



CREATIVE TECHNOLOGY LTD

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

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## 39<sup>th</sup> ANNUAL GENERAL MEETING RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS

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- 1) a) **In the Chairman's statement of the latest annual report, he mentioned about working with a well-known consumer electronics maker on OEM for Super X-fi. Could Creative shed some light on the type of platform and device for this consumer electronics maker?**

Ongoing discussions on licensing and collaborations are confidential. We will announce accordingly when any substantial agreements are concluded.

- b) **Could Creative please also provide more details on your OEM model for Super X-fi? Is it a small PCB with DSP? Does it have power draining/overheating issues? Or is it a software bundle or both? What are the target platforms and devices? Any plans to work with chip makers to integrate it into processors?**

Our OEM business for Super X-fi is a key priority; we are continuously exploring various options and business partnerships. However, as most of this information are company confidential and may affect our competitiveness, we are unable to disclose more details.

- 2) **What is Creative's outlook on OEM for Super X-fi. Is there a potential for it to be a de facto standard across PCs, laptops, mobile, TVs and so on?**

There is definitely potential, but due to the current COVID-19 situation, everything has slowed down. Accessibility is severely restricted, especially in our potentially biggest market (China).

- 3) **Are there any 3rd party licensing agreements made for the Super Xi-Fi patents? Or, are there any on-going discussions?**

Ongoing discussions on licensing and collaborations are confidential. We will announce accordingly when any substantial agreements are concluded.

- 4) **What is the roadmap for Super X-fi? How will it stack against competition such as those from Dolby (including Dolby Atmos), Sony, Apple and THX? Some competitors have software tools for content creators as well as specialised file formats. I still remember Soundblaster 16 has an SDK that could be purchased from PC shops at Sim Lim Square. Does Creative intend to release software tools for content creators?**

SXFI (1<sup>st</sup> Gen) is at least one generation ahead of the competition; we have already released Gen 2; Gen 3 is imminent and we are planning for Gen 4.

Any software can play through our SXFI hardware to get SXFI audio; there is no need for SDK in this respect.

- 5) Is there any potential for licensing of spatial headphone/speakers audio patents to other companies? I noticed Creative have been granted some and others under application. Any comments on headtracking spatial (headphone) audio patent competition between Creative and Apple? Any serious user of spatial headphone audio will know the next step is headtracking.**

There is a lot of potential for licensing, but it is still early days for headphone spatialization in general. In addition, the current market turmoil have made it more difficult to conclude such deals.

- 6) Will Creative consider providing quarterly guidance/summary of performance?**

Currently, we provide half-yearly financial statements and related announcements. We will provide updates when there is any material development in between.

- 7) As Creative has sold its US building recently, does it mean that the rental costs in US will go up?**

The property located in the United States of America with a net book value of US\$563,000 was sold at net sales proceeds of US\$11,130,000.

Following the sale, there will be an increase in rental cost but the amount is not material. There will also be a reduction in other operating expenses relating to the building. In fact, this reduction in operating expenses will be higher than the increase in rental cost.

- 8) What is the carrying value of any significant investment Creative has made thus far?**

The information on this is on page 46 and 63 of the Annual Report.

- 9) Additional comments relating to questions on general business strategies and operations**

There are some other questions relating to detailed business strategies and operations which involve internal processes or deliberations – these are either confidential information, or information which may affect our competitiveness, or questions which we believe, to say the least, are too intrusive, and therefore, it is not suitable for public disclosure.

Other relevant questions relating to business and technologies have been addressed above, in the Chairman's Message in the Annual Report, and other earlier communications. However, since the last update in the Chairman's Message, which was about a month ago, the macro business environment has become more uncertain. This type of scenario will be more challenging for new and upcoming technologies to gain widespread adoption. Super X-Fi, as a relatively new technology, faces the same strong headwinds.

Looking forward, in light of the chaotic situation, many companies and even nations are facing challenging times. We are not immune either. Many of our previous plans and strategies are up in

the air and need some serious rethinking. We assure our shareholders that we are doing our utmost to get a handle on the situation, in the hope of finding opportunities amidst the turmoil.

## **10) Response relating to questions on Independent Directors**

As disclosed in the Corporate Governance Report, the Board has conducted rigorous review on the status of the Independent Directors, taking into consideration all other factors in accessing the independence of a Director. These factors include, inter alia, if the Director has any interest, business relationship and/or other material contractual relationship with the Group which could reasonably be perceived to compromise his independence and interfere with the exercise of his independent business judgement with a view to the best interests of the Group.

In this review process, each of the members of the Board abstained in respect of the review and confirmation of his independence status.

The NC takes the view that a Director's independence should not be determined solely and arbitrarily on the basis of the length of service. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging management in the best interests of the Group as he performs his duties in good faith, are more critical measures in ascertaining his independence than the number of years served on the Board.

Further with their length of service in the Company, the independent directors, Mr Lee Kheng Nam, Mr Ng Kai Wa and Mr Lee Gwong-Yih, have gained in-depth understanding of the company and continue to provide the company with the experience and knowledge of the industry. Their contribution will continue to be valuable.

The Directors are individuals with leadership experiences in business, with a broad diversity of expertise and experience including accounting, finance, legal, engineering, regulatory and business management. Each Director provides a valuable network of industry contacts and brings in different perspectives and ideas at Board discussions.

For the ease of reference for shareholders, the Independent Directors' experience, as summarised in the Annual Report, is set out below:

Mr Lee Kheng Nam is presently a Venture Partner of GGV Capital and also Chairman of Advantec Pte Ltd, an investment holding company. Mr. Lee is also currently Deputy Chairman of Vertex Venture Holdings Ltd (VVH), wholly-owned subsidiary of Temasek Holdings (Private) Limited engaged in the venture capital direct investment and fund management business. Mr. Lee was General Manager (1988 to February 1995) and subsequently President of Vertex Management Pte Ltd (VMPL) and executive Director of VVH from March 1995 to February 2004. Prior to this, he was with NatSteel group of companies as the Manager of the Project Development Department and the Ministry of National Development where he was Deputy Director of Planning. He sits on the boards of several companies, both local and overseas, including Thunes, Blaise Inc, Structo Pte Ltd and Zero2.5 Biotech Pte Ltd. He formerly served on the boards of Heptagon Advanced Micro Optics (acquired by ams AG), China Finance Online, Gemplus International S.A. (later merged to become Gemalto) and Chartered Semiconductor Manufacturing Ltd.

Mr Ng Kai Wa has been the Co-Founder, Chairman and Chief Executive Officer of InnoMedia Pte Ltd since 1995. InnoMedia is a leading supplier of broadband access IP Telephony, and SIP Trunking solutions to Cable MSOs, broadband service providers and distribution partners. Prior

to that, he was the Co-Founder, Chief Technology Officer and Vice Chairman of the Board of Creative Technology Ltd.

Mr Lee Gwong-Yih is Managing Director of Translink Capital. Prior to joining Translink Capital in 2014, Mr. Lee was Chairman and Chief Executive Officer of the CyberTAN Technology, Inc. since 2006. CyberTAN is a publicly listed company on the Taiwan Stock Exchange, and an affiliated company of Foxconn Group. Prior to CyberTAN, Mr Lee founded two start-up companies, Transmedia in March of 1998 and Digicom Systems in May of 1987. Both companies were successfully acquired by Cisco Systems and Creative in 1999 and 1994 respectively. In addition, he serves on the board for ITRI International, and is an Advisor for Foxconn.

For renewal of the Board, the Company continues to review the compositions of Board. The NC assesses and shortlists candidates for a position on the Board when a need arises. The search and nomination process for new Directors will be through recommendations of Directors and Management. We have continued to look for qualified candidates to identify potential new appointments to the Board. Potential candidates will be interviewed by the NC to assess suitability and commitment.

**BY ORDER OF THE BOARD**

Ng Keh Long  
Company Secretary  
27 October 2021