to sell, grant any option or right or warrant to purchase, lend, grant any security over, hypothecate or encumber (such as by way of mortgage, assignment of rights, charge, pledge, pre-emption rights, rights of first refusal or otherwise) or otherwise transfer or dispose of any Shares which he/she/it holds or has an interest in as at the date of admission of the Shares of our Company to the Catalist (the "**Listing Date**") (adjusted for any bonus issue or sub-division of the Shares) (the "**Lock-up Shares**") or any interest therein or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any Lock-up Shares, whether any such transaction described above is to be settled by delivery of such Lock-up Shares or such other securities, in cash or otherwise;
- (b) enter into any swap, hedge or other agreement, transaction or arrangement (including a derivative transaction) that will directly or indirectly constitute or will be deemed as a disposal of or transfer to another, in whole or in part, with a similar effect (economic or otherwise), of any Lock-up Shares or interest therein or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Lock-up Shares, whether such agreement, transaction or arrangement described above is to be settled by delivery of such Lock-up Shares or such other securities, in cash or otherwise;

SHAREHOLDERS

- (c) deposit any Lock-up Shares or interest therein or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any Lock-up Shares in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with his/her/its obligations under the moratorium undertaking, whether any such transaction described above is to be settled by delivery of Shares or such other securities, in cash or otherwise;
- (d) enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in or have a similar effect (economic or otherwise), in whole or in part, as any transaction described in the foregoing (a), (b) or (c); and/or
- (e) offer to or agree to make any announcement or publicly disclose any intention to do any of the above.

The restriction shall apply to all Shares held by Acer Gaming, Mr. Johnny Jan and Ms. Lee, Chiu-Hui immediately after the Placement and issuance of the Cornerstone Shares, being 142,537,815 Shares, 21,268,929 Shares and 2,304,731 Shares, representing 51.0%, 7.6% and 0.8% of our Company's post-Placement and post-Cornerstone Tranche share capital, respectively. For the six months period after the Initial Period, the restriction shall apply in respect of his/her/its effective interest in 50.0% in his/her/its Shares in the capital of our Company (adjusted for any bonus issue or sub-division of Shares) held by Mr. Johnny Jan, Ms. Lee Chiu-Hui and Acer Gaming, respectively.

Acer will not be providing any moratorium undertaking in respect of its effective interest in the Shares held through Acer Gaming, in line with Rule 421 of the Catalist Rules, which provides that an indirect shareholding which is held through a company which is listed is excluded from the moratorium requirements under Rule 421 of the Catalist Rules.

Employee Shareholders

To demonstrate their commitment to our Group and for purposes of consistency, each of the Employee Shareholders, namely Mr. Cho Tai-Wei and Mr. Oliver Yen, has voluntarily undertaken to the Sponsor, Issue Manager and Placement Agent and our Company, amongst others, that, from the date commencing on the date of admission of our Company to Catalist and for a period of six months after our Company's date of admission to Catalist (the "Initial Period"), he will not directly or indirectly, *inter alia*:

- (a) sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any part of his Shares in the capital of our Company;
- (b) enter into any agreement, transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of any part of his Shares in the capital of our Company, in cash or otherwise;
- (c) deposit all of his effective interest, in any part of his Shares in the capital of our Company in any depository receipt facility;
- (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; and/or

SHAREHOLDERS

- (e) publicly announce any intention to do any of the above.

The restriction shall apply to all Shares held by each of the Employee Shareholders immediately before the Placement, being 2,915,494 Shares and 1,105,396 Shares (representing 1.0% and 0.4% of our Company's post-Placement and post-Cornerstone Tranche share capital) held by Mr. Cho Tai-Wei and Mr. Oliver Yen, respectively. For the six months period after the Initial Period, the restriction shall apply in respect of the effective interest in 50.0% in any part of his Shares in the capital of our Company (adjusted for any bonus issue or sub-division of Shares) held directly by each of the Employee Shareholders.

Other Shareholders

Voluntary Moratorium by Flying Way International Corp.

To demonstrate their commitment to our Group, Flying Way International Corp., our Substantial Shareholder, has voluntarily undertaken to our Company that, from the date commencing on the date of admission of our Company to Catalist and for a period of six months after our Company's date of admission to Catalist (the "**Initial Period**"), it will not directly or indirectly:

- (a) offer, pledge, sell, contract to sell, realise, assign, sell any option or contract to purchase, purchase any option or contract to sell, grant any option or right or warrant to purchase, lend, grant any security over, hypothecate or encumber (such as by way of mortgage, assignment of rights, charge, pledge, pre-emption rights, rights of first refusal or otherwise) or otherwise transfer or dispose of any Shares in which it holds or has an interest in as at the Listing Date (adjusted for any bonus issue or sub-division of the Shares) (the "**Flying Way Lock-up Shares**") or any interest therein or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any Flying Way Lock-up Shares, whether any such transaction described above is to be settled by delivery of such Flying Way Lock-up Shares or such other securities, in cash or otherwise;
- (b) enter into any swap, hedge or other agreement, transaction or arrangement (including a derivative transaction) that will directly or indirectly constitute or will be deemed as a disposal of or transfer to another, in whole or in part, with a similar effect (economic or otherwise), of any Flying Way Lock-up Shares or interest therein or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Flying Way Lock-up Shares, whether such agreement, transaction or arrangement described above is to be settled by delivery of such Flying Way Lock-up Shares or such other securities, in cash or otherwise;
- (c) deposit any Flying Way Lock-up Shares or interest therein or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any Flying Way Lock-up Shares in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with its obligations under the moratorium undertaking), whether any such transaction described above is to be settled by delivery of Flying Way Lock-up Shares or such other securities, in cash or otherwise;
- (d) enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in or have a similar effect (economic or otherwise), in whole or in part, as any transaction described in the foregoing (a), (b) or (c); and/or
- (e) offer to or agree to make any announcement or publicly disclose any intention to do any of the above.

SHAREHOLDERS

The restriction shall apply to all Shares held by Flying Way International Corp., being 23,082,552 Shares (representing 8.3% of our Company's post-Placement and post-Cornerstone Tranche share capital). For the six months period after the Initial Period, the restriction shall apply in respect of the effective interest in 50% in any part of the Shares in the capital of our Company (adjusted for any bonus issue or sub-division of Shares) held by Flying Way International Corp..

Upon completion of the aforesaid relevant moratorium period, Flying Way International Corp. may dispose its shareholding interest in our Company at its discretion.

Cho Tai-Wei, Cho, Tai-Ching and Cho, Wen-Lin

Cho Tai-Wei and Cho, Tai-Ching, who each hold 44.0% and 40.0% of the shares in Flying Way International Corp., respectively, are each deemed interested in the Shares held by Flying Way International Corp. by virtue of section 4 of the SFA. The remaining shareholder of Flying Way International Corp. is Cho, Wen-Lin, who holds 16.0% of the shares in Flying Way International Corp., and she is the sister of Cho Tai-Wei and Cho, Tai-Ching. To demonstrate their commitment to our Group, each of Cho Tai-Wei, Cho, Tai-Ching and Cho, Wen-Lin has on 8 November 2023 voluntarily undertaken to the Sponsor, Issue Manager and Placement Agent and our Company that he/she will, amongst others, from the date commencing on the date of admission of our Company to Catalist and for a period of 12 months thereafter, not directly or indirectly:

- (a) reduce (which includes, *inter alia*, by way of disposal or transfer of, or causing any enforcement of security interest relating to or in any way affecting, his/her effective interest in his/her shares in Flying Way International Corp. (the "**Flying Way Relevant Shares**") and/or the Shares) his/her effective shareholding interest in our Company below the level of his/her effective interest in the Shares of our Company as at the Listing Date (adjusted for any bonus issue, sub-division or consolidation of the Shares);
- (b) offer, pledge, sell, contract to sell, realise, assign, sell any option or contract to purchase, purchase any option or contract to sell, grant any option or right or warrant to purchase, lend, grant any security over, hypothecate or encumber (such as by way of mortgage, assignment of rights, charge, pledge, pre-emption rights, rights of first refusal or otherwise) or otherwise transfer or dispose of any of the Flying Way Relevant Shares or any interest therein or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any Flying Way Relevant Shares or the Shares, whether any such transaction described above is to be settled by delivery of such Flying Way Relevant Shares, the Shares or such other securities, in cash or otherwise;
- (c) enter into any swap, hedge or other agreement, transaction or arrangement (including a derivative transaction) that will directly or indirectly constitute or will be deemed as a disposal or transfer to another, in whole or in part, with a similar effect (economic or otherwise), of any Flying Way Relevant Shares or interest therein or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Flying Way Relevant Shares, or the Shares, whether such agreement, transaction or arrangement described above is to be settled by delivery of such Flying Way Relevant Shares, the Shares or such other securities, in cash or otherwise;

SHAREHOLDERS

- (d) deposit any Flying Way Relevant Shares or the Shares or interest therein or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any Flying Way Relevant Shares or the Shares in any depository receipt facilities, whether any such transaction described above is to be settled by delivery of Shares or such other securities, in cash or otherwise;
- (e) enter into any transaction or other arrangement which is designed or which may reasonably be expected to result in, or have a similar effect (economic or otherwise), in whole or in part, as any transaction described in the foregoing (a), (b), (c) or (d); and/or
- (f) offer or agree to make any announcement or publicly disclose any intention to do any of the above.

DILUTION

Dilution is the amount by which the Placement Price paid by subscribers of our New Shares comprising 27,200,000 Placement Shares and 12,800,000 Cornerstone Shares exceeds our NAV per Share immediately after the Placement and the Cornerstone Tranche. Our NAV per Share as at 31 March 2023 was 8.24 cents. Our NAV per Share was determined based on our NAV as at 31 March 2023 and our pre-Placement and pre-Cornerstone Tranche share capital of 239,698,275 Shares.

Based on the issue of 40,000,000 New Shares comprising 27,200,000 Placement Shares and 12,800,000 Cornerstone Shares at a Placement Price of 20.0 cents per Share pursuant to the Placement and the Cornerstone Tranche respectively, and after deducting the estimated expenses in relation to the Placement and the issue of the Cornerstone Shares, our NAV per Share as at 31 March 2023 would have been 8.99 cents. This represents an immediate increase in NAV of 0.75 cents per Share to our existing Shareholders and an immediate dilution in NAV of 11.01 cents per Share to our new investors. The following table illustrates this per Share dilution:

	Cents
Placement Price per Share	20.00
NAV per Share as at 31 March 2023, based on our Company's pre-Placement and pre-Cornerstone Tranche share capital and before adjusting for the Restructuring Exercise	8.24
Increase in NAV per Share attributable to the Placement and the issue of the Cornerstone Shares	0.75
NAV per Share after the Placement and the issue of the Cornerstone Shares	8.99
Dilution in NAV per Share to new investors	11.01
Dilution in NAV per Share to new investors as a percentage of the Placement Price	55.05%

Note:

(1) Our unaudited NAV per Share as at 31 March 2023 was converted at the closing exchange rate as at 31 March 2023 of US\$1.00:S\$1.3298.

The following table summarises the total number of Shares (as adjusted for the Restructuring Exercise) acquired by our Directors and/or Substantial Shareholders and their associates (as the case may be) during the period of three years prior to the lodgement of this Offer Document, the total consideration paid by them and the average effective cash cost per Share to them and to our new investors and Cornerstone Investors pursuant to the Placement.

	Shares Acquired ⁽¹⁾ (Number)	Total Consideration (S\$'000)	Average Effective Cash Cost Per Share (S\$ cents)
Directors			
Mr. Johnny Jan	16,399,443	— ⁽³⁾	—
Controlling Shareholder			
Acer Gaming ⁽²⁾	102,393,009	28,017	27.36

DILUTION

	Shares Acquired ⁽¹⁾ (Number)	Total Consideration (S\$'000)	Average Effective Cash Cost Per Share (S\$ cents)
Associates of Directors or Substantial Shareholders			
Lee, Chiu-Hui	1,792,158	— ⁽⁴⁾	—
New investors	27,200,000	5,440,000	20.00
Cornerstone Investors⁽⁵⁾	12,800,000 ⁽⁵⁾	2,560,000 ⁽⁵⁾	20.00

Notes:

- (1) The number of Shares acquired does not include the New NTD Shares Issuance which was for the purpose of changing the currency denomination of the authorised share capital from US\$ to NTD. Please refer to the section entitled “*Share Capital*” of this Offer Document for more information.
- (2) This does not include the Cornerstone Shares to be subscribed for by Acer Gaming.
- (3) Beauty Wind Co., Ltd. (“**Beauty Wind**”) was a special purpose vehicle that was previously wholly owned by Mr. Johnny Jan that was voluntarily liquidated on 17 November 2022. Prior to its liquidation, Beauty Wind had distributed its assets, including all the ordinary Shares of our Company that it held, to its sole shareholder, being Mr. Johnny Jan, at no consideration on 25 October 2022. Beauty Wind did not acquire any Shares by way of allotment or transfer during the period of three years prior to the lodgement of this Offer Document.
- (4) Sunshine World Holdings Limited (“**Sunshine World**”) was a special purpose vehicle that was previously wholly owned by Ms. Lee, Chiu-Hui that was voluntarily liquidated on 7 December 2022. Prior to its liquidation, Sunshine World had distributed its assets, including all ordinary Shares of our Company that it held, to its sole shareholder, being Ms. Lee, Chiu-Hui, at no consideration on 25 October 2022. Sunshine World did not acquire any Shares by way of allotment or transfer during the period of three years prior to the lodgement of this Offer Document.
- (5) Such number of Shares does not include the 46,723 Shares acquired by Mr. Jason Chen from a previous existing public shareholder on 27 September 2023 at a par value of NTD10 with an effective cash cost per Share of 20.33 cents. After the Restructuring Exercise, Mr. Jason Chen held 499,033 Shares at a par value of S\$0.04 in our Company which were subsequently fully disposed of on 8 November 2023 to Mr. Chen, Po-An, who is the son of Mr. Jason Chen, at 20.00 cents per Share.

Save as disclosed above and in the sections entitled “*Restructuring Exercise*” and “*General Information – Share Capital*” of this Offer Document, none of our Directors, Substantial Shareholders or their respective associates has acquired any Shares during the period of three years prior to the date of this Offer Document.

RESTRUCTURING EXERCISE

Our Group undertook a restructuring exercise to, *inter alia*, rationalise the structure of our Group in preparation for the Listing.

The Restructuring Exercise involved the following:

(1) The transfer of Winking Entertainment (HK) Limited’s interest in 100% of the equity interest in Shanghai Winking to our Company

On 24 December 2022, the transfer of 100% of the equity interest in Shanghai Winking to our Company was completed. Following such transfer, Shanghai Winking became a direct wholly owned subsidiary of our Company.

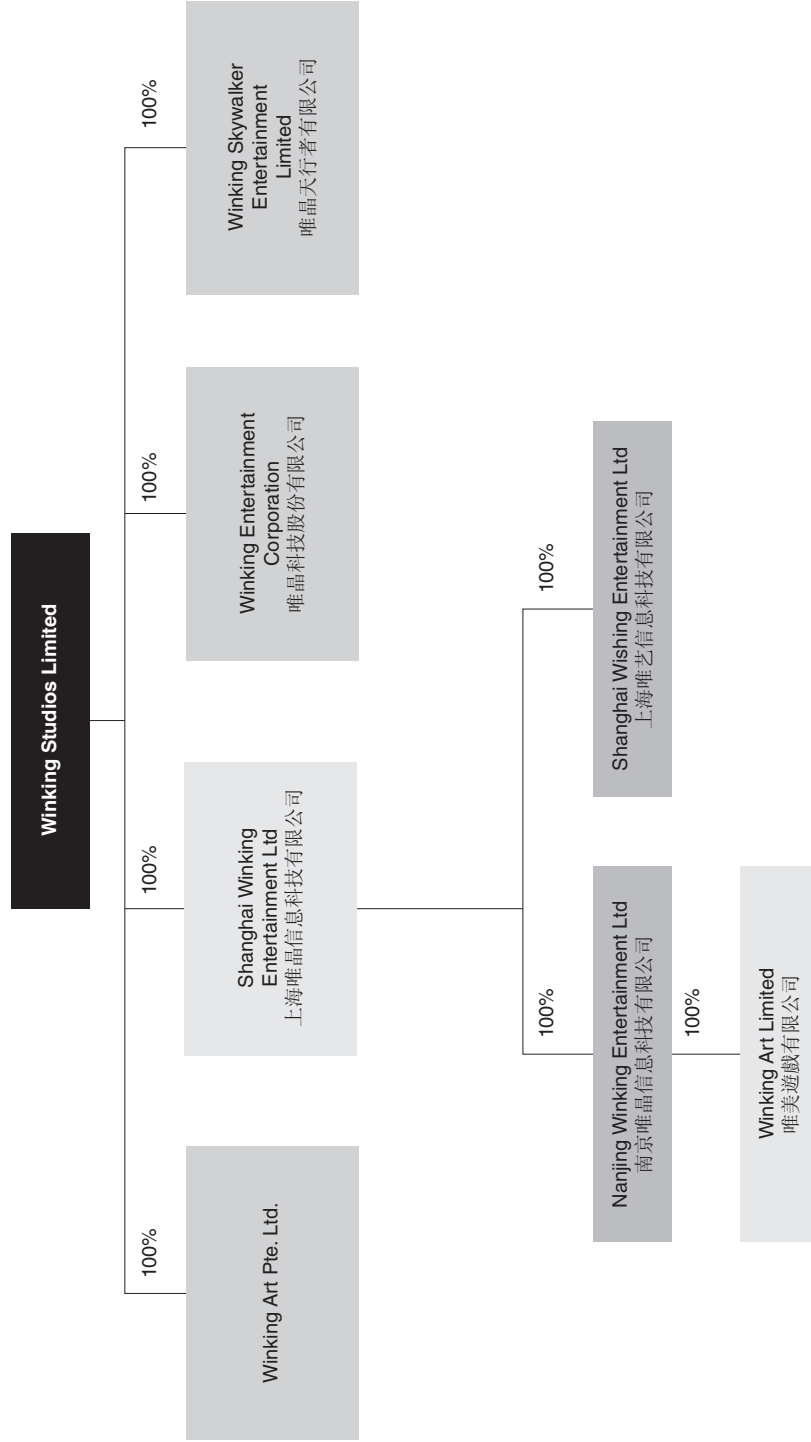
(2) Redenomination of our Company’s share capital from NTD to S\$ (the “Restructuring Redenomination”)

- (a) On 1 November 2023, the authorised share capital of our Company was increased from NTD1,000,000,000 divided into 100,000,000 Shares of a par value of NTD10 each to an aggregate of (a) NTD1,000,000,000 divided into 100,000,000 Shares of a par value of NTD10 each and (b) S\$20,000,000 divided into 500,000,000 Shares of a par value of S\$0.04 each by the creation of an additional 500,000,000 Shares of a par value of S\$0.04 each (the **“Increase of Authorised Share Capital”**).
- (b) Immediately following the Increase of Authorised Share Capital, for the purposes of redenominating the 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 Shares each having a par value of S\$0.04 in the capital of our Company were issued at par to the then existing Shareholders as of 31 October 2023 on a *pro-rata* basis and the issue of such Shares was registered in the register of members of our Company (the **“Redenomination Issuance”**).
- (c) Immediately following the Redenomination Issuance, the 22,446,591 Shares of a par value of NTD10 each that were in issue as at 31 October 2023 and held by the respective existing Shareholders as of 31 October 2023 were repurchased at par by our Company at the price in aggregate equal to the proceeds of the Redenomination Issuance and the 22,446,591 Shares of a par value of NTD10 each be cancelled immediately upon the repurchase (the **“Redenomination Share Repurchase”**).
- (d) Immediately following the Redenomination Share Repurchase, all Shares that are denominated in NTD were cancelled, and following this, the authorised but unissued share capital of our Company was reduced by the cancellation of 100,000,000 Shares of par value NTD10 each such that the authorised share capital of our Company was reduced to S\$20,000,000 divided into 500,000,000 Shares of a par value of S\$0.04 each.

After the Listing, our Group may explore ways to rationalise our group structure to improve the management of our operations and costs, where feasible or appropriate. If and when such decisions to rationalise take place, the necessary announcements will be made by our Company.

GROUP STRUCTURE

The current corporate structure of our Group immediately after the Restructuring Exercise and as at the date of this Offer Document, comprising our Group companies, is as follows:¹



¹ Our Group had disposed its interest in Nanjing Calmingray Studio and Winking Art Ltd (Philippines) Inc. after having considered that the financial performance of these entities was below expectation for a prolonged period following their establishment.

GROUP STRUCTURE

According to the Legal Adviser to our Company as to Taiwan Law, our Company's investment into Taiwan Winking is in compliance with applicable Taiwan rules and regulations. According to the Legal Adviser to our Company as to PRC Law, the investments by our Company into Shanghai Winking, and Shanghai Winking's investment into Nanjing Winking and Shanghai Wishing are in compliance with applicable PRC laws. According to the Legal Adviser to our Company as to Hong Kong Law, our Company's investments in Winking Skywalker, Winking Entertainment (HK) and Nanjing Winking's investment in Winking Art Limited, are in compliance with all applicable Hong Kong laws.

Details of our subsidiaries as at the date of this Offer Document are as follows:

Name of entity	Date and place of incorporation/ principal place of business	Principal activities	Business segment	Effective ownership (%)	Director(s)	Auditors ⁽¹⁾
Winking Art Pte. Ltd.	4 January 2021; Singapore	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	Art Outsourcing Segment and Game Development Segment	100	(a) Mr. Johnny Jan (b) Mr. Oliver Yen	Fozl Assurance PAC ⁽²⁾
Winking Entertainment Corporation (唯晶科技股份有限公司)	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	Art Outsourcing Segment and Game Development Segment	100	(a) Mr. Johnny Jan	PricewaterhouseCoopers Taiwan
Shanghai Winking Entertainment Ltd (上海唯晶信息科技有限公司) ⁽⁶⁾	13 January 2004; PRC	Provision of game art outsourcing services across various platforms such as console, PC, online and handheld content for the video games industry	Art Outsourcing Segment and Game Development Segment	100	(a) Mr. Johnny Jan	N/A ⁽³⁾

GROUP STRUCTURE

Name of entity	Date and place of incorporation/ principal place of business	Principal activities	Business segment	Effective ownership (%)	Director(s)	Auditors ⁽¹⁾
Nanjing Winking Entertainment Ltd (南京唯晶信息科技有限公司)	18 August 2009; PRC	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	Art Outsourcing Segment and Game Development Segment	100	(a) Mr. Johnny Jan	N/A ⁽³⁾
Shanghai Wishing Entertainment Ltd (上海唯艺信息科技有限公司)	20 December 2007; PRC	Provision of game art outsourcing services across various platforms such as console, PC, online and handheld content for the video games industry	Art Outsourcing Segment and Game Development Segment	100	(a) Mr. Johnny Jan	N/A ⁽³⁾
Winking Art Limited (唯美游戏有限公司)	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	Art Outsourcing Segment	100	(a) Mr. Johnny Jan	Yeung Heng Fly, Certified Public Accountant (Practising) ⁽⁴⁾
Winking Skywalker Entertainment Limited (唯晶天行者有限公司)	1 February 2010; Hong Kong	Release of game products developed by our Group as well as our clients on global game platforms, including PlayStation, Switch and Steam	Global Publishing Segment	100	(a) Mr. Johnny Jan	HH Partners (中天逸會計師事務所) ⁽⁴⁾
Winking Entertainment (HK) Limited (唯晶科技(香港)有限公司)	26 October 2007; Hong Kong	Investment holding	N/A ⁽⁵⁾	100	(a) Mr. Johnny Jan	HH Partners (中天逸會計師事務所) ⁽⁴⁾

GROUP STRUCTURE

Notes:

- (1) The Board and Audit Committee are satisfied that the appointment of PricewaterhouseCoopers LLP, albeit a different auditor from our Group's subsidiaries appointed for the purpose of their respective statutory reporting purposes, would not compromise the standard and effectiveness of the audit of our Group, in view of the following reasons:
 - (a) PricewaterhouseCoopers LLP was appointed by our Company as an external auditor to perform audit and review work in respect of all our Group's subsidiaries for the purpose of issuing an opinion/review report on the consolidated financial statements in accordance with the SFRS(I);
 - (b) The auditors that are disclosed in the table above, namely Fozl Assurance PAC, Yeung Heng Fly, Certified Public Accountant (Practising) and HH Partners (中天逸會計師事務所) are the local statutory auditors for the respective subsidiaries of our Group for statutory reporting purposes; and
 - (c) The abovementioned statutory auditors are auditors for only the non-material subsidiaries of our Group.
- (2) Appointed as auditors to perform local statutory audit for Winking Art for FY2022.
- (3) Under the PRC laws, these subsidiaries are not required to appoint an auditor. Our Company had appointed PricewaterhouseCoopers LLP as an external auditor to perform audit/review work in respect of our Group (comprising our Company and subsidiaries) in accordance with the SFRS(I).
- (4) Appointed as auditors to perform local statutory audit for the respective entities to perform local statutory audit for FY2023 will be appointed in the next financial year (i.e. FY2024).
- (5) As at the Latest Practicable Date, Winking Entertainment (HK) is in the process of being struck-off.
- (6) As advised by the Legal Adviser to our Company as to PRC Law, all the requisite approvals/filings/notifications required for the (a) transfer of Shanghai Chuangfeng Investment Management Co., Ltd.'s 3.97% equity interest in Shanghai Winking to Winking Entertainment (HK) and the (b) transfer of Winking Entertainment (HK)'s 100% equity interest in Shanghai Winking to our Company have been completed and such transfers are in compliance with all the applicable PRC laws and regulations.

GROUP STRUCTURE

Save as disclosed above, there are no other subsidiaries, subsidiary entities, associated companies and associated entities of our Group.

Save as disclosed in the section entitled “*Shareholders*” of this Offer Document, none of our Directors or Substantial Shareholders has any interest, whether direct or indirect, in our Group or any of our subsidiaries.

None of our subsidiaries or associated companies are listed on any stock exchange.

SELECTED FINANCIAL INFORMATION

The following selected consolidated financial information should be read in conjunction with the full text of this Offer Document, including the “Independent Auditor’s Report and the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022” and the “Independent Auditor’s Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023” as set out in Appendices A and B to this Offer Document, respectively, and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document.

A summary of the financial information of our Group in respect of FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 is set out below:

OPERATING RESULTS OF OUR GROUP

Our Consolidated Statements of Comprehensive Income

US\$'000	← Audited →			← Unaudited →	
	FY2020	FY2021	FY2022	1Q2022	1Q2023
Revenue from contracts with customers	14,486	23,691	24,498	6,059	6,425
Cost of sales	(8,892)	(15,957)	(18,050)	(4,371)	(4,551)
Gross profit	5,594	7,734	6,448	1,688	1,874
Other income	267	158	146	24	34
Other losses – net	(100)	(319)	(120)	(63)	(29)
Distribution and marketing	(546)	(821)	(1,013)	(192)	(323)
Administrative expenses	(3,029)	(3,712)	(4,603)	(964)	(1,241)
Expected credit gains/(losses)	17	(20)	(32)	8	(58)
Interest income	6	7	9	3	2
Finance expenses	(19)	(26)	(60)	(8)	(23)
Profit before income tax	2,190	3,001⁽⁴⁾	775⁽⁵⁾	496	236⁽⁶⁾
Income tax (expense)/credit	(11)	150	262	133	324
Profit for the year/period	2,179	3,151⁽⁴⁾	1,037⁽⁵⁾	629	560⁽⁶⁾
Other comprehensive income(loss):					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation gains/(losses) arising from consolidation	303	296	(909)	(209)	143
Total comprehensive income for the financial year/period	2,482	3,447	128	420	703

SELECTED FINANCIAL INFORMATION

US\$'000	← Audited →			← Unaudited →	
	FY2020	FY2021	FY2022	1Q2022	1Q2023
Profit for the year/period attributable to:					
– Equity holders of our Company	1,854	3,109	1,037	629	560
– Non-controlling interests	325	42	–	–	–
	2,179	3,151	1,037	629	560
Total comprehensive income attributable to:					
– Equity holders of our Company	2,250	3,404	128	420	703
– Non-controlling interests	232	43	–	–	–
	2,482	3,447	128	420	703
EPS (cents) ⁽¹⁾	0.77	1.30	0.43	0.26	0.23
EPS as adjusted for the Placement (cents) ⁽²⁾⁽³⁾	0.66	1.11	0.37	0.22	0.20

Notes:

- (1) For comparative purposes, EPS for the Period Under Review has been computed based on the profit for the year attributable to equity holders of our Company and our pre-Placement and pre-Cornerstone Tranche share capital of 239,698,275 Shares.
- (2) For comparative purposes, EPS adjusted for the pre-Placement and pre-Cornerstone Tranche for the Period Under Review has been computed based on the profit for the year attributable to equity holders of our Company and our post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares.
- (3) Had the Service Agreement and Employment Agreements (as set out in the section entitled “*Directors, Executive Officers and Employees – Service and Employment Agreements*” of this Offer Document) been in effect since 1 January 2022, the profit for the year and adjusted EPS based on our Company’s post-Placement and post-Cornerstone Tranche share capital of 279,698,275 Shares for FY2022 would have been approximately US\$0.9 million and 0.34 US cents, respectively.
- (4) For illustrative purposes only, assuming the exclusion of the listing expenses of approximately US\$0.5 million incurred in relation to our Company’s listing preparation, the profit before income tax and profit for the year (assuming income tax credit remains the same) for FY2021 would be approximately US\$3.5 million and US\$3.7 million respectively.
- (5) For illustrative purposes only, assuming the exclusion of the listing expenses of approximately US\$0.2 million incurred in relation to our Company’s listing preparation, the profit before income tax and profit for the year (assuming income tax credit remains the same) for FY2022 would be approximately US\$1.0 million and US\$1.3 million respectively.
- (6) For illustrative purposes only, assuming the exclusion of the listing expenses of approximately US\$0.2 million incurred in relation to our Company’s listing preparation, the profit before income tax and profit for the period (assuming income tax credit remains the same) for 1Q2023 would be approximately US\$0.5 million and US\$0.8 million respectively.

SELECTED FINANCIAL INFORMATION

Our Consolidated Statements of Financial Position

US\$'000	← Audited →			← Unaudited →
	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 31 March 2023
ASSETS				
Current assets				
Cash and cash equivalents	4,779	7,278	6,057	9,091
Trade and other receivables	3,006	3,611	3,704	3,152
Contract assets	1,975	2,644	2,975	3,313
Total current assets	9,760	13,533	12,736	15,556
Non-current assets				
Property, plant and equipment	771	1,349	2,307	2,361
Intangible assets	117	245	243	253
Right-of-use assets	498	2,218	2,804	2,589
Deferred tax assets	379	834	1,028	1,507
Other non-current assets	99	326	366	330
Total non-current assets	1,864	4,972	6,748	7,040
Total assets	11,624	18,505	19,484	22,596
LIABILITIES				
Current liabilities				
Trade and other payables	2,930	4,325	4,504	3,952
Contract liabilities	–	–	137	94
Current income tax liabilities	35	11	24	34
Lease liabilities	340	840	896	918
Total current liabilities	3,305	5,176	5,561	4,998
Non-current liabilities				
Lease liabilities	186	1,336	1,901	1,706
Deferred income tax liabilities	540	991	892	1,036
Total non-current liabilities	726	2,327	2,793	2,742
Total liabilities	4,031	7,503	8,354	7,740
NET ASSETS	7,593	11,002	11,130	14,856

SELECTED FINANCIAL INFORMATION

US\$'000	← Audited →			← Unaudited →
	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 31 March 2023
EQUITY				
Capital and reserves attributable to equity holders of our Company				
Share capital	648	5,226	5,226	5,795
Other reserves	2,848	(1,282)	(2,166)	431
Retained profits	4,102	7,058	8,070	8,630
	7,598	11,002	11,130	14,856
Non-controlling interests	(5)	–	–	–
Total equity	7,593	11,002	11,130	14,856
NAV per Share (cents) ⁽¹⁾	3.17	4.59	4.64	6.20
NTA per Share (cents) ⁽²⁾	3.12	4.49	4.54	6.09

Notes:

- (1) The NAV per Share has been compared based on NAV attributable to equity holders of our Company and pre-Placement and pre-Cornerstone Tranche share capital of 239,698,275 Shares.
- (2) The NTA per Share has been computed based on NAV attributable to the equity holders of our Company net of intangible assets and pre-Placement and pre-Cornerstone Tranche share capital of 239,698,275 Shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion of our business, financial condition and results of operations for our Group should be read in conjunction with the full text of this Offer Document, including the section entitled "Selected Financial Information" of this Offer Document, and the "Independent Auditor's Report and the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022", and the "Independent Auditor's Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023" as set out in Appendices A and B to this Offer Document respectively.

OVERVIEW

We are an art outsourcing and game development studio with over 25 years of 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.

Our Group has three key business segments:

- (i) Art Outsourcing Segment where we create and develop digital art assets as part of our provision of art outsourcing services. Our 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) Game Development Segment, where we provide game development services, including programming, development, design and script writing of games; and
- (iii) Global Publishing and Other Services Segment, where we (A) release game products produced by ourselves as well as third party game developers on global game platforms including PlayStation, Switch and Steam; and (B) sell our video games developed in-house and peripheral gaming products. During the Period Under Review, there was insignificant revenue contribution from our Other Services Segment.

Please refer to the section entitled "*General Information on our Group – Business Overview*" of this Offer Document for more information on the operation and business activities of our Group.

FACTORS AFFECTING OUR BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Revenue

During the Period Under Review, our Group's revenue increased by approximately US\$9.2 million or 63.5%, from approximately US\$14.5 million in FY2020 to approximately US\$23.7 million in FY2021, increased by approximately US\$0.8 million or 3.4% from approximately US\$23.7 million in FY2021 to approximately US\$24.5 million in FY2022, and increased by approximately US\$0.3 million or 6.0% from approximately US\$6.1 million in 1Q2022 to approximately US\$6.4 million in 1Q2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

During the Period Under Review, our revenue is primarily derived from our business segments namely:

(a) Art Outsourcing Segment

Our Group's key business segment is the provision of art outsourcing services to design and develop art, animation and visual effects in respect of the art assets required in a gaming title, such as characters, environments, props and effects. We are also able to assist our customers with the conceptualisation and creation of art assets to be used in the promotional materials and marketing collaterals for the games developed by them and for which we had produced other art assets. After our customers' games have been released to the market, periodic game maintenance and new updates are required from time-to-time and downloadable content such as expansion packs will also be made available to game players. We may also be involved in this stage of the game development process in terms of the conceptualisation and creation of new art assets that feature in this updated content being produced by our customers.

Based on the framework agreements that we entered into with our customers, our customers will issue purchase orders from time to time 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 that may include requests for (i) periodic game maintenance; and/or (ii) new updates from time-to-time. Depending on the scale and complexity involved, we generally take approximately one to three months to deliver the art assets set out in a purchase order.

Our Art Outsourcing Segment contributed approximately 84.6%, 86.1%, 89.9%, 88.2% and 80.9% to our Group's revenue in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023, respectively.

(b) Game Development Segment

Under our Game Development Segment, we are the principal developer and are responsible for all aspects of the game under development, from conceptualisation to release and publish of the game title and post-release support and maintenance, including programming, development, design, script writing services and testing. We utilise game engines, mainly Unreal Engine and Unity, and are capable of developing games which are compatible with platforms such as PlayStation 4 and 5, Xbox One X, Xbox Series X, Switch and mobile platforms.

Our Game Development Segment contributed approximately 11.8%, 12.2%, 9.1%, 10.4% and 18.7% to our Group's revenue in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively.

(c) Global Publishing and Other Services Segment

We publish various console and PC games on global game platforms including PlayStation, Switch and Steam. These are typically games developed by our customers which are third party game development companies of a smaller scale, which require our manpower, expertise, and access to the major game publishing platforms to publish their games. Our Group operates on a revenue-sharing model whereby our Group (as the game publisher

MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

(“**Game Publisher**”) will be entitled to a stipulated percentage of the revenue generated from the games developed by third party game developers (“**Third Party Game Developers**”) through the game distribution platforms (“**Game Platforms**”) on which our Group publishes such games. Firstly, the revenue-sharing terms and conditions between the Game Publisher and Game Platform are determined by the Game Platform under a platform agreement. Secondly, pursuant to a publishing agreement (“**Publishing Agreement**”) entered into between our Group and the Third Party Game Developer, the price at which the games are sold on the Game Platforms is mutually agreed between the Game Publisher and Third Party Game Developer. Under the Publishing Agreement, the primary role of our Group is to publish the games on Game Platforms designated by the Third Party Game Developer. On a monthly or quarterly basis, the Game Platform will generate a report which sets out the revenue generated by the games sold on the platform and the Game Platform shall make payment to the Game Publisher, being our Group, on our share of revenue monthly or quarterly (“**Game Publishing Revenue**”). Our Group will then share the Game Publishing Revenue with the Third Party Game Developers based on the revenue-sharing terms and conditions that are mutually agreed. Our Group does not charge an upfront fee for our services rendered in publishing the Third Party Game Developers’ games.

Under our Other Services Segment, we sell our in-house developed video games and peripheral gaming products. During the Period Under Review, the revenue contribution from our Other Services Segment was insignificant.

Our Global Publishing and Other Services Segment contributed approximately 3.6%, 1.7%, 1.0%, 1.4% and 0.4% to our Group’s revenue in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively.

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

Breakdown by business segments

	FY2020		FY2021		FY2022		1Q2022		1Q2023	
	US\$’000	%	US\$’000	%	US\$’000	%	US\$’000	%	US\$’000	%
Art Outsourcing Segment	12,251	84.6	20,394	86.1	22,021	89.9	5,343	88.2	5,198	80.9
Game Development Segment	1,706	11.8	2,895	12.2	2,227	9.1	631	10.4	1,201	18.7
Global Publishing and Other Services Segment ⁽¹⁾	529	3.6	402	1.7	250	1.0	85	1.4	26	0.4
Total revenue	14,486	100.0	23,691	100.0	24,498	100.0	6,059	100.0	6,425	100.0

Note:

(1) Comprised revenue from our (i) Global Publishing Segment; and (ii) Other Services Segment.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Breakdown by geographical markets⁽¹⁾

	FY2020		FY2021		FY2022		1Q2022		1Q2023	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
PRC and Hong Kong ⁽²⁾	10,064	69.5	13,023	55.0	12,635	51.6	2,682	44.3	2,632	41.0
Taiwan	1,416	9.8	4,373	18.5	3,748	15.3	1,070	17.7	1,296	20.2
Korea	2,179	15.0	3,776	15.9	4,813	19.6	1,079	17.8	1,239	19.3
USA	308	2.1	1,905	8.0	2,372	9.7	679	11.2	994	15.5
Others	519	3.6	614	2.6	930	3.8	549	9.0	264	4.0
Total revenue	14,486	100.0	23,691	100.0	24,498	100.0	6,059	100.0	6,425	100.0

Notes:

- (1) Revenue breakdown by geographical segment is based on the country where the tax identification number of our customer which issued the invoice is registered.
- (2) The percentage revenue contribution from the PRC and Hong Kong was lower in FY2021 and FY2022, as compared to FY2020 mainly due to (i) a suspension of game registrations and grant of game publication licences to PRC-based game developers from July 2021 to April 2022; and (ii) a substantial increase in revenue contribution from our customers in other countries or regions such as Taiwan and Korea in FY2021 due to projects from new customers.

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, the control of the service may be transferred over time.

(a) Revenue from service from our Art Outsourcing Segment and Game Development Segment

Under our Group's Art Outsourcing Segment and Game Development Segment, 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 (which is determined by the hourly rate and total labour hours required to complete the work) (the "**Contracted Amount**"). The actual amount billed will be based on the Contracted Amount and will be capped at that Contracted Amount. The stage of completion is estimated based on the milestones of the project completed, of which the customers will confirm and verify prior to our Group issuing the invoice to our customers. Our 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.

However, if (i) there is a material change in the initial scope of the work/project as compared to the work quoted by our Group in relation to the Contracted Amount; or (ii) a request for change in specifications by the customers, a separate purchase order will be required to be placed by our customers or the parties will enter into a separate agreement to govern this additional scope of work.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

(b) Revenue from Global Publishing and Other Services Segment

Global Publishing

Under the Global Publishing Segment, revenue is recognised when control of the game has been transferred, that is, the buyer of the game has control of the game and obtained the most residual benefit, and there is no unfulfilled obligation that could affect the buyer's acceptance of the game.

Other Services

Under the Other Services Segment, our Group (i) grants licences of intellectual property of games developed in-house; and (ii) sells our video games developed in-house and peripheral gaming products. Our Group enters into contracts with customers to grant licences of intellectual property of games developed in-house to our customers. There is no specified period of such sales-based royalty agreement, and the period of these agreements will corroborate with the period of the licence of intellectual property granted.

For the sale of video games developed in-house and peripheral products, the revenue is recognised when the control of the game and/or product has been transferred to the buyer.

(c) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest rate method.

The major factors that affect our Group's revenue include:

- (a) Our ability to retain existing customers through the delivery of high-quality art assets and maintaining good working relationships with them;
- (b) Our ability to secure new projects and contracts from existing and new customers, in particular, our major customers who are prominent video game publishers and developers;
- (c) Our ability to compete with new market entrants and existing competitors, especially those of more comparable scale with our Group's operations, as we compete with other art outsourcing and game development services providers in the international market;
- (d) Our ability to innovate and enhance the quality of our Art Outsourcing Segment and Game Development Segment in order to meet the changing needs and increasing expectations of our customers, and their end-customers;
- (e) Our available capacity and ability in order to meet the demand for our services, and our provision of services relies mainly on our workforce;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (f) Fluctuations in foreign currency exchange rates as we have business operations in various regions, where our revenue from our subsidiaries is primarily denominated in currencies such as RMB, NTD and US\$. Transactions in currencies other than the functional currency will result in translation gains or losses from the conversion of our sales denominated in other currencies into US\$; and
- (g) Positive or adverse changes in government policies, laws, regulations and/or rules relating to the industry and markets that our Group is operating in that could in turn have an indirect material adverse effect on our business.

Please refer to the sections entitled “*Risk Factors*” and “*General Information on our Group – Prospects*” of this Offer Document for more information on the above factors and other factors that may affect our Group’s revenue.

Cost of sales

Cost of sales amounted to approximately US\$8.9 million, US\$16.0 million, US\$18.1 million, US\$4.4 million and US\$4.6 million, which accounted for approximately 61.4%, 67.4%, 73.7%, 72.1% and 70.8% of our total revenue for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively.

Our Group’s cost of sales comprised mainly the following items:

	FY2020		FY2021		FY2022		1Q2022		1Q2023	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
Wages and salaries	5,056	56.9	9,042	56.7	10,521	58.3	2,660	60.8	2,847	62.6
Social security contributions, insurance and benefits	483	5.4	1,331	8.3	2,457	13.6	602	13.8	651	14.3
Depreciation and amortisation expenses	122	1.4	298	1.9	763	4.2	216	4.9	193	4.2
Subcontracting expenses	2,502	28.1	4,172	26.1	3,421	19.0	643	14.7	585	12.8
Others	729	8.2	1,115	7.0	888	4.9	250	5.8	275	6.1
Total cost of sales	8,892	100.0	15,957	100.0	18,050	100.0	4,371	100.0	4,551	100.0

Our Group’s cost of sales comprised mainly expenses incurred in relation to the following items:

- (a) Wages and salaries

Wages and salaries mainly relate to salary and performance bonuses paid to our employees.

These costs accounted for approximately 56.9%, 56.7%, 58.3%, 60.8% and 62.6% of our Group’s cost of sales in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

(b) Social security contributions, insurance and benefits

The social security contributions comprised mainly contributions for our employees pertaining to pension costs, housing provident fund contributions, social and commercial insurance and welfare expenses in accordance with the respective local regulations.

These costs accounted for approximately 5.4%, 8.3%, 13.6%, 13.8% and 14.3% of our Group's cost of sales in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023, respectively.

(c) Depreciation and amortisation expenses

The depreciation expenses mainly relate to the depreciation of (i) property, plant and equipment; and (ii) right-of-use assets, while amortisation expenses mainly relate to the amortisation of acquired computer software licences.

These costs accounted for approximately 1.4%, 1.9%, 4.2%, 4.9% and 4.2% of our Group's cost of sales in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023, respectively.

(d) Subcontracting expenses

The subcontracting expenses mainly relate to costs incurred in relation to the engagement of external parties to outsource certain of our Group's design work under the Art Outsourcing Segment.

These costs accounted for approximately 28.1%, 26.1%, 19.0%, 14.7% and 12.8% of our Group's cost of sales in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023, respectively.

(e) Others

Other expenses mainly relate to rental expenses, company activity expenses, utility expenses and travel expenses.

These costs accounted for approximately 8.2%, 7.0%, 4.9%, 5.8% and 6.1% of our Group's cost of sales in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023, respectively.

The main factors affecting the cost of sales include:

- (a) changes in labour costs mainly pertaining to salary, social security contributions and other employee compensation, and the number of headcounts employed;
- (b) our ability to manage our utility, overhead and rental costs;
- (c) fluctuation in exchange rates and interest rates; and
- (d) positive or adverse changes in government policy and regulations relating to the industry and markets that our Group is operating in and local labour laws.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Gross profit and gross profit margin

Gross profit is determined after deducting the cost of sales from our Group's revenue. Accordingly, the determinants of gross profit are revenue generated and cost of sales. The key components of cost of sales are wages and salaries, social security contributions and subcontracting costs. During the Period Under Review, our projects and contracts under our Game Development Segment commanded a higher gross profit margin as compared to the projects and contracts under our Art Outsourcing Segment and Global Publishing Segment.

The gross profit margins of our Group were approximately 38.6%, 32.6%, 26.3%, 27.9% and 29.2% for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively.

Other income

Other income comprised mainly (i) government grants relating to tax incentives and development grants; and (ii) other income arising from additional deductions or exemptions permitted by the relevant tax authorities to reduce VAT payable, which accounted for approximately US\$0.3 million, US\$0.2 million, US\$0.1 million, US\$24,000 and US\$34,000 or approximately 1.8%, 0.7%, 0.6%, 0.4% and 0.5% of our Group's revenue for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively.

Other losses – net

Other losses – net comprised mainly non-operating income and losses, which accounted for approximately US\$0.1 million, US\$0.3 million, US\$0.1 million, US\$63,000 and US\$29,000 loss or approximately 0.7%, 1.3%, 0.5%, 1.0% and 0.5% of our Group's revenue for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively.

These gains and losses components are derived from net foreign exchange gains/losses, losses on disposal of property, plant and equipment, losses on disposal and liquidation of subsidiaries, impairment losses and others.

Distribution and marketing

Distribution and marketing expenses comprised mainly employee compensation for our employees under the distribution and marketing department, depreciation and amortisation expenses incurred by our Group relating to our distribution and marketing function, which accounted for approximately US\$0.5 million, US\$0.8 million, US\$1.0 million, US\$0.2 million and US\$0.3 million or approximately 3.8%, 3.5%, 4.1%, 3.2% and 5.0% of our Group's revenue for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively.

Administrative expenses

Administrative expenses comprised mainly (i) employee compensation for key management executives and our employees in relation to our Group's human resources, finance and legal functions; (ii) depreciation and amortisation expenses incurred by our Group's administrative function; and (iii) listing expenses relating to progress billings by professionals in relation to our Company's listing preparation, which accounted for approximately US\$3.0 million, US\$3.7 million, US\$4.6 million, US\$1.0 million and US\$1.2 million or approximately 20.9%, 15.7%, 18.8%, 15.9% and 19.3% of our Group's revenue for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Expected credit gains/(losses)

Expected credit gains/(losses) relate to our Group's credit risk exposure in relation to trade receivables and contract assets after taking into account the effect of foreign exchange, which accounted for gains/(losses) of approximately US\$17,000, US\$(20,000), US\$(32,000), US\$8,000 and US\$(58,000) or approximately less than 0.1% of our Group's revenue for each of FY2020, FY2021, FY2022 and 1Q2022 respectively, and 0.9% for 1Q2023.

Interest income

Interest income arising from interest-bearing accounts accounted for approximately US\$6,000, US\$7,000, US\$9,000, US\$3,000 and US\$2,000 or approximately less than 0.1% of our Group's revenue for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively.

Finance expenses

Finance expenses costs comprised only interest on lease liabilities.

Finance expenses accounted for approximately US\$19,000, US\$26,000, US\$60,000, US\$8,000 and US\$23,000 or approximately 0.1%, 0.1%, 0.2%, 0.1% and 0.4% of our Group's revenue for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively.

Income tax (expense)/credit

Our Group is subject to income tax at the applicable statutory tax rates applicable in the respective countries or regions where our Group entities operate. Income tax expense is expected to comprise current tax expense and deferred tax. Current tax expense is expected tax payable on the taxable income. Deferred tax will be estimated using the asset and liability method on temporary differences and other tax credits. Deferred tax assets will only be recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unutilised tax losses can be utilised.

During the Period Under Review, our Group was subject to the applicable PRC, Taiwan, Hong Kong, and Singapore statutory corporate tax rates of 15.0% to 25.0%, 20.0%, 16.5% and 17.0% respectively. Our Company is incorporated as an exempted company in the Cayman Islands, whereby no corporate taxes are imposed. Please refer to "Appendix H – Taxation" to this Offer Document for further details on the taxation in the Cayman Islands, the PRC, Taiwan and Singapore.

Our Group recorded income tax (expense)/credit of approximately US\$(11,000), US\$0.2 million, US\$0.3 million, US\$0.1 million and US\$0.3 million for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively. During the Period Under Review, our Group recorded tax credits and significantly lower effective tax rates compared to the applicable tax rates mainly due to (i) the utilisation of our Group's unrecognised tax losses in the past; (ii) certain PRC subsidiaries of our Group being entitled to (1) 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 PRC; and (2) a higher deduction of 175% to 200% for the expenses relating to technical improvements that were not capitalised as intangible assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

REVIEW OF PAST PERFORMANCE

FY2020 vs FY2021

Revenue

Revenue increased by approximately US\$9.2 million or 63.5% from approximately US\$14.5 million in FY2020 to approximately US\$23.7 million in FY2021 which was attributable to an increase in revenue for our Art Outsourcing Segment and Game Development Segment in aggregate of approximately US\$9.2 million mainly due to an overall increase in projects completed in FY2021.

Cost of sales

Cost of sales increased by approximately US\$7.1 million or 79.5% from approximately US\$8.9 million in FY2020 to approximately US\$16.0 million in FY2021. The increase was mainly due to an increase in (i) wages and salaries expenses of approximately US\$4.0 million mainly due to an increase in the headcount of our employees in order to meet the increased demand from our customers in particular for our Art Outsourcing Segment; (ii) higher subcontracting expenses relating to our Art Outsourcing Segment of approximately US\$1.7 million; and (iii) higher social security contributions, insurance and benefits of approximately US\$0.8 million, which is attributable to the increase in our employee headcount in Taiwan and the PRC and the fact that there were no longer exemptions for certain social security contributions provided by the PRC government in FY2021 following the easing of COVID-19.

Gross profit and gross profit margin

Gross profit increased by approximately US\$2.1 million or 38.3% from approximately US\$5.6 million in FY2020 to approximately US\$7.7 million in FY2021 mainly due to an increase in the completion of our services and projects to our customers. However, the gross profit margin decreased from approximately 38.6% in FY2020 to approximately 32.6% in FY2021 mainly due to higher social security contributions compared to FY2020 as there were no longer exemptions for certain social security contributions provided by the PRC government in FY2021 following the easing of the impact of COVID-19 on businesses.

Other income

Other income decreased by approximately US\$0.1 million or 40.8% from approximately US\$267,000 in FY2020 to approximately US\$158,000 in FY2021 mainly due to lower government grants of approximately US\$162,000 in FY2021 as compared to the higher amount of government grants extended in FY2020, being the peak of the COVID-19 pandemic. This decrease is partially offset by (i) incurring other income from settlement fees relating to a settlement agreement ("**Settlement Agreement**") entered into in FY2019 mainly to reimburse our Group in relation to the fines imposed on a subsidiary; and (ii) an increase in other income arising from additional deductions or exemptions permitted by the relevant tax authorities to reduce the VAT payable.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other losses – net

Other losses increased by approximately US\$0.2 million or 219.0% from approximately US\$0.1 million in FY2020 to approximately US\$0.3 million in FY2021 mainly due to (i) an increase in foreign exchange losses of approximately US\$0.2 million; and (ii) an increase in one-off losses from the disposal of our subsidiaries in the Philippines and Nanjing, the PRC of approximately US\$0.1 million to streamline our Group's structure. These increases are partially offset by a decrease in fair value loss on financial assets of approximately US\$0.1 million that did not recur in FY2021.

Distribution and marketing expenses

Distribution and marketing expenses increased by approximately US\$0.3 million or 50.4% from approximately US\$0.5 million in FY2020 to approximately US\$0.8 million in FY2021 mainly due to (i) increased employee compensation arising from higher revenue-sharing in FY2021 which is in line with our increase in revenue, as our Group's employees in the distribution and marketing department are remunerated based on a fixed salary component, as well as revenue-sharing incentive as part of their remuneration package; and (ii) increased social security contributions attributable to a higher employee headcount in Taiwan and the PRC for our distribution and marketing department in FY2021 and there were no longer exemptions for certain social security contributions provided by the PRC government in FY2021 following the easing of COVID-19.

Administrative expenses

Administrative expenses increased by approximately US\$0.7 million or 22.5% from approximately US\$3.0 million in FY2020 to approximately US\$3.7 million in FY2021 mainly due to (i) an increased employee compensation to our administrative, IT support and management functions due to higher headcount in Taiwan and the PRC; and (ii) recognition of expenses of approximately US\$0.5 million relating to our Company's listing preparation in Taiwan.

Expected credit gains/(losses)

Expected credit losses were approximately US\$20,000 in FY2021 as compared to expected credit gains of US\$17,000 in FY2020 mainly due to a higher trade receivables and contract assets balance, which was partially offset by the decrease in expected loss rates applied for FY2021. The decrease in the expected loss rate for this period is mainly due to the decrease in outstanding receivable balance greater than 91 days in FY2021 as compared to FY2020.

Interest income

Interest income increased by US\$1,000 or 16.7% from approximately US\$6,000 in FY2020 to US\$7,000 in FY2021. This was mainly due to (i) a slightly higher interest rate from our interest-bearing accounts in FY2021; and (ii) a higher interest-bearing deposit balance.

Finance expenses

Finance expenses increased by US\$7,000 or 36.8% from approximately US\$19,000 in FY2020 to US\$26,000 in FY2021. This was mainly due to higher interest expense on lease liabilities arising from the leasing of additional office premises in FY2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Profit before income tax

Profit before income tax increased by approximately US\$0.8 million or 37.0% from approximately US\$2.2 million in FY2020 to approximately US\$3.0 million in FY2021. This is mainly due to an increase in gross profit of approximately US\$2.1 million. The increase is partially offset by the increase in (i) other losses of approximately US\$0.2 million; (ii) distribution and marketing expenses of approximately US\$0.3 million; and (iii) administrative expenses of approximately US\$0.7 million. The increase in distribution and marketing expenses and administrative expenses was mainly due to higher headcount in these functions, resulting in a higher employee compensation and higher social security contributions in FY2021 as compared to FY2020 as certain of the exemptions from making certain social security contributions were no longer applicable. Accordingly, our Group's profit before tax margin has decreased from approximately 15.1% for FY2020 as compared to approximately 12.7% for FY2021.

For illustrative purposes only, assuming the exclusion of the listing expenses of approximately US\$0.5 million, which relate to progress billings by professionals in conjunction with our Company's listing preparation, the profit before income tax for FY2021 would be approximately US\$3.5 million.

Income tax (expense)/credit

Income tax credit was approximately US\$0.2 million in FY2021 as compared to an income tax expense of approximately US\$11,000 in FY2020 mainly due to (i) an increase in deferred income tax credit of US\$0.4 million arising from the utilisation of previously unrecognised tax losses; (ii) the deduction of expenses relating to technical improvements of approximately US\$0.3 million which was not available in FY2020. This is partially offset by (i) an increase in the amount of income tax payable calculated based on the applicable tax rates of approximately US\$0.2 million given a higher profit before tax for FY2021; and (ii) a decrease in tax exempt income of approximately US\$0.3 million.

FY2021 vs FY2022

Revenue

Revenue increased by approximately US\$0.8 million or 3.4% from approximately US\$23.7 million in FY2021 to approximately US\$24.5 million in FY2022 mainly due to an increase in revenue from our Art Outsourcing Segment of approximately US\$1.6 million. However, this was partially offset by the decrease in revenue from our Game Development Segment and Global Publishing and Other Services Segment in aggregate of approximately US\$0.8 million from fewer projects being contracted and completed in FY2022 mainly due to the suspension of the grant of publication licence to game developers in the PRC in late 2021.

Cost of sales

Cost of sales increased by approximately US\$2.1 million or 13.1% from approximately US\$16.0 million in FY2021 to approximately US\$18.1 million in FY2022. The increase was mainly due to (i) an increase in wages and salaries of approximately US\$1.5 million mainly due to an increase in the headcount of our employees in Taiwan and the PRC in order to meet increased demand from our customers for our Art Outsourcing Segment; (ii) a corresponding increase in social security contributions, insurance and benefits of approximately US\$1.1 million; and (iii) an increase in

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

depreciation and amortisation expenses of approximately US\$0.5 million. The increase is partially offset by a decrease in subcontracting expenses of US\$0.8 million mainly due to fewer projects being outsourced to external vendors.

Gross profit and gross profit margin

Gross profit decreased by approximately US\$1.3 million or 16.6% from approximately US\$7.7 million in FY2021 to approximately US\$6.4 million in FY2022 mainly due to the decrease in gross profit margin from approximately 32.6% in FY2021 to 26.3% in FY2022. This was mainly attributable to (i) a decrease in revenue contribution from our Game Development Segment, whose contracts and projects commanded higher margins as compared to those under our other business segments, due to a delay in the plans of our customers in their development and release of their games; and (ii) an increase in the headcount of our employees under our Art Outsourcing Segment resulting in a corresponding increase in social security contributions, insurance and benefits.

Other Income

Other income decreased by approximately US\$12,000 or 7.6% from approximately US\$158,000 in FY2021 to approximately US\$146,000 in FY2022 mainly due to (i) a decrease in settlement fees received from the Settlement Agreement that was being paid progressively since FY2019; and (ii) a decrease in other income arising from additional deductions or exemptions permitted by the relevant tax authorities to reduce VAT payable. This was partially offset by an increase in governmental grants awarded to our Group of approximately US\$74,000.

Other (losses) – net

Other losses decreased by approximately US\$0.2 million or 62.4% from approximately US\$0.3 million in FY2021 to approximately US\$0.1 million in FY2022 mainly due to (i) an increase in gains on lease modification of approximately US\$0.2 million; and (ii) the absence of the losses of disposal of a subsidiary of approximately US\$0.1 million in FY2020 which did not recur in FY2021. This was partially offset by (i) the recognition on the losses on liquidation of our subsidiaries in Taiwan in FY2022 to streamline our Group's structure of approximately US\$48,000; (ii) an increase in foreign exchange losses of approximately US\$21,000; (iii) an increase in losses on disposal of plant, property and equipment of approximately US\$24,000.

Distribution and marketing expenses

Distribution and marketing expenses increased by approximately US\$0.2 million or 23.4% from approximately US\$0.8 million in FY2021 to approximately US\$1.0 million in FY2022 mainly due to (i) an increased employee compensation arising from higher revenue-sharing in FY2022 which is in line with our increase in revenue, as our Group's employees in the distribution and marketing department are remunerated based on a fixed salary component as well as revenue-sharing incentive as part of their remuneration package; and (ii) an increase in social security contributions that is in line with a higher employee headcount in Taiwan and the PRC in our distribution and marketing department in FY2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Administrative expenses

Administrative expenses increased by approximately US\$0.9 million or 24.0% from approximately US\$3.7 million in FY2021 to approximately US\$4.6 million in FY2022 mainly due to an increased employee compensation to our administrative, IT support and management functions due to higher headcount.

Expected credit losses

Expected credit losses increased by US\$12,000 or 60.0% from approximately US\$20,000 in FY2021 to US\$32,000 in FY2022. This was mainly due to an increase in the expected loss rates applied for FY2022. The increase in the expected loss rate for this period is mainly due to the increase in outstanding receivable balance greater than 91 days in FY2022 as compared to FY2021.

Interest income

Interest income increased by US\$2,000 or 28.6% from approximately US\$7,000 in FY2021 to US\$9,000 in FY2022. This was mainly due to a slightly higher interest rate from our interest-bearing accounts in FY2021.

Finance expenses

Finance expenses increased by US\$34,000 or 130.8% from approximately US\$26,000 in FY2021 to US\$60,000 in FY2022. This was mainly due to higher interest expense on lease liabilities arising from the leasing of additional office premises in FY2022.

Profit before income tax

Profit before income tax decreased by approximately US\$2.2 million or 74.2% from approximately US\$3.0 million in FY2021 to approximately US\$0.8 million in FY2022. This is mainly due (i) to a decrease in gross profit of approximately US\$1.3 million mainly from the entry into fewer project contracts and the reduced number of projects in FY2022, which arose as a result of the suspension of the grant of publication licence to game developers in the PRC in late 2021; (ii) an increase in distribution and marketing expenses of approximately US\$0.2 million due to higher employee compensation from higher revenue-sharing as part of their remuneration packages; and (iii) an increase in administrative expenses of approximately US\$0.9 million due to a higher employee headcount and expenses incurred in connection with the Listing.

Our Group's profit before tax margin decreased from approximately 12.7% for FY2021 to approximately 3.2% for FY2022 mainly due to (i) a decrease in revenue contribution from our Game Development Segment whereby the contracts and projects commanded higher margins as compared to other business segments; and (ii) an increase in the headcount of our employees under our Art Outsourcing Segment, distribution and marketing department and administrative department that resulted in a corresponding increase in social security contributions, insurance and benefits.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

For illustrative purposes only, assuming the exclusion of the listing expenses of approximately US\$0.2 million, which relate to progress billings by professionals in conjunction with our Company's listing preparation, the profit before income tax for FY2022 would be approximately US\$1.0 million.²

Income tax credit

Income tax credit increased by approximately US\$112,000 or 74.7% from a tax credit of approximately US\$150,000 in FY2021 to approximately US\$262,000 in FY2022 mainly due to a decrease in the amount of tax payable calculated based on the applicable tax rates of approximately US\$0.5 million due to lower profit before tax for FY2022. This is partially offset mainly by (i) a decrease in utilisation of unrecognised tax losses of approximately US\$0.2 million; and (ii) an increase in taxable loss not recognised as deferred tax assets of approximately US\$0.1 million.

1Q2022 vs 1Q2023

Revenue

Revenue increased by approximately US\$0.3 million or 6.0% from approximately US\$6.1 million in 1Q2022 to approximately US\$6.4 million in 1Q2023. This was mainly due to an increase in revenue contribution from our Game Development Segment of approximately US\$0.5 million due to an overall increase in existing and new projects completed in 1Q2023. This was partially offset by the decrease in revenue contribution from our Art Outsourcing Segment of approximately US\$0.1 million due to a decrease in projects completed in 1Q2023.

Cost of sales

Cost of sales increased by approximately US\$0.2 million or 4.1% from approximately US\$4.4 million in 1Q2022 to approximately US\$4.6 million in 1Q2023. The increase was mainly due to an increase in salaries and wages of approximately US\$0.2 million, which is attributed to the increase in employee headcount in Taiwan and the PRC in 1Q2023. This is partially offset by a decrease in subcontracting expenses of approximately US\$58,000 due to the reduced need to engage subcontractors given the overall decrease in projects completed by our Art Outsourcing Segment in 1Q2023.

Gross profit and gross profit margin

Gross profit increased by approximately US\$0.2 million or 11.0% from approximately US\$1.7 million in 1Q2022 to approximately US\$1.9 million in 1Q2023. The increase in gross profit margin from approximately 27.9% in 1Q2022 to 29.2% in 1Q2023 is due to an overall increase in completed projects under our Game Development Segment, and such projects that commanded a higher margin compared to projects and contracts of our other business segments.

² Notwithstanding that the listing expenses incurred in FY2022 did not significantly impact the profit before income tax, our Company would wish to reflect the normalised earnings figure after excluding the listing expenses to provide an illustrative example in relation our Group's profitability for FY2021, FY2022 and 1Q2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other Income

Other income increased by approximately US\$10,000 or 41.7% from approximately US\$24,000 in 1Q2022 to approximately US\$34,000 in 1Q2023 mainly due to (i) other income arising from additional deductions or exemptions permitted by the relevant tax authorities to reduce the VAT payable of approximately US\$9,000; and (ii) an increase in government grant income of approximately US\$1,000.

Other losses – net

Other losses decreased by approximately US\$34,000 or 54.0% from approximately US\$63,000 in 1Q2022 to approximately US\$29,000 in 1Q2023 mainly due to a decrease in (i) foreign exchange losses of approximately US\$34,000; and (ii) losses on disposal of property, plant and equipment of US\$3,000. This was partially offset by the increase in fair value loss on financial assets of approximately US\$3,000.

Distribution and marketing expenses

Distribution and marketing expenses increased by approximately US\$0.1 million or 68.2% from approximately US\$0.2 million in 1Q2022 to approximately US\$0.3 million in 1Q2023 mainly due to (i) increased social security contributions attributable to a higher employee headcount in Taiwan and the PRC for our distribution and marketing department in 1Q2023; and (ii) increased participation in exhibitions and trade shows.

Administrative expenses

Administrative expenses increased by approximately US\$0.3 million or 28.7% from approximately US\$1.0 million in 1Q2022 to approximately US\$1.2 million in 1Q2023 mainly due to (i) an increased employee compensation attributable to an increased headcount in Taiwan and the PRC for our Group's administrative, IT support and management functions; and (ii) higher expenses in relation to our Company's listing preparation for the SGX-ST listing.

Expected credit losses

Expected credit losses increased by US\$66,000 or 825.0% from an expected credit gain of approximately US\$8,000 in 1Q2022 to an expected credit loss of US\$58,000 in 1Q2023. This was mainly due to an increase in expected loss rates applied for 1Q2023.

Interest income

Interest income remained fairly stable, with only a slight decrease from approximately US\$3,000 in 1Q2022 to US\$2,000 in 1Q2023.

Finance expenses

Finance expenses increased by US\$15,000 or 187.5% from approximately US\$8,000 in 1Q2022 to US\$23,000 in 1Q2023. This was mainly due to higher interest expense on lease liabilities arising from the leasing of additional office premises in 1Q2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Profit before income tax

Profit before income tax decreased by approximately US\$0.3 million or 52.4% from approximately US\$0.5 million in 1Q2022 to approximately US\$0.2 million in 1Q2023. This is mainly due to (i) an increase in distribution and marketing expenses of approximately US\$0.1 million from an increase in headcount and increased participation in trade shows and exhibitions; and (ii) an increase in administrative expenses of approximately US\$0.3 million from higher expenses incurred in connection with the Listing. This was partially offset by an increase in gross profit of approximately US\$0.2 million.

Our Group's profit before tax margin has decreased from approximately 8.2% for 1Q2022 as compared to approximately 3.7% for 1Q2023 mainly due to an increase in administrative expenses from higher expenses incurred in connection with the Listing.

For illustrative purposes only, assuming the exclusion of the listing expenses of approximately US\$0.2 million, which relate to progress billings by professionals in conjunction with the our Company's listing preparation, the profit before income tax for 1Q2023 would be approximately US\$0.5 million

Income tax credit

Income tax credit increased largely by approximately US\$0.2 million or 143.6% from a tax credit of approximately US\$0.1 million in 1Q2022 to approximately US\$0.3 million in 1Q2023 mainly due to (i) not recording any taxable loss not recognised as deferred tax assets in 1Q2023 that was previously amounted to approximately US\$0.1 million in 1Q2022; (ii) the tax calculated at the applicable tax rate that increased by approximately US\$46,000 mainly due to the PRC subsidiaries incurring losses that resulted in income tax credit from the recognition of deferred tax assets; and (iii) increase in utilisation of unrecognised tax losses of approximately US\$59,000. This is partially offset mainly by (i) a decrease in tax exempt income of approximately US\$24,000; and (ii) an increase in temporary differences not recognised as deferred tax assets of approximately US\$13,000.

REVIEW OF FINANCIAL POSITION

As at 31 December 2020

Current assets

As at 31 December 2020, our current assets of approximately US\$9.8 million accounted for approximately 84.0% of our total assets. Our current assets comprised cash and cash equivalents, trade and other receivables and contract assets.

As at 31 December 2020, our cash and cash equivalents comprised mainly cash in our bank accounts and deposits which amounted to approximately US\$4.8 million or approximately 49.0% of total current assets.

As at 31 December 2020, our trade and other receivables of approximately US\$3.0 million accounted for approximately 30.8% of total current assets. Trade and other receivables comprised mainly (i) trade receivables from third parties net of allowance for losses of approximately US\$2.6 million; (ii) other receivables mainly pertaining to payments made to employees on behalf of them

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

such as travel allowance and commercial insurance of approximately US\$0.2 million; (iii) prepayments relating to the offset against business tax payable of approximately US\$0.1 million; and (iv) other prepayments mainly relating to prepayments and deposits made for the purchase of computer software for short-term usage of approximately US\$76,000.

As at 31 December 2020, our contract assets of approximately US\$2.0 million accounted for approximately 20.2% of total current assets. These contract assets relate to the services rendered by our Group that has exceeded the payment at the time specified in the payment schedule.

Non-current assets

As at 31 December 2020, our non-current assets of approximately US\$1.9 million accounted for approximately 16.0% of our total assets. Our non-current assets comprised property, plant and equipment, intangible assets, rights-of-use assets, deferred tax assets and other non-current assets.

As at 31 December 2020, property, plant and equipment accounted for approximately US\$0.8 million or 41.4% of total non-current assets which comprised (i) computers and electronic equipment of approximately US\$0.7 million; (ii) leasehold improvements of approximately US\$0.1 million; and (iii) motor vehicles of approximately US\$28,000.

As at 31 December 2020, intangible assets accounted for approximately US\$0.1 million or 6.3% of total non-current assets which mainly relates to computer software licences acquired by our Group.

As at 31 December 2020, rights-of-use assets accounted for approximately US\$0.5 million or 26.7% of total non-current assets which mainly relate to the leasing of our office premises.

As at 31 December 2020, deferred tax assets accounted for approximately US\$0.4 million or 20.3% of total non-current assets which relate to deferred tax assets – tax losses which can be carried forward and used to offset against future taxable income subject to meeting statutory requirements.

As at 31 December 2020, other non-current assets accounted for approximately US\$0.1 million or 5.3% of total non-current assets which mainly comprised prepayment for equipment and refundable deposits.

Current liabilities

As at 31 December 2020, our current liabilities of approximately US\$3.3 million accounted for approximately 82.0% of our total liabilities. Our current liabilities comprised trade and other payables, current income tax liabilities and current portion of lease liabilities.

As at 31 December 2020, trade and other payables amounted to approximately US\$2.9 million or approximately 88.7% of our total current liabilities. Trade payables comprised mainly trade payables to third parties of approximately US\$1.1 million. Other payables comprised (i) salary and bonus payable of approximately US\$1.6 million; (ii) social insurance and provident funds payable of approximately US\$42,000; and (iii) service fee payable of approximately US\$0.1 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

As at 31 December 2020, current income tax liabilities amounted to approximately US\$35,000 or 1.1% of our current liabilities relating to net tax expense of approximately US\$35,000.

As at 31 December 2020, current portion of lease liabilities amounted to approximately US\$0.3 million or 10.3% of our current liabilities which mainly relate to the leasing of our office premises.

Non-current liabilities

As at 31 December 2020, our non-current liabilities of approximately US\$0.7 million accounted for 18.0% of our total liabilities. Our non-current liabilities comprised the non-current portion of lease liabilities and deferred income tax liabilities.

As at 31 December 2020, our non-current portion of lease liabilities amounted to approximately US\$0.2 million accounted for 25.6% of our liabilities which mainly relate to the leasing of our office premises.

As at 31 December 2020, our deferred income tax liabilities amounted to approximately US\$0.5 million accounted for 74.4% of our non-current liabilities which mainly relate to the tax effect due to timing differences relating to service revenue.

Equity

As at 31 December 2020, our total equity amounted to approximately US\$7.6 million comprising mainly issued share capital of approximately US\$0.6 million, other reserves of approximately US\$2.8 million and retained profits of approximately US\$4.1 million.

As at 31 December 2021

Current assets

As at 31 December 2021, our current assets of approximately US\$13.5 million accounted for approximately 73.1% of our total assets. Our current assets comprised cash and cash equivalents, trade and other receivables and contract assets.

As at 31 December 2021, our cash and cash equivalents comprised mainly cash in our bank accounts and deposits which amounted to approximately US\$7.3 million or approximately 53.8% of total current assets.

As at 31 December 2021, our trade and other receivables of approximately US\$3.6 million accounted for approximately 26.7% of total current assets. Trade and other receivables comprised mainly (i) trade receivables from third parties net of allowance for losses of approximately US\$3.2 million; (ii) other receivables mainly pertaining to payments made to employees on behalf of them such as travel allowance and commercial insurance of approximately US\$0.2 million; and (iii) prepayments relating to the offset against business tax payable of approximately US\$0.1 million and other prepayments mainly relating to prepayments and deposits made for the purchase of computer software for short-term usage of approximately US\$0.2 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

As at 31 December 2021, our current contract assets of approximately US\$2.6 million accounted for approximately 19.5% of total current assets. These contract assets relate to the services rendered by our Group that has exceeded the payment at the time specified in the payment schedule.

Non-current assets

As at 31 December 2021, our non-current assets of approximately US\$4.9 million accounted for approximately 26.9% of our total assets. Our non-current assets comprised property, plant and equipment, intangible assets, rights-of-use assets, deferred tax assets and other non-current assets.

As at 31 December 2021, property, plant and equipment accounted for approximately US\$1.4 million or 27.1% of total non-current assets which comprised (i) computers and electronic equipment of approximately US\$1.1 million and (ii) leasehold improvements of approximately US\$0.2 million.

As at 31 December 2021, intangible assets accounted for approximately US\$0.2 million or 4.9% of total non-current assets which mainly relates to computer software licences acquired by our Group.

As at 31 December 2021, rights-of-use assets accounted for approximately US\$2.2 million or 44.6% of total non-current assets which mainly relate to the leasing of our office premises.

As at 31 December 2021, deferred tax assets accounted for approximately US\$0.8 million or 16.8% of total non-current assets which relate to deferred tax assets – tax losses which can be carried forward and used to offset against future taxable income subject to meeting statutory requirements.

As at 31 December 2021, our other non-current assets accounted for approximately US\$0.3 million or 6.6% of total non-current assets which comprised (i) refundable deposits of approximately US\$0.2 million; and (ii) prepayments for equipment of approximately US\$0.1 million.

Current liabilities

As at 31 December 2021, our current liabilities of approximately US\$5.2 million accounted for approximately 69.0% of our total liabilities. Our current liabilities comprised trade payables, current income tax liabilities and current portion of lease liabilities.

As at 31 December 2021, trade and other payables amounted to approximately US\$4.3 million or approximately 83.6% of our total current liabilities respectively. Trade payables comprised mainly trade payables to third parties of approximately US\$1.4 million. Other payables comprised (i) salary and bonus payable of US\$2.3 million; (ii) social insurance and provident funds payable of US\$66,000; and (iii) service fee payable of US\$0.3 million.

As at 31 December 2021, current income tax liabilities amounted to approximately US\$11,000 or 0.2% of our current liabilities relating to net tax expense of approximately US\$11,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

As at 31 December 2021, current portion of lease liabilities amounted to approximately US\$0.8 million or 16.2% of our current liabilities which mainly relate to the leasing of our office premises.

Non-current liabilities

As at 31 December 2021, our non-current liabilities of approximately US\$2.3 million accounted for 31.0% of our total liabilities. Our non-current liabilities comprised mainly long-term deferred tax liabilities and non-current portion of lease liabilities.

As at 31 December 2021, our non-current lease liabilities amounted to approximately US\$1.3 million accounted for 57.4% of our non-current liabilities which mainly relate to the leasing of our office premises.

As at 31 December 2021, our deferred income tax liabilities amounted to approximately US\$1.0 million accounted for 42.6% of our non-current liabilities which mainly relate to the tax effect due to timing differences relating to service revenue.

Equity

As at 31 December 2021, our total equity amounted to approximately US\$11.0 million comprising mainly issued share capital of approximately US\$5.2 million, other reserves of approximately US\$(1.3) million and retained earnings of approximately US\$7.1 million.

As at 31 December 2022

Current assets

As at 31 December 2022, our current assets of approximately US\$12.7 million accounted for approximately 65.4% of our total assets. Our current assets comprised cash and cash equivalents, trade and other receivables and contract assets.

As at 31 December 2022, our cash and cash equivalents comprised mainly cash in our bank accounts and deposits which amounted to approximately US\$6.1 million or approximately 47.6% of total current assets.

As at 31 December 2022, our trade and other receivables of approximately US\$3.7 million accounted for approximately 29.1% of total current assets. Trade and other receivables comprised (i) mainly trade receivables from third parties net of allowance for losses of approximately US\$3.4 million; (ii) other receivables comprised mainly pertaining to payments made to employees on behalf of them such as travel allowance and commercial insurance of approximately US\$0.2 million; (iii) prepayments relating to the offset against business tax payable of approximately US\$2,000; and (iv) other prepayments mainly relating to prepayments and deposits made for the purchase of computer software for short-term usage of approximately US\$0.2 million.

As at 31 December 2022, our contract assets of approximately US\$3.0 million accounted for approximately 23.4% of total current assets. These contract assets relate to the services rendered by our Group that have exceeded the payment at the time specified in the payment schedule.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Non-current assets

As at 31 December 2022, our non-current assets of approximately US\$6.7 million accounted for approximately 34.6% of our total assets. Our non-current assets comprised property, plant and equipment, intangible assets, rights-of-use assets, deferred tax assets and other non-current assets.

As at 31 December 2022, property, plant and equipment accounted for approximately US\$2.3 million or 34.2% of total non-current assets which comprised computers and electronic equipment of approximately US\$1.6 million; (ii) leasehold improvements of approximately US\$0.4 million; and (iii) asset under construction of approximately US\$0.3 million.

As at 31 December 2022, intangible assets accounted for approximately US\$0.2 million or 3.6% of total non-current assets which relates to computer software licences acquired by our Group.

As at 31 December 2022, rights-of-use assets accounted for approximately US\$2.8 million or 41.6% of total non-current assets which mainly relate to the leasing of our office premises.

As at 31 December 2022, deferred tax assets accounted for approximately US\$1.0 million or 15.2% of total non-current assets which relate to deferred tax assets – tax losses which can be carried forward and used to offset against future taxable income subject to meeting statutory requirements.

As at 31 December 2022, we also incurred other non-current assets which accounted for approximately US\$0.4 million or 5.4% of total non-current assets which comprised (i) refundable deposits of approximately US\$0.3 million; and (ii) prepayment for equipment of approximately US\$0.1 million.

Current liabilities

As at 31 December 2022, our current liabilities of approximately US\$5.6 million accounted for approximately 66.6% of our total liabilities. Our current liabilities comprised trade and other payables, contract liabilities, current income tax liabilities and current portion of lease liabilities.

As at 31 December 2022, trade and other payables amounted to approximately US\$4.5 million or approximately 81.0% of our total current liabilities respectively. Trade payables comprised mainly trade payables to third parties of approximately US\$1.3 million. Other payables comprised (i) salary and bonus payable of US\$2.4 million; (ii) social insurance and provident funds payable of US\$0.1 million; and (iii) service fee payable of US\$0.3 million.

As at 31 December 2022, contract liabilities amounted to approximately US\$0.1 million or approximately 2.5% of our current assets. Contract liabilities relate to when the payments at the time specified in the payment schedule exceeded the services rendered by our Group.

As at 31 December 2022, current income tax liabilities amounted to approximately US\$24,000 or 0.4% of our current liabilities relating to net tax expense.

As at 31 December 2022, current portion of lease liabilities amounted to approximately US\$0.9 million or 16.1% of our current liabilities which mainly relate to the leasing of our office premises.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Non-current liabilities

As at 31 December 2022, our non-current liabilities of approximately US\$2.8 million accounted for 33.4% of our total liabilities. Our non-current liabilities comprised mainly long-term deferred tax liabilities and non-current portion of lease liabilities.

As at 31 December 2022, our non-current portion of lease liabilities amounted to approximately US\$1.9 million accounted for 68.1% of our non-current portion of liabilities which mainly relate to the leasing of our office premises.

As at 31 December 2022, our deferred income tax liabilities amounted to approximately US\$0.9 million accounted for 31.9% of our non-current liabilities which mainly relate to the tax effect due to timing differences relating to service revenue.

Equity

As at 31 December 2022, our total equity amounted to approximately US\$11.1 million comprising mainly issued share capital of approximately US\$5.2 million, other reserves of approximately US\$(2.2) million and retained earnings of approximately US\$8.1 million.

As at 31 March 2023

Current assets

As at 31 March 2023, our current assets of approximately US\$15.6 million accounted for approximately 68.8% of our total assets. Our current assets comprised cash and cash equivalents, trade and other receivables and contract assets.

As at 31 March 2023, our cash and cash equivalents comprised mainly cash in our bank accounts and deposits which amounted to approximately US\$9.1 million or approximately 58.4% of total current assets.

As at 31 March 2023, our trade and other receivables of approximately US\$3.1 million accounted for approximately 20.3% of total current assets. Trade and other receivables comprised (i) mainly trade receivables from third parties net of allowance for losses of approximately US\$2.7 million; (ii) other receivables comprised mainly pertaining to payments made to employees on behalf of them such as travel allowance and commercial insurance of approximately US\$0.2 million; (iii) prepayments relating to the offset against business tax payable of approximately US\$1,000; and (iv) other prepayments mainly relating to prepayments and deposits made for the purchase of computer software for short-term usage of approximately US\$0.2 million.

As at 31 March 2023, our contract assets of approximately US\$3.3 million accounted for approximately 21.3% of total current assets. These contract assets relate to the services rendered by our Group that has exceeded the payment at the time specified in the payment schedule.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Non-current assets

As at 31 March 2023, our non-current assets of approximately US\$7.0 million accounted for approximately 31.2% of our total assets. Our non-current assets comprised property, plant and equipment, rights-of-use assets, intangible assets, deferred tax assets and other non-current assets.

As at 31 March 2023, property, plant and equipment accounted for approximately US\$2.4 million or 33.5% of total non-current assets which comprised (i) computers and electronic equipment of approximately US\$1.6 million; (ii) leasehold improvements of approximately US\$0.5 million; and (iii) asset under construction of approximately US\$0.3 million.

As at 31 March 2023, intangible assets accounted for approximately US\$0.3 million or 3.6% of total non-current assets which relates to computer software licences acquired by our Group.

As at 31 March 2023, rights-of-use assets accounted for approximately US\$2.6 or 36.8% of total non-current assets which mainly relate to the leasing of our office premise.

As at 31 March 2023, deferred tax assets accounted for approximately US\$1.5 million or 21.4% of total non-current assets which relate to deferred tax assets – tax losses which can be carried forward and used to offset against future taxable income subject to meeting statutory requirements.

As at 31 March 2023, other non-current assets accounted for approximately US\$0.3 million or 4.7% of total non-current assets which comprised prepayment for equipment and refundable deposits.

Current liabilities

As at 31 March 2023, our current liabilities of approximately US\$5.0 million accounted for approximately 64.6% of our total liabilities. Our current liabilities comprised trade and other payables, current income tax liabilities and current portion of lease liabilities.

As at 31 March 2023, trade payables amounted to approximately US\$4.0 million or approximately 79.1% of our total current liabilities respectively. Trade payables comprised mainly trade payables to third parties of approximately US\$1.1 million. Other payables comprised (i) salary and bonus payable of US\$2.2 million; (ii) social insurance and provident funds payable of US\$82,000; and (iii) service fee payable of US\$0.2 million.

As at 31 March 2023, we also incurred contract liabilities of approximately US\$94,000 accounted for approximately 1.9% of total current liabilities. Contract liabilities relate when the payments at the time specified in the payment schedule exceeded the services rendered by our Group.

As at 31 March 2023, current income tax liabilities amounted to approximately US\$34,000 or 0.7% of our current liabilities relating to net tax expense.

As at 31 March 2023, current portion of lease liabilities amounted to approximately US\$0.9 million or 18.4% of our current liabilities which mainly relate to the leasing of our office premises.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Non-current liabilities

As at 31 March 2023, our non-current liabilities of approximately US\$2.7 million accounted for 35.4% of our total liabilities. Our non-current liabilities comprised lease liabilities and deferred income tax liabilities.

As at 31 March 2023, our non-current portion of lease liabilities amounted to approximately US\$1.7 million accounted for 62.2% of our non-current liabilities which mainly relate to the leasing of our office premises.

As at 31 March 2023, our deferred income tax liabilities amounted to approximately US\$1.0 million accounted for 37.8% of our non-current liabilities which mainly relate to the tax effect due to timing differences relating to service revenue.

Equity

As at 31 March 2023, our total equity amounted to approximately US\$14.9 million comprising mainly issued share capital of approximately US\$5.8 million, other reserves of approximately US\$0.4 million and retained earnings of approximately US\$8.6 million.

SEASONALITY

We generally do not experience seasonality in our business. However, we observed that typically, during the first quarter financial period, our revenue will be slightly lower compared to other quarters due to the lesser working days mainly due to the Chinese New Year holiday season which is the longest holiday period for the PRC and Taiwan.

INFLATION

Our financial performance for the period under review was not materially affected by inflation on a company basis.

LIQUIDITY AND CAPITAL RESOURCES

We financed our growth and operations mainly through a combination of shareholders' equity (including retained earnings) and net cash generated from operating activities. Our principal uses of cash have been for working capital requirements and capital expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following table sets out a summary of our Company's cash flows for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023. The following net cash flow summary should be read in conjunction with the full text of the Offer Document, including the section entitled "*Selected Financial Information*" of this Offer Document and the "*Independent Auditor's Report and the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022*" and the "*Independent Auditor's Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023*" as set out in Appendices A and B to this Offer Document respectively.

US\$'000	← Audited →	← Unaudited →		
	FY2020	FY2021	FY2022	1Q2023
Net cash generated from operating activities	1,813	4,317	1,979	399
Net cash used in investing activities	(538)	(1,332)	(1,746)	(192)
Net cash generated from/(used in) financing activities	70	(632)	(850)	2,753
Net increase in cash and cash equivalents	1,345	2,353	(617)	2,960
Cash and cash equivalents at the beginning of the year/period	3,138	4,779	7,278	6,057
Effects of exchange rate changes on cash and cash equivalents	296	146	(604)	74
Cash and cash equivalents at the end of the year/period	4,779	7,278	6,057	9,091

FY2020

In FY2020, we recorded a net cash generated from operating activities of approximately US\$1.8 million, which was a result of operating cash flows before changes in working capital of approximately US\$2.9 million, adjusted for working capital outflows of approximately US\$1.1 million, interest received of approximately US\$6,000, and income tax paid of approximately US\$17,000. The net working capital outflows were mainly due to the following:

- (a) an increase in contractual assets of approximately US\$0.6 million;
- (b) an increase in trade and other receivables of approximately US\$1.3 million; and
- (c) a decrease in current contractual liabilities of approximately US\$0.2 million.

The above working capital outflows were partially offset by an increase in trade and other payables of approximately US\$1.0 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Net cash used in investing activities amounted to approximately US\$0.5 million which was mainly attributable to the following:

- (a) additions of property, plant and equipment of approximately US\$0.4 million;
- (b) additions to intangible assets of approximately US\$0.2 million; and
- (c) increases in refundable deposits of approximately US\$4,000.

The above cash outflows were partially offset by:

- (a) a decrease in refundable deposits of approximate US\$0.1 million; and
- (b) proceeds from the disposal of property, plant and equipment of approximately US\$22,000.

Net cash flow from financing activities amounted to approximately US\$0.1 million which was mainly attributable to an increase in cash from capital injection into our Company of approximately US\$5.2 million by investors following a round of fundraising. The cash inflows generated from financing activities were partially offset by:

- (a) principal repayment of lease liabilities of approximately US\$0.4 million;
- (b) an acquisition of non-controlling interests of a subsidiary, Shanghai Winking, of approximately US\$4.7 million, which was determined based on an independent valuation commissioned as at 30 April 2020; and
- (c) interest paid of approximately US\$19,000.

The effects of exchange rate changes on cash and cash equivalents amounted to approximately US\$0.3 million for the year. As at 31 December 2020, our cash and cash equivalents were approximately US\$4.8 million.

FY2021

In FY2021, we recorded a net cash generated from operating activities of approximately US\$4.3 million, which was a result of operating cash flows before changes in working capital of approximately US\$4.2 million, adjusted for working capital inflows of approximately US\$121,000, interest received of approximately US\$7,000 and income tax paid of approximately US\$36,000. The net working capital inflow was mainly due to an increase in trade and other payables of approximately US\$1.3 million. The working capital inflows were partially offset by:

- (a) an increase in contractual assets of approximately US\$0.6 million; and
- (b) an increase in trade and other account receivables of approximately US\$0.6 million.

Net cash used in investing activities amounted to approximately US\$1.3 million which was mainly attributable to the following:

- (a) additions of property, plant and equipment of approximately US\$1.0 million;
- (b) an increase in prepayment on equipment expenditure of approximately US\$0.1 million;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (c) additions of intangible assets of approximately US\$0.2 million; and
- (d) an increase in refundable deposits of approximately US\$0.1 million.

The above cash outflows from investment were partially offset by:

- (a) an increase of proceeds from disposal of property, plant, equipment of approximately US\$0.1 million;
- (b) a decrease in refundable deposits of approximately US\$24,000; and
- (c) disposal of a subsidiary of approximately US\$36,000.

Net cash flow used in financing activities amounted to approximately US\$0.6 million was due to the principal repayment of lease liabilities and interest paid.

The effects of exchange rate changes on cash and cash equivalents amounted to approximately US\$0.1 million for the year. As at 31 December 2021, our cash and cash equivalents were approximately US\$7.3 million.

FY2022

In FY2022, we recorded a net cash from operating activities of approximately US\$2.0 million, which was a result of operating profit before changes in working capital of approximately US\$2.3 million, adjusted for working capital outflows of approximately US\$0.3 million, interest received of approximately US\$9,000 and income tax paid of approximately US\$15,000. The net working capital outflows were due to the following:

- (a) an increase in contractual assets of approximately US\$0.6 million; and
- (b) an increase in trade and other receivables of approximately US\$0.5 million.

The above working capital outflow were partially offset by:

- (a) an increase in contractual liabilities of approximately US\$0.1 million; and
- (b) an increase in trade and other payables of approximately US\$0.6 million.

Net cash used in investing activities amounted to approximately US\$1.7 million which was attributable to the following:

- (a) additions of property, plant and equipment of approximately US\$1.6 million;
- (b) additions of intangible assets of approximately US\$0.1 million; and
- (c) increases in refundable deposits of approximately US\$0.1 million.

The above cash outflows were partially offset by proceeds of disposals of property, plant and equipment of approximately US\$11,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Net cash flow used in financing activities amounted to approximately US\$0.9 million which was due to the principal repayment of lease liabilities and interest paid.

The effects of exchange rate changes on cash and cash equivalents amounted to approximately US\$(0.6) million. As at 31 December 2022, our cash and cash equivalents were approximately US\$6.1 million.

1Q2023

In 1Q2023, we recorded a net cash generated from operating activities of approximately US\$0.4 million, which was a result of operating profit before changes in working capital of approximately US\$0.8 million, adjusted for working capital outflows of approximately US\$0.4 million and interest received of approximately US\$2,000. The net working capital outflows were due to the following:

- (a) an increase in contractual assets of approximately US\$0.3 million;
- (b) a decrease in current contractual liabilities of approximately US\$45,000; and
- (c) a decrease in trade and other payables of approximately US\$0.6 million.

The above working capital outflows were partially offset by a decrease in trade and other receivables of approximately US\$0.5 million.

Net cash used in investing activities amounted to approximately US\$0.2 million which was attributable to:

- (a) the additions of property, plant and equipment of approximately US\$0.2 million; and
- (b) purchase of intangible assets of approximately US\$27,000.

The above cash outflows was partially offset by the proceeds from disposal of property, plant and equipment of approximately US\$13,000.

Net cash flow generated from financing activities amounted to approximately US\$2.8 million, which was attributable to an increase in cash capital of approximately US\$3.0 million from our Controlling Shareholder, Acer Gaming. This inflow was partially offset by:

- (a) the principal repayment of lease liabilities of approximately US\$0.2 million; and
- (b) interest paid of approximately US\$23,000.

The effects of exchange rate changes on cash and cash equivalents amounted to approximately US\$74,000. As at 31 March 2023, our cash and cash equivalents were approximately US\$9.1 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

CAPITAL EXPENDITURE AND DIVESTMENTS, COMMITMENTS AND LIABILITIES

Capital Expenditure

The capital expenditures made by our Group during the Relevant Period were as follows:

US\$'000	FY2020	FY2021	FY2022	1Q2023	From 1 April 2023 to the Latest Practicable Date
Computers and electronic equipment	355	810	992	123	178
Leasehold improvements	69	180	333	3	16
Motor vehicles	–	–	–	–	–
Asset under construction	–	–	276	52	124
Total	424	990	1,601	178	319

Note:

(1) Asset under construction relates to the renovation costs for the leased premises in Nanjing, PRC, that commenced in FY2022 and was completed in 1Q2023.

The above capital expenditures were primarily financed by internally generated resources.

Divestments

The divestments made by our Group during the Relevant Period were as follows:

US\$'000	FY2020	FY2021	FY2022	1Q2023	From 1 April 2023 to the Latest Practicable Date
Computers and electronic equipment	37	119	70	14	11
Leasehold improvements	41	–	5	–	–
Motor vehicles	–	–	–	–	–
Asset under construction	–	–	–	–	–
Total	78	119	75	14	11

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Lease Liabilities

Our Group's gross lease liabilities analysed by remaining contractual maturity at the end of the Relevant Period and as at the Latest Practicable Date were as follows:

US\$'000	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 31 March 2023	As at Latest Practicable Date
Less than a year	364	904	966	984	1,074
2-5 years	188	1,388	1,989	1,782	1,909
	552	2,292	2,955	2,766	2,983
Less: unearned interests	(26)	(116)	(158)	(142)	(159)
	526	2,176	2,797	2,624	2,824

Capital Commitments

As at 31 December 2022, 31 March 2023 and as at the Latest Practicable Date, the capital commitments of our Group were as follows:

US\$'000	As at 31 December 2022	As at 31 March 2023	As at the Latest Practicable Date
Furniture, fixtures and other office equipment	2	3	0.6
Computer software	57	57	–
Total	59	60	0.6

As at 31 December 2022, 31 March 2023 and Latest Practicable Date, the capital commitments relate to the balance of the capital expenditure that our Group has committed for the purchase of (i) furniture, fixtures and other office equipment; and (ii) computer software.

The capital commitments as at the Latest Practicable Date are not considered material and we expect to finance these capital commitments by internally generated resources.

Save as disclosed above, our Group has no other capital commitments as at the Latest Practicable Date.

Contingent Liabilities

As at the Latest Practicable Date, our Group does not have any contingent liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

FOREIGN EXCHANGE MANAGEMENT

Accounting Treatment of Foreign Currencies

The functional currency is denominated in US\$ as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Foreign Exchange Exposure

Our reporting currency is in US\$ and our operations are primarily carried out in RMB, US\$ and NTD. Generally, we provide our services in RMB and US\$ and may invoice our customers in US\$ equivalent upon their request. On the other hand, almost all our operating costs are denominated in US\$ and NTD.

The proportions of our revenue denominated in US\$, NTD, RMB, JPY, EUR, S\$ and KRW for the Period Under Review were as follows:

Percentage of revenue denominated in	FY2020 (%)	FY2021 (%)	FY2022 (%)	1Q2022 (%)	1Q2023 (%)
RMB	77.1	53.9	52.6	51.3	88.3
US\$	9.6	26.2	31.4	29.2	6.4
NTD	12.8	18.4	13.8	17.7	5.0
JPY	0.4	1.3	2.0	1.7	0.3
EUR	0.1	0.2	0.1	0.1	–
S\$	–	–	0.1	–	–
KRW	–	–	–	–	–
	100.0	100.0	100.0	100.0	100.0

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The proportions of our purchases and expenses denominated in RMB, NTD, JPY and US\$ for the Period Under Review were as follows:

Percentage of cost of sales denominated in	FY2020 (%)	FY2021 (%)	FY2022 (%)	1Q2022 (%)	1Q2023 (%)
RMB	89.2	85.5	86.6	83.4	82.6
NTD	10.0	14.4	13.2	16.4	16.7
JPY	–	–	0.1	0.1	–
US\$	0.8	0.1	0.1	0.1	0.7
	100.0	100.0	100.0	100.0	100.0

To the extent that our revenue, purchases and expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection/payment, we will be exposed to adverse fluctuations of US\$ mainly against the RMB and NTD, which would adversely affect our earnings.

Our net foreign exchange exposure for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 were as follows:

	FY2020	FY2021	FY2022	1Q2022	1Q2023
Net foreign exchange loss/(gain) (US\$'000)	(75)	123	144	57	23
As a percentage of revenue (%)	0.5	0.5	0.6	0.9	0.4
As a percentage of profit before tax (%)	3.4	4.1	18.6	11.5	9.7

At present, we do not have any formal policy for hedging against foreign exchange exposure. Prior to implementing any formal hedging policies, we will seek the approval of our Board on the policy and put in place adequate procedures which shall be reviewed and approved by our Audit Committee. Thereafter, all hedging transactions entered into by our Group will be in accordance with the set policies and procedures.

SIGNIFICANT ACCOUNTING POLICY CHANGES

The accounting policies have been consistently applied by our Group during the Period Under Review. We expect that the adoption of new or revised accounting standards issued but not yet effective for the Period Under Review will have no material impact on our future financial statements. Please refer to the section entitled “*Summary of Significant Accounting Policies*” in the “*Independent Auditor’s Report and the Audited Consolidated Financial Statements for the Financial Years ended 31 December 2020, 2021 and 2022*” as set out in Appendix A to this Offer Document. Our Company does not intend to change its key accounting policies for the next 12 months which may result in material adjustments to our Company’s disclosed financial statements.

CAPITALISATION AND INDEBTEDNESS

The following table should be read in conjunction with the sections entitled “*Selected Financial Information*” and “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” of this Offer Document and the sections entitled “*Independent Auditor’s Report and the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022*” and the “*Independent Auditor’s Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023*” as set out in Appendices A and B to this Offer Document respectively, which shows our cash and cash equivalents, capitalisation and indebtedness:

- (i) as at 31 March 2023 based on our unaudited interim condensed consolidated financial statements;
- (ii) as at the Latest Practicable Date based on our unaudited consolidated management accounts; and
- (iii) as adjusted for the Restructuring Exercise and the application of the net proceeds from the Placement and the issue of the Cornerstone Shares, after deducting the estimated listing expenses related to the Placement and the issue of the Cornerstone Shares.

US\$'000	As at 31 March 2023	As at Latest Practicable Date	After the Restructuring Exercise, and as adjusted for net proceeds from the Placement and the issue of the Cornerstone Shares
Cash and bank balances	9,091	8,334	12,060
Current			
Secured and guaranteed	–	–	–
Secured and non-guaranteed	–	–	–
Non-secured and guaranteed	–	–	–
Non-secured and non-guaranteed	–	–	–
Non-current			
Secured and guaranteed	–	–	–
Secured and non-guaranteed	–	–	–
Non-secured and guaranteed	–	–	–
Non-secured and non-guaranteed	–	–	–
Total indebtedness	–	–	–

CAPITALISATION AND INDEBTEDNESS

US\$'000	As at 31 March 2023	As at Latest Practicable Date	After the Restructuring Exercise, and as adjusted for net proceeds from the Placement and the issue of the Cornerstone Shares
Total shareholders' equity	14,856	15,588	20,696
Total capitalisation and indebtedness	14,856	15,588	20,696

As at the Latest Practicable Date, save for the (i) changes in working capital; and (ii) changes in our shareholders' equity and reserves arising from day-to-day operations in the ordinary course of business, there were no material changes to our capitalisation and indebtedness as disclosed above.

BORROWINGS

As at the Latest Practicable Date, our Group does not have any banking facilities or other borrowings or indebtedness (direct or indirect) or liabilities (including contingent liabilities). Please refer to the section entitled "*Management's Discussion and Analysis of Results of Operations and Financial Position – Liquidity and Capital Resources*" of this Offer Document for a further description of our working capital.

WORKING CAPITAL

Our Company financed our operations through both internal and external sources. Our internal sources of funds comprised cash generated from our operating activities. Our external sources of funds comprised mainly credit granted by suppliers and capital investment from shareholders.

Our Group had cash and cash equivalents of approximately US\$4.8 million, US\$7.3 million, US\$6.1 million and US\$9.1 million for FY2020, FY2021, FY2022 and 1Q2023 respectively.

Our Group recorded positive working capital of approximately US\$6.5 million, US\$8.4 million, US\$7.2 million and US\$10.0 million for FY2020, FY2021, FY2022 and 1Q2023 respectively.

Our Directors are of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from our operations and our existing cash and cash equivalents, the working capital available to us as at the date of lodgement of this Offer Document is sufficient for present requirements and for at least 12 months after the Listing.

The Sponsor, Issue Manager and Placement Agent is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flows generated from our Company's operations and our Company's existing cash and cash equivalents, the working capital available to our Company as at the date of lodgement of this Offer Document is sufficient for present requirements and for at least 12 months after the Listing.

GENERAL INFORMATION ON OUR GROUP

HISTORY

Our 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”. Our Company’s registration number is 159882. Our Company is the holding company of our Group, and was incorporated to rationalise the corporate structure of our Group. Some of our subsidiaries had already commenced operations in certain jurisdictions prior to the incorporation of our Company in 2005. Our Company changed its name to “Winking Studios Limited” with effect from 17 May 2023. Please refer to the section entitled “*Restructuring Exercise*” of this Offer Document for more information.

Our founder, Mr. Johnny Jan, first ventured into the game development business in Taipei, Taiwan in 1997 under the branding of “WindThunder” (“风雷”), together with a team comprising seven to eight artists, animators and game developers. WindThunder Era Corporation was subsequently incorporated in 2000 by Mr. Johnny Jan, which operated WindThunder Studio (风雷工作室). WindThunder Studio primarily focused on the in-house conceptualisation and development of games, including the PC games Heroine’s Anthem 1 (圣女之歌) that was launched in 2002 and Heroine’s Anthem 2 that was launched in 2003, both of which achieved commercial success in major markets. In 2002, WindThunder Era Corporation was awarded the GameStar Annual Breakthrough Award for the “*Mad World*” game. Mr. Johnny Jan struck off WindThunder Era Corporation in September 2003 and went on to set up our studios in Shanghai and Nanjing, the PRC under the “Winking” brand and which were operated under Shanghai Winking. Shanghai Winking was incorporated in January 2004 and is currently a subsidiary of our Group. Our studios were initially focused on the development of games in-house.

Following the establishment of our studios in Shanghai and Nanjing, the PRC we observed that an increasing number of our existing and new customers approached us specifically for our art outsourcing services (i.e. to create a portion of 2D and 3D art assets, such as characters, environments and backdrops, required for their own game development projects). As our business and revenue grew from providing more art outsourcing services, we made a strategic decision in 2008 to re-evaluate our business strategy to focus on developing our art outsourcing services as a standalone business segment.

Over the years, we continued to build up our expertise and portfolio in providing art outsourcing services, working on various notable video game projects, including the MMORPG titled “*X.A.O.C*” between 2009 and 2013 (the intellectual property of which is owned by our Group), “*Onmyoji*”, a fantasy strategy mobile game between 2015 and 2021 developed by NetEase Games and “*Identity V*”, a survival horror game between 2016 and 2020 developed by NetEase Games.

In 2016, our Group expanded the services provided to our customers to include video game publishing services. As a reflection of our full cycle game development capabilities, we also developed and published our first in-house developed VR game “*Unearthing Mars*” in 2017, which achieved top sales in Japan and North America and was featured on PlayStation’s “Most Popular VR Games” and “Top Games” in-store promotion pages for these regions as a result.

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The growth and expansion of our Group's business over the years were supported by investments from various notable institutions, companies and funds, including previous investments by Intel and The Hongkong and Shanghai Banking Corporation Limited (HSBC) in 2006 and Cathay Financial Holdings, Taishin Holdings and SinoPac Holdings in 2012 and 2013. In 2022, Acer Gaming completed its acquisition of approximately 44.4% of the Shares in our Company from previous shareholders who were financial investors and were not involved in the day-to-day operations of our Group, before increasing its stake further to approximately 55.0%³ in January 2023. As at the Latest Practicable Date, Acer Gaming holds the majority stake in our Company, and is our direct Controlling Shareholder. Please refer to the section entitled "*Shareholders – Ownership Structure*" of this Offer Document for more information.

Acer Gaming, and our indirect Controlling Shareholder, Acer, are listed on the Emerging Stock Board of the Taipei Exchange and the Mainboard of the Taiwan Stock Exchange respectively. Pursuant to the extraordinary general meetings of Acer Gaming and Acer held on 31 May 2023 and 6 June 2023 respectively, the shareholders of each of Acer Gaming and Acer approved the spin-off and Listing of our Company.

KEY MILESTONES

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

Year/Period	Milestones
1997	<ul style="list-style-type: none">Our founder and Executive Chairman and CEO, Mr. Johnny Jan first ventured into the art outsourcing and game development business under WindThunder Studio (风雷工作室) in Taipei, Taiwan
2000	<ul style="list-style-type: none">WindThunder Era Corporation was incorporated and was headed by our founder and Executive Chairman and CEO, Mr. Johnny Jan. The operations of WindThunder Era Corporation were led by the team from WindThunder Studio (风雷工作室)
2002 to 2003	<ul style="list-style-type: none">The WindThunder Studio team, led by Mr. Johnny Jan, developed two PC games, which achieved commercial success in the regional Asian markets that predominantly comprise Mandarin speakers (in particular, Taiwan, Hong Kong, Malaysia and Singapore), namely Heroine's Anthem 1 (圣女之歌) that was launched in 2002 and Heroine's Anthem 2 that was launched in 2003
2004	<ul style="list-style-type: none">We established our first game development studios in Shanghai, the PRC, with the incorporation of Shanghai Winking in January 2004, to tap on local talents as well as to capture potential market demand in the PRC
2004 to 2007	<ul style="list-style-type: none">Our Group started to offer full cycle game development services to our customers, which include the pre-production, production and post-production phases of the game development process

³ Acer Gaming has obtained the relevant approvals from MOEAIC pertaining to (i) its acquisition of Shares in our Company from then existing shareholders in December 2022 which constituted an indirect PRC investment by a Taiwanese investor under Taiwan law; and (ii) the subscription of new Shares issued by our Company in January 2023, which constituted a foreign investment, rather than a PRC investment, when, according to the proposed use of proceeds of our Company, the proceeds will remain with our Company as our Company does not have concrete plans or proposals to use the proceeds to invest in any of our PRC subsidiaries in whole or in part thereof. For further details on regulations on PRC investment by a Taiwanese investor, please refer to the section entitled "*General Information on our Group – Government Regulations – Taiwan – PRC Investment by Taiwanese Investors*" of this Offer Document.

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Year/Period	Milestones
2005	<ul style="list-style-type: none"> Our Company was established as the holding company of our Group in order to rationalise the corporate structure of our Group
2008	<ul style="list-style-type: none"> Having observed growth in our business operations and incoming revenue from customers in our art outsourcing business segment, our Group focused on further developing this segment
2009 to 2013	<ul style="list-style-type: none"> Our Group participated in the production of the popular PC games titles such as <i>Blade & Soul</i> since 2010, with Korea-based NCSOFT Corporation
2008 to 2015	<ul style="list-style-type: none"> Our Group developed the game titled <i>X.A.O.C</i> in-house, the intellectual property of which is owned by our Group, and which achieved commercial success in Taiwan and was awarded the GameStar Silver Award for the best domestic self-made online game in 2013 Our Group collaborated on the production of <i>Onmyoji</i> and <i>Identity V</i> games with NetEase Games, thereby enhancing our capabilities in our Game Development Segment
2016 to 2017	<ul style="list-style-type: none"> Our 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. In particular, our Group organised a game development competition for the promotion of Epic Games' 3D graphics game development engine, Unreal Engine
2016 till present	<ul style="list-style-type: none"> Our Group entered into agreements with major game publishers, namely Sony, Nintendo and Microsoft, in 2016, 2017 and 2022 respectively, which enabled our Group to provide game publishing services to our customers on the console game platforms of these publishers
2017	<ul style="list-style-type: none"> Our Group attained the capability to fully develop and publish our first in-house developed VR console game "<i>Unearthing Mars</i>", which, when first published, ranked top in Japan and North America in terms of the popularity ranking and sales respectively, as published by PlayStation for nearly a month from its release, which demonstrates our Group's technical capabilities in view of the then technical challenges with developing VR games
2016 till present	<ul style="list-style-type: none"> Under our Art Outsourcing Segment, our Group collaborated with other industry players on the development of various well-known game titles such as "<i>Genshin Impact</i>" since 2018, "<i>Destiny 2</i>" and "<i>Lineage 2M</i>" since 2019, "<i>Assassin's Creed</i>" in 2020 and "<i>New World</i>" since 2021
2020 till present	<ul style="list-style-type: none"> Our Art Outsourcing Segment collaborated on internationally renowned game titles, including "<i>New World</i>", "<i>FIFA Online 4</i>" "<i>Blade & Soul II</i>" and "<i>Madden NFL 22</i>"
2021	<ul style="list-style-type: none"> We incorporated Winking Art as the Singapore headquarters of our Group
2022 to 2023	<ul style="list-style-type: none"> Acer Gaming, a wholly owned subsidiary of Acer, became the single largest shareholder of our Company, holding approximately 55.0% as at the Latest Practicable Date

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BUSINESS OVERVIEW

We are an art outsourcing and game development studio with over 25 years of 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. Our three primary business segments are:

- (a) Art Outsourcing Segment, where we create and develop digital art assets as part of our provision of art outsourcing services. Our 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;
- (b) Game Development Segment, where we provide game development services, including programming, development, design and script writing of games; and
- (c) Global Publishing and Other Services Segment, where we (i) release game products developed by ourselves as well as third party game developers on global game platforms, including PlayStation, Switch and Steam; and (ii) sell our video games developed in-house and peripheral gaming products. During the Period Under Review, the revenue contribution from our Other Services Segment was insignificant.

Our principal places of business are in Taiwan and the PRC where we house seven studios within our operations, which are supported by our office and team at our headquarters in Singapore. Nevertheless, we have cultivated a global customer base and the services we render through our operations primarily based in the APAC region are available to our base of customers located across the globe. According to the Independent Market Report, in terms of global revenue of game art outsourcing in 2022, our Group ranked third in Asia and fourth in the world, ahead of most of our competitors in Japan, Hungary and the USA.

Our Business Process

(a) Art Outsourcing Segment

Our Group designs and develops various art, animation and visual effects of the art assets outsourced to us by our customers such as characters, environments, props and effects, which are required in their games.

As part of the services that we provide under our Art Outsourcing Segment, we also assist our customers with the conceptualisation and creation of art assets to be used in the promotional materials and marketing collaterals for the games developed by them and for which we had produced other art assets. Such promotional materials and marketing collaterals include posters and game trailers.

After our 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. We may also be involved in this stage of the game development process in terms of the conceptualisation and creation of new art assets that feature in the new content being produced by our customers.

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

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1. Planning and pre-production

This is the initial stage of pre-production wherein we receive initial instructions and directions from our customers. This may include certain art samples, which are generally 2D preliminary sketches and mood boards which may have been developed by such customers in-house or by other art outsourcing firms engaged by our customers, and from which we are able to discern the art style required for the digital art assets. Where our customers have not provided us with sufficiently detailed specifications in respect of their preferred artistic direction for the art asset to be produced, we may also provide our customers with a checklist to guide them through the specifications that they may require, so as to facilitate and aid our formulation of the art style that will drive the characters, environments and/or props which we will create for them.

After evaluating the requirements of each project, including the concept, style requirements, project timelines and manpower requirements, we will assemble a project team to handle the project. A project team typically comprises various employees from our 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 customer.

Following the initial conceptualisation of the art assets, we will provide our customers 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 our proposed milestones for the delivery of the art assets if this has not already been provided to us by our customers in the initial discussions or brief.

2. Production

Once our customers have approved the project brief, we will commence work on the production and creation of the art assets and our project team will provide our customers with a detailed workflow plan of all the tasks required to produce the final art assets.

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

We will provide updates on the progress of the work to our customers at various stages of the project depending on their specific requirements. In doing so, we endeavour to minimise instances where any aspects of the work we produce do not satisfy our customers' requirements. In addition, if our customers are not satisfied with the art assets produced, these issues can be resolved in a timely manner and in any case, before the final product is due to be delivered.

Our 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 our catalogue of available content which can be generated into art assets for

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our customers, we may also engage sub-contractors to handle certain modelling work and produce certain generic 2D and 3D base art assets which we acquire for customisation and use in our projects in order to ensure that we meet the tight timelines set for us by our customers.

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

2D Art

We have 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, our technical artists will first produce basic sketches before including further enhancements, such as painting in the colours or including shadows. We will also focus on texture and lighting, so as to enhance the realism of our art assets and improve the immersion of the art assets into the overall game. This is especially critical for games that require the creation of real-life scenes. Some of our customers may also engage us to provide 2D sketches to be included in their project briefs to other art outsourcing service providers.

3D Art

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

We will first create an initial sculpting of the art assets in a 3D modelling programme. Once the general shape or form, and the necessary proportions, have been approved by the project manager and/or our customer, we will then proceed to sculpt in the details of the character, environment, landscape or items. A high-polygon mesh and a low-polygon mesh are created to enable textures to be applied on the art asset, to give the model colour and detail. We will then perform texturing by painting the material by hand, or by physical-based rendering, which is the use of realistic shading and lighting models, along with measured surface values, to accurately represent real-world materials.

Animation

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

We are capable of developing quality animated art assets in line with the latest trends and industry standards. We have set-up our own motion capture animation studio within our Nanjing offices, which allows us to better understand the movements and actions to

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be captured in our animation of the art assets. Our 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. Our animations team works closely with our 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 our customers' games.

Visual Effects

Our engagement may also include the inclusion of visual effects in our 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. The most common types of visual effects include fire, water, dust and smoke.

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

3. Completion and delivery of the art assets

Throughout the process of creating the art assets, our team will provide drafts of the work to our customers for their review. This 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 our customers, the project manager will review the project team's work product, including checking for compliance with the art style stipulated by our customers, ensuring consistent quality across the various art assets which are part of the brief, and providing feedback to our team. Thereafter, we will review the near-final iterations of our work with our 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 our 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 our customers.

Our customers that commissioned the art assets shall own the intellectual property rights for the art assets outsourced to our Group under the Art Outsourcing Segment and such customers may not necessarily engage our Group for any subsequent revisions to the art assets after the game has been published. Whether our 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 our Group entity and our customer.

We generally enter into framework agreements with our customers under our Art Outsourcing Segment, for the provision of our art outsourcing services which include developing, refining and delivering the art assets required by our customers for a term of one to two years. Pursuant to the terms of the framework agreement, our customers will issue purchase orders

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from time to time 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, we take approximately one to three months to deliver the art assets set out in a purchase order. Given the nature of our Art Outsourcing Segment, the bulk of our costs of sales incurred pertain to labour costs. The key risks of entering into framework agreements and fulfilling the purchase orders include credit risk of our customer, as well as the other risks elaborated in the section entitled “*Risk Factors*” of this Offer Document.

(b) Game Development Segment

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

Our business process for our Game Development Segment is similar to that as described above for our Art Outsourcing Segment, with the key differences being as follows:

- (i) As part of the production and development stage under our Game Development Segment, we also carry out script writing, storyboarding, game programming, mass game art production and the inclusion of sound effects into our games. We are capable of handling such functions in-house.
- (ii) There is a quality assurance stage prior to the product release stage, which involves the testing of the game by our staff and third party players who provide such game-testing services, 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 our programmers and designers.
- (iii) There will also be additional product release and maintenance and update stages wherein we work with our customers to (A) provide supporting services to our customers by 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, upgrades as well as the development of expansion packs as may be required by our customers.

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

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

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(c) Global Publishing and Other Services Segment

Global Publishing

We also publish various console and PC games on global game platforms including PlayStation, Switch and Steam. We enter into platform agreements (the “**Platform Agreements**”) with these game distribution platforms (the “**Game Platforms**”), which generally have no specified periods. Under the Global Publishing Segment, we typically publish games developed by third party game development companies of a smaller scale, which require our manpower, expertise, and access to the major game publishing platforms to publish their games. For the game products developed by third party game developers, the game publisher, i.e., our Group, would decide the length of time such games would be for sale on the respective platforms based on the agreements entered into with the third party game developers which authorise us to publish their games, which are generally for a term of three to five years. The bulk of our costs of sales incurred pertain to labour costs. As the game publisher, our Group may be liable under applicable laws should the published games contain any inappropriate content. However, the publishing agreements will typically state that our 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 in respect of the games that our Group publishes on the game platforms for other third party game developers are owned by the respective game developers.

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

Firstly, the revenue-sharing terms and conditions between the Game Publisher and Game Platform are determined by the Game Platform under the Platform Agreement. Secondly, pursuant to a Publishing Agreement entered into between our Group and the Third Party Game Developer, the price at which the games are sold on the Game Platforms is mutually agreed between the Game Publisher and Third Party Game Developer. Under the Publishing Agreement, the primary role of our Group is to publish the games on Game Platforms designated by the Third Party Game Developer.

On a monthly or quarterly basis, the Game Platform will generate a report which sets out the revenue generated by the games sold on the platform and the Game Platform shall make payment to the Game Publisher, being our Group, on their Game Publishing Revenue. Our Group will then share the Game Publishing Revenue to the Third Party Game Developers based on the revenue-share terms and conditions that is mutually agreed. Our Group does not charge an upfront fee for their services in publishing the Third Party Game Developers’ games.

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

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Our Company's management is selective of the third party game developers we work with under our Global Publishing and Other Services Segment and we evaluate potential customers 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

Under this segment, we sell our in-house developed video games and peripheral gaming products.

Our Group also develops a small number of games for our own use in-house under this segment, which primarily serve as prototypes to demonstrate and market our technical competencies to our customers. Currently, our Group also receives revenue from the fees paid by end players of games that we have developed in-house previously (the "**In-house Developed Games**") which are also available for sale through the Game Platforms. During the Period Under Review, the revenue generated by our Group from fees paid by end players was not material. Prior to the commencement of developing an In-house Developed Game, our Group considers factors such as the profitability of the project and the likelihood of the game attaining commercial success. Currently, the development of In-house Developed Games is mostly for internal and marketing purposes. For In-house Developed Games, our Group owns the intellectual property rights, and we may grant a licence over the intellectual property rights to third parties to produce and sell certain merchandise in relation to these intellectual property rights.

Our Group has implemented the procedures to safeguard our Group's intellectual property rights over the In-house Developed Games. Our Group engages professionals to assist us in the intellectual property rights registration process, in respect of the registration of registrable intellectual property rights such as trademarks and software copyrights. Further, our Group will consider initiating an intellectual property rights infringement action should we discover that there is any occurrence of intellectual property right infringement. Once the intellectual property rights of our Group in respect of a game are in their final form, the process of registration of the intellectual property rights will typically be commenced within one to two weeks. Although our Group has implemented the protocols described above, it is noted that the instances where our Group produces In-house Developed Games are limited.

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ART OUTSOURCING AND GAME DEVELOPMENT PROJECTS UNDERTAKEN BY OUR GROUP

We have developed various video games, both on our own account as well as on behalf of our customers. We have established a team of experienced art talents, designers and scriptwriters in Taiwan and the PRC. We have a diverse portfolio of games across different genres such as action-adventure games, real-time strategy games, multiplayer online battle arena games and role-playing games (e.g. RPG and ARPG). From 2005 to the Latest Practicable Date, we have developed nine of our own video games. As of the Latest Practicable Date, we have completed more than 1,400 and 25 art outsourcing projects and game development projects respectively.

The notable games that we have been involved in over the years include the following:

Year undertaken	Name and brief description of game	Our role
Self-developed games		
2001	<p><i>Heroine Anthem 1</i> – This is the first of the Heroine Anthem PC game series.</p> <p>Edda, to save a drowning man, accidentally falls into the water and unwillingly becomes the bride-to-be for the mermaids. Edda soon discovers that her sister has been missing. On her journey to find her sister, Edda realises that something dreadful and terrifying is happening.</p> <p style="text-align: center;">Released in 2002</p>	Game developer and publisher
2002	<p><i>Heroine Anthem 2</i> – This is the second of the Heroine Anthem PC game series.</p> <p>Continuing the story from Heroine Anthem 1, Edda is on the journey of finding her true identity. When Edda arrives at Yaza, a city once full of liveliness and vibrancy, she discovers the deep secret that lurks beneath the surface. Edda would have to choose to fight for the better good or to fulfill her destiny.</p> <p style="text-align: center;">Released in 2003</p>	Game developer and publisher
2009	<p><i>X.A.O.C</i> – Set in a world of exotic mythologies and legends, the hundreds of characters who populate this universe are a fusion of Taiwan, Vietnam, Thailand and Ryukyu cultures, resulting in an epic oriental fantasy adventure.</p> <p style="text-align: center;">Released in 2013</p>	Game developer and publisher

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Year undertaken	Name and brief description of game	Our role
Self-developed games		
2015	<p><i>Heroine Anthem Zero 1: Sacrifice</i> – this is part of the Heroine Anthem universe of games.</p> <p>An epic fantasy 2D side-scrolling ARPG PC title with Japanese voiceovers and support for seven languages. In a world unforgiven by God, it is a story of sacrifice and survival ten years in the making.</p> <p style="text-align: center;">Released in 2016</p>	Game developer and publisher
2016	<p><i>Unearthing Mars</i> – This is a VR adventure game set on the mysterious Red Planet. As co-pilot of the retrieval team, the player will have the full experience of a space explorer on Mars. The game provides hours of unique gameplay experiences, ranging from navigating a landing craft through a sandstorm to driving a Mars rover. From puzzle-solving to first-person shooting, the game allows players to resolve challenges from a variety of game genres.</p> <p style="text-align: center;">Released in 2017</p>	Game developer and publisher
2016	<p><i>I'm Hungry</i> – This is a stimulation VR game published on PlayStation 4 and Steam. Players can learn how to make fast food in the VR world. The game takes advantage of the VR technique, and it perfectly shows a realistic vision of a fast-food kitchen to the gamers. In addition, the controller and the sensing technique can truly restore the various postures of the player while stimulating the fast-food restaurant employee's work.</p> <p style="text-align: center;">Released in 2019</p>	Game developer and publisher
2017	<p><i>Heroine Anthem Zero 2: Scalescars Oath</i> – This is an ARPG PC title with intriguing storytelling, an unpredictable battle system, and endless heartfelt adventure. The story includes multiple subtle metaphors for the relationship between God and humans.</p> <p style="text-align: center;">Released in 2022</p>	Game developer and publisher

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Year undertaken	Name and brief description of game	Our role
Self-developed games		
2017	<i>Unearthing Mars 2: The Ancient War</i> – Players play the role of deputy commander in the ‘Unearthing Mars’ mission, trying to unravel the secrets hidden in the Phobos Fragment from the Ark Research Centre’s closed-door study.	Game developer and publisher
Released in 2018		
Third party games		
2010 till present	<i>Blade & Soul</i> – This is a Korean fantasy martial-arts MMORPG. It features a combination of martial arts-inspired combat and <i>qinggong</i> in an open-world environment. Players create playable characters that explore around the world by completing quests assigned by various NPCs.	Provision of art outsourcing services
Released in 2012		
Game developer/publisher: NCSOFT Corporation		
2015 to 2021	<i>Onmyoji</i> – This is a 3D RPG. It follows the legendary Onmyoji Seimei in his journey to recover his lost memories while encountering demons of all shapes and forms. It involves the building of a tactical team to defeat various demons encountered in the game.	Provision of art outsourcing services
Released in 2016		
Game developer/publisher: NetEase, Inc.		

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Year undertaken	Name and brief description of game	Our role
Third party games		
2016 to 2020	<p><i>Identity V</i> – This is a multiplayer survival horror game. The game follows a detective named Orpheus as he unravels the mystery behind a mysterious killing game within a manor. The gameplay is structured around five players participating in competitive matches, where one of them is tasked with eliminating the other players before they fulfil objectives and escape the manor.</p> <p style="text-align: center;">Released in 2018</p> <p style="text-align: center;">Game developer/publisher: NetEase, Inc.</p>	Provision of art outsourcing services
2016 to 2021	<p><i>Saint Seiya: Awakening</i> – This is an RPG, fully restoring the classic comic. Players can build their dream team for battles and duels from a comprehensive selection of saints each with unique abilities and traits.</p> <p style="text-align: center;">Released in 2019</p> <p style="text-align: center;">Game developer/publisher: YOOZOO Games</p>	Provision of art outsourcing services
2016 till present	<p><i>Dark Avenger 3</i> – This is a revolutionary ARPG where the player’s task is to defeat monsters with the help of the player’s abilities, combat skills and experience.</p> <p style="text-align: center;">Released in 2017</p> <p style="text-align: center;">Game developer/publisher: Boolean Games</p>	Provision of art outsourcing services
2018 till present	<p><i>Genshin Impact</i> – This is an ARPG. The game features an anime-style open-world environment and an action-based battle system using elemental magic and character-switching. The game is free-to-play and is monetised through gacha game mechanics through which players can obtain new characters and weapons.</p> <p style="text-align: center;">Released in 2020</p> <p style="text-align: center;">Game developer/publisher: miHoYo</p>	Provision of art outsourcing services

GENERAL INFORMATION ON OUR GROUP

Year undertaken	Name and brief description of game	Our role
Third party games		
2019 till present	<p><i>Destiny 2</i> – This is an online-only multiplayer first-person shooter video game. Set in a “mythic science fiction” world, the game features a multiplayer “shared world” environment with elements of role-playing games.</p> <p style="text-align: center;">Released in 2017</p> <p style="text-align: center;">Game developer/publisher: Bungie</p>	Provision of art outsourcing services
2019 till present	<p><i>Lineage 2M</i> – This is the first mobile 3D MMORPG to implement collision detection, creating an ultrarealistic virtual world where players can experience physical immersion by being chased by huge monsters or by bumping into swarming enemies in the heat of battle.</p> <p style="text-align: center;">Released in 2019</p> <p style="text-align: center;">Game developer/publisher: NCSOFT Corporation</p>	Provision of art outsourcing services
2019 till present	<p><i>Seven Knights 2</i> – This is an online free-to-play RPG. It centres on the Daybreak Mercenaries who embark on a journey to find the last member of the Seven Knights “Rudy” after a series of events involving a mysterious girl named Phiné.</p> <p style="text-align: center;">Released in 2020</p> <p style="text-align: center;">Game developer/publisher: Netmarble Corp.</p>	Provision of art outsourcing services
2020	<p><i>Tom Clancy’s The Division 2</i> – This is an online-only action RPG. The sequel to Tom Clancy’s <i>The Division</i> (2016), it is set in a near-future Washington, D.C., in the aftermath of a genetically engineered virus known as “Green Poison” being released, and follows an agent of the Strategic Homeland Division as they try to rebuild the city.</p> <p style="text-align: center;">Released in 2019</p> <p style="text-align: center;">Game developer/publisher: Massive Entertainment/ Ubisoft</p>	Provision of art outsourcing services

GENERAL INFORMATION ON OUR GROUP

Year undertaken	Name and brief description of game	Our role
Third party games		
2020	<p><i>Assassin's Creed Valhalla</i> – This is an ARPG. It is the twelfth major instalment in the Assassin's Creed series, and the successor to 2018's Assassin's Creed Odyssey. Principally set in the years 872–878 AD, the game recounts a fictional story during the Viking expansions into the British Isles. The players control Eivor Varinsdottir, a Viking raider who, while attempting to establish a new Viking clan in England, becomes embroiled in the centuries-old conflict between the Assassin Brotherhood, who fights for peace and liberty, and the Templar Order, who desires peace through control.</p> <p style="text-align: center;">Released in 2020</p> <p style="text-align: center;">Game developer/publisher: Ubisoft</p>	Provision of art outsourcing services
2020 till present	<p><i>FIFA Online 4</i> – This is a free-to-play massively multiplayer online football game.</p> <p style="text-align: center;">Released in 2018</p> <p style="text-align: center;">Game developer/publisher: EA Spearhead/Nexon</p>	Provision of art outsourcing services
2021	<p><i>Madden NFL 22</i> – This is an American football video game based on the National Football League (NFL). It is an instalment of the long-running Madden NFL series.</p> <p style="text-align: center;">Released in 2021</p> <p style="text-align: center;">Game developer/publisher: EA Tiburon/Electronic Arts Inc.</p>	Provision of art outsourcing services
2021 till present	<p><i>New World</i> – This is a MMORPG. Set in the mid-seventeenth century, players colonize a fictional land modelled after the Americas.</p> <p style="text-align: center;">Released in 2021</p> <p style="text-align: center;">Game developer/publisher: Amazon Games</p>	Provision of art outsourcing services

GENERAL INFORMATION ON OUR GROUP

AWARDS

As a testament of our commitment to quality, we have also received several awards over the years for our business and our work in respect of certain games, including the following:

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

QUALITY ASSURANCE

We have a comprehensive quality control system in respect of our business operations.

Art Outsourcing Segment

We work closely with our customers throughout the process of creating and developing art assets and games. This is achieved via seeking their feedback at various junctures across the course of the project. We will also designate a project manager for each project who will be responsible for reviewing the finalised work product, which involves ensuring that the product is consistent with the specifications and styles agreed with our customers. We will also share the draft of the art assets and game products with our customers and incorporate their proposed amendments and

GENERAL INFORMATION ON OUR GROUP

feedback. Prior to the delivery of the finalised art assets to our customers, the work product is reviewed and approved by our Group's quality assurance team and the designated project manager, so as to ensure that the finalised art assets meet our customers' specifications and are of a quality satisfactory to our customers.

Game Development Segment

Prior to the product release, our Group will conduct quality inspection procedures which involve the testing of the game by our staff and third party players who provide game-testing services, to gauge end-consumer reception of the game through 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 will also preview the work and provide feedback to our programmers and designers for incorporation into the final version to be released.

As at the Latest Practicable Date, our Group has received the following certification in recognition of our quality management system relating to our IT infrastructure for our studios in Nanjing, the PRC.

Year	Description of certification	Validity period	Group entity	Awarding institution
2021	ISO 27001:2013 (Provision of operation and maintenance services for enterprise internal business software by IT department)	1 September 2021 to 31 August 2024	Nanjing Winking	BSI British Standards Institution

RESEARCH AND DEVELOPMENT

Due to the nature of our business, our Group does not undertake any R&D activities.

SALES AND MARKETING

Our sales and marketing activities for each of our three business segments, namely, our Art Outsourcing Segment, Game Development Segment and Global Publishing and Other Services Segment, are overseen and managed by our sales and marketing department. As at the Latest Practicable Date, our sales and marketing team consists of 20 employees, who are located in Taiwan, the PRC and the USA. Our sales and marketing team focuses on maintaining our relationship with existing customers and forging new business relationships with potential customers. We conduct our sales and marketing activities principally through the following channels:

- (a) referrals from our customers who have developed confidence in the quality of our services;
- (b) our corporate website, which publicises details of our services, our past projects and track record;
- (c) participation in international gameshows, tradeshows, exhibitions and conferences. Please refer to the section above entitled "*General Information on our Group – Awards*" of this Offer Document for further details on the awards that our Group has received; and
- (d) placing advertisements on search engines like Google.

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We also use our in-house developed games under our Game Development Segment as a means of showcasing our in-house design, animation, conceptualisation and game development capabilities. Our games are a testament to our customers and other stakeholders as to our Group being up to date with industry trends and applicable technologies, and therefore being in a prime position to serve our customers in our other two business segments as well.

MAJOR CUSTOMERS

The following table sets out our customers which accounted for 5.0% or more of our revenue for the Period Under Review:

Major customer	Main services provided by our Group	As a percentage of our revenue (%)			
		FY2020	FY2021	FY2022	1Q2023
NetEase, Inc. ⁽¹⁾ (网易股份有限公司)	Art outsourcing services	22.3	19.1	10.7	13.0
NCSOFT Corporation	Art outsourcing services	8.0	5.4	7.4	5.6
NEXON KOREA CORPORATION	Art outsourcing services	2.7	6.0	5.8	4.6
Gamania Digital Entertainment Co., Ltd (游戏橘子数位科技股份有限公司)	Art outsourcing services and game development services	7.0	10.1	7.0	9.8
Rayark International Limited (雷亞遊戲股份有限公司)	Art outsourcing services and game development services	4.3	7.4	4.0	3.5
Shanghai Ubi Computer Software Co., Ltd. (“Ubisoft Shanghai”) (上海育碧电脑软件有限公司)	Art outsourcing services	0.6	2.4	4.9	5.7
NON FUNGIBLE THEORY, LLC	Game development services	–	–	0.3	6.3
Tencent Group ⁽²⁾⁽³⁾	Art outsourcing services	5.8	10.6	7.8	4.1

Notes:

- (1) The decrease in revenue generated from customer contracts with NetEase, Inc. in FY2022 as compared with FY2021 and FY2020 was mainly due to the suspension of grant of publication licence to game developers in the PRC in late 2021, which impacted our customer base. In 2023, the policy to suspend licences was relaxed and our revenue increased as a result.
- (2) Tencent Group comprises Tencent Technology (Shenzhen) Limited (腾讯科技(深圳)有限公司) and its related corporations under Tencent Holdings Ltd.
- (3) The increase in revenue generated from customer contracts with Tencent Group in FY2021 as compared to FY2020 was mainly due to a major project that was awarded to our Group by Tencent Group in FY2021.

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Save as disclosed above, there are no other customers which accounted for 5.0% or more of our revenue during the Period Under Review. To the best of their knowledge as at the Latest Practicable Date, our Directors are not aware of any information or arrangements which would lead to a cessation or termination of our current relationship with any of our major customers.

Our Directors are of the opinion that as at the date of this Offer Document, our business and profitability are currently not dependent on any particular industrial, commercial or financial contract with any customer. In assessing the dependency of our Group on any major customer, our Directors have considered the following:

- (a) the revenue attributable to our Group's largest customer accounted for less than 25.0% of our Group's total revenue for the Period Under Review and the aggregate revenue attributable to the five largest customers of our Group accounted for approximately 47.8%, 52.2%, 40.7% and 40.6% of our Group's total revenue in FY2020, FY2021, FY2022 and 1Q2023 respectively; and
- (b) our Group has a large customer base and is constantly expanding our customer pool with other game development companies.

As at the date of this Offer Document, none of our Directors, Executive Officers, Controlling Shareholders, Substantial Shareholders or any of their respective associates have any interest, direct or indirect, in, and/or are involved in the management of, any of our major customers as listed above. As at the Latest Practicable Date, to the best of our Directors' knowledge and belief, there are no arrangements or understanding with any customers pursuant to which any of our Directors and Executive Officers were appointed.

MAJOR SUPPLIERS

Due to the nature of our business, salaries and employee-related expenses and payments to subcontractors for our Art Outsourcing Segment make up the main components of our items of expense. Our Group has a list of approved suppliers/subcontractors for our Art Outsourcing Segment that is reviewed at the beginning of each year, based on our Group's procedures for the evaluation of sub-contractors/suppliers where we considered, *inter alia*, the quality, track records and experience of the sub-contractors/suppliers.

During the Period Under Review, we did not have any suppliers/sub-contractors which accounted for 5.0% or more of our purchases for each of FY2020, FY2021, FY2022 and 1Q2023.

As at the date of this Offer Document, none of our Directors, Executive Officers, Controlling Shareholders, Substantial Shareholders or any of their respective associates have any interest, direct or indirect, in, and/or are involved in the management of, any of our suppliers. As at the Latest Practicable Date, to the best of our Directors' knowledge and belief, there are no arrangements or understanding with any suppliers pursuant to which any of our Directors and Executive Officers were appointed.

CREDIT MANAGEMENT

Credit Terms to our Customers

Our payment terms for each customer differ and are either by payment in advance, payment on delivery or on credit terms. We generally require payment in advance or payment on delivery for new customers or for smaller transaction amounts.

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Under our credit policy, we extend credit terms of between 30 days and 60 days from the date of invoice to recurring customers, after taking into account, amongst others, the nature of the contract, the creditworthiness, payment history and the relationship we have with the relevant customer. However, we may grant credit terms in excess of 60 days to some of our more established customers, depending on their payment history and their financial strength, as well as the size of the relevant transaction. The credit terms and changes to the credit terms are approved by our management and are subject to annual review.

The following table sets forth our average trade receivables' turnover days for the Period Under Review:

	FY2020	FY2021	FY2022	1Q2023
Average trade receivables' turnover days ⁽¹⁾	49	46	49	44

Note:

(1) Average trade receivables' turnover days is calculated on the basis of average trade receivables balance divided by total revenue for the financial year and multiplied by 365 days.

Our Group uses a loss rate methodology ("**ECL rates**") to measure the lifetime expected credit losses allowance for trade receivables and contract assets.

In measuring the expected credit losses ("**ECL**"), trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. ECL rates are calculated by taking into consideration the historical loss rates for each category of customers and are adjusted to reflect the current and forward looking macroeconomic factors affecting the ability of customers to settle the receivables.

We monitor our collection of payments and follow up with our respective customers on trade receivables past due on a regular basis. Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as situations where a debtor fails to engage in a repayment plan with our Group. A trade receivable or contract asset will be considered as being in a state of default if the counterparty fails to make contractual payments within 90 days when they fall due, and it will be written off when a debtor fails to make contractual payments for more than 365 days past the payment due date. Where receivables are written off, our Group will continue to engage in enforcement measures to attempt to recover the receivables due. Where recoveries are made, these are recognised as profit or loss.

Our Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 December 2020, 2021, 2022 and 31 March 2023 were as follows:

US\$'000	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 31 March 2023
Allowance for/(reversal of) impairment of trade receivables ⁽¹⁾	20	30	59	115 ⁽²⁾
Bad debts written off	77	10	–	1

Notes:

(1) The loss allowance refers to our 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 which is derived based on expected loss rate for the respective financial year.

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- (2) The allowance for impairment of trade receivables increased to approximately US\$0.1 million due to amount outstanding from one of our Group's customers. As at the Latest Practicable Date, trade receivables amounting to approximately US\$93,760 remain outstanding from three customers, and our Group had ceased further transactions with these customers as they failed to make contractual payments within 90 days after payment has fallen due.

The bad debts written off are not material, and amounted to approximately US\$77,000 in FY2020 and approximately US\$10,000 in FY2021. Our management has assessed that there is no reasonable expectation of recovery as the counterparty failed to make the payments which are more than 90 days past due. Our Group continues to actively engage customers to recover the receivables due. There were no bad debts written off in FY2022.

Credit Terms from our Suppliers

Our suppliers typically require letters of credit from us or grant us credit terms which are determined and negotiated on a case-by-case basis. Credit terms granted by our suppliers generally range from 30 days to 45 days, after taking into account factors such as our relationship with the relevant supplier and the size of the transaction.

The following table sets forth our average trade payables' turnover days for the Period Under Review:

	FY2020	FY2021	FY2022	1Q2023
Average trade payables turnover days ⁽¹⁾	34	28	26	23

Note:

- (1) Average trade payables' turnover days is calculated on the basis of average trade payables divided by total cost of sales for the financial year and multiplied by 365 days.

During the Period Under Review, our average trade payables' turnover days remained relatively stable at around 28 days.

INVENTORY MANAGEMENT

Our Group does not maintain any inventory due to the nature of our Group's business. Accordingly, the concept of inventories is not meaningful to us.

MATERIAL PROPERTIES AND FIXED ASSETS

Properties Owned by our Group

As at the Latest Practicable Date, our Group does not own any material properties.

Properties Leased by our Group

As at the Latest Practicable Date, our Group leases the following material properties:

GENERAL INFORMATION ON OUR GROUP

Group Entity	Location	Tenure	Approximate Gross Floor Area (sq m)	Lessor	Usage
Taiwan Winking	1F, No. 158 & No. 160, Ruihu Street, Neihu District, Taipei City, Taiwan ⁽¹⁾	1 November 2022 to 31 October 2027	1,228	Hsin & Heng Industrial Corp (欣恒股份有限公 司)	Office and underground parking spaces
Taiwan Winking	2F, No. 160, Ruihu Street, Neihu District, Taipei City, Taiwan ⁽¹⁾	1 December 2021 to 31 October 2027	862	Hsin & Heng Industrial Corp (欣恒股份有限公 司)	Office and underground parking spaces
Winking Art Taiwan Branch	1F., No. 158 & No. 160 and 2F., No. 160, Ruihu Street, Neihu District, Taipei City, Taiwan	1 November 2022 to 31 October 2023 ⁽⁶⁾	N/A ⁽⁴⁾	Taiwan Winking ⁽²⁾⁽⁵⁾	Office
Shanghai Winking	The eastern half of Building A11 in Nanjing Chenguang 1865 Creative Industrial Park ⁽³⁾	1 August 2023 to 9 May 2027	1,590	Nanjing Chenguang 1865 Real Estate Investment Management Co., Ltd	Office
Shanghai Winking	The first to sixth floors of Building B10, Chenguang 1865 Creative Industry Park, No. 1 Zhengxue Road, Qinhuai District, Nanjing ⁽³⁾	1 December 2021 to 17 October 2024	2,658	Nanjing Chenguang 1865 Real Estate Investment Management Co., Ltd	Office

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Group Entity	Location	Tenure	Approximate Gross Floor Area (sq m)	Lessor	Usage
Shanghai Winking	East house on the third floor of Building E14, Chenguang 1865 Creative Industry Park, No. 1 Zhengxue Road, Qinhuai District, Nanjing ⁽³⁾	1 November 2021 to 31 October 2023 ⁽⁷⁾	210	Nanjing Chenguang 1865 Real Estate Investment Management Co., Ltd	Office
Shanghai Winking	Chenguang 1865 Creative Industry Park, No. 1 Zhengxue Road, Qinhuai District, Nanjing, E14, East stairs, West house ⁽³⁾	22 July 2023 to 9 May 2027	406	Nanjing Chenguang 1865 Real Estate Investment Management Co., Ltd	Office
Shanghai Winking	House No. 9207, 9208, 2/F, Block 9, Jianguo Park Project, No. 25 Jianguo Middle Road, Huangpu District, Shanghai	3 May 2022 to 2 May 2024	212	Shanghai Eight Bridge Housing Rental Co.	Office
Nanjing Winking	1st Floor, Building A11, Chenguang 1865 Creative Industrial Park, No.1 Zhengxue Road, Qinhuai District, Nanjing ⁽³⁾	1 January 2023 to 31 December 2023	374	Nanjing Chenguang 1865 Real Estate Investment Management Co., Ltd	Office

GENERAL INFORMATION ON OUR GROUP

Group Entity	Location	Tenure	Approximate Gross Floor Area (sq m)	Lessor	Usage
Nanjing Winking	Third floor of Building E14 in Chenguang 1865 Creative Industrial Park, No.1 Zhengxue Road, Qinhuai District, Nanjing ⁽³⁾	15 March 2023 to 14 March 2024	231	Nanjing Chenguang 1865 Real Estate Investment Management Co., Ltd	Office

Notes:

- (1) The lessor may terminate this lease agreement at will, one year after the start of the tenure, with three months' prior written notice and compensate Taiwan Winking with an amount equivalent to two months rental. Either party may also terminate this lease agreement for cause.
- (2) The lessor may terminate this lease agreement for cause. In relation to sub-letting arrangement, the lessor, being Taiwan Winking, may terminate the sublease agreement if the lessee, Winking Art (Taiwan Branch), uses the sublet premises in violation of the agreement and fails to make correction upon written request by the lessor.
- (3) Under the terms of the respective lease agreement, the lessor has the right to terminate the lease agreement unilaterally in the event that: (a) the lease agreement cannot be continued due to damage to the subject matter and its ancillary facilities caused by force majeure; and (b) during the period of the lease agreement, the subject of use is approved by the relevant government departments for relocation, or other circumstances that are not the responsibility of the lessor due to laws, regulations and/or rules prohibiting the use of the subject.
- (4) The lease agreement between Taiwan Winking and Winking Art Taiwan Branch operates in a manner similar to a hot-desk leasing arrangement whereby the rental fees payable to Taiwan Winking would be pro-rated by the number of Winking Art Taiwan Branch employees utilising the premises. Hence, the approximate gross floor area that is sublet is not fixed or specified.
- (5) Taiwan Winking is the sub-lessor in respect of this property and not the head lessor. The head lessor is Hsin & Heng Industrial Corp.
- (6) Since the Latest Practicable Date, this lease agreement has expired and has not been renewed.
- (7) Since the Latest Practicable Date, this lease agreement has expired and has been renewed for a period commencing from 1 November 2023 to 31 October 2024.

Our Directors are of the view that none of our leases comprise material tangible fixed assets of our Group and therefore any unilateral termination by any one lessor is unlikely to have a material and adverse impact on our Group's business or operations as we believe that we will be able to secure leases for alternative premises in such event. The relocation costs would not be material and our operations at such premises can be easily relocated on an interim basis to our Group's other premises and/or through remote working arrangements.

As at the Latest Practicable Date, our Directors are not aware of any breach of any obligations under the above lease agreements that would result in their termination by the lessor or non-renewal, if required, when they expire.

Save as disclosed in the sections entitled "*Risk Factors*" and "*General Information on our Group – Government Regulations*" of this Offer Document, there are currently no regulatory requirements or environmental issues that may materially affect our Group's utilisation of the above properties.

GENERAL INFORMATION ON OUR GROUP

MATERIAL LICENCES, PERMITS, REGISTRATIONS AND APPROVALS

As at the Latest Practicable Date, our Group's principal business operations are mainly located in Taiwan and the PRC. We are subject to regulation by applicable laws, regulations and government agencies in Taiwan and the PRC. From time to time, these regulations may require us to possess various licences, permits, registrations or approvals.

As at the Latest Practicable Date, our Company is in compliance with laws, regulations and/or rules that would materially affect our business operations, and our Group has obtained all the requisite approvals that would materially affect its business operations. Please refer to the section entitled "*General Information on Our Company – Government Regulations*" of this Offer Document for further information.

As at the Latest Practicable Date, there are no material licences, permits or approvals required for our business and operations.

INTELLECTUAL PROPERTY RIGHTS

We recognise the importance of protecting and enforcing our intellectual property rights. We rely on a combination of trademarks, designs and patents, as well as non-competition, confidentiality and licence agreements with our employees, suppliers and other parties to protect our intellectual property rights.

Save as disclosed below, we do not own or use any other registered trademarks, designs, patents, Internet domain names or intellectual property which are material to our business or profitability. Our Group is currently applying for intellectual property rights in Singapore. During the Period Under Review and up to the Latest Practicable Date, we did not have any dispute or any other pending legal proceedings concerning intellectual property rights.

Trademarks

As at the Latest Practicable Date, the following trademarks have been registered by our Group:

Trademark	Place of registration	Registered owner	Registration number	Class	Registration date	Expiry date
	Taiwan	Taiwan Winking	01445079	041	16 December 2010	15 December 2030
	Taiwan	Taiwan Winking	01445130	042	16 December 2010	15 December 2030
	Taiwan	Taiwan Winking	01448813	009	16 January 2011	15 January 2031
	Taiwan	Taiwan Winking	01449164	016	16 January 2011	15 January 2031
風雷時代	Taiwan	Taiwan Winking	00971061 ⁽¹⁾	016	16 December 2001	15 November 2031
WindThunder	Taiwan	Taiwan Winking	00971062 ⁽¹⁾	016	16 December 2001	15 November 2031

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Trademark	Place of registration	Registered owner	Registration number	Class	Registration date	Expiry date
風雷時代	Taiwan	Taiwan Winking	00152894 ⁽¹⁾	042	16 December 2001	15 November 2031
WindThunder	Taiwan	Taiwan Winking	00152895 ⁽¹⁾	042	16 December 2001	15 November 2031
風雷時代	Taiwan	Taiwan Winking	00153801 ⁽¹⁾	041	1 January 2002	30 November 2031
WindThunder	Taiwan	Taiwan Winking	00153802 ⁽¹⁾	041	1 January 2002	30 November 2031
WINKING	Taiwan	Taiwan Winking	01243854	009	1 January 2007	31 December 2026
WINKING	Taiwan	Taiwan Winking	01244248	016	1 January 2007	31 December 2026
WINKING	Taiwan	Taiwan Winking	01251842	042	16 February 2007	15 February 2027
WINKING	Taiwan	Taiwan Winking	01257245	041	1 April 2007	31 March 2027
唯晶	Taiwan	Taiwan Winking	01639775	009	1 May 2014	30 April 2024
唯晶	Taiwan	Taiwan Winking	01639993	016	1 May 2014	30 April 2024
唯晶	Taiwan	Taiwan Winking	01641389	041	1 May 2014	30 April 2024
唯晶	Taiwan	Taiwan Winking	01641443	042	1 May 2014	30 April 2024
聖女之歌	Taiwan	Taiwan Winking	01733361	018	16 October 2015	15 October 2025
聖女之歌	Taiwan	Taiwan Winking	01733576	025	16 October 2015	15 October 2025
聖女之歌	Taiwan	Taiwan Winking	01733643	028	16 October 2015	15 October 2025
聖女之歌	Taiwan	Taiwan Winking	01738012	009	16 November 2015	15 November 2025
聖女之歌	Taiwan	Taiwan Winking	01738249	014	16 November 2015	15 November 2025
聖女之歌	Taiwan	Taiwan Winking	01738304	016	16 November 2015	15 November 2025

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Trademark	Place of registration	Registered owner	Registration number	Class	Registration date	Expiry date
聖女之歌	Taiwan	Taiwan Winking	01738777	029	16 November 2015	15 November 2025
聖女之歌	Taiwan	Taiwan Winking	01738919	030	16 November 2015	15 November 2025
聖女之歌	Taiwan	Taiwan Winking	01748366	038	1 January 2016	31 December 2025
聖女之歌	Taiwan	Taiwan Winking	01748497	042	1 January 2016	31 December 2025
聖女之歌	Taiwan	Taiwan Winking	01765128	035	16 April 2016	15 April 2026
聖女之歌	Taiwan	Taiwan Winking	01765642	041	16 April 2016	15 April 2026
天外魔境	PRC	Shanghai Winking	5710756	9	7 September 2009	6 September 2029
天外魔境	PRC	Shanghai Winking	5710755	41	7 February 2010	6 February 2030
天外魔境	PRC	Shanghai Winking	5710754	42	14 March 2010	13 March 2030
唯晶	PRC	Shanghai Winking	8052188	41	7 March 2011	6 April 2031
唯晶	PRC	Shanghai Winking	8052186	42	7 March 2011	6 April 2031
WINKING	PRC	Shanghai Winking	8052187	41	7 February 2013	6 February 2033
WINKING	PRC	Shanghai Winking	8052189	42	7 August 2014	6 August 2024
不系舟	PRC	Shanghai Winking	30132138	9	28 February 2019	27 February 2029
不系舟	PRC	Shanghai Winking	30132137	41	7 March 2019	6 March 2029
青杉磊落	PRC	Shanghai Winking	29487867	9	14 January 2019	13 January 2029
青杉磊落	PRC	Shanghai Winking	29487866	41	14 January 2019	13 January 2029
winkingworks	PRC	Shanghai Winking	38874128	41	7 February 2020	6 February 2030













GENERAL INFORMATION ON OUR GROUP

Trademark	Place of registration	Registered owner	Registration number	Class	Registration date	Expiry date
唯晶	PRC	Nanjing Winking	10754792	41	21 June 2013	20 June 2033
I'm Hungry VR	PRC	Shanghai Wishing	22560028	41	14 February 2018	13 February 2028
快餐传说	PRC	Shanghai Wishing	22560031	9	14 February 2018	13 February 2028
快餐传说	PRC	Shanghai Wishing	22560030	41	14 February 2018	13 February 2028
I'm Hungry VR	PRC	Shanghai Wishing	22560029	9	14 February 2018	13 February 2028
烈马狂歌	PRC	Shanghai Wishing	21407671	9	21 November 2017	20 November 2027
烈马狂歌	PRC	Shanghai Wishing	21407670	41	21 November 2017	20 November 2027
揭秘计划	PRC	Shanghai Wishing	20387252	9	14 May 2018	13 May 2028
揭秘计划	PRC	Shanghai Wishing	20387251	41	14 May 2018	13 May 2028
Unearthing Mars	PRC	Shanghai Wishing	19455421	41	7 May 2017	6 May 2027
Unearthing Mars	PRC	Shanghai Wishing	19455422	9	7 May 2017	6 May 2027
圣女之歌	PRC	Shanghai Wishing	16511015	14	7 May 2016	6 May 2026
圣女之歌	PRC	Shanghai Wishing	16511254	41	21 February 2017	20 February 2027
圣女之歌	PRC	Shanghai Wishing	16511258	28	21 February 2017	20 February 2027
圣女之歌	PRC	Shanghai Wishing	16511253A	42	7 May 2016	6 May 2026
圣女之歌	PRC	Shanghai Wishing	16511254A	41	7 May 2016	6 May 2026
圣女之歌	PRC	Shanghai Wishing	16511257	29	7 May 2016	6 May 2026
圣女之歌	PRC	Shanghai Wishing	16511256	30	7 May 2016	6 May 2026
圣女之歌	PRC	Shanghai Wishing	16511255	35	21 February 2017	20 February 2027

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Trademark	Place of registration	Registered owner	Registration number	Class	Registration date	Expiry date
圣女之歌	PRC	Shanghai Wishing	16511258A	28	14 May 2016	13 May 2026
圣女之歌	PRC	Shanghai Wishing	16511259	25	28 April 2016	27 April 2026
圣女之歌	PRC	Shanghai Wishing	16511255A	35	14 May 2016	13 May 2026
圣女之歌	PRC	Shanghai Wishing	16511260	18	28 April 2016	27 April 2026
圣女之歌	PRC	Shanghai Wishing	16511014	16	7 May 2016	6 May 2026
圣女之歌	PRC	Shanghai Wishing	16511016	9	7 October 2017	6 October 2027
圣女之歌	PRC	Shanghai Wishing	16511016A	9	7 May 2016	6 May 2026
圣女之歌	PRC	Shanghai Wishing	16511253	42	21 February 2017	20 February 2027
圣女之歌	PRC	Shanghai Wishing	1457223	9	7 August 2015	6 August 2025
圣女之歌	PRC	Shanghai Wishing	1457306	28	21 July 2015	20 July 2025
圣女之歌	PRC	Shanghai Wishing	1457467	42	21 July 2015	20 July 2025
圣女之歌	PRC	Shanghai Wishing	14757362	35	21 July 2015	20 July 2025
圣女之歌	PRC	Shanghai Wishing	14757355	38	21 July 2015	20 July 2025
圣女之歌	PRC	Shanghai Wishing	1457470	41	21 July 2015	20 July 2025
疾风之剑圣女之歌	PRC	Shanghai Wishing	16138265	9	14 March 2016	13 March 2026
圣女之歌疾风之剑	PRC	Shanghai Wishing	16138354	9	14 March 2016	13 March 2026
圣女之歌疾风之剑	PRC	Shanghai Wishing	16138400	41	14 March 2016	13 March 2026
疾风之剑圣女之歌	PRC	Shanghai Wishing	16138450	41	14 March 2016	13 March 2026
XAOC	PRC	Shanghai Wishing	8422461	9	14 July 2021	13 July 2031

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Trademark	Place of registration	Registered owner	Registration number	Class	Registration date	Expiry date
	PRC	Shanghai Wishing	8422462	41	28 July 2021	27 July 2031
	PRC	Shanghai Wishing	8422465	28	14 July 2021	13 July 2031
	PRC	Shanghai Wishing	8422463	16	14 July 2021	13 July 2031
参天律	PRC	Shanghai Wishing	8254103	41	7 May 2021	6 May 2031
参天律	PRC	Shanghai Wishing	8254104	42	7 May 2021	6 May 2031
参天律	PRC	Shanghai Wishing	8254102	9	7 May 2021	6 May 2031
参天律	PRC	Shanghai Wishing	8422466	28	14 July 2021	13 July 2031
参天律	PRC	Shanghai Wishing	8422464	16	14 July 2021	13 July 2031
	PRC	Shanghai Wishing	6568149	41	14 August 2020	13 August 2030
	PRC	Shanghai Wishing	6568150	9	21 April 2020	20 April 2030
	PRC	Shanghai Wishing	6568148	42	14 August 2020	13 August 2030
	PRC	Shanghai Wishing	6551031	41	7 August 2020	6 August 2030
	PRC	Shanghai Wishing	6551030	9	28 August 2021	27 August 2031
	PRC	Shanghai Wishing	6551032	42	28 July 2020	27 July 2030
	PRC	Shanghai Wishing	6484949	9	28 March 2020	27 March 2030
	PRC	Shanghai Wishing	6484947	42	14 August 2020	13 August 2030
	PRC	Shanghai Wishing	6484948	41	14 August 2020	13 August 2030


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Trademark	Place of registration	Registered owner	Registration number	Class	Registration date	Expiry date
天方夜譚	PRC	Shanghai Wishing	3750795	41	21 January 2016	20 January 2026
	PRC	Shanghai Wishing	3207286	9	7 August 2013	6 August 2033
风雷时代	PRC	Shanghai Wishing	8433482	9	14 July 2021	13 July 2031
三国 VR	PRC	Shanghai Wishing	19455423	41	21 August 2017	20 August 2027

Note:

- (1) Our Group currently owns the trademarks relating to “WindThunder” and “風雷時代” as these were assigned to our Group entities after Mr. Johnny Jan, our Executive Chairman and CEO, had founded our Group.

As at the Latest Practicable Date, the following trademarks have been applied for by our Group:

Trademark	Place of application	Applicant	Application number	Class	Application date	Status
	Singapore	Winking Art	40202307122Y	41 and 42 ⁽¹⁾⁽²⁾	3 April 2023	Pending (Under Examination)

Notes:

- (1) Class 41: Education; providing of training; entertainment; sporting and cultural activities.
- (2) Class 42: Scientific and technological services and research and design relating thereto; industrial analysis, industrial research and industrial design services; quality control and authentication services; design and development of computer hardware and software.

Software Copyrights

Registered Owner	Nature and description	Territory	Application number/ registration number	Date of initial publication	Validity period
Shanghai Winking	<i>Song of the Saint XP</i> PC Console Game Software V1.0	PRC	2004SR11174	30 July 2004	50 years since date of initial publication
Shanghai Winking	<i>Song of the Saint Online</i> PC version of online game software V1.0	PRC	2015SR129657	20 July 2004	50 years since date of initial publication
Shanghai Winking	NANNA' S CATS software V1.1.0	PRC	2011SR087451	16 April 2011	50 years since date of initial publication
Shanghai Winking	DARK BREAK software V1.0.1	PRC	2011SR087074	27 November 2010	50 years since date of initial publication

GENERAL INFORMATION ON OUR GROUP

Registered Owner	Nature and description	Territory	Application number/ registration number	Date of initial publication	Validity period
Shanghai Winking	Winking distributed middleware system WDM V1.0	PRC	2010SR069235	20 May 2010	50 years since date of initial publication
Shanghai Winking	<i>Dudiao Tianxia</i> (独钓天下) V1.0	PRC	2004SR11172	30 July 2004	50 years since date of initial publication
Shanghai Winking	<i>Tianfang Yetan Online</i> (天方夜谭online) PC online game software V1.0	PRC	2004SR03424	8 March 2004	50 years since date of initial publication
Shanghai Winking	Winking <i>revelation plan</i> VR game software V1.0	PRC	2016SR282542	31 August 2016	50 years since date of initial publication
Shanghai Winking	Winking <i>Liema Kuangge: Sanguo</i> (烈马狂歌:三国) VR game software V1.0	PRC	2019SR0123157	31 December 2016	50 years since date of initial publication
Shanghai Winking	Winking <i>Mingxuan Yixian</i> (命悬一线) VR game software V1.00	PRC	2019SR0123958	11 March 2017	50 years since date of initial publication
Shanghai Winking	<i>Memory Clinic Guard</i> (记忆门诊守卫员) V1.01.01	PRC	2018SR003402	30 September 2017	50 years since date of initial publication
Shanghai Winking	<i>Song of the Saint zero</i> game software 01.1.01.01	PRC	2018SR891503	Unpublished	50 years since date of initial publication
Shanghai Winking	<i>Song of the Saint zero</i> game software V0.1	PRC	2018SR891510	Unpublished	50 years since date of initial publication
Shanghai Winking	3D graphic production software for online games V1.0	PRC	2019SR0856186	9 January 2019	50 years since date of initial publication
Shanghai Winking	<i>Lianbang</i> cloud big data platform V1.01.01	PRC	2020SR0155789	31 December 2019	50 years since date of initial publication
Shanghai Winking	Intelligent measurement and analysis platform for health policy V1.01.01	PRC	2021SR0669932	12 January 2021	50 years since date of initial publication
Nanjing Winking	Winking <i>Unearthing Mars</i> VR game software V1.0	PRC	2017SR677981	31 August 2016	50 years since date of initial publication
Nanjing Winking	Asset optimization tool PC software for three-dimensional model of art V1.0	PRC	2020SR0058615	31 August 2019	50 years since date of initial publication
Nanjing Winking	Winking <i>Polygon capture and output</i> software for 3D model making V1.0	PRC	2020SR0408438	8 June 2020	50 years since date of initial publication

GENERAL INFORMATION ON OUR GROUP

Registered Owner	Nature and description	Territory	Application number/ registration number	Date of initial publication	Validity period
Nanjing Winking	Winking Fast rendering system of 3D model image V1.0	PRC	2020SR0408391	23 July 2019	50 years since date of initial publication
Nanjing Winking	Winking Detection software for rapid reconstruction of 3D model surface V1.0	PRC	2020SR0408385	13 July 2019	50 years since date of initial publication
Nanjing Winking	Winking model material patch software V1.0	PRC	2020SR0408379	18 August 2019	50 years since date of initial publication
Nanjing Winking	Winking 3D model edge thinning processing software V1.0	PRC	2020SR0409179	22 September 2018	50 years since date of initial publication
Nanjing Winking	Winking 3D modelling process optimization system V1.0	PRC	2020SR0409137	9 August 2019	50 years since date of initial publication
Nanjing Winking	Winking 3D animation effect filter rendering software V1.0	PRC	2020SR0408421	9 June 2018	50 years since date of initial publication
Nanjing Winking	Winking Edge Colouring Software for 3D Animation Model Rendering V1.0	PRC	2020SR0415658	23 November 2018	50 years since date of initial publication
Nanjing Winking	Winking Software for editing background image of 3D animation environment V1.0	PRC	2020SR0414422	20 October 2017	50 years since date of initial publication
Nanjing Winking	Winking 3D surface material rapid endowing and managing system V1.0	PRC	2020SR0414889	30 July 2019	50 years since date of initial publication
Nanjing Winking	Winking Multithread real-time rendering system V1.0	PRC	2020SR0414893	30 October 2019	50 years since date of initial publication
Nanjing Winking	Winking Intelligent colour matching auxiliary system for animation production V1.0	PRC	2020SR0415682	10 July 2018	50 years since date of initial publication
Nanjing Winking	Winking Fuzzy Control Software for 3D Rendering V1.0	PRC	2020SR0415485	20 December 2019	50 years since date of initial publication
Nanjing Winking	Winking 3D Model Interchange Tool Software V1.0	PRC	2020SR0415599	11 October 2019	50 years since date of initial publication
Nanjing Winking	Winking 2D animation slicing software V1.0	PRC	2020SR0416109	20 October 2018	50 years since date of initial publication

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Registered Owner	Nature and description	Territory	Application number/ registration number	Date of initial publication	Validity period
Nanjing Winking	High-quality docking software for QML special format of Quartz scene based on Maya tools V1.0	PRC	2021SR0595977	8 May 2020	50 years since date of initial publication
Nanjing Winking	Winking High-precision fine-tuning software for role motion capture data V1.0	PRC	2021SR0595978	15 October 2021	50 years since date of initial publication
Nanjing Winking	Winking automatic import software of game resource identification based on neural network V1.0	PRC	2021SR0595992	23 February 2021	50 years since date of initial publication
Nanjing Winking	Winking application software of virtual character facial expression modelling V1.0	PRC	2021SR0595993	7 December 2020	50 years since date of initial publication
Nanjing Winking	WKAnimChecker_ Automatic specification checking tool software based on high specification production requirements V1.0	PRC	2021SR0595994	8 May 2019	50 years since date of initial publication
Nanjing Winking	WKAnimManager_ Tool system for intelligent management of action resources and automatic format conversion V1.0	PRC	2021SR0595995	5 December 2019	50 years since date of initial publication
Nanjing Winking	Maya Xgen Hair data tool software V1.0	PRC	2021SR0596581	3 January 2020	50 years since date of initial publication
Nanjing Winking	UnityPlanarReflection_ Unity URP planar reflection plug-in software V1.0	PRC	2021SR0596582	5 December 2018	50 years since date of initial publication
Shanghai Wishing	Shooting Fever App game software V1.0.6	PRC	2014SR096334	2 November 2011	50 years since date of initial publication
Shanghai Wishing	Kano App game software V1.04.011	PRC	2014SR095013	15 March 2014	50 years since date of initial publication
Shanghai Wishing	Saint Woman Hymn game software (worldwide version) V1.0	PRC	2016SR290230	Unpublished	50 years since date of initial publication
Shanghai Wishing	Cantianli online game software V1.0	PRC	2011SR087611	Unpublished	50 years since date of initial publication
Shanghai Wishing	Chapters Beyond Cantianli-Gods game software V1.1.14	PRC	2014SR095008	11 October 2013	50 years since date of initial publication

GENERAL INFORMATION ON OUR GROUP

Registered Owner	Nature and description	Territory	Application number/ registration number	Date of initial publication	Validity period
Shanghai Wishing	Wishing Fantasy Legend online game software V0.5	PRC	2009SR053053	Unpublished	50 years since date of initial publication
Shanghai Wishing	Wishing legendary software V1.0	PRC	2011SR026349	Unpublished	50 years since date of initial publication
Shanghai Wishing	Lingshi Network Tianlu game software V1.0	PRC	2016SR404935	30 January 2015	50 years since date of initial publication
Shanghai Wishing	Wishing Football battle online game software V1.0	PRC	2008SR04252	28 December 2007	50 years since date of initial publication
Shanghai Wishing	Wishing Tianguan Wars online game software V1.0	PRC	2008SR02683	28 December 2007	50 years since date of initial publication

Patents

As at the Latest Practicable Date, we have registered the following patent:

Description	Patent number	Registered owner	Date of application	Authorisation date	Place of registration	Duration of right
Doll (Peace)	ZL201630097046.X	Shanghai Wishing	29 March 2016	3 August 2016	PRC	10 years since date of application

Web Domains

As at the Latest Practicable Date, the following domain names are owned by our Group:

Web domain	Registered owner	Registration date	Expiry date
winkingworks.com	Shanghai Winking	15 February 2006	12 February 2025
winkingstudios.com	Taiwan Winking	7 April 2023	7 April 2024
winkingcorp.com	Taiwan Winking	25 February 2020	25 April 2024
winkingart.com	Shanghai Winking	26 January 2015	26 January 2025
heroineanthem.com	Taiwan Winking	12 March 2016	12 March 2024
thexaoc.com	Taiwan Winking	7 May 2015	7 May 2024

STAFF TRAINING

We believe that employees are an invaluable resource given the nature of the business. Our workforce undergoes a rigorous recruitment process followed by continuous training conducted in-house or by external instructors. We place a strong emphasis on staff training and development to maintain a competent workforce so as to ensure that the services rendered by our Group are of a high and consistent standard.

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For all new employees of our Group, we will conduct a comprehensive induction programme which is catered according to their level of seniority and designation. The induction programme will cover aspects such as orientation of our studios, safety at our workplace and security and privacy of our art assets and clients' communications.

Given the large intake of new employees annually, we have designed a comprehensive basic training programme targeted specifically for our junior employees to enable them to integrate effectively into our Group and be effectively equipped with the knowledge and skills to utilise the software and tools necessary for the course of their work. Newly hired junior employees will have to undergo this basic training programme which comprises classes by our senior and experienced employees and on-the-job training guided by their seniors or project managers. During the basic training programme, we will also make adjustments to the training based on the specific needs and level of technical capability of each individual. We continuously enhance and improve our basic training programme based on the changes in technology, software and the technical foundation of our employees that they picked up in their undergraduate coursework so that they will be able to commence work immediately on projects. We are also actively engaged in receiving feedback from our employees, educational institutions and industry experts in order for us to keep up with the developments in the ecosystem of our industry to remain as one of the preferred employers in the industry.

We provide specialised or advanced training tailored to the needs of our employees in different specialisations, such as 2D art, 3D art and animation, conducted by our senior employees or external instructors. This allows our employees to continuously upgrade their technical skills, be kept up to date with new technology, software and/or know-how and to promote their professional development. This ensures that our employees' technical capabilities continue to stay relevant to our industry and to create optimal and visually appealing art assets to meet the stringent standards and demands of our customers.

We also send some of our employees to attend industry conferences, seminars and trade shows globally. This may include the Game Development Conference held in San Francisco, California, the USA and the External Development Summit held in Vancouver, Canada. Attendance at such events enables our employees to gain industry specific know-how and insight, keep themselves informed of the latest developments in technology and in the gaming industry, and form new business relationships from meeting and interacting with others in our industry.

Depending on their performance and responsibilities, we also select certain of our managerial-level employees, such as our project leaders, for external training to hone their management skills and promote their long-term career development.

GENERAL INFORMATION ON OUR GROUP

INSURANCE

As at the Latest Practicable Date, we maintain the following comprehensive insurance policies to cover, amongst others, our risks relating to:

- commercial fire insurance and business interruption insurance;
- group insurance for certain of our employees; and
- property insurance.

Based on the overall assessment of the operating risk for our present business operations, we are of the view that as at the Latest Practicable Date, our insurance coverage is adequate and is in line with industry practice. As our business expands, we will continue to regularly review and assess our risk portfolio and adjust our insurance coverage based on our needs and industry practice.

COMPETITION

According to the Independent Market Report, the global game art outsourcing industry is fragmented, given that most market players are small independent studios. While some game art outsourcing studios grew larger by way of merging with and/or acquiring other studios, most art outsourcing studios do not have the capabilities to provide a comprehensive suite of art outsourcing services to clients. Hence, leaders in the art outsourcing industry, such as our Group, typically boast a comprehensive range of art outsourcing services that would meet the demand of various game companies in Asia, Europe and North America.

In terms of headcount, in 2022, 51.0% of the game art outsourcing studios have fewer than 50 employees and only 22.0% have more than 250 employees. From an annual revenue perspective, approximately 38.0% of studios generate less than US\$1 million, while approximately 15.0% of studios recorded revenue of above US\$10 million.

Types of art outsourcing studios and global market leaders

There are primarily four types of game art outsourcing studios:

(a) Vertical game art outsourcing studios

Vertical game art outsourcing studios, such as our Group, concentrate on serving game companies with art outsourcing services by leveraging on their greater understanding of game art and also on their deeper understanding towards game companies' requirements.

(b) 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. They generally have a deeper understanding of the gaming industry and can better cooperate with the development teams.

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(c) 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 top-notch special effects, contributing to the client’s marketing campaigns. An example of such a studio would be Original Force.

(d) 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.

Competitiveness of the Art Outsourcing Industry Landscape in Asia

Our Group’s total game art outsourcing revenue amounted to US\$22.0 million, ranking third among all Asian game art outsourcing studios in 2022. Virtuos and Original Force were the top two game art outsourcing studios headquartered in Asia in terms of global game art outsourcing revenue, while our Group is ranked third globally.

The following table and chart illustrate the top five players in the Asian market in 2022.

Top five game art outsourcing studios in Asia, in terms of global revenue of game art outsourcing, 2022

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	Virtuos ⁽¹⁾	Singapore	44.6	8	3,000	1,500
2	Original Force ⁽²⁾	PRC	39.0	3	2,000	1,400
3	Our Group	Singapore	22.0	3	700	600
4	Sheer ⁽³⁾	PRC	16.7	1	1,200	800
5	Pole To Win ⁽⁴⁾	Japan	13.5	20	2,600	390

Source: Industry Consultant (September 2023)

Notes:

- (1) Virtuos is an 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) Sheer is a Chinese company founded in the 2000s that focuses on game art solutions.
- (4) Pole To Win is a Japanese company founded in the late 2000s that offers game art, localisation and audio production services for video games.

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As at the date of this Offer Document, none of our Directors, Substantial Shareholders, Executive Officers or their associates has any interest, indirect or direct, in any of the abovementioned competitors.

We compete, apart from pricing, on our long-term and close relationships with some of our customers and suppliers, the quality of our services and products, customer service, reputation and responsiveness. Please refer to the section entitled “*General Information on Our Group – Competitive Strengths*” of this Offer Document for further information.

COMPETITIVE STRENGTHS

Our Directors believe that our continuing success is attributable to the following competitive strengths.

Proven capabilities in art outsourcing and game development underpinned by our comprehensive game development knowledge and expertise and strong data security management system

Our Group’s primary capabilities are in relation to the provision of quality art outsourcing services for the game development industry. Our customers in our Art Outsourcing Segment comprise many well-known and prominent 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. We have, through our over 25 years of operating history, built a strong reputation for the quality of our services and work in this respect. We have a reputable brand and our ability and competence are well-recognised in the industry, as evidenced by our collaboration with 19 of the top 25 game development companies.

As an art outsourcing service provider, our Group is able to offer a full suite of art asset creation services, covering 2D character art and scene art, 3D modelling, animation and other related game art assets, which we believe has in turn allowed us to establish ourselves as a leading art outsourcing service provider not only in Asia but globally as well.

Notwithstanding our focus on art outsourcing services, as an end-to-end game development studio, we are 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 our operations in 2004 and given our initial focus on game development before we subsequently established our standalone Art Outsourcing Segment. Our familiarity with and ability to conceptualise, design, develop and test games under the same roof give us an understanding of our customers’ requirements from the entire game development perspective, which enables us to better serve them even within the specific scope of art outsourcing services which in turn gives us a competitive edge over our competitors which are pure art outsourcing companies.

Further, our Group has an established partnership with three of the major game publishing platforms, namely, Sony, Microsoft and Nintendo, which is a testament to the degree of our Group’s reputation in the game development and art outsourcing industries as compared to many of our competitors. Our 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 our Group’s reputation and profile with our 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.

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In addition, as the game development industry places a key emphasis on confidentiality, our 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. This is also a key aspect of our art outsourcing and game development capabilities.

Established multi-market presence with a far-reaching network and steady relationships with our customers

According to the Independent Market Report, in terms of global revenue of game art outsourcing in 2022, our Group ranked third in Asia and fourth in the world, ahead of most of our competitors in Japan, Hungary and the USA. With offices and teams predominantly based in Singapore, Taiwan and the PRC, and connections to various contacts in the industry in Taiwan, Hong Kong, the PRC, the USA and South Korea, we are able to tap on additional business and growth opportunities in these markets, putting us at a competitive advantage over our competitors with a more regional focus. Further, while our major competitors may place a greater focus on the European and North American markets, we plan to retain and further strengthen our presence in Asia and capitalise on the prospects and trends in the Asian market in the near and medium term, particularly since demand for art outsourcing services in the Asian market is high, with the market size of the art outsourcing industry in APAC increasing from US\$0.8 billion in 2017 to US\$2.3 billion in 2022, registering a CAGR of 23.0% between 2017 and 2022 and which is projected to reach US\$4.5 billion in 2027 with a CAGR of 14.4%. At the same time, we plan to continue expanding our operations to the North American market.

Our presence in multiple markets has allowed us to cultivate long-term and stable working relationships with our customers from various regions, including the PRC, Japan, Korea, USA and Europe, some of whom are leading game development companies with hit games and larger budgets for follow-up game development which our Group would be engaged to assist with, and with which our Group has been providing our services to since 2008. Based on the Independent Market Report, with many years of operation and engagement with top game developing companies, our Company has proven our ability and capacity to cooperate with them successfully in various projects and has established long-term working relationships with 19 of the top 25 game companies globally.

Committed and strong management team with deep sector expertise, guided by experienced board of directors and supported by our skilled and experienced staff

We have an experienced management team with in-depth industry knowledge in art outsourcing and game development. Our senior management team is led by our Executive Chairman and CEO, Mr. Johnny Jan, who has over 25 years of experience in the art outsourcing and game development fields. He is supported by our Group CFO, Mr. Oliver Yen, who has over 28 years of finance and management experience, with more than 20 years' experience in the game development and game publishing industry. Our Executive Officer, Ms. Tina Li, has acted as general manager of Nanjing Winking for over 12 years, having amassed experience as an art designer in other game development companies previously. Our senior management team possesses extensive industry experience, in-depth understanding of market trends and rich operational expertise that enable us to adapt in a competitive landscape. Their strong business vision and execution capabilities have led to a proven track record of successfully completed projects. For further information on these projects, please refer to the section entitled "*General Information on our Group – Art Outsourcing and Game Development Projects Undertaken by our Group*" of this Offer Document.

GENERAL INFORMATION ON OUR GROUP

Our senior management team is also supported by our skilled and experienced team of artists and designers who are able to serve our customers to a high standard of service and address their concerns and needs in terms of the art assets which we create. Our project team members are also able to respond to our customers in a timely manner, and adhere to tight project timelines and schedules.

We are also majority owned by Acer Gaming which has an extensive network of relationships in the game development and art outsourcing industries, as well as an in-depth understanding of the gaming industry in Asia. Acer Gaming is part of the Acer group of companies, which has a strong presence globally. We anticipate that we may continue to leverage on our affiliation with Acer Gaming and Acer to strengthen and broaden our business across the region and internationally, by tapping into new business opportunities and via the recruitment of talents introduced to us by Acer Gaming and Acer.

Our Board comprises five Directors, led by our Executive Chairman and CEO, Mr. Johnny Jan. Alongside him, all of our Independent Directors and our Non-Executive Director bring with them a wealth of experience in various directorship and management roles, including management of listed companies in various fields. Please refer to the section entitled “*Directors, Executive Officers and Employees – Directors*” of this Offer Document for further details of the experience and expertise of our Directors.

We have an effective human resources management system and structure

Our Group’s past track record and success are dependent on the technical capabilities, talent and dedication of our pool of qualified employees. As our Group operates in an industry which is dependent on our employees, we have adopted various measures and a proven structure to continue to attract and increase our 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 our Group are of a high and consistent standard. Further details are set out in the sections entitled “*General Information on our Group – History*”, “*General Information on our Group – Business Overview*” and “*General Information on our Group – Staff Training*” of this Offer Document.

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

Our existing human resource management system and structure have allowed us to effectively manage our large number of employees which are the key assets of our Group. Our Group will continue to enhance our human resource management system to stay relevant and we believe that we are able to replicate such structure as we continue to expand our operations moving forward.

GENERAL INFORMATION ON OUR GROUP

INDUSTRY OVERVIEW

The following section has been extracted from the Independent Market Report. While the Industry Consultant has provided its consent to the inclusion of its name and all references thereto and the Independent Market Report in the form and context in which they are included in this Offer Document, the Industry Consultant has not provided its consent to the inclusion of the information extracted from the Independent Market Report as set out in the following section, and is therefore not liable for such information under Sections 253 and 254 of the SFA. While we and the Sponsor and Issue Manager have taken reasonable steps to ensure that the information from the Independent Market Report is reproduced in its proper form and context and that the information is extracted accurately and fairly from the Independent Market Report, none of us, the Sponsor and Issue Manager or any of our/their respective affiliates or advisors have conducted an independent review of the information or verified the accuracy or completeness of such information. Please refer to the section entitled “Appendix D – Independent Market Report of the Industry Consultant” to this Offer Document for the full text of the Independent Market Report, as well as the section entitled “Cautionary Note Regarding Forward Looking Statements” of this Offer Document.

OVERVIEW OF THE GLOBAL GAMING INDUSTRY

Definition and categories of games

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

(a) Console games

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

(b) PC games

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.

(c) Mobile games

Mobile games can be played on smartphones and tablets and usually are in the form of application games or H5 games, which are more accessible to players.

As for classification based on game genres, games can be categorised into RPG, FPS etc.

GENERAL INFORMATION ON OUR GROUP

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	H5 games
Development cycle	<ul style="list-style-type: none"> More than five years 		<ul style="list-style-type: none"> Downloaded/boxed games take more than two years Browser games take half a year 		<ul style="list-style-type: none"> Less than a year 	
Compatibility	<ul style="list-style-type: none"> Console games have poor hardware compatibility 		<ul style="list-style-type: none"> Browser games have better hardware compatibility 		<ul style="list-style-type: none"> Mobile games have the best compatibility compared to other two types of games 	
Playtime by players	<ul style="list-style-type: none"> Relatively longer playtime on hit console games as compared to the majority of mobile games 		<ul style="list-style-type: none"> Approximately three hours on downloaded/boxed games per day Approximately 45 minutes on browser games per day 		<ul style="list-style-type: none"> More fragmented Approximately 30 minutes per day 	

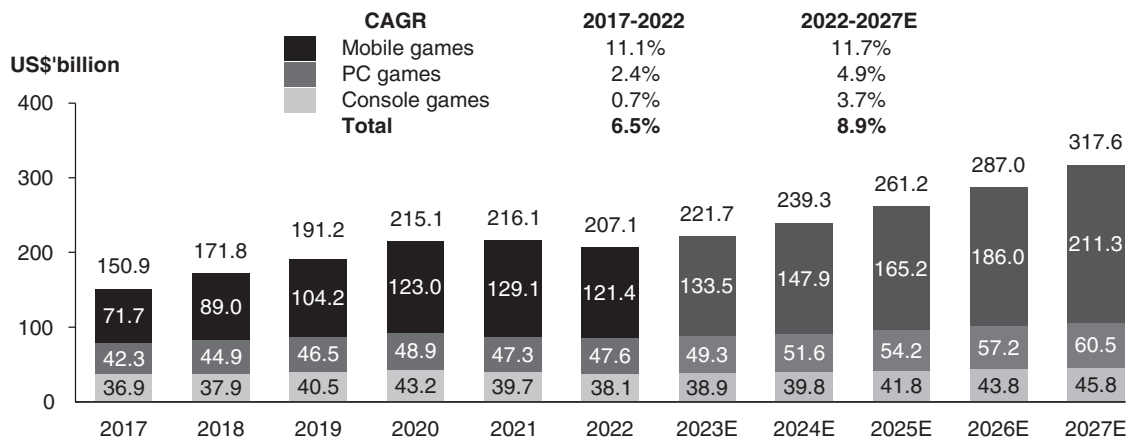
Source: Industry Consultant (September 2023)

Market size of the global gaming industry

The global gaming industry generated US\$207.1 billion in revenue in 2022, increasing from US\$150.9 billion in 2017, representing a CAGR of 6.5% between 2017 and 2022. 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. However, the production of gaming hardware and the launch of new games also faced supply challenges, as the shortage of semiconductor chips impacted the supply of GPUs and other gaming hardware which adversely affecting the global PC and console gaming industry in 2021 and 2022. 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 will accelerate 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\$317.6 billion in 2027, registering a CAGR of 8.9% between 2022 and 2027. The mobile gaming industry is expected to continue to lead the overall global gaming industry with a CAGR of 11.7% between 2022 and 2027.

GENERAL INFORMATION ON OUR GROUP

The size of the global gaming industry, in terms of revenue, by platform, 2017-2027E



Source: Industry Consultant (September 2023)

The global gaming industry saw a decline in 2022, with the APAC gaming industry experiencing its greatest decline in 2022 mainly due to certain policies implemented by the PRC government. For instance, in 2021, the PRC government halted the issuance of approvals for the release of new games, which lasted for eight months and introduced a range of limitations on games for minors, resulting in the closure of many small and medium-sized game-development companies in the PRC. This resulted in an approximate decline of US\$5.7 billion in revenue in the PRC gaming industry in 2022. As the PRC has since resumed issuing licences for new games in 2022, the future outlook of the PRC's gaming industry appears to be positive.

The North America and EMEA populations are adjusting to a post-pandemic life where there is a resumption of a wider range of leisure activities apart from games. The size of the gaming industry in these two regions declined slightly in 2022, in response to the adjustment in lifestyle. Another reason for the overall decline was that the economy took a downturn which limited gamers' purchasing power in 2022. However, as many countries are raising interest rates to counter inflation, it is expected that the global economy's gradual recovery is on track⁴. Moreover, the gaming industry is often resilient to recessions due to its diversified monetisation methods and the relative affordability of games. The acceptance and normalisation of gaming lifestyles have also contributed to the long-term development of the global gaming industry.

⁴ Information obtained from a report titled "World Economic Outlook, April 2023: A rocky recovery" published by the International Monetary Fund <<https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>> (last accessed on 18 July 2023). The International Monetary Fund has not provided consent, for the purposes of Section 249 of the SFA, to the inclusion of the above information in this Offer Document and is therefore not liable for such information under Sections 253 and 254 of the SFA. While we and the Sponsor, Issue Manager and Placement Agent have taken reasonable actions to ensure that the above information has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly, none of us and the Sponsor, Issue Manager and Placement Agent or any other party has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

GENERAL INFORMATION ON OUR GROUP

Value chain of the global gaming industry

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 the gamers and the market.

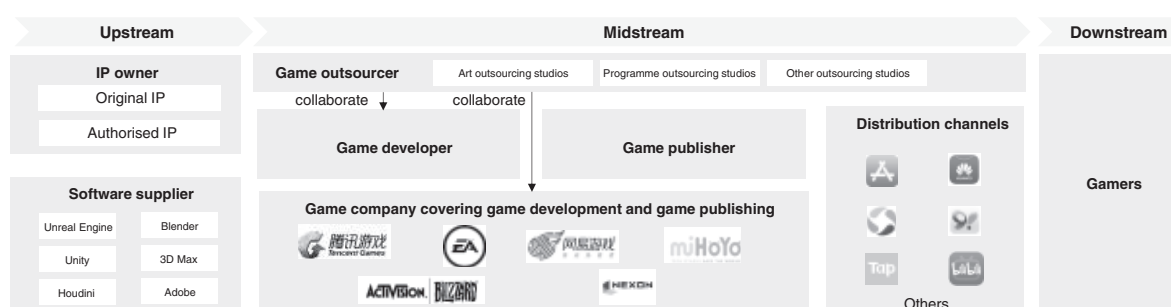
Game publishers

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.

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



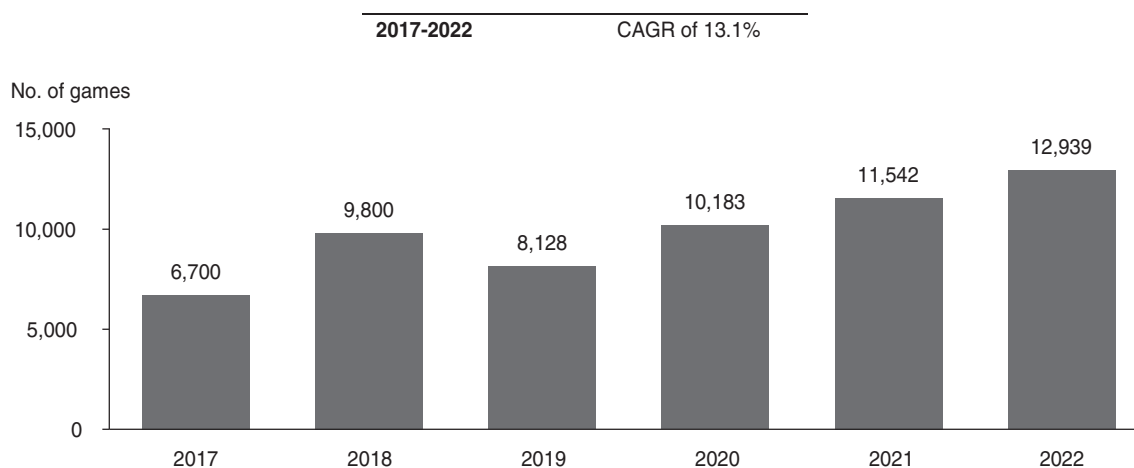
Source: Industry Consultant (September 2023)

GENERAL INFORMATION ON OUR GROUP

Number of newly launched games and gamers globally

In 2022, the total number of available console games on Switch, PlayStation 4, PlayStation 5, Xbox One and Xbox X/S amounted to approximately 28,000 titles. For PC games, Steam, a digital distribution platform for PC games, had launched approximately 12,713 games in 2022 which represented an increase of over approximately 6,000 games since 2017.

Number of new games launched on Steam, 2017-2022



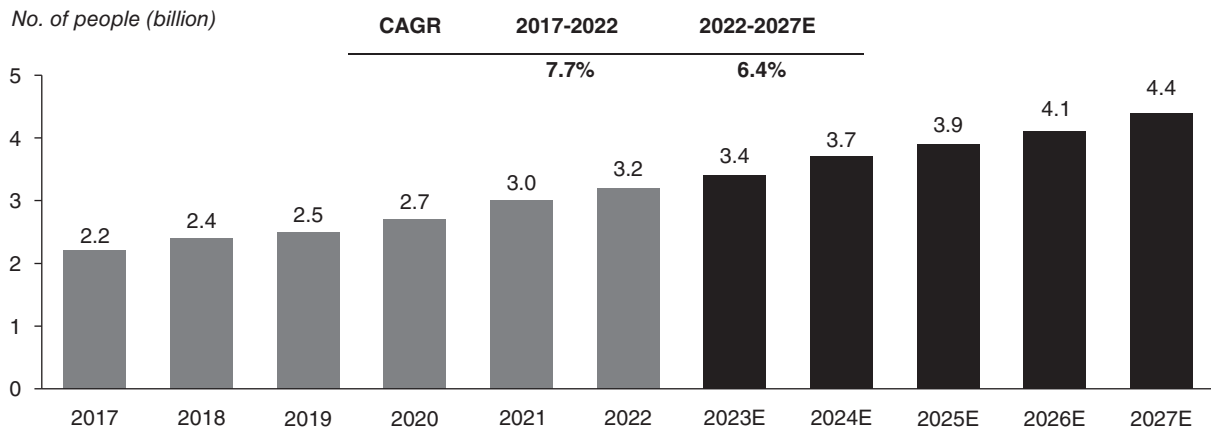
Source: Industry Consultant (September 2023)

Globally, the number of gamers increased from 2.2 billion in 2017 to 3.2 billion in 2022. 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 4.4 billion by 2027, representing a CAGR of 6.4% between 2022 and 2027. According to the Independent Market 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.

GENERAL INFORMATION ON OUR GROUP

Number of gamers globally, 2017-2027E



Source: Industry Consultant (September 2023)

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

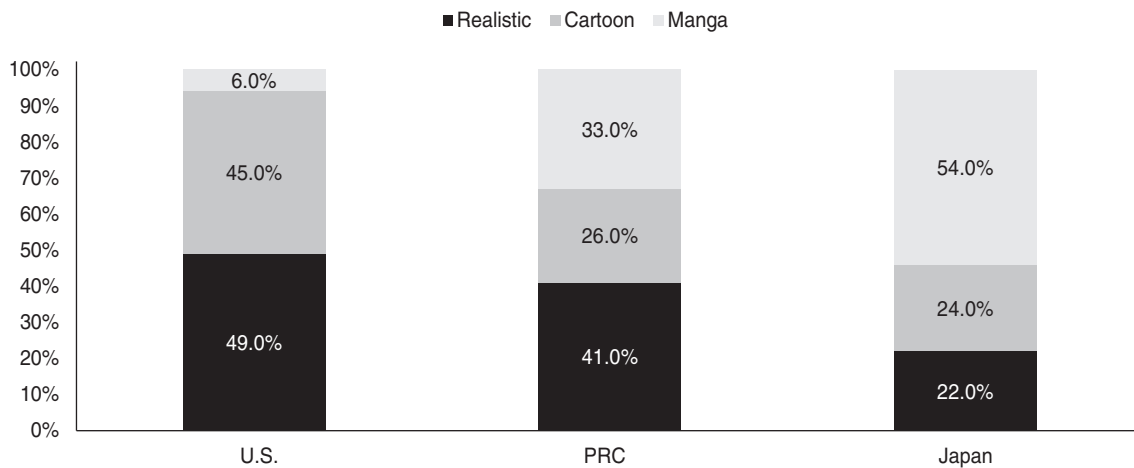
Game art can be categorised into concept art, UI art, model art, animation and visual effects.

- (i) Concept art refers to character and environment sketches, which can determine the art style of the game;
- (ii) UI art focuses on creating visual cues that help gamers follow the intended course of action in any given game;
- (iii) Model art includes character modelling, prop modelling and environment modelling to develop all the 3D components;
- (iv) Animation is about bringing movements to the components, usually developed based on 3D and animation programmes; and
- (v) Visual effects refer to the inclusion of special effects in the game, such as explosion effects or interaction effects, amongst others.

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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 the PRC, 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, 2021



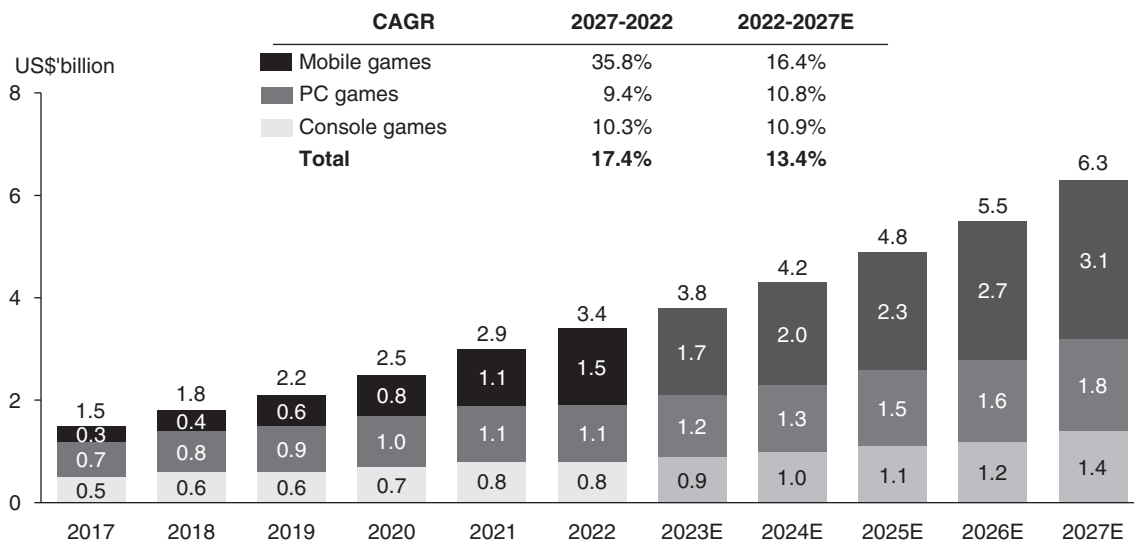
Source: Industry Consultant (September 2023)

Market size of the global game art outsourcing industry

The global game art outsourcing market size increased from US\$1.5 billion in 2017 to US\$3.4 billion in 2022, indicating a CAGR of 17.4% from 2017 to 2022. The mobile sector of the global game art outsourcing industry has registered the highest CAGR between 2017 and 2022 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 9.4% and 10.3% respectively between 2017 and 2027. 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\$3.1 billion in 2027 and registering a CAGR of 16.4% between 2022 and 2027. The PC and console sectors will continue their current growth momentum with a CAGR of 10.8% and 10.9%, respectively, between 2022 and 2027.

GENERAL INFORMATION ON OUR GROUP

Market size of the global game art outsourcing market, by platform, 2017-2027E

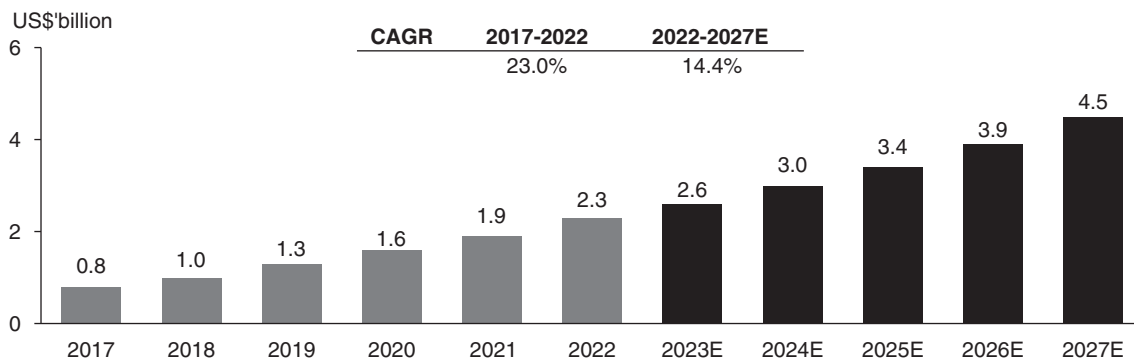


Source: Industry Consultant (September 2023)

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 partner 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%.

Our Group realises this opportunity within APAC and has plans to establish subsidiaries within the Asia region. This will allow us to utilise local talents and tap into the potential customer bases in these countries or regions, while capitalising on the prospects and growth trends within APAC. We have established our headquarters in Singapore to position ourselves advantageously for such growth potential within APAC. For further details relating to our future plans, please refer to the section entitled “General Information on Our Group – Business Strategies and Future Plans – Enhance our presence globally to capture market opportunities” of this Offer Document.

Market size of APAC’s game art outsourcing market, 2017-2027E⁵



Source: Industry Consultant (September 2023)

⁵ The classification of geographical distribution was dependent on the location of the headquarters of the respective game publishing companies.

GENERAL INFORMATION ON OUR GROUP

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.

(a) 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.

(b) 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.

(c) 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.

(d) Follow-up

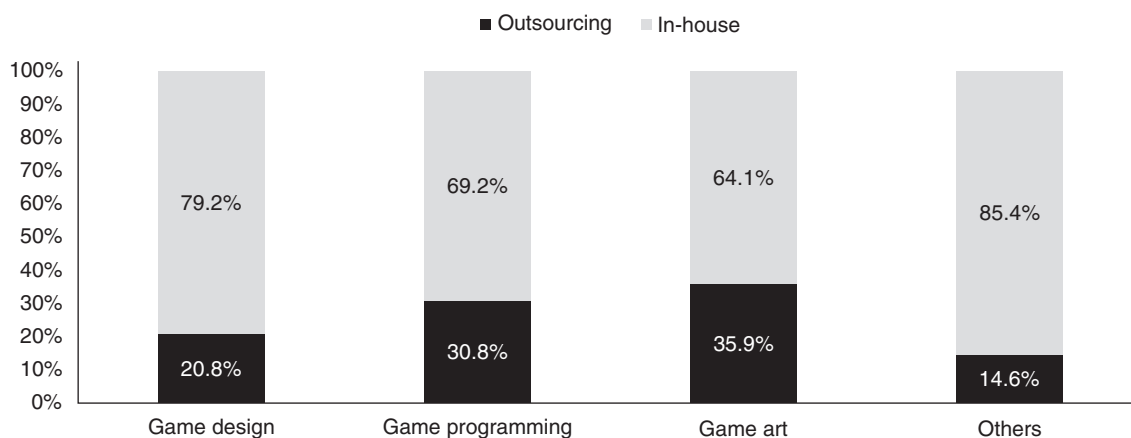
After a game is launched, updates are usually required as some bugs are discovered or when new game characters/environments are introduced to prolong the life cycle of the game. Since gamers may have already completed the game, game developers will also regularly release updates to meet the technical 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 taps on 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 2022.

GENERAL INFORMATION ON OUR GROUP

Global outsourcing penetration of game development market, 2022



Source: Industry Consultant (September 2023)

Global game development expenditure

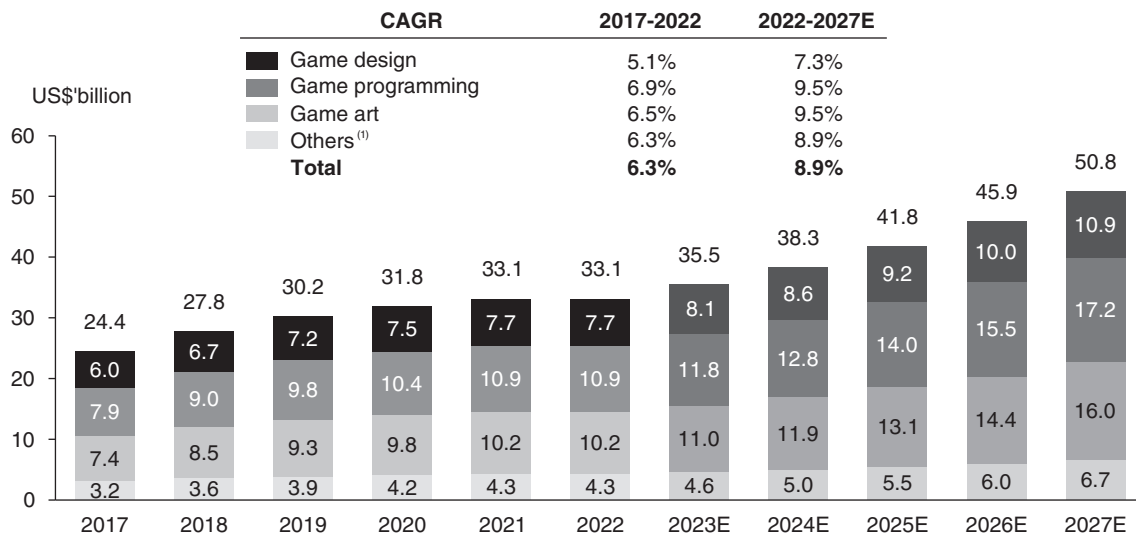
Game development expenditure mainly relates to, *inter alia*, game design, game programming and game art. Game design expenditure mainly involves the development of the story background, gameplay and game interaction. Game programming refers to the use of computer programming languages to implement logic 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\$24.4 billion in 2017 to US\$33.1 billion in 2022, registering a CAGR of 6.3% between 2017 and 2022. However, the global game development expenditure relating to game programming and game art is expected to register a higher CAGR of 9.5% between 2022 and 2027, reaching US\$17.2 billion and US\$16.0 billion, respectively by 2027. The Independent Market 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\$50.8 billion in 2027, registering a CAGR of 8.9% between 2022 and 2027.

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

GENERAL INFORMATION ON OUR GROUP

Global game development expenditure, by type, 2017-2027E



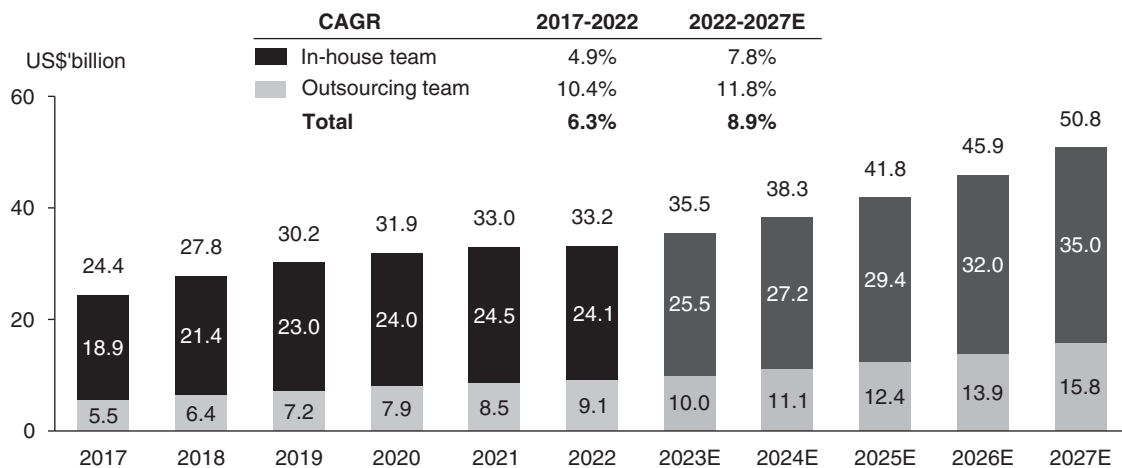
Note:

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

Source: Industry Consultant (September 2023)

Game development can be handled by an in-house team or be outsourced to external service providers, such as our 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\$5.5 billion in 2017 to US\$9.1 billion in 2022, registering a CAGR of 10.4%. This figure is expected to grow to US\$15.8 billion by 2027, registering a CAGR of 11.8% from 2017 to 2027, owing to the increasing scope and complexity of games.

Global game development expenditure, by type, 2017-2027E



Source: Industry Consultant (September 2023)

GENERAL INFORMATION ON OUR GROUP

PROSPECTS

Going forward, in light of our competitive strengths and barring any unforeseen circumstances, our Directors are confident that the outlook for our business and financial prospects for the next 12 months from the Latest Practicable Date is expected to remain positive in view of the following trends and developments:

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. Specifically, as gamers are growing more accustomed to aesthetically pleasing media depicting high-quality visual effects and gaming experience, they will naturally expect a higher standard in terms of gaming graphics alongside improved game stories and modes of interaction. For instance, 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. Our Group, through various notable projects with leading game companies over the years, has honed and improved our knowledge and technical competencies of such game development engines, and has received several awards on our art designs and animation. Please refer to the section entitled “*General Information on our Group – Awards*” of this Offer Document for further details on the awards received by our Group.

As set out in the Independent Market Report, game development expenditure reached US\$33.1 billion in 2022 which is an increase from US\$24.4 billion in 2017, representing a CAGR of 6.3%. Correspondingly, game art expenditure recorded US\$10.2 billion across all categories of game development and is expected to increase to US\$16.0 billion in 2027, representing a CAGR of 9.5% from 2022 to 2027. In addition, the top 25 game companies accounted for 71.4% of the revenue for the global gaming industry in 2022. Our Group, as a renowned art outsourcing company, has been recognised by way of cooperation with 19 of the top 25 game companies. Given game development companies' pursuit of higher quality graphics, our Group's established track record and experience with working with top game developers will ensure that we are well-positioned to continuously receive orders from them.

GENERAL INFORMATION ON OUR GROUP

Growing demands of Asian game companies for art outsourcing services

Asian game companies in the PRC, 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.

According to the Independent Market Report, 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. The art outsourcing market in APAC is projected to reach US\$4.5 billion in 2027 with a CAGR of 14.4%. Our Group recognises the potential for art outsourcing in APAC and hence has planned to establish overseas subsidiaries and offices, especially in the Asia region such as Malaysia, the Philippines and Indonesia. In this regard, we have established our headquarters in Singapore to position ourselves for such growth potential in the region. Please refer to the section entitled “*General Information on Our Group – Business Strategies and Future Plans – Enhance our presence globally to capture market opportunities*” of this Offer Document for further information.

Shorter development cycles by game developers for launch of new games

According to the Independent Market Report, 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. As such, increasingly more game development companies would accelerate the game development process and launch more games within a shorter period of time. However, game developers would 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 our 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.

Our Directors believe that our Group’s expertise in both art outsourcing and game development industries and the long-standing relationship with reputable game developers will allow us to continue to be one of the preferred vendors that our customers would choose to work with.

TREND INFORMATION

Our Directors have observed the following trends for the next 12 months from the Latest Practicable Date:

- (a) we expect our revenue to increase in line with higher demand for our services across all three business segments, especially with our Art Outsourcing Segment and Game Development Segment. According to the Independent Market Report, it was noted that:
 - (i) increasingly, game developers are more focused on the quality of graphics and gameplay experience;
 - (ii) more cross-platform games are being developed to maximise outreach to players; and

GENERAL INFORMATION ON OUR GROUP

- (iii) leading companies within the gaming industry would extend the life cycle of their games to generate revenue from them. For instance, they may introduce new characters, environment and props and would typically re-engage the art outsourcing studios whom they collaborated with previously;
- (b) we expect our financial results and financial position for FY2023 to be affected by the ongoing compliance costs of a public listed company, as well as the expenses recorded in our financial statements in respect of a portion of our listing expenses incurred in connection with the Placement and the issuance of the Cornerstone Shares. For more information, please refer to the section entitled “*Use of Proceeds and Expenses*” of this Offer Document;
- (c) as with other businesses in the APAC region, we expect to face inflationary pressures and a general trend of increase in the cost of providing services, labour costs and rental; and
- (d) as set out in the section entitled “*General Information on our Group – Business Strategies and Future Plans*” of this Offer Document, we intend to expand our business through acquisitions, joint ventures, collaborations and/or strategic alliances. These expansion plans entail additional capital expenditures and depreciation expenses.

Save as disclosed above and in the sections entitled “*Risk Factors*”, “*Management’s Discussion and Analysis of Results of Operations and Financial Position*”, “*General Information on our Group – Business Strategies and Future Plans*”, “*General Information on our Group – Prospects*” and “*General Information on our Group – Trend Information*” of this Offer Document, the “*Independent Auditor’s Report and the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022*” and the “*Independent Auditor’s Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023*” as set out in Appendices A and B to this Offer Document, respectively, and barring any unforeseen circumstances, our Directors believe that there are no other significant recent known trends in the costs and prices of our products, or any other known uncertainties, demands, commitments or events that are reasonably likely to have a material and adverse effect on our revenue, profitability, liquidity and capital resources. They are also not aware of any such trends that would cause the financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial condition. For more information, please also refer to the section entitled “*Cautionary Note Regarding Forward Looking Statements*” of this Offer Document.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans for the growth and expansion of our business are as follows:

Enhance our presence globally to capture market opportunities

We intend to expand into overseas markets, including both developed and emerging markets, through which we hope to further tap into the growth potential of the global game outsourcing market, which has increased from US\$1.5 billion in 2017 to US\$3.4 billion in 2022, indicating a CAGR of 17.4% from 2017 to 2022 and is expected to further grow, with a projected CAGR of 16.4%, 10.8% and 10.9% in the mobile games, PC games and console games sectors from 2022 to 2027. Please refer to the section entitled “*Appendix D – Independent Market Report of the Industry Consultant*” to this Offer Document for further details. We expect to enhance our presence in global markets through leveraging our existing relationships with global game developers and our various stakeholders, such as our Controlling Shareholder’s network, our

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customers and the game publishing platforms with whom we have established relationships. In particular, we will increase our business development and marketing efforts in regions, such as the USA and Europe, which present potential growth opportunities for our Group to enhance our market shares either through new business relationships with potential customers or securing more projects from existing customers.

We also plan to establish overseas subsidiaries and offices in the relevant jurisdictions where we hope to grow our presence, especially in the Asia region such as Malaysia, the Philippines and Indonesia and enhance the existing office and supporting infrastructure. This will allow us to draw on local talents and tap into the potential customer bases in these countries, while capitalising on the prospects and growth trends in the Asia region. The market size of the art outsourcing industry in APAC has 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 and is projected to reach US\$4.5 billion in 2027 with a CAGR of 14.4%. Please refer to the section entitled “*Appendix D – Independent Market Report of the Industry Consultant*” to this Offer Document for further details. To that end, we have established our headquarters in Singapore to position ourselves for such growth potential in the region.

We intend to use approximately S\$1.0 million from the net proceeds raised from the Placement and the issuance of the Cornerstone Shares to fund the expansion of our operations globally, including establishing subsidiaries and offices and enhancing existing office and supporting infrastructure. Please refer to the section entitled “*Use of Proceeds and Expenses*” of this Offer Document for further details.

Pursue strategic acquisitions, joint ventures and strategic alliances to expand our scale and capabilities

To complement the above growth strategy of increasing our market presence globally, we are always on the lookout for suitable acquisitions, joint ventures and/or strategic alliances to grow our market share and/or to expand into new business that are complementary to our Group’s existing businesses and geographical areas that our Group does not currently have a presence in, in order to accelerate its growth to take advantage of market opportunities. Our Company will consider acquiring strategic businesses which bring value to our Group in terms of broadening our customer base, market penetration and/or service lines. We may also consider entering into joint ventures with industry leaders to develop our technical competencies. We have not identified any target for our strategic growth through mergers and acquisitions as at the Latest Practicable Date.

We intend to use approximately S\$2.2 million from the net proceeds raised from the Placement and the issuance of the Cornerstone Shares to fund any potential collaborations with strategic business partners and entry into acquisitions, joint ventures and/or strategic partnerships as described above. Please refer to the section entitled “*Use of Proceeds and Expenses*” of this Offer Document for further details.

Monitor and explore the use of AI and/or invest in AI-related companies or businesses to improve and expand our art outsourcing capabilities

With the rapid development of AI-technology globally, AI generated art has increasingly become more common and widespread. We aim to monitor the development of AI capabilities in the art outsourcing segment, research its potential applications, and explore the incorporation of AI-driven tools into our existing processes that will complement and/or enhance our current operational procedures and design processes so as to improve our efficiency and reduce operating costs. We are cognisant of the potential problems and risks that may be related to the

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use of AI-technology, such as a possible infringement or misappropriation of intellectual property rights, and will continue to work closely with our clients to mitigate and manage the impacts arising from such risks.

We intend to use approximately S\$1.2 million from the net proceeds raised from the Placement and the issuance of the Cornerstone Shares to explore the potential use of AI capabilities in our Art Outsourcing Segment as described above. Please refer to the section entitled “*Use of Proceeds and Expenses*” of this Offer Document for further details.

ORDER BOOK

Due to the nature of our business segments, we do not have an order book. We generally provide our services to our customers as and when they are required, when our customers place purchase orders in accordance with the terms and conditions of the agreements with us and these orders are typically fulfilled within one to three months. The agreements that we primarily enter into with our customers do not specifically commit to volumes, job orders or the aggregate contractual amounts. Our Group provides our services to our customers as and when they are required, when such customers place purchase orders in accordance with the overarching terms and conditions of the agreements. The timing for the issuance of the purchase orders by our Group’s customers is not fixed under the agreements. Our Group is principally engaged in the provision of customised services, which are not the subject of mass-market sales. Accordingly, our Group does not maintain an order book, and the concept of an order book is not relevant to our Group’s business.

CORPORATE SOCIAL RESPONSIBILITY

We view corporate social responsibility as both a responsibility and a competitive advantage. We recognise that we have an obligation towards our employees, investors, customers, suppliers, and the community as a whole. We believe our reputation, together with the trust and confidence of those with whom we deal with, is one of our most valuable assets. We seek to maintain our reputation and such trust and confidence, and we are committed to achieving long-term mutually sustainable relationships with our stakeholders.

Typically, we endeavour to organise, sponsor and/or participate in various social and community outreach programmes or events on an annual basis. In this regard, we had organised and/or sponsored the following programmes:

- (a) preparing Christmas presents for children in remote areas and underprivileged children in Taitung, Taiwan;
- (b) donating supplies to support Turkish residents in the aftermath of the earthquakes in February 2023;
- (c) volunteering at an early-intervention school for children and adolescents and at a nursing home for the elderly;
- (d) donations to orphan schools, welfare organisations and for causes such as the flood relief efforts in connection with the floods which occurred in Henan in July 2021;
- (e) donated computer and Internet equipment to students from underprivileged backgrounds; and

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- (f) implementing green initiatives at our workplace such as turning off power sources at the end of each work day, encouraging our employees to take public transportation to and from work and using electronic paperwork to avoid printing paper.

As part of our sustainability policy, we mainly use products with lower environmental impact. For instance, for the launch of new products, we have transited to fully electronic products without physical packaging, thereby cutting down on excessive packaging.

We will be required to disclose our corporate social responsibility policies with reference to the SGX-ST's Sustainability Reporting Guide, and our Board of Directors will establish a corporate social responsibility policy which will include the following areas of our Group's activities:

- (a) to review and recommend our Group's policy in respect of corporate social responsibility issues and any changes to the Sustainability Reporting Guide as introduced by the SGX-ST;
- (b) to review our Group's health, safety and environment policies and standards;
- (c) to review the social impact of our Group's business practices in the communities that we operate in;
- (d) to review and recommend policies and practices with regard to key stakeholders (such as suppliers, customers and employees); and
- (e) to review and recommend policies and practices with regard to regulators.

GOVERNMENT REGULATIONS

Our business operations are subject to the laws, regulations and/or rules which are of general application in the PRC, Taiwan, Hong Kong and Singapore, in which our 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 our Group.

PRC

Regulations Relating to Foreign Investment

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

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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 PRC State 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 PRC State 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.

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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 was abolished by the MOCT on 10 July 2019.

Regulations on the Administration of Internet Publishing Services

Since the Regulations on the Administration of Internet Publishing Services was promulgated by the State Administration of Press, Publication, Radio, Film and Television of the PRC (SAPPRFT) and MIIT of the PRC on 4 February 2016 and came into force on 10 March 2016, the Tentative Provisions for the Administration of Internet Publishing has been repealed. The Regulations on the Administration of Internet Publishing Services comprehensively regulate the activities related to online business, including licence, management, supervision and legal responsibilities of the network publishing service. The regulations stipulate that the content of the final publication of the network should be legal and specify the content of network publication which is prohibited.

Regulations relating to Labour and Safety

Employment

According to the PRC Labour Law, which was promulgated on 5 July 1994, became effective on 1 January 1995 and was amended on 27 August 2009 and 29 December 2018, workers are entitled to fair employment, choice of occupation, labour remuneration, leave, a safe workplace, a sanitation system, social insurance and welfare and certain other rights. The working time for workers may not exceed eight hours a day and no more than 44 hours a week on average. Employers shall establish and improve their work safety and sanitation system, educate employees on safety and sanitation and provide employees with a working environment that meets the national work safety and sanitation standards.

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The PRC Labour Contract Law (the “**Labour Contract Law**”) was promulgated on 29 June 2007, became effective on 1 January 2008, and was amended on 28 December 2012, and its implementation regulations were implemented on 18 September 2008. According to the Labour Contract Law, labour contracts must be executed in writing to establish labour relationships between employers and employees. Employees who fulfill certain criteria, including having continuously worked for the same employer for 10 years or more, may demand that the employer execute an unfixed-term labour contract. Wages paid by employers may not be lower than the local minimum wage standard. Both employers and employees must perform their respective obligations stipulated in the labour contracts. Where workers are dispatched by a staffing company, the staffing company is the employer and performs the legal obligations of an employer toward the dispatched workers, including, among others, entering into a labour contract with a fixed term of more than two years with the workers and paying remuneration for their labour. The staffing company must conclude a labour dispatch agreement with the entities that receive labour services. In the event of a violation of any legal provisions of the Labour Contract Law, administrative penalties may be imposed on employers by the competent PRC governmental authority in charge of labour administration, including warnings, rectification orders, fines, orders for payment of wages and compensation to employees, revocation of business licences and other penalties. An entity receiving workers from a staffing company may be held jointly and severally liable together with the staffing company in case harm is done to workers due to the entity receiving workers.

The PRC Employment Promotion Law, which became effective on 1 January 2008 and was amended on 24 April 2015, requires that individuals have equal employment opportunities, both in hiring and in employment terms, without discrimination on the basis of ethnicity, race, gender, religious beliefs, whether they have communicable diseases or whether they are resident in rural areas. Under this law, enterprises are also required to provide employees with vocational training. Administrative authorities at the county level or above are responsible for implementing policies to promote employment.

Pursuant to the PRC Social Securities Law, which was promulgated on 28 October 2010, became effective on 1 July 2011, and was amended on 29 December 2018, the Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums promulgated and implemented on 22 January 1999, and amended on 24 March 2019, the Interim Measures Concerning the Maternity Insurance of Employees of an Enterprise promulgated on 14 December 1994 and implemented on 1 January 1995, the Regulations on Occupation Injury Insurance, which was promulgated by the State Council on 27 April 2003 and became effective on 1 January 2004, as amended on 20 December 2010, and the Unemployment Insurance Regulations, which was promulgated by the State Council on 22 January 1999 and became effective on the same day, employers in the PRC must register with the relevant social insurance authority and make contributions to the pension insurance fund, basic medical insurance fund, unemployment insurance fund, maternity insurance fund and work-related injury insurance fund. Pursuant to the PRC Social Insurance Law, pension insurance, basic medical insurance and unemployment insurance contributions must be paid by both employers and employees, while work-related injury insurance and maternity insurance contributions must be paid solely by employers. An employer must declare and make social insurance contributions in full and on time. The social insurance contributions payable by employees must be withheld and paid by employers on behalf of the employees. Employers who fail to register with the social insurance authority may be ordered to rectify the failure within a specific time period. If the employer fails to rectify the failure to register within a specified time period, a fine of one to three times the payable premium may be imposed. If the employer fails to make social insurance contributions on time and in full, the social insurance collecting agency shall order the employer to make up the shortfall within the prescribed time period and impose a late payment fee amounting to 0.05% of the unpaid amount for each day

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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 Opinions of the General Office of the State Council on Comprehensively Promoting the Combined Implementation of Maternity Insurance and Employees' Basic Medical Insurance promulgated and became effective on 6 March 2019, maternity insurance fund shall be incorporated in employees' basic medical insurance fund for unification of collection and payment. The aggregate ratio of maternity insurance and basic medical insurance paid by enterprises shall be taken as basis to determine the new rate of employees' basic medical insurance paid by enterprises and no individuals shall pay maternity insurance premium.

On 20 July 2018, the General Office of the Communist Party of the PRC and the General Office of the State Council of the PRC issued the Reform Plan of the State Tax and Local Tax Collection Administration System (the "**Reform Plan**"). Under the Reform Plan, beginning from 1 January 2019, tax authorities will be responsible for the collection of social insurance contributions in the PRC. Pursuant to the Urgent Notice of the General Office of the MOHRSS on Effectively Implementing the Spirit of the Standing Meeting of the State Council and Effectively Conducting the Collection of Social Insurance Premiums in a Stable Manner (the "**Urgent Notice**"), which was issued by the General Office of the MOHRSS on 21 September 2018, before the reform of the social insurance collection authorities being in place, the relevant levying policies, including the base and rate of the social insurance premiums, shall remain unchanged. The Urgent Notice also clarified that it is strictly prohibited for the local authorities themselves to organise and conduct centralised collection of enterprises historical social insurance arrears.

Housing Provisions Fund

Pursuant to the Regulations on the Administration of Housing Provident Fund, which became effective on 3 April 1999, as amended on 24 March 2002 and 24 March 2019, a unit (including a foreign investment enterprise) shall undertake the registration with the administrative centre of housing provident funds and pay the funds for their staff. If an employer, in violation of the aforesaid regulations, fails to undertake registration or to open the housing provident funds account for its employees, the administrative centre of housing provident funds will impose an order for completion within prescribed time limit, if such employer further fails to process within the aforesaid time limit, a fine ranging from RMB10,000 to RMB50,000 will be imposed. On the other hand, if a unit, in violation of the aforesaid regulations, fails to pay or to fully pay the housing provident funds, the administrative centre of housing provident funds will impose an order for payment within a prescribed time limit. If such unit further fails to make payment within the aforesaid time limit, the centre shall have the right to apply for compulsory enforcement in court.

Regulations relating to Intellectual Properties

Trademarks

According to the Trademark Law of the PRC (the "**Trademark Law**"), which was promulgated by the Standing Committee of the NPC on 23 August 1982 and amended on 22 February 1993, 27 October 2001, 30 August 2013 and 23 April 2019, the following acts shall be regarded as an infringement upon the right to exclusive use of a registered trademark: (i) using a trademark that is identical with a registered trademark on the same goods without the licensing of the registrant of the registered trademark; (ii) using a trademark that is similar to a registered trademark on the same goods, or using a trademark that is identical with or similar to the registered trademark on similar goods without the licensing of the registrant of the registered trademark, which is likely to cause confusion; (iii) sale of any goods that have infringed the exclusive right to use any

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registered trademark; (iv) counterfeit or unauthorised production of the label of another's registered trademark, or sale of any such label that is counterfeited or produced without authorisation; (v) change of any trademark of a registrant without the registrant's consent, and selling goods bearing such replaced trademark on the market; (vi) providing, intentionally, convenience for activities infringing upon others' exclusive right of trademark use, and facilitating others to commit infringement on the exclusive right of trademark use; or (vii) other acts that have caused any other damage to another's exclusive right to use a registered trademark.

Patents

According to the Patent Law of the PRC (the "**Patent Law**") promulgated on 12 March 1984 which became effective on 1 April 1985, was amended on 4 September 1992, 25 August 2000, 27 December 2008 and 17 October 2020 and which became effective on 1 June 2021, there are three types of patents, including invention patents, design patents and utility model patents. Invention patents are valid for 20 years, while utility model patents are valid for ten years and design patents shall be valid for 15 years, in each case commencing on their respective application dates. Persons or entities who use patents without the consent of the patent owners, make counterfeits of patented products, or engage in activities that infringe upon patent rights are held liable to the patent owner for compensation and may be subject to fines and even criminal punishment.

The patent system in the PRC uses the "first to file" principle, which means when more than one person files a patent application for the same invention, the patent will be granted to the person who files the application first. In addition, the PRC requires absolute novelty for an invention to be patentable. Therefore, in general, a patent will be denied if it is publicly known in or outside of the PRC.

Copyrights

Pursuant to the Copyright Law of the PRC amended by the Standing Committee of the NPC on 26 February 2010 and came into effect on 1 April 2010, Chinese citizens, legal persons or other organisations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing or oral or other forms. A copyright holder shall enjoy a number of rights, including the right of publication, the right of authorship and the right of reproduction. The Copyright Law of the PRC has been amended by the SCNPC on 11 November 2020 and came into effect on 1 June 2021.

Pursuant to the Measures for the Registration of Computer Software Copyright promulgated by the National Copyright Administration on 20 February 2002 and the Regulations on Computers Software Protection amended by the State Council on 30 January 2013 and came into effect on 1 March 2013, the National Copyright Administration is mainly responsible for the registration and management of software copyright in the PRC and recognises the PRC Copyright Protection Centre as the software registration organisation. The PRC Copyright Protection Centre shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulations on Computers Software Protection.

Domain Names

Pursuant to the Administrative Measures for Internet Domain Names promulgated by the MIIT on 24 August 2017 and coming into effect on 1 November 2017, the establishment of any domain name root server and institution for operating domain name root servers, managing the registration of domain name and providing registration services in relation to domain name within

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the territory of the PRC shall be subject to the approval of the MIIT or provincial, autonomous regional and municipal communications administration. The registration of domain name shall follow the principle of “first apply, first register”. The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services promulgated by the MIIT on 27 November 2017 and coming into effect on 1 January 2018 specifies the obligation of anti-terrorism and maintaining network security of Internet information service providers.

Regulations relating to overseas securities offering and listing

On 17 February 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境内企业境外发行证券和上市管理试行办法》) (the “**Measures**”) and relevant five guidelines, which became effective on 31 March 2023. The Measures comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies’ securities and will regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities by adopting a filing-based regulatory regime. According to the Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. Pursuant to the 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; (4) voluntary or mandatory delisting. According to the Guidelines for Application of Regulatory Rules – Overseas Offering and Listing No. 1 (监管规则适用指引—境外发行上市类第1号), the terms “control relationship” or “right of control” refer to the actual control of an enterprise formed separately or jointly, directly or indirectly through equity, voting rights, trusts, agreements, other arrangements or other means. Issuers, securities companies and securities service agencies shall, in accordance with the company’s articles of association, agreements or other arrangements, equity structure, shareholding ratios of shareholders, composition of the board of directors, nomination, appointment and removal of directors and the actual situation of past decisions, determine the ownership of the right of control over the company in an objective, prudent and truthful manner, and shall not determine that there is no controlling shareholder or actual controller without justifiable and reasonable reasons. The term “change of control” is to be construed accordingly.

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 information to be reported includes the time and specific contents of material events.

Our Group had on 26 July 2023 submitted the requisite filing to the CSRC under the Measures through our subsidiary Shanghai Winking (the “**CSRC Filing**”). Our Company had on 11 September 2023 obtained feedback from the CSRC that based on their review of the documents submitted as part of the CSRC Filing, our Company is not included under the scope of the Measures (the “**CSRC Feedback**”). Nevertheless, our Group has in place procedures and/or processes to ensure ongoing compliance with the Measures, including designating our in-house legal counsel based in Shanghai to be responsible for matters related to the CSRC

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Measures, including the preparation of the filing documents, the management of the CSRC filing system account and consulting with the legal adviser to our Company as to PRC may be required from time to time.

Regulations relating to data security

The Ministry of Industry and Information Technology promulgated the new data security regulations entitled “The Administrative Measures on Data Security in the Field of Industry and Information Technology (for Trial Implementation)” (工业和信息化领域数据安全管理办法(试行)) (the “**Data Security Measures**”) and which came into effect on 1 January 2023. These regulations would be applicable to data handling activities within the field of industrial and information technology. Pursuant to the Data Security Measures, data in the field of industrial and information technology shall include, *inter alia*, industrial data, telecommunications data and radio data; and data handlers in the field of industrial and information technology shall refer to industrial enterprises, software and information technology service providers, telecommunications business operators whom had obtained a licence for the operation of telecommunications business, entities using radio frequencies and stations and other subjects in the field of industrial and information technology that independently determine handling purposes and handling methods in the data handling activities.

Our Group’s business and operations in the PRC do not involve handling of industrial data, telecommunications data or radio data, nor does our Group have any intention to handle these data in future. Accordingly, the Data Security Measures are not applicable to our Group.

Our Company’s in-house legal counsel, Group CFO and operation teams are responsible for monitoring all relevant regulations and rules applicable to our Group in the jurisdictions that we operate in, including any new regulations, rules and/or guidelines implemented that will be relevant to our Group. Such new regulations, rules and/or guidelines can be readily monitored from publicly available sources and updates from our Group’s network within the industry.

Taiwan

Investment by foreign investors or PRC 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 MOEAIC, 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. Taiwan Winking is neither located in any export processing zone nor science park and does not fall under any other exception. Therefore, a foreign investor’s investment in Taiwan Winking shall be governed by the MOEAIC. The applicant for such investment approval is the foreign investor, and not the investee company. With regard to the foreign investment application, the MOEAIC will examine whether the foreign investor has the “PRC Investor issue”, which refers to whether the foreign investor constitutes a “PRC Investor” under the Regulations Governing the Investment by PRC Investors. PRC Investors will be subject to more stringent requirements and restrictions as compared to other foreign investors.

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Definition of “PRC Investor”

Under the Cross-Strait Act, unless otherwise permitted by the MOEAIC, 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 MOEAIC promulgates the regulations and rules defining a “PRC Investor” and the regulations and rules governing investment by a PRC Investor. A “PRC 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 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 the PRC⁷. As at the Latest Practicable Date, our Company is a “foreign investor”, and there are no individuals, companies, legal entities or institutions of the PRC that hold Shares in our Company.

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 right; (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 right 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 right 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 “PRC 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 PRC Investors in Taiwan

A PRC Investor cannot invest in business in Taiwan other than certain business sectors listed on the positive list promulgated by the MOEAIC (the “**Positive List for Inbound Investment by PRC Investors**”). Currently, Taiwan Winking’s registered business activity is “I301010 Information Software Services”, which, to the extent of subclass 6201 (computer software design), subclass 6202 (computer system integration services) and subclass 6209 (other computer system design services), falls in the Positive List for Inbound Investment by PRC Investors. The laws and regulations further provide that the investment by an investor, which is owned or invested in by a

⁷ Our Company will monitor the list of Shareholders and aggregate shareholding by PRC Investors in our Company as at the end of every financial quarter. The legal department of our Company, led by our Group CFO, will be in-charge of such monitoring. Our Audit Committee will have oversight of our Company’s review of the list, including the necessary follow-up actions to be undertaken. Our Company will enhance the frequency of regular monitoring when we are aware of the PRC Investors’ shareholding in excess of 20% and where necessary, will consult our legal advisers when we are aware it is in excess of 25% from the monitoring of our PRC Investors’ shareholding, so that the necessary preparatory work to seek MOEAIC approval can be made ahead of time in the event that the 30% threshold is exceeded.

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PRC 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 PRC 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 MOEAIC can prohibit the investment application by the PRC Investor or revoke its investment even though the business to be invested by the PRC Investor falls within the Positive List for Inbound Investment by PRC Investors or if it was approved previously.

As the MOEAIC reviews the foreign investment application, the MOEAIC 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 PRC Investor issue exists.

Investment by foreign investors in Taiwan

The laws in principle allow foreign investments that do not involve the PRC Investor issue, but may prohibit or impose restrictions on such foreign investments exceptionally. Nevertheless, the foreign investments into Taiwan⁸ shall be subject to prior approval from the MOEAIC. 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 the PRC 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 MOEAIC 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 MOEAIC will submit the application to the Taiwan MOC for concurrent review. In application practice, the Taiwan MOC and the MOEAIC will request the foreign investor to issue a declaration to certify that none of the shares are directly or indirectly owned by any PRC Investor. The MOEAIC will further include such requirement as a condition in the approval letter and request the foreign investor comply with such requirement before it fully divests his investment.

⁸ “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 MOEAIC 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.

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Currently, the industry in connection with business item “I301010 Information Software Services” registered by Taiwan Winking does not fall within the prohibited or restricted industries of the Negative List for Inbound Investment by Foreign Investors. Taiwan Winking is not allowed to pursue the Prohibited Fields as our Company is a foreign investor. In addition, Taiwan Winking has no intention to pursue any business activities under the Restricted Fields. Upon the Listing of our Company, it is not intended for Taiwan Winking to be engaged in business activities relating to the “J3 publishing industry”. The above restrictions are only applicable to our Company’s investment into Taiwan Winking, while other Group entities incorporated in other jurisdictions are not subject to the requirements in relation to the “J3 publishing industry”.

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

- (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 MOEAIC (i.e., the shares in a Taiwanese company owned by such foreign investor) shall be subject to the prior approval of the MOEAIC. Therefore, if our Company, being the current sole shareholder of Taiwan Winking, intends to transfer the shares to another investor in the future, MOEAIC’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, MOEAIC’s approval is required if the transferee is a foreign investor or a PRC Investor. In addition, if the transferee is a PRC 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 PRC Investors. Further, the PRC Investor (as the transferee) shall report the implementation of investment to the MOEAIC 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 MOEAIC, while certain matters, such as name change of the foreign investor, shall be subject to the ex-post filing with the MOEAIC. 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 MOEAIC will be required. In relation to the extension of a shareholder’s loan by our Company to Taiwan Winking, 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 MOEAIC 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, is also subject to MOEAIC’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 MOEAIC, and the Department of Commerce of the Ministry of Economic Affairs, rather than the MOEAIC, is the competent authority.

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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 PRC Investors, according to the Cross-Strait Act, a failure to comply with the requirement to obtain MOEAIC approval for a PRC 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 MOEAIC 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 MOEAIC may order the PRC Investor to withdraw its investment or suspend the exercise of the shareholder's right of the PRC Investor. The MOEAIC has the power, at its sole discretion, to grant a cure period for rectifying a breach of the PRC investment restrictions. Furthermore, according to Taiwan laws and regulations, in order to verify whether the above PRC investment restrictions are violated, the MOEAIC has the power to request information from a foreign investor. In addition, when the foreign investor files subsequent applications with the MOEAIC, the MOEAIC has the power to request for further documents and information in relation to the foreign investor's ownership structure. In practice, the MOEAIC may also initiate investigations in response to whistleblower information, third party reports or public information of a potential breach in such PRC investment restrictions.

Furthermore, in the event that a foreign investor falls within the ambit of a PRC Investor due to the alteration of upstream shareholding structure or controlling power, the investor shall obtain prior approval from the MOEAIC 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 our Company subsequently will become or is made aware that it will become a PRC Investor (i.e. crossing the 30% threshold), our Company will be required to do the necessary filing and obtain prior approvals from MOEAIC for the change in identity from a "Foreign Investor" to a "PRC Investor". Failing to obtain the prior approval may be subject to the administrative fines in the amount of NTD120,000 to NTD25,000,000. Nevertheless, it is not expected to have any material adverse impact on Taiwan Winking's or our Group's operations, as Taiwan Winking's current business item "I301010 Information Software Services" and its business operation (to the extent of subclass 6201 (computer software design), subclass 6202 (computer system integration services) and subclass 6209 (other computer system design services)) fall within the Positive List for Inbound Investment by PRC Investors.

In such scenario described in the preceding paragraph above, in relation to an individual, company, legal entity or institution of the PRC who acquires shares (regardless of whether through open market or new shares issued by our Company), the individual, company, legal entity or institution of the PRC will not be subject to any form of approval from the MOEAIC. The subject who shall seek the prior approval of the MOEAIC will be our Company, not an individual, company, legal entity or institution of the PRC who acquires our Shares.

PRC 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 MOEAIC for investment in a PRC entity (collectively, the "**PRC Investment Regulations**") govern investment in PRC entities by Taiwanese legal entities and individual investors. Under the PRC Investment Regulations, Taiwanese investors are allowed to invest in a PRC entity if its business falls outside the negative list of PRC investment

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promulgated by the MOEAIC (the “**Negative List of PRC Investment**”). The art outsourcing and game development industry falls outside the Negative List of PRC Investment and thus, Taiwanese investors may invest in PRC entities which are engaged in the art outsourcing and game development industry.

However, the PRC Investment Regulations not only regulate direct investments but also indirect investments in PRC entities through entities incorporated in jurisdictions other than PRC and Taiwan (the “**Third Jurisdiction Entity**”). The subscription of new shares of our Company by Taiwanese investors through a secondary fundraising (e.g. by way of placement or rights issue) may constitute a PRC Investment by Taiwanese investors under the PRC 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 our Group’s PRC subsidiaries or investment into other PRC entities. Notwithstanding this, for so long as our Shares are listed and traded in the market of a securities exchange (the “**Listing Period**”), except where the Taiwanese shareholder falls within the ambit of an “**Insider**” of our Company, Taiwanese investors’ indirect investment in PRC entities through our Company will be exempted from the requirements and restrictions under the PRC 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 our issued Shares.

In the event that the proceeds from the fundraising will not be invested into PRC entities, the PRC 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 PRC entity by Taiwanese Investor

According to the PRC Investment Regulations, a Taiwanese investor shall obtain prior approval from the MOEAIC for direct or indirect investments in a PRC entity if the investor’s cumulative investment amount in a single PRC 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 MOEAIC within six months after completing the investment. Additionally, if a Taiwanese investor transfers any direct or indirect investment in a PRC entity that was previously approved by the MOEAIC to another investor, regardless of the transferee’s nationality, the Taiwanese transferor shall apply for *ex-post facto* approval from the MOEAIC 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 PRC entity has exceeded or will exceed the US\$1,000,000 threshold after such transfer, both Taiwanese transferee and transferor shall jointly apply for prior approval from the MOEAIC before the transfer. Moreover, subject to certain exceptions, the PRC Investment Regulations impose a general cap on the total amount of PRC investments that a single Taiwanese investor is permitted to invest in 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.

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A Taiwanese investor who fails to comply with the PRC Investment Regulations will be subject to an administrative fine in the amount of NTD50,000 to NTD25.0 million. The MOEAIC 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 our Company.

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

Nevertheless, if a Taiwanese investor is a company and invests in a Third Jurisdiction Entity by subscribing 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 PRC entities, it will be considered the foreign investment, and not a PRC investment, under Taiwan laws, regardless of whether the Third Jurisdiction Entity has a direct or indirect PRC subsidiary. In this case, the requirements and procedures under the PRC Investment Regulations will not apply. However, Taiwanese investors shall apply for prior approval from the MOEAIC if the investment amount in a single foreign entity exceeds NTD1.5 billion. If not, 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. Our Company's Controlling Shareholder, Acer Gaming, as a Taiwanese investor, shall obtain MOEAIC's *ex-ante* or *ex-post facto* approval for its foreign investment by way of subscription of new Placement Shares or Cornerstone Shares pursuant to the requirements and procedures as described in the sections entitled "*General Information on Our Group – Government Regulations – Taiwan – PRC investment by Taiwanese investors*" of this Offer Document as the use of proceeds from the proposed Listing on SGX-ST will not be utilised to invest in any PRC entities as set out in the section entitled "*Use of Proceeds and Expenses*" of this Offer Document. In the event of a change in the use of proceeds to invest in PRC entities, our Company's Taiwanese shareholders such as our Controlling Shareholder, Acer Gaming, as a Taiwanese investor may also be required to obtain prior or *ex-post facto* approvals from the MOEAIC subject to the thresholds under the PRC Investment Regulations as described above.

The PRC investment application will be linked to individual PRC investee portfolios. Further, if the upstream shareholder or final beneficiary of the Taiwanese investor who conducts the direct or indirect investment in the PRC 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 the PRC entity, rather than any upstream shareholder or final beneficiary, even though such entity is a Taiwanese person.

Secondary Trading of our Shares during the Listing Period

The secondary trading of our Shares on SGX-ST will be exempted from obtaining prior approval from the MOEAIC. Under the exemptions, as long as the Shares are acquired from the open market, a Taiwanese investor, including an Insider, will not be required to obtain any approval from the MOEAIC under the PRC 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 our Company exceeds 10% of our issued Shares, such investor is also not required to obtain approval from the MOEAIC as the exemption for secondary trading would apply.

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Furthermore, if a Taiwanese investor acquires a majority of our Company's shares or obtains control over our Company, the MOEAIC would consider this to trigger privatisation of our Company, and the rules governing the PRC and foreign investment will resume and apply.

Although the Taiwanese investors' investment in PRC entities through our Company will be exempted from the requirements and restrictions under the PRC Investment Regulations during the Listing Period⁹, a Taiwanese investor whose investment in our Company has been previously approved by the MOEAIC shall be subject to the obligation to obtain *ex-post facto* approval from the MOEAIC as he completely divests his investment in our 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 MOEAIC for a complete divestment of the Shares, in the event that the Taiwanese investor had previously sought approvals from the MOEAIC in relation to the investment into our Company, and such requirement to obtain MOEAIC'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 our Company. However, the laws and the MOEAIC will not prohibit a voluntary application by the Taiwan investor in respect of such investor's partial divestment.

Company Act

The principal rules governing the operation and conduct of Taiwanese companies are set out in the Company Act.

A company limited by shares should have at least three directors on its board of directors and one supervisor. However, if a company is owned by a sole legal entity shareholder, the company is allowed to have only one director and without any supervisor. There is no nationality requirement for being a director in a Taiwanese company and therefore foreign citizens or entities may serve as directors. However, when the company has a supervisor, at least one supervisor shall reside in Taiwan. Directors shall be liable for the damages to the company if they violate their fiduciary duties owed to the company. Also, if directors violate applicable laws or regulations in the course of conducting business operations of the company which resulted in damages to any other person, they shall be jointly and severally liable with the company. In the case of a company limited by shares owned by a sole legal entity shareholder, such as Taiwan Winking, one director and nil supervisor is permitted. Furthermore, as the company is owned by the sole legal entity shareholder, the function of shareholders' meeting will be exercised by the board of directors. Further, as the company only has one director instead of the board of directors, the function and power of the board of directors will be exercised by the sole director.

Companies can only make dividends or distributions after making up accumulated losses, paying all tax payable and allocating a sufficient amount of statutory reserve.

⁹ Such exemption rules during the Listing Period are prescribed within the Frequently Asked Questions and as announced by the MOEAIC. The responses to these questions are substantially viewed as rules and regulations of the MOEAIC. It was explained by the MOEAIC 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 PRC Investment Regulations or the foreign investment regulations (i.e. the requirements for outbound investment in a foreign entity (e.g. our Company) by Taiwanese investors, instead of inbound investment in a Taiwan entity by either foreign investors or PRC investors). Hence, the secondary trading of the Shares on the SGX-ST will be exempted from the requirement to obtain MOEAIC's approval.

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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.

Hong Kong

Dividends

No tax is imposed in Hong Kong in respect of dividends which our Hong Kong subsidiaries pay to their shareholders. There is no withholding tax on dividends paid by our Hong Kong subsidiaries, as Hong Kong does not impose withholding taxes on dividend payments.

Profits Tax

Hong Kong profits tax is chargeable in respect of profits arising in or derived from Hong Kong from a trade, profession or business. The prevailing profits tax rate is 16.5%.

Gains from the sale of assets acquired and held for trading purposes are taxable in Hong Kong. Gains from the sale of capital assets are not subject to Hong Kong profits tax. Whether the gain from the sale by a Singapore company of the shares it holds in the Hong Kong subsidiary is capital or revenue in nature is a question of fact.

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Singapore

Work Injury Compensation Act 2019 of Singapore (the “WICA”) and the Regulations thereunder

The WICA, which is regulated by the MOM, applies to all employees in all industries who are engaged under a contract of service, with the exception of domestic workers, and members of the Singapore Armed Forces, Singapore Police Force, Singapore Civil Defence Force, Central Narcotics Bureau and Singapore Prison Service. The WICA is in regard to injury suffered by them in the course of their employment and sets out, amongst others, the amount of compensation they are entitled to and the method(s) of calculating such compensation.

The WICA provides that the employer shall be liable to pay compensation under the WICA if personal injury is caused to an employee by accident arising out of and in the course of the employee’s employment with the employer. The Work Injury Compensation (Insurance) Regulations 2020 provides that employers are required to maintain work injury compensation insurance for all employees doing manual work regardless of salary level and non-manual employees earning S\$2,600 or less a month (excluding any overtime payment, bonus payment, annual wage supplement, productivity incentive payment and any allowance however described), who are engaged under contracts of service (unless exempted).

The WICA does not cover self-employed persons or independent contractors. However, as the WICA provides that, where any person (referred to as the principal) in the course of or for the purpose of his trade or business contracts with any other person (referred to as the subcontractor employer), the principal shall be liable to compensate those employees of the subcontractor employer who were injured while employed in the execution of work for the principal.

The WICA provides that if an employee dies or sustains injuries in a work-related accident or contracted occupational diseases in the course of the employment, the employer shall be liable to pay compensation in accordance with the provisions of the WICA. An injured employee is entitled to claim medical leave wages, medical expenses and lump sum compensation for permanent incapacity or death, subject to certain limits stipulated in the WICA.

Under the WICA, every employer is required to insure and maintain insurance under approved policies with an insurer against all liabilities which he may incur under the provisions of the WICA in respect of all employees employed him, unless specifically exempted. The compensation limits for death and permanent incapacity are S\$225,000 and S\$289,000, respectively. The compensation limit for medical treatment is the cost of medical treatment received by the employee within a period of one year after the date of the accident causing the injury, or S\$45,000, whichever is the lower.

Employment Act 1968 of Singapore (the “EA”)

The EA is administered by the MOM and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees. With effect from 1 April 2019, the EA extends to all employees, including persons employed in managerial or executive positions, with certain exceptions.

In particular, Part 4 of the EA sets out enhanced rights and protections around rest days, hours of work, overtime and other conditions of service for workmen (as defined in the EA) who receive salaries not exceeding S\$4,500 a month and employees (other than workmen) who are not employed in a managerial or executive position and who receive salaries not exceeding S\$2,600

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a month (the “**relevant employees**”). Section 38(8) of the EA provides that a relevant employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, Section 38(5) of the EA limits the extent of overtime work that a relevant employee can perform to 72 hours a month.

Employers must seek the prior approval of the Commissioner for Labour (the “**Commissioner**”) for exemption if they require a relevant employee or class of relevant employees to work for more than 12 hours a day or work overtime for more than 72 hours a month. The Commissioner may, after considering the operational needs of the employer and the health and safety of the relevant employee or class of relevant employees, by order in writing exempt such relevant employees from the overtime limits subject to such conditions as the Commissioner thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employees are employed.

Enhanced administrative requirements

From 1 April 2016, employers are required to implement enhanced administrative requirements for employees covered under the EA. Employers are also required to provide itemised pay slips to all employees, provide employees with written key employment terms and keep detailed employment records for each employee.

Workplace Safety and Health Act 2006 of Singapore (“WSHA”)

The WSHA is also administered by the MOM. Under the WSHA, every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the persons at work a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by those persons, ensuring that those persons are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that those persons at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

More specific duties imposed on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations (“**WSHR**”). Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any infectious agents or bio-hazardous material which may constitute a risk to their health.

Under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health (“**CWSH**”) may, among others, enter, inspect and examine any workplace, to inspect and examine any machinery, equipment, plant, installation or article at any workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in the workplace which is relevant to an investigation or inquiry under the WSHA.

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Under the WSHA, the CWSH may issue a stop-work order in respect of a workplace if he is satisfied that:

- (a) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work;
- (b) any person has contravened any duty imposed by the WSHA; or
- (c) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

The stop-work order shall, amongst others, direct the person served with the order to immediately cease to carry on any work or process indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

Personal Data Protection Act 2012

Data Protection Obligations

The Personal Data Protection Act 2012 of Singapore (the “**PDPA**”) establishes the baseline regime for the protection of personal data in Singapore. The PDPA applies to all organisations that collect, use, disclose, and/or process personal data. The PDPA is administered and enforced by the Personal Data Protection Commission (the “**PDPC**”). In this regard, “personal data” as defined under the PDPA refers to data, whether true or not, about an individual who can be identified (a) from that data or; (b) from that data and other information to which the organisation has or is likely to have access to.

An organisation is required to comply with, amongst other things, the data protection obligations prescribed by the PDPA, which may be summarised as follows:

- (a) Consent obligation – the consent of individuals must be obtained before collecting, using, disclosing and/or processing their personal data, unless an exception applies. Additionally, an organisation must allow the withdrawal of consent by an individual which has been given or is deemed to have been given;
- (b) Purpose limitation obligation – personal data must be collected, used, disclosed, and/or processed only for purposes that a reasonable person would consider appropriate in the circumstances, and if applicable, have been notified to the individual concerned;
- (c) Notification obligation – individuals must be notified of the purposes for the collection, use, disclosure, and/or processing of their personal data, prior to such collection, use, disclosure, and/or processing;
- (d) Access and correction obligations – when requested by an individual and unless an exception applies, an organisation must: (i) provide that individual with access to his personal data in the possession or under the control of the organisation and information about the ways in which his personal data may have been used or disclosed during the past

GENERAL INFORMATION ON OUR GROUP

- year, and/or (ii) correct an error or omission in his personal data that is in the possession or under the control of the organisation;
- (e) Accuracy obligation – an organisation must make reasonable efforts to ensure that personal data collected by or on its behalf is accurate and complete if such data is likely to be used by the organisation to make a decision affecting the individual to whom the personal data relates or if such data is likely to be disclosed to another organisation;
 - (f) Protection obligation – an organisation must implement reasonable security arrangements to protect personal data in its possession or under its control from (i) unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks, and (ii) the loss of any storage medium or device on which personal data is stored;
 - (g) Retention limitation obligation – an organisation must anonymise or must not keep personal data for longer than it is necessary to fulfill; (i) the purposes for which it was collected, or (ii) a legal or business purpose;
 - (h) Transfer limitation obligation – personal data must not be transferred out of Singapore except in accordance with the requirements prescribed under the PDPA. In this regard, an organisation must, amongst other things, ensure that the recipient of the personal data in that country outside Singapore is bound by legally enforceable obligations to provide the transferred personal data a standard of protection that is at least comparable to the protection under the PDPA;
 - (i) Accountability obligation – an organisation must implement the necessary policies and procedures in order to meet its obligations under the PDPA, communicate and inform their staff about these policies and procedures, as well as make information of such policies and procedures available on request. In addition, an organisation must develop a process to receive and respond to data-related complaints, and must designate at least one individual as the data protection officer to oversee the organisation's compliance with the PDPA;
 - (j) Data breach notification obligation – an organisation must notify the PDPC and/or the affected individuals if it has suffered a data breach that meets the notification thresholds prescribed under the PDPA (i.e. the data breach is or is likely to be of significant scale, or has caused or is likely to cause significant harm to the affected individuals). The organisation is expected to expeditiously assess the severity of the breach, and the timeline to notify the PDPC is three calendar days of the organisation assessing that a notification threshold has been met; and
 - (k) Data portability obligation – the data portability obligation (which is not yet in force as at the date of this Offer Document) grants individuals with an existing direct relationship with an organisation the right to request for a copy of their personal data to be transmitted in a commonly used machine-readable format to another organisation which has a business presence in Singapore. The exact scope and applicability of this right will be delineated by the relevant regulations and guidelines to be published by the PDPC.

The maximum financial penalty that can be imposed on organisations is S\$1.0 million, or 10% of the organisation's annual turnover in Singapore, whichever is higher. The severity of the penalties will be assessed based on, amongst other things, the amount of personal data involved, and the degree of harm caused to individuals.

INTERESTED PERSON TRANSACTIONS

For purposes of this section, the following definitions will apply:

“our Group” means:

- (a) our Company;
- (b) a subsidiary of our Company that is not listed on the SGX-ST or any approved exchange; or
- (c) an associated company of our Company that is not listed on the SGX-ST or any approved exchange and which our Group and our interested person(s) have control over.

“approved exchange” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Catalist Rules.

“interested person” means:

- (a) a director, chief executive officer, or controlling shareholder of our Company; or
- (b) an associate of any such director, chief executive officer, or controlling shareholder.

Certain terms such as “associate”, “control”, “controlling shareholder”, and “interested person” used in this section have the meanings as provided in the Catalist Rules and in the SFR, unless the context specifically requires the application of the definitions in one or the other as the case may be.

In general, transactions between our Group and any of our Interested Persons would constitute interested person transactions for the purposes of Chapter 9 of the Catalist Rules.

Details of the present and ongoing transactions as well as past transactions between our Group and Interested Persons which are material in the context of the Placement are set out below. Save as disclosed in this section, there are no material interested person transactions for the Period Under Review and for the period from 1 April 2023 to the Latest Practicable Date (the “**Relevant Period**”).

Investors, upon subscription of the Placement Shares and Cornerstone Shares, are deemed to have specifically approved the Interested Person Transactions described in this Offer Document and as such these transactions are not subject to Rules 905 and 906 of the Catalist Rules to the extent that there are no subsequent changes to the terms of the agreements in relation to each of these transactions.

In line with the rules set out in Chapter 9 of the Catalist Rules, a transaction which value is less than S\$100,000 is not considered material in the context of the Placement and is not taken into account for the purposes of aggregation in this section.

INTERESTED PERSON TRANSACTIONS

Interested Persons

The following is a list of the Interested Persons referred to in this section and with whom our Group has entered into past Interested Person Transactions and present and ongoing Interested Person Transactions with:

Acer	:	Acer Incorporated, the holding company of Acer Gaming and our indirect Controlling Shareholder.
Acer America Corporation	:	An indirect subsidiary of Acer. Acer holds 100% of the shares in Boardwalk Capital Holdings Limited, which in turn holds 92.02% of the shares in ACLA Holdings North, LLC, which in turn holds 100% of the shares in ACLA Holding South, LLC, which in turn holds 100% of the shares in ACLA Holding East, LLC, which in turn holds 100% of the shares in ACLA Holding West, LLC, which in turn holds 100% of the shares in Acer American Holdings Corp, which in turn holds 100% of the shares in Gateway, Inc., which then in turn holds 100% of the shares in Acer Service Corporation, which in turn holds 100% of the shares in Acer America Corporation. Accordingly, Acer America Corporation is an associate of Acer and Acer Gaming.
Acer Gaming	:	Our direct Controlling Shareholder. Acer Gaming became our direct Controlling Shareholder on 31 December 2022.

PAST INTERESTED PERSON TRANSACTIONS

There are no past transactions with Interested Persons during the Relevant Period that are material in the context of the Placement.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

(a) Transaction with Acer – Development of game for Acer

Taiwan Winking, a wholly owned subsidiary of our Company, had on 3 April 2023 entered into a contract (the “**Game Development Contract**”) with Acer relating to the development of games for Acer, which included the provision of art outsourcing services by our Group to Acer.

The aggregate amounts, rounded to the nearest dollar, charged by our Group to Acer under the Game Development Contract during the Relevant Period were as follows:

US\$	FY2020	FY2021	FY2022	1Q2023	From 1 April 2023 to the Latest Practicable Date
Aggregate amount charged by our Group to Acer	–	–	–	–	48,464

INTERESTED PERSON TRANSACTIONS

Our Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms of the Game Development Contract were not more favourable than those extended to unrelated third parties. Accordingly, the above transaction is not prejudicial to our Group and our minority Shareholders.

It is envisaged that we will continue the above transaction with Acer in the ordinary course of our business under the IPT General Mandate following the Listing. Such transaction will be subject to the review procedures under the IPT General Mandate as set out in the section entitled "*Interested Person Transactions – General Mandate for Interested Person Transactions*" of this Offer Document. The rules under Chapter 9 of the Catalist Rules relating to interested person transactions shall apply to any renewal of contract for the development of games for Acer Gaming.

(b) Transactions with Acer America Corporation

Winking Art Limited, a wholly owned subsidiary of our Company, had on 9 September 2022 entered into an agreement with Acer America Corporation for the provision by Acer America Corporation of services in respect of the engagement of personnel with skills meeting the requirements specified by Winking Art Limited.

The aggregate amounts, rounded to the nearest dollar, charged by Acer America Corporation during the Relevant Period were as follows:

US\$	FY2020	FY2021	FY2022	1Q2023	From 1 April 2023 to the Latest Practicable Date
Aggregate amount charged by Acer America Corporation⁽¹⁾	–	–	–	24,629	29,306

Note:

(1) The fees charged by Acer America Corporation consist of two components, with the first being (i) the processing fee; and the second being (ii) the salary and other compensation paid to the personnel engaged through Acer America Corporation.

Our Directors are of the view that the above transaction was entered into on 9 September 2022 with Acer America Corporation as an independent third party prior to Acer becoming an indirect Controlling Shareholder of our Company and was carried out on an arm's length basis and on normal commercial terms in the ordinary course of business, as the terms on which the transaction was conducted are similar to those extended to unrelated third parties. Accordingly, the above transaction is not prejudicial to our Group and our minority Shareholders.

It is envisaged that we will continue the above transaction with Acer America Corporation in the ordinary course of our business under the IPT General Mandate following the Listing. Such transaction will be subject to the review procedures under the IPT General Mandate as set out in the section entitled "*Interested Person Transactions – General Mandate for Interested Person Transactions*" of this Offer Document. The rules under Chapter 9 of the

INTERESTED PERSON TRANSACTIONS

Catalist Rules relating to interested person transactions shall apply to any renewal of agreement for the administering of the employment of personnel with Acer America Corporation.

(c) Transactions with Acer – Use of office space and facilities

Winking Art Pte. Ltd. Taiwan Branch (新加坡商唯美遊戲有限公司台灣分公司), the Taiwan branch of Winking Art Pte. Ltd., a wholly owned subsidiary of our Company, had first entered into an agreement with Acer on 1 September 2022, prior to Acer becoming an indirect Controlling Shareholder of our Company, for the use of part of its office space and facilities in Singapore to Winking Art Pte. Ltd. Taiwan Branch's personnel from 1 September 2022 to 30 November 2022, which has expired. This was followed by a renewal agreement on 1 November 2022 which extended the use of part of Acer's office space and facilities in Singapore to Winking Art Pte. Ltd. Taiwan Branch's personnel for the period commencing 1 December 2022 to 31 December 2023 at a rate of US\$300 per employee per month.

During the Relevant Period, there were no amounts charged by Acer as there was no usage of the office space by our personnel.

Our Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms in the ordinary course of business as the terms were not more favourable as compared to the fees quoted by the unrelated third parties in respect of similar office space, facilities and services. Accordingly, the above transaction is not prejudicial to our Group and our minority Shareholders.

It is envisaged that we will continue the above transaction with Acer in the ordinary course of our business following the Listing. Such transaction will be subject to the review procedures under the IPT General Mandate as set out in the section entitled "*Interested Person Transactions – General Mandate for Interested Person Transactions*" of this Offer Document. The rules under Chapter 9 of the Catalist Rules relating to interested person transactions shall apply to any renewal of agreement for the use of office space and facilities with Acer.

GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

We anticipate that our Group would, following the admission of our Company to Catalist, in the ordinary course of business, continue to enter into certain transactions (namely the Mandated Transactions, as defined below) with certain interested persons (namely, the Mandated Interested Persons, as defined below). It is likely that such Mandated Transactions will occur with some degree of frequency and may arise at any time. They will also not be entered into on an exclusive basis with the Mandated Interested Persons. In view of the time-sensitive and/or recurrent nature of these Mandated Transactions, it would be advantageous for us to obtain a Shareholders' mandate to enter into these Mandated Transactions in our normal course of business, provided that all such Mandated Transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders.

INTERESTED PERSON TRANSACTIONS

Chapter 9 of the Catalist Rules

Chapter 9 of the Catalist Rules applies to transactions between an Entity At Risk and an interested person. The objective of Chapter 9 as stated in Rule 901 of the Catalist Rules, is to guard against the risk that interested persons could influence a listed company, its subsidiaries or associated companies, to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

Chapter 9 of the Catalist Rules allows a listed company to obtain a mandate from its shareholders for recurrent transactions that may be carried out with the listed company's interested persons, which are of a revenue or trading nature or for those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses.

Pursuant to Rule 920(2) of the Catalist Rules, our Company may treat a general mandate as having been obtained from our Shareholders (the "**IPT General Mandate**") for our Group to enter into the Mandated Transactions with the Mandated Interested Persons, if the information required under Rule 920(1)(b) of the Catalist Rules as set out below, is included in this Offer Document:

- (a) unless the SGX-ST requires otherwise, the names of the Mandated Interested Persons with whom the Entity At Risk will be transacting;
- (b) the nature of the Mandated Transactions;
- (c) the rationale for, and benefit to, the Entity At Risk;
- (d) the methods or procedures for determining transaction prices of the Mandated Transactions;
- (e) the Independent Financial Adviser's opinion on whether the methods or procedures in (d) above are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders;
- (f) an opinion from our Audit Committee if it takes a different view to the Independent Financial Adviser;
- (g) a statement from us that we will obtain a fresh mandate from our Shareholders if the methods or procedures in (d) above become inappropriate; and
- (h) a statement that the interested persons will abstain, and have undertaken to ensure that their associates will abstain, from voting on the resolution approving the transaction.

By subscribing for the Placement Shares and Cornerstone Shares, new Shareholders are deemed to have approved the IPT General Mandate. The IPT General Mandate will be effective until the earlier of the following (i) the conclusion of our first annual general meeting following our admission to Catalist; or (ii) the first anniversary of the date of our admission to Catalist. Thereafter, we will seek the approval of our Shareholders for a renewal of the IPT General Mandate at each subsequent annual general meeting or the date by which the next annual general meeting of our Company is required by law to be held, subject to satisfactory review by our Audit Committee of its continued application to the Mandated Transactions.

INTERESTED PERSON TRANSACTIONS

In accordance with Rule 920(1)(b)(viii) of the Catalyst Rules, interested persons and their associates shall abstain from voting on resolutions approving interested person transactions involving themselves and our Group. Furthermore, such interested persons shall not act as proxies in relation to such resolutions unless specific voting instructions have been given by the appointing Shareholder. As such, Acer Gaming has abstained from voting on the resolution approving the adoption of the IPT General Mandate and will abstain from voting on the resolutions approving the renewal of the IPT General Mandate, and have undertaken to ensure that their associates will abstain from voting on the resolutions approving the renewal of the IPT General Mandate.

Mandated Interested Persons

The IPT General Mandate will apply to the Mandated Transactions that are carried out with the following interested persons (collectively, the “**Mandated Interested Persons**”):

Entity name	Effective shareholding interest by Acer
(1) Acer	N/A
(2) Acer Gaming	70.03% ⁽¹⁾
(3) Acer America Corporation	100.00%
(4) Acer Japan Corp.	100.00%
(5) Acer e-Enabling Service Business Inc.	63.46%
(6) Acer Computer Australia Pty. Limited	100.00%
(7) Acer Computer New Zealand Limited	100.00%
(8) Acer Computer Co., Ltd.	100.00%
(9) Acer Computer (Far East) Limited	100.00%
(10) Acer Cloud Technology (Taiwan) Inc.	100.00%
(11) Acer Computer (Singapore) Pte. Ltd.	100.00%
(12) Acer Sales and Services SDN BHD	100.00%
(13) Acer Africa (Proprietary) Limited	100.00%
(14) Altos Computing Inc.	78.59%
(15) Acer Computer (Shanghai) Ltd.	100.00%
(16) Acer Global Merchandise Philippines Inc.	70.03%
(17) ACER Computer GmbH	100.00%
(18) Acer U.K. Limited	100.00%
(19) Acer Computer France S.A.S.U.	100.00%
(20) Acer Computer B.V	100.00%
(21) Acer Computer Iberica, S.A.	100.00%
(22) Acer Information (Zhong Shan) Co., Ltd.	100.00%
(23) Acer Synergy Tech Corp.	57.75%
(24) Acer Cyber Security Incorporated	60.66%

INTERESTED PERSON TRANSACTIONS

Entity name	Effective shareholding interest by Acer
(25) Beijing Altos Computing Ltd.	78.59%
(26) Acer Czech Republic s.r.o.	100.00%
(27) Asplex Sp. z.o.o.	100.00%
(28) Acer Poland sp. z.o.o	100.00%
(29) HighPoint Service Network Corporation	63.18%
(30) Acer Philippines, Inc.	100.00%
(31) HighPoint Services Network Philippines, Inc.	63.18%

Note:

- (1) As at the Latest Practicable Date, Acer holds an aggregate direct and indirect shareholding interest of 70.03% in Acer Gaming.

Categories of Mandated Transactions

The recurrent transactions with the Mandated Interested Persons which will be covered by the IPT General Mandate comprise the following:

- (a) provision of art outsourcing and/or game development services to the Mandated Interested Person(s);
- (b) obtaining of services (such as engagement of personnel on our behalf) from the Mandated Interested Person(s);
- (c) purchase of products and services such as IT-related products and services from the Mandated Interested Person(s); and
- (d) leasing of office space and obtaining of related facilities and services from the Mandated Interested Person(s),

(collectively, the “**Mandated Transactions**”).

For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the IPT General Mandate. The IPT General Mandate will also not cover any transaction by our Group with a Mandated Interested Person(s) that has a value below S\$100,000, unless otherwise determined by the SGX-ST under Rule 905(5) of the Catalist Rules.

Transactions which do not fall within the ambit of the IPT General Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules. In particular, if such transactions are of an aggregate value equal to or more than 5.0% of our Group’s latest audited NTA, future transactions of such a nature will be subject to our Shareholders’ approval before they can be entered into.

INTERESTED PERSON TRANSACTIONS

Rationale for, and Benefits of, the IPT General Mandate

Acer Group is one of the world's top information and communications technology (ICT) groups with a presence in more than 160 countries. During the Relevant Period, our Group entered into various interested person transactions with the Mandated Interested Persons, which enabled our Group to widen our customer base and tap on resources of Acer Group to grow the business of our Group. We envisage that such transactions are likely to continue in the ordinary course of our business. For further information, please refer to the section entitled "*Interested Person Transactions – Present and On-Going Interested Person Transactions*" of this Offer Document.

Our Group intends to continue to provide our art outsourcing and/or game development services to the Mandated Interested Persons and tap on the resources of the Mandated Interested Persons for our operational needs. In addition, the Mandated Interested Persons also provide a wide range of IT-related products (including hardware and software) and services for our day-to-day operational needs and which our Group may purchase and/or procure from time-to time. The IPT General Mandate is intended to facilitate the carrying out of the Mandated Transactions in the normal course of our business which are transacted from time to time with the Mandated Interested Persons, provided that they are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to our Company and our minority Shareholders.

Therefore, the IPT General Mandate and its subsequent renewal on an annual basis would enhance the ability of our Group to pursue business opportunities which are time-sensitive in nature and would eliminate the need to announce and/or convene separate general meetings from time to time to seek Shareholders' approval as and when potential Mandated Transactions with a Mandated Interested Person arise, thereby substantially reducing the administrative time and expenses in convening such meetings on an ad hoc basis, without compromising the corporate objectives and adversely affecting the business opportunities available to us and the day-to-day operations of our Group.

Periodic Disclosure

In accordance with the requirements of Chapter 9 of the Catalist Rules, we will (i) disclose in our Company's annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT General Mandate during the FY (as well as in the annual reports for subsequent FYs that the IPT General Mandate continues to be in force); and (ii) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT General Mandate, together with the name and the nature of the relationship with the Mandated Interested Person, for the financial periods that it is required to report on pursuant to Rule 705 of the Catalist Rules within the time required for the announcement of such report.

Such disclosure will be made in the form set out in Rule 907 of the Catalist Rules.

The Board will also ensure that all disclosures, approvals and other requirements on the Mandated Transactions, including those required by prevailing legislation, the Catalist Rules and relevant accounting standards, are complied with.

INTERESTED PERSON TRANSACTIONS

Methods and Procedures for Mandated Transactions with Mandated Interested Persons

We have established the following methods and procedures to ensure that Mandated Transactions with the Mandated Interested Persons will be undertaken on normal commercial terms, consistent with our Group's usual policies and practices and are not prejudicial to the interests of our Company and our minority Shareholders.

(a) Provision of art outsourcing and/or game development services to the Mandated Interested Person(s)

The methods and procedures are as follows:

- (i) All contracts entered into in relation to the provision of art outsourcing and/or game development services to the Mandated Interested Person(s) are to be entered into at our prevailing market rates, on terms which are no more favourable to the Mandated Interested Person(s) than the usual commercial terms extended by our Group to unrelated third parties or otherwise in accordance with applicable industry norms, and not prejudicial to the interest of our Company and our minority Shareholders;
- (ii) Our Group shall determine the terms (including but not limited to the man-day rates, any revenue or profit-sharing terms, the billing milestone and the credit terms) for the provision of art outsourcing and/or game development services to the Mandated Interested Person(s) after comparing the terms to be offered to the Mandated Interested Person(s) with at least two other recently signed art outsourcing and/or game development projects with unrelated third parties;
- (iii) In determining whether the man-day rates chargeable to the Mandated Interested Person(s) are on normal commercial terms, our Group shall take into account factors such as but are not limited to, the volume and complexity of the deliverables (such as the amount of scenes and characters required, length of the gameplay and programming requirements), the manpower requirements comprising designers, technical artists, animators and/or programmers required for the project as well as the availability of our Group's resources, whether the customer has requested for exclusively team members on the project during the contractual period, the confidentiality requirements which may require our Group to set up a private access room for the project team, the estimated project timeline and preferential rates/prices/discounts accorded to long-term and/or extension contracts or repeat customers (the "**Day Rates Factors**");
- (iv) In determining whether the revenue or profit-sharing terms, if any, are on normal commercial terms, our Group shall take into account factors such as but are not limited to, the scale of the project, the reputation of the customer or the intellectual property rights of the game, and the track record of the customer (the "**Profit-Sharing Factors**"); and
- (v) In the circumstance where there are no comparable unrelated third party contracts that were recently signed, the terms of the proposed Mandated Transaction(s) shall also be subject to the review and approval of a senior management staff such as our Chief Executive Officer or Chief Financial Officer or, in the event our Chief Executive Officer and Chief Financial Officer have an interest in the Mandated Transaction(s) or are nominees of the Mandated Interested Person(s), an officer of similar or equivalent rank (who must have no interest, direct or indirect in the Mandated Interested Person(s) and

INTERESTED PERSON TRANSACTIONS

the Mandated Transaction(s), and as designated by our Audit Committee for such Mandated Transaction(s)) who shall determine whether the terms offered to the Mandated Interested Person(s) are in accordance with the applicable industry norms, on normal commercial terms and not prejudicial to the interest of our Company and our minority Shareholders having regards to the Day Rates Factors, the Profit-Sharing Factors (if applicable), as well as costs and benefits to our Group for entering into the Mandated Transaction(s).

(b) Obtaining of services from the Mandated Interested Person(s) relating to the engagement of employees on our behalf

The methods and procedures are as follows:

- (i) Our Group will obtain at least two quotations from unrelated third party suppliers for similar services, whenever appropriate and available, prior to the entry into the contract or transaction with the Mandated Interested Person(s), as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person(s) are on normal commercial terms and comparable to those offered by unrelated third parties for the same or substantially similar services, and not prejudicial to the interest of our Company and our minority Shareholders;
- (ii) In determining whether the price and terms of services offered by the Mandated Interested Person(s) (such as engagement of employees on our behalf) are on normal commercial terms, our Group will take into account factors such as but are not limited to, the location of services required, complexity of the services required, tenure of services required (the **"Service Factors"**);
- (iii) In the circumstance where such comparable service quotations are not available (for instance, if there are no unrelated third party vendors providing similar services), the terms of the proposed Mandated Transaction(s) shall also be subject to the review and approval of a senior management staff such as our Chief Executive Officer or Chief Financial Officer or, in the event our Chief Executive Officer and Chief Financial Officer have an interest in the Mandated Transaction(s) or are nominees of the Mandated Interested Person(s), an officer of similar or equivalent rank (who must have no interest, direct or indirect, in the Mandated Interested Person(s) and the Mandated Transaction(s), and as designated by our Audit Committee for such Mandated Transaction(s)) who shall determine whether the terms offered by the Mandated Interested Person(s) are fair and reasonable, having regard to the Service Factors as well as costs and benefits to our Group for entering into the Mandated Transaction(s); and
- (iv) Where the Mandated Interested Person(s) seeks reimbursement from our Group for expenses incurred in relation to the services provided to our Group, our finance department shall review and ensure that the relevant supporting documents are attached to the reimbursement claims¹⁰.

¹⁰ The reimbursement refers to out-of-pocket expenses which the Mandated Interested Persons may incur in the process of the engagement of employees on our Group's behalf. Such expenses could include, but are not limited to, flight tickets for the employees, in the event they are required to be relocated in connection with their employment, as well as any fees that may have to be payable in connection with the application for the requisite employment permits and approvals for such employees from the relevant local authorities. As such expenses incurred are out-of-pocket expenses, our Group will assess whether the expenses to be reimbursed are fair and reasonable by comparing the expenses incurred to the market price of similar goods and services, to the extent available.

INTERESTED PERSON TRANSACTIONS

(c) Purchasing of IT-related products and services from Mandated Interested Person(s)

The methods and procedures are as follows:

- (i) Our Group will obtain at least two quotations from unrelated third party suppliers for similar products and services, whenever appropriate and available, prior to the entry into the contract or transaction with the Mandated Interested Person(s), as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person(s) are on normal commercial terms and comparable to those offered by unrelated third parties for the same or substantially similar products and services, and not prejudicial to the interest of our Company and our minority Shareholders;
- (ii) In determining whether the price and terms offered by the Mandated Interested Person(s) for the purchase of products and services by our Group from the Mandated Interested Person(s) are on normal commercial terms, our Group will take into account factors such as but are not limited to, size of order, product specifications, delivery costs, delivery schedules, track record of suppliers and products (the “**Product Factors**”); and
- (iii) In the circumstance where such comparable product quotations are not available (for instance, if there are no unrelated third party vendors selling similar products), the terms of the proposed Mandated Transaction(s) shall also be subject to the review and approval of a senior management staff such as our Chief Executive Officer or Chief Financial Officer or, in the event our Chief Executive Officer and Chief Financial Officer have an interest in the Mandated Transaction(s) or are nominees of the Mandated Interested Person(s), an officer of similar or equivalent rank (who must have no interest, direct or indirect, in the Mandated Interested Person(s) and the Mandated Transaction(s), and as designated by our Audit Committee for such Mandated Transaction(s)) who shall determine whether the terms offered by the Mandated Interested Person(s) are fair and reasonable, having regard to the Product Factors as well as costs and benefits to our Group for entering into the Mandated Transaction(s).

(d) Leasing of office space and obtaining of related facilities and services from the Mandated Interested Person(s)

The methods and procedures are as follows:

- (i) Our Group will obtain at least two quotations from unrelated third party suppliers for similar office space, facilities and services, prior to the entry into the contract with the Mandated Interested Person(s), as a basis for comparison to determine whether the fees offered by the Mandated Interested Person(s) are on normal commercial terms, and not prejudicial to the interest of our Company and our minority Shareholders. The fees payable by our Group to the Mandated Interested Person(s) shall be no more favourable to the Mandated Interested Person(s) as compared to the fees quoted by the unrelated third parties;
- (ii) In determining whether the fees payable by our Group to the Mandated Interested Person(s) are on normal commercial terms, our Group shall take into account the location, size of space, tenure of the lease, facilities, amenities and services available, and any other relevant factors which may affect the rental rates or terms of the lease (the “**Office Space Factors**”) In general, our Group will only enter into new leases or

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renew the existing leases with the Mandated Interested Person(s) if we are satisfied that the rent payable is in line with or better than prevailing market rental rates for comparable spaces; and

- (iii) In the circumstance where comparable quotations are not available (for instance, if there are no unrelated third party lessor within the same vicinity), the terms of the proposed Mandated Transaction(s) shall also be subject to the review and approval of a senior management staff such as the Chief Executive Officer or Chief Financial Officer or in the event the Chief Executive Officer and Chief Financial Officer have an interest in the Mandated Transaction(s) or are nominees of the Mandated Interested Person(s) an officer of similar or equivalent rank (who must have no interest, direct or indirect in the Mandated Interested Person(s) and the Mandated Transaction(s), and as designated by our Audit Committee for such Mandated Transaction(s)) who shall determine whether the terms offered by the Mandated Interested Person(s) are fair and reasonable, having regard to the Office Space Factors as well as costs and benefits to our Group for entering into the Mandated Transaction(s).
- (e) The following approval thresholds will apply to the Mandated Transaction(s):
- (i) All Mandated Transaction(s) will be subject to review and prior approval by our Chief Executive Officer or our Chief Financial Officer or, in the event our Chief Executive Officer and Chief Financial Officer have an interest in the Mandated Transaction(s) or are nominees of the Mandated Interested Person(s), an officer of similar or equivalent rank (who must have no interest, direct or indirect, in the transaction) (the “**Relevant Authorised Persons**”);
 - (ii) In the event that all of the Relevant Authorised Persons have an interest in the transaction, are nominees for the time being of the Mandated Interested Person(s) or have associates (as defined in the Catalist Rules) involved in the decision making process on the part of the Mandated Interested Person(s) or are subject to such conflicts of interest, the review and approval process shall be undertaken by the Chairman of our Audit Committee or another member of our Audit Committee (who is not a nominee of the Mandated Interested Person(s), has no interest in the transaction and is not subject to such conflicts of interest) as designated by the Chairman of our Audit Committee from time to time for such purpose;
 - (iii) For all Mandated Transaction(s), where the value of each Mandated Transaction (either individually or cumulative during the same financial year) is equal to or exceeding 3.0% of the value of our Group’s latest audited NTA, such Mandated Transaction(s) will be subject to review and prior approval of our Audit Committee;
 - (iv) For the avoidance of doubt, Mandated Transaction(s) which have already been reviewed and approved by our Audit Committee will not be included in such calculations;
 - (v) In the event that a member of our Audit Committee has an interest in the Mandated Transaction(s) or is a nominee for the time being of the Mandated Interested Person(s), or if any associate (as defined in the Catalist Rules) of a member of our Audit Committee is involved in the decision making process on the part of the Mandated Interested Person(s), he shall abstain from participating in the review and approval process of our Audit Committee in relation to that transaction;

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- (vi) In the event that a member of our Audit Committee (who is not a nominee of the Mandated Interested Person(s), has no interest in the transaction and is not subject to such conflicts of interest) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person(s), and he participates in the review and approval process of our Audit Committee in relation to a transaction with that Mandated Interested Person(s), he will abstain from participating on any decision before the board or committee of that Mandated Interested Person with respect to such transaction;
 - (vii) Any of the Relevant Authorised Persons, and our Audit Committee, may, as he deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including requesting for an independent financial adviser's opinion and/or the obtaining of valuations from independent professional valuers; and
 - (viii) For the avoidance of doubt, the value of Mandated Transaction in relation to leasing of office space and obtaining of related facilities and services from the Mandated Interested Person is based on the total amount payable for the duration of the contract and excludes any option to renew the contract.
- (f) We will also implement the following additional procedures:
- (i) We will maintain a register of all Interested Person Transactions, including the Mandated Transactions (the "**IPT Register**"). The IPT Register shall include information pertinent to all the Mandated Transactions, such as but are not limited to, the names of the Mandated Interested Persons, the nature of the Mandated Transactions, the value of the Mandated Transactions, the basis and rationale for determining the transaction prices, material terms and conditions and the supporting documents obtained to substantiate the terms. For the avoidance of doubt, all Mandated Transactions including those below S\$100,000 shall be recorded in the IPT Register;
 - (ii) We will also file the documents relating to the Mandated Transaction(s) separately, including the contract entered into with the Mandated Interested Person(s), the relevant supporting documents and approval forms for ease of review by the internal auditors, our Audit Committee and/or any senior management staff designated by our Audit Committee to conduct such review;
 - (iii) Our Audit Committee will review the IPT Register and the file relating to the Mandated Transaction(s) on a half-yearly basis;
 - (iv) We will maintain an updated list of Interested Persons and will disclose the list to relevant key personnel within our Group (including after each update to the list) to enable the identification of Interested Persons and Interested Person Transactions. This master list of Interested Persons shall be reviewed on a half-yearly basis by our Audit Committee;
 - (v) Our annual internal audit plan will incorporate a review of the Mandated Transaction(s) entered into, pursuant to the IPT General Mandate to ensure that the methods and procedures in respect of the Mandated Transaction(s) have been adhered to;

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- (vi) our Audit Committee will review the internal audit reports on Mandated Transaction(s) to ascertain that the methods and procedures for Mandated Transaction(s) have been complied with; and
- (vii) Our Board will also ensure that all disclosures, approvals and other requirements on interested person transactions, including those required by prevailing legislation, the Catalist Rules (in particular Chapter 9 thereof) and relevant accounting standards, are complied with. We will also comply with the Principles set out in the Code of Corporate Governance 2018 and endeavour to comply with the provisions in the Code of Corporate Governance 2018.

If during any of the reviews by our Audit Committee, our Audit Committee is of the view that the methods and procedures for the Mandated Transaction(s) have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of our Group or the Mandated Interested Person(s) are conducted, we will seek a fresh general mandate from the Shareholders based on new methods and procedures so that Mandated Transaction(s) will be carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders. In the interim, our Audit Committee will review every Mandated Transaction pending the grant of the fresh mandate, which will be in accordance with the requirements of the relevant provisions of Chapter 9 and/or other applicable provisions of the Catalist Rules (as may be amended, supplemented or modified from time to time).

Opinion of the Independent Financial Adviser

Xandar Capital Pte. Ltd. has been appointed as our independent financial adviser pursuant to Rule 920(1)(b)(v) of the Catalist Rules, to opine on whether the methods and procedures, as set out above, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

Having considered, among other things, (i) the methods and procedures as well as the approval thresholds set out in the section above; (ii) the frequency of review of Mandated Transaction(s) by our Audit Committee and the internal auditors; (iii) the role of our Audit Committee in relation to the IPT General Mandate; and (iv) the rationale for and benefits of the IPT General Mandate, Xandar Capital Pte. Ltd. is of the opinion that the methods and procedures of our Company as set out in the section entitled "*Interested Person Transactions – General Mandate for Interested Person Transactions – Methods and Procedures for Mandated Transactions with Mandated Interested Persons*" of this Offer Document for determining the transaction prices of the Mandated Transaction(s), if adhered to, are sufficient to ensure that the Mandated Transaction(s) carried out thereunder will be on normal commercial terms, and will not be prejudicial to the interests of our Company and our minority Shareholders. Please refer to the section entitled "*Appendix C – Letter from the Independent Financial Adviser*" to this Offer Document for more details.

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Audit Committee's Statement

Having considered, among others, the rationale for and benefits of the IPT General Mandate, the methods and procedures for determining transaction prices and terms of the Mandated Transactions, together with the opinion of the Independent Financial Adviser, our Audit Committee is of the view that the methods and procedures for determining transaction prices and terms of the Mandated Transactions, as set out above, are sufficient to ensure that the Mandated Transactions with the Mandated Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

Review of Other Interested Person Transactions and Review by our Audit Committee

To ensure that future transactions with interested persons other than Mandated Transactions are undertaken on normal commercial terms and are consistent with our Group's usual business practices and policies, which are generally no more favourable than those extended to unrelated third parties, the following procedures will be implemented by our Group.

All interested person transactions above S\$100,000 are to be approved by a Director. Any contracts to be made with an interested person shall not be approved unless the pricing is determined in accordance with our usual business practices and policies, consistent with the usual margin given or price received by us for the same or substantially similar type of transactions between us and unrelated parties and the terms are no more favourable than those extended to or received from unrelated parties.

For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between us and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the interested person are no more favourable than those extended to unrelated parties.

In addition, we shall monitor all interested person transactions entered into by us categorising the transactions as follows:

- (a) a "category one" interested person transaction is one where the value thereof is in excess of 3.0% of the NTA of our Group; and
- (b) a "category two" interested person transaction is one where the value thereof is below or equal to 3.0% of the NTA of our Group.

"Category one" interested person transactions must be approved by our Audit Committee prior to entry. "Category two" interested person transactions need not be approved by our Audit Committee prior to entry but shall be reviewed on a half-yearly basis by our Audit Committee.

Before any agreement or arrangement with an interested person that is not in the ordinary course of business of our Group is transacted, prior approval must be obtained from our Audit Committee. In the event that a member of our Audit Committee is interested in any interested person transactions, he will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by our Audit Committee.

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We will also comply with the provisions in Chapter 9 of the Catalist Rules in respect of all future interested person transactions, and if required under the Catalist Rules or the SFA, we will seek independent Shareholders' approval for such transactions.

POTENTIAL CONFLICTS OF INTEREST

In general, a conflict of interest arises when any of our Directors, Controlling Shareholders or their associates is carrying on or has any interest in any other corporation carrying on the same business or dealing in similar products as our Group.

All our Directors have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceedings of our Board and shall abstain from voting in respect of any such transaction where the conflict arises.

Our Audit Committee will review any actual or potential conflicts of interest that may involve our Directors as disclosed by them to our Board and the exercise of our Directors' fiduciary duties in this respect. Upon the disclosure of an actual or potential conflict of interest by our Director, our Audit Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of our Audit Committee will not participate in any proceedings of our Audit Committee in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting information as our Audit Committee may deem reasonably necessary. Until our Audit Committee has determined that no conflict of interest exists, such a Director will not participate in any proceedings of our Board, and shall in any event abstain from voting, in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises.

Interest of Mr. Chan Chun-Sheng, brother of our Chief Executive Officer and Executive Chairman, Mr. Johnny Jan

Mr. Johnny Jan's brother, Mr. Chan Chun-Sheng, has a 90% indirect interest in Bloom Develop Limited through his 100% direct interest in Bloom Origin Ltd. Bloom Develop Limited has a Taiwan branch, Bloom Develop Limited Taiwan Branch (香港商旺拓有限公司台湾分公司) ("**Bloom Develop**"), which is engaged in the distribution of mobile phone games in Taiwan. We believe that there does not exist any conflict of interest arising from the foregoing because there is no overlap in the business activities of our Group and the business activities of Bloom Develop, as Bloom Develop distributes mobile phone games in Taiwan, but our Group does not distribute mobile phone games. Mr. Johnny Jan, our Company's Directors, Executive Officers and Shareholders (i) have no direct or indirect involvement in the day-to-day operations; (ii) do not hold any executive positions; (iii) have no direct or indirect equity interest in Bloom Develop; and (iv) Mr. Chan Chun-Sheng is also not involved in the day-to-day operations of our Group, does not hold any executive position in any Group entity and does not have any shareholding interest in any Group entity.

In addition to the foregoing, (A) Bloom Develop is managed by its own set of management and operation team which is not related or involved to our Group. Mr. Chan Chun-Sheng is not an employee, director or shareholder of our Group; (B) factually, and based on past practice, Mr. Johnny Jan has not and does not exercise any influence on his brother in terms of this brother's business decisions. Mr. Chan Chun-Sheng has not exercised any influence on Mr. Johnny Jan in terms of Mr. Johnny Jan's business decisions and does not have control over the decisions that Mr. Johnny Jan makes in the management of our Group's business. Mr. Johnny

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Jan and his brother are not financially dependent on each other, as each of them have their own businesses, income streams and assets. As such, in spite of their familial relationship, they are independent and separate from each other and Mr. Johnny Jan has no control over the decisions that his brother makes in the management of Bloom Develop's business; and (C) Mr. Johnny Jan has on 28 September 2023 entered into a Service Agreement that includes customary non-compete undertakings whereby, *inter alia*, Mr. Johnny Jan shall not participate¹¹, either on his own account or in conjunction with or on behalf of any other person, firm or company, in any business activities that our Group is primarily engaged in, being our Art Outsourcing Segment, Game Development Segment, Global Publishing Segment and such other business that our Group may carry on from time to time.

As at the Latest Practicable Date, our Directors are of the view that adequate safeguards and measures to prevent the occurrence of any potential conflicts of interests have been established, as follows:

- (a) our Directors have a duty to disclose their interests in respect of any contract, proposal, transaction or any other matter whatsoever in which they have any personal material interest, directly or indirectly, or any actual or potential conflicts of interest (including conflicts of interest that arise from any of their directorships or executive positions or personal investments in any other corporations) that may involve them. Upon such disclosure, such Directors shall not participate in any proceedings of our Board, and shall in any event abstain from voting in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises, unless and until our Audit Committee has determined that no such conflict of interest exists;
- (b) our Audit Committee is required to examine the internal control procedures and review procedures put in place by our Company to determine if such procedures put in place are sufficient to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders;
- (c) our Audit Committee will review any actual or potential conflicts of interest that may involve our Directors as disclosed by them to our Board and exercising directors' fiduciary duties in this respect. Upon the disclosure of an actual or potential conflict of interests by a Director, our Audit Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of our Audit Committee will not participate in any proceedings of our Audit Committee in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as our Audit Committee may deem reasonably necessary;

¹¹ "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.

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- (d) upon our Listing, we will be subject to Chapter 9 of the Catalist Rules in relation to interested person transactions. The objective of these rules is to ensure that our interested person transactions do not prejudice the interests of our Shareholders as a whole. These rules require us to make prompt announcements, disclosures in our annual report and/or seek Shareholders' approval for certain material interested person transactions. Our Audit Committee may also have to appoint independent financial advisers to review such interested person transactions and opine on whether such transactions are fair and reasonable to us, and not prejudicial to our interests and the interests of our minority Shareholders; and
- (e) our Directors owe fiduciary duties to us, including the duty to act in good faith and in our best interests. Our Directors must exercise the powers that are vested in them for the purpose for which they were conferred and not for a collateral purpose. Our Directors should not improperly fetter the exercise of future discretion. In addition to the fiduciary duties, each Director owes a duty of care, diligence and skill to our Company.

Certain of our Directors and Controlling Shareholders and their respective associates in the future may hold, whether directly or by way of deemed interest, not more than a 5.0% interest in quoted or listed securities of companies that are in similar business as our Group.

Save as disclosed in the sections entitled "*Interested Person Transactions*" and "*Directors, Executive Officers and Employees – Service and Employment Agreements*" of this Offer Document, none of our Directors, Executive Officers, Controlling Shareholders or any of their associates has an interest, direct or indirect:

- (a) in any transaction to which our Group was or is to be a party;
- (b) in any entity carrying on the same business or dealing in similar services which competes materially and directly with the existing business of our Group; and
- (c) in any enterprise or company that is our Group's customer or supplier of goods and services.

Save as disclosed in the sections entitled "*Interested Person Transactions*" and "*Directors, Executive Officers and Employees – Service and Employment Agreements*" of this Offer Document, none of our Directors, Executive Officers, Controlling Shareholders or any of their associates has or had any interest, direct or indirect in any existing contract or arrangement which was or is significant in relation to the business of our Group, taken as a whole.

Interests of Experts

No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Offer Document, been acquired or disposed of by or leased to our Company or its subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or our subsidiaries.

No expert (i) is employed on a contingent basis by our Company or its subsidiaries; or (ii) has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries; or (iii) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.

INTERESTED PERSON TRANSACTIONS

Interests of the Sponsor, Issue Manager and Placement Agent

In the reasonable opinion of our Directors, PPCF does not have a material relationship with our Company save as disclosed below and in the section entitled “*Plan of Distribution – Management, Sponsorship and Placement Arrangements*” of this Offer Document:

- (a) PPCF is the Sponsor, Issue Manager and Placement Agent in relation to the Listing; and
- (b) PPCF will be the Continuing Sponsor of our Company for a period of three years from the date our Company is admitted and listed on Catalist.

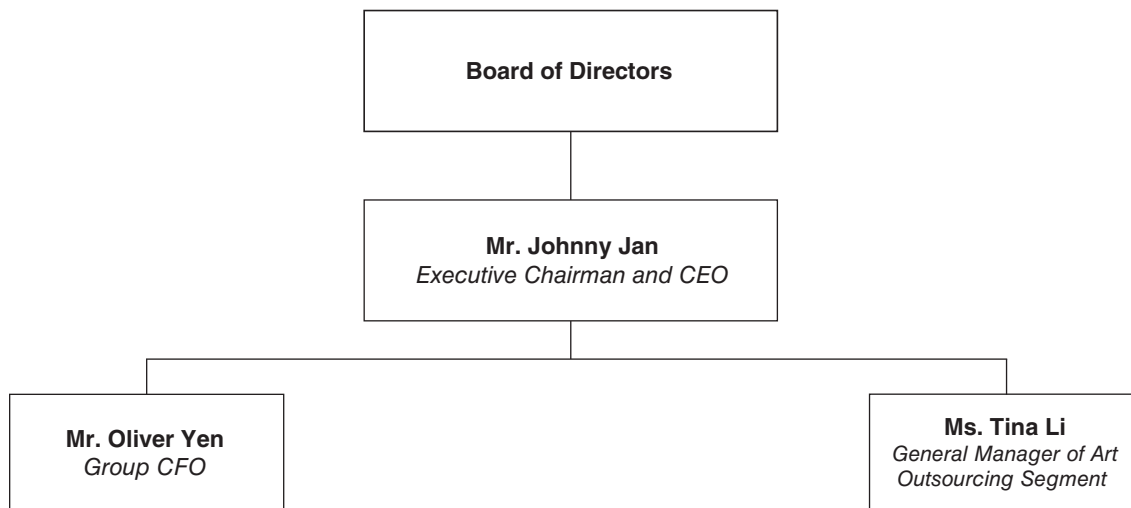
Interests of Xandar Capital Pte. Ltd.

In the reasonable opinion of our Directors, Xandar Capital Pte. Ltd. does not have a material relationship with our Company, save that Xandar Capital Pte. Ltd. is the Independent Financial Adviser.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the Latest Practicable Date:



DIRECTORS

Our Board of Directors is entrusted with the responsibility for the overall management of our Group. Our Directors' particulars are listed below:

Name	Age	Address	Designation
Mr. Johnny Jan	47	c/o 1F, No. 158, Ruihu Street, Neihu District, Taipei City, Taiwan	Executive Chairman and CEO
Mr. Kao Shu-Kuo	54	c/o 1F, No. 158, Ruihu Street, Neihu District, Taipei City, Taiwan	Non-Executive Director
Mr. Lim Heng Choon	52	c/o 6 Raffles Quay #14-06 Singapore 048580	Lead Independent and Non-Executive Director
Mr. Chang Yi-Hao	48	c/o 1F, No. 158, Ruihu Street, Neihu District, Taipei City, Taiwan	Independent and Non-Executive Director
Mr. Yang Wu Te	65	c/o 6 Raffles Quay #14-06 Singapore 048580	Independent and Non-Executive Director

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Experience of our Board of Directors

Information on the business, working experience and areas of responsibility of our Directors is set out below:

Mr. Johnny Jan is our Executive Chairman and CEO. He was appointed as our Director on 15 December 2005 and was re-designated as Executive Chairman on 21 July 2023. He is also a director of all our subsidiaries. He is primarily responsible for overseeing the business development activities and operations of our Group and for leading the overall strategic direction of our Group. He has over 25 years of experience in the art outsourcing and game development industries. He started his career in Japan TGL Co., Ltd in August 1997 as a R&D supervisor where he led the R&D team in the development of game titles. He subsequently founded WindThunder Era Co., Ltd in 2000 and as its chief executive officer, he led all the departments in the company to develop and publish various game titles. In 2004, he founded our Group's art outsourcing and game development studios in the PRC, prior to the incorporation of our Company in 2005. He is also a director of the Taiwan Game Industry Promotion Alliance. Mr. Johnny Jan obtained a Bachelor's degree in business administration from the Central University of Taiwan in 2000.

Mr. Kao Shu-Kuo was appointed as our Director on 17 May 2023 and was re-designated as our Non-Executive Director on 21 July 2023. Mr. Kao Shu-Kuo is presently the Chairman of the Board of Directors in Acer Gaming Inc. He started his career in Acer in 1995 where he was responsible for its IT product business, and was subsequently promoted to the general manager of Acer's IT products business in March 2016, where he was responsible for the management of business and product cycles of various products, including personal computers, desktop computers, monitors, peripheral accessories, virtual, wide augmented reality and R&D. In November 2018, he took on the role of Chief Operating Officer in Acer and the role as 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. Lim Heng Choon was appointed as our Independent Director on 17 May 2023 and was re-designated as our Lead Independent and Non-Executive Director on 21 July 2023. He is presently the Chief Financial Officer and executive director of Centific Global Solutions, Inc (formerly known as Pactera Technologies NA, Inc.) as well as the founder and managing director of Hyperion Connect Pte. Ltd.. He started his career in the Kuala Lumpur office of the Boston Consulting Group as an Associate from 1996 to 1998, before being promoted to a Senior Associate from 1998 to 1999 and subsequently, as a consultant, from March 1999 to August 1999 and from September 2001 to September 2003. He then joined Southern Bank Berhad from October 2003 to October 2004 where, as a Vice President and the head of its Financial Advisory Services, he built and led the sales and service division in the consumer banking group. From November 2004 to December 2009, he was with Hisoft Technology International Limited, first as its Head of Strategic Planning/Corporate Development from November 2004 to February 2007 where he was responsible for its Series B and C fundraising and all merger and acquisitions, before being promoted to the role of Acting Chief Financial Officer from December 2008 to December 2009 where he oversaw the finance and internal audit functions. From March 2007 to December 2009, he was its Chief Operating Officer where he oversaw the support functions in the company which encompassed the human resource, legal, business operations, shared services, corporate development, facilities, IT and marketing functions, before transitioning to the role of an Advisor from January 2010 to September 2010 and subsequently, from November 2013 to December 2020. From July 2011 to October 2018, he co-founded International Liquid Packaging Solutions Pte. Ltd., a start-up company involved in the business of industrial green packaging. He also founded Hyperion Connect Pte. Ltd., a boutique consulting firm in November 2018 that takes on corporate advisory projects. In June 2022, he was appointed as the Chief Financial Officer of

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Centific Global Solutions, Inc. He graduated from Monash University in 1996 with a Bachelor of Engineering (Electrical and Computer Systems) (Honours) before going on to obtain a Master's degree in Business Administration from the Kellogg School of Management, Northwestern University, USA in 2001.

Mr. Chang Yi-Hao was appointed as our Independent Director on 29 September 2021 and was re-designated as our Independent Non-Executive Director on 21 July 2023. He started his career in Wistron Corporation in April 2003 as a product engineer, before joining X-Legend Entertainment, a company engaged in the business of game licensing and publishing in 2004, as its Chief Operating Officer where he was responsible for licensing games from Korean developers and launching such games in the Taiwan market. Additionally, he also oversaw the publishing of self-developed games by X-Legend for the Taiwan market, and had established an international operations team which was responsible for licensing and managing these games across multiple countries, including Japan, the PRC, the United States, Europe, Thailand and Malaysia, amongst others. From 2012 to 2017, he 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 Japan, Taiwan, and Thailand for the Asian market. He acted as the primary liaison with major platforms such as the Apple Store, Google Play, and Facebook and secured licensing for internationally renowned games and intellectual properties for distribution in the Chinese market. He was subsequently the founder and CEO of Howard Marketing Co., Ltd, an Internet marketing and media agency. Mr. Chang Yi-Hao 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 degree in business administration from the National Taiwan University, Graduate School of Business in 2001.

Mr. Yang Wu Te was appointed as our Independent Director on 17 May 2023 and was re-designated as our Independent Non-Executive Director on 21 July 2023. He started his career in private banking in Bankers Trust Co. Ltd. (now known as Deutsche Bank) in January 1989 to March 1991 as an Assistant Vice President in the Private Banking Group. From March 1991 to December 1993, he was the Senior Vice President – Private Banking Group in The Chase Manhattan Bank N.A. (now known as JPMorgan Chase & Co). He subsequently joined Taishin International Bank from December 1993 to September 1994 as an Assistant Vice President, before moving to Merrill Lynch International Bank Limited, first as its Vice President – Global Private Client from September 1994 to September 1999 before being promoted to First Vice President – Global Private Client, a role which he held from September 1999 to May 2013. He went on to join Bank Julius Baer & Co. Ltd. as its Executive Director/Relationship Manager – Private Banking from May 2013 to December 2020. Mr. Yang Wu Te graduated from the China College of Municipal Administration, Taiwan in 1979 with a certificate in Business and Industrial Administration.

Present and Past Directorships of our Directors

The list of present and past directorships of each Director over the last five years up to the Latest Practicable Date, excluding that held in our Company, are set out in the section entitled “Appendix K – List of Present and Past Directorships” to this Offer Document.

Expertise of our Directors

As evidenced by their respective business and working experience set out above, our Directors possess the appropriate expertise to act as directors of our Company. In accordance with the requirements under the Catalist Rules, Mr. Johnny Jan, Mr. Kao Shu-Kuo, Mr. Lim Heng Choon, Mr. Chang Yi-Hao and Mr. Yang Wu Te will attend the relevant courses on the roles and

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

responsibilities of a director of a public listed company in Singapore organised by the Singapore Institute of Directors for listed entity essentials, board dynamics, board performance and stakeholder engagement by the end of the first year after the admission of our Company to the Catalist of the SGX-ST.

In accordance with Schedule 1 of Practice Note 4D of the Catalist Rules, Mr. Lim Heng Choon, Mr. Chang Yi-Hao and Mr. Yang Wu Te will attend the courses on audit committee essentials, board risk committee essentials, nominating committee essentials and remuneration committee essentials, where relevant to their respective appointments to our Board by the end of the first year after the admission of our Company to the Catalist of the SGX-ST.

None of our Independent Directors sits on the board of our subsidiaries.

EXECUTIVE OFFICERS

The particulars of our Executive Officers are set out below:

Name	Age	Address	Designation
Mr. Oliver Yen	55	c/o 1F, No. 158, Ruihu Street, Neihs District, Taipei City, Taiwan	Group CFO
Ms. Tina Li	45	c/o No. 1, Zhengxue Road, Qinhuai District, Nanjing, PRC	General Manager of Art Outsourcing Segment

Experience of our Executive Officers

Information on the business, working experience, educational and professional qualifications, if any, and areas of responsibilities of our Executive Officers are set out below:

Mr. Oliver Yen is our Group CFO and has been responsible for all finance related areas of our Group since joining us in September 2014. He is in charge of overseeing our Group's treasury function, audit and taxation matters. He supports the management on all strategic and financial planning matters in relation to our Group's business. Prior to joining our Group, Mr. Oliver Yen first started his career in July 1994 as an Assistant Financial Manager in Taiwan Cement Corporation, a role which he held till August 1997. From November 1997 to March 2000, he was an Assistant Manager in the Finance Department of Tailyn Technologies Inc. From May 2000 to September 2013, he was the Vice General Manager of the General Management Office in Softstar Entertainment Inc., a Taiwanese game development and game publishing company. He subsequently joined Wenetgroup Ltd. as its Senior Financial Controller from February 2014 to April 2014. Mr. Oliver Yen graduated from the Department of Accounting in the School of Management of Tunghai University in 1991 with a Bachelor's degree in Business.

Ms. Tina Li is the General Manager of Art Outsourcing Segment, having first joined our Group in December 2003 as an art designer and becoming an employee of Shanghai Winking upon its incorporation in January 2004. She is responsible for overseeing the expansion and growth of our 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 our Group in December 2003 as an art designer, becoming an employee of

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Shanghai Winking upon its incorporation in January 2004 before being promoted to the role of General Manager of Shanghai Winking, 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 and the head of our Art Outsourcing Segment. She obtained a Master's degree in Software Engineering from Shanghai Fudan University in 2011.

Present and Past Directorships of our Executive Officers

The list of present and past directorships of each Executive Officer over the last five years up to the Latest Practicable Date, excluding that held in our Company, are set out in the section entitled "Appendix K – List of Present and Past Directorships" to this Offer Document.

Family Relationships

As at the Latest Practicable Date, none of our Directors or Executive Officers are related to one another nor are they so related to any Substantial Shareholders of our Company save that Mr. Cho Tai-Wei and Ms. Cho Tai-Ching who are cousins of Mr. Johnny Jan are indirect Substantial Shareholders of our Company as they hold 44% and 40% respectively of the shareholding interest in Flying Way International Corp., a Substantial Shareholder of our Company.

Arrangements or Understandings

Mr. Kao Shu-Kuo, our Non-Executive Director, was appointed as a representative to our Company's Board by our Controlling Shareholder, Acer Gaming. Save as disclosed and to the best of our knowledge and belief, there are no arrangements or understandings with any Substantial Shareholders, customers, suppliers or others, pursuant to which any of our Directors and Executive Officers was appointed.

REMUNERATION

The compensation (which includes benefits-in-kind and directors' fees and bonuses) paid to our Directors and our Executive Officers for services rendered to us and our subsidiaries on an individual basis and in remuneration bands⁽¹⁾ during FY2021, FY2022 and the estimated compensation (including benefits-in-kind and directors' fees and bonuses) expected to be paid for the current financial year is as follows:

Names	FY2021	FY2022	FY2023 (Estimated)
Directors			
Mr. Johnny Jan	Band B	Band B	Band A ⁽²⁾
Mr. Chang Yi-Hao	Band C	Band C	Band C
Mr. Kao Shu-Kuo	–	–	Band C
Mr. Yang Wu Te	–	–	Band C
Mr. Lim Heng Choon	–	–	Band C
Executive Officers			
Mr. Oliver Yen	Band C	Band C	Band C ⁽³⁾
Ms. Tina Li	Band C	Band C	Band B ⁽⁴⁾

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Notes:

- (1) Band A: Compensation of between S\$500,001 to S\$750,000 per annum.
Band B: Compensation of between S\$250,001 to \$500,000 per annum.
Band C: Compensation from S\$0 to S\$250,000 per annum.
- (2) The estimated remuneration for FY2023 includes bonus payable to Mr. Johnny Jan comprising: (i) a two-month bonus payable upon the successful completion of the Listing and (ii) an incentive bonus to be determined on the basis of an incremental number of months' salary based on the consolidated profits after tax of our Group having met certain financial thresholds for the relevant financial year and as further described in the section entitled "*Directors, Executive Officers and Employees – Service and Employment Agreements*" of this Offer Document.
- (3) The estimated remuneration for FY2023 includes bonus payable to Mr. Oliver Yen comprising a two-month bonus payable upon the successful completion of the Listing and as further described in the section entitled "*Directors, Executive Officers and Employees – Service and Employment Agreements*" of this Offer Document.
- (4) The estimated remuneration for FY2023 includes bonus payable to Ms. Tina Li comprising a discretionary bonus based on a percentage of the net profit after tax of certain art outsourcing studios within our Group and incremental amounts of US\$5,000 based on the consolidated profits after tax of our Group having met certain financial thresholds for the relevant financial year and as further described in the section entitled "*Directors, Executive Officers and Employees – Service and Employment Agreements*" of this Offer Document.

Save as described in the section entitled "*Directors, Executive Officers and Employees – Related Employees*", there are (i) no family relationships among any of our Directors, Executive Officers or Substantial Shareholders and (ii) no employees of our Company who are immediate family members of any of our Directors or our Executive Chairman and CEO.

RELATED EMPLOYEES

As at the Latest Practicable Date, save as disclosed below, there are no family relationships between any of our full-time employees and our Directors, Executive Officers, and/or Substantial Shareholders or between any of our Directors, Executive Officers and Substantial Shareholders ("**Related Employees**").

Name	Position Held	Relationship
Mr. Johnny Jan	Executive Chairman and CEO	Cousin of Mr. Cho Tai-Wei
Mr. Cho Tai-Wei	Chief Operating Officer, Taiwan Operations	Cousin of Mr. Johnny Jan Mr. Cho Tai-Wei holds 44.0% of the shareholding interest in and is a director of Flying Way International Corp., our Substantial Shareholder

The compensation (which includes benefits-in-kind and bonuses) paid to each employee who is an immediate family member of our Directors for services rendered to us and our subsidiaries on an individual basis and in remuneration bands of S\$50,000⁽¹⁾ during FY2021 and FY2022 is as follows:

Name	FY2021	FY2022
Mr. Cho Tai-Wei	Band B	Band B

Note:

- (1) Band A means compensation of up to S\$50,000 per annum.
Band B means compensation from S\$50,001 to S\$100,000 per annum.
Band C means compensation from S\$100,001 to S\$150,000 per annum.
Band D means compensation from S\$150,001 to S\$200,000 per annum.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Following our Listing, the remuneration of the Related Employees will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any remuneration, bonuses, pay increases and/or promotions for these Related Employees will also be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the Related Employee under review, he will abstain from the review.

In line with the Code of Corporate Governance 2018, we will disclose in our annual report details of the remuneration of employees who are Substantial Shareholders, or who are immediate family members of our Directors, our Chief Executive Officer or Substantial Shareholder, and whose remuneration exceeds S\$100,000 during the year, in bands of no wider than S\$100,000.

Save as described in the section entitled “*Directors, Executive Officers and Employees – Service and Employment Agreements*” of this Offer Document, as at the date of this Offer Document, we do not have in place any formal bonus or profit-sharing plan or any other profit-linked agreement or arrangement with any of our employees and bonus is expected to be paid on a discretionary basis.

Save for the Winking Studios Performance Share Plan, no remuneration was paid or is to be paid in the form of share options to any of our Directors, Executive Officers or employees. As at the Latest Practicable Date, no Awards have been made under the Winking Studios Performance Share Plan.

As at the Latest Practicable Date, other than the amounts set aside or accrued as required for compliance with the applicable laws of Singapore, the PRC and Taiwan (if any), no amounts have been set aside or accrued by our Group to provide for pension, retirement or similar benefits for any of our employees.

EMPLOYEES

The following table sets forth the breakdown of our employees by activity as at the end of each of the last three financial years and as at 31 March 2023:

Function	As at 31 December			As at
	2020	2021	2022	31 March 2023
Management ⁽¹⁾	3	3	3	3
Operations ⁽²⁾	354	530	629	652
Finance and legal ⁽³⁾	10	10	13	15
Sales and marketing ⁽⁴⁾	11	15	19	17
Administration (including human resources and IT) ⁽⁵⁾	19	30	37	38
Total	397	588	701	725

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Notes:

- (1) Out of the three employees classified under the “Management” function as at each of 31 December 2020, 2021, 2022 and 31 March 2023, there were two, two, one and one employee(s) under this function who were based in Taiwan at the corresponding points in time, respectively.
- (2) Out of the 354, 530, 629 and 652 employees classified under the “Operations” function as at 31 December 2020, 2021, 2022 and 31 March 2023 respectively, there were 36, 83, 97 and 105 employees under this function who were based in Taiwan at the corresponding points in time.
- (3) Out of the 10, 10, 13 and 15 employees classified under the “Finance and Legal” function as at 31 December 2020, 2021, 2022 and 31 March 2023 respectively, there were two, two, three and three employees under this function who were based in Taiwan at the corresponding points in time.
- (4) Out of the 11, 15, 19 and 17 employees classified under the “Sales and Marketing” function as at 31 December 2020, 2021, 2022 and 31 March 2023 respectively, there were three, five, five and three employees under this function who were based in Taiwan at the corresponding points in time.
- (5) Out of the 19, 30, 37 and 38 employees classified under the “Administration (including Human Resources and IT)” function as at 31 December 2020, 2021, 2022 and 31 March 2023 respectively, there were two, seven, nine and nine employees under this function who were based in Taiwan at the corresponding points in time.

The following table sets forth the breakdown of our employees by geographic location as at 31 December 2020, 2021 and 2022 and as at 31 March 2023:

Geographic location	As at 31 December			As at
	2020	2021	2022	31 March 2023
Greater China ⁽¹⁾	397	588	699	722
Southeast Asia ⁽²⁾	–	–	2	3
Total	397	588	701	725

Notes:

- (1) This refers to our Group’s operations in Hong Kong, Taipei and the PRC, of which 45, 99, 115 and 121 employees were based in Taipei as at each of 31 December 2020, 2021, 2022 and as at 31 March 2023 respectively. Our Group did not have any employees in Hong Kong during the Period Under Review.
- (2) This refers to our operations located in Singapore.

We do not employ a significant number of temporary employees. We do not experience any significant seasonal fluctuations in our number of employees.

None of our full-time employees are unionised or covered by any collective bargaining agreements. We hold regular employee meetings with employee representatives where suggestions and comments on various aspects of our Group are provided for us to consider making the appropriate adjustments and improvements. The increase in the number of employees over the last three financial years was to support the business expansion of our Group.

We believe that we maintain a good working relationship with our employees and we did not experience any significant labour disputes or any difficulty in recruiting staff during the Period Under Review and up to the Latest Practicable Date. Please refer to the section entitled “*Risk Factors – Risks Relating to Our Industry and Business – We may face rising labour costs and labour shortages, and may not be able to attract and retain skilled personnel*” of this Offer Document.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

SERVICE AND EMPLOYMENT AGREEMENTS

Service Agreement entered into with our Executive Chairman and CEO

Our Company has entered into the Service Agreement with our Executive Chairman and CEO, namely, Mr. Johnny Jan, for a period of three years with effect from the date of listing (the “**Initial Term**”), and thereafter continue from year to year (unless otherwise terminated by either party giving not less than six months’ written notice to the other).

We may also terminate the Service Agreement of our Executive Chairman and CEO, if he, amongst others, is disqualified to act as Executive Director or Executive Officer under any applicable laws or regulations or the Articles of Association, is guilty of any dishonesty, gross misconduct or wilful neglect of duty, or commits any continued material breach of the terms of his Service Agreement, be guilty of conduct likely to bring himself or any member of our Group into disrepute, or becomes bankrupt or is convicted of any criminal offence. We may additionally terminate the Service Agreement if our Executive Chairman and CEO persistently refuses or persistently fails to diligently attend to his duties under the Service Agreement.

The Service Agreement also provides, among others, that our Executive Chairman and CEO shall not without the prior written consent of our Company during the continuance of his employment participate¹² in a business that our Group presently carries on or such other business that our Group may carry on from time to time. Additionally, the Service Agreement imposes non-solicitation and non-competition obligations on our Executive Chairman and CEO for as long as he is an employee of our Company and for a period of 12 months following the cessation of his employment.

The Service Agreement covers the terms of employment, specifically his salary and bonus. Pursuant to the terms of his 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 our Group records a profit after tax (based on the audited consolidated profit after tax of our 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) and/or Executive Director(s) 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 our 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 our 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 our Group’s Adjusted PAT 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

¹² “**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.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

Adjusted PAT	Incentive Bonus (in terms of the number of months based on last drawn monthly salary)
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

Mr. Johnny Jan's remuneration, Fixed Bonus, FY2023 Performance Bonus and the Incentive Bonus shall be fixed for the Initial Term and shall thereafter be subject to annual review by the Remuneration Committee and be subject to our Group's financial performance and the prevailing market and economic conditions. Mr. Johnny Jan's remuneration, Fixed Bonus, FY2023 Performance Bonus and Incentive Bonus are considered to be in line with the industry as our Remuneration Committee comprises members who are knowledgeable and familiar with the remuneration package within the industry.

Our Executive Chairman and CEO will not be entitled to any benefits upon the termination of his Service Agreement. The Service Agreement does not contain any clause whereby our Company may 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 dual appointment as Executive Chairman and CEO as well as his duties and responsibilities, in assessing the appropriateness of his remuneration package.

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

Save as disclosed above, there are no existing or proposed service agreement between our Company, our subsidiaries and any of our Directors. There are no existing or proposed service agreement entered or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

Employment Agreements entered into with our Executive Officers

Our Company has entered into separate employment agreement with each of our Executive Officers, namely, Mr. Oliver Yen and Ms. Tina Li, each for a period of three years with effect from the date of Listing, and thereafter continue from year to year (unless otherwise terminated by the Executive Officer or our Company giving not less than six months' written notice to the other).

We may also terminate the Employment Agreements of our Executive Officers, if he or she (as the case may be), amongst others, is disqualified to act as a director or as an executive officer under any applicable laws or regulations or the Articles of Association, is guilty of dishonesty, gross misconduct or wilful neglect of duty, commits any continued material breach of the terms of his or her Employment Agreement, shall be guilty of conduct likely to bring himself or any member of our Group into disrepute, or becomes bankrupt or is convicted of any criminal offence.

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

The Employment Agreements also provide that our Executive Officers shall declare to the Board of Directors and our Audit Committee all conflicts of interest and all direct and deemed interests (whether financial or otherwise) which he or she may have in any company or companies which are or which may from time to time be doing business with our Group or which are or which may from time to time be in direct or indirect competition with our Group (each, a “**Connected Company**”) and shall ensure that none of our Group entities shall contract or deal with any Connected Company save with the prior written consent of the Board of Directors.

The Employment Agreements cover the terms of employment, specifically salaries and bonuses. Pursuant to the terms of their Employment Agreements, for FY2023, each of Mr. Oliver Yen and Ms. Tina Li is entitled to a performance bonus.

Ms. Tina Li is also entitled to an incentive bonus (the “**Tina Incentive Bonus**”) in respect of each FY from FY2024 onwards which shall be determined at the sole discretion of the Remuneration Committee and subject to approval by the Board. The Tina Incentive Bonus is calculated based on our Group’s Adjusted PAT for the relevant FY (subject to any other appropriate adjustment(s) to the PAT that shall be determined and approved by the Remuneration Committee and the Board) as follows:

Adjusted PAT	FY2024 Incentive Bonus
More than 0 to US\$1.0 million	US\$5,000
More than US\$1.0 million to US\$1.4 million	US\$10,000
More than US\$1.4 million to US\$1.8 million	US\$15,000
More than US\$1.8 million to US\$2.2 million	US\$20,000
More than US\$2.2 million to US\$2.6 million	US\$25,000
More than US\$2.6 million to US\$3.0 million	US\$30,000
Any subsequent increase in the Adjusted PAT by multiple of US\$0.4 million	Additional US\$5,000 for each multiple

The Tina Incentive Bonus shall be fixed for the Initial Term and thereafter shall be subject to annual review by the Remuneration Committee, and be subject to our Group’s financial performance and the prevailing market and economic conditions.

Mr. Oliver Yen is also entitled to an incentive bonus (the “**Oliver Incentive Bonus**”) in respect of each FY from FY2024 onwards which shall be determined at the sole discretion of the Remuneration Committee and subject to approval by the Board. The Oliver Incentive Bonus is calculated based on our Group’s Adjusted PAT for the relevant FY (subject to any other appropriate adjustment(s) to the PAT that shall be determined and approved by the Remuneration Committee and the Board) as follows:

Adjusted PAT	FY2024 Incentive Bonus
More than 0 to US\$1.0 million	US\$2,500
More than US\$1.0 million to US\$1.4 million	US\$5,000
More than US\$1.4 million to US\$1.8 million	US\$7,500
More than US\$1.8 million to US\$2.2 million	US\$10,000
More than US\$2.2 million to US\$2.6 million	US\$12,500
More than US\$2.6 million to US\$3.0 million	US\$15,000
Any subsequent increase in the Adjusted PAT by each multiple of US\$0.4 million	Additional US\$2,500 for each multiple

DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

The Oliver Incentive Bonus shall be fixed for the Initial Term and shall thereafter be subject to annual review by the Remuneration Committee, and be subject to our Group's financial performance and the prevailing market and economic conditions.

In respect of FY2023 and each FY onwards, each of Mr. Oliver Yen and Ms. Tina Li, is entitled to a basic monthly salary, and an annual fixed bonus amounting to two months and one month respectively, provided that our Group records an Adjusted PAT in the relevant FY (the "**Executive Officers' Fixed Bonus**"). The abovementioned Executive Officers' remuneration, Executive Officers' Fixed Bonus, performance bonus, Tina Incentive Bonus and Oliver Incentive Bonus shall be subject to annual review by the Remuneration Committee. In particular, the full payment of the Tina Incentive Bonus and Oliver Incentive Bonus is subject to: (a) annual review and adjustments (if any) to take into account the relevant Executive Officer's individual contribution as assessed by our Remuneration Committee; (b) the annual performance appraisal of the individual by our Remuneration Committee; and (c) any other reasonable indicator(s) on which our Remuneration Committee may base their appraisal on.

The Employment Agreements do not contain any clause whereby our Company may pay a gratuity or other retirement, superannuation, death or disability benefits to any of them or to his or her widow or widower 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.

Ms. Tina Li and Mr. Oliver Yen's remuneration, performance bonus, their respective Executive Officers' Fixed Bonus, Tina Incentive Bonus and Oliver Incentive Bonus are considered to be in line with the industry as our Remuneration Committee comprises members who are knowledgeable and familiar with the remuneration package within the industry.

Save as disclosed above, there are no bonus or profit-sharing plans or any other profit-linked agreements or arrangements between our Group and any of our Directors, Executive Officers or employees.

Save as disclosed above, there are no existing or proposed service agreement between our Company, our subsidiaries and any of our Directors. There are no existing or proposed service agreement or employment agreements entered or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

THE WINKING STUDIOS PERFORMANCE SHARE PLAN

Capitalised terms as used throughout this section, unless otherwise defined, shall bear the meanings as defined in “Appendix J – Rules of the Winking Studios Performance Share Plan” to this Offer Document.

On 27 September 2023, our 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 our Group and to give recognition to outstanding Participants who have contributed to the growth of our Group. The Winking Studios Performance Share Plan will give Participants an opportunity to have a personal equity interest in our Company.

As at the Latest Practicable Date, no Awards have been granted under the Winking Studios Performance Share Plan.

OBJECTIVES OF THE PERFORMANCE SHARE PLAN

The objectives of the Performance Share Plan are as follows:

- (a) to retain key employees and executive directors of our Group whose contributions are essential to the long-term growth and profitability of our Group;
- (b) to instill loyalty to, and a stronger identification by the Participants with the long-term goals of, our Company;
- (c) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and
- (d) to align the interests of the Participants with the interests of our Shareholders.

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 our 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 our 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 our 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 our Group and, if applicable, the extent of effort and difficulty with which the Performance Condition(s) may be achieved within the Performance Period.

THE WINKING STUDIOS PERFORMANCE SHARE PLAN

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 us to have a fair and equitable system to reward our Executive Directors and Group Employees who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the grant of Awards to our Executive Directors and Group Employees will enable us to attract and retain such persons, incentivise them to produce higher standards of performance, encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services and motivate Participants generally to contribute towards the long-term growth of our Group.

RATIONALE FOR PARTICIPATION OF NON-EXECUTIVE DIRECTORS AND GROUP EMPLOYEES IN THE WINKING STUDIOS PERFORMANCE SHARE PLAN

Although our Non-Executive Directors are not involved in the day-to-day running of our Group's operations, they play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by Non-Executive Directors in the Winking Studios Performance Share Plan will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our 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 our Company which may be difficult to quantify in monetary terms. The grant of Awards to Non-Executive Directors will allow our Company to attract and retain experienced and qualified persons from different professional backgrounds to join our Company as Non-Executive Directors, and to motivate existing Non-Executive Directors to take extra efforts to promote the interests of our Company and/or our Group.

RATIONALE FOR PARTICIPATION OF CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES IN THE WINKING STUDIOS PERFORMANCE SHARE PLAN

An employee who is a Controlling Shareholder of our 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 our Company in separate resolutions for each such person. The relevant 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 our Group. The objectives of the Winking Studios Performance Share Plan apply equally to our employees who are Controlling Shareholders or their respective Associates. Our view is that all deserving and eligible Participants should be motivated, regardless of whether they are Controlling Shareholders or their respective Associates. It is our interest to incentivise outstanding employees who have contributed to the growth of our Group and continue to remain with us.

THE WINKING STUDIOS PERFORMANCE SHARE PLAN

Although our Controlling Shareholders and their respective Associates have or may already have shareholding interests in our 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 our 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 our Company's system of employee remuneration and our 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 our Company.

SUMMARY OF THE WINKING STUDIOS PERFORMANCE SHARE PLAN

The following is a summary of the rules of the Winking Studios Performance Share Plan:

Administration

The Winking Studios Performance Share Plan shall be administered by our 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 our 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.

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 our Company,

shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by our Company as treasury shares) on the day preceding that date.

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.

THE WINKING STUDIOS PERFORMANCE SHARE PLAN

However, it does not necessarily mean that our Remuneration Committee will definitely issue the Award Shares up to the prescribed limit. Our 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 our Group.

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 our 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 our 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 our Group and the extent of effort and difficulty with which the performance condition(s) may be achieved within the performance period.

Please refer to Rules 4.1 and 4.2 of the rules of the Winking Studios Performance Share Plan in Appendix J to this Offer Document for the scope of eligible Participants who may participate in the Winking Studios Performance Share Plan. 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.

Details of Awards

Our 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 (i.e. the Release Schedule); and
- (e) any other condition which our Remuneration Committee may determine in relation to that Award.

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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.

Vesting of Awards

Subject to the applicable laws, our 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 our Company in treasury.

In determining whether to issue new Shares to Participants upon vesting of their Awards, our 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 our 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 our 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 our 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.

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 our Company.

Rights of Shares Arising

New Shares allotted and issued and existing Shares procured by our 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.

Duration of the Winking Studios Performance Share Plan

The Winking Studios Performance Share Plan shall continue in operation at the discretion of our Remuneration Committee for a maximum period of 10 years commencing on the date on which the Winking Studios Performance Share Plan is adopted by our Company in general meeting, provided that the Winking Studios Performance Share Plan may continue beyond the above stipulated period with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

THE WINKING STUDIOS PERFORMANCE SHARE PLAN

The Winking Studios Performance Share Plan may be terminated at any time by our Remuneration Committee or by resolution of our 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.

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.

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.

Adjustment Events

If a variation in the issued ordinary share capital of our 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 our Company shall make a capital distribution or a declaration of a special dividend (whether in cash or *in specie*), then our 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 our Remuneration Committee, be adjusted in such manner as our 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 our 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 our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders of our 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 our 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 our Company's auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

THE WINKING STUDIOS PERFORMANCE SHARE PLAN

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 our 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.

DISCLOSURES IN ANNUAL REPORTS

Details of, amongst others, the number of Shares comprised in Awards and the number of shares comprised in Awards which have vested will be disclosed in our annual reports.

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.

CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to Shareholders of our Company. Accordingly, our Board has established three committees: (a) our Audit Committee; (b) our Nominating Committee; and (c) our Remuneration Committee.

LEGAL REPRESENTATIVE

As at the Latest Practicable Date, Mr. Johnny Jan is the legal representative of each of our PRC-incorporated subsidiaries, namely, Shanghai Winking, Nanjing Winking and Shanghai Wishing. In accordance with applicable PRC laws, our legal representative for each of our PRC-incorporated subsidiaries has the following powers and responsibilities:

- (a) to act as representative of such PRC-incorporated subsidiary in accordance with the provisions of applicable law or the subsidiary's articles of incorporation; and
- (b) to execute contracts on behalf of such PRC-incorporated subsidiary, with or without the company seal.

Under PRC laws, the legal representative shall be appointed and removed in accordance with the articles of association of the company, and the legal representative shall be either the chairman of the board (or the executive director in case no board is formed in the company), or the general manager of the company. The change of legal representative shall be registered with the competent authorities. Further, the chairman of the board or the executive director shall be appointed by the shareholders and the general manager shall be appointed by the board or the executive director. Therefore, the legal representative can be appointed and removed by the shareholders or through the appointed board or executive director, with or without the legal representative's consent.

Based on the above and the articles of association of each of our PRC-incorporated subsidiaries, each of their respective shareholders shall be able to, either directly or indirectly, control the appointment and dismissal of their respective legal representatives.

Considering the impact in the event that a legal representative represents any of our PRC-incorporated subsidiaries without having obtained prior authorisation, our Group has implemented the following measures in respect of each of our PRC-incorporated subsidiaries:

- (a) implementing relevant resolutions by the respective directors and shareholders of each of our PRC subsidiaries, as well as letters of powers of attorney by each of their legal representatives, which grant to our Company's Directors, the authority to effect a change of legal representatives of each of our PRC subsidiaries, take into custody all necessary company stamps and licences, and carry out the duties as the new legal representative such that the business operations are not disrupted, will be executed and affixed with the company stamp (where necessary) and left undated and will be kept in escrow with our Company Secretary;
- (b) the implementation of internal control systems to ensure that payments require proper approvals and there is prior authorisation as to delegation of authority;
- (c) the implementation of measures to protect the company's corporate seal, finance seal, legal representative seal and cheque books;
- (d) segregation of cash management duties, including receipts and payment procedures;

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- (e) the appointment and removal of the legal representative of each of our PRC-incorporated subsidiaries shall be subject to the approval of the Board;
- (f) maintain a register in relation to the legal representatives of each PRC-incorporated subsidiaries reflecting all other appointments and/or business interests (e.g. directorships, sole proprietorships, partnerships, or shareholdings above 5.0%) of the legal representatives outside of our Group;
- (g) an undertaking from the legal representative to seek the approval of the executive officers of our Company prior to assuming any executive roles outside of our Group; and
- (h) our Company will ensure that controls are put in place so that physical access to the original copies of the business licences of each of our PRC-incorporated subsidiaries will be controlled by employees who are not related to the legal representative.

In view of the above, our Directors are of the opinion that there are adequate processes and procedures in place to safeguard against the risk of any of the legal representatives of our PRC-incorporated subsidiaries taking any unauthorised action in the future. The Legal Adviser to our Company as to PRC Law is of the view that there are adequate procedures in place to mitigate the risks and to safeguard the interest of our Group relating to the appointment and removal of the legal representatives of our PRC subsidiaries.

Our Group, together with our Audit Committee, will monitor and periodically review, on a half-yearly basis, the processes and procedures in relation to the appointment and removal of the legal representatives of each of our PRC-incorporated subsidiaries to ensure their effectiveness and robustness.

AUDIT COMMITTEE

Our Audit Committee comprises our Independent Directors, Mr. Yang Wu Te, Mr. Lim Heng Choon and Mr. Chang Yi-Hao. The Chairman of our Audit Committee is Mr. Lim Heng Choon. Our Audit Committee is responsible for:

- (a) assisting our Board of Directors in discharging its statutory responsibilities on financial and accounting matters;
- (b) reviewing the assurance from our Chief Executive Officer and our Chief Financial Officer on the financial records and financial statements of our Company;
- (c) reviewing the half-yearly and annual financial statements prior to the submission to our Board of Directors for approval;
- (d) reviewing significant financial reporting issues and judgements to ensure the integrity of the financial statements;
- (e) reviewing any formal announcements relating to financial performance and ensuring that the outcome of the review of our Group's key financial risk areas are disclosed in our annual reports, and if the findings are material, to be announced via SGXNET in accordance with the Catalist Rules;

CORPORATE GOVERNANCE

- (f) reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors, which should take into consideration the requirements under the Accountants Act 2004 of Singapore, including but not limited to, the aggregate and respective fees paid for audit and non-audit services and the cooperation extended by our Company's management to allow an effective audit;
- (g) review, with our internal and external auditors, audit plans, audit reports and their evaluation of the system of internal accounting controls, including financial, operational, compliance and IT controls as well as reviewing our Group's implementation of any recommendations to address any control weaknesses highlighted;
- (h) reviewing the adequacy and effectiveness of the internal audit and the independence of the internal audit function;
- (i) reviewing our policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and in particular, ensuring our Company publicly discloses and clearly communicates to our employees the existence of a whistle-blowing policy and procedures for raising such concerns;
- (j) reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by our Board of Directors;
- (k) reviewing the statements to be included in the annual report concerning the adequacy and effectiveness of our risk management and internal controls systems, including financial, operational, compliance controls, and IT controls, with a view to achieving clear disclosure of the same and of any weaknesses identified together with the steps taken to address them, and where necessary and appropriate, providing a statement on our Board's comment on the adequacy and effectiveness of our Company's internal controls;
- (l) reviewing any interested person transactions and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with our Company's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place (for more information, please refer to the section entitled "*Interested Person Transactions – Methods and Procedures for Mandated Transactions with Mandated Interested Persons*" of this Offer Document);
- (m) reviewing and assessing from time to time the prevailing processes put in place to manage any material conflicts of interest within our Group and propose, where appropriate, the additional measures for the management of such conflicts;
- (n) evaluating the quality of work carried out by the external auditors, and the basis for such assessment (such as the use of the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority ("**ACRA**"));
- (o) making recommendations to our Board of Directors on (i) the proposals to the Shareholders on the appointment, re-appointment and removal of external auditors, taking into consideration the Audit Quality Indicators Disclosure Framework published by ACRA, and (ii) the remuneration and terms of engagement of the external auditors;

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- (p) reviewing the scope and results of the internal audit procedures, and at least annually, the adequacy and effectiveness of our internal controls, and also review the implementation by our Group relating to the internal control recommendations made by the internal auditors and following up on a review of the effective implementation of the proposed rectification measures identified;
- (q) ensuring that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies;
- (r) reviewing transactions undertaken by our Group which fall within the scope of Chapter 10 of the Catalist Rules;
- (s) reviewing the scope and level of responsibility of our related employees and to resolve or mitigate conflicts of interests that may arise;
- (t) ensuring the unfettered access by the internal audit function to our Group's documents, records, properties and personnel (including our Audit Committee);
- (u) reviewing and approving all hedging policies and instruments adopted by our Group and conducting periodic reviews;
- (v) reviewing changes in accounting policies and practices, major risk areas, significant adjustments arising from audits, and compliance with financial reporting standards, the Catalist Rules and any other statutory or regulatory requirements;
- (w) approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- (x) meeting with our external auditors and internal auditors, in each case without the presence of our management, at least annually and reviewing the co-operation given by the management of the internal and external auditors, where applicable;
- (y) reviewing concerns and issues from our internal and external auditors, including matters which they may wish to discuss in the absence of our management;
- (z) where necessary, commissioning an independent audit on internal controls and risk management systems for the assurance of our Audit Committee, or where it is not satisfied with our systems of internal controls and risk management;
- (aa) appraising and reporting to our Board of Directors on the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;
- (bb) making recommendations to our Board of Directors on the proposals to Shareholders on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- (cc) monitoring our Group's compliance with the Taiwanese foreign investment laws and regulations, and any subsequent changes to these laws and regulations, including the implications to the Shareholders (if any);

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- (dd) monitoring of the use of proceeds from the Placement to ensure that they would not be utilised to fund our Group's PRC-incorporated subsidiaries unless the requisite approvals and/or registration requirements are duly complied with;
- (ee) undertaking such other reviews and projects as may be requested by our Board of Directors, and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;
- (ff) monitoring the implementation of a policy and procedures for sustainability reporting; and
- (gg) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by amendments made thereto from time to time.

Apart from the duties listed above, our Audit Committee will ensure that arrangements are in place for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. Our Audit Committee will commission and review the findings of internal investigations into such matters or matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on our Group's operating results and financial position. Our Audit Committee will also ensure that the appropriate follow-up actions are taken. In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

Adequacy of Internal Controls

Prior to the Placement, and for the purposes of the Listing, our Company had engaged an internal auditor, Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**"), to perform the review and test of controls of our Company's processes. The scope of the internal review and test of controls of our Company's processes included (a) revenue, receivables and receipts; (b) procurement, payables and payment; (c) bank and cash management; (d) human resource and payroll management; (e) information technology general controls and data protection controls; (f) compliance monitoring; and (g) general control environment.

Our Board has noted that our Company has implemented measures recommended by Baker Tilly in relation to our internal control policies and procedures relating to the relevant financial, operational, compliance and IT controls reviewed by Baker Tilly. For instance, our Group has enhanced certain internal procedures, including, amongst others: (a) our Group's administrative personnel will book all hotel accommodation for the employees' business trips, and approval from the department head is mandatory for self-booking of accommodations for business travel; (b) travel expenses incurred by employees during their business trips will be submitted for reimbursement by the employees themselves, rather than be consolidated and submitted for reimbursement by the relevant project supervisor; (c) if the one-time reimbursement amount for expenses incurred during a business trip appears unusually high, our finance department will check against the details of the employee's business trip days, the number of personnel on the business trip, and other details on the employee's business trip application form. The finance department will not process the reimbursement in situations where it has been assessed that the claim appears to be unreasonable. Further, if the claim submitted does not appear to be reasonable or meet the requisite internal requirements, the finance department will not accept it and; (d) the finance department will verify and confirm the authenticity of the receipts/invoices through the online searches, if available, prior to processing and approving the claims and making payment of the invoices.

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Our Board of Directors has also noted that no material internal accounting control weaknesses have been raised by the Independent Auditor and Reporting Accountant, PricewaterhouseCoopers LLP, in the ordinary course of their audit of the consolidated financial statements of our Group for FY2020, FY2021 and FY2022.

Following the Listing, our Audit Committee will continually review the effectiveness of our internal control procedures and, if necessary, outsource our internal audit function to ensure the adequacy and sufficiency of internal control procedures within our Group.

Based on the foregoing, our Board, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that our internal controls are adequate to address the financial, operational, compliance and IT controls risks and risk management systems of our Group. No material weaknesses have been identified by our Board or our Audit Committee.

Our Audit Committee will be commissioning an annual internal audit until such time as our Audit Committee is satisfied that our internal controls are both adequate and effective to address the financial, operational and compliance risks of our Group. Prior to the commissioning of such internal audit, our Group will report to the Sponsor, Issue Manager and Placement Agent on how any key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. Appropriate disclosures will be made via SGXNET or in our annual report of any such decision. Thereafter, such audits may be re-initiated by our Audit Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective.

Audit Committee's Opinion on the Suitability of our Group CFO

Our Audit Committee, after having conducted an interview with Mr. Oliver Yen and having considered:

- (a) the qualifications and past working experience of Mr. Oliver Yen (as described in the section entitled "*Directors, Executive Officers and Employees – Executive Officers*" of this Offer Document), which are compatible with his position as our Group CFO;
- (b) observed his abilities, familiarity and diligence in relation to the financial matters and information of our Group;
- (c) Mr. Oliver Yen's demonstration of the requisite competency in finance-related matters of our Group in connection with the preparation for the Listing; and
- (d) the absence of negative feedback from our Group's Independent Auditor and Reporting Accountant, PricewaterhouseCoopers LLP, and internal auditors, Baker Tilly, that Mr. Oliver Yen is not suitable for the position of our Group CFO,

is of the opinion that Mr. Oliver Yen has the necessary expertise and experience to discharge his duties as our Group CFO.

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After making all reasonable enquiries, and to the best of the knowledge and belief of our Audit Committee, nothing has come to the attention of the members of our Audit Committee to cause them to believe that Mr. Oliver Yen does not have the competence, character and integrity expected of a chief financial officer (or its equivalent rank) of a listed issuer.

NOMINATING COMMITTEE

Our Nominating Committee comprises Mr. Yang Wu Te, Mr. Lim Heng Choon and Mr. Chang Yi-Hao. The Chairman of our Nominating Committee is Mr. Yang Wu Te. The Nominating Committee is responsible for:

- (a) making recommendations to our Board of Directors on relevant matters relating to (i) the review of board succession plans for directors, in particular, our Executive Chairman and CEO, (ii) the reviewing of training and professional development programmes for our Board and (iii) the appointment and re-appointment of our Directors (including alternate Directors, if applicable);
- (b) reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Code of Corporate Governance 2018 and any other salient factors;
- (c) reviewing, as and when the circumstances require, whether the Chairman of the Board and the CEO share close family ties;
- (d) reviewing the composition of our Board of Directors annually to ensure that our Board of Directors and our Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender and knowledge of our Company, so as to avoid groupthink and foster constructive debate, and are of an appropriate level of independence and diversity of thought and background in their composition to enable them to make decisions in the best interest of our Company and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge;
- (e) establishing guidelines on what a reasonable and maximum number of such directorships and principal commitments for each director (or type of director) should be;
- (f) undertaking a formal assessment of our Board's effectiveness as a whole and that each of our Board committees and individual Directors and recommend for our Board's approval the objective performance criteria and process for the evaluation of the effectiveness of our Board as a whole, and of each of our Board committee separately, as well as the contribution of each individual Director to our board;
- (g) ensuring that our Directors submit themselves for re-nomination and re-election at least once every three years;
- (h) ensuring that our Directors disclose their relationships with our Company, related corporations, Substantial Shareholders or officers, if any, which may affect their independence and review such disclosures from our Directors and highlight them to our Board as required;

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- (i) reviewing and approving the employment of persons related to our Directors, Chief Executive Officer or Substantial Shareholder and the proposed terms of their employment;
- (j) reviewing the training and development programs for the Board and to ensure that new Directors are aware of their duties and obligations;
- (k) where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as Director, taking into consideration the Director's number of listed company board representation and other principal commitments and establishing guidelines on what a reasonable and maximum number of such directorships and principal commitments for each director (or type of director) should be. Where any Director holds a significant number of listed company directorships and principal commitments which involve significant time commitment, providing a reasoned assessment of the ability of that Director to diligently discharge his or her duties, taking into consideration that Director's number of listed company board representation and other principal commitments;
- (l) setting the board diversity policy, including the targets, plans and timelines for the Board's approval, as well as review and report to the Board on our Company's progress towards achieving the policy targets; and
- (m) undertaking generally such other functions and duties as may be required by law or the Catalyst Rules, and by amendments made thereto from time to time.

In addition, our Nominating Committee will make recommendations to our Board of Directors on the development of a process for evaluation and performance of our Board, our Board committees and Directors. In this regard, our Nominating Committee will decide how our Board of Directors' performance is to be evaluated and propose objective performance criteria which address how our Board of Directors has enhanced long-term shareholder value. Our Nominating Committee will also implement a process for assessing the effectiveness of our Board of Directors as a whole and our Board committees and for assessing the contribution of our Chairman and each individual Director to the effectiveness of our Board of Directors. Our Chairman will act on the results of the performance evaluation of our Board of Directors, and in consultation with our Nominating Committee, propose, where appropriate, new members to be appointed to our Board of Directors or seek the resignation of Directors.

Each member of our Nominating Committee is required to abstain from voting, approving or making a recommendation on any resolutions of the Nominating Committee in which he has a conflict of interest in the subject matter under consideration.

Nominating Committee's view of our Independent Directors

Our Nominating Committee, having taken into consideration the following:

- (a) the number of listed company directorships by each of our Independent Directors;
- (b) the principal commitments of our Independent Directors;
- (c) the confirmations by our Independent Directors stating that they are each able to devote sufficient time and attention to the matters of our Company;

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- (d) that none of our Independent Directors is, or has been, in any of the past three financial years, employed by our Group;
- (e) that none of the immediate family members of our Independent Directors is, or has been, in any of the past three financial years, employed by our Group and whose remuneration is determined by our Remuneration Committee;
- (f) that none of our Independent Directors or any of their immediate family members has accepted any significant compensation from our Group for the provision of services, for the current or immediate past financial year, other than compensation for board services;
- (g) the confirmations by our Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any Controlling Shareholder of our Company, has no relationship with our Company, its related corporations or with any Directors of these corporations, its 10.0% Shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of his or her independent business judgement with a view to the best interests of our Company;
- (h) our Independent Directors' working experience and expertise in different areas of specialisation; and
- (i) the composition of our Board,

is of the view that (i) each of our Independent Directors is individually and collectively able to devote sufficient time to the discharge of their duties and are suitable and possess relevant experience as Independent Directors of our Company; and (ii) our Independent Directors, as a whole, represent a strong and independent element on our Board which is able to exercise objective judgement on corporate affairs independently from our Controlling Shareholders.

Each member of the Nominating Committee shall abstain from voting on any resolution and making any recommendations and/or participating in any deliberations of our Nominating Committee in respect of the assessment of his performance or re-nomination as Director. In the event that any member of the Nominating Committee has an interest in a matter being deliberated upon by the Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

Nominating Committee's Opinion on the Suitability of our Lead Independent Director

The Nominating Committee is of the view that Mr. Lim Heng Choon is suitable as the lead independent non-executive director of our Company (the "**Lead Independent Director**"), having taken into consideration that:

- (a) He is currently an Independent Non-Executive Director of Ritamix Global Limited, which has been listed on the Hong Kong Stock Exchange since April 2021, and is also the Chairman of its Nominating Committee and a member of its Audit Committee;
- (b) Mr. Lim Heng Choon was the Vice President and Head of Financial Advisory Services of Southern Bank Berhad, a listed commercial bank in Malaysia;
- (c) Mr. Lim Heng Choon held various positions in Hisoft Technology International Limited, which was listed on Nasdaq in 2010, up to the point of its merger with VancelInfo Technologies Inc. in November 2012;

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- (d) Mr. Lim Heng Choon is presently the Chief Financial Officer and Executive Director of Centific Global Solutions (formerly known as Pactera Technologies NA, Inc), where he oversees the finance and legal functions of the company; and
- (e) The experience accumulated by Mr. Lim Heng Choon through his time spent in the various roles set out in (a) to (d) above would have resulted in him being familiar with the financial and legal aspects of a company's operations (including a listed issuer's operations), the responsibilities of a director/executive officer of a listed issuer and the standard of such operations expected of a listed issuer on well-recognised and established securities exchanges with robust regulatory frameworks, and accordingly, Mr. Lim Heng Choon has sufficient experience to provide leadership to the Board as the Lead Independent Director in situations where the Chairman is conflicted.

REMUNERATION COMMITTEE

Our Remuneration Committee comprises Mr. Yang Wu Te, Mr. Lim Heng Choon, and Mr. Chang Yi-Hao. The Chairman of our Remuneration Committee is Mr. Chang Yi-Hao. Our Remuneration Committee is responsible for:

- (a) reviewing and recommending to our Board of Directors, in consultation with the Chairman of our Board of Directors, for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of our Directors and other persons having authority and responsibility for planning, directing and controlling the activities of our Company who are not directors or the CEO (the **"Key Management Personnel"**);
- (b) reviewing and recommending to our Board of Directors, for endorsement, the specific remuneration packages for each of our Directors and Key Management Personnel;
- (c) ensuring the remuneration policies and systems of our Group, as approved by our Board, support our Group's objectives and strategies and are consistently being administered and being adhered to within our Group;
- (d) reviewing and approving the design of all share option plans, performance share plans and/or other equity-based plans and benefits-in-kind;
- (e) ensuring that a significant and appropriate proportion of our Executive Directors' and Key Management Personnel's remuneration is structured so as to link rewards to corporate and individual performance, and that performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of our Group;
- (f) reviewing the terms of performance-related remuneration scheme(s) or incentive scheme(s) (if any) and determining the eligibility criteria of the employees who can participate in such scheme(s);
- (g) ensuring that the remuneration of our Non-Executive Directors is appropriate to their level of contribution, taking into account factors such as effort, time spent and responsibilities;

CORPORATE GOVERNANCE

- (h) conducting an annual review and approving the remuneration of employees of our Group who are relatives of any of our Directors, the Chief Executive Officer (if applicable) or Substantial Shareholders (including bonuses, increments, and/or promotions) and to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
- (i) ensuring that our Group's relationships with any remuneration consultants do not affect their independence and objectivity;
- (j) in the case of service contracts and employment contracts, reviewing our Company's obligations arising in the event of termination of our Executive Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an approach to being fair and avoiding the reward of poor performance;
- (k) approving performance targets for assessing the performance of each of our Key Management Personnel and recommend such targets as well as employee specific remuneration packages for each of such Key Management Personnel, for endorsement by our Board of Directors; and
- (l) undertaking generally such other functions and duties as may be required by law or the Catalist Rules, and by amendments made thereto from time to time.

Our Remuneration Committee also periodically considers and reviews remuneration packages in order to maintain their attractiveness, to retain and motivate our Directors to provide good stewardship of our Company and key executives to successfully manage our Company, and to align the level and structure of remuneration with the long-term interests and risk policies of our Company.

If a member of our Remuneration Committee has an interest in a matter being reviewed or considered by our Remuneration Committee, he will abstain from voting on the matter.

ARRANGEMENTS OR UNDERSTANDING

None of our Directors or Executive Officers has any arrangement or understanding with any of our Substantial Shareholders, customers or suppliers or other person pursuant to which such Director or Executive Officer was appointed as a Director or as an Executive Officer.

BOARD PRACTICES

Our Directors are to be appointed by our Shareholders at a general meeting and an election of Directors is held annually. One-third (or the number nearest to one-third) of our Directors are required to retire from office at least once every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in "*Appendix F – Summary of Certain Provisions of the Cayman Islands Companies Act and the Memorandum and Articles of Association of our Company*" to this Offer Document.

CORPORATE GOVERNANCE

Our Chairman and CEO

Even though the Chairman and the CEO of our Company are the same person, the Board is of the view that Principle 3 of the Code of Corporate Governance 2018 has been complied with as there are adequate measures in place to ensure accountability and unfettered decision-making, as well as to prevent an uneven concentration of power and authority in a single individual, in view of the following:

- (a) Although the positions of Chairman and CEO are currently held by Mr. Johnny Jan, which is a deviation from Provision 3.1 of the Code of Corporate Governance 2018, the Board believes that vesting the role of both Chairman and CEO in the same person who is knowledgeable in the business of our Group and who has demonstrated strong and consistent leadership allows for more effective planning and execution of long-term business strategies of our Group. Notwithstanding the fact that the roles and responsibilities for both the Executive Chairman and CEO are being vested in Mr. Johnny Jan, Mr. Johnny Jan consults with the Board, Audit Committee, Nominating Committee and Remuneration Committee, with each such committee having been constituted on 17 May 2023, on all major issues relating to our Group. In addition, all major decisions to be made by him as the Executive Chairman and CEO are made in consultation with the Board, which comprises a majority of Independent Directors (and in fact Mr. Johnny Jan is the only Executive Director on the Board);
- (b) As regards the roles of each of the Chairman and the CEO, it is envisaged that the Chairman of our Company will manage the business of the Board and is responsible for leading the Board and ensuring that the Board is effective in all aspects of its role. This includes setting the agenda for Board meetings, ensuring that adequate time is available for the discussion of all agenda items at Board meetings, promoting a culture of openness and debate at the Board level and effective communication with Shareholders, encouraging the Independent Directors to contribute effectively, and exercising control over the flow of information between the Board and Management to ensure that such information is complete, adequate and communicated in a timely manner. On the other hand, the CEO of our Company oversees the day-to-day management and business affairs of our Group. The CEO is responsible for the business directions and operational decisions of our Group, reports to the Board and is responsible for ensuring that policies and strategies adopted by the Board are implemented. Such division of responsibilities between the Chairman and the CEO will be reflected in the annual report to be issued by our Company in respect of each financial year following the Listing; and
- (c) In addition, the Board has appointed Mr. Lim Heng Choon as the Lead Independent Director. Pursuant to Provision 3.3 of the Code of Corporate Governance 2018, the Lead Independent Director will co-ordinate and lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board, as well as provide leadership in situations where Mr. Johnny Jan as the Chairman and CEO is conflicted and not independent. As the Lead Independent Director, Mr. Lim Heng Choon shall also be to the contact person with whom the Shareholders can reach out to when they have concerns relating to matters which contact through normal channels of the Chairman, CEO, Group CFO or the management is unable to resolve or for which such contact is inappropriate.

EXCHANGE CONTROLS

Cayman Islands

There are currently no exchange control regulations or currency restrictions in the Cayman Islands.

Singapore

There are currently no exchange controls in Singapore.

PRC

The lawful currency of the PRC is the Renminbi, which is currently subject to foreign exchange control and is not freely convertible into foreign currencies. SAFE is responsible for the administration of all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

According to the Regulation on Foreign Exchange Administration of the PRC (中华人民共和国外汇管理条例) promulgated on 29 January 1996, last revised on 5 August 2008 and effected on the same day, the foreign exchange income and expenditure and foreign exchange business operations of Chinese institutions and individuals, as well as the foreign exchange income and expenditure and foreign exchange business operations conducted within the territory of the PRC by overseas institutions and individuals, shall be subject to foreign exchange administration. The Renminbi is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments, but is not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside of the PRC unless approval from SAFE or its local counterpart is obtained in advance.

Whilst the payment of dividends by our Company to Shareholders is not restricted by the Regulations on the Control of Foreign Exchange of the PRC and does not require prior approval from SAFE under the PRC foreign exchange control system, the relevant documents in respect of such payment of dividends must be presented at designated foreign exchange banks within the PRC licenced to carry out foreign exchange business.

For risks associated with PRC foreign exchange controls, please refer to the section entitled “*Risk Factors – Risks Relating to Operations Overseas – We derive certain portion of our revenue from overseas operations and are exposed to foreign exchange risk*” of this Offer Document.

Hong Kong

There are currently no exchange control restrictions in Hong Kong.

Taiwan

The Central Bank of Taiwan has deregulated the foreign exchange controls on capital movements for over two decades. Currently, capital movements are liberalised.

All foreign exchange transactions must be executed by banks designated to handle foreign exchange transactions by the Ministry of Finance and the Central Bank of Taiwan. Nevertheless, the regulations favour trade-related foreign exchange transactions. Consequently, foreign currency earned from exports of merchandise and services may now be retained and used freely by exporters. All foreign currency needed for the importation of merchandise and services may be purchased from the designated foreign exchange banks. In addition, for the remittance of

EXCHANGE CONTROLS

dividends, interest and other similar payments to shareholders of the corporation, foreign currency earned from or needed to be paid for direct investment or portfolio investments, which are approved by the competent authorities, may be retained or sold by the investors or purchased freely from the designated bank. Furthermore, as the remittance of dividends, interest and other similar payments to shareholders is submitted to the designated foreign exchange banks with appropriate documents, such as dividend resolution, surplus earnings distribution plan and general administrative foreign exchange declaration, such remittances are substantially liberalised and will not be subject to additional foreign exchange approval and will be excluded from the calculation of annual threshold amount of US\$50,000,000 (or its equivalent) for a Taiwanese company.

Save for certain thresholds on the amount remitted in a single transaction or over a year, each of which will trigger declaration and/or approval requirements, in principle there are effectively no foreign exchange restrictions in Taiwan.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of the Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended, modified or supplemented from time to time.

CDP, a wholly owned subsidiary of the SGX-ST, was incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the Securities Accounts maintained by such account holders with CDP.

Our Shares will be registered in the name of CDP or its nominees and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct securities account holders and Depository Agents in the Depository Register maintained by CDP will not be treated, under the Cayman Islands Companies Act and the Articles of Association, as members of our Company in respect of the number of our Shares credited to their respective Securities Accounts. The Depositors and Depository Agents on whose behalf CDP holds Shares for may not be accorded the full rights of membership such as voting rights, the right to appoint proxies, or the right to receive shareholders circulars, proxy forms, annual reports, prospectuses and takeover documents. In such an event, Depositors and Depository Agents will be accorded only such rights as CDP may make available to them pursuant to CDP's terms and conditions to act as depository for foreign securities.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Memorandum and Articles of Association. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares each subject to GST at the prevailing rate (currently 8.0%) is payable upon withdrawing the Shares from the book entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 (subject to GST at the prevailing rate (currently 8.0%)) or such other amount as our Directors may decide, is payable to the Share Registrar for each share certificate issued and stamp duty of 0.2% of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and (where necessary) stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00, subject to GST at the prevailing rate (currently 8.0%) is payable upon the deposit of each instrument of transfer with CDP. The above fee may be subject to such changes as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time. Transfers and settlements pursuant to on-exchange trades will be charged a fee of S\$60.00 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.03% of the value of the transaction, subject to a minimum of S\$150.00 (0.0324% and S\$162.00 respectively, inclusive of 8.0% GST) per security, per transfer.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account. It will be debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis.

CLEARANCE AND SETTLEMENT

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value subject to a maximum of S\$600.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 8.0% (or such other rate prevailing from time to time).

Dealing in our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal “ready” basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL INFORMATION

INFORMATION ON DIRECTORS, EXECUTIVE OFFICERS AND CONTROLLING SHAREHOLDERS

1. Save as disclosed below, none of our Directors, Executive Officers or Controlling Shareholder has:
 - (a) at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or her or against a partnership of which he or she was a partner at the time when he or she was a partner or at any time within two years after the date he or she ceased to be a partner;
 - (b) at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he or she was a director or an equivalent person or a key executive, at the time when he or she was a director or an equivalent person or a key executive of that entity or at any time within two years after the date he or she ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) any unsatisfied judgement against him or her;
 - (d) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such purpose;
 - (e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such breach;
 - (f) at any time during the last 10 years, judgement entered against him or her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his or her part, or has been the subject of any civil proceedings (including any pending civil proceedings of which he or she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his or her part;
 - (g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
 - (i) ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him or her from engaging in any type of business practice or activity;

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- (j) ever, to his or her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,in connection with any matter occurring or arising during the period when he or she was so concerned with the entity or business trust; and
- (k) ever been the subject of any current or past investigation or disciplinary proceedings, or been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Voluntary disclosure relating to Mr. Oliver Yen

In October 2019, Mr. Oliver Yen, our Group CFO, was involved in a car accident (the “**Car Accident**”), which led to a (i) criminal litigation (the “**Criminal Proceeding**”); and (ii) civil litigation (the “**Civil Proceeding**”) being instituted against him, whereby a certain party (the “**Dissatisfied Party**”) involved in the Car Accident had sought damages against Mr. Oliver Yen. By way of background, the Car Accident had occurred as Mr. Oliver Yen’s car had suffered a punctured tyre and a chain collision occurred as a result.

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. Such order also states that (i) the said imprisonment sentence can be substituted with a payment of NTD1,000 per day of any such imprisonment; and (ii) Mr. Oliver Yen will not be subject to any fine or imprisonment if his probation period of two years is served satisfactorily.

In relation to the Civil Proceeding, based on interviews with Mr. Oliver Yen and his appointed lawyer, such Civil Proceeding was brought about by the Dissatisfied Party in view of the sentences imposed under the Criminal Proceeding. In respect of the Civil Proceeding, the Taiwan New Taipei District Court Banqiao Court Area Summary Court had issued a judgement on 13 June 2023 whereby the damages of NTD478,624 sought by the Dissatisfied Party shall be borne equally between the Dissatisfied Party and Mr. Oliver Yen. Mr. Oliver Yen had also filed a civil suit against the Dissatisfied Party for damages arising from the Car Accident. In respect of such suit, while the Taiwan New Taipei District Court Banqiao Court Area Summary Court noted that the Dissatisfied Party should be held liable for damages in principle, Mr. Oliver Yen’s claim was dismissed as it was filed after the statute of limitations for such claim had expired.

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The Dissatisfied Party has appealed against the judgements in respect of both the Criminal Proceeding and the Civil Proceeding. Both appeals are pending to be heard as at the Latest Practicable Date.

2. There is no shareholding qualification for Directors under our Memorandum and Articles of Association.
3. No option to subscribe for shares in, or securities-based derivatives contracts of, our Company or any of our subsidiaries has been granted to, or was exercised by, any Director or Executive Officer within the last two years preceding the date of this Offer Document.
4. No Director is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Offer Document, been acquired or disposed of by or leased to us or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to us or any of our subsidiaries.
5. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or securities-based derivatives contracts, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.
6.
 - (a) None of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has had any interest, direct or indirect, in any transactions to which our Company was or is to be a party;
 - (b) None of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in any company carrying on the same business or a similar trade which competes materially and directly with the existing business of our Group;
 - (c) None of our Directors, Executive Officers, Substantial Shareholders or any of their Associates has any interest, direct or indirect, in any company that is our customer or supplier of goods and services; and
 - (d) None of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

SHARE CAPITAL

7. As at the Latest Practicable Date, there is only one class of shares in the capital of our Company, being ordinary shares in the share capital of our Company. There are no founder, management or deferred shares. Our existing Shares do not carry voting rights which are different from the New Shares comprising the Placement Shares and Cornerstone Shares. The rights and privileges attached to our Shares are stated in our Memorandum and Articles of Association.

GENERAL INFORMATION

8. Save as disclosed below and in the section entitled “*Share Capital*” of this Offer Document, there are no changes in the share capital or the number and classes of shares of our Company or our subsidiaries within the three years preceding the Latest Practicable Date.

Date of issue	Increase/(Decrease) in registered capital	Resultant registered capital	Purpose of issue/ reduction in share capital
Our Company			
3 September 2020	13,387,089 ordinary shares	US\$615,871	Allotment of shares to investors
16 September 2020	3,225,806 ordinary shares	US\$648,129	Allotment of shares to an investor
29 September 2021	(58,505,956) ordinary shares	–	Share Repurchase pertaining to the New NTD Shares Issuance
29 September 2021	1,845,415 ordinary shares	US\$648,129	Issuance of new NTD Shares by our Company as consideration for the Shares Repurchase
29 September 2021	13,856,517 ordinary shares	US\$5,226,129	Capitalisation of capital reserve
10 January 2023	1,744,659 ordinary shares	US\$5,794,521	Allotment of shares to an investor
17 May 2023	5,000,000 ordinary shares	US\$7,417,581	Capitalisation of retained earnings for purposes of declared scrip dividends
1 November 2023	239,698,275 ordinary shares	US\$14,454,130	Issuance of new Shares in S\$ par value after redenomination of par value of our Shares from NTD to S\$
1 November 2023	(22,446,591) ordinary shares	–	Redenomination Share Repurchase
1 November 2023	40,000,000 ordinary shares	US\$8,141,922	Allotment of shares for the Placement in relation to the Listing
Shanghai Winking			
18 November 2021	The registered capital was reduced by RMB7,400,000	RMB100,201,343	Group re-organisation purposes

GENERAL INFORMATION

Date of issue	Increase/(Decrease) in registered capital	Resultant registered capital	Purpose of issue/reduction in share capital
Shanghai Wishing			
18 October 2021	The registered capital was reduced by RMB7,600,000	RMB38,100,000	Group re-organisation purposes
19 March 2022	The registered capital was reduced by RMB17,432,000	RMB20,668,000	Group re-organisation purposes
Taiwan Winking			
6 June 2023	6,000,000 ordinary shares representing NTD60,000,000	NTD182,360,600	Allotment of shares to sole shareholder
Winking Entertainment (HK)			
6 September 2021	Increase of 6,500,000 ordinary shares	HKD10,000 and US\$6,500,000	Allotment of shares to shareholder
22 October 2022	Reduction of share capital by HKD10,000 and US\$4,000,000 ordinary shares	HKD0 and US\$2,500,000	Group re-organisation purposes
Winking Skywalker			
13 September 2021	Reduction of share capital by HKD1 and US\$2,480,000	HKD0 and US\$3,449,323	Group re-organisation purposes
11 November 2021	Reduction of share capital by US\$449,323	US\$3,000,000	Group re-organisation purposes

9. Save as disclosed in the section entitled “*Share Capital*” of this Offer Document, no shares in, or securities-based derivatives contracts of, our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid-up for cash, or for a consideration other than cash, during the last three years preceding the date of this Offer Document.
10. Save as disclosed under the sections entitled “*Shareholders*”, “*Share Capital*”, “*The Winking Studios Performance Share Plan*” of this Offer Document and “*Appendix J – Rules of the Winking Studios Performance Share Plan*” to this Offer Document, as at the Latest Practicable Date, no person has been, or is entitled to be, given an option to subscribe for any shares in or securities-based derivatives contracts of our Company or any of our subsidiaries.

GENERAL INFORMATION

MEMORANDUM AND ARTICLES OF ASSOCIATION

11. A summary of certain provisions of our Memorandum and Articles of Association relating to, amongst others, Directors' powers to vote on contracts in which they are interested, Directors' remuneration, Directors' borrowing powers, Directors' retirement, Directors' share qualification, rights pertaining to Shares, convening of general meetings and alteration of capital are set out in the section entitled "*Appendix F – Summary of Certain Provisions of the Cayman Islands Companies Act and the Memorandum and Articles of Association of our Company*" to this Offer Document. Our Memorandum and Articles of Association is available for inspection at our Singapore headquarters in accordance with the section entitled "*General Information – Documents Available for Inspection*" of this Offer Document.

MATERIAL CONTRACTS

12. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by us within the two years preceding the date of lodgement of this Offer Document and are or may be material:
- (a) the Management and Sponsorship Agreement referred to in the section entitled "*Plan of Distribution – Management, Sponsorship and Placement Arrangements – Management and Sponsorship Agreement*" of this Offer Document;
 - (b) the Placement Agreement referred to in the section entitled "*Plan of Distribution – Management, Sponsorship and Placement Arrangements – Placement Agreement*" of this Offer Document;
 - (c) the continuing sponsorship agreement entered into between our Company and PPCF;
 - (d) the moratorium undertakings referred to in the section entitled "*Shareholders – Moratorium*" of this Offer Document;
 - (e) the Service Agreement and Employment Agreements referred to in the section entitled "*Directors, Executive Officers and Employees – Service and Employment Agreements*" of this Offer Document; and
 - (f) the Cornerstone Subscription Agreements and supplemental agreement referred to in the section entitled "*Shareholders – Information on Cornerstone Investors*" of this Offer Document.

LITIGATION

13. Our Group was not engaged in any legal or arbitration proceedings in the last 12 months before the date of the lodgement of this Offer Document, as plaintiff or defendant in respect of any claims or amounts which are material in the context of the Placement and our Directors have no knowledge of any proceedings pending or threatened against our Company or any member of our Group or any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position or profitability of our Group.

GENERAL INFORMATION

MISCELLANEOUS

14. There has not been any public take-over offer by a third party in respect of our Shares, or by our Company in respect of shares of another corporation or units of a business trust, which has occurred between 1 January 2022 and the Latest Practicable Date.
15. Save as disclosed in the section entitled "*Plan of Distribution – Management, Sponsorship and Placement Arrangements*" and "*Shareholders – Significant Changes in Percentage of Ownership*" of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing for and/or purchasing or agreeing to subscribe for and/or purchase or procuring or agreeing to procure subscription for and/or purchase of any shares in or securities-based derivatives contracts of our Company or any of our subsidiaries.
16. No expert employed on a contingent basis by our Company or any of our subsidiaries, has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Placement.
17. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
18. Save as disclosed in the sections entitled "*Risk Factors*", "*Management's Discussion and Analysis of Results of Operations and Financial Position*", "*General Information on our Group – Prospects*", "*General Information on our Group – Trend Information*" and "*Appendix D – Independent Market Report of the Industry Consultant*" of this Offer Document, the financial condition and operations of our Group are not likely to be affected by any of the following:
 - (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any significant economic changes that may materially affect the amount of reported income from operations; and
 - (d) known trends or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on revenues or operating income.
19. Save as disclosed in the sections entitled "*Risk Factors*", "*Management's Discussion and Analysis of Results of Operations and Financial Position*", "*General Information on our Group – Trend Information*" and "*Appendix D – Independent Market Report of the Industry Consultant*" of this Offer Document, our Directors are not aware of any event which has occurred between the end of FY2022 and the Latest Practicable Date, which may have a material effect on the financial position and results of operations of our Group or the financial information provided in this Offer Document.

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20. We currently have no intention of changing the auditors of the companies in our Group after the Listing.

Details including the name, address and professional qualifications (including membership in a professional body) of the auditors of our Company for the Period Under Review and up to the date of lodgement of this Offer Document are as follows:

Partner-in-Charge	Name and Address	Professional Body	Professional Qualification
Mr. Alex Toh Wee Keong	PricewaterhouseCoopers LLP 7 Straits View, Marina One, East Tower, Level 12, Singapore 018936	Institute of Singapore Chartered Accountants	A member of the Institute of Singapore Chartered Accountants

CONSENTS

21. The Independent Auditor and Reporting Accountant, PricewaterhouseCoopers LLP, has given and has not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of the “*Independent Auditor’s Report and the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022*” and the “*Independent Auditor’s Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023*” as set out in Appendices A and B to this Offer Document in the form and context in which they are included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
22. The Independent Financial Adviser, Xandar Capital Pte. Ltd., has given and has not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of the section entitled “*Appendix C – Letter from the Independent Financial Adviser*” to this Offer Document, and the statement attributed to it in the section entitled “*Interested Person Transactions – General Mandate for Interested Person Transactions – Opinion of the Independent Financial Adviser*” and all references thereto in the form and context in which they are respectively included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
23. The Industry Consultant, China Insights Industry Consultancy Limited, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of, and all references to, (i) its name; (ii) the statements attributed to it in the sections entitled “*General Information on our Group – Industry Overview*” of this Offer Document, which were prepared for the purpose of incorporation in this Offer Document and; (iii) the “*Independent Market Report of the Industry Consultant*” as set out in Appendix D to this Offer Document which was prepared for the purpose of incorporation in this Offer Document in the form and context in which they are included and appear in this Offer Document and to act in such capacity in relation to this Offer Document.
24. The Legal Adviser to the Company as to PRC Law, Beijing Tian Yuan Law Firm, has given and has not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of the sections entitled “*Group Structure*” and “*Corporate Governance – Legal Representative*” and all references thereto in the form and context in which they are

GENERAL INFORMATION

respectively included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.

25. The Legal Adviser to the Company as to Taiwan Law, Chen & Lin Attorneys-at-Law, has given and has not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of the section entitled “*Group Structure*” and all references thereto in the form and context in which they are respectively included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
26. The Legal Adviser to the Company as to Hong Kong Law, Jingtian & Gongcheng LLP, has given and has not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of the section entitled “*Group Structure*” and all references thereto in the form and context in which they are respectively included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
27. The Sponsor, Issue Manager and Placement Agent, the Solicitors to the Placement and Legal Adviser to our Company as to Singapore Law, the Legal Adviser to our Company as to Cayman Islands Law, the Legal Adviser to our Company as to PRC Law, the Legal Adviser to our Company as to Taiwan Law, the Legal Adviser to our Company as to Hong Kong Law, the Legal Adviser to the Sponsor, Issue Manager and Placement Agent as to Singapore Law, Baker Tilly, being the internal auditor of our Company, the Share Registrar and Share Transfer Office, the Principal Bankers and the Receiving Bank have each given and have not withdrawn their written consents to the issue of this Offer Document with the inclusion herein of their names and references thereto in the form and context in which they respectively appear in this Offer Document and to act in such respective capacities in relation to this Offer Document.
28. Each of the Solicitors to the Placement and Legal Adviser to our Company on Singapore Law, the Legal Adviser to our Company as to Cayman Islands Law, the Legal Adviser to the Sponsor, Issue Manager and Placement Agent as to Singapore Law, the Share Registrar and Share Transfer Office, the Receiving Bank and the Principal Bankers does not make, or purport to make, any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this Offer Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

29. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Listing and our Group, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

GENERAL INFORMATION

DOCUMENTS AVAILABLE FOR INSPECTION

30. The following documents or copies thereof may be inspected at our Singapore headquarters at 6 Raffles Quay, #14-06, Singapore 048580 during normal business hours for a period of six months from the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority:
- (a) our Memorandum and Articles of Association;
 - (b) the “*Independent Auditor’s Report and the Audited Consolidated Financial Statements for the Financial Years Ended 31 December 2020, 2021 and 2022*” as set out in Appendix A to this Offer Document;
 - (c) the “*Independent Auditor’s Review Report and the Unaudited Interim Condensed Consolidated Financial Statements for the Three-Month Period Ended 31 March 2023*” as set out in Appendix B to this Offer Document;
 - (d) the respective audited financial statements of our Company and/or each of our subsidiaries, where applicable, for the financial years ended 31 December 2020, 2021 and 2022;
 - (e) the “*Letter from the Independent Financial Adviser*” as set out in Appendix C to this Offer Document;
 - (f) the “*Independent Market Report of the Industry Consultant*” as set out in Appendix D to this Offer Document;
 - (g) the material contracts referred to in the section entitled “*General Information – Material Contracts*” of this Offer Document;
 - (h) the letters of consent referred to in the section entitled “*General Information – Consents*” of this Offer Document;
 - (i) the Service Agreement and Employment Agreements referred to in the section entitled “*Directors, Executive Officers and Employees – Service and Employment Agreements*” of this Offer Document; and
 - (j) the rules of the Winking Studios Performance Share Plan as set out in Appendix J to this Offer Document.

**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* (“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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

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.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

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.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

Partner-in-charge: Alex Toh Wee Keong
8 November 2023

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

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): <i>Items that may be reclassified subsequently to profit or loss:</i>				
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.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

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)

	Note	As at 31 December		
		2020 USD’\$000	2021 USD’\$000	2022 USD’\$000
ASSETS				
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.

APPENDIX A – INDEPENDENT AUDITOR'S REPORT AND THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

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)*

	Note	Share capital USD'\$000	Capital reserves USD'\$000	Other reserves			Attributable to owners of the Group			Total equity USD'\$000
				Other reserves USD'\$000	Currency translation reserve USD'\$000	Retained profits USD'\$000	Total USD'\$000	Non-controlling interests USD'\$000	Total equity 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.

APPENDIX A – INDEPENDENT AUDITOR'S REPORT AND THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

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)

	Note	Share capital USD'\$000	Attributable to owners of the Group						Total equity USD'\$000
			Capital reserves USD'\$000	Other reserves USD'\$000	Currency translation reserve USD'\$000	Retained profits USD'\$000	Total USD'\$000	Non-controlling interests USD'\$000	
Transactions with owners, recognised directly in equity									
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.

APPENDIX A – INDEPENDENT AUDITOR'S REPORT AND THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022

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)*

	Note	Attributable to owners of the Group							Total equity USD'\$000
		Share capital USD'\$000	Capital reserves USD'\$000	Other reserves USD'\$000	Currency translation reserve USD'\$000	Retained profits USD'\$000	Total USD'\$000	Non-controlling interests 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.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

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)

	Note	Years ended 31 December		
		2020 USD’\$000	2021 USD’\$000	2022 USD’\$000
Cash flows from operating activities				
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.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
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THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

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)

	Note	Years ended 31 December		
		2020 USD’\$000	2021 USD’\$000	2022 USD’\$000
Cash flows from investing activities				
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.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
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THE FINANCIAL YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022**

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	Non-cash changes	Principal and interest payments USD\$'000	Non-cash changes		31 December USD\$'000
		Addition USD\$'000	Interest expense on lease liabilities		Lease modification USD\$'000	Foreign exchange movement 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.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
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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”).

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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			Notes
			As of 31 December 2020	2021	2022	
			%	%	%	
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)

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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 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)

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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

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2. Summary of significant accounting policies (continued)

2.7 Government grant (continued)

intended to compensate on a systematic basis. Government grants relating to expenses are shown separately as other income.

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.

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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.

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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.

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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.

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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.

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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)”.

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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.

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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.

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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

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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 2020 USD’\$000	2020 USD’\$000	31 December 2021 USD’\$000	2022 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 USD’\$000	2021 USD’\$000	2022 USD’\$000
Service revenue	197	–	–

5. Other income

	Years ended 31 December		
	2020 USD’\$000	2021 USD’\$000	2022 USD’\$000
Government grant income	201	39	113
Others	66	119	33
	267	158	146

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6. Other gains/(losses) – net

	Years ended 31 December		
	2020 USD’\$000	2021 USD’\$000	2022 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)
	<u>(100)</u>	<u>(319)</u>	<u>(120)</u>

7. Expenses by nature

	Years ended 31 December		
	2020 USD’\$000	2021 USD’\$000	2022 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

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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.

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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)

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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.

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10. Income taxes (continued)

(b) Movement in current income tax liabilities

	2020	2021	2022
	USD’\$000	USD’\$000	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	<u>35</u>	<u>11</u>	<u>24</u>

(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.

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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 USD’\$000	2021 USD’\$000	2022 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

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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)

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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

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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)
	<u>2,636</u>	<u>3,229</u>	<u>3,313</u>
Other receivables	153	162	193
Prepayments:			
– Offset against business tax payable	141	51	2
– Other prepayments	76	169	196
	<u>217</u>	<u>220</u>	<u>198</u>
Total	<u><u>3,006</u></u>	<u><u>3,611</u></u>	<u><u>3,704</u></u>

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.

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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

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14. Property, plant and equipment (continued)

	Computers and electronic equipment USD’\$000	Leasehold improvements USD’\$000	Motor vehicles USD’\$000	Asset under construction USD’\$000	Total 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

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14. Property, plant and equipment (continued)

	Computers and electronic equipment USD’\$000	Leasehold improvements USD’\$000	Motor vehicles USD’\$000	Asset under construction USD’\$000	Total 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.

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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	2021	2022
	USD’\$000	USD’\$000	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	2021	2022
	USD’\$000	USD’\$000	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

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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	2021	2022
	USD’\$000	USD’\$000	USD’\$000
Interest expense on lease liabilities (Note 9)	19	26	60

Lease expense not capitalised in lease liabilities

	Years ended 31 December		
	2020	2021	2022
	USD’\$000	USD’\$000	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.

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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

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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				
Cost	1,355	31	60	1,446
Accumulated amortisation	(1,110)	(31)	(60)	(1,201)
	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

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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

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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:

	Beginning of financial year USD’\$000	Recognised in profit or loss USD’\$000	2020	Currency translation differences USD’\$000	Total USD’\$000
			Disposal of subsidiaries USD’\$000		
<i>Deferred income tax assets</i>					
Accrued expenses	67	40	–	6	113
Tax losses	65	144	–	11	220
Lease liabilities	60	(20)	–	6	46
	192	164	–	23	379
<i>Deferred income tax liabilities</i>					
Service revenue	(322)	(145)	–	(27)	(494)
Right-of-use assets	(60)	20	–	(6)	(46)
	(382)	(125)	–	(33)	(540)
	(190)	39	–	(10)	(161)

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19. Deferred income taxes (continued)

	Beginning of financial year USD’\$000	Recognised in profit or loss USD’\$000	2021 Disposal of subsidiaries USD’\$000	Currency translation differences USD’\$000	Total USD’\$000
<i>Deferred income tax assets</i>					
Accrued expenses	113	(1)	–	2	114
Tax losses	220	285	(143)	(3)	359
Lease liabilities	46	308	–	7	361
	379	592	(143)	6	834
<i>Deferred income tax liabilities</i>					
Service revenue	(494)	(123)	–	(13)	(630)
Right-of-use assets	(46)	(308)	–	(7)	(361)
	(540)	(431)	–	(20)	(991)
	(161)	161	(143)	(14)	(157)
<i>Deferred income tax assets</i>					
Accrued expenses	114	5	–	(11)	108
Tax losses	359	393	–	(42)	710
Lease liabilities	361	(131)	–	(20)	210
	834	267	–	(73)	1,028

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19. Deferred income taxes (continued)

	Beginning of financial year USD’\$000	Recognised in profit or loss USD’\$000	2022 Disposal of subsidiaries USD’\$000	Currency translation differences USD’\$000	Total USD’\$000
<i>Deferred income tax liabilities</i>					
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.

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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.

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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)

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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
	<hr/>
Other reserves – recognition of changes in ownership interest in subsidiaries	31
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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.

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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	RMB	USD
	'\$000	'\$000	'\$000
<u>At 31 December 2020</u>			
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

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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
<u>At 31 December 2021</u>			
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 currency	(1,060)	190	(2,297)
Net currency exposure	139	795	1,701

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23. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	NTD ’\$000	RMB ’\$000	USD ’\$000
<u>At 31 December 2022</u>			
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.

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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.

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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 USD’\$000	Trade receivables USD’\$000	Total 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

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23. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

	As at 31 December		
	Contract assets USD’\$000	Trade receivables USD’\$000	Total 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.

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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				Total
	Without past due	0 to 30 days	31 days to 90 days	> 91 days	
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

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23. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

(i) *Trade receivables and contract assets (continued)*

	As at 31 December				Total
	Without past due	0 to 30 days	31 days to 90 days	> 91 days	
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.

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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			
<u>Non-derivative financial liabilities</u>			
– Trade and other payables	2,930	–	2,930
– Lease liabilities (include current and non-current)	364	188	552
	<hr/> <hr/>		<hr/> <hr/>

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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			
<u>Non-derivative financial liabilities</u>			
– Trade and other payables	4,325	–	4,325
– Lease liabilities (include current and non-current)	904	1,388	2,292
2022			
<u>Non-derivative financial liabilities</u>			
– 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.

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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			
<u>Financial assets at amortised cost</u>			
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

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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			
<u>Financial liabilities at amortised cost</u>			
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
	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

All the directors, President and main management

Relationship with the Company

The Group’s key management and governance

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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.

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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			Total USD’\$000
	Art Outsourcing Segment USD’\$000	Game Development Segment USD’\$000	Global Publishing and Others 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

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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			Total USD’\$000
	Art Outsourcing Segment USD’\$000	Game Development Segment USD’\$000	Global Publishing and Others 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

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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			Total USD’\$000
	Art Outsourcing Segment USD’\$000	Game Development Segment USD’\$000	Global Publishing and Others 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

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(All amounts in US Dollar unless otherwise stated)

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 USD’\$000	Revenue USD’\$000	Revenue 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 USD’\$000	non-current assets USD’\$000	non-current assets 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

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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 materially 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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**UNAUDITED INTERIM CONDENSED CONSOLIDATED
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WINKING STUDIOS LIMITED

(Incorporated and domiciled in Cayman Islands with limited liability No.159882)

AND ITS SUBSIDIARIES

APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT AND THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

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 Review of Unaudited Interim Condensed Consolidated Financial Statements

Introduction

We have reviewed the accompanying unaudited interim condensed consolidated statements of financial position of Winking Studios Limited (the “Company”) and its subsidiaries (the “Group”) as at 31 March 2023 and the related unaudited interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and the selected explanatory notes and other explanatory information (the “Unaudited Interim Condensed Consolidated Financial Statements”), as set out on pages B-4 to B-45. Management is responsible for the preparation and presentation of this Unaudited Interim Condensed Consolidated Financial Statements in accordance with Singapore Financial Reporting Standard (International) 1-34 Interim Financial Reporting (“SFRS(I) 1-34”). Our responsibility is to express a conclusion on this Unaudited Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements (“SSRE”) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing (“SSAs”) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Unaudited Interim Condensed Consolidated Financial Statements is not prepared, in all material respect, in accordance with SFRS(I) 1-34 *Interim Financial Reporting*.

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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.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

Partner-in-charge: Alex Toh Wee Keong
8 November 2023

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WINKING STUDIOS LIMITED AND ITS SUBSIDIARIES

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME**

For the three-month period ended 31 March 2023

(All amounts in US Dollar unless otherwise stated)

	Note	Three-month period ended	
		2022	2023
		USD’\$000	USD’\$000
		(Unaudited)	(Unaudited)
Revenue from contracts with customers	4	6,059	6,425
Cost of sales	7	(4,371)	(4,551)
Gross profit		1,688	1,874
Other income	5	24	34
Other losses – net	6	(63)	(29)
Distribution and marketing	7	(192)	(323)
Administrative expenses	7	(964)	(1,241)
Expected credit gains/(losses)	22	8	(58)
Interest income		3	2
Finance expenses	9	(8)	(23)
		(1,192)	(1,638)
Profit before income tax		496	236
Income tax credit	10(a)	133	324
Profit for the period		629	560
Other comprehensive income(loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation (losses)/gains arising from consolidation		(209)	143
Total comprehensive income for the period		420	703
Earnings per share			
(Expressed in dollar per share)			
– Basic and diluted earnings per share	11	0.003	0.002

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

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UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 March 2023

(All amounts in US Dollar unless otherwise stated)

	Note	As at 31 December 2022 USD’\$000 (Audited)	As at 31 March 2023 USD’\$000 (Unaudited)
ASSETS			
Current assets			
Cash and cash equivalents	12	6,057	9,091
Trade and other receivables	13	3,704	3,152
Contract assets	4	2,975	3,313
Total current assets		12,736	15,556
Non-current assets			
Property, plant and equipment	14	2,307	2,361
Intangible assets	16	243	253
Right-of-use assets	15	2,804	2,589
Deferred tax assets	19	1,028	1,507
Other non-current assets	17	366	330
Total non-current assets		6,748	7,040
Total assets		19,484	22,596
LIABILITIES			
Current liabilities			
Trade and other payables	18	4,504	3,952
Contract liabilities	4	137	94
Current income tax liabilities	10(b)	24	34
Lease liabilities	15	896	918
Total current liabilities		5,561	4,998
Non-current liabilities			
Lease liabilities	15	1,901	1,706
Deferred income tax liabilities	19	892	1,036
Total non-current liabilities		2,793	2,742
Total liabilities		8,354	7,740
NET ASSETS		11,130	14,856
EQUITY			
Capital and reserves			
Share capital	20	5,226	5,795
Other reserves		(2,166)	431
Retained profits		8,070	8,630
Total equity		11,130	14,856

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

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UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*For the three-month period ended 31 March 2023
(All amounts in US Dollar unless otherwise stated)*

	Note	Other reserves					Total equity
		Share capital	Capital reserves	Other reserves	Currency translation reserve	Retained profits	
		USD '\$000	USD '\$000	USD '\$000	USD '\$000	USD '\$000	USD '\$000
Balance at 1 January 2022 (Audited)		5,226	1,967	(3,096)	(153)	7,058	11,002
Profit for the period		–	–	–	–	629	629
Other comprehensive loss		–	–	–	(209)	–	(209)
Total comprehensive (loss)/income for the period		–	–	–	(209)	629	420
Balance at 31 March 2022 (Unaudited)		5,226	1,967	(3,096)	(362)	7,687	11,422
Balance at 1 January 2023 (Audited)		5,226	1,967	(3,071)	(1,062)	8,070	11,130
Profit for the period		–	–	–	–	560	560
Other comprehensive income		–	–	–	143	–	143
Total comprehensive income for the period		–	–	–	143	560	703
Cash capital increase	20	569	2,454	–	–	–	3,023
Balance at 31 March 2023 (Unaudited)		5,795	4,421	(3,071)	(919)	8,630	14,856

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

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UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month period ended 31 March 2023

(All amounts in US Dollar unless otherwise stated)

	Note	Three-month period ended	
		2022 USD’\$000 (Unaudited)	2023 USD’\$000 (Unaudited)
Cash flows from operating activities			
Profit before income tax		496	236
Adjustments for:			
– Depreciation of property, plant and equipment	7	87	139
– Depreciation of right-of-use assets	7	250	285
– Amortisation of intangible assets	7	16	19
– Expected credit (gains)/losses	22	(8)	58
– Interest income		(3)	(2)
– Finance expenses	9	8	23
– Losses on disposal of property, plant and equipment	6	4	1
– Exchange (gains)/losses		(190)	50
		660	809
Changes in working capital:			
– Contract assets		(511)	(298)
– Trade and other receivables		(3)	548
– Contract liabilities		12	(45)
– Trade and other payables		(467)	(617)
		(309)	397
Cash generated from operations		(309)	397
Interest received		3	2
Income tax paid	10(b)	–	–
		–	–
Net cash (used in)/generated from operating activities		(306)	399

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**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(CONTINUED)**

For the three-month period ended 31 March 2023

(All amounts in US Dollar unless otherwise stated)

	Note	Three-month period ended	
		2022 USD’\$000 (Unaudited)	2023 USD’\$000 (Unaudited)
Cash flows from investing activities			
Additions to property, plant and equipment	14	(343)	(178)
Proceeds from disposal of property, plant and equipment		–	13
Additions to intangible assets	16	–	(27)
Increase in refundable deposits		(73)	–
Net cash used in investing activities		(416)	(192)
Cash flows from financing activities			
Cash capital increase	20	–	3,023
Principal payments of lease liabilities	15	(162)	(247)
Interest paid		(8)	(23)
Net cash (used in)/generated from financing activities		(170)	2,753
Net (decrease)/increase in cash and cash equivalents		(892)	2,960
Cash and cash equivalents			
Beginning of financial year		7,278	6,057
Effects of exchange rate changes on cash and cash equivalents		(23)	74
End of financial period	12	6,363	9,091

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

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**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(CONTINUED)**

For the three-month period ended 31 March 2023

(All amounts in US Dollar unless otherwise stated)

Reconciliation of liabilities arising from financing activities

	1 January USD\$'000	Non-cash changes	Non-cash changes	Principal and interest payments USD\$'000	Non-cash changes	31 March USD\$'000
		Addition USD\$'000	Interest expense on lease liabilities USD\$'000		Foreign exchange movement USD\$'000	
(Unaudited)						
Lease liabilities						
2023	2,797	46	23	(270)	28	2,624
2022	2,176	31	8	(170)	(22)	2,023

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2023

(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 12 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”).

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*For the three-month period ended 31 March 2023
(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		Notes
			As of 31 December 2022 %	As of 31 March 2023 %	
Directly held					
Shanghai Winking Entertainment Limited	People’s Republic of China 13 January 2004	Investment holding, Art outsourcing and Game development headquarter	100	100	(ii)
Winking Entertainment (HK) Ltd.	Hongkong 26 October 2007	Game development, management and sales	100	100	(ii)
Winking Art Pte. Ltd.	Singapore 4 January 2021	Art outsourcing	100	100	(ii)
Winking Entertainment Corporation	Taiwan 21 July 2016	Intellectual property licensing	100	100	(i)

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1. General information, basis of presentation and the subsidiaries (continued)

1.2 The subsidiaries (continued)

Name of subsidiaries	Country and date of incorporation	Principal activities	Effective interest held by the Group		Notes
			As of 31 December 2022 %	As of 31 March 2023 %	
Winking Skywalker Entertainment Ltd.	Hongkong 1 February 2010	Intellectual property licensing	100	100	(ii)
Indirectly held Nanjing Winking Entertainment Limited	People’s Republic of China 18 August 2009	Art outsourcing	100	100	(ii)
Shanghai Wishing Entertainment Ltd.	People’s Republic of China 20 December 2007	Group administration, PRC’s Intellectual property licensing	100	100	(ii)
Winking Entertainment Investment Ltd.	Hongkong 2 August 2017	Original intellectual licensing development, Intellectual property licensing	100	100	(ii)

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1. General information, basis of presentation and the subsidiaries (continued)

1.2 The subsidiaries (continued)

Name of subsidiaries	Country and date of incorporation	Principal activities	Effective interest held by the Group		Notes
			As of 31 December 2022	As of 31 March 2023	
			%	%	
Winking Art Limited	Hongkong 2 August 2017	Art outsourcing	100	100	(ii)

Notes:

- (i) Local statutory financial statements audited by PricewaterhouseCoopers Taiwan for the financial years ended 31 December 2022.
- (ii) No statutory audited financial statements had been prepared for the financial years ended 31 December 2022.

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2. Summary of significant accounting policies

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The unaudited interim condensed consolidated 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 of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The Group has adopted all applicable new and revised SFRS(I)s and interpretations of SFRS(I)s including SFRS(I) 17 Insurance Contracts, SFRS(I) 1-12 International tax reform – pillar two model rules’, SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies), SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates), SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction, except for any new standards or interpretation that are not yet effective for the reporting period ended 31 March 2023.

The unaudited interim condensed financial statements are presented in US Dollar (“USD”).

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 March 2023 reporting periods and have not been early adopted by the Group.

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) 7, ‘Supplier finance arrangements’	1 January 2024
Amendments to SFRS(I) 16, ‘Lease liability in a sale and leaseback’	1 January 2024

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2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

Description	Effective for annual period beginning on or after
Amendments to SFRS(I) 1-1, ‘Non-current liabilities with covenants’	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.

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.

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4. Revenue

The Group derives revenue from the transfer of services over time and the royalty was calculated based on the actual sales to the customer. Disaggregation of the Group’s revenue is set out below.

	Three-month period ended 31 March	
	2022 USD’\$000 (Unaudited)	2023 USD’\$000 (Unaudited)
Service revenue	5,974	6,399
Other	85	26
Total	6,059	6,425

Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	As at 1 January 2022 USD’\$000 (Audited)	As at 31 December 2022 USD’\$000 (Audited)	As at 31 March 2023 USD’\$000 (Unaudited)
Contract assets	2,644	2,975	3,313
Contract liabilities	–	137	94

Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Three-month period ended 31 March	
	2022 USD’\$000 (Unaudited)	2023 USD’\$000 (Unaudited)
Service revenue	–	112

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5. Other income

	Three-month period ended 31 March	
	2022	2023
	USD’\$000 (Unaudited)	USD’\$000 (Unaudited)
Government grant income	2	3
Others	22	31
	24	34
	24	34

6. Other losses – net

	Three-month period ended 31 March	
	2022	2023
	USD’\$000 (Unaudited)	USD’\$000 (Unaudited)
Foreign exchange losses	(57)	(23)
Losses on disposal of property, plant and equipment	(4)	(1)
Others	(2)	(5)
	(63)	(29)
	(63)	(29)

7. Expenses by nature

	Three-month period ended 31 March	
	2022	2023
	USD’\$000 (Unaudited)	USD’\$000 (Unaudited)
Employee compensation (Note 8)	3,933	4,338
Subcontract Expense	714	600
Depreciation of property, plant and equipment (Note 14)	87	139
Depreciation of right-of-use assets (Note 15)	250	285
Amortisation charges on intangible assets (Note 16)	16	19
Service fee	128	295

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7. Expenses by nature (continued)

	Three-month period ended 31 March	
	2022	2023
	USD’\$000	USD’\$000
	(Unaudited)	(Unaudited)
Welfare expenses	25	21
Travel expenses	39	15
Other expenses	327	403
Total cost of sales, distribution and marketing costs and administrative expenses	5,519	6,115

8. Employee compensation

	Three-month period ended 31 March	
	2022	2023
	USD’\$000	USD’\$000
	(Unaudited)	(Unaudited)
Wages and salaries	3,218	3,555
Employer’s contribution to defined contribution plans	613	668
Other personnel expenses	102	115
	3,933	4,338

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. 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.

For the three-months period ended 31 March 2022 and 2023, the pension costs under defined contribution pension plans of the Group amounted to USD354,518 and USD385,964 respectively.

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9. Finance expenses

	Three-month period ended 31 March	
	2022	2023
	USD’\$000 (Unaudited)	USD’\$000 (Unaudited)
Interest expense on lease liabilities (Note 15)	8	23

10. Income taxes

(a) Income tax expense/(credit)

	Three-month period ended 31 March	
	2022	2023
	USD’\$000 (Unaudited)	USD’\$000 (Unaudited)
Current income tax	30	10
Deferred income tax credit (Note 19)	(163)	(334)
	(133)	(324)

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:

	Three-month period ended 31 March	
	2022	2023
	USD’\$000 (Unaudited)	USD’\$000 (Unaudited)
Profit before income tax	496	236
Tax calculated at the applicable tax rate	(2)	(48)

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10. Income taxes (continued)

(a) Income tax expense/(credit) (continued)

	Three-month period ended 31 March	
	2022 USD’\$000 (Unaudited)	2023 USD’\$000 (Unaudited)
Effect of:		
– expenses not deductible	1	2
– tax exempt income	(145)	(121)
– expenses relating to technical improvements deduction	(71)	(90)
– temporary differences not recognised as deferred tax assets	(3)	10
– taxable loss not recognised as deferred tax assets	105	–
– utilisation of unrecognised tax losses	(18)	(77)
Tax credit	(133)	(324)

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

	31 December 2022 USD’\$000 (Audited)	31 March 2023 USD’\$000 (Unaudited)
Beginning of financial year	11	24
Income tax paid	(15)	–
Tax expense	28	10
End of financial year	24	34

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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 period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the financial period.

	Three-month period ended 31 March	
	2022	2023
	(Unaudited)	(Unaudited)
Net profit attributable to equity holders of the Company (USD’000)	629	560
Weighted average number of ordinary shares (’000)	221,068	237,301
Basic earnings per share (in USD)	0.003	0.002

For the three-month period ended 31 March 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 20 and Note 27 for details.

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11. Earnings per share (continued)

(b) Diluted earnings per share

For the three-month period ended 31 March 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

	As at 31 December 2022 USD’\$000 (Audited)	As at 31 March 2023 USD’\$000 (Unaudited)
Cash on hand	5	5
Checking accounts and demand deposits	6,052	9,086
	6,057	9,091

The Group has no cash and cash equivalents pledged to others.

13. Trade and other receivables

	As at 31 December 2022 USD’\$000 (Audited)	As at 31 March 2023 USD’\$000 (Unaudited)
Trade receivables:		
– Receivables	3,372	2,824
Less: Loss allowance	(59)	(115)
	3,313	2,709
Other receivables	193	214
Prepayments:		
– Offset against business tax payable	2	1
– Other prepayments	196	228
	198	229
Total	3,704	3,152

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13. Trade and other receivables (continued)

As at 31 March 2023, trade receivables were all from contracts with customers. Also, as of 1 January 2022, the trade receivables from contracts with customers amounted to USD3,259,000.

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
31 December 2022					
Beginning of financial year (Audited)					
Cost	1,828	788	50	–	2,666
Accumulated depreciation and impairment	(709)	(558)	(50)	–	(1,317)
	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 (Audited)	1,575	463	–	269	2,307
Representing:					
Cost	2,325	628	50	269	3,272
Accumulated depreciation and impairment	(750)	(165)	(50)	–	(965)
	1,575	463	–	269	2,307

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14. Property, plant and equipment (continued)

	Computers and electronic equipment USD’\$000	Leasehold improvements USD’\$000	Motor vehicles USD’\$000	Asset under construction USD’\$000	Total USD’\$000
31 March 2023					
Beginning of financial year (Audited)					
Cost	2,325	628	50	269	3,272
Accumulated depreciation and impairment	(750)	(165)	(50)	–	(965)
	1,575	463	–	269	2,307
Addition	123	3	–	52	178
Disposal	(14)	–	–	–	(14)
Transfers	–	286	–	(286)	–
Depreciation charge	(111)	(28)	–	–	(139)
Currency translation differences	18	7	–	4	29
End of financial period (Unaudited)	1,591	731	–	39	2,361
Representing:					
Cost	2,451	925	46	39	3,461
Accumulated depreciation and impairment	(860)	(194)	(46)	–	(1,100)
	1,591	731	–	39	2,361

The abovementioned property, plant and equipment were not subject to any pledges.

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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 interim condensed statements of financial position

The interim condensed statements of financial position show the following amounts relating to leases:

	As at 31 December 2022 USD’\$000 (Audited)	As at 31 March 2023 USD’\$000 (Unaudited)
Right-of-use assets		
– Buildings	2,804	2,589
Lease liabilities		
Current	896	918
Non-current	1,901	1,706
	2,797	2,624

The carrying amount of right-of-use assets and the depreciation charge are as follows:

	31 December 2022 USD’\$000 (Audited)	31 March 2023 USD’\$000 (Unaudited)
Beginning of financial year	2,218	2,804
Addition	1,778	46
Depreciation charge	(974)	(285)
Currency translation differences	(218)	24
	2,804	2,589

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15. Leases – The Group as a lessee (continued)

- (b) Amounts recognised in the interim condensed statements of financial position (continued)

Interest expense

	Three-month period ended 31 March	
	2022	2023
	USD’\$000	USD’\$000
Interest expense on lease liabilities (Note 9)	8	23

Lease expense not capitalised in lease liabilities

	Three-month period ended 31 March	
	2022	2023
	USD’\$000	USD’\$000
Lease expense – short-term leases	16	1
Lease expense – low-value leases	5	5
Total	21	6

For the three-month period ended 31 March 2022 and 2023, the Group’s total cash outflow for all leases were USD191,000 and USD276,000 respectively.

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16. Intangible assets

	Computer software licences	Patent right	Trademark	Total
	USD’\$000	USD’\$000	USD’\$000	USD’\$000
31 December 2022				
Beginning of financial year (Audited)				
Cost	1,355	31	60	1,446
Accumulated amortisation	(1,110)	(31)	(60)	(1,201)
	245	–	–	245
Addition	86	–	–	86
Amortisation charge	(66)	–	–	(66)
Currency translation differences	(22)	–	–	(22)
End of financial year (Audited)	243	–	–	243
Representing:				
Cost	1,296	31	56	1,383
Accumulated amortisation	(1,053)	(31)	(56)	(1,140)
	243	–	–	243
31 March 2023				
Beginning of financial year (Audited)				
Cost	1,296	31	20	1,347
Accumulated amortisation	(1,053)	(31)	(20)	(1,104)
	243	–	–	243
Addition	27	–	–	27
Amortisation charge	(19)	–	–	(19)
Currency translation differences	2	–	–	2
End of financial period (Unaudited)	253	–	–	253
Representing:				
Cost	1,289	31	20	1,340
Accumulated amortisation	(1,036)	(31)	(20)	(1,087)
	253	–	–	253

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16. Intangible assets (continued)

Amortisation expense included in the statement of comprehensive income is analysed as follows:

	Three-month period ended 31 March	
	2022	2023
	USD’\$000	USD’\$000
	(Unaudited)	(Unaudited)
Cost of sales	1	2
Administrative expenses	15	17
	16	19

17. Other non-current assets

	As at	As at
	31 December	31 March
	2022	2023
	USD’\$000	USD’\$000
	(Audited)	(Unaudited)
Prepayments for equipment	119	83
Refundable deposits	247	247
	366	330

18. Trade and other payables

	As at	As at
	31 December	31 March
	2022	2023
	USD’\$000	USD’\$000
	(Audited)	(Unaudited)
Current		
Trade payables to:		
– non-related parties	1,209	1,110

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18. Trade and other payables (continued)

	As at 31 December 2022 USD’\$000 (Audited)	As at 31 March 2023 USD’\$000 (Unaudited)
Other payables:		
– salaries and bonuses payable	2,434	2,213
– social insurance and provident fund payable	146	82
– service charge payable	273	219
– others	442	328
	3,295	2,842
Total	4,504	3,952

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:

	31 December 2022 (Audited)			
	Beginning of financial year USD’\$000	Recognised in profit or loss USD’\$000	Currency translation differences USD’\$000	Total USD’\$000
<i>Deferred income tax assets</i>				
Accrued expenses	114	5	(11)	108
Tax losses	359	393	(42)	710
Lease liabilities	361	(131)	(20)	210
	834	267	(73)	1,028

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19. Deferred income taxes (continued)

	31 December 2022 (Audited)			
	Beginning of financial year USD’\$000	Recognised in profit or loss USD’\$000	Currency translation differences USD’\$000	Total USD’\$000
<i>Deferred income tax liabilities</i>				
Service revenue	(630)	(108)	56	(682)
Right-of-use assets	(361)	131	20	(210)
	(991)	23	76	(892)
	(157)	290	3	136

	31 March 2023 (Unaudited)			
	Beginning of financial year USD’\$000	Recognised in profit or loss USD’\$000	Currency translation differences USD’\$000	Total USD’\$000
<i>Deferred income tax assets</i>				
Accrued expenses	108	20	2	130
Tax losses	710	479	9	1,198
Lease liabilities	210	(32)	1	179
	1,028	467	12	1,507

<i>Deferred income tax liabilities</i>				
Service revenue	(682)	(164)	(9)	(855)
Right-of-use assets	(210)	31	(2)	(181)
	(892)	(133)	(11)	(1,036)
	136	334	1	471

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19. Deferred income taxes (continued)

The Group has unrecognised tax losses of USD9,690,000 and USD7,461,059 as at 31 December 2022, and as at 31 March 2023 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 USD7,461,059 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	Amount
	Issued share capital share	Issued share capital USD’\$000
31 December 2022		
Beginning of financial year/End of financial year (Audited)	15,701,932	5,226
31 March 2023		
Beginning of financial year (Audited)	15,701,932	5,226
Cash capital increase	1,744,659	569
End of financial period (Unaudited)	17,446,591	5,795

All issued ordinary shares fully paid-up with par value of NTD\$10 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 USD3,022,980 constituting of share capital USD568,392 and capital reserves USD2,454,588.

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.

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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. 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.

(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.

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22. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The Group’s currency exposure based on the information provided to key management is as follows:

	NTD ’\$000	RMB ’\$000	USD ’\$000
<u>At 31 December 2022 (Audited)</u>			
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

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22. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	NTD ’\$000	RMB ’\$000	USD ’\$000
<u>At 31 March 2023 (Unaudited)</u>			
Financial assets			
Cash and bank balances	443	2,764	4,986
Trade and other receivables	935	1,518	568
Receivables from holding corporations/subsidiaries	234	2,734	922
Total financial assets	1,612	7,016	6,476
Financial liabilities			
Trade and other payables	(421)	(3,296)	(51)
Payable from holding corporations/subsidiaries	(234)	(2,734)	(922)
Total financial liabilities	(655)	(6,030)	(973)
Net financial assets	957	986	5,503
(Less)/add: Net financial (assets)/liabilities denominated in the respective entities’ functional currency	(1,164)	(556)	(4,600)
Net currency exposure	(207)	430	903

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 before tax, the effects arising from the net financial asset would decrease/increase the total return by USD2,230 (2022: USD2,410) respectively.

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22. Financial risk management (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.

The movements in credit loss allowance are as follows:

	As at 31 December		
	Contract assets USD’\$000	Trade receivables USD’\$000	Total USD’\$000
2022			
Balance at 1 January 2022 (Audited)	–	30	30
Asset acquired/originated	–	32	32
Effect of foreign exchange	–	(3)	(3)
Balance at 31 December 2022 (Audited)	–	59	59

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22. Financial risk management (continued)

(b) Credit risk (continued)

	As at 31 March		
2023			
Balance at 1 January 2023 (Audited)	–	59	59
Asset acquired/originated	–	58	58
Written off		(1)	(1)
Effect of foreign exchange	–	(1)	(1)
Balance at 31 March 2023 (Unaudited)	–	115	115

(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.

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22. 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 31 March 2023 are set out in the provision matrix as follows:

	As at 31 December (Audited)				Total
	Without past due	0 to 30 days	31 days to 90 days	>91 days	
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
	As at 31 March (Unaudited)				
2023					
Expected loss rate	0.4%~ 22.7%	0.78%~ 23.1%	2.23%~ 24.1%	100%	
Total book value (USD’\$000)					
– Trade receivables	2,585	106	48	85	2,824
– Contract assets	3,313	–	–	–	3,313
	5,898	106	48	85	6,137
Loss allowance	22	5	3	85	115

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22. Financial risk management (continued)

(b) Credit risk (continued)

(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.

(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 (Audited)		
	Less than 1 year	Over 1 year	Total
	USD’\$000	USD’\$000	USD’\$000
2022			
<u>Non-derivative financial liabilities</u>			
– Trade and other payables	4,504	–	4,504
– Lease liabilities (include current and non-current)	966	1,989	2,955
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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22. Financial risk management (continued)

(c) Liquidity risk (Continued)

	As at 31 March (Unaudited)		
2023			
<u>Non-derivative financial liabilities</u>			
– Trade and other payables	3,952	–	3,952
– Lease liabilities (include current and non-current)	984	1,782	2,766

(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.

	As at 31 December 2022 USD’\$000 (Audited)	As at 31 March 2023 USD’\$000 (Unaudited)
Total liabilities	8,354	7,740
Total assets	19,484	22,596
Debt ratio	43%	34%

(e) Fair value measurements

The Group did not hold financial and non-financial instruments measured at fair value as at 31 December 2022 and 31 March 2023.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

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22. Financial risk management (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	As at 31 December 2022 USD’\$000 (Audited)	As at 31 March 2023 USD’\$000 (Unaudited)
Financial assets		
<u>Financial assets at amortised cost</u>		
Cash and cash equivalents	6,057	9,091
Trade and other receivables	3,506	2,923
Other non-current assets-refundable deposits	247	247
	9,810	12,261
Financial liabilities		
<u>Financial liabilities at amortised cost</u>		
Trade and other payables	4,504	3,952
Lease liabilities		
– Current	896	918
– Non-current	1,901	1,706
	7,301	6,576

23. 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.

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24. Related party transactions

Names of related parties and relationship

Names of related parties

All the directors, President and main management

Relationship with the Company

The Group’s key management and governance

Significant related party transactions

The Group had no related party transactions for the financial years ended 31 March 2022 and 2023 respectively.

Key management personnel compensation

	Three-month period ended 31 March	
	2022	2023
	USD’\$000 (Unaudited)	USD’\$000 (Unaudited)
Short-term employee benefits	99	105

25. 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 March 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. The CODM assess performance of the operating segments based on a measure of profit/(loss) before income tax.

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25. 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:

	Three-month period ended 31 March 2022 (Unaudited)			
	Art Outsourcing Segment USD’\$000	Game Development Segment USD’\$000	Global Publishing and Others USD’\$000	Total USD’\$000
Segment revenue				
Service revenue	5,343	631	–	5,974
Licencing and product revenue	–	–	85	85
	5,343	631	85	6,059
Profit before income tax	683	(6)	(181)	496
Significant non-cash items				
Depreciation of property, plant and equipment	73	14	–	87
Depreciation of right-of-use assets	212	38	–	250
Segment assets	16,255	1,920	259	18,434
Included in the segment assets:				
Trade receivables and other receivables	3,255	378	–	3,633
Property, plant and equipment	1,430	166	–	1,596
Right-of-use assets	1,773	206	–	1,979
Segment liabilities	6,184	730	98	7,012

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25. 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)

	Three-month period ended 31 March 2023 (Unaudited)			
	Art Outsourcing Segment USD’\$000	Game Development Segment USD’\$000	Global Publishing and Others USD’\$000	Total USD’\$000
Segment revenue				
Service revenue	5,198	1,201	–	6,399
Licencing and product revenue	–	–	26	26
	5,198	1,201	26	6,425
Profit before income tax	99	345	(208)	236
Significant non-cash items				
Depreciation of property, plant and equipment	120	19	–	139
Depreciation of right-of-use assets	234	51	–	285
Segment assets	18,281	4,315	–	22,596
Included in the segment assets:				
Trade receivables and other receivables	2,550	602	–	3,152
Property, plant and equipment	1,910	451	–	2,361
Right-of-use assets	2,095	494	–	2,589
Segment liabilities	6,262	1,478	–	7,740

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25. Segment information (continued)

Revenue from external customers and non-current assets were classified based on the customers’ and assets’ locations, respectively. Geographical information is as follows:

	Three-month period ended 31 March	
	2022 Revenue USD’\$000 (Unaudited)	2023 Revenue USD’\$000 (Unaudited)
PRC and Hong Kong	2,682	2,632
Taiwan	1,070	1,296
Korea	1,079	1,239
United States	679	994
Other	549	264
	6,059	6,425
	6,059	6,425
	As at 31 December 2022 Non-current assets USD’\$000 (Audited)	As at 31 March 2023 Non-current assets USD’\$000 (Unaudited)
PRC and Hong Kong	3,100	2,947
Taiwan	2,614	2,532
Other	6	54
	5,720	5,533
	5,720	5,533

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25. Segment information (continued)

Details of the revenue from individual customers that exceed 10% of net sale revenue in the interim condensed statement of comprehensive income for the reported period are as follows:

	Three-month period ended 31 March	
	2022 USD’\$000 (Unaudited)	2023 USD’\$000 (Unaudited)
Customer W	536	837

26. 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.

27. Events occurring after the reporting period

Save as disclosed elsewhere in these financial statements, the following events occurred after 31 March 2023:

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.

28. 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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APPENDIX C – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

8 November 2023

WINKING STUDIOS LIMITED

P.O. Box 31119 Grand Pavilion, Hibiscus Way
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KY1-1205, Cayman Islands

Attention: The Audit Committee

Dear Chairman and Members of the Audit Committee

ADOPTION OF GENERAL MANDATE FOR RECURRENT INTERESTED PERSON TRANSACTIONS

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meaning as defined in the offer document of Winking Studios Limited (the “**Company**”) dated 8 November 2023 (the “**Offer Document**”).*

*This letter has been prepared solely for inclusion in the Offer Document of the Company in connection with the initial public offering of the ordinary shares of the Company on the Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).*

1. INTRODUCTION

Winking Studios Limited (the “**Company**”) is seeking a listing of its ordinary shares on the Catalist of the SGX-ST (the “**Listing**”).

This letter (this “**IFA Letter**”) has been prepared for the inclusion in the Offer Document of the Company (and together with its subsidiaries, the “**Group**”) in relation to the adoption of a general mandate for recurrent interested person transactions (the “**IPT General Mandate**”) to facilitate the entering of certain categories of interested person transactions (the “**Mandated Transactions**” or each a “**Mandated Transaction**”, as set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions – Categories of Mandated Transactions” of the Offer Document) between (a) any entities in the Group; and (b) the mandated interested persons (the “**Mandated Interested Persons**” or each a “**Mandated Interested Person**”, as named in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions – Mandated Interested Persons” of the Offer Document).

Under Chapter 9 of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the “**Catalist Rules**”), a listed company may seek a general mandate from its shareholders for recurrent interested person transactions of revenue or trading nature or for those necessary for its day-to-day operations, but not in respect of the purchase or sale of assets, undertakings or businesses.

It is anticipated that the Group would, following the admission of the Company to the Catalist of the SGX-ST, in the ordinary course of business, continue to enter into the Mandated Transaction(s) with the Mandated Interested Person(s). It is likely that such Mandated Transaction(s) will occur with some degree of frequency and may arise at any time. In view of the time-sensitive and/or recurrent nature of the Mandated Transaction(s), the Company is adopting the IPT General Mandate to enable the Group to enter into the Mandated Transaction(s) in its normal course of business, provided that an independent financial

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adviser opines that the methods and procedures set out in the IPT General Mandate are sufficient to ensure that all such Mandated Transaction(s) will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Pursuant to Rule 920(2) of the Catalist Rules, the Company may treat the IPT General Mandate as having been given by its shareholders (“**Shareholders**”) for the Group to enter into Mandated Transaction(s) with the Mandated Interested Person(s) if the information required under Rule 920(1)(b) is included in the Offer Document.

To comply with the requirements of Chapter 9 of the Catalist Rules, Xandar Capital Pte. Ltd. (“**Xandar Capital**”) has been appointed as the independent financial adviser to provide an opinion on whether the methods or procedures as set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions” of the Offer Document are sufficient to ensure that the Mandated Transaction(s) between the Group and the Mandated Interested Person(s) will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

This IFA Letter sets out our evaluation of the IPT General Mandate and our opinion thereof. This IFA Letter has been prepared pursuant to Rule 920(1)(b)(v) of the Catalist Rules for the use of the Audit Committee of the Company, who as at the date of the Offer Document, are considered to be independent for the purpose of the IPT General Mandate, and this IFA Letter forms part of the Offer Document.

2. TERMS OF REFERENCE

Xandar Capital has been appointed to opine on whether the methods or procedures for the Mandated Transaction(s), if adhered to, are sufficient to ensure that the Mandated Transaction(s) with the Mandated Interested Person(s) will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

We are and were not involved in any aspect of the negotiations pertaining to the IPT General Mandate or the Mandated Transaction(s) contemplated under the IPT General Mandate, nor were we involved in the deliberations leading to the Company’s decision to adopt the IPT General Mandate and to enter into the Mandated Transaction(s) with the Mandated Interested Person(s) contemplated under the IPT General Mandate. We do not, by this IFA Letter, make any representation or warranty in relation to the merits of the IPT General Mandate or the Mandated Transaction(s) contemplated under the IPT General Mandate.

Our terms of reference do not require us to evaluate or comment on the legal, strategic or commercial merits and/or risks of the IPT General Mandate and the Mandated Transaction(s) contemplated under the IPT General Mandate. We have also not conducted any review of the business, operations or financial condition of the Company and the Group, and we have not relied on any financial projections or forecasts in respect of the Company or the Group, nor did we have access to their business plans, financial projections and forecasts. We are not required to express and we do not express any view herein on the growth prospects, financial position and earnings potential of the Company or the Group pursuant to the adoption of the IPT General Mandate or the Mandated Transaction(s) contemplated under the IPT General Mandate. We are also not expressing any view herein as to the prices at which the shares of the Company may trade with or without the IPT General Mandate. Such evaluation shall remain the sole responsibility of the Directors.

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We were also not required or authorised to obtain, and we have not obtained, any quotation or transacted price from third parties for products or services similar to those which are to be covered by the IPT General Mandate, and are therefore not able to, and will not comment on the Mandated Transaction(s).

In the course of our evaluation, we have held discussions with certain Directors and management of the Group and have examined information provided and representations made to us by the aforesaid parties, including information in the Offer Document. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information, representation and assurance. Nonetheless, we have made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy and reliability of the information.

We have relied upon the assurance of the Directors that they collectively and individually accept full responsibility for the accuracy of the information given in the Offer Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Offer Document constitutes full and true disclosure of all material facts about the IPT General Mandate, the Company and the Group as at the date of the Offer Document. The Directors are not aware of any facts the omission of which would make any statement in the Offer Document misleading. Where information in the Offer Document has been extracted from published or otherwise publicly available sources or this IFA Letter, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Offer Document in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Company, the Group and the IPT General Mandate are to the best of their knowledge and belief, fair and accurate in all material aspects. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied on by us as described above.

The Company has been separately advised by its own advisers in the preparation of the Offer Document (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Offer Document (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Offer Document (other than this IFA Letter) and save as set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions – Opinion of the Independent Financial Adviser” of the Offer Document.

Whilst a copy of this IFA Letter may be reproduced in the Offer Document, save for the purpose of any matter relating to the IPT General Mandate, neither the Company, the Directors nor the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes at any time and in any manner without our prior written consent in each specific case. Our opinion in relation to the IPT General Mandate should be considered in the context of the entirety of this IFA Letter and the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions” of the Offer Document.

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3. THE IPT GENERAL MANDATE

3.1 The IPT General Mandate

Information on the IPT General Mandate is set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions” of the Offer Document.

3.2 The Mandated Interested Persons

Information on the Mandated Interested Persons of the IPT General Mandate is set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions – Mandated Interested Persons” of the Offer Document.

We note that there are 31 Mandated Interested Persons, all of which part of the Acer group of companies under Acer Incorporated (宏碁股份有限公司) (“**Acer**”). Acer is a Controlling Shareholder holding more than 15% indirect interest in the Company as at 15 September 2023, being the latest practicable date (the “**Latest Practicable Date**”) for the purposes of the admission of the Company to the official list of Catalist of the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore.

Acer will remain as an indirect Controlling Shareholder upon the Listing, and accordingly, transactions between the Group and the Mandated Interested Persons (which are interested persons under the Catalist Rules) are interested person transaction under Chapter 9 of the Catalist Rules.

3.3 Categories of Mandated Transactions

Information on the categories of Mandated Transactions is set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions – Categories of Mandated Transactions” of the Offer Document.

We note that there are four (4) categories of Mandated Transactions as follows:

- (a) provision of art outsourcing and/or game development services by the Group to the Mandated Interested Person(s);
- (b) obtaining of services (such as engagement of personnel on behalf of the Group) from the Mandated Interested Person(s);
- (c) purchase of products and services such as IT-related products and services from the Mandated Interested Person(s); and
- (d) leasing of office space and obtaining of related facilities and services by the Group from the Mandated Interested Person(s),

collectively, the “**Mandated Transactions**” or each a “**Mandated Transaction**”.

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3.4 Rationale for and Benefits of the IPT General Mandate

Information on the rationale for and benefits of the IPT General Mandate is set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions – Rationale for and Benefits of the IPT General Mandate” of the Offer Document.

We note that the Group entered into various interested person transactions with the Mandated Interested Person(s), which enabled the Group to widen its customer base and tap on resources to grow the business of the Group during the period from 1 January 2020 to the Latest Practicable Date. The Company envisages that such transactions are likely to continue in the ordinary course of the Group’s business. The adoption of the IPT General Mandate will allow the Group to continue to enter into the various categories of the Mandated Transaction(s) with the Mandated Interested Person(s).

3.5 Methods and Procedures for the Mandated Transactions

Detailed information on the methods and procedures is set out in the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions – Methods and Procedures for Mandated Transactions with Mandated Interested Persons” of the Offer Document.

We note that the methods and procedures involve:

- (a) In relation to the provision of art outsourcing and/or game development services by the Group to the Mandated Interested Person(s), the Group will compare the terms (which may include but not limited to the man-day rates, any revenue or profit-sharing terms, the billing milestones and the credit terms) offered to the Mandated Interested Person(s) with at least two (2) other recently signed art outsourcing and/or game development projects with unrelated third parties, to ensure that the terms extended to the Mandated Interested Person(s) are at its prevailing market rates, on terms no more favourable to the Mandated Interested Person(s) than the usual commercial terms extended by the Group to unrelated third parties or otherwise in accordance with applicable industry norms, and not prejudicial to the interest of the Company and its minority Shareholders.

In determining the key terms such as whether the man-day rates chargeable to the Mandated Interested Person(s) and the profit sharing terms are on normal commercial terms, the Group will take into account factors the Day Rates Factors (such as but are not limited to, the volume and complexity of the deliverables (such as the amount of scenes and characters required, length of the gameplay and programming requirements), the manpower requirements comprising designers, technical artists, animators and/or programmers required for the project as well as the availability of the Group’s resources, whether the customer has requested for exclusively team members on the project during the contractual period, the confidentiality requirements which may require the Group to set up a private access room for the project team), the estimated project timeline and preferential rates/prices/discounts accorded to long-term and/or extension contracts or repeat customers) and the Profit-Sharing Factors (such as but are not limited to, the scale of the project, the reputation of the customer or the intellectual property rights of the game, and the track record of the customer).

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Where there are no unrelated third party contracts that were recently signed, the terms of the proposed Mandated Transaction(s) will also be subject to the review and approval of a senior management staff (such as the Chief Executive Officer or Chief Financial Officer or in the event the Chief Executive Officer and Chief Financial Officer have an interest in the Mandated Transaction(s) or are nominees of the Mandated Interested Person(s), an officer of similar or equivalent rank (who must have no interest, direct or indirect in the Mandated Interested Person(s) and the Mandated Transaction(s), and as designated by the Audit Committee for such Mandated Transaction(s)) who will determine whether the terms offered to the Mandated Interested Person(s) are in accordance with the applicable industry norms, on normal commercial terms and not prejudicial to the interest of the Company and its minority Shareholders having regards to the Day Rates Factors, the Profit-Sharing Factors (if applicable), as well as costs and benefits to the Group for entering into the Mandated Transaction(s).

- (b) In relation to the obtaining of services from the Mandated Interested Person(s) relating to the engagement of personnel on behalf of the Group and the purchasing of IT-related products and services from Mandated Interested Person(s), the Group will compare the terms offered by the Mandated Interested Person(s) with at least two (2) quotations, whenever appropriate and available from unrelated third party suppliers for similar products and/or services, prior to the entry into the contract or transaction with the Mandated Interested Person(s), to determine whether the price and terms offered by the Mandated Interested Person(s) are on normal commercial terms and comparable to those offered by unrelated third parties for the same or substantially similar products and/or services, and not prejudicial to the interest of the Company and its minority Shareholders.

In determining whether the price and terms offered by the Mandated Interested Person(s) are on normal commercial terms, the Group will take into account factors such as but are not limited to:

- (i) In relation to the obtaining of services from the Mandated Interested Person(s) relating to the engagement of employees personnel on behalf of the Group the location of services required, complexity of the services required and tenure of services required (the “**Service Factors**”); and
- (ii) In relation to the purchasing of IT-related products and services from Mandated Interested Person(s), the size of order, product specifications, delivery costs, delivery schedules, track record of suppliers and products (the “**Product Factors**”).

Where such comparable service quotations are not available (for instance, if there are no unrelated third party vendors providing similar services and/or selling similar products), the terms of the proposed Mandated Transaction(s) will also be subject to the review and approval of a senior management staff (such as the Chief Executive Officer or Chief Financial Officer or in the event the Chief Executive Officer and Chief Financial Officer have an interest in the Mandated Transaction(s) or are nominees of the Mandated Interested Person(s), an officer of similar or equivalent rank (who must have no interest, direct or indirect in the Mandated Interested Person(s) and the Mandated Transaction(s), and as designated by the Audit Committee for such Mandated Transaction(s)) who will determine whether the terms offered by the Mandated Interested Person(s) are fair and reasonable, having regard to the Service Factors or the Product Factors, where applicable, as well as costs and benefits to the Group for entering into the Mandated Transaction(s).

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Where the Mandated Interested Person(s) seeks reimbursement from the Group for expenses incurred in relation to the services provided to the Group, the finance department will review and ensure that the relevant supporting documents are attached to the reimbursement claims and the Group will assess whether the expenses to be reimbursed are fair and relevant by comparing the expenses incurred to the market price of similar goods and services, to the extent available.

- (c) In relation to the leasing of office space and obtaining of related facilities and services from the Mandated Interested Person(s), the Group will compare the fees offered by the Mandated Interested Person(s) with at least two (2) quotations from unrelated third party suppliers for similar office space, facilities and services, prior to the entry into the contract with the Mandated Interested Person(s), to determine whether the fees offered by the Mandated Interested Person(s) are on normal commercial terms, and not prejudicial to the interest of the Company and its minority Shareholders. The fees payable by the Group to the Mandated Interested Person(s) will be no more favourable to the Mandated Interested Person(s) as compared to the fees quoted by the unrelated third parties.

In determining whether the fees payable by the Group to the Mandated Interested Person(s) are on normal commercial terms, the Group will take into account the location, size of space, tenure of the lease, facilities, amenities and services available, and any other relevant factors which may affect the rental rates or terms of the lease, (the “**Office Space Factors**”). In general, the Group will only enter into new leases or renew the existing leases with the Mandated Interested Person(s) if the Group is satisfied that the rental payments is in line with or better than prevailing market rental rates for comparable spaces.

Where comparable quotations are not available (for instance, if there are no unrelated third party lessor within the same vicinity), the terms of the proposed Mandated Transaction(s) will also be subject to the review and approval of a senior management staff (such as the Chief Executive Officer or Chief Financial Officer or in the event the Chief Executive Officer and Chief Financial Officer have an interest in the Mandated Transaction(s) or are nominees of the Mandated Interested Person(s), an officer of similar or equivalent rank (who must have no interest, direct or indirect in the Mandated Interested Person(s) and the Mandated Transaction(s), and as designated by the Audit Committee for such Mandated Transaction(s)) who will determine whether the terms offered by the Mandated Interested Person(s) are fair and reasonable, having regard to the Office Space Factors as well as costs and benefits to the Group for entering into the Mandated Transaction(s).

- (d) The Group will also adopt the following approval thresholds for the Mandated Transaction(s):
 - (i) All Mandated Transaction(s) will be subject to review and prior approval by the Chief Executive Officer or the Chief Financial Officer or, in the event the Chief Executive Officer and the Chief Financial Officer have an interest in the Mandated Transaction(s) or are nominees of the Mandated Interested Person(s), an officer of similar or equivalent rank (who must have no interest, direct or indirect, in the transaction) (the “**Relevant Authorised Persons**”).

In the event that all of the Relevant Authorised Persons have an interest in the transaction(s), are nominees for the time being of the Mandated Interested

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Person(s) or have associates (as defined in the Catalist Rules) involved in the decision making process on the part of the Mandated Interested Person(s) or are subject to such conflicts of interest, the review and approval process will be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Mandated Interested Person(s), has no interest in the transaction and is not subject to such conflicts of interest) as designated by the Chairman of the Audit Committee from time to time for such purpose.

- (ii) For all Mandated Transaction(s) where the value of each Mandated Transaction (either individually or cumulative, and excluding Mandated Transaction(s) which have already been reviewed and approved by the Audit Committee, during the same financial year) is equal to or exceeding 3.0% of the value of the Group's latest audited NTA, such Mandated Transaction(s) will be subject to review and prior approval of the Audit Committee.

In the event that a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Mandated Interested Person(s), or if any associate (as defined in the Catalist Rules) of a member of the Audit Committee is involved in the decision making process on the part of the Mandated Interested Person(s), she/he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.

In the event that a member of the Audit Committee (who is not a nominee of the Mandated Interested Person(s), has no interest in the transaction and is not subject to such conflicts of interest) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person(s), and she/he participates in the review and approval process of the Audit Committee in relation to a transaction with that Mandated Interested Person(s), she/he will abstain from participating on any decision before the board or committee of that Mandated Interested Person(s) with respect to such transaction.

- (e) The Company will also implement additional procedures including maintaining a register (the **"IPT Register"**) of all interested person transaction(s) (including all Mandated Transaction(s)) setting out the information pertinent to the interested person transaction(s), filing the documents (including the contract(s) entered into with the Mandated Interested Person(s), the relevant supporting documents and approval forms) relating to the Mandated Transaction(s) separately, reviewing the IPT Register and the file relating to the Mandated Transaction(s) by the Audit Committee on a half-yearly basis as well as reviewing the Mandated Transaction(s) by the internal audit annually.

4. ROLE OF AUDIT COMMITTEE

We note that the Audit Committee will:

- (a) review and approve Mandated Transaction(s) which individually or cumulatively (excluding Mandated Transaction(s) which have already been reviewed and approved by the Audit Committee) during the same financial year has a value equal to or exceeds 3.0% of the Group's then latest audited NTA;

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- (b) review all Mandated Transaction(s) on a half-yearly basis;
- (c) review the annual internal audit reports submitted by the internal auditors on their review of the Mandated Transaction(s); and
- (d) if during any of the reviews by the Audit Committee, the Audit Committee is of the view that the methods and procedures for the Mandated Transaction(s) have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Person(s) are conducted, the Company will seek a fresh general mandate from the Shareholders based on new methods and procedures so that Mandated Transaction(s) will be carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

5. VALIDITY PERIOD OF THE IPT GENERAL MANDATE

Pursuant to Catalist Rule 920(2), the IPT General Mandate will be effective until the earlier of the following: (a) the conclusion of the first annual general meeting (“**AGM**”) following the Company’s admission to Catalist; or (b) the first anniversary of the date of the Company’s admission to Catalist.

Approval from independent Shareholders will be sought for the renewal of the IPT General Mandate at each subsequent AGM, subject to the satisfactory review by the Audit Committee of its continued application to the Mandated Transaction(s). In accordance with Rule 920(1)(b)(viii) of the Catalist Rules, the Mandated Interested Person(s) and their Associates shall abstain from voting on resolution(s) involving themselves and the Group. Furthermore, such Mandated Interested Person(s) shall not act as proxies in relation to such resolution(s) unless voting instructions have been given by the appointing Shareholder.

6. OUR OPINION

In arriving at our opinion in respect of the IPT General Mandate, we have considered, among other things, (a) the methods and procedures as well as the approval thresholds set out in the IPT General Mandate; (b) the frequency of review of Mandated Transaction(s) by the Audit Committee and the internal auditors; (c) the role of the Audit Committee in relation to the IPT General Mandate; and (d) the rationale for and benefits of the IPT General Mandate.

Having regard to the considerations set out in this IFA Letter and the information available to us as at the Latest Practicable Date, Xandar Capital is of the opinion that the methods and procedures for determining the transaction prices of the Mandated Transaction(s), if adhered to, are sufficient to ensure that the Mandated Transaction(s) will be carried out on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

7. THIS IFA LETTER

This IFA Letter is prepared pursuant to Rule 920(1)(b)(v) of the Catalist Rules and addressed to the Audit Committee in connection with and for the purposes of their consideration of the IPT General Mandate and for inclusion in the Offer Document. Our opinion in relation to the IPT General Mandate should be considered in the context of the entirety of this IFA Letter and the section entitled “Interested Person Transactions – General Mandate for Interested Person Transactions” of the Offer Document.

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Whilst a copy of this IFA Letter may be reproduced in the Offer Document, save for the purpose of any matter relating to the IPT General Mandate, neither the Company, the Directors nor the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

8 November 2023

**APPENDIX D – INDEPENDENT MARKET REPORT OF THE
INDUSTRY CONSULTANT**

Global Game Art Outsourcing Industry Report

September 2023

APPENDIX D – INDEPENDENT MARKET REPORT OF THE INDUSTRY CONSULTANT

Research Methodology

The information and data collected by China Insights Industry Consultancy Limited (“**CIC**”) have been analysed, assessed and validated using CIC’s in-house analysis models and techniques. Primary research was conducted via interviews with key industry experts and leading industry participants. Secondary research involved analysis of market data obtained from several publicly available data sources, such as government-issued reports/resources, company reports/resources, independent research reports/resources and CIC’s internal database. The research methodology used by CIC is based on information gathered from multiple sources. Based on the aforementioned, we consider the data and statistics herein to be reliable.

Basis and Assumptions

The market projections are based on the following key assumptions: (a) the overall social, economic, and political environment in Asia is expected to remain stable during the forecast period between 2023 and 2027 (the “**Forecast Period**”); (b) the global economy is likely to maintain a steady growth trajectory during the Forecast Period, accompanied by sustained urbanisation; (c) related key industry drivers are likely to propel continued growth in the global game art outsourcing industry throughout the Forecast Period, including game development companies’ increasing investments in the development of games, increasing the supply of artistic talents, gamers’ higher requirements on game graphics; and (d) that there is no force majeure event or unforeseen industry regulation in which the market may be affected in either a dramatic or fundamental way during the Forecast Period. Forecasts, estimates, predictions and other forward looking statements are based on our current assumptions, expectations and beliefs and involve substantial risks and uncertainties that may cause results, performance or achievement to materially differ from those expressed or implied by these forward looking statements. This report has been prepared for inclusion in the Offer Document of Winking Studios Limited (the “**Company**”) in relation to an initial public offering in connection with its listing on the Catalist of the Singapore Exchange Securities Trading Limited.

All statistics are reliable and based on information available as of the date of this report. Other sources of information, including those from the government, industry associations, or market participants, may have provided some of the information on which the analysis or its data is based.

All the information regarding the Company has been sourced from the Company’s audited financial reports or management interviews. The information concerning and provided by the Company has not been independently verified by CIC.

For and on behalf of China Insights Industry Consultancy Limited

Julia Zhu
Partner
10F, Block B, Jing’an International Center, 88 Puji Road, Jiang’an District,
Shanghai 200070, China

8 November 2023

**APPENDIX D – INDEPENDENT MARKET REPORT OF THE
INDUSTRY CONSULTANT**

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Defined Terms

2D	:	Two-dimensional
3A game	:	A high-budget, high-profile game that is typically produced and distributed by a large and well-known game company
3D	:	Three-dimensional
AI	:	Artificial intelligence
AIGC	:	AI-Generated Content
APAC	:	Asia-Pacific
Application game	:	App game, a game that is played on an application of a mobile device
App store	:	Apple’s mobile game distribution channel
AR	:	Augmented Reality
CAGR	:	Compound Annual Growth Rate
EMEA	:	Europe, the Middle East and Africa
FPS	:	First-Person Shooter
Gamer/Player	:	People who play games
Game art	:	Graphics for a game
Game company	:	The company that is responsible for managing the game development process as well as the publishing of the game
Game developer	:	The company that helps transform games from a concept to a playable reality
Game development	:	The process of developing a game
Game publisher	:	The company that publishes games that have been developed either internally or externally
GDP	:	Gross Domestic Product
Google Play	:	Google’s mobile game distribution channel

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GPU	:	Graphics Processing Unit
H5 game	:	Also known as an HTML5 game, a game is played on the mobile web page
HDR	:	High-Dynamic Resolution
Humble Store	:	A digital distribution channel for games of Humble Bundle
IMF	:	International Monetary Fund
MOBA	:	Multiplayer Online Battle Arena
NFT(s)	:	Non-Fungible Token(s)
NPC	:	Non-Playable Character
Origin	:	An online game and digital distribution platform of Electronic Arts (“ EA ”)
PC	:	Personal Computer
PlayStation	:	A game console issued by Sony
RPG	:	Role-Playing Game
Steam	:	A game distribution platform of Valve
Switch	:	A game console issued by Nintendo
TapTap	:	A game distribution channel for mobile games
UI	:	User Interface
Uplay	:	A game distribution channel of Ubisoft
US\$:	United States Dollar
VR	:	Virtual Reality
Xbox	:	A set of game consoles issued by Microsoft

APPENDIX D – INDEPENDENT MARKET REPORT OF THE INDUSTRY CONSULTANT

Executive Summary

The key findings contained in this report are as follows.

Global fast-growing game art outsourcing industry

The global game art outsourcing market size increased from US\$1.5 billion in 2017 to US\$3.4 billion in 2022, indicating a CAGR of 17.4% from 2017 to 2022. The mobile sector of the global game art outsourcing industry has registered the highest CAGR between 2017 and 2022 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. The PC and console sectors of the global game art outsourcing industry saw modest growth with a CAGR of 9.4% and 10.3% respectively between 2017 and 2027. 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\$3.1 billion in 2027 and registering a CAGR of 16.4% between 2022 and 2027. The PC and console sectors will continue their current growth momentum with a CAGR of 10.8% and 10.9%, respectively, between 2022 and 2027.

Sustainable drivers for the global game art outsourcing industry

1. Game development companies' increasing expenditure on game art

To attract new players while retaining the existing base of players, game development companies need to continuously improve the gameplay experience for players, through higher quality graphics, interactivity and other aspects of games, which require heavier investments in the development of such games. Besides, there are increasingly more new games launched globally, which indicates that game development companies are allocating more resources to game development. Steam, one of the largest digital distribution platforms for console games in the world, released 12,939 new games in 2022, representing a CAGR of 13.1% between 2017 and 2022. In 2022, game development expenditure reached US\$33.1 billion, an increase from US\$24.4 billion in 2017, representing a CAGR of 6.3%. Correspondingly, game art expenditure recorded US\$10.2 billion across all categories of game development and is expected to increase to US\$16.0 billion in 2027, representing a CAGR of 9.5%, given game development companies' pursuit of higher quality graphics.

2. Continually increasing supply of artistic talents

Professional art talents are essential assets to the game art outsourcing industry. As such talent supply has been increasing and the number of people who intend to become game artists had also increased in recent years. For example, in the People's Republic of China ("PRC"), the number of students taking the National Unified Art College Entrance Examination rose from 0.46 million in 2017 to 0.57 million in 2022. Similarly In Taiwan, approximately 20,000 students graduate from art-related faculties annually. The growing base of talent for art is expected to boost the game art outsourcing industry.

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3. Gamers' higher requirements for game graphics

As gamers are growing more accustomed to aesthetically pleasing media depicting high-quality visual effects and gaming experiences, they will naturally expect a higher standard in terms of gaming graphics alongside improved game stories and modes of interaction. For instance, 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 in terms of the graphics will be more noticeable. 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. HDR is also gradually applied in consoles, PCs, smartphones and tablets.

4. Leveraging and integrating AI for game art creation

The development of AI is considered to be a key disruptor for the game art outsourcing industry. Despite the various risks related to the use of AI such as intellectual property infringement and copyright issues, the adoption of AI by the industry can improve efficiency and enhance the visual quality of art assets. It also allows game artists to streamline their workflow and focus on more complex and creative tasks that lead to faster production cycles. Artificial Intelligence-Generated Content (“**AIGC**”) enables the generation of high-quality and realistic graphics, including environments, characters, and special effects. By leveraging AI-powered algorithms, game artists can create visually stunning and immersive experiences, enhancing the overall visual appeal of games.

5. Growing demands of Asian game development companies for art outsourcing services

Asian game development companies in the PRC, Japan and Korea have increasingly gained recognition for their 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 development companies have excelled in developing mobile games that cater to the preferences and habits of gamers which have led to the success and popularity of their game titles. Accordingly, this had led to an increased demand for game art outsourcing services given the cost-effectiveness.

Robust growth of the global gaming industry

The global gaming industry generated US\$207.1 billion in revenue in 2022, increasing from US\$150.9 billion in 2017, representing a CAGR of 6.5% between 2017 and 2022. 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. Trade shows, conventions, exhibitions and conferences in the gaming industry have also resumed, which will accelerate 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\$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.

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Increasing expenditure on the global gaming development

Global development expenditure in the gaming industry increased from US\$24.4 billion in 2017 to US\$33.1 billion in 2022, registering a CAGR of 6.3% between 2017 and 2022. However, the global game development expenditure relating to game programming and game art is expected to register a higher CAGR of 9.5% between 2022 and 2027, reaching US\$17.2 billion and US\$16.0 billion, respectively in 2027, due to the increasing labour costs of programmers and game artists and also the production of higher quality games. The total global development expenditure in the gaming industry is expected to increase to US\$50.8 billion in 2027, registering a CAGR of 8.9% between 2022 and 2027.

Game development can be handled by an in-house team or be outsourced to external service providers. Generally, outsourcing is more common for projects with a larger scope or higher complexity as these projects require more manpower, and outsourcing serves as a cost-effective and flexible alternative. The global outsourced game development expenditure increased from US\$5.5 billion in 2017 to US\$9.1 billion in 2022, registering a CAGR of 10.4%. This figure is expected to grow to US\$15.8 billion in 2027, registering a CAGR of 11.8% from 2017 to 2022, owing to the increasing scope and complexity of games.

Game art is one of the critical game development processes, involving the process of creating 2D and 3D animation of the game's character and environment, amongst others, and it cost US\$10.2 billion for global game companies in 2022, and the figure is expected to reach US\$16.0 billion in 2027.

Competitive landscape of the global game art outsourcing industry

The global game art outsourcing industry is fragmented, given that most market players are small independent studios. There are primarily four types of game art outsourcing studios. They are (i) vertical game art outsourcing studios; (ii) one-stop game development centres; (iii) digital art services studios; and (iv) general outsourcing studios. While some game art outsourcing studios grow larger by merging with and acquiring other studios, most art studios still have yet to provide a comprehensive suite of services to clients due to the limited business scope. The top 10 market participants account for approximately 7.3% in terms of game art outsourcing revenue in 2022, in which the Company ranked fourth. Among Asian game art outsourcing companies, the Company was the third largest company in terms of global revenue derived from game art outsourcing.

Conclusion

The global game art outsourcing market size increased from US\$1.5 billion in 2017 to US\$3.4 billion in 2022, indicating a CAGR of 17.4% from 2017 to 2022, and is estimated to arrive at US\$6.3 billion in 2027. The global game art outsourcing industry is fragmented given that most market players are small independent studios, and 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 Company, a renowned global game art outsourcing company, is expected to solidify its leading position in Asia and attain a better positioning in the global market.

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General Introduction of Games

Definition and categories of games

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

(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 handheld console games (for example, Switch).

(ii) PC games:

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 can be played on smartphones and tablets and are usually in the form of application games or H5 games, which are more accessible to players.

As for classification based on game genres, games can be categorised into RPG, FPS, etc.

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	H5 games
Development cycle	<ul style="list-style-type: none"> • More than 5 years 		<ul style="list-style-type: none"> • Downloaded/boxed games take more than 2 years; • Browser games take half a year 		<ul style="list-style-type: none"> • Less than a year 	
Compatibility	<ul style="list-style-type: none"> • Console games have poor hardware compatibility 		<ul style="list-style-type: none"> • Browser games have better hardware compatibility 		<ul style="list-style-type: none"> • Mobile games have the best compatibility compared to the other two types 	
Playtime	<ul style="list-style-type: none"> • Relatively longer playtime on hit console games as compared to the majority of console games 		<ul style="list-style-type: none"> • Approximately 3 hours on downloaded/boxed games per day • Approximately 45 minutes on browser games per day 		<ul style="list-style-type: none"> • More fragmented • Approximately 30 minutes per day 	

Source: CIC (September, 2023)

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Historical development of games

The global gaming industry has experienced four stages of growth, each driven by the development of gaming platforms.

(i) *The emergence of games (before the 2000s and in the early 2000s):*

In 1962, several students at the Massachusetts Institute of Technology developed the first-ever video game, *Spacewars*. Thereafter in 1972, the first video game developed on a home console, *Odyssey*, was released. Inspired by this development, Atari developed *Pong*, an arcade game. In 1977, Atari released the Atari 2600, a home console that featured joysticks and interchangeable game cartridges.

In 1989, Nintendo and Sega released their Game Boy and Genesis consoles respectively, launching the first “gaming console war”. Thereafter throughout the 1990s, both Nintendo and Sega developed a wealth of console games, such as Sonic the Hedgehog, Street Fighter and Super Mario.

Thereafter in 2000, Sony released the PlayStation 2. Microsoft followed shortly thereafter and released its first Xbox console in 2001 in North America.

(ii) *Growth of PC games (in the mid-to-late 2000s):*

Well-known game developers such as Blizzard, Valve and Electronic Arts gained popularity during this period. It was also during this period when PCs became popular and many game developers began to develop PC games. For example, Valve established Steam in 2003.

From around 2005 onwards, as browser-related technologies became increasingly mature, web games, such as League of Legends and Dungeon & Fighter were introduced. Games such as Warcraft, Red Alert and Half-Life also gained prominence and popularity during this period, and they became the templates for many large-scale contemporary online games.

Various small studios and companies have also entered the gaming industry throughout this period. For example, *Plants vs. Zombies* and *Angry Birds* were developed by smaller studios.

(iii) *Rise of mobile games (2010 to 2014):*

The advent of Apple’s iPhone and the introduction of Apple’s App Store in 2008 led to the dawn of the mobile gaming industry. However, in or around 2012, casual games such as *Fruit Ninja* and *Temple Run* continued their domination of the mobile gaming industry.

As mobile phones undergo continuous iteration and advancement, encompassing enhanced performance, expanded feature support, and heightened visual clarity, more MOBA and RPG mobile games, including *Monument Valley*, *Life Line* and *Fate/Grand Order* were introduced into the global gaming industry. This period also saw breakthroughs in PCs and game consoles and in particular, Nintendo released its new game consoles named 2DS and 3DS. Some 3A games such as *Grand Theft Auto V* were also released on PCs during this period.

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(iv) Age of AR and VR (2015 to present):

2015 saw the beginning of the application of VR technology within the gaming industry. In 2016, the AR game, *Pokémon GO*, gained popularity across the world. *Pokémon GO* marked the first AR game that attained global popularity.

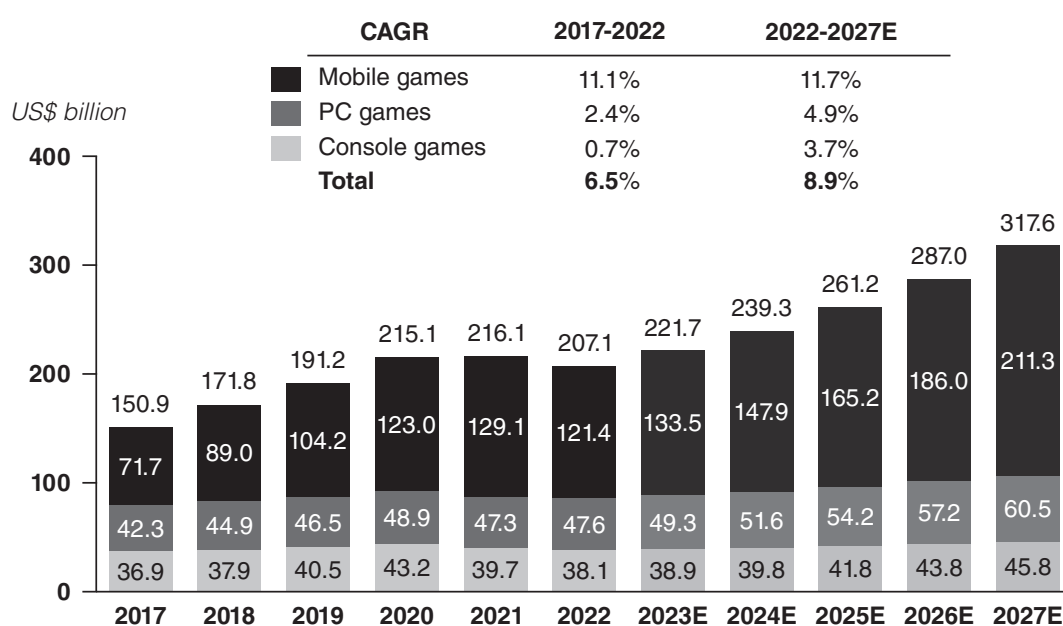
In March 2020, Valve also released the VR versions of their Half-Life series, *Half-Life: Alyx*, which led to the trend of VR 3A games.

Overview of the Global Gaming Industry

Market size of the global gaming industry

The global gaming industry generated US\$207.1 billion in revenue in 2022, increasing from US\$150.9 billion in 2017, representing a CAGR of 6.5% between 2017 and 2022. 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. However, the production of gaming hardware and the launch of new games also faced supply challenges, as the shortage of semiconductor chips impacted the supply of GPUs and other gaming hardware, adversely affecting the global PC and console gaming industry in 2021 and 2022. 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 will accelerate 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\$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.

The size of the global gaming industry, in terms of revenue, by platform, 2017-2027E



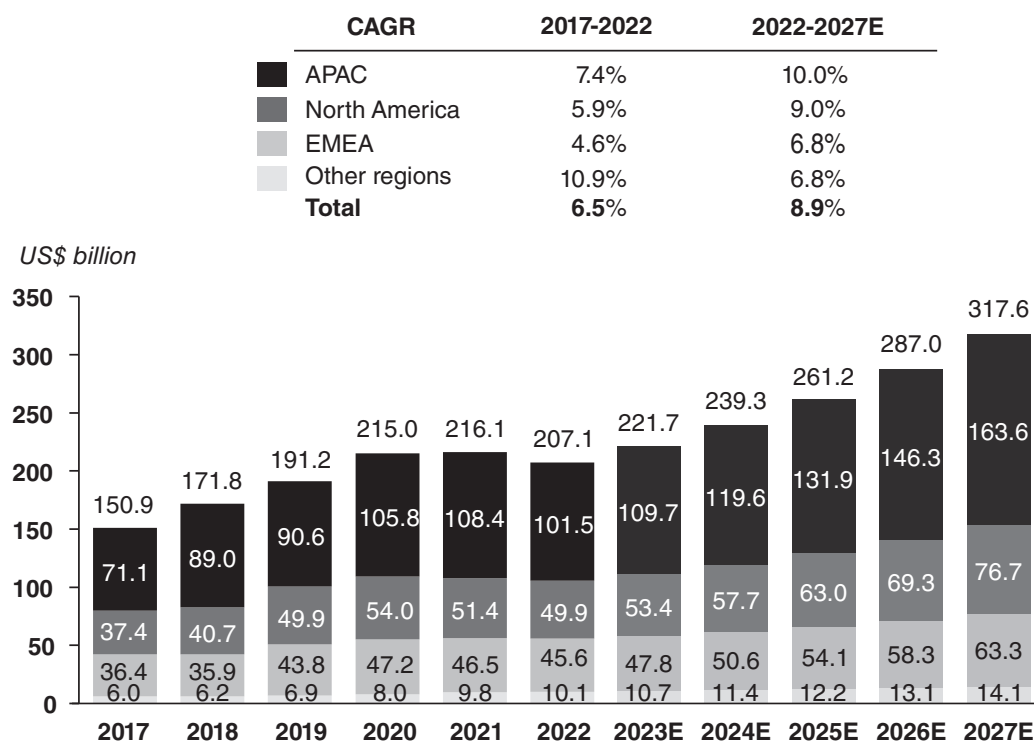
Source: CIC (September, 2023)

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The global gaming industry saw a decline in 2022, with the APAC gaming industry experiencing its greatest decline in 2022 mainly due to the policies implemented by the PRC government. For instance, in 2021, the PRC government halted the issuance of approvals for the release of new games, which lasted for eight months and introduced a range of limitations on games for minors, resulting in the closure of many small and medium-sized game-development companies in the PRC. This resulted in an approximate decline of US\$5.7 billion in revenue in the PRC’s gaming industry in 2022. As the PRC has resumed issuing licences for new games in 2022, the future outlook of the PRC gaming industry appears to be positive.

The North America and EMEA population are adjusting to a post-pandemic life where there is a resumption of the wider range of leisure activities apart from games. The size of the gaming industry in these two regions declined slightly in 2022, in response to the adjustment in lifestyle. Another reason for the overall decline was that the economy took a downturn which limited gamers’ purchasing power in 2022. However, according to the *World Economic Outlook April 2023* published by IMF, as many countries are raising interest rates to counter inflation, it is expected that the global economy’s gradual recovery is on track⁽²⁾. In this regard, the consumer price index is expected to decline from 8.7% in 2022 to 7.3% in 2023, thereby boosting consumption. The baseline projection of the global real GDP growth is expected to increase from 2.8% in 2023 to 3.0% in 2024, indicating an expected gradual recovery. Moreover, the gaming industry is often resilient to recessions due to its diversified monetisation methods and the relative affordability of games. The acceptance and normalisation of gaming lifestyles have also contributed to the long-term development of the global gaming industry.

The global gaming Industry size, in terms of revenue, by region, 2017-2027E



Source: CIC (September, 2023)

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Value chain of the global gaming industry

Game developers and outsourcing studios:

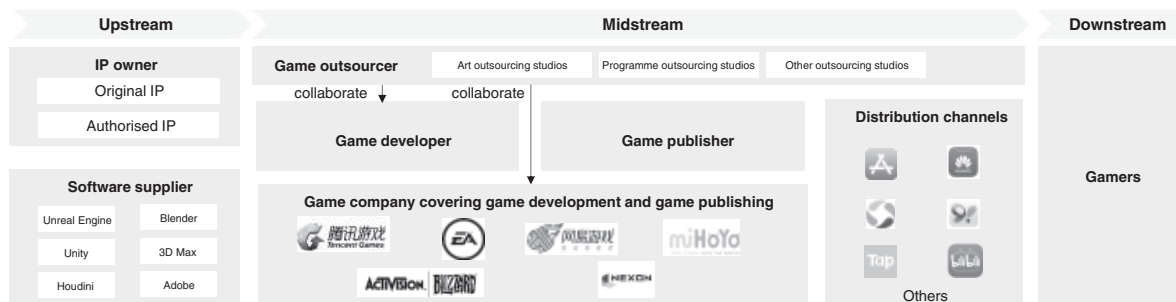
Game developers and outsourcing studios, including art outsourcing studios, programming outsourcing studios and others, are key participants in the gaming industry. Developers and outsourced experts are skilled agents who are responsible for the research, design and coding process in game production.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

Game publishers:

Game publishers are primarily responsible for the marketing, promotion, distribution and gamer-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 large companies or independent game publishers to do so.

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 usually have their own distribution channels. PC games can be distributed either by official channels or 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.



Source: CIC (September, 2023)

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Competitive landscape of the global gaming industry

In 2022, the top 25 game companies accounted for 71.4% 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 19 of the Top 25 game companies globally.

Top 25 game companies, in terms of revenue, Global, 2022

✔ Client of the Company

Ranking	Company name	Ranking	Company name	Ranking	Company name	Ranking	Company name	Ranking	Company name
✔ 1	Tencent	✔ 6	Activision Blizzard	✔ 11	Bandai Namco Entertainment	✔ 16	NetMarble	✔ 21	Konami
✔ 2	Sony	✔ 7	Electronic Arts	✔ 12	Nexon	17	Aristocrat Leisure	22	Playrix
✔ 3	Microsoft	✔ 8	Mihoyo	13	Playtika	✔ 18	Ubisoft	✔ 23	Cyber Agent
✔ 4	Nintendo	9	Take-Two Interactive	✔ 14	Warner Bros	✔ 19	Ncsoft	24	Capcom
✔ 5	NetEase	✔ 10	Sea Group	✔ 15	37 Interactive Entertainment	✔ 20	Square Enix	25	Century Huatong

Source: CIC (September, 2023)

Number of newly launched games

The total number of available console games on Switch, PlayStation 4, PlayStation 5, Xbox One and Xbox X/S amounted to approximately 28,000 titles. The breakdown of such games is as follows:

Total number of available games

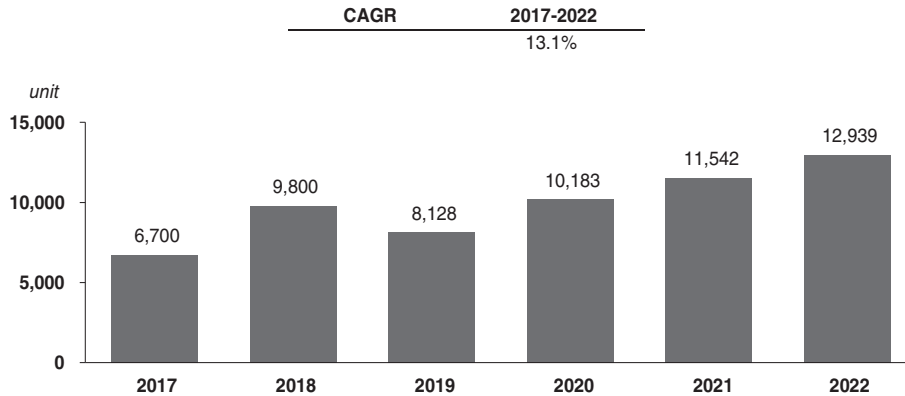
Switch ⁽³⁾	~12,000
PlayStation 4 ⁽⁴⁾	~7,800
PlayStation 5 ⁽⁴⁾	~2,200
Xbox One ⁽⁵⁾	~3,000
Xbox X/S ⁽⁵⁾	~3,000
Total	~28,000

Source: CIC (September, 2023)

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In terms of PC games, Steam, a digital distribution platform for PC games, had more than 50,000 active games in 2022 and launched approximately 12,713 video games in 2022. This represented an increase of around 6,000 games from 2017.

Number of new games launched on Steam, 2017-2022



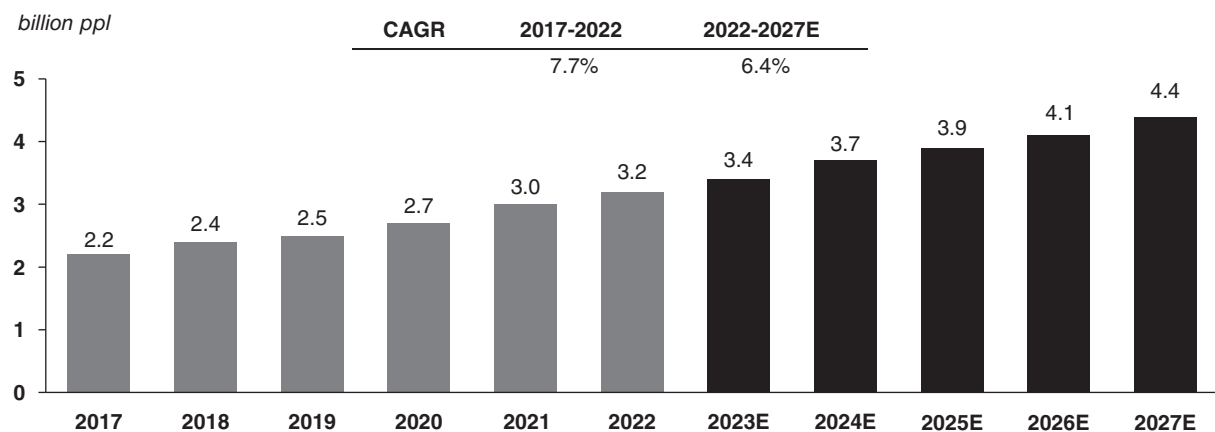
Source: Extracted from the official website of SteamDB (September, 2023)⁽⁶⁾

Number of gamers globally

Globally, the number of gamers increased from 2.2 billion in 2017 to 3.2 billion in 2022. 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 4.4 billion by 2027, representing a CAGR of 6.4% between 2022 and 2027. Post-lockdown increase of gamers is expected to arise mainly from the affordability of gaming as a pastime due to the free-to-play model, the growing number of mobile game players and the increasing penetration of gaming culture in growth regions such as Latin America and the Middle East and Africa.

Number of gamers globally, 2017-2027E



Source: CIC (September, 2023)

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Notes:

- (1) The information in this section and the following section has been obtained from the respective sources as set out in the notes (2) to (7) below. Each of the IMF, Nintendolife, PlayStation Store, Microsoft Xbox, SteamDB and the Department of Statistics of the Taiwan Ministry of Education has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company and the Sponsor and Issue Manager and Placement Agent have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, the Sponsor and Issue Manager and Placement Agent or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.
- (2) Information obtained from a report titled “World Economic Outlook, April 2023: A rocky recovery” published by the International Monetary Fund <<https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>> (last accessed on 18 July 2023).
- (3) Information obtained from the website of Nintendolife. <<https://www.nintendolife.com/nintendo-switch/games/browse?page=18>> (last accessed on 18 July 2023).
- (4) Information obtained from the website of PlayStation Store. <<https://store.playstation.com/en-us/pages/browse>> (last accessed on 18 July 2023).
- (5) Information obtained from the website of Microsoft Xbox. <<https://www.xbox.com/en-US/browse/games>> (last accessed on 18 July 2023).
- (6) Information obtained from data published from the website of SteamDB. <<https://steamdb.info/stats/releases/>> (last accessed on 18 July 2023).

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 involving the process of creating the artistic aspects of video games). Game art design begins with the pre-production phase of creating a video game, starting with rough sketches of, *inter alia*, the characters, background and objects. High quality game art will present players with refined images and visual experiences. Game art can be categorised into (i) concept art, (ii) UI art, (iii) model art, (iv) animation and (v) visual effects.

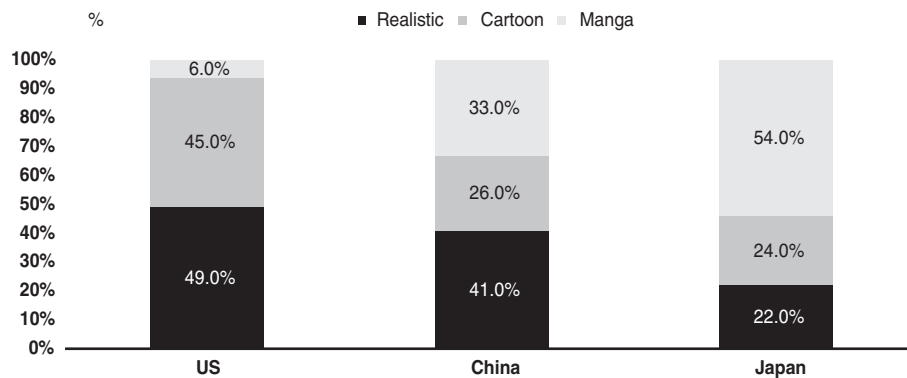
- (i) Concept art refers to character and environment sketches, which can determine the art style of the game.
- (ii) UI art focuses on creating visual cues that help gamers follow the intended course of action in any given game.
- (iii) Model art includes character modelling, prop modelling and environment modelling to develop all the 3D components.
- (iv) Animation is about bringing movements to the components, usually developed based on 3D and animation programs.
- (v) Visual effects refer to the inclusion of special effects in the game, such as explosion effects or interaction effects, amongst others.

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Game art styles

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 different 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 China, but conversely it has a minor share in the US. 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, 2022



Source: CIC (September, 2023)

Technical pathways and tools of game art

Animation required in game art development involves various technical pathways. There are several different methods to create game animation, with the following being some of the most popular methods:

(i) Keyframe animation

Keyframe animation is the most traditional method, which requires extensive human labour to paint detailed pictures. In other words, it refers to the manual design of the start to the end point of an action, usually used in fixed animations with low degrees of interaction freedom.

(ii) Motion capture

Motion capture relies on computer calculations instead of human labour to generate pictures. In other words, it records the actions of human actors and use that information to animate digital character models in 2D or 3D computer animation. This method would save time and effort for developers.

(iii) Skeletal animation

Similar to motion capture, skeletal animation also relies on computer calculation instead of human labour. Particularly, for skeletal animation, the characters and items are modelled to simplify animation creation. This usually includes several technical procedures like skeleton, rigging, skinning and weight painting. Skeletal animation is more popular as it needs less hardware support than motion capture and can significantly reduce workload relative to keyframe animation.

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In terms of technical tools to produce game art, the following are some of the most widely used tools:

Tools	Introduction
3ds Max	A professional 3D computer graphics program for making 3D animations, models, games and images
ZBrush	A digital sculpting tool that combines 3D/2.5D modelling, texturing and painting. The working flow is more similar to traditional sculpting.
Spine	A 2D skeletal animation software for video games. It is a free, open-source content management system for publishing.
Maya	A 3D computer graphics application used to create assets for interactive 3D apps (including video games), animation and visual effects.
Construct	An HTML-5 based 2D video game engine, which allows the quick creation of games through visual programming
Houdini	A 3D animation software application, used to produce different effects such as complex reflections, animations and particles system.

Definition of the game art outsourcing

Game art outsourcing is the process of creating digital art for games with the help of external contractors instead of an in-house team. Game art outsourcing studios typically have an organised production process with a dedicated project manager responsible for communications with 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 a higher competency 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.

The pipeline type of game art required varies across game genres. Taking 3D game art as an example, it involves concept art, UI design, modelling, texturing, animation and integration. 3D game art modelling includes environment modelling, prop modelling and character modelling. To enhance the overall look of the final art assets, textures are needed to illustrate the different surface properties, followed by animation and visual effects. Game art outsourcing studios would usually either contribute throughout the entire process in respect of the game as a whole or in respect of certain art aspects within the game or may take the lead in the development of certain aspects of the art assets required.

As for character art, “characters” refers to the living creatures that the player interacts with, such as playable characters, creatures, monsters, robots and NPCs. Since characters are essential to gameplay, its art assets are likewise vital during the game development stages, which in turn heavily relies on outsourcing studios. Character artists typically spend a substantial amount of time in sculpting, modelling and detailing in digital software packages before using industry standard techniques to turn high-polygon sculpts and models into low-polygon game-ready textured meshes. These art assets are then rigged and skinned, before animators make them move and bring them to life.

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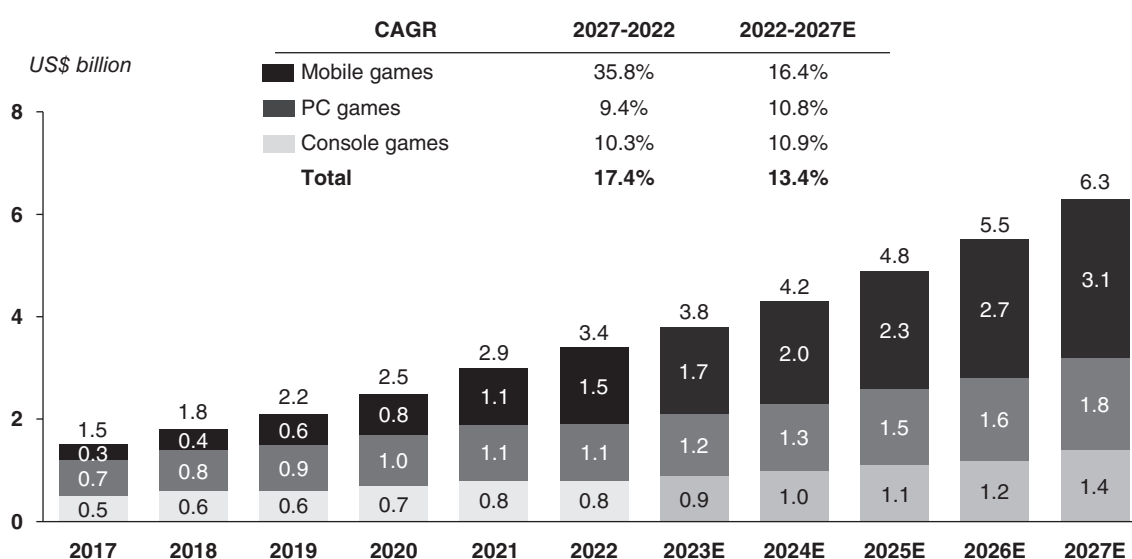
Key security measures undertaken by game art outsourcing studios

Security is one of the primary concerns faced by companies in their outsourcing ventures, given that severe security issues could lead to piracy, delay or disruption of gaming marketing and loss of game companies' first-mover advantage. Moreover, a compromise in security could also result in game art outsourcing studios facing charges and compensation claims. The leakage of game-related information and cyberattacks are some of the most common concerns. If security breaches fail to be timely addressed, game companies' in-game assets will be exposed to risks during the game art production process. Leading game art outsourcing studios usually take safety precautions to prevent the leak of information, including allowing security inspections by clients, sharing an intranet with clients, equipping themselves with project management software, saving and tracking all log files, arming themselves with data security audit systems, installing transparent encryption systems, having 24/7 monitoring systems, as well as introducing customised PC chassis with alarms and utilising watermarking systems.

Market size of the global game art outsourcing industry

The global game art outsourcing market size increased from US\$1.5 billion in 2017 to US\$3.4 billion in 2022, indicating a CAGR of 17.4% from 2017 to 2022. The mobile sector of the global game art outsourcing industry has registered the highest CAGR between 2017 and 2022 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. The PC and console sectors of the global game art outsourcing industry saw modest growth with a CAGR of 9.4% and 10.3% respectively between 2017 and 2027. 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\$3.1 billion in 2027 and registering a CAGR of 16.4% between 2022 and 2027. The PC and console sectors will continue their current growth momentum with a CAGR of 10.8% and 10.9%, respectively, between 2022 and 2027.

Market size of the global game art outsourcing market, by platform, 2017-2027E

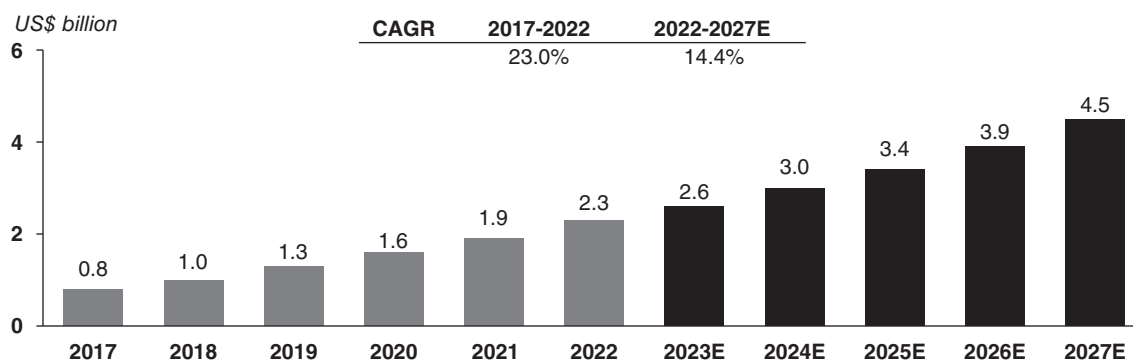


Source: CIC (September, 2023)

APPENDIX D – INDEPENDENT MARKET REPORT OF THE INDUSTRY CONSULTANT

The art outsourcing market in APAC is experiencing substantial growth as more game development companies choose game art outsourcing studios within the APAC region as one of their long-term partners given the more attractive prices 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%.

Market size of APAC game art outsourcing market, 2017-2027E



**The classification of geographical distribution was dependent on the location of the headquarters of game publishing companies*

Source: CIC (September, 2023)

Comparison of different game developers' game art outsourcing needs

Typically, larger game developers have a higher art outsourcing demand and would prefer long-term relationships with professional service providers.

	Demand analysis	Penetration rate*	Preference of service providers
Large-sized game developers	Typically require high quality designs of 2D/3D characters and the environment. They may require an overall outsourcing solution, which may include game design, development and game art.	High	They typically prefer long-term relationships with professional service providers due to (i) a stable and reliable supply of quality work; (ii) tight data security measures; and (iii) proven capability and experience from previous engagements.
Medium sized game developers	Typically require low to medium quality designs of 2D/3D characters and the environment. They may also require an overall outsourcing solution, which may include game design, development and game art.	Medium	They typically prefer long-term relationships with lower-priced service providers due to (i) lower requirements for work quality; and (ii) a limited amount of outsourcing budget.

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	Demand analysis	Penetration rate*	Preference of service providers
Independent game developers	Independent game developers generally develop smaller-scale games, which have lesser outsourcing needs. They would mainly use the in-house capacity to develop the entire game and barely would need an overall outsourcing solution.	Low	They typically prefer smaller-sized and lower-priced service providers or freelancers due to (i) a limited amount of outsourcing budget; (ii) less demand for overall outsourcing management provided by service providers; and (iii) less demand for game art outsourcing.

**Penetration rate refers to the penetration rate of game art outsourcing, which is interpreted as the amount of budget designated to art outsourcing over the total art budget.*

Source: CIC (September, 2023)

Drivers of the global and Asian game art outsourcing industry

(1) Game development companies' increasing expenditure on game art

To attract new players and retain the existing base of players, game companies need to continuously improve the gameplay experience for players, through higher quality graphics, interactivity and other aspects of games, which require heavier investments in the development of such games. Besides, there are increasingly more new games launched globally, which indicates that game companies are allocating more resources to game development. Steam, one of the largest digital distribution platforms for console games in the world, released 12,939 new games in 2022, representing a CAGR of 13.1% between 2017 and 2022. In 2022, game development expenditure reached US\$33.1 billion, an increase from US\$24.4 billion in 2017, representing a CAGR of 6.3%. Correspondingly, game art expenditure recorded US\$10.2 billion across all categories of game development and is expected to increase to US\$16.0 billion in 2027, representing a CAGR of 9.5%, given game development companies' pursuit of higher quality graphics.

(2) Continually increasing the supply of artistic talents

Professional art talents are essential assets to the game art outsourcing industry. As such talent supply has been increasing, the number of people who intend on being game artists has also increased in recent years. For example, according to CIC, in mainland China, the number of students taking the National Unified Art College Entrance Examination rose from 0.46 million in 2017 to 0.57 million in 2022. In Taiwan, approximately 20,000 students graduate from art departments each year⁽⁷⁾. The growing base of talent for art is expected to boost the game art outsourcing industry.

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(3) Gamers' higher requirements for game graphics

As gamers are growing more accustomed to aesthetically pleasing media depicting high-quality visual effects and gaming experience, they will naturally expect a higher standard in terms of gaming graphics alongside improved game stories and modes of interaction. For instance, High-Dynamic Resolution (“HDR”) offers gamers high-resolution graphics and is prevalent in the gaming industry. It is also gradually applied in consoles, PCs, smartphones and tablets. With HDR, it is easier for gamers to spot objects, which will mean that any defects in terms of the graphics will be more noticeable.

(4) Leveraging and integrating AI for game art creation

The development of AI is considered to be a key disruptor for the game art outsourcing industry. Despite the various risks related to the use of AI such as intellectual property infringement and copyright issues, the adoption of AI by the industry can improve efficiency and enhance the visual quality of art assets. It also allows game artists to streamline their workflow and focus on more complex and creative tasks that lead to faster production cycles. AIGC enables the generation of high-quality and realistic graphics, including environments, characters, and special effects. By leveraging AI-powered algorithms, game artists can create visually stunning and immersive experiences, enhancing the overall visual appeal of games.

(5) Growing demands of Asian game companies on game art outsourcing

Asian game companies in PRC, Japan and Korea have increasingly gained recognition for their 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 have led to the success and popularity of their game titles. Accordingly, this had led to an increased demand for game outsourcing services given the proximity and cost-effectiveness.

Trends of the global game art outsourcing industry

(1) More comprehensive game art outsourcing services

Game development companies generally collaborate with more than one game art outsourcing studio in the development of games. This is because each game art outsourcing studio is usually responsible for a selected aspect of the project, given that not all studios have the capability or expertise in all aspects of art outsourcing services to satisfy the requirements of game development companies. Over time, some studios grow larger organically while some have merged with or acquired others to enlarge their business scope and service offerings to provide a more comprehensive game art outsourcing services portfolio, which typically consists of concept art, UI design, modelling art (such as character art or environment art), animation art and visual effects, thereby capturing more market opportunities.

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Some key production processes include:

(a) Prototype

Prototyping is where games are initially tested. Writing prototypes of gameplay ideas and features allows programmers and game designers to experiment with different algorithms and usability scenarios for a game. Some games may not progress past this stage.

(b) First playable

The first playable provides a much better idea of the look and gameplay. Placeholders are replaced with higher quality assets and artwork is added.

(c) Vertical slice

A vertical slice is a fully playable sample that can be used to pitch the game to studios or investors. A vertical slice provides a first-hand experience of the game.

(d) Pre-alpha

The majority of the content is developed in the pre-alpha stage. Major decisions are made, content may get removed and new elements would need to be added to improve the gameplay experience.

(e) Alpha

The game is “feature complete” as the main features have all been added and the game is fully playable from start to finish.

(f) Beta

At this point, all the content and assets are integrated and the team should be focused on optimisation rather than adding new functions or features.

(g) Gold master

The game is final and ready to be released to the public.

(iii) *Testing*

Testing is an essential step to 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 fixing of all programming-related bugs.

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(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.

There are six major roles in the game development process – designer, artist, programmer, tester, audio developer and localisation specialist. Among the six roles, the role of designer, artist and programmer are most crucial and have a great impact on the success of the game. Designers decide the theme, style, gameplay and all of the most fundamental aspects of a game while participating in all the stages of a game’s development. Artists are responsible for graphic solutions while programmers write the script language for games. Testers test the game’s features and identify glitches and bugs before the game’s release. Localisation specialists translate all assets of a game and record all voice-overs in the target language.

Requirements by each role within the game development process

	Game design	Game art	Game programming	Test	Audio	Localisation
Pre-Production	✓	✓				
Production	✓	✓	✓		✓	
Testing	✓		✓	✓		✓
Post-Production	✓	✓	✓	✓	✓	✓

Source: CIC (September, 2023)

Game development can be handled by in-house developers and/or art outsourcing studios. In-house production is when the game company taps on 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 all the game development processes, the production of art assets for games has the highest demand in relation to art outsourcing services amongst the game development process in 2022.

The key advantages of utilising in-house developers are:

(i) Consistency

In-house designers are constantly kept in the loop at every stage of the game development process.

(ii) Confidentiality

Exposing the program to third parties may leave the team in a vulnerable state. An in-house development team may mitigate such risk of data and information breaches.

(iii) Communication efficiency

In-house development can avoid confusion and delays in communication, making the progress more transparent and straightforward.

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On the contrary, the key advantages of utilising art outsourcing studios are:

(i) Flexibility and agility

Outsourcing allows development teams to scale up or back quickly. The team does not need to interview or screen the developers and can quickly tap into specialised teams when needed.

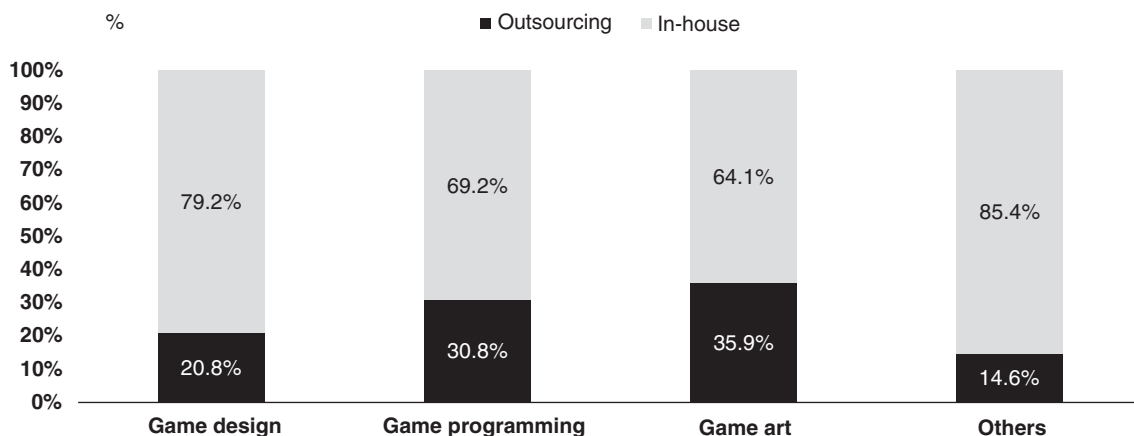
(ii) Specialty and expertise

Different distribution platforms and game engines require different professional skillsets. Companies that specialise in creating art content usually have access to a significantly larger talent pool of artists due to the nature and focus of their business.

(iii) Cost efficiency

Outsourcing studios allow the game developer to only pay for the labour cost when needed which lowers labour costs.

Global outsourcing penetration of game development market, 2022



Source: CIC (September, 2023)

Global game development expenditure

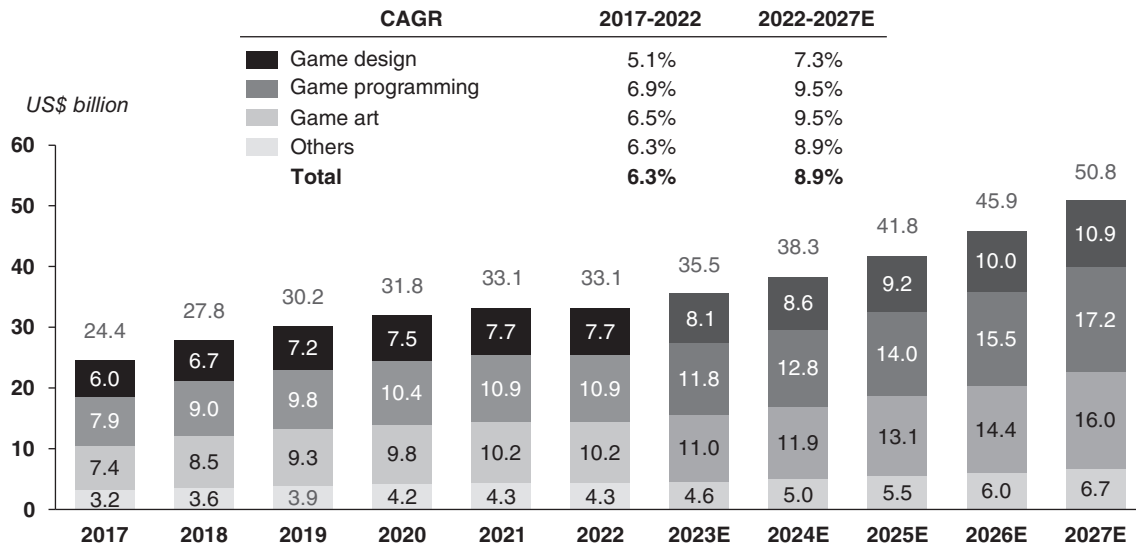
Game development expenditure mainly relates to, *inter alia*, game design, game programming, and game art. Game design expenditure mainly involves the development of the story background, gameplay and game interaction. Game programming refers to the use of computer programming languages to implement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

Global game development expenditure in the gaming industry increased from US\$24.4 billion in 2017 to US\$33.1 billion in 2022, registering a CAGR of 6.3% between 2017 and 2022. However, the global game development expenditure relating to game programming and game art is expected to register a higher CAGR of 9.5% between 2022 and 2027, reaching US\$17.2 billion and US\$16.0 billion, respectively by 2027. The reasons for these increases are due to the increasing labour costs of programmers and game artists and also the production of higher quality games. The total global development expenditure in the gaming industry is expected to increase to US\$50.8 billion in 2027, registering a CAGR of 8.9% between 2022 and 2027.

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Additionally, the increase of the global development expenditure has slowed down in recent years due to the (i) suspension in the issuance of game approvals in 2018 and 2021 in the PRC by the PRC authorities; and (ii) the increasing competition for gamer engagement. This had resulted in stagnant growth from 2020 to 2022.

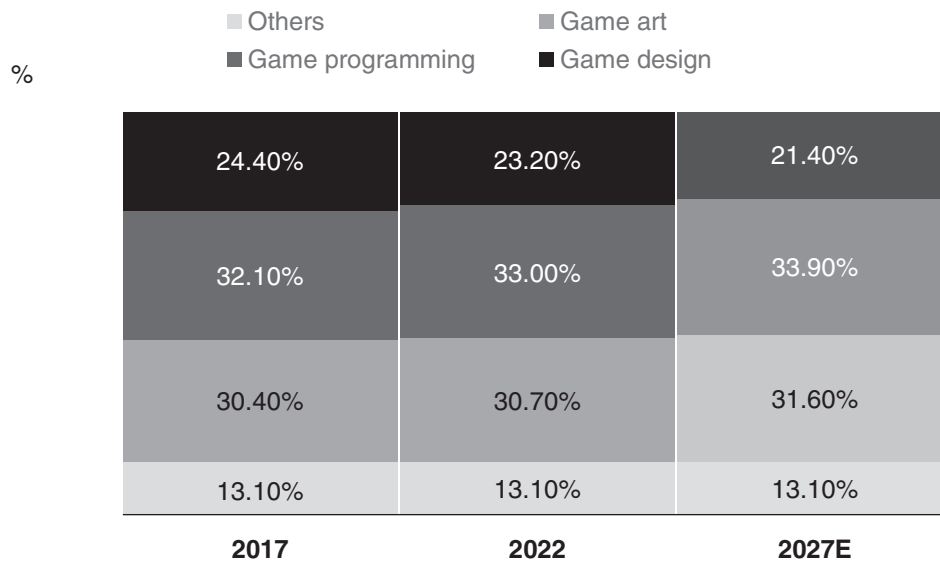
Global game development expenditure, by type, 2017-2027E*



*Others include audio design, functional testing, localisation, etc.

Source: CIC (September, 2023)

Breakdown of the global game development expenditure, by type (as a proportion of total expenditure), 2017-2027E

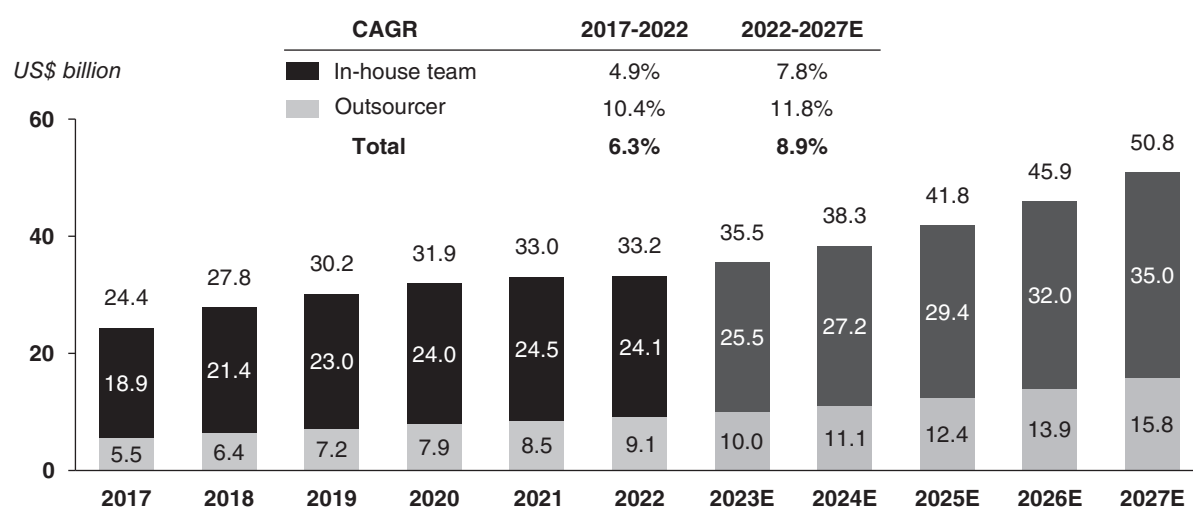


Source: CIC (September, 2023)

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Game development can be handled by an in-house team or be outsourced to external service providers. 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\$5.5 billion in 2017 to US\$9.1 billion in 2022, registering a CAGR of 10.4%. This figure is expected to grow to US\$15.8 billion in 2027, registering a CAGR of 11.8% from 2017 to 2022, owing to the increasing scope and complexity of games.

Global game development expenditure, by type, 2017-2027E



Source: CIC (September, 2023)

Trends in game development

There are currently four prevailing global game development trends:

- (i) Game developers are increasingly more focused on the quality of the graphics and gameplay experience

Game development companies strive to push the boundaries of graphics capabilities, optimise performance, and deliver engaging gameplay mechanics to captivate players across different gaming platforms. By prioritising graphics and gameplay experience, game developers aim to provide a seamless and immersive entertainment experience that resonates with players and keeps them engaged in the gaming world.

- (ii) Ever-changing work modes of game development

There is an increasing demand for high-quality artwork which drives research and development teams to recruit more artists and designers than programmers. Additionally, the COVID-19 pandemic has led to the normalisation of work-from-home arrangements, giving rise to cloud-based research and development projects.

- (iii) More cross-platform games are being developed

Research and development teams need to conduct cross-platform development to maximise outreach to players. Such procedures relating to cross-platform development are usually standardised. They would also have to adapt to new platforms and standards to embrace the new era of the internet (e.g., blockchain technology or NFTs).

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(iv) Higher requirements in respect of game development

As there are more games in the market, players now have higher expectations of new projects and games. Game developing teams would have to provide the best visual experience and gameplay to maintain and attract users.

Additionally, 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. As such, increasingly more game development companies would accelerate the game development process and launch more games within a shorter period of time. However, game developers would still have to provide the best possible visual experience and gameplay to maintain the existing user base and attract new users. Game developers are then required to work closely with their outsourcing partners to outsource the design of their art assets and/or game developments so as to keep up with the shorter game development cycle for them to establish a first-mover advantage in the games they will be developing.

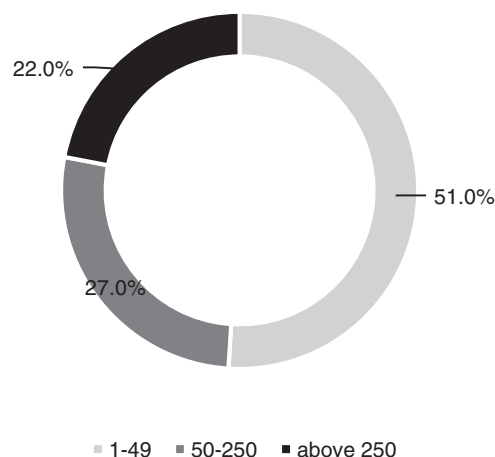
Competitive Landscape of the Global Game Art Outsourcing Industry

The global game art outsourcing industry is fragmented, given that most market players are small independent studios. While some game art outsourcing studios grow larger by merging with and acquiring other studios, most art studios do not have the capabilities to provide a comprehensive suite of services to clients. Hence, leaders in the art outsourcing industry typically boast a comprehensive range of art outsourcing services meeting the demand of various game companies in Asia, Europe and North America.

Further, as mentioned earlier, most of the players in the market are small individual studios. 45.0% of such small studios only have one office and 50.0% of them have less than 50 employees. Additionally, only approximately 10.0% of all studios have five or more offices.

In terms of headcount, in 2022, 51.0% of the game art outsourcing studios have fewer than 50 employees and only 22.0% have more than 250 employees.

Breakdown of global game art outsourcing pool, by number of employees, 2022



Source: CIC (September, 2023)

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From an annual revenue perspective, approximately 38.0% of studios generate lesser than US\$1 million, while approximately 15.0% of studios recorded revenue of above US\$10 million.

There are primarily four types of game art outsourcing studios. They are (i) vertical game art outsourcing studios; (ii) one-stop game development centres; (iii) digital art services studios; and (iv) general outsourcing studios. The first type is a vertical game art outsourcing studio, like the Company, which concentrates on serving game companies with art outsourcing services by leveraging on their greater understanding of game art and also on their deeper understanding towards game companies' requirements.

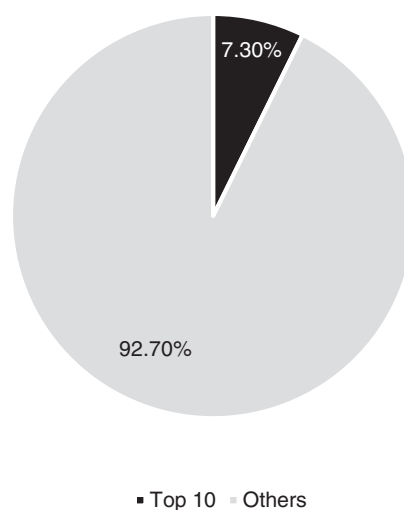
The second type is a one-stop game development centre like Keywords Studios (as illustrated in the bar graph below) that provides their clients with a one-stop game development centre. In other words, these companies provide whole-cycle game-related outsourcing services. They generally have a better understanding of the gaming industry and can better cooperate with the development teams. They will be able to provide the full-cycle outsourcing development service.

The third type of game art outsourcing studio is a digital art services studio like Original Force (as illustrated in the bar graph below) that offers digital art services not only to game companies but also to animation companies. They are able to deliver 2D or 3D video shots with top-notch special effects, contributing to the clients' marketing campaigns. They also primarily conduct the game art business for game companies and the animation business for animation studios.

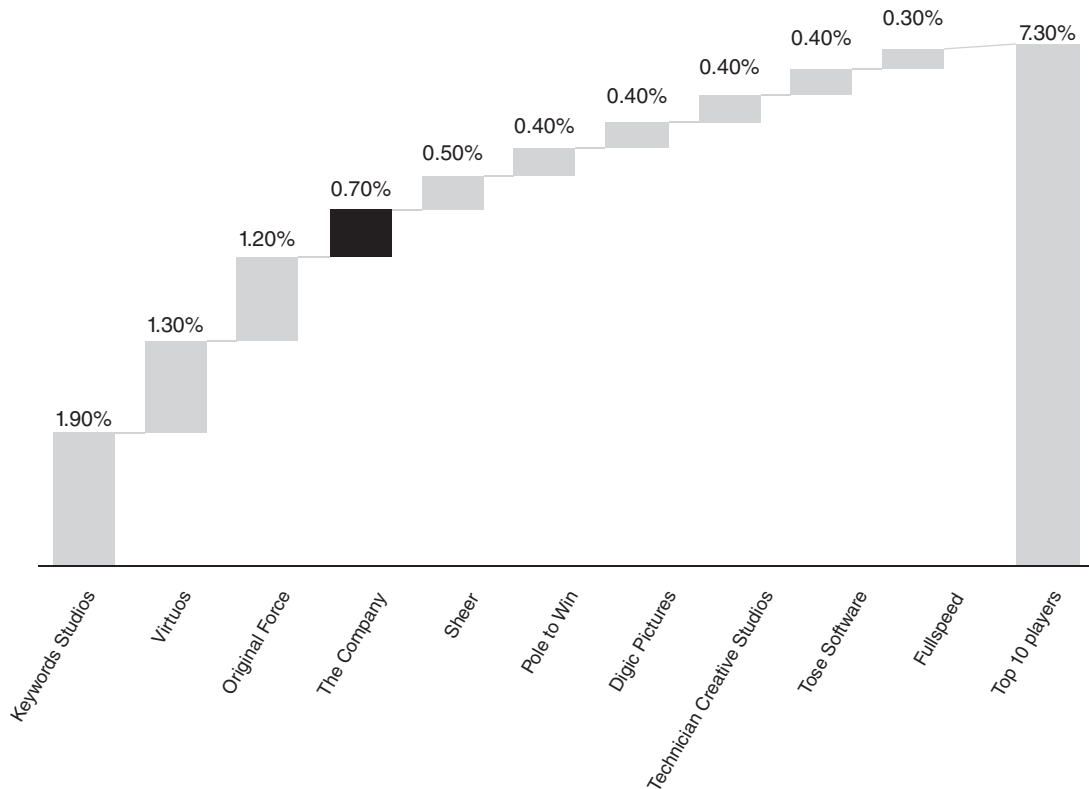
The last type of game art outsourcing studio relates to other general outsourcing studios like Fullspeed, which are proficient in game art, visual design, digital marketing and other kinds of outsourcing services. They would typically have a more diversified revenue stream and would have a better understanding of the macro trends and industry news.

The following chart illustrates the top 10 players in the global game art outsourcing industry.

Market share of the global game art outsourcing market, in terms of revenue, 2022



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Source: CIC (September, 2023)

1. *Keywords Studios is an Irish company founded in the 1990s that provides technical and creative services to the gaming industry and offers a range of services including localisation, testing, audio, art creation, engineering and customer support.*
2. *Virtuos is a Singaporean 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.*
3. *Original Force is a Chinese company founded in 2010 specialising in 3D art production for video games and computer generated animations.*
4. *Sheer is a Chinese company founded in the 2000s that focuses on game art solutions.*
5. *Pole To Win is a Japanese company founded in the late 2000s that offers game art, localisation and audio production services for video games.*
6. *Digic Pictures is a Hungarian company founded in the 2000s that provides high-end 3D animation for feature films, commercials and the video gaming industry.*
7. *Technicolor Creative Studios is an American company founded in 1915 involved in visual effects, motion graphics and animation services for the entertainment, media and advertising industries.*
8. *Tose Software is a Japanese company founded in the late 1970s that creates various game software and content for mobile devices and engages in collaboration with businesses with various companies.*
9. *Fullspeed is a Chinese company founded in 2005 that provides UI design, digital marketing, visual design and other outsourcing services.*

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The following sets out basic information about the key market participants:

Company	Number of countries in which offices are located	Number of employees	Number of game art employees
The Company	3	~700	~600
Keywords Studios	20	~12,000	~1,400
Virtuos	8	~3,000	~1,500
Original Force	3	~2,000	~1,400
Sheer	1	~1,200	~800
Pole To Win	20	~2,600	~390
Digic Pictures	1	~450	~450
Technicolor Creative Studios	10	~13,000	~520
Tose Software	3	~1,030	~400
Fullspeed	1	~1,000	~500

Source: CIC (September, 2023)

Competitive Art Outsourcing Landscape in Asia

The Company's total game art outsourcing revenue in 2022 amounted to US\$22.1 million, ranking third among all Asian game art outsourcing studios. Virtuos and Original Force were the top 2 game art outsourcing studios headquartered in Asia in terms of global game art outsourcing revenue.

The following table and chart illustrate the top 5 players in the Asian market in 2022.

Top five game art outsourcing studios in Asia, in terms of the global revenue of game art outsourcing, 2022

Ranking	Company	Headquarter	Global game art outsourcing revenue, US\$ million
1	Virtuos	Singapore	44.6
2	Original Force	China	39.0
3	The Company	Singapore	22.0
4	Sheer	China	16.7
5	Pole To Win	Japan	13.5

Source: CIC (September, 2023)

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Other competitive advantages of the Company

1) Globally recognised brand

As a reputed brand, the Company's ability and competence are well-recognised in the industry, as evidenced by the Company's collaboration with 19 of the top 25 game development companies. The constant orders from top game developers will consequently improve the Company's brand and attract more new customers.

2) Effective talent management system

The Company has a three-stage talent development program. The first stage is the introductory phase, which lasts approximately 3-6 months and is primarily designed for newcomers who have just joined the game art industry. The second stage is the developmental phase, where the company has established a comprehensive project training system and a scientific performance evaluation and promotion system to help employees achieve personal growth and advancement. The third stage caters to employees who have been with the company for many years, who will be incentivised through performance share plans, and the Company will provide them with more opportunities for development.

3) Effective data security management system

The Company has comprehensive and strict confidential management protocols, which include (i) the use of a shared intranet with clients that usually are applied in 3A game projects, to maintain effective communication with clients while ensuring data security; (ii) imposing limitations relating to data transmission and monitoring of computer usage; and (iii) automatically encrypting all confidential files such that the files cannot be decrypted without the password even if they are circulated in an external network.

4) Optimal human resources management

To maximise quality and optimise costs, the Company typically adopts an effective team structure with a higher proportion of junior-level employees to manage the cost of a project, thereby optimising the Company's profitability.

Additionally, the Company often recruits fresh graduates, which serves as a relatively lower cost alternative to experienced hires, thereby enlarging the size and scale of the team which will allow the Company to take on more projects.

Key success factors of the global art outsourcing industry

1) Comprehensive game art services

Most game art outsourcing studios are small in scale and provide homogeneous art outsourcing services and solutions. Additionally, as their scope is usually also limited, they often fail to attain a greater market share. As game developers are increasingly looking to outsource processes to such art outsourcing studios, they tend to pick those offering a wider range of services (e.g. 2D character art, 2D scene art, 3D modelling, animation and other game art services). Therefore, game art outsourcing studios with multiple art outsourcing services and solutions can more easily establish their presence in the market.

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2) High-quality talent pool

Game art outsourcing studios with a high-quality talent pool can establish a team catered to serving a client's tailored needs. The needs of game art outsourcing from the game companies are usually distinct. Some globally reputable game companies prefer efficient and timely outputs from outsourcing studios given tight project schedules, while others value specific skillsets and past project experience. However, forming a competent talent pool is time-consuming for outsourcing studios, with small companies lacking the ability to attract and retain talented employees.

3) Long-standing relationship with clients

Game art outsourcing studios with a stable client base would likely see robust growth. Top game development companies rely heavily on their popular games and usually have budgets for follow-up game development for such games. Cultivating stable long-term relationships with these leading game companies can help game art outsourcing studios maintain healthy profit margins.

4) Far-reaching network

Although online communication is widely used between game development companies and game art outsourcing studios, face-to-face interactions with clients can largely improve the understanding of the client's needs, thereby contributing to increased efficiency. However, this would require the game art outsourcing studios to establish extensive networks and offices globally to bridge the distance between them and their clients.

Barriers to entry into the global art outsourcing industry

1) Experiences and relevant skillsets in relation to game art services

A team that has undergone sufficient training and has had ample experience can provide more efficient and professional services while lowering project costs. Further, game art design involves various kinds of professional software such as 3D Max, Unreal Engine, Unity 3D, Houdini, and Blender, amongst others. Familiarity and competencies related to these software programs come with knowledge and experience. Moreover, in the art outsourcing industry, a cohesive aesthetic style between the art outsourcing studio(s) and the game developer is crucial and this can only be developed through cooperation. New entrants who lack practical experience will usually spend extra costs on communication, upgrading their skills and style-matching, which compromises the quality of work produced.

2) Project management capabilities

Strong management capabilities guarantee the timely delivery of projects – an aspect especially important to clients. Game art outsourcing progress involves extensive internal team organisation while managing work and external communications. New entrants who lack project management experience will typically find it difficult to achieve such management and communication efficiency, which will slow down the project and lower their competitiveness accordingly.

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3) Well-organised talent management system

Human capital is a vital asset to game art outsourcing studios. As such, talent management is crucial. Reputable game art outsourcing studios can easily attract professional specialists and fresh graduates and retain them with a well-organised talent management system while new entrants may find it difficult to attract talent due to the lack of a proper talent management system or a failure to provide fair incentives and remuneration to employees. It was noted that 56.0% of art outsourcing studios found it more difficult to attract talent.

Conclusion

Game art outsourcing is the process of creating digital art for games with the help of external contractors instead of an in-house team. The global game art outsourcing market size increased from US\$1.5 billion in 2017 to US\$3.4 billion in 2022, indicating a CAGR of 17.4% from 2017 to 2022, and is estimated to arrive at US\$6.3 billion in 2027. The art outsourcing market in APAC is booming as more APAC game companies exhibit exceptional performances in games and tend to choose game art outsourcing studios as long-term partners for better prices with great quality. 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%. The global game art outsourcing industry is fragmented given that most market players are small independent studios, and 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 Company, a renowned global game art outsourcing company, is expected to solidify its leading position in Asia and attain a better positioning in the global market.

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APPENDIX E – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for the Placement Shares at the Placement Price for each Placement Share, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 PLACEMENT SHARES OR INTEGRAL MULTIPLES OF 100 SHARES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF PLACEMENT SHARES WILL BE REJECTED.**
2. Your application for the Placement Shares may only be made by way of the Application Form or other such forms of application as the Sponsor, Issue Manager and Placement Agent may deem appropriate.
3. **YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.**
4. **You (not being an approved nominee company) are allowed to submit only one application in your own name for the Placement Shares. Any separate application by you for the Placement Shares shall be deemed to be multiple applications and may be rejected at the discretion of our Company and the Sponsor, Issue Manager and Placement Agent, except in the case of applications by approved nominee companies, where each application is made on behalf of a different beneficiary.**

If you, not being an approved nominee company, have submitted an application for the Placement Shares in your own name, you should not submit any other application for the Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company and the Sponsor, Issue Manager and Placement Agent.

Joint and/or multiple applications for the Placement Shares may be rejected at the discretion of our Company and the Sponsor, Issue Manager and Placement Agent. If you submit or procure submissions of multiple share applications for the Placement Shares, you may be deemed to have committed an offence under the Penal Code 1871 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications, except in the case of applications by approved nominee companies, where each application is made on behalf of a different beneficiary, may be rejected at the discretion of our Company and the Sponsor, Issue Manager and Placement Agent.

By completing and delivering the Application Form, you declare that you do not possess more than one individual direct Securities Account with CDP.

5. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Form or, in the case of Electronic Applications, contained in the records of the relevant participating banks) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the name of a deceased at the time of application.

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6. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 7 below.
7. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licenced securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
8. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application is liable to be rejected. Subject to paragraph 9 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.
9. **If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondences from CDP will be sent to your address last registered with CDP.**
10. **Our Company, in consultation with the Sponsor, Issue Manager and Placement Agent, reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or with the terms and conditions of this Offer Document or which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance or remittances which are not honoured upon their first presentation.**

Each of our Company and the Sponsor, Issue Manager and Placement Agent further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Form or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

Without prejudice to the rights of our Company and the Sponsor, Issue Manager and Placement Agent, as agent of our Company, have been authorised to accept, for and on behalf of our Company such other forms of application as the Sponsor, Issue Manager and Placement Agent deems appropriate.

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11. Our Company, in consultation with the Sponsor, Issue Manager and Placement Agent, reserves the right to reject or accept, in whole or in part, or to scale down any application, without assigning any reason therefor, and no enquiry and/or correspondence on our decision of our Company, will be entertained. In deciding the basis of allotment which shall be at our discretion, in consultation with the Sponsor, Issue Manager and Placement Agent, due consideration will be given to the desirability of allotting the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
12. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, and subject to the submission of valid application and payment for the Placement Shares, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company, and the Sponsor, Issue Manager and Placement Agent. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee, any instrument of transfer and/or other documents required for the issue or transfer of the Placement Shares allotted to you.
13. In the event a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.
14. Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Placement Shares and:
 - (a) where the Placement Shares have not been allotted and issued to the applicants, we shall either:
 - (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give you notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to withdraw your application, and (B) take all reasonable steps to make available within a reasonable period of time the supplementary or replacement offer document, as the case may be, to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven days from the date of the lodgement of the supplementary or replacement offer document, give you a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to withdraw your application; or
 - (iii) (A) treat your application as withdrawn and cancelled, in which case your application shall be deemed to have been withdrawn and cancelled, and (B) within seven days from the date of lodgement of the supplementary or replacement offer document, return all monies you have paid on account of your application for the

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Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at your own risk and you shall not have any right or claim against our Company and/or the Sponsor, Issue Manager and Placement Agent; or

- (b) where the Placement Shares have already been allotted and issued but trading has not commenced, we shall either:
- (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give you notice in writing of how to obtain, or arrange to receive, a copy of the same, and provide you with an option to return to us the Placement Shares which you do not wish to retain title in, and (B) take all reasonable steps to make available within a reasonable period of time the supplementary or replacement offer document, as the case may be, to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, give you a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to return to us the Placement Shares which you do not wish to retain title in and without any right to claim against our Company and/or the Sponsor, Issue Manager and Placement Agent; or
 - (iii) (A) treat the issue of the Placement Shares as void in which case the issue of the Placement Shares shall be deemed void, and (B) within seven days from the date of lodgement of the supplementary or replacement offer document, as the case may be, return all monies paid on account of your application for the Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at your own risk, and you shall not have any right or claim against our Company and/or the Sponsor, Issue Manager and Placement Agent.

An applicant who wishes to exercise his option under paragraph 14(a)(i) or (ii) above to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven days from the receipt of such notification, pay to him all monies paid by him on account of his application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant shall not have any claim against our Company and/or the Sponsor, Issue Manager and Placement Agent.

An applicant who wishes to exercise his option under paragraph 14(b)(i) or (ii) above to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to us, whereupon we shall, within seven days from the receipt of such notification, pay to him all monies paid by him on account of his application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant shall not have any claim against our Company and/or the Sponsor, Issue Manager and Placement Agent.

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Additional terms and instructions applicable upon the lodgement of the supplementary or replacement offer document, including instructions on how you can exercise the option to withdraw your application or return the Placement Shares allotted to you, may be found in such supplementary or replacement offer document.

15. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted to you pursuant to your application, to us and the Sponsor, Issue Manager and Placement Agent and any other parties so authorised by the foregoing persons.
16. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Placement Shares through the Placement Agent or its designated sub-placement agent by way of an Application Form or such other forms of application as the Sponsor, Issue Manager and Placement Agent deem appropriate.
17. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:
 - (a) irrevocably offer, agree and undertake to subscribe for the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price for each Placement Share and agree that you will accept such Placement Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Articles of Association;
 - (b) agree that the aggregate Placement Price for the Placement Shares applied for is due and payable to our Company upon your application;
 - (c) warrant as to the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company and the Sponsor, Issue Manager and Placement Agent in determining whether to accept your application and/or whether to allot any Placement Shares to you;
 - (d) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent residency status, CDP Securities Account number, share application amount, the outcome of your application (including the number of Placement Shares allotted to you pursuant to your application) and other personal data (“**Personal Data**”) to the Share Registrar, the SGX-ST, CDP, our Company and the Sponsor, Issue Manager and Placement Agent and/or other authorised operators (collectively, the “**Relevant Persons**”), for the purpose of facilitating your application for the Placement Shares, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”) and warrant that such Personal Data is true, accurate and correct, (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Persons, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Persons of the Personal Data of such beneficial owner(s) for the Purposes, (iii) agree that the Relevant Persons may do

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anything or disclose any Personal Data or matters without notice to you if the Relevant Persons consider them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body, and (iv) agree that you will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the “**Personal Data Privacy Terms**”). If any Personal Data is transferred to a country or territory outside of Singapore, the Relevant Persons will ensure that the recipient of the Personal Data provides a standard of protection that is comparable to the protection which Personal Data enjoys under the laws of Singapore, and where these countries or territories do not have personal data protection laws which are comparable to that of Singapore, the Relevant Persons will enter into legally enforceable agreements with the recipients to ensure that they protect the Personal Data to the same standard as required under the laws of Singapore; and

- (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company and/or the Sponsor, Issue Manager and Placement Agent will infringe any such laws as a result of the acceptance of your application.
18. Our acceptance of applications will be conditional upon, among others, our Company and the Sponsor, Issue Manager and Placement Agent, being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for the listing and quotation of all our existing Shares, the Placement Shares, the Cornerstone Shares and the Award Shares on Catalist;
 - (b) the Management and Sponsorship Agreement and the Placement Agreement referred to in the section entitled “*Plan of Distribution – Sponsorship, Management and Placement Arrangements*” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and
 - (c) the Authority, the SGX-ST, acting as agent on behalf of the Authority (to the extent applicable) or any other competent authority, has not issued a stop order under the SFA (“**Stop Order**”) which directs that no further shares to which this Offer Document relates be allotted or issued.
19. In the event that a Stop Order pursuant to Section 242 of the SFA is served by the Authority, the SGX-ST, acting as agent on behalf of the Authority (to the extent applicable) or other competent authority and applications to subscribe for the Placement Shares have been made prior to the Stop Order, and:
- (a) in the case where the Placement Shares have not been issued, we will (as required by law), and subject to the SFA, deem all applications withdrawn and cancelled and our Company shall refund (at your own risk) all monies paid on account of your application for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or

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- (b) in the case where the Placement Shares have been issued but trading has not commenced, the issue of the Placement Shares shall (as required by law) be deemed void, and our Company shall, within 14 days from the date of the Stop Order, refund all monies paid on account of your application for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk), and

you shall not have any claims against our Company and/or the Sponsor, Issue Manager and Placement Agent.

This shall not apply where only an interim Stop Order has been served.

20. In the event that an interim Stop Order in respect of the Placement Shares is served by the Authority, the SGX-ST, acting as agent on behalf of the Authority (to the extent applicable) or other competent authority, no Placement Shares shall be issued during the time when the interim Stop Order is in force.
21. The Authority, the SGX-ST, acting as agent on behalf of the Authority (to the extent applicable) or other competent authority is not able to serve a Stop Order in respect of the Placement Shares if the Placement Shares have been issued and listed for quotation on a securities exchange and trading in the Placement Shares has commenced.
22. In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST website (<http://www.sgx.com>) and/or through a paid advertisement in a major English language newspaper in Singapore.
23. We will not hold any application in reserve.
24. We will not allot Shares on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.
25. Additional terms and conditions for applications by way of Application Form are set out in the section entitled "Additional Terms and Conditions for Application Using Application Form" below.
26. All payments in respect of any application for the Placement Shares and any refund, shall be made in S\$.
27. No person in any jurisdiction outside Singapore receiving this Offer Document or its accompanying documents (including the Application Form) may treat the same as an offer or invitation to subscribe for any Placement Shares unless such offer or invitation could lawfully be made without compliance with any regulatory requirements in those jurisdictions.

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ADDITIONAL TERMS AND CONDITIONS FOR APPLICATION USING APPLICATION FORM

You shall make an application by way of an Application Form on and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out in the “**TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE**” section in Appendix E to this Offer Document as well as the M&AA.

1. Your application must be made using the Application Form for Placement Shares accompanying and forming part of this offer document, or in such other manner as the Sponsor, Issue Manager and Placement Agent may in their absolute discretion deem appropriate. **ONLY ONE APPLICATION** should be enclosed in each envelope.

We draw your attention to the detailed instructions contained in the Application Form and this Offer Document for the completion of the Application Form which must be carefully followed. **Our Company, and the Sponsor, Issue Manager and Placement Agent reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Form and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn up remittances or improper form of remittances or remittances which are not honoured upon their first presentation.**

2. Your Application Form must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Form, except those under the heading “**FOR OFFICIAL USE ONLY**”, must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. You must make your application, in the case of individuals, in your full names as they appear in your identity card (if applicants have such identification documents) or in your passport and, in the case of corporations, in your full names as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your constitution or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your constitution or equivalent constitutive documents must be lodged with our Company’s Share Registrar. Our Company and the Sponsor, Issue Manager and Placement Agent reserve the right to require you to produce documentary proof of identification for verification purposes.
5.
 - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

APPENDIX E – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

6. You, whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted, will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporations.

If you are an approved nominee company, you are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

7. The completed and signed Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate postage (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to WINKING STUDIOS LIMITED C/O Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 9 Raffles Place, #26-01, Republic Plaza, Tower 1, Singapore 048619, to arrive by 12.00 noon on 16 November 2023 or such other time as our Company may, in consultation with the Sponsor, Issue Manager and Placement Agent, in its absolute discretion, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of the Placement Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**WINKING STUDIOS SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name, CDP Securities Account Number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. We reserve the right to reject any application which is accompanied by combined Banker's Draft or Cashier's Order for different CDP Securities Accounts. No acknowledgement or receipt will be issued by our Company or the Sponsor, Issue Manager and Placement Agent for applications and application monies received.
8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account. In the event that the Placement is cancelled by us following the termination of the Management and Sponsorship Agreement and/or the Placement

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Agreement, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post at your own risk within five Market Days of the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of the Stop Order by the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.

9. Capitalised terms used in the Application Form and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of our Company, our Directors, the Sponsor, Issue Manager and Placement Agent and/or any party involved in the Placement, and if, in any event our Company, and/or the Sponsor, Issue Manager and Placement Agent do not receive your Application Form, you shall have no claim whatsoever against our Company, the Sponsor, Issue Manager and Placement Agent and/or any party involved in the Placement for the Placement Shares applied for or for any compensation, loss or damage.
11. By completing and delivering the Application Form, you agree that:
 - (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 16 November 2023** or such other time or date as our Directors may, in consultation with the Sponsor, Issue Manager and Placement Agent in their absolute discretion, decide:
 - (i) your application is irrevocable; and
 - (ii) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
 - (b) neither our Company and the Sponsor, Issue Manager and Placement Agent nor any other party involved in the Placement will be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;
 - (c) all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore Courts;
 - (d) in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
 - (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

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- (f) in making your application, reliance is placed solely on the information contained in this Offer Document and none of our Company, the Sponsor, Issue Manager and Placement Agent nor any other person involved in the Placement shall have any liability for any information not so contained;
 - (g) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document;
 - (h) you irrevocably agree and undertake to subscribe for the number of the Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allotted to you in respect of your application. In the event that our Company or the Sponsor, Issue Manager and Placement Agent decide to allot any smaller number of the Placement Shares or not to allot any Placement Shares to you, you agree to accept such decision as final; and
 - (i) you irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue of the Placement Shares that may be allotted to you.
12. By completing and delivering the Application Form, you declare that you do not possess more than one individual direct Securities Account with CDP.

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APPENDIX F – SUMMARY OF CERTAIN PROVISIONS OF THE CAYMAN ISLANDS COMPANIES ACT AND THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF OUR COMPANY

The discussion below provides information about certain provisions of our Memorandum and Articles of Association and the laws of the Cayman Islands. This description is only a summary and is qualified by reference to Cayman Islands law and our Memorandum and Articles of Association. Where portions of our Memorandum and Articles of Association are reproduced below, defined terms bear the meanings ascribed to them in our Memorandum and Articles of Association. Our Memorandum and Articles of Association is a document available for inspection.

SUMMARY OF CERTAIN PROVISIONS OF THE CAYMAN ISLANDS COMPANIES ACT

Our Company is incorporated in the Cayman Islands subject to the Cayman Islands Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman Islands company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

Operations

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of our Company's authorised share capital.

Share Capital

The Cayman Islands Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof. The Cayman Islands Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Islands Companies Act provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Islands Companies Act); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

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.

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The Cayman Islands Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way and in particular may (a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up; (b) either with or without extinguishing or reducing liability of any of its shares, cancel any paid-up share capital which is lost or unrepresented by available assets; or (c) either with or without extinguishing or reducing liability of any of its shares, pay off any paid-up share capital which is in excess of the needs of the company.

Membership

Under the Cayman Islands Companies Act, only those persons who agree to become members of a Cayman Islands exempted company and whose names are entered on the register of members of such a company are considered members. A Cayman Islands company is also not bound to see to the execution of any trust, whether express, implied or constructive, to which any of its shares are subject and whether or not the company had notice of such trust. Accordingly, persons holding shares through a trustee, nominee or depository will not be recognised as members of a Cayman Islands company under Cayman Islands law and may only have the benefit of rights attaching to the shares or remedies conferred by law on members through or with the assistance of the trustee, nominee or depository.

Financial Assistance to Purchase Shares of a Company or its Holding Company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s length basis.

Purchase of Shares and Warrants by a Company and its Subsidiaries

Subject to the provisions of the Cayman Islands Companies Act, a company limited by shares, or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of the purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. Shares may be redeemed or purchased out of profits of the company, out of the share premium account or out of the proceeds of a fresh issue of shares made for the purposes of the redemption or purchase, or (subject to section 37 of the Cayman Islands Companies Act) out of capital. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

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Shares redeemed or purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the redemption or purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares; however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Cayman Islands Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum and articles of association to buy and sell and deal in personal property of all kinds.

The Cayman Islands Companies Act does not prohibit a Cayman Islands company from acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

Dividends and Distributions

With the exception of section 34 of the Cayman Islands Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Islands Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account.

Protection of Minorities

The Cayman Islands courts would ordinarily be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained. In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

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Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding-up order, the Court may make the following orders: (a) an order regulating the conduct of the company's affairs in the future; (b) an order requiring the company to refrain from doing or continuing an act complained of by the petitioner or to do an act which the petitioner has complained it has omitted to do; (c) an order authorising civil proceedings to be brought in the name of and on behalf of the company by the petitioner on such terms as the Court may direct; or (d) an order providing for the purchase of the shares of any members of the company by other members or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

Management

The Cayman Islands Companies Act contains no specific restriction on the powers of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Accounting and Auditing Requirements

A Cayman Islands exempted company shall cause proper books of account to be kept, including, where applicable, material underlying documentation including contracts and invoices with respect to (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (b) all sales and purchases of goods by the company; and (c) the assets and liabilities of the company. Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions. A Cayman Islands exempted company shall cause all its books of account to be retained for a minimum period of five years from the date on which they are prepared.

A company which keeps its books of accounts at any place other than at its registered office or at any other place within the Cayman Islands shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (As Revised) of the Cayman Islands, make available in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice; and shall be liable to a penalty if the company fails to comply with the order or notice without reasonable excuse.

Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

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Taxation

Pursuant to Section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, our 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 our 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 our 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 our 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 are not party to any double tax treaties that are applicable to any payments made by or to our Company.

Stamp Duty

No stamp duty is currently payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

Loans to Directors

There is no express provision in the Cayman Islands Companies Act prohibiting the making of loans by a company to any of its directors.

Inspection of Corporate Records

Members of a company have no general right under the Cayman Islands Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Cayman Islands Companies Act required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. An exempted company may also maintain a separate register of members in respect of its listed shares. There is no requirement under the Cayman Islands Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. An exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (As Revised) of the Cayman Islands.

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A company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers.

Winding Up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles of association expires, or the event occurs on the occurrence of which the memorandum or articles of association provide that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the Court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

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Reconstructions, mergers and consolidations

There are statutory provisions which facilitate reconstructions and arrangements approved by (a) seventy-five per cent (75%) in value of shareholders (or class of shareholders) or (b) a majority in number representing seventy-five percent (75%) in value of creditors (or class of creditors), as the case may be, as are present and voting either in person or by proxy at a meeting called for such purpose and thereafter sanctioned by the Court. While a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

In addition, the Cayman Islands Companies Act provides a mechanism for mergers and consolidations between Cayman Islands companies as well as between Cayman Islands companies and foreign companies. A written plan of merger or consolidation has to be authorised by each constituent company by way of a special resolution of the members of each such constituent company and such other authorisation, if any, as may be specified in such constituent company's articles of association.

Where a Cayman Islands parent company ("parent company" means, with respect to another company, a company that holds issued shares that together represent at least ninety per cent. (90%) of the votes at a general meeting of that other company) is merging with one or more of its Cayman Islands subsidiaries, a special resolution of the members of such constituent companies is not required if a copy of the plan of merger is given to every member of each subsidiary company to be merged, unless that member agrees otherwise.

To effect a merger or consolidation of one or more Cayman Islands companies with one or more overseas companies, in addition to the approval requirements applicable to the merger or consolidation of Cayman Islands companies (in relation to Cayman Islands companies only), the merger or consolidation must also be effected in compliance with the constitutional documents of, and laws of the foreign jurisdiction applicable to, the overseas companies.

Compulsory Acquisition

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than ninety per cent (90%) in value of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one month from the date of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

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Memorandum and Articles of Association

Ordinary Resolution and Special Resolution

An “ordinary resolution” is defined in the Articles of Association 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 Articles of Association.

A “special resolution” is defined in the Articles of Association 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 Articles of Association.

Article 84 of the Articles of Association 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 our Company shall, for the purposes of the Articles of Association, be treated as a resolution duly passed at a general meeting of our Company and, where relevant, as a special resolution so passed.

The following summarises certain provisions of the Articles of Association relating to:

- (a) the appointment, retirement and removal of our Directors (*Articles 85 and 86*)

Our 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.

Our Company at the meeting at which a Director retires under any provision of the Articles of Association 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:

- i. 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;
- ii. 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 Articles of Association)) 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

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- iii. where such Director has given notice in writing to our Company that he is unwilling to be re-elected.

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

- (b) 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 Articles of Association, no Director shall be disqualified by his office from contracting with our 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 our 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 Articles of Association.

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 our 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):

- i. in which he has any material interest (personal or otherwise), whether directly or indirectly;
- ii. which might, whether directly or indirectly, create a conflict with his duties or interests as a Director; or
- iii. 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 Articles of Association.

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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 our Company or any of its subsidiaries by virtue only of his interest in shares or debentures or other securities of our 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 our 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.
- (c) the remuneration of our Directors (*Articles 95, 96, 97 and 98*)

The fees of our Directors shall from time to time be determined by our 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 our 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 our 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 our 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).

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- (d) the borrowing powers exercisable by our Directors (*Article 109*)

Subject to the provisions of the Articles of Association, the Directors may exercise all the powers of our 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 our 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 our Company or of any third party.

- (e) 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 Articles of Association.

- (f) 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.

- (g) rights, preferences and restrictions attaching to the Shares

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

- (i) *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 our Company, or as otherwise provided for in the Articles of Association, our 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 our 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, our Company shall be able to pay its debts as they fall due in the ordinary course of business.

- (ii) *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 Articles of Association, 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 Articles of Association) 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

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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 our 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 our 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).

(iii) *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 our Company, (i) if our 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 our 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 our 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 our 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 our Company may be closed and our 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.

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

Subject to the Cayman Islands Companies Act, the Memorandum, the Articles of Association and, where applicable, the rules or regulations of any designated stock exchange, our 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 our Company or the Member on such terms and in such manner as the Directors may determine.

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(h) any changes in capital (*Article 4*)

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

- i. increase its capital by such sum divided into Shares of such amounts as the resolution shall prescribe or, if our 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;
- ii. consolidate and divide all or any of its capital into Shares of larger amount than its existing Shares;
- iii. convert all or any of its paid-up Shares into stock and reconvert that stock into paid-up shares of any denomination;
- iv. sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum (subject, nevertheless, to the Cayman Islands Companies Act); and
- v. 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.

(i) 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 our 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 Articles of Association relating to general meetings of our 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

**APPENDIX F – SUMMARY OF CERTAIN PROVISIONS OF THE
CAYMAN ISLANDS COMPANIES ACT AND THE MEMORANDUM
AND ARTICLES OF ASSOCIATION OF OUR COMPANY**

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.

- (j) 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 our 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 our Company. If the Depository returns any such dividend or moneys to our Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against our 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 our Company a trustee in respect thereof.

APPENDIX G – DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the more important rights and privileges of Shareholders conferred by the laws of the Cayman Islands and Singapore (where applicable) and the Articles of Association. These statements summarise certain material provisions of the Articles of Association, but are qualified in their entirety by reference to the laws of the Cayman Islands and Singapore (where applicable) and the Articles of Association.

The statements below provide, amongst others, a description of Shareholders' voting rights, restrictions on the transferability of shareholdings and Shareholders' rights to share in any surplus in the event of liquidation, and provides information about our share capital.

ORDINARY SHARES

As of the Latest Practicable Date, the total issued and paid-up share capital of our Company is NTD224,465,910 comprising 22,446,591 Shares of par value of NTD10 each, all of which are fully paid up. As of the date of this Offer Document, the total issued and paid-up share capital of our Company is S\$9,587,931 (or approximately US\$7,417,581) comprising 239,698,275 Shares of par value of S\$0.04 each, all of which are fully paid up and there are no preference shares in issue.

Under the Cayman Islands Companies Act, certain changes in the share capital of our Company such as an increase, consolidation or subdivision are permitted if authorised by the Articles of Association. Article 4 of the Articles of Association provides that an ordinary resolution is required for an increase, consolidation or subdivision of, our Company's share capital. With regard to a reduction of share capital, Article 6 of the Articles of Association provides that our Company may by special resolution, subject to any confirmation or consent required by the Cayman Islands Companies Act, reduce its share capital or capital redemption reserve or other undistributable reserve in any manner permitted by law.

An "ordinary resolution" is defined in the Articles of Association as a resolution passed by a simple majority of votes cast by members, as being entitled to do so, voting in person or, where proxies are allowed, by proxy at a general meeting of our Company. A "special resolution" is defined in the Articles of Association 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 votes cast by Members, as being entitled to do so, voting 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. Article 84 of the Articles of Association provides that subject to the Cayman Islands Companies Act, a resolution in writing signed 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 our Company shall, for the purposes of the Articles of Association, be treated as a resolution duly passed at a general meeting of our Company and, where relevant, as a special resolution so passed. Pursuant to Article 58 of the Articles of Association, notices convening any general meeting at which it is proposed to pass a special resolution shall be sent to members entitled to attend and vote at the meeting at least 21 clear days before such meeting (excluding the day on which the notice is served or deemed to be served and the day of the meeting).

All of our Shares are in registered form. Our Shares have identical rights in all respects and rank equally with one another. Subject to the Cayman Islands Companies Act and, where applicable, to the rules or regulations of the SGX-ST, no Shares may be issued by our Board without the prior approval of our Company in general meeting but subject thereto and to the Articles of Association and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of our Company shall be at the disposal of our Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such

APPENDIX G – DESCRIPTION OF OUR SHARES

times and for such consideration and upon such terms and conditions as our Board may in its absolute discretion determine but so that no shares shall be issued at a discount to their nominal value, provided always that subject to any direction to the contrary that may be given by our Company in general meeting or except as permitted under the rules or regulations of the SGX-ST, all new Shares shall before issue be offered to such members in proportion as nearly as may be to the number of Shares then held by them and the provisions of Article 12(2) shall apply with such adaptations as are necessary.

The Articles of Association also provide that subject to the laws of the Cayman Islands and, where applicable, the rules or regulations of the SGX-ST, our Company in general meeting may by ordinary resolution grant to our Directors a general authority, either unconditionally or subject to such conditions as may be specified in the said ordinary resolution (including, but not limited to, the aggregate number of Shares which may be issued and the duration of the general authority), to issue shares in the capital of our Company whether by way of rights, bonus or otherwise; and/or make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; provided that unless otherwise specified in the ordinary resolution or required by any applicable rules or regulations of the SGX-ST, such general authority will continue (notwithstanding the authority conferred by the said ordinary resolution may have ceased to be in force) in relation to the issue of shares pursuant to any Instrument made or granted by our Directors while the said ordinary resolution was in force.

In the event of the issuance of preference shares by our Company, the total number of issued preference shares may not at any time exceed the total number of the issued ordinary Shares of our Company.

Subject to laws of the Cayman Islands, if any share certificate is defaced, worn out, destroyed, lost or stolen, it may be renewed on (1) such evidence being produced and (2) a letter of indemnity (if required) being given by the Shareholder, transferee, person entitled, purchaser, member firm or member company of the SGX-ST or on behalf of its or their client or clients as our Directors shall require, and (in case of defacement or wearing out) on delivery of the old certificate and in any case on payment of such sum not exceeding S\$2.00 as our Directors may from time to time require together with the amount of the stamp duty payable (if any) on each share certificate. In the case of destruction, loss or theft, a Shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to our Company all expenses incidental to the investigations by our Company of the evidence of such destruction or loss.

PURCHASE BY OUR COMPANY OF OUR OWN SHARES

Under the laws of the Cayman Islands, a company may, if authorised by its articles of association, purchase its own shares. Our Company has such power to purchase our own Shares under Article 3(2)(c) of the Articles of Association. Such power of our Company to purchase our own Shares shall, subject to the Cayman Islands Companies Act and the Articles of Association (and if applicable, the rules and regulations of the SGX-ST), be exercisable by our Directors in such manner, upon such terms and subject to such conditions as they think fit, in accordance with the Articles of Association.

APPENDIX G – DESCRIPTION OF OUR SHARES

Under the laws of the Cayman Islands, such purchases may be effected out of profits of our Company or out of the share premium account or out of the proceeds of a fresh issue of shares made for that purpose or, subject to section 37 of the Cayman Islands Companies Act and in the manner authorised by the Articles of Association, by a payment out of capital. At no time may our Company purchase our Shares if, as a result of the purchase, there would no longer be any Member holding Shares. Only fully paid Shares may be purchased by our Company. A payment out of capital by our Company for the purchase of our Shares is not lawful unless immediately following the date on which the payment out of capital is proposed to be made, our Company shall be able to pay its debts as they fall due in the ordinary course of business. Shares purchased by our Company will be treated as cancelled on purchase unless, subject to our Memorandum and Articles of Association, our Directors resolve, prior to the purchase, to hold such Shares in the name of our Company as treasury shares. Where the purchased Shares are treated as cancelled, the amount of our Company's issued share capital shall be diminished by the nominal value of those Shares. However, such purchase of Shares shall not be taken as reducing the amount of our Company's authorised share capital.

Under the laws of the Cayman Islands, where Shares are held as treasury shares, our Company shall be entered in the Register of Members as holding those Shares. However, notwithstanding the foregoing, our Company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void. A treasury share shall not be voted, directly or indirectly, at any meeting of our Company and shall not be counted in determining the total number of issued Shares at any given time, whether for the purposes of the Articles of Association or the Cayman Islands Companies Act. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made to our Company, in respect of a treasury share.

For further details, see "*Appendix F – Summary of Certain Provisions of the Cayman Islands Companies Act and the Memorandum and Articles of Association of our Company*" of this Offer Document.

SHAREHOLDERS

We maintain the Register of Members, which contains the particulars as required under the Cayman Islands Companies Act. Except as required by law, no person shall be recognised by our Company as holding any Share upon any trust and our Company will not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or any fractional part of a Share or (except only as otherwise provided by the Articles of Association or by law) any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder. If any Share stands jointly in the names of two or more persons, the person first named in the Register of Members shall as regards service of notices and, subject to the provisions of the Articles of Association, all or any other matters connected with our Company, except with respect to the transfer of Shares, be deemed the sole holder thereof. Subject to the terms and conditions of any application for Shares, the Board may allot Shares applied for within 10 Market Days of the closing date of any such application (or such other period as may be approved by the SGX-ST). Our Register of Members, including any overseas or local or other branch register of members, may after notice has been given in accordance with applicable requirements of the SGX-ST or by any electronic means as may be accepted by the SGX-ST, be closed at such times or for such periods in each year as the Board may determine and either generally or in respect of any class of shares. We would typically close the Register of Members to determine Shareholders' entitlement to receive dividends and other distributions.

APPENDIX G – DESCRIPTION OF OUR SHARES

TRANSFER OF SHARES

Subject to the Articles of Association, any member may transfer all or any of his Shares by a duly signed instrument of transfer in the form acceptable to our Board provided always that our Company shall accept for registration an instrument of transfer in a form approved by the SGX-ST. Save as provided in the Articles of Association, there shall be no restriction on the transfer of fully paid up Shares (except where required by law or the rules or regulations of the SGX-ST). Our Board may decline to register a transfer of any Share which is not fully paid or on which our Company has a lien or, except in the case of a transfer to executors, administrators or trustees of the estate of a deceased member, a transfer of any Share to more than three joint holders. Our Board may also decline to recognise any instrument of transfer unless, among other things, it is duly stamped and is presented for registration together with the share certificate and such other evidence as our Board may reasonably require, and a fee of such sum (not exceeding S\$2.00 or such other maximum sum as the SGX-ST may determine to be payable) as our Board may from time to time require is paid to our Company in respect thereof.

GENERAL MEETINGS OF SHAREHOLDERS

Under the Articles of Association, our Company may in each year hold a general meeting as its annual general meeting in Singapore (or in such other place as may be prescribed or permitted by the SGX-ST). For so long as our Shares are listed on the Catalist, if required by the Catalist Rules, our Company shall hold its general meeting either (i) at a physical place in Singapore; or (ii) at a physical place in Singapore and using virtual meeting technology, or unless such requirement is waived by the SGX-ST. Our Directors may, whenever they think fit, convene an extraordinary general meeting. For so long as our Shares are listed on the Catalist, the interval between the close of our Company's financial year and the date of our Company's annual general meeting shall not exceed four months or such period as may be prescribed or permitted by the SGX-ST.

Subject to the Cayman Islands Companies Act, Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of our Company carrying the right of voting at general meetings of our Company shall at all times have the right, by written requisition to the Board or the Secretary of our Company, to require an extraordinary general meeting to be called by our Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit our Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of our Board shall be reimbursed to the requisitionist(s) by our Company.

Subject to the Cayman Islands Companies Act and any listing rules of the SGX-ST, at least 14 clear days' notice of a general meeting shall be given to each Member entitled to attend and vote thereat (excluding the day on which the notice is served or deemed to be served and the day of the meeting). A general meeting at which the passing of a special resolution is to be considered shall be called by not less than 21 clear days' notice (excluding the day on which the notice is served or deemed to be served and the day of the meeting). For so long as the Shares are listed on the Catalist, at least 14 days' notice of any general meeting shall be given by advertisement in an English daily newspaper in circulation in Singapore and in writing to the SGX-ST.

APPENDIX G – DESCRIPTION OF OUR SHARES

Under the Cayman Islands Companies Act, only persons who agree to become members of a company and whose names are entered on the register of members of such company are considered members, with rights to attend and vote at general meetings. Accordingly, Depositors holding Shares through CDP are not recognised as members of our Company, and do not under the Cayman Islands Companies Act and the Articles of Association have a right to attend and to vote at general meetings of our Company. In the event that Depositors wish to attend and vote at general meetings of our Company, CDP will have to appoint them as proxies, pursuant to the Articles of Association and the Cayman Islands Companies Act.

In accordance with Article 77(1)(b), unless CDP specifies otherwise in a written notice to our Company, CDP shall be deemed to have appointed as CDP's proxies each of the Depositors who are individuals and whose names are shown in the records of CDP, as at a time not earlier than 72 hours prior to the time of the relevant general meeting, supplied by CDP to our Company. Therefore, Depositors who are individuals can attend and vote at the general meetings of our Company without the lodgement of any proxy form. Depositors who cannot attend a meeting personally may enable their nominees to attend as CDP's proxies. Depositors who are not individuals can only be represented at a general meeting of our Company if their nominees are appointed by CDP as CDP's proxies. Proxy forms appointing nominees of Depositors as proxies of CDP would need to be executed by CDP as Member and must be deposited at the specified place and within the specified time frame to enable the nominees to attend and vote at the relevant general meeting of our Company.

VOTING RIGHTS

Subject to any special rights or restrictions as to voting for the time being attached to any Shares by or in accordance with the Articles of Association, 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) or by proxy shall have one vote, provided that: (a) in the case of a Member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Member shall be entitled to vote on a show of hands, and, in the absence of such determination, only one of the two proxies as determined by the chairman of the meeting shall be entitled to vote on a show of hands; and (b) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands; 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 our 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. If the Member is CDP or a relevant intermediary, CDP or the relevant intermediary may each appoint more than two proxies to attend and vote at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of CDP or the relevant intermediary (as the case may be) as CDP or the relevant intermediary (as the case may be) could exercise, including the right to vote individually on a show of hands or on a poll.

For so long as the Shares are listed on the Catalist, if required by the Catalist Rules, all resolutions at general meetings of our Company shall be voted by poll (unless such requirement is waived by the SGX-ST).

APPENDIX G – DESCRIPTION OF OUR SHARES

MINORITY RIGHTS

The Cayman Islands courts would ordinarily be expected to treat as persuasive English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal; (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and (c) the act complained of, although not *ultra vires*, could only be effected duly if authorised by more than a simple majority vote that has not been obtained.

LIMITATIONS ON RIGHTS TO HOLD OR VOTE SHARES

There are no limitations, either under Cayman Islands law or the Articles of Association, on the rights of owners of our Shares to hold or vote their Shares solely by reason that they are non-Caymanians.

DIVIDENDS

Subject to the Cayman Islands Companies Act, any rights and restrictions for the time being attached to any shares of our Company, or as otherwise provided for in the Articles of Association, our Company in a 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 our Board. Dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which our Directors determine is no longer needed. With the sanction of an ordinary resolution of members, 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, our Company shall be able to pay its debts as they fall due in the ordinary course of business.

Whenever our Board or our Company in a general meeting has resolved that a dividend be paid or declared, our Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe for securities of our Company or any other company, or in any one or more of such ways. Our Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of our Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by our Board for the benefit of our 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 our Company. The payment by our Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute our Company a trustee in respect thereof.

APPENDIX G – DESCRIPTION OF OUR SHARES

BONUS AND RIGHTS ISSUES

Subject to the laws of the Cayman Islands and, where applicable, the rules or regulations of the SGX-ST, our Company in general meeting may by ordinary resolution grant to our Directors a general authority, either unconditionally or subject to such conditions as may be specified in the said ordinary resolution (including, but not limited to, the aggregate number of Shares which may be issued and the duration of the general authority), to issue Shares in the capital of our Company whether by way of rights, bonus or otherwise.

Subject to the Cayman Islands Companies Act, the listing rules of the SGX-ST and the Articles of Association, our Company may, upon the recommendation of our Board, pass an ordinary resolution to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the share premium account and capital redemption reserve and the profit and loss account) and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any Shares held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of our Company, for allotment and distribution credited as fully paid up among such Members.

TAKE-OVERS AND SUBSTANTIAL SHAREHOLDERS

There are presently no Cayman Islands laws or regulations of general application which will require persons who acquire significant holdings in our Shares to make mandatory take-over offers for our Shares.

However, the Singapore Code on Take-Overs and Mergers (“**Singapore Take-over 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 defined in the SFA). Accordingly, the Singapore Take-Over Code will apply to take-over offers for our Shares for so long as our Shares are listed for quotation on the SGX-ST.

Article 174 of the Articles of Association provides that for so long as our Shares are listed on the Catalist, the provisions of Sections 138, 139 and 140 of the SFA and the Singapore Take-Over 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 our Shares.

Take-overs

Under the Singapore Take-Over Code, issued by the Authority pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares must extend a take-over offer for the remaining voting Shares in accordance with the provisions of the Singapore Take-Over Code. In addition, a mandatory take-over offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting shares acquires additional voting shares representing more than 1.0% of the voting shares in any six-month period. Under the Singapore Take-Over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
 - (i) a company;

APPENDIX G – DESCRIPTION OF OUR SHARES

- (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as 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 client 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 their company may be imminent;
 - (g) partners; and
 - (h) the following persons and entities:
 - (i) an individual;
 - (ii) the close relatives of (i);
 - (iii) the related trusts of (i);
 - (iv) any person who is accustomed to act in accordance with the instructions of (i);
 - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
 - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Under the Singapore Take-Over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert during the offer period and within the six months prior to its commencement.

APPENDIX G – DESCRIPTION OF OUR SHARES

SUBSTANTIAL SHAREHOLDERS

Under the SFA, a person has a substantial shareholding in our Company if he has an interest or interests in one or more voting Shares (excluding treasury Shares) in our Company and the total votes attached to that Share, or those Shares, is not less than 5.0% of the total votes attached to all the voting Shares (excluding treasury Shares) in our Company.

The SFA requires our Substantial Shareholders, or if they cease to be our Substantial Shareholders, to give notice to us using the forms prescribed by the Authority (which are available at <http://www.mas.gov.sg>) of particulars of the voting Shares in our Company in which they have or had an interest or interests and the nature and extent of that interest or those interests, and of any change in the percentage level of their interest or interests.

In addition, the deadline for a Substantial Shareholder to make disclosure to our Company under the SFA is two business days after he becomes aware:

- that he is or (if he had ceased to be one) had been a Substantial Shareholder;
- of any change in the percentage level in his interest; or
- that he had ceased to be a Substantial Shareholder,

there being a conclusive presumption of a person being “aware” of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

Following the above, we will announce or disseminate the information stated in the notice to the SGX-ST as soon as practicable and, in any case, no later than the end of the Singapore business day following the day on which we received the notice.

“**Percentage level**”, in relation to a Substantial Shareholder in our Company, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in our Company in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares (excluding treasury shares) in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.

The Cayman Islands Companies Act does not require disclosure of shareholder ownership beyond a certain threshold. However, Article 173(3) of the Articles of Association contains provisions to the effect that for so long as the Shares are listed on the Catalist, the provisions of Division 1 Part 7 of the SFA in respect of disclosure of interests shall apply.

LIQUIDATION

Our Shareholders are entitled to the surplus assets of our Company in the event that it is wound up.

APPENDIX G – DESCRIPTION OF OUR SHARES

INDEMNITY

The Articles of Association provide that our Board and officers shall be indemnified from and against all liability which they incur in the execution or discharge of their duties, power, authorities or discretions in their respective offices, provided that this indemnity shall not extend to any matter in respect of any fraud, wilful default, breach of fiduciary obligations or dishonesty which may attach to any of the said persons in or about the conduct of our Company's business or affairs (including as a result of any mistake or judgement). See "*Appendix F – Summary of Certain Provisions of the Cayman Islands Companies Act and the Memorandum and Articles of Association of our Company – Summary of Certain Provisions of the Cayman Islands Companies Act – Indemnification*" to this Offer Document for further details.

APPENDIX H – TAXATION

The summary below of certain taxes in Singapore, the Cayman Islands, the PRC and Taiwan, is of a general nature. It is based on laws, regulations, interpretations, rulings and decisions presently in effect and available as at the Latest Practicable Date. These laws, regulations, interpretations, rulings and decisions, however, may change at any time, and any change could be retrospective to the date of issuance of our Shares. These laws, regulations and/or rules are also subject to various interpretations and the relevant tax authorities or the courts of Singapore, the Cayman Islands, the PRC and Taiwan could later disagree with the explanations or conclusions set out.

The summary is not intended to constitute a complete analysis of the taxes mentioned. It is not intended to be and does not constitute legal or tax advice.

Prospective investors of our Shares should consult their tax advisors concerning the tax consequences of owning and disposing of our Shares. Neither our Company, our Directors nor any other persons involved in this Placement accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

SINGAPORE TAXATION

Singapore Income Tax

Corporate income tax

Corporate taxpayers (both resident and non-resident) are subject to Singapore income tax on income accrued in or derived from Singapore (i.e. Singapore-sourced) and income received in Singapore from outside Singapore (i.e. foreign-sourced income received or deemed received in Singapore) unless specifically exempt from income tax.

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-sourced 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 company 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 under the law of the territory from which such income is received;
- (b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received is at least 15.0%; and
- (c) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the specified foreign income.

APPENDIX H – TAXATION

The prevailing corporate income tax rate in Singapore is 17.0%. With effect from the year of assessment 2020, 75% of up to the first S\$10,000, and 50% of up to the next S\$190,000 of a company's chargeable income (otherwise subject to normal taxation) is exempt from corporate tax. The remaining chargeable income that exceeds S\$200,000 will be fully taxable at the prevailing corporate tax rate.

For the year of assessment 2020, corporate taxpayers were entitled to corporate income tax rebates of 25% of the corporate tax payable (which were capped at S\$15,000 for year of assessment 2020). The corporate income tax rebate did not apply to income derived by a non-resident company that is subject to final withholding tax. There were no corporate income tax rebates for the year of assessment 2021 and there are no corporate income tax rebates proposed for the year of assessment 2022.

A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore. Control and management is defined as the making of decisions on strategic matters, such as those concerning the company's policy and strategy. Generally, the location of the company's 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.

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%, after deductions of qualifying personal reliefs where 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 taxable at reduced withholding 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.

Currently, a Singapore tax resident individual is subject to tax at the progressive resident rates, ranging from 0% to 22.0%, after deductions of qualifying personal reliefs where applicable. A non-Singapore tax resident individual is taxed at the tax rate of 22.0% except that Singapore employment income is taxed at a flat rate of 15.0% or at progressive resident rates, whichever yields a higher tax.

APPENDIX H – TAXATION

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

Singapore currently does not impose tax on capital gains. However, gains arising from the disposal of our Shares which are considered gains derived from any trade, business, vocation or profession carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature. Gains derived from the sale of our Shares may also be taxable if they constitute any gains or profits of any income nature under Section 10(1)(g) of the Income Tax Act 1947 (the “**Income Tax Act**”).

Any gains from the disposal of our Shares, if regarded as capital gains, are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature in Singapore, in which case, the disposal gains would be taxable.

Section 13W of the Income Tax Act provides a safe harbour in the form of an exemption of gains or profits arising from the disposal of ordinary shares. To qualify for the tax exemption, the divesting company must be both the legal and beneficial owner of the ordinary shares which are disposed of and must have legally and beneficially held at least 20.0% of the ordinary shares in the investee company for a continuous period of at least 24 months ending on the date immediately prior to the date of disposal of such shares.

The exemption prescribed under Section 13W of the Income Tax Act is not applicable under the following scenarios:

- (a) the disposal(s) of shares the gains or profits of which are included as part of the income of an insurer company;
- (b) the disposal of shares before 1 June 2022 in a company that is:
 - (i) is in the business of trading Singapore immovable properties; or
 - (ii) principally carries on the activity of holding Singapore immovable properties, other than property development, where the shares are not listed on a stock exchange in Singapore or elsewhere;

APPENDIX H – TAXATION

- (c) the disposal of shares on or after 1 June 2022 not listed on a stock exchange in Singapore or elsewhere, being shares in a company that the Comptroller is satisfied –
 - (i) is in the business of trading immovable properties situated whether in Singapore or elsewhere;
 - (ii) principally carries on the activity of holding immovable properties situated whether in Singapore or elsewhere; or
 - (iii) has undertaken property development on Singapore or elsewhere, except where –
 - i. the immovable property developed is used by the company to carry on its trade or business (including the business of letting immovable properties), not being a business mentioned in sub-paragraph (i); and
 - ii. the company did not undertake any property development in Singapore or elsewhere for a period of at least 60 consecutive months before the disposal of shares; or
- (d) the disposal(s) of shares by a partnership, limited partnership and limited liability partnership one or more of the partners of which is a company or are companies.

Such tax exemption is applicable for disposals between 1 June 2012 and 31 December 2027 (both dates inclusive).

Shareholders who have adopted or are required to adopt Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement (“**FRS 39**”) or Singapore Financial Reporting Standard 109 – Financial Instruments (“**FRS 109**”) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on our Shares, irrespective of disposal, in accordance with FRS 39 or FRS 109.

Shareholders are advised to consult their tax advisers on the Singapore tax consequences on their subscription, purchase, holding and disposal of our Shares.

Bonus Shares

Any bonus shares received by our Shareholders are not taxable in Singapore.

Stamp Duty

There is no stamp duty payable on the subscription, allotment or holding of our Shares.

Stamp duty is payable on the executed instrument of transfer for the transfer of our Shares at 0.2% on the consideration for, or market value of our 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.

APPENDIX H – TAXATION

In the case of scripless shares which are book-entry securities defined under Section 81SF of the SFA, where the transfer of which does not require instruments of transfer to be executed, stamp duty which is ordinarily payable on the contract or agreement entered into for the transfer is remitted.

Pursuant to recent amendments to the Stamp Duties Act 1929, 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.

Goods and Services Tax

The sale of our 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 our 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 will be subject to GST at the standard rate (currently at 8.0%). The GST rate will increase to 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 the purchase and sale of our Shares.

Estate Duty

Singapore estate duty has been abolished with effect from 15 February 2008.

CAYMAN ISLANDS TAXATION

Our Company is incorporated as an exempted company in the Cayman Islands. Dividends remitted to Shareholders resident outside the Cayman Islands will not be subject to Cayman Islands withholding tax. There are no reciprocal tax treaties between the Cayman Islands and Singapore. See "*Appendix F – Summary of Certain Provisions of the Cayman Islands Companies Act and the Memorandum and Articles of Association of our Company – Taxation*" to this Offer Document for further details.

APPENDIX H – TAXATION

PRC TAXATION

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC, which was last amended on 31 August 2018 and the Regulations on Implementation of the Individual Income Tax Law of the PRC, which was last amended on 18 December 2018 (collectively, the “**IIT Law**”), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty. According to the Circular of MOF and the STA on Issues Concerning Individual Income Tax Policies promulgated on 13 May 1994, the income received by individual foreigners from dividends and bonuses of a FIE is exempt from individual income tax for the time being.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC, which was last amended and came into effect on 29 December 2018, and the implementation provisions for the EIT Law, the rate of enterprise income tax shall be 25%. A non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, if such non-resident enterprise does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but the PRC-sourced income has no actual connection with such establishment or premise in the PRC. The aforesaid income tax may be reduced pursuant to applicable treaties to avoid double taxation. Such withholding tax for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC are entitled to a reduction of the Chinese enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant tax treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

VAT and Local Additional Tax

Pursuant to the Notice on the Full Implementation of Pilot Programme for Transition from Business Tax to VAT (“**Circular 36**”), effective from 1 May 2016 and as amended on 11 July 2017, 25 December 2017 and 20 March 2019 respectively, entities and individuals engaged in sales of services within the PRC are subject to VAT and “sales of services within the PRC” refers to the situation where either the seller or the buyer of a taxable service is located within the PRC.

APPENDIX H – TAXATION

Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer.

At the same time, VAT taxpayers are also subject to urban maintenance and construction tax, education surcharge and local education surcharge.

Income Tax

Individual Investors

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to the individual income tax at a rate of 20%. Pursuant to the Circular of the MOF and the STA on Declaring that Individual Income Tax Continues to be Exempted over Individual Income from Transfer of Shares issued by the MOF and the STA on 30 March 1998, from 1 January 1997, income of individuals from the transfer of shares of listed enterprises continues to be exempted from individual income tax. In the latest IIT Law, the STA has not explicitly stated whether it will continue to exempt individuals from income tax on income derived from the transfer of listed shares.

However, on 31 December 2009, the MOF, STA and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation, effective on 31 December 2009, which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation. As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individuals on gains from the sale shares.

Enterprise Investors

In accordance with the EIT Law, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but the PRC-sourced income has no actual connection with such establishment or premise. Such income tax for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. The withholding tax may be reduced or exempted pursuant to applicable treaties or agreements on avoidance of double taxation.

APPENDIX H – TAXATION

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC which was promulgated on 10 June 2021, and the Detailed Rules for Implementation of Provisional Regulations of the PRC on Stamp Duty effective on 1 October 1988, PRC stamp duty only applies to entities and individuals that issue taxable vouchers and conduct securities transactions within the PRC, and entities and individuals that issue taxable vouchers for domestic use outside the PRC, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this Offer Document, no estate duty has been levied in the PRC under the PRC laws.

Enterprise income tax on indirect transfer of non-resident enterprises

On 10 December 2009, the STA issued the Circular of the State Administration of Taxation on Strengthening Administration of Corporate Income Tax on Income from Transfer of Equity by Non-resident Enterprises (Guoshuihan [2009] No. 698 《国家税务总局关于加强非居民企业股权转让所得企业所得税管理的通知》 (“**Circular 698**”). By promulgating and implementing Circular 698, the PRC tax authorities have enhanced their scrutiny over the indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise. The STA further issued the STA Circular 7 on 3 February 2015, to supersede existing provisions in relation to indirect transfers as set forth in Circular 698. The STA Circular 7 introduced a new tax regime that is significantly different from that under Circular 698. The STA Circular 7 extends the tax jurisdiction of the PRC taxation authorities to capture not only indirect transfers as set forth under Circular 698 but also transactions involving a transfer of immovable property in the PRC and assets held under the establishment and place, in the PRC of a foreign company through the offshore transfer of a foreign intermediate holding company. The STA Circular 7 also provides clearer criteria than Circular 698 on the assessment of what constitutes reasonable commercial purposes for a transfer and introduces safe harbour scenarios applicable to internal group restructurings. Where a non-resident enterprise indirectly transfers equity interests or other assets of a PRC resident enterprise by implementing arrangements that are not for reasonable commercial purposes to avoid its obligation to pay enterprise income tax, such an indirect transfer shall, in accordance with the EIT Law, be recognised by the competent PRC tax authorities as a direct transfer of equity interests or other assets by the PRC resident enterprise.

According to the STA Circular 7, where a non-resident enterprise indirectly transfers equities and other assets of a PRC resident enterprise to avoid the payment obligation under the EIT Law, by making an arrangement with no reasonable business purpose, such indirect transfer shall be deemed as a direct transfer in accordance with the provisions of the EIT Law. Where the income from the indirect transfer of real estate or equities shall be paid in accordance with the EIT Law and STA Circular 7, the entity or individual that directly assumes the obligation to make relevant payments to the transferor according to the provisions of the relevant laws or as agreed upon in the contract shall be the withholding agent. If the equity transferor fails to declare and pay the full amount of tax payable of indirectly transferred taxable property income in the PRC in a timely manner, and the withholding agent fails to withhold such tax, in addition to recovering the tax payable, the equity transferor shall be charged with interest thereon on a daily basis, according to the provisions of the Regulations on the Implementation of the EIT Law 《企业所得税法实施条例》.

APPENDIX H – TAXATION

TAIWANESE TAXATION

Dividends Distribution

According to the Taiwanese Income Tax Act and relevant regulations and rules, dividends declared by a Taiwanese company out of its retained earnings and distributed to a non-resident of Taiwan are subject to Taiwan withholding tax, which is currently levied at the rate of 21% on the amount of the distribution, unless a lower withholding rate is specified under an applicable income tax treaty between Taiwan and the jurisdiction where the foreign shareholder of the Taiwanese company resides. Further, for a Taiwanese company, a 10% undistributed earnings tax was imposed on a Taiwanese company for its after-tax earnings generated after 1 January 1998 which were not distributed in the following year. Such undistributed earnings tax was reduced to 5% on 1 January 2018. The undistributed earnings tax so paid will further reduce the retained earnings available for future distribution.

Tax Treaties

Currently, Taiwan does not have an income tax treaty with the Cayman Islands, where our Company resides. On the other hand, Taiwan has income tax treaties with Singapore, Indonesia, South Africa, Australia, New Zealand, Vietnam, Gambia, Eswatini, Malaysia, North Macedonia, the Netherlands, the United Kingdom, Senegal, Sweden, Belgium, Denmark, Israel, Paraguay, Hungary, France, India, Slovakia, Switzerland, Germany, Thailand, Kiribati, Luxembourg, Austria, Italy, Japan, Canada, Poland, Czech Republic and Saudi Arabia, which limit the rate of withholding tax on dividends paid by Taiwanese companies to residents of these jurisdictions.

Given the above, our Company, being the sole shareholder of Taiwan Winking, will therefore be subject to the default withholding tax rate of 21% when it receives dividends from Taiwan Winking.

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APPENDIX I – COMPARISON OF CAYMAN ISLANDS AND SINGAPORE CORPORATE LAW

The following table sets forth a summary of certain differences between the provisions of the laws of the Cayman Islands applicable to our Company (namely, the Cayman Islands Companies Act) and the laws applicable to Singapore-incorporated companies (namely, the Singapore Companies Act) and their shareholders. The summaries below are not to be regarded as advice on Cayman Islands corporate law or the differences between it and the laws of any jurisdiction, including, without limitation, the Singapore Companies Act. The summaries below do not purport to be a comprehensive description of all of the rights and privileges of shareholders conferred by the Cayman Islands Companies Act as compared to the Singapore Companies Act that may be relevant to prospective investors. In addition, prospective investors should also note that the laws applicable to Singapore-incorporated companies and Cayman Islands exempted companies may change, whether as a result of proposed legislative reforms to the Singapore Companies Act or the Cayman Islands Companies Act, as the case may be, or otherwise. In addition, the summaries below do not describe the regulations and requirements prescribed by the Catalist Rules.

Our Company is incorporated in the Cayman Islands and is therefore subject to the Cayman Islands Companies Act. Our Company's corporate affairs are governed by our Memorandum and Articles of Association and the provisions of applicable Cayman Islands laws, including Cayman Islands common law.

CAYMAN ISLANDS CORPORATE LAW	SINGAPORE CORPORATE LAW
Power Of Directors to Allot and Issue Shares	
<p>The power to allot and issue shares in a company normally lies with the directors of the company subject to any restrictions in the memorandum and articles of association of the company. The Cayman Islands Companies Act has no statutory provisions requiring shareholders' approval for an issue of shares by a company. There is also no requirement for the filing of returns of share issuances with the Registrar of Companies of the Cayman Islands.</p>	<p>Notwithstanding anything to the contrary in the constitution of a company, prior approval of the company at a general meeting is required to authorise the directors to exercise any power of the company to issue shares, otherwise the share issue is void under the Singapore Companies Act. Such approval may be confined to a particular exercise of that power or may apply to the exercise of that power generally and, once given, will only continue in force until the conclusion of the annual general meeting commencing next after the date on which the approval was given or the expiration of the period within which the next annual general meeting after that date is required by law to be held, whichever is the earlier, provided that such approval has not been previously revoked or varied by the company in a general meeting.</p>

APPENDIX I – COMPARISON OF CAYMAN ISLANDS AND SINGAPORE CORPORATE LAW

Power of Directors to Dispose of the Issuer's or any of its Subsidiaries' Assets	
<p>The management of a Cayman Islands exempted company is the responsibility of and is carried on by its board of directors who must act in accordance with their fiduciary duties under Cayman Islands law. Except as may be expressly provided in the company's articles of association, the shareholders can exercise control over the management of the company through their power to appoint and remove its directors. The Cayman Islands Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties, must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.</p>	<p>The Singapore Companies Act provides that the business of a company is to be managed by or under the direction or supervision of the directors. The directors may exercise all the powers of a company except any power that the Singapore Companies Act or the constitution of the company require the company to exercise in general meeting. Under the Singapore Companies Act, approval of the company at a general meeting is required before the directors can carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property notwithstanding anything in the company's constitution.</p>
Giving of Financial Assistance to Purchase the Issuer's or its Holding Company's Shares	
<p>There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a Cayman Islands exempted company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a Cayman Islands exempted company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's length basis.</p>	<p>Generally, a public company or a company whose holding company or ultimate holding company is a public company is prohibited from giving any financial assistance to any person directly or indirectly for the purpose of, or in connection with, the acquisition or proposed acquisition of that company's shares or shares in its holding company or ultimate holding company.</p> <p>Financial assistance includes the making of a loan, the giving of a guarantee, the provision of security, the release of an obligation or the release of a debt or otherwise.</p>

APPENDIX I – COMPARISON OF CAYMAN ISLANDS AND SINGAPORE CORPORATE LAW

Certain transactions are specifically provided by the Singapore Companies Act as transactions not to be prohibited. These include, among others: (i) a distribution of a company's assets by way of dividends lawfully made; (ii) a distribution in the course of a company's winding up; (iii) a payment made by a company pursuant to a reduction of capital in accordance with the Singapore Companies Act; (iv) the discharge by a company of a liability of the company that was incurred in good faith as a result of a transaction entered into on ordinary commercial terms; (v) the giving by a company in good faith and in the ordinary course of commercial dealing of any representation, warranty or indemnity in relation to an offer to the public of, or an invitation to the public to subscribe for or purchase shares in the company; and (vi) the entering into by the company, in good faith and in the ordinary course of commercial dealing, of an agreement with a subscriber for shares in the company permitting the subscriber to make payments for the shares by instalments.

The Singapore Companies Act further provides that a company can give financial assistance in certain circumstances, including but not limited to: (a) where the amount of financial assistance, together with any other financial assistance given by the company under this exception repayment of which remains outstanding, does not exceed 10.0% of the aggregate of the total paid-up capital and reserves of the company as disclosed in the most recent financial statements of the company that comply with the requirements of the Singapore Companies Act and the company receives fair value in connection with the financial assistance; (b) where the financial assistance does not materially prejudice the interests of the company, its shareholders or the company's ability to pay its creditors; and (c) where the company, by special resolution, resolves to give financial assistance for the purpose of, or in connection with, that acquisition, provided that certain conditions and procedures under the Singapore Companies Act are also complied with, including without limitation, where the company is a subsidiary of a listed corporation or is a subsidiary whose ultimate holding company is incorporated in Singapore, the listed corporation or the ultimate holding company, as the case may be, is also required to pass a special resolution to approve the giving of the financial assistance.

APPENDIX I – COMPARISON OF CAYMAN ISLANDS AND SINGAPORE CORPORATE LAW

Transactions with Interested Persons	
<p>There is no express provision in the Cayman Islands Companies Act regulating transactions with interested persons.</p>	<p>The Singapore Companies Act does not impose compliance requirements relating to transactions with interested persons. The compliance requirements imposed on a company listed on the Catalist under Chapter 9 of the Catalist Rules, insofar as transactions with interested persons are concerned, apply to that company regardless of whether such company is incorporated in Singapore or elsewhere.</p>
Loans to Directors	
<p>There is no express provision in the Cayman Islands Companies Act prohibiting the making of loans by a Cayman Islands exempted company to any of its directors.</p>	<p>A company (other than an exempt private company) is prohibited from, among others, (a) making a loan or quasi-loan to a director of the company or a director of a related company (a “relevant director”) (and to the spouse or natural, step or adopted children of any such director); (b) entering into any guarantee or providing any security in connection with a loan or quasi-loan to a relevant director; (c) entering into a credit transaction as creditor for the benefit of a relevant director; and (d) entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of a relevant director (the “restricted transactions”), except in the following circumstances, where a transaction which would otherwise be a restricted transaction is:</p> <ul style="list-style-type: none"> • (subject to, among others, the approval of the company in a general meeting) made to or for the benefit of a relevant director to meet expenditure incurred or to be incurred for the purposes of the company or for the purpose of enabling him to properly perform his duties as an officer of the company;

APPENDIX I – COMPARISON OF CAYMAN ISLANDS AND SINGAPORE CORPORATE LAW

- (subject to, among others, the approval of the company in a general meeting) made to or for the benefit of a relevant director who is engaged in full-time employment of the company or a related company, as the case may be, for the purpose of purchasing or otherwise acquiring a home occupied or to be occupied by that director; however, not more than one such restricted transaction may be outstanding from the director at any one time;
- made to or for the benefit of a relevant director who is engaged in full-time employment of the company or a related company as the case may be, where the company has at a general meeting approved of a scheme for the making of such transaction to or for the benefit of employees of the company, provided that the restricted transaction is in accordance with that scheme; and
- made to or for the benefit of a relevant director in the ordinary course of business by a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans, quasi-loans or credit transactions made or entered into by other persons if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the Authority.

For these purposes, a related company of a company means its holding company, its subsidiary and a subsidiary of its holding company.

A quasi-loan means a transaction under which one party (the “**creditor**”) agrees to pay, or pays otherwise than in pursuance of an agreement, a sum for another (the “**borrower**”) or agrees to reimburse, or reimburses otherwise than in pursuance of an agreement, expenditure incurred by another party for the borrower: (i) on terms that the borrower (or a person on his behalf) will reimburse the creditor; or (ii) in circumstances giving rise to a liability on the borrower to reimburse the creditor.

**APPENDIX I – COMPARISON OF CAYMAN ISLANDS AND
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A credit transaction means a transaction under which one party (the “**creditor**”): (i) supplies any goods or disposes of any immovable property under a hire-purchase agreement or a conditional sale agreement; (ii) leases or hires any immovable property or goods in return for periodic payments; or (iii) otherwise disposes of immovable property or supplies goods or services on the understanding that payment (whether in a lump sum or instalments or by way of periodic payments or otherwise) is to be deferred.

A company (the “**first mentioned company**”) (other than an exempt private company) is also prohibited from, among others, (a) making a loan or quasi-loan to persons connected with directors of the first mentioned company; (b) entering into any guarantee or providing any security in connection with a loan or quasi-loan made to persons connected with directors of the first mentioned company by a person other than the first mentioned company; (c) entering into a credit transaction as creditor for the benefit of persons connected with directors of the first mentioned company; and (d) entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of persons connected with directors of the first mentioned company. Persons connected to the first mentioned company include companies, limited liability partnerships or variable capital companies (as the case may be) in which the director(s) of the first mentioned company (and the spouse, natural step and adopted children of such director(s)), individually or collectively, have an interest in 20.0% or more of the total voting rights (as determined in accordance with the Singapore Companies Act) unless there is prior approval by the company in general meeting for the making of, provision for or entering into the loan, quasi-loan, credit transaction, guarantee or security (as the case may be) at which the interested director(s) and his or their family members abstained from voting. This prohibition does not apply to:

- anything done by a company where the other company (whether incorporated in Singapore or otherwise) or variable capital company is its subsidiary, holding company or a subsidiary of its holding company; or

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	<ul style="list-style-type: none"> a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, to anything done by the company in the ordinary course of that business if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the Authority.
Transactions Affecting Share Capital	
<p>The Cayman Islands Companies Act contains provisions relating to the reduction of share capital, and the redemption and repurchase of shares.</p>	<p>The Singapore Companies Act contains provisions relating to share capital reductions, permitted share buy-backs and redeemable preference shares.</p>
Mergers and Similar Arrangements	
<p>The Cayman Islands Companies Act contains statutory provisions which facilitate reconstructions and arrangements approved by (a) 75.0% in value of shareholders (or class of shareholders) or (b) a majority in number representing 75.0% in value of creditors (or class of creditors), as the case may be, as are present and voting either in person or by proxy at a meeting called for such purpose and thereafter sanctioned by the court. Whilst a dissenting shareholder would have the right to express to the court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of the management.</p>	<p>The Singapore Companies Act provides that the Singapore Courts have the authority, in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies, and where under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (the “transferor company”) is to be transferred to another company (the “transferee company”), to order the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of the transferor company. Such power only exists in relation to any corporation liable to be wound up under the Insolvency, Restructuring and Dissolution Act 2018 of Singapore.</p>

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<p>In addition, the Cayman Islands Companies Act provides a mechanism for mergers and consolidations between Cayman Islands companies as well as between Cayman Islands companies and foreign companies without the need for a court order. A written plan of merger or consolidation has to be authorised by each constituent company by way of a special resolution of the members of each such constituent company and such other authorisation, if any, as may be specified in such constituent company’s articles of association.</p> <p>The Cayman Islands Companies Act provides that a shareholder of a constituent company incorporated under the Cayman Islands Companies Act shall be entitled to payment of the fair value of that person’s shares upon dissenting from a merger or consolidation.</p>	<p>The Singapore Companies Act further provides for a voluntary amalgamation process without the need for a court order. Under this voluntary amalgamation process, two or more Singapore-incorporated companies may amalgamate and continue as one company, which may be one of the amalgamating companies or a new company, in accordance with the procedures set out in the Singapore Companies Act. As part of these procedures, the board of directors of each of the amalgamating companies must make a solvency statement in relation to both the amalgamating company and the amalgamated company.</p> <p>The Singapore Companies Act also provides for a more simplified form of amalgamation procedure for (a) the amalgamation of a Singapore-incorporated company with one or more of its wholly owned subsidiaries; and (b) two or more wholly owned Singapore-incorporated subsidiary companies of the same corporation.</p> <p>The Singapore Companies Act does not provide for appraisal rights to the shareholders of a company in connection with a merger.</p>
Remuneration	
<p>There is no provision in the Cayman Islands Companies Act regulating remuneration for directors.</p>	<p>The Singapore Companies Act provides that a company shall not at any meeting or otherwise provide emoluments or improve emoluments for a director in respect of his office as such unless the provision has been approved by a resolution that is not related to other matters, and any resolution passed in breach of this provision is void. For this purpose, the term “emoluments” in relation to a director includes fees and percentages, any sums paid by way of expenses allowance in so far as those sums are charged to income tax in Singapore, any contribution paid in respect of a director under any pension scheme, and any benefits received by him otherwise than in cash in respect of his services as a director.</p>

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Disclosure of Interest in Contracts with the Company

There is no provision under the Cayman Islands Companies Act relating to directors in a position of conflict of interest. The common law principle under Cayman Islands law that a director must not put himself in a position of conflict between his personal interest and his duty to the company will apply to the Directors of the company. This obligation, however, is often varied by the company's memorandum and articles of association, for example, by permitting such director to vote on a matter in which such director has an interest, provided that the director has disclosed the nature of this interest to the board at the earliest opportunity. Directors should also be mindful to act in accordance with their fiduciary duties.

The Singapore Companies Act provides that, where a director or chief executive officer of a company is in any way, whether directly or indirectly, interested in a transaction or proposed transaction with that company, such a director or chief executive officer must, as soon as practicable after the relevant facts have come to his knowledge, (a) declare the nature of his interest at a meeting of the directors of the company; or (b) send a written notice to the company containing details on the nature, character and extent of his interest in the transaction or proposed transaction with the company. The Singapore Companies Act also provides that every director and chief executive officer of a company who holds any office or possesses any property whereby whether directly or indirectly, any duty or interest might be created in conflict with their duties or interests as director or chief executive officer shall (i) declare at a meeting of the directors of the company the fact and the nature, character and extent of the conflict; or (ii) send a written notice to the company setting out the fact and the nature, character and extent of the conflict. For these purposes, an interest of a member of a director's or chief executive officer's family (this includes his or her spouse, natural, step or adopted children) is treated as an interest of that director or chief executive officer.

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Appointment, Qualification, Retirement, Resignation and Removal of Directors	
<i>(a) Number, Qualification and Appointment of Directors</i>	
<p>There must be at least one director of a Cayman Islands exempted company. There is no requirement that any of the directors be ordinarily resident in the Cayman Islands.</p> <p>The initial director(s) is (are) appointed by the subscriber(s) to the memorandum of association. Thereafter, the addition and/or removal of directors will normally be effected in accordance with the provisions of the company's articles of association.</p> <p>The names and addresses of the directors and officers of a company must be entered in a register of directors and officers and kept at the registered office of the company. A copy of the register and notice of any amendments must be filed with the Registrar of Companies in the Cayman Islands. A list of the names of the then current directors of a Cayman Islands exempted company can be inspected at the offices of the Cayman Islands Registrar of Companies, but the register of directors and officers is not a public document.</p> <p>The Cayman Islands Companies Act does not contain provisions on the retirement age of directors.</p>	<p>Under the Singapore Companies Act, every company must have at least one director who is ordinarily resident in Singapore. Where the company has only one member, that sole director may also be the sole member of the company.</p> <p>No person other than a natural person who has attained the age of 18 and who is otherwise of full legal capacity shall be a director of a company.</p> <p>Every director, who is by the constitution of the company required to hold a specified share qualification and who is not already qualified, must obtain his qualification within two months after his appointment or such shorter period as is fixed by the constitution.</p> <p>In the case of a public company, the appointment of directors at a general meeting must generally be voted on individually. A motion for the appointment of two or more persons as directors by a single resolution shall not be made unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. A resolution passed in pursuance of a motion made in contravention of this shall be void, whether or not it being so moved was objected to at the time.</p> <p>The Singapore Companies Act does not contain provisions on the age limit of directors.</p>
<i>(b) Disqualification of Directors</i>	
<p>The Cayman Islands Companies Act does not contain provisions on disqualification of directors. The circumstances under which a person is disqualified from acting as a director will be as provided in the company's articles of association.</p>	<p>Under the Singapore Companies Act, a person may not act as a director of, or directly or indirectly take part in or be concerned in the management of any corporation if he is an undischarged bankrupt unless he has the leave of the Singapore Courts or the written permission of the Official Assignee appointed under the Insolvency, Restructuring and Dissolution Act 2018 to do so.</p>

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A person may be disqualified from acting as a director of a company by the Singapore Courts for a period not exceeding five years if: (a) he is or has been a director of a company which has at any time gone into liquidation (whether while he was a director or within three years of his ceasing to be a director) and was insolvent at that time; and (b) his conduct as director of that company either taken alone or taken together with his conduct as a director of any other company or companies makes him unfit to be a director of or in any way, whether directly or indirectly, be concerned in, or take part in, the management of a company.

A person may, subject to certain exceptions, also be disqualified from acting as a director by the Singapore Courts for a period of three years from the date of the making of the winding up order if he is a director of a company which is ordered to be wound up by the Singapore Courts on the ground that it is being used for purposes against national security or interest.

He could also be disqualified on other grounds, such as conviction of any offence (whether in Singapore or elsewhere) involving fraud or dishonesty which is punishable with imprisonment for three months or more, or any offence under Part 12 of the SFA or where he is subject to the imposition of a civil penalty under Section 232 of the SFA. The Singapore Courts may also make a disqualification order against (i) a person who is convicted in Singapore of any offence in connection with the formation or management of a corporation; (ii) a person who has made improper use of his or her position as an officer of the company to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the company; (iii) where the person is found in default of keeping proper books of account of the company since two years from the commencement of the investigation, or from the period between the incorporation of the company and the commencement of the investigation, whichever is shorter; and (iv) where the person is found personally responsible for wrongful trading of the company.

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	<p>A director may also be disqualified because of persistent default in relation to delivery of documents to the Registrar of Companies.</p> <p>A person could be the subject of a debarment order made against him by the Registrar of Companies, if the Registrar of Companies is satisfied that a company of which he is a director at the time the order is made is in default of any requirement of the Singapore Companies Act. A person who has a debarment order made against him may not act as director of any company (except in respect of a company of which he was a director immediately before the order was made), and the debarment order applies from the date the order is made and continues in force until the Registrar of Companies cancels or suspends the order.</p>
<p><i>(c) Resignation of Directors</i></p>	
<p>The Cayman Islands Companies Act does not contain provisions on the resignation of directors.</p>	<p>Under the Singapore Companies Act, a director of a company cannot resign or vacate his office unless there is remaining in the company at least one director who is ordinarily resident in Singapore, and any purported resignation or vacation of office in breach of this provision is deemed to be invalid.</p> <p>Subject to the provisions of the Singapore Companies Act, unless the constitution of the company otherwise provides, a director's resignation is effective by giving written notice to the company, and his resignation is not conditional upon the company's acceptance of such resignation.</p>

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<i>(d) Removal of Directors</i>	
<p>The Cayman Islands Companies Act does not contain provisions on the removal of directors. The removal of directors will normally be effected in accordance with the provisions of the company's articles of association.</p>	<p>A director of a public company may be removed before the expiration of his period of office by an ordinary resolution (which requires special notice of not less than 28 days before the meeting to be given in accordance with the provisions of the Singapore Companies Act) of the shareholders, notwithstanding anything in the constitution of that company or in any agreement between that company and the director, but where any director so removed was appointed to represent the interests of any particular class of shareholders or debenture holders, the resolution to remove him shall not take effect until his successor has been appointed.</p> <p>Subject to the provisions of the Singapore Companies Act, the constitution of a company may prescribe the manner in which a director may be removed from office before the expiration of his term of office.</p>
Alteration Of Governing Documents	
<i>(a) Alteration of Constitution, Memorandum of Association or Articles of Association</i>	
<p>The Cayman Islands Companies Act provides that a Cayman Islands exempted company may, by special resolution of its shareholders, alter its memorandum of association with respect to any of the objects, powers or other matters specified therein. The amended memorandum of association and a copy of the special resolution must be filed with the Registrar of Companies in the Cayman Islands.</p>	<p>Unless otherwise provided in the Singapore Companies Act, a company's constitution may be altered by way of special resolution, except that any entrenching provision in the constitution and any provision contained in the constitution before 1 April 2004 which could not be altered before that date may be removed or altered only if all members of the company agree.</p> <p>For these purposes, the term "entrenching provision" means a provision of the constitution of a company to the effect that other specified provisions of the constitution: (a) may not be altered in the manner provided by the Singapore Companies Act; or (b) may not be so altered except by a resolution passed by a specified majority greater than 75.0%, or where other specified conditions are met.</p>

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	<p>Unless otherwise provided in the Singapore Companies Act, any alteration to the constitution of the company takes effect on and from the date of the special resolution approving such alteration or such later date as is specified in the resolution.</p> <p>Subject to Section 33 of the Singapore Companies Act, a company may by special resolution alter the provisions of its constitution with respect to the objects of the company, if any. Where a company proposes to alter its constitution, with respect to the objects of the company, it shall give 21 days' written notice by post or by electronic communications in accordance with the provisions of Singapore Companies Act, specifying the intention to propose the resolution as a special resolution and to submit it for passing at a meeting of the company to be held on a day specified in the notice.</p> <p>Notwithstanding any other provision of the Singapore Companies Act, a copy of the resolution altering the objects of a company shall not be lodged with the Registrar, before the expiration of 21 days after the passing of the resolution, and a copy of the resolution shall be lodged with the Registrar within 14 days thereafter, on compliance with which the alteration, if any, of the objects shall take effect.</p>
<p><i>(b) Alteration of articles of association</i></p>	
<p>The Cayman Islands Companies Act provides that a Cayman Islands exempted company may, by special resolution of its shareholders, but subject otherwise to the memorandum of association of the company, alter or add to its articles of association. On an amendment of the articles of association, the amended version of the articles of association must be registered with the Registrar of Companies in the Cayman Islands. A copy of the special resolution must be filed with the Registrar.</p>	<p>A company may by special resolution of its shareholders, but subject otherwise to the constitution of the company, alter or add to its constitution. On an amendment of the constitution, the amended version of the constitution must be registered with the Registrar. A copy of the special resolution must be filed with the Registrar.</p>

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Variation of Rights Attached to Shares	
<p>The Cayman Islands Companies Act does not contain provisions determining the action necessary to change the rights of holders of shares. The variation of the rights attached to any class of shares is usually dealt with generally in the articles of association of a company.</p>	<p>Under the Singapore Companies Act, if a provision is made in the constitution of a company for authorising the variation or abrogation of the rights attached to any class of shares in the company and in pursuance of that provision such rights are at any time varied or abrogated, subject to the consent of any specified proportion of the holders of that class of shares or the sanction of a resolution passed at a separate meeting of the holders of that class of shares, the holders of not less than an aggregate of 5.0% of the total number of the issued shares of that class may apply to the Singapore Courts to have the variation or abrogation cancelled in accordance with the Singapore Companies Act.</p> <p>The Singapore Courts may, if satisfied, having regard to all the circumstances of the case, that the variation or abrogation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation or abrogation, and shall, if not so satisfied, confirm it and this decision shall be final.</p>
Shareholders' Proposals	
<p>The Cayman Islands Companies Act provides that, in the absence of any provision in the articles of association as to the persons to summon general meetings, three members shall be competent to summon the same.</p>	<p>Under the Singapore Companies Act, (a) any number of members representing not less than 5.0% of the total voting rights of all the members having at the date of requisition a right to vote at a meeting to which the requisition relates; or (b) not less than 100 members holding shares on which there has been paid up an average sum, per member, of not less than S\$500, may requisition the company to give to members notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting, and circulate to members any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.</p>

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Notwithstanding anything in its constitution, the directors of a company shall, on the requisition of members holding at the date of the deposit of the requisition not less than 10.0% of the total number of paid-up shares (excluding treasury Shares) as at the date of the deposit carries the right of voting at general meetings or, in the case of a company not having a share capital, of members representing not less than 10.0% of the total voting rights of all members having at that date a right to vote at general meetings, immediately proceed duly to convene an extraordinary general meeting of the company to be held as soon as practicable but in any case not later than two months after the receipt by the company of the requisition.

If the directors do not within 21 days after the date of the deposit of the requisition proceed to convene a meeting, the requisitionists, or any of them representing more than 50.0% of the total voting rights of all of them, may themselves, in the same manner as nearly as possible as that in which meetings are to be convened by directors convene a meeting, but any meeting so convened shall not be held after the expiration of three months from that date.

Under the Singapore Companies Act, two or more members holding not less than 10.0% of the total number of issued shares of the company (excluding treasury shares) or, if the company has not a share capital, not less than 5.0% in number of the members of the company or such lesser number as is provided by the constitution may call a meeting of the company.

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	<p>A meeting of a company or of a class of members, other than a meeting for the passing of a special resolution, shall be called by notice in writing of not less than 14 days or such longer period as is provided in the constitution.</p> <p>Shorter notice can be given if, (i) in the case of an annual general meeting, all the members entitled to attend and vote thereat so agree; or (ii) in the case of any other meeting, a majority in number of the members having a right to attend and vote thereat, being a majority which together holds not less than 95.0% of the total voting rights of all the members having a right to vote at that meeting so agree.</p>
Shareholders' Action by Written Consent	
<p>Certain matters are required by the Cayman Islands Companies Act to be decided by special resolution. Where so authorised by the articles of association of a company, special resolutions may be approved in writing by all of the members entitled to vote at a general meeting of the company in one or more instruments each signed by one or more of the members.</p>	<p>Notwithstanding any other provision of the Singapore Companies Act, a private company or an unlisted public company may pass any resolution by written means (save for any resolution to dispense with the holding of annual general meetings or any resolution for which special notice is required) in accordance with the provisions of the Singapore Companies Act.</p> <p>A resolution of a private company or an unlisted public company may only be passed by written means if (i) agreement to the resolution was first sought by the directors of the company; or (ii) a requisition for that resolution was first given and the documents in respect of the resolution were served on members of the company, in accordance with the Singapore Companies Act. Further, the constitution of the company must not prohibit the passing of resolutions by written means, and all conditions in the company's constitution must be met.</p> <p>There is no corresponding provision in the Singapore Companies Act which applies to a public listed company, whether listed in Singapore or elsewhere.</p>

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Shareholders' Suits and Protection of Minority Shareholders

The Cayman Islands courts would ordinarily be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal; (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and (c) the act complained of, although not *ultra vires*, could only be effected duly if authorised by more than a simple majority vote that has not been obtained.

In the case of a company (not being a bank) having a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint one or more inspectors to examine into the affairs of the company and to report thereon in such manner as the court shall direct. The inspectors shall on the completion of their investigation report to the court. Such report is not, unless the court so directs, open to public inspection. A company also may, by special resolution, appoint inspectors for the purpose of examining into the affairs of the company. Inspectors so appointed will have the same powers and perform the same duties as inspectors appointed by the court, except that instead of making their report to the court they will report in such manner and to such persons as the company by resolution of its members directs.

A shareholder of a company who has held shares in a company for at least six months may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

A member or a holder of a debenture of a company may apply to the Singapore Courts for an order under Section 216 of the Singapore Companies Act to remedy situations where:

- a company's affairs are being conducted or the powers of the company's directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the members, shareholders or holders of debentures of the company, including the applicant; or
- a company has done an act, or threatens to do an act, or the members or holders of debentures have passed some resolution, or propose to pass some resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the company's members or holders of debentures, including the applicant.

Singapore Courts have wide discretion as to the relief they may grant under such application, including, among others: (i) directing or prohibiting any act or cancelling or varying any transaction or resolution; (ii) providing that the company be wound up; or (iii) authorising civil proceedings to be brought in the name of or on behalf of the company by such person or persons and on such terms as the court directs.

In addition, a member of a company who is seeking relief for damage done to the company may bring a common law derivative action in certain circumstances against the persons who have done wrong to the company.

Further, Section 216A of the Singapore Companies Act prescribes a procedure to bring a statutory derivative action or arbitration in the name and on behalf of a Singapore-incorporated company or intervene in an action or arbitration to which the company is a party for the purposes of prosecuting, defending or discontinuing the action or arbitration on behalf of the company. The statutory procedure is available to a member of a company and any other person who, in the discretion of the court, is a proper person to make an application under Section 216A of the Singapore Companies Act or the Minister of Finance of Singapore, in the case of a declared company under Part 9 of the Singapore Companies Act.

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Winding Up	
<p>A company may be wound up: (a) compulsorily by an order of the court; (b) voluntarily by, among others, a special resolution of its members; or (c) under the supervision of the court. The court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the court, or where the company is unable to pay its debts, or where it is, in the opinion of the court, just and equitable to do so.</p>	<p>The winding up of a company may be done in the following ways under the Insolvency, Restructuring and Dissolution Act: (a) members' voluntary winding up; (b) creditors' voluntary winding up; (c) court compulsory winding up; and, under the Companies Act, an order made pursuant to Section 216(2)(f) of the Singapore Companies Act for the winding up of the company. The type of winding up depends, among others, on whether the company is solvent or insolvent.</p>
Dissolution	
<p>A company may be dissolved following: (a) voluntary winding up; or (b) winding up by the court.</p> <p>Where an application is made to the court for the sanctioning of a compromise or arrangement proposed between a company and its members or creditors and it is shown to the court that the compromise or arrangement has been proposed for the purpose of or in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies, and under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (a "transferor company") is to be transferred to another company the court, may either by the order sanctioning the compromise or arrangement or by any subsequent order make provision for, <i>inter alia</i>, the dissolution, without winding up, of any transferor company.</p> <p>Where the Registrar of Companies has reasonable cause to believe that a company is not carrying on business or is not in operation, he may strike the company off the register and the company shall be dissolved. The company may be restored to the register up to 10 years after the striking off.</p>	<p>A company may be dissolved: (a) through the process of liquidation pursuant to the winding up of the company; (b) in a merger or amalgamation of two companies where the court may order the dissolution of one after its assets and liabilities have been transferred to the other; or (c) when it is struck off the register by the Registrar of Companies on the ground that it is a defunct company.</p>

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APPENDIX J – RULES OF THE WINKING STUDIOS PERFORMANCE SHARE PLAN

1. Name of the Plan

The Plan shall be called the “Winking Studios Performance Share Plan”.

2. Definitions

In this Plan, except where the context otherwise requires, the following words and expressions shall have the following meanings:

“Act”	:	The Companies Act (As Revised) of the Cayman Islands, as amended, modified or supplemented from time to time
“Adoption Date”	:	The date on which the Plan is adopted by the Company in general meeting
“Associate”	:	Shall have the meaning assigned to it in the Catalist Rules
“Auditors”	:	The auditors of the Company for the time being
“Award”	:	A contingent award of Shares granted under Rule 5
“Award Date”	:	In relation to an Award, the date on which the Award is granted pursuant to Rule 5
“Award Letter”	:	A letter in such form as the Committee shall approve an Award granted to a Participant by the Committee
“Board”	:	The board of directors of the Company
“Catalist Rules”	:	The Listing Manual Section B: Rules of the Catalist of the SGX-ST, as amended, modified or supplemented from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Committee”	:	The Remuneration Committee of the Company
“Company”	:	Winking Studios Limited
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company

APPENDIX J – RULES OF THE WINKING STUDIOS PERFORMANCE SHARE PLAN

“Controlling Shareholder”	:	(a) holds directly or indirectly 15.0% or more of the nominal amount of all the voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over the Company
“Group”	:	The Company and its subsidiaries
“Group Employee”	:	An employee of the Group (including any Group Executive Director who meets the relevant criteria and who shall be regarded as a Group Employee for the purposes of the Plan) selected by the Committee to participate in the Plan in accordance with Rule 4
“Group Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
“Non-Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be, other than one who performs an executive function
“Participant”	:	A Group Employee and/or Non-Executive Director who has been granted an Award
“Performance Condition”	:	In relation to an Award, the condition specified on the Award Date in relation to that Award
“Performance Period”	:	The period, as may be determined by the Committee at its discretion, during which the Performance Condition is satisfied
“Plan”	:	The Winking Studios Performance Share Plan, as the same may be modified or altered from time to time
“Release”	:	In relation to an Award, the release at the end of the Performance Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly

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“Release Schedule”	:	In relation to an Award, a schedule in such form as the Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period
“Released Award”	:	An Award which has been released in accordance with Rule 7
“Retention Period”	:	Such retention period as may be determined by the Committee and notified to the Participant at the grant of the relevant Award to that Participant
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders for the time being of the Shares
“Shares”	:	Ordinary shares each in the capital of the Company
“Trading Day”	:	A day on which the Shares are traded on the SGX-ST
“Vesting”	:	In relation to the Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly
“Vesting Date”	:	In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7

The terms “**Depositor**”, “**Depository**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore.

Words importing the singular number shall include the plural number where the context so admits and *vice versa*. Words importing the masculine gender shall include the feminine and neuter genders where the context so admits.

Any reference to a time of day shall be a reference to Singapore time.

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Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in the Plan and used in the Plan shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

3. Objectives of the Plan

3.1 The Plan is a share incentive scheme. The Plan is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding employees who have contributed to the growth of the Group.

3.2 The objectives of the Plan are as follows:

- (a) to retain key employees of our Group whose contributions are essential to the long-term growth and profitability of our Group;
- (b) to instil loyalty to, and a stronger identification by Participants with the long-term goals of, our Company;
- (c) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and
- (d) to align the interests of Participants with the interests of our Shareholders.

4. Eligibility of Participants

4.1 The following persons shall be eligible to participate in the Plan at the absolute discretion of the Committee:

- (a) Group Employees who, as of the Award Date, have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who have, as of the Award Date, been in full time employment of the Group for a period of at least 12 months (or in the case of any Group Executive Director, such shorter period as the Committee may determine), provided that none shall be an undischarged bankrupt as at the Award Date;
- (b) Non-Executive Directors (including independent Directors) who, as of the Award Date, have attained the age of 21 years; and
- (c) subject to Rule 4.2, persons who are qualified under Rule 4.1(a) above and who are also Controlling Shareholders or Associates of Controlling Shareholders.

4.2 Controlling Shareholders and their Associates who satisfy the criteria set out in Rule 4.1 above shall be eligible to participate in the Plan provided that:

- (a) their participation; and

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- (b) the actual or maximum number of Shares and terms of any Awards to be granted to them,

have been approved by independent shareholders of the Company at a general meeting in separate resolutions for each such person and, in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the actual or maximum number of Shares and terms of any Awards to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent shareholders of the Company for the participation in the Plan of a Controlling Shareholder of his Associate who is, at the relevant time, already a Participant.

- 4.3 Subject to the Act and any requirements of the SGX-ST, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Committee.

5. Grant of Awards

- 5.1 Subject as provided in Rule 8, the Committee may grant Awards to Group Employees as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force.

- 5.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance and potential for future development, his contribution to the success and development of the Group and the extent of effort with which the Performance Condition may be achieved within the Performance Period.

- 5.3 The Committee shall decide in relation to an Award:

- (a) the Participant;
- (b) the Award Date;
- (c) the Performance Period;
- (d) the number of Shares which are the subject of the Award;
- (e) the Performance Condition;
- (f) the Release Schedule; and
- (g) any other condition which the Committee may determine in relation to that Award.

- 5.4 The Committee may amend or waive the Performance Period, the Performance Condition and/or the Release Schedule in respect of any Award:

- (a) in the event of a take-over offer being made for the Shares or if under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or

APPENDIX J – RULES OF THE WINKING STUDIOS PERFORMANCE SHARE PLAN

- (b) if anything happens which causes the Committee to conclude that:
 - (i) a changed Performance Condition and/or Release Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the Performance Condition and/or Release Schedule should be waived, and shall notify the Participants of such change or waiver.
- 5.5 As soon as reasonably practicable after making an Award, the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:
- (a) the Award Date;
 - (b) the Performance Period;
 - (c) the number of Shares which are the subject of the Award;
 - (d) the Performance Condition;
 - (e) the Release Schedule; and
 - (f) any other condition which the Committee may determine in relation to that Award.
- 5.6 Participants are not required to pay for the grant of Awards.
- 5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Release 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 Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.
- 6. Events Prior to the Vesting Date**
- 6.1 An Award, to the extent not yet Released, shall immediately lapse without any claim whatsoever against the Company:
- (a) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion;
 - (b) subject to Rule 6.2(b), upon the Participant ceasing to be in the employment of the Group for any reason whatsoever; or
 - (c) in the event of an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency.

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For the purpose of Rule 6.1(b), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

6.2 In any of the following events, namely:

- (a) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;
- (b) where the Participant ceases to be in the employment of the Group by reason of:
 - (i) ill health, injury, death or disability (in each case, evidence to the satisfaction of the Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Committee;
 - (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group, as the case may be;
 - (vi) (where applicable) his transfer of employment between companies within the Group;
 - (vii) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within the Group; or
 - (viii) any other event approved by the Committee;
- (c) the death of a Participant; or
- (d) any other event approved by the Committee,

the Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period and subject to the provisions of the Plan. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the Performance Condition has been satisfied.

6.3 Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:

- (a) a take-over offer for the Shares becomes or is declared unconditional;

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- (b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by Shareholders of the Company and/or sanctioned by the court under the Act; or
- (c) an order being made or a resolution being passed for the winding-up of the Company (other than as provided in Rule 6.1(c) or for amalgamation or reconstruction),

the Committee will consider, at its discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such award, the Committee will have regard to the proportion of the Performance Period which has elapsed and the extent to which the Performance Condition has been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

7. Release of Awards

7.1 Review of Performance Condition

- (a) As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Condition specified in respect of each Award and determine at its discretion whether it has been satisfied and, if so, the extent to which it has been satisfied, and provided that the relevant Participant has continued to be a Group Employee from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the Performance Condition) of the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value.

If the Committee in its sole discretion determines that the Performance Condition has not been satisfied or (subject to Rule 6) if the relevant Participant has not continued to be a Group Employee from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rule 7.2 to 7.4 shall be of no effect.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and further the right to amend the Performance Condition if the Committee decides that a changed performance target would be a fairer measure of performance.

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- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Trading Day falling as soon as practicable after the review by the Committee referred to in Rule 7.1(a) and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.
- (c) Where new Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares.

7.2 Release of Award

Shares which are allotted (as an issue of new Shares) or transferred (as a transfer of Shares then held by the Company in treasury) on the Release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent, in each case, as designated by that Participant.

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 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.

7.3 Ranking of Shares

New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the Release of an Award shall:

- (a) be subject to all the provisions of the Memorandum and Articles of Association of the Company; and
- (b) rank in full 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.

For the purposes of this Rule 7.3, “**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

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7.4 Moratorium

Shares which are allotted and issued or transferred to a Participant pursuant to the Release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during the Retention Period, except to the extent set out in the Award Letter or with the prior approval of the Committee. The Company may take steps that it considers necessary or appropriate to enforce or give effect to this disposal restriction including specifying in the Award Letter the conditions which are to be attached to an Award for the purpose of enforcing this disposal restriction.

8. Limitation on the Size of the Plan

- 8.1 The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Plan on any date, when aggregated with 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% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day preceding that date.
- 8.2 The aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan to Participants who are Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Plan.
- 8.3 The number of Shares which may be issued or transferred pursuant to Awards under the Plan to each Participant who is a Controlling Shareholder or his Associate shall not exceed 10% of the Shares available under the Plan.
- 8.4 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Plan.

9. Adjustment Events

- 9.1 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 our Company shall make a capital distribution or a declaration of a special dividend (whether in cash or *in specie*), then the Committee may, in its sole discretion, determine whether, then:
- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested and the right attached thereto; and/or
 - (b) the class and/or number of Shares in respect of which future Awards may be granted under the Plan,

shall at the option of the Committee, be adjusted by the Committee to give such Participant the same proportion of the equity capital of the Company as that to which he was previously entitled, in such manner as the Committee may determine to be appropriate, provided that no adjustment shall be made as if as a result, the Participant receives a benefit that a shareholder of the Company does not receive.

- 9.2 Unless the 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

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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 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 convertible securities issued by the Company, shall not normally be regarded as a circumstance requiring adjustment.

- 9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue or bonus issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 9.4 Upon any adjustment required to be made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award. Any adjustment shall take effect upon such written notification being given.

10. Administration of the Plan

- 10.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board of the Company, provided that no member of the Committee shall participate in any deliberation or decision in respect of the Awards to be granted to him or held by him.
- 10.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the Plan and any dispute and uncertainty as to the interpretation of the Plan, any rule, regulation or procedure thereunder or any rights under the Plan shall be determined by the Committee.
- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with: (a) the lapsing of any Awards pursuant to any provision of the Plan; (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Plan; and/or (c) any decision or determination of the Committee made pursuant to any provision of the Plan.
- 10.4 Any decision or determination of the Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Plan or any rule, regulation or procedure hereunder or as to any rights under the Plan). The Committee shall not be required to furnish any reasons for any decision or determination made by it.
- 10.5 The Committee shall ensure that the rules of the Plan are in compliance with the Act and the applicable laws and regulations in Singapore, including but not limited to, the Catalyst Rules.

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11. Notices and Communications

- 11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the law known address, electronic mail address or facsimile number of the Participant.
- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

12. Modifications to the Plan

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except when the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Conditions for their Awards being satisfied in full, would 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 Conditions for all outstanding Awards being satisfied in full;
 - (b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of the Shareholders in general meeting; and
 - (c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a) and (b), the opinion of the Committee as to whether any modification or alteration would adversely affect the rights attached to any Award or which would be to the advantage of Participants (as the case may be) shall be final, binding and conclusive.

For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Committee under any provision of the Plan to amend or adjust any Award and without due compliance with the Catalist Rules and such other laws and regulations as may be applicable.

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12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Plan in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

13. Terms of Employment Unaffected

The terms of employment of a Participant shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

14. Duration of the Plan

14.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

14.2 The Plan may be terminated at any time by the Committee, at the discretion of the Committee, or by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Committee hereunder.

14.3 The expiry or termination of the Plan shall not affect the Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

15. Taxes

All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Plan shall be borne by that Participant.

16. Costs and expenses of the Plan

16.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent.

16.2 Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award shall be borne by the Company.

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17. Disclaimer of liability

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and however arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on the SGX-ST in accordance with Rule 7.1(c).

18. Disclosures in Annual Reports

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation:

- (a) the names of the members of the Committee administering the Plan;
- (b) the information required in the table below for the following Participants of the Plan:
 - (i) directors of the Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) Participants (other than those in (i) and (ii) above) who have received Shares pursuant to the Release of Awards granted under the Plan which, in aggregate, represent 5.0% or more of the aggregate of the total number of Shares available under the Plan, the following information:

Name of Participant	Aggregate number of Shares comprised in Awards granted during financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since the commencement of the Winking Studios Performance Share Plan to end of financial year under review	Aggregate number of Shares comprised in Awards Vested which have been issued and/or transferred since commencement of the Winking Studios Performance Share Plan to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been released as at end of financial year under review

- (c) the names and numbers of Awards granted to each director and employee of the parent company and its subsidiaries who receives 5.0% or more of the total number of Awards available to all directors and employees of the Group under the Plan, during the financial year under review;

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(d) the aggregate number of Awards granted to the directors and employees of the Group for the financial year under review, and since the commencement of the Plan to the end of the financial year under review; and

(e) such other information as may be required by the Catalist Rules or the Act,

provided that if any of the above requirements are not applicable, an appropriate negative statement shall be included therein.

19. Disputes

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

20. Abstention from voting

Shareholders who are eligible to participate in the Plan must abstain from voting on any resolution relating to the 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.

21. Governing Law

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting grants of Awards in accordance with the Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

22. Contracts (Rights of Third Parties) Act

No person other than the Company or a Participant shall have any right to enforce any provision of the Plan or any Award by the virtue of the Contracts (Rights of Third Parties) Act 2001 of Singapore.

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APPENDIX K – LIST OF PRESENT AND PAST DIRECTORSHIPS

The list of present and past directorships of our Directors and Executive Officers in the last five years up to the Latest Practicable Date, excluding that held in our Company, is as follows:

Name	Present directorships	Past directorships
Directors		
Mr. Johnny Jan	<u>Group Companies</u>	<u>Group Companies</u>
	Winking Art Pte. Ltd.	Jiangsu Nuanyi Information Technology Co., Ltd.
	Winking Art Limited (唯美遊戲有限公司)	(江苏暖艺信息科技有限公司)
	Winking Entertainment Corporation (唯晶科技股份有限公司)	Winking 23 Ching Corp (唯晶二十三京股份有限公司)
	Winking Skywalker Entertainment Limited (唯晶天行者有限公司)	Yahyel Future Entertainment Inc (雅耶奧未來娛樂股份有限公司)
	Shanghai Winking Entertainment Ltd (上海唯晶信息科技有限公司)	Winking Entertainment Investment Limited (唯晶文創投資有限公司)
	Nanjing Winking Entertainment Ltd (南京唯晶信息科技有限公司)	
	Shanghai Wishing Entertainment Ltd (上海唯艺信息科技有限公司)	
	Winking Entertainment (HK) Limited	
	<u>Other Companies</u>	<u>Other Companies</u>
Chih-ching Universe Co., Ltd. (至青的宇宙股份有限公司)	Shanghai Shenglun Business Consulting Co., Ltd. (上海圣伦商务咨询有限公司)	
Mr. Kao Shu-Kuo	<u>Group Companies</u>	<u>Group Companies</u>
	NIL	NIL

APPENDIX K – LIST OF PRESENT AND PAST DIRECTORSHIPS

Name	Present directorships	Past directorships
	<u>Other Companies</u>	<u>Other Companies</u>
	Acer Global Merchandise Philippines Inc. Acer Gadget Inc. (倚天酷碁股份有限公司) Altos Computing Inc. (安圖斯科技股份有限公司) Acer Gaming Inc. (宏碁遊戲股份有限公司) DropZone Holding Limited DropZone (Hong Kong) Limited Star VR Corporation (宏星技術股份有限公司)	GadgeTek Inc. Acer Gerontechnology Inc. StarVR France SAS
Mr. Chang Yi-Hao	<u>Group Companies</u>	<u>Group Companies</u>
	NIL	NIL
	<u>Other Companies</u>	<u>Other Companies</u>
	山語海休閒有限公司 Big Data Co., Ltd. (大數據股份有限公司) 願景加速器股份有限公司 Treasure Sage Sabah Sdn Bhd Rainbow Path Global Ltd Treasure Sage Ltd Howard Digital Marketing Co., Ltd. 益文股份有限公司	東風數位科技 新文股份有限公司
Mr. Yang Wu Te	<u>Group Companies</u>	<u>Group Companies</u>
	NIL	NIL
	<u>Other Companies</u>	<u>Other Companies</u>
	NIL	NIL
Mr. Lim Heng Choon	<u>Group Companies</u>	<u>Group Companies</u>
	NIL	NIL

APPENDIX K – LIST OF PRESENT AND PAST DIRECTORSHIPS

Name	Present directorships	Past directorships
	<u>Other Companies</u>	<u>Other Companies</u>
	Centific Global Solutions, Inc edgeTech Venture Ltd Liho Besuto Sdn Bhd Awesome Realty Sdn Bhd Ritamix Global Limited Esports Business Network Sdn Bhd KDH Design Inc (酷设工坊股份有限公司) Hyperion Connect Pte Ltd KDH Design Co Ltd Hyperion Connect Ltd International Liquid Packaging Solutions Pte Ltd Global Vision Holdings Pte Ltd	Go Game Malaysia Sdn Bhd IG-Interactive Pte Ltd IG-Interactive Sdn Bhd
Executive Officers		
Mr. Oliver Yen	<u>Group Companies</u>	<u>Group Companies</u>
	Winking Art Pte. Ltd.	Jiangsu Nuanyi Information Technology Co., Ltd. (江苏暖艺信息科技有限公司) Playeo Technology (Pingtan) Co., Ltd. (普拉耶奥科技 (平潭) 有限公司) Shanghai Winking Entertainment Limited (上海唯晶信息科技有限公司)
	<u>Other Companies</u>	<u>Other Companies</u>
	Patec Precision Industry Co., Ltd. (百達精密工業股份有限公司) Otsuka Information Technology Co., Ltd (大塚資訊科技股份有限公司)	NIL
Ms. Tina Li	<u>Group Companies</u>	<u>Group Companies</u>
	NIL	NIL
	<u>Other Companies</u>	<u>Other Companies</u>
	NIL	NIL

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