



5 December 2024

Winking Studios Limited
(the "**Company**" and together with its subsidiaries, the "**Group**")

Further Phase of Joint AI Development Project

Winking Studios Limited (AIM:WKS, SGX:WKS), the AAA Art Outsourcing and Game Development busin, is pleased to announce that its wholly-owned subsidiaries namely, Winking Entertainment Corporation, Shanghai Winking Entertainment Ltd, and Nanjing Winking Entertainment Ltd (**Winking Entities**), have on 5 December 2024, entered into a supplementary agreement to the second phase of joint artificial intelligence ("**AI**") development project for the co-development of a three-dimensional animation AI generation software (the "**AI Tool**") (the "**AI Project Supplementary Agreement**") with Acer Incorporated ("**Acer Inc.**"), for the duration from 1 November 2024 to 31 December 2024.

The AI Project Supplementary Agreement follows the first and second phase of the AI project completed earlier this year, which, together with earlier phases, will amount to an aggregate value of US 1,000,000 invested in the AI Tool (the "**AI Project**"). Under the AI Project Supplementary Agreement, Acer Inc. will contribute US 200,000 towards the further research, development and testing of the AI Tool by the Winking Entities, which will contribute the manpower, software and hardware necessary for the AI Tool. Both Winking and Acer may use the general research and development outcomes without charge for their business purposes. If a new 'invention' is generated from the AI Project and intellectual property rights are applied for, Winking Entities (on a collective basis) and Acer Inc. shall each have a 50% ownership in the intellectual property rights applied for.

Rationale and Benefit of the AI Project

'GenMotion.AI' is the core focus of the AI Project, and the AI Project Supplementary Agreement is to supplement the second phase of the AI Project whereby the parties will continue to establish a joint development framework with a view to further integrating resources and research and development capabilities to strengthen the integration of AI applications and game software technology, and to enhance or optimise the existing project outcomes.

GenMotion.AI is an AI tool designed specifically for 3D animation which enables users to create detailed 3D animations directly from text input by leveraging carefully curated training data sourced from the gaming industry to ensure accuracy in its 3D design. The GenMotion.AI software was created utilising a deep understanding of animators' workflows and needs and is ultimately aimed at enhancing user efficiency and creativity. All training data used by GenMotion.AI is proprietary, copyright protected and documented in a transparent fashion to ensure traceability and to guarantee data integrity and authenticity. Whilst GenMotion.AI was initially designed for targeting game animators, the Board of Directors of the Company (the "**Board**" or "**Directors**") believes that it has the potential to offer a wide range of professional features allowing for precise customisation to meet detailed animation needs.

The Group seeks to be at the forefront of exploring the use of AI in the creation and development of digital art assets and games to increase its workflow and to enhance its work quality. The Directors believe that the adoption of AI by the industry at large can improve efficiency and enhance the visual quality of art assets, as well as allow game artists to streamline their workflow and focus on more complex and creative tasks that lead to faster production cycles.

Related Party Transaction (Under Rule 13 of the AIM Rules for Companies)

Acer Inc., via its subsidiaries namely, Acer Gaming and Acer SoftCapital Inc., holds approximately 64.16% of the Company's issued share capital and is therefore a related party as defined by the AIM Rules for Companies. Accordingly, the AI Project Supplementary Agreement is a related party transaction pursuant to Rule 13 of the AIM Rules for Companies.

The independent Directors in respect of the AI Project Supplementary Agreement, being the full board except for Mr Kao Shu-Kuo (Non-Executive Director of the Company, who is Chief Operating Officer of Acer Inc. and a director of Acer Gaming Inc.), having consulted with Strand Hanson Limited, the Company's Nominated Adviser, consider the terms of the related party transaction to be fair and reasonable insofar as shareholders of the Company are concerned.

Interested Person Transaction ("IPT") (under Catalist Rules (as defined below))

AI Project Supplementary Agreement constitutes an IPT under Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"). However, the AI Project Supplementary Agreement falls within the scope of the prevailing IPT general mandate approved by shareholders at the extraordinary meeting held on 28 October 2024.

Johnny Jan, Executive Director and Chief Executive Officer (Founder) of Winking Studios Limited, said:

"The AI Project Supplementary Agreement with Acer Inc. represents a pivotal moment in our journey to revolutionise 3D animation. GenMotion.AI is not just a tool; it is a testament to our commitment to empower animators by integrating advanced AI capabilities into their workflows. This collaboration combines Acer Inc.'s technological leadership with Winking Studio Limited's expertise in art production, paving the way for groundbreaking innovations in animation and digital content creation. By focusing on enhancing productivity and creativity while ensuring data integrity and copyright compliance, we are setting a new benchmark for AI applications in the gaming and animation industries. We are excited to continue this partnership with

Acer Inc. as we explore the significant potential of AI-driven solutions."

Jerry Kao, Chief Operating Officer of Acer Inc. and a member of the Board of Winking Studios Limited, commented:

"Our partnership with Winking Studios Limited marks a significant step forward in integrating AI into the gaming and digital art industries. The AI Project Supplementary Agreement underscores our shared vision to push the boundaries of innovation with GenMotion.AI, a tool designed to revolutionise 3D animation creation. By leveraging cutting-edge AI technology and combining our expertise, we are not only redefining industry standards but also empowering animators and creators to unlock new levels of creativity and productivity. This collaboration highlights Acer Inc.'s commitment to advancing AI-driven applications while delivering transformative value to the gaming and animation ecosystem. We are proud to continue this journey with Winking Studios Limited and look forward to shaping the future of digital content creation together."

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