

CIRCULAR DATED 10 October 2013

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Creative Technology Ltd. If you are in doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Creative Technology Ltd, you should at once hand this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



(Incorporated in the Republic of Singapore)
Company Registration No. 198303359D

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

Important Dates and Times:

- | | | |
|--|---|---|
| Last date and time for lodgment of Proxy Form | : | 28 October 2013 at 11.00 a.m. |
| Date and time of Extraordinary General Meeting | : | 30 October 2013 at 11.00 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.30 a.m. on the same day and at the same place) |
| Place of Extraordinary General Meeting | : | 31 International Business Park
#03-01 Creative Resource
Singapore 609921 |

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:-

- “Act”** : The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time.
- “Associates”** : Shall have the meaning ascribed to it in the Listing Manual.
- “CDP”** : The Central Depository (Pte) Limited.
- “Company”** : Creative Technology Ltd, a company incorporated in the Republic of Singapore.
- “Director”** : A person holding office as a director for the time being of the Company.
- “EGM”** : The extraordinary general meeting of the Company to be held on 30 October 2013, notice of which is set out in the Notice of EGM accompanying this Circular.
- “Group”** : The Company and its subsidiaries.
- “Latest Practicable Date”** : 20 September 2013, being the latest practicable date prior to the printing of this Circular.
- “Listing Manual”** : The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time.
- “Market Day”** : A day on which the SGX-ST is open for trading in securities.
- “Memorandum and Articles of Association”** : The Memorandum and Articles of Association of the Company, as may be amended from time to time.
- “Notice of EGM”** : The notice of EGM as set out on pages 19 to 22 of this Circular.
- “NTA”** : Net tangible assets.
- “Ordinary Resolution”** : The ordinary resolution as set out in the Notice of EGM.
- “SGX-ST”** : Singapore Exchange Securities Trading Limited.
- “Shares”** : Ordinary shares in the capital of the Company.
- “Shareholders”** : Registered holders of Shares, except that where the registered holder is the CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons to whose direct securities accounts maintained with CDP are credited with Shares.

"Share Buy Back"	:	The purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate.
"Share Buy Back Mandate"	:	The general mandate to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire its issued Shares upon and subject to the terms of such mandate.
"Substantial Shareholder"	:	A Shareholder who has an interest in 5% or more of the total number of issued Shares (excluding treasury shares).
"Takeover Code"	:	The Singapore Code on Take-overs and Mergers, and all practice notes, rules and guidelines thereunder, as may from time to time be issued or amended.
"treasury shares"	:	Issued Shares of the Company which were (or is treated as having been) purchased by the Company in circumstances which Section 76H of the Act applies and has since purchase been continuously held by the Company.
"S\$" and "cents"	:	Singapore dollar and cents respectively.
"US\$"	:	United States dollars.
"%" or "per cent."	:	Per centum or percentage.

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing one gender shall, where applicable, include the other genders. References to persons shall include corporations.

Any reference in this Circular 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 used in this Circular shall have the meaning assigned to it under the Act, the Listing Manual or any modification thereof, as the case may be.

All timings referred to in this Circular are made by reference to Singapore time.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

LETTER TO SHAREHOLDERS

CREATIVE TECHNOLOGY LTD

(Incorporated in the Republic of Singapore)

(Company Registration No. 198303359D)

Board of Directors:

Mr Sim Wong Hoo (Chairman and Chief Executive Officer)
Mr Lee Kheng Nam (Independent Non-Executive Director)
Mr Ng Kai Wa (Independent Non-Executive Director)
Mr Lee Gwong-Yih (Independent Non-Executive Director)

Registered Office:

31 International Business Park,
#03-01 Creative Resource,
Singapore 609921

10 October 2013

To: The Shareholders of Creative Technology Ltd

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

1. INTRODUCTION

1.1 EGM

The Directors propose to convene the EGM to be held on 30 October 2013 to seek Shareholders' approval for the proposed renewal of the Share Buy Back Mandate.

1.2 Circular

The purpose of this Circular is to explain the reasons for, and to provide Shareholders with the relevant information pertaining to, and to seek Shareholders' approval for the proposed renewal of the Share Buy Back Mandate.

2. PROPOSED SHARE BUY BACK MANDATE

2.1 Background

The Company had on 30 October 2012 obtained Shareholders' approval of a mandate (the "**Existing Mandate**") for the Directors to exercise the power of the Company to make share repurchases of up to 6,993,302 Shares. This authority conferred on the Directors will expire at the forthcoming annual general meeting ("**AGM**") of the Company.

The Company proposes to seek Shareholders' approval at the EGM for a renewal of the Existing Mandate (the "**2013 Mandate**") to authorise Directors to exercise all powers of the Company to make market and off-market purchases from time to time for the duration set out in section 2.3.4 below, of up to 10% of the issued share capital of the Company as at the date of the EGM at the price of up to, but not exceeding the Maximum Price (as defined below).

2.2 Rationale for Share Buy Back Mandate

The approval of the renewal of the Share Buy Back Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions at any time, subject to market conditions, during the period when the Share Buy Back Mandate is in force.

In managing the business of the Group, the management strives to increase Shareholders' value. A Share Buy Back is one of the ways through which Shareholders' value may be enhanced. Share Buy Backs are intended to be made as and when the Directors believe them to be of benefit to the Company and/or the Shareholders.

Repurchased Shares which are held in treasury may be, *inter alia*, sold for cash, transferred for the purposes of or pursuant to employee share schemes implemented by the Company, or transferred as consideration for the acquisition of shares in or assets of another company or of another person.

2.3 Authority and Limits of the Share Buy Back Mandate

The authority and limits placed on purchases or acquisitions of Shares by the Company under the 2013 Mandate for the benefit of Shareholders, are summarised below:

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired is limited to that number of Shares representing not more than 10% of the issued Shares of the Company as at the date of the EGM at which the 2013 Mandate is approved. For the purposes of calculating the percentage of issued shares above, any Shares which are held as treasury shares will be disregarded.

Based on the issued and paid-up share capital of the Company (excluding treasury shares) as at the Latest Practicable Date of 70,255,400 Shares, and assuming that no further Shares are issued on or prior to the EGM, not more than 7,025,540 Shares (representing 10% of the issued and paid-up share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Buy Back Mandate.

2.3.2 Manner of Purchase of Shares

Purchases of Shares may be made by way of:

- (a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchases**") (if effected otherwise than on the SGX- ST) in accordance with any equal access scheme(s).

The Directors may impose such terms and conditions which are not inconsistent with the 2013 Mandate, the Listing Manual and the Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). An Off-Market Purchase must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase under an equal access scheme, it will issue an offer document to all Shareholders which must contain at least the following information:

- (A) the terms and conditions of the offer;
- (B) the period and procedures for acceptances; and
- (C) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

2.3.3 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price (as defined hereinafter),

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded on the SGX-ST, immediately preceding the date of the Market Purchase made by the Company, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period;

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.3.4 Duration of Authority

The 2013 Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until (a) the date that the next annual general meeting of the Company is held or is required by law to be held, (b) the date on which the Share Buy Backs are carried out to the full extent mandated, or (c) the date on which the authority contained in the 2013 Mandate is varied or revoked, whichever is the earlier.

2.4 Status of Shares Purchased by the Company

2.4.1 Cancellation of Shares

Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

2.4.2 Treasury Shares

Pursuant to the Act, Shares which are held as treasury shares may be, *inter alia*, sold for cash, transferred for the purposes of or pursuant to an employee share scheme, transferred as consideration for the acquisition of shares in or assets of another company or of another person, cancelled, or sold, transferred or otherwise used for such other purposes as may be prescribed by the Minister for Finance.

The aggregate number of Shares held by the Company as treasury shares shall not at any time exceed 10% of the total number of Shares of the Company at that time.

The treasury shares will not confer upon the Company any right to attend or vote at meetings, nor any right to receive dividends and/or distribution (whether in cash or otherwise) of the Company’s assets (including any distribution of assets to members on a winding up). However, the allotment of treasury shares as fully paid bonus shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed as long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

The Company shall comply with the disclosure requirements under Rule 704(28) of the Listing Manual in relation to any sale, transfer, cancellation and/or use of treasury shares by immediately announcing the requisite information as set out under Rule 704(28) in the event of a sale, transfer, cancellation and/or use of treasury shares.

2.5 Source of Funds

In buying back Shares pursuant to the Share Buy Back Mandate, the Company may only apply funds legally available for such purchase in accordance with its Memorandum and Articles of Association, and the applicable laws in Singapore. The Company may not buy Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST. The buy-back of Shares by the Company may be made out of the Company's profits or capital so long as the Company is solvent.

2.6 Financial Impact

The financial impact on the Company arising from purchases or acquisitions of Shares which may be made pursuant to the 2013 Mandate will depend, *inter alia*, on whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held as treasury shares or cancelled.

When Shares are purchased or acquired, and cancelled:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the "**Purchase Price**");
- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its distributable profits by the total amount of the Purchase Price; or
- (c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and distributable profits proportionately by the total amount of the Purchase Price.

The buy-back of Shares pursuant to the 2013 Mandate will not have any material impact on the consolidated earnings of the Company.

The Directors do not propose to exercise the 2013 Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

2.6.1 Illustrative Financial Effects

For illustrative purposes only, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate on the audited financial statements of the Group for the financial year ended 30 June 2013 are set out below and assumes the following:

- (a) Based on the issued share capital of the Company (excluding treasury shares) as at the Latest Practicable Date of 70,255,400 Shares and assuming no further Shares are issued on or prior to the EGM, the purchase of 10% of its issued Shares will result in the purchase of 7,025,540 Shares.
- (b) The Company made Market Purchases of 7,025,540 Shares at the Maximum Price of S\$2.38 (equivalent to US\$1.89) for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), and the maximum amount of funds required for the purchase or acquisition of 7,025,540 Shares is approximately US\$13.3 million.
- (c) Scenario A - The purchase or acquisition of 7,025,540 Shares was all made out of profits and either cancelled or held as treasury shares. The disclosed financial effects remain the same whether the purchased Shares are cancelled or held as treasury shares.
- (d) Scenario B - The purchase or acquisition of 7,025,540 Shares was all made out of capital and either cancelled or held as treasury shares. The disclosed financial effects remain the same whether the purchased Shares are cancelled or held as treasury shares.

Market Purchase of up to 10% at 105% of the Average Closing Price for Scenario A and B

	Group		
	Before Share Buy Back (US\$'000)	After Share Buy Back (US\$'000) Scenario A	After Share Buy Back (US\$'000) Scenario B
Share capital	250,147	250,147	236,869
Reserves	(87,334)	(100,612)	(87,334)
Non-controlling interests	236	236	236
Total equity	163,049	149,771	149,771
Net tangible assets	163,049	149,771	149,771
Current assets	205,833	192,555	192,555
Current liabilities	58,955	58,955	58,955
Cash and cash equivalent	163,574	150,296	150,296
Borrowings	-	-	-
Number of Shares ('000)	70,233	63,207	63,207
<u>Financial Ratios</u>			
NTA per Share (US\$)	2.32	2.37	2.37
Current Ratio (times)	3.49	3.27	3.27

Shareholders should note that the financial effects illustrated above are for illustration purposes only. In particular, it is important to note that the analysis above is based on the audited financial statements of the Group for the financial year ended 30 June 2013, and is not necessarily representative of the future financial performance of the Group. Although the 2013 Mandate would authorise the Company to purchase or acquire up to 10% of its total issued Shares, the Company may not necessarily purchase or acquire 10% of its total issued Shares in full. In addition, the Company may cancel all or part of the Shares it purchases or acquires or hold all or part of the issued Shares it purchases or acquires in treasury.

2.7 Reporting Requirements

Rule 886 of the Listing Manual specifies that the Company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of the Company's purchase or acquisition of any of its Shares, and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, *inter alia*, details of the date of the purchase, the total number of Shares purchased, the number of Shares cancelled, the number of Shares held as treasury shares, the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the Shares, the number of Shares purchased as at the date of announcement (on a cumulative basis), the number of issued Shares excluding treasury shares, and the number of treasury shares held after the purchase.

2.8 No Purchases during Price Sensitive Developments

The Company will not undertake any Share Buy Backs at any time after a price sensitive development has occurred or has been the subject of a decision until such time the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases during the period of two (2) weeks immediately preceding the announcement of the Company's results for each of the first three (3) quarters of the financial year, and during the period of one (1) month immediately preceding the announcement of the Company's full year results.

2.9 Listing Status of the Shares

The Listing Manual requires a listed company to ensure that at least 10% of the total number of the issued shares (excluding treasury shares, preference shares and convertible equity securities) is held by the public shareholders. As at the Latest Practicable Date, the Directors including Mr Sim Wong Hoo, a Substantial Shareholder of the Company, had direct and deemed interest in approximately 36.58% of the issued Shares (excluding Shares held in treasury). Approximately 63.42% of the issued Shares were held by public Shareholders as at the Latest Practicable Date. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held by public Shareholders which would permit the Company to undertake purchases and acquisitions of its issued Shares up to the full 10% limit pursuant to the 2013 Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

2.10 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive officer of the Company or Substantial Shareholder of the Company or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

2.11 Shares bought by the Company pursuant to the Existing Mandate

From 30 October 2012 up to the Latest Practicable Date, the Company has not bought back any Shares pursuant to the Existing Mandate.

2.12 Appendix 2 of the Takeover Code

Appendix 2 of the Takeover Code contains the Share Buy Back Guidance Note. The take-over implications arising from any Share Buy Back are set out in sections 2.13 to 2.17 below.

2.13 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Takeover Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Takeover Code.

2.14 Persons Acting in Concert

Under the Takeover Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company. Unless the contrary is established, certain persons identified in the Takeover Code as persons “acting in concert”, will be presumed to be acting in concert. The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Takeover Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.15 Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Takeover Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company’s voting rights, if the voting rights of such Directors and their concert parties would increase by more than one (1) % in any period of six (6) months.

Under Appendix 2 of the Takeover Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company’s voting rights, the voting rights of such Shareholder would increase by more than one (1) % in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy Back Mandate.

2.16 Exemption under Appendix 2 of the Takeover Code for Mr Sim Wong Hoo and parties acting in concert with him

2.16.1 Mr Sim Wong Hoo and parties acting in concert with him

Mr Sim Wong Hoo, the Chairman and Chief Executive Officer of the Company, who is also a Director, is as at the Latest Practicable Date, the registered and beneficial owner of 23,270,652 Shares representing approximately 33.12% of the issued share capital of 70,255,400 Shares (excluding treasury shares) of the Company.

For illustrative purposes, assuming that:

- (a) the Company exercises the power under the 2013 Mandate in full and purchases 7,025,540 Shares (based on the issued and paid-up share capital of the Company (excluding treasury shares) as at the Latest Practicable Date of 70,255,400 Shares);
- (b) the Company chooses to (i) reduce its issued share capital (as at the Latest Practicable Date) by cancellation of 7,025,540 Shares purchased, or (ii) transfer the 7,025,540 Shares purchased to its treasury; and
- (c) there is no change in the number of Shares held by Mr Sim Wong Hoo as at the Latest Practicable Date,

the interest in voting rights of Mr Sim Wong Hoo in the Company would increase by 3.68% to 36.80%, as shown in the table below:

Direct and deemed interest of Mr Sim Wong Hoo (%)	
As at the Latest Practicable Date	After a buy-back of 7,025,540 Shares under the 2013 Mandate ⁽¹⁾
33.12%	36.80%

Note:

- (1) This is based on the assumption that Mr Sim Wong Hoo will not sell his interest in the Company and that, save for the change in his interest resulting directly from the Share Buy Backs by the Company, there is no other change in his interest in the voting rights in the Company for the duration of the 2013 Mandate.

Accordingly, Mr Sim Wong Hoo and parties acting in concert with him would incur a mandatory take-over obligation for all the Shares.

As at the Latest Practicable Date, there are no parties acting in concert with Mr Sim Wong Hoo. Mr Sim Wong Hoo has not purchased any Shares in the six (6) months preceding the Latest Practicable Date.

2.16.2 Conditions for exemption from having to make a general offer under Rule 14 of the Takeover Code

Mr Sim Wong Hoo and parties acting in concert with him (if any) will be exempted from the requirement to make a general offer for the Company under Rule 14 of the Takeover Code if the aggregate shareholding of Mr Sim Wong Hoo and parties acting in concert with him (if any) increases by more than one (1)% in any six (6) month period as a result of any Share Buy Back carried out pursuant to the 2013 Mandate, subject to the following conditions:

- (a) the circular to Shareholders seeking their approval for the 2013 Mandate contains:
 - (i) advice to the effect that by voting in favour of the resolution to approve the renewal of the Share Buy Back Mandate, Shareholders are waiving their rights to a general offer at the required price (as determined in accordance with Appendix 2 of the Takeover Code) from Mr Sim Wong Hoo and parties acting in concert with him (if any); and
 - (ii) the names and voting rights of Mr Sim Wong Hoo and parties acting in concert with him (if any) as at the date of the resolution and after the Company exercises the power under the 2013 Mandate in full and purchases 10% of the issued Shares;
- (b) the resolution to authorise the 2013 Mandate is approved by a majority of Shareholders who are present and voting at the EGM on a poll who could not become obliged to make a general offer for the Company as a result of the buy-back of Shares by the Company pursuant to the 2013 Mandate;
- (c) Mr Sim Wong Hoo and parties acting in concert with him (if any) abstain from voting for and/or recommending to Shareholders to vote in favour of the resolution to authorise the 2013 Mandate;
- (d) within seven (7) days after the passing of the resolution to authorise the 2013 Mandate, Mr Sim Wong Hoo submits to the Securities Industry Council ("**SIC**") a duly signed form as prescribed by the SIC;
- (e) Mr Sim Wong Hoo and parties acting in concert with him (if any) have not acquired and will not acquire any Shares between the date on which they know that the announcement of the proposal of the 2013 Mandate is imminent and the earlier of:
 - (i) the date on which the authority for the 2013 Mandate expires; and

- (ii) the date on which the Company announces that it has bought back such number of Shares as authorised by the 2013 Mandate, or decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the buy back of Shares under the 2013 Mandate, would cause the aggregate voting rights held by Mr Sim Wong Hoo and parties acting in concert with him (if any) in the Company to increase by more than one (1) % in the preceding six (6) months.

As such, if the aggregate voting rights held by Mr Sim Wong Hoo and parties acting in concert with him (if any) increase by more than one (1) % solely as a result of the Company's buy back of Shares under the 2013 Mandate, and none of them has acquired any Shares during the relevant six (6) month period, then Mr Sim Wong Hoo and parties acting in concert with him (if any) would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Takeover Code, or where such exemption had been granted, would continue to enjoy the exemption.

If the Company ceases to buy-back Shares pursuant to the 2013 Mandate and the increase in the aggregate voting rights held by Mr Sim Wong Hoo and parties acting in concert with him (if any) as a result of the relevant buy-back of Shares at such time is less than one (1) % in any six (6) month period, Mr Sim Wong Hoo and parties acting in concert with him (if any) may acquire further voting rights in the Company. However, any increase in their percentage voting rights as a result of the buy-back of Shares pursuant to the 2013 Mandate will be taken into account together with any voting rights acquired by Mr Sim Wong Hoo and parties acting in concert with him (if any) by whatever means in determining whether they have increased their voting rights by more than one (1) % in any six (6) month period.

2.16.3 Form 2 submission to the SIC

Form 2 (Submission by directors and their concert parties pursuant to Appendix 2) is the prescribed form to be submitted to the SIC by a director and persons acting in concert with him pursuant to the conditions for exemption (please refer to paragraph (d) in section 2.16.2 above) from the requirement to make a take-over offer under Rule 14 of the Takeover Code as a result of the buy-back of shares by a listed company under its share purchase mandate.

Mr Sim Wong Hoo has informed the Company that he will be submitting a Form 2 to the SIC within seven (7) days after the passing of the resolution authorising the 2013 Mandate.

2.17 Waiver

Shareholders should note that by voting in favour of the 2013 Mandate, they are waiving their rights to a general offer from Mr Sim Wong Hoo and parties acting in concert with him, in cash or accompanied by a cash alternative at the required price.

The Directors are not aware of any other Shareholder or group of Shareholders acting in concert (whether with Mr Sim Wong Hoo or parties acting in concert with him (if any)) who may become obligated to make a mandatory offer in the event that the Board exercises the power to buy-back Shares pursuant to the 2013 Mandate.

Appendix 2 of the Takeover Code requires that the resolution to authorise the 2013 Mandate be approved by a majority of those Shareholders present and voting at the meeting on a poll who could not become obliged to make an offer under the Takeover Code as a result of the Share buy back. Accordingly, the Ordinary Resolution relating to the 2013 Mandate set out in the Notice of EGM is proposed to be taken on a poll and Mr Sim Wong Hoo shall abstain from voting on such Ordinary Resolution.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Takeover Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDER

3.1 Directors' Interests

Based on information in the Register of Directors' Shareholdings maintained by the Company, as at the Latest Practicable Date, the direct and deemed interests of the Directors are as follows:

Directors	Number of Shares			%
	Direct Interest	Deemed Interest	Total Interest	
Sim Wong Hoo	23,270,652	-	23,270,652	33.12
Lee Kheng Nam	37,500	10,000 ⁽¹⁾	47,500	0.07
Ng Kai Wa	2,341,055	-	2,341,055	3.33
Lee Gwong-Yih	37,500	-	37,500	0.05

Note:

(1) Mr Lee Kheng Nam is deemed to be interested in 10,000 Shares held by his spouse.

3.2 Substantial Shareholder's Interests

Based on information in the Register of Substantial Shareholders maintained by the Company, as at the Latest Practicable Date, the direct and deemed interests of the Substantial Shareholder are as follows:

Substantial Shareholders	Number of Shares			%
	Direct Interest	Deemed Interest	Total Interest	
Sim Wong Hoo	23,270,652	-	23,270,652	33.12

4. DIRECTORS' RECOMMENDATIONS

The Directors, save for Mr Sim Wong Hoo who is abstaining from making any recommendation to Shareholders pursuant to the conditions for exemption under Appendix 2 of the Takeover Code (as set out in paragraph (c) of section 2.16.2 above), are of the opinion that the proposed renewal of the Share Buy Back Mandate is in the best interest of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution relating to the 2013 Mandate to be proposed at the EGM.

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 19 to 22 of this Circular, is being convened to be held on 30 October 2013 for the purpose of considering and, if thought fit, passing the Ordinary Resolution set out in the Notice of EGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Appointment of Proxies

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 31 International Business Park, #03-01 Creative Resource, Singapore 609921, not later than 48 hours before the time fixed for the EGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes.

6.2 When Depositor regarded as Shareholder

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and vote thereat unless his name appears on the Depository Register at least 48 hours before the EGM.

7. ABSTINENCE FROM VOTING

Mr Sim Wong Hoo and parties acting in concert with him (if any), will abstain from voting at the EGM in respect of Ordinary Resolution relating to the 2013 Mandate pursuant to the conditions under Appendix 2 of the Takeover Code as set out in paragraph (c) of section 2.16.2 above.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Share Buy Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, 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 Circular in its proper form and context.

Yours faithfully

for and on behalf of the
Board of Directors of
Creative Technology Ltd

Sim Wong Hoo
Chairman and Chief Executive Officer
10 October 2013

CREATIVE[®]

CREATIVE TECHNOLOGY LTD

(Incorporated in the Republic of Singapore)

Company Registration No. 198303359D

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Creative Technology Ltd (the “**Company**”) will be held at 31 International Business Park, #03-01 Creative Resource, Singapore 609921 on 30 October 2013 at 11.00 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.30 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without any modification, the following Ordinary Resolution:–

AS ORDINARY RESOLUTION

(1) THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

THAT:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) on-market purchases (“**Market Purchases**”), transacted on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchases (each an “**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual of the SGX-ST (the “**Listing Manual**”),

and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buy Back Mandate**”);

- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held as treasury shares and dealt with in accordance with the Companies Act;

- (c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next annual general meeting of the Company (“**AGM**”) is held or is required by law to be held;
 - (ii) the date on which the Share buy backs are carried out to the full extent mandated under the Share Buy Back Mandate; or
 - (iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;
- (d) for the purposes of this Resolution:

“**Prescribed Limit**” means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

“**Relevant Period**” means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

“**Maximum Price**” in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) In the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price,

in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means the average of the closing market price of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded on the SGX-ST, immediately preceding the date of the Market Purchase made by the Company, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period;

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

“Market Day” means a day on which the SGX-ST is open for trading in securities; and

- (e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

By Order of the Board

NG KEH LONG
Company Secretary
Singapore
10 October 2013

Notes:-

1. A member of the Company entitled to attend and vote at the EGM of the Company is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such corporation.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
5. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 31 International Business Park, #03-01 Creative Resource, Singapore 609921 not less than 48 hours before the time appointed for holding the EGM of the Company.
7. Any proxy given pursuant to the solicitation may be revoked by the person giving it at any time before its use by delivering to the Company (Attention: Mr. Ng Keh Long, Company Secretary) a written notice of revocation or a duly executed proxy bearing a later date or by attending the meeting and voting in person.

IMPORTANT

1. For investors who have used their CPF monies to buy Creative Technology Ltd's shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

**EXTRAORDINARY GENERAL MEETING
PROXY FORM**

I/We _____

of _____

being a member/members of Creative Technology Ltd (the "Company") hereby appoint:

NAME	ADDRESS	NRIC/ PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (%)

and/or (delete as appropriate)

NAME	ADDRESS	NRIC/ PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (%)

or failing him, the Chairman of the meeting, as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting of Creative Technology Ltd to be held at 11.00 a.m. on 30 October 2013 at the Company's offices at 31 International Business Park, #03-01 Creative Resource, Singapore 609921, and at any adjournment thereof. I/We have indicated with an "X" against the Resolution set out in the Notice of Extraordinary General Meeting and summarised below how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion.

NO.	RESOLUTION*	FOR**	AGAINST**
	<u>AS ORDINARY RESOLUTION:</u>		
1.	To approve the renewal of the Share Buy Back Mandate taken on a poll		

* Please refer to the Notice of Extraordinary General Meeting for full text of the resolution.

** Please indicate your vote "For" or "Against" with an "X" within the box provided.

Dated this _____ day of _____ 2013.

Total Number of Shares

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares.

If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at the Extraordinary General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore to attend and vote for and on behalf of such corporation.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 31 International Business Park, #03-01 Creative Resource, Singapore 609921, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting of the Company.
8. Any proxy given pursuant to the solicitation may be revoked by the person giving it at any time before its use by delivering to the Company (Attention: Mr. Ng Keh Long, Company Secretary) a written notice of revocation or a duly executed proxy bearing a later date or by attending the meeting and voting in person.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are deposited with The Central Depository (Pte) Limited, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.