

ANNUAL REPORT 2024

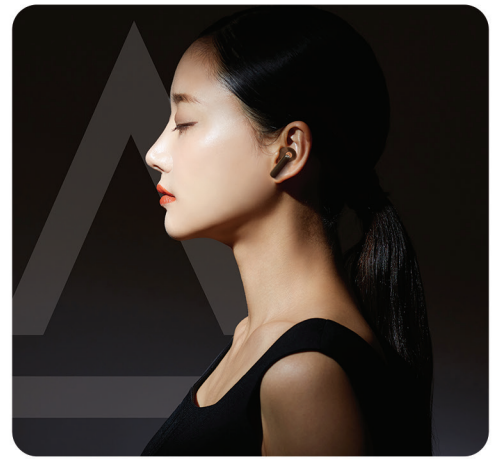
# A NEW SOUND AWAITS



CREATIVE

SXFI

AURVANA



Sound  
BLASTER

STAGE

PEBBLE

KATANA



ZEN

OUTLIER

## CONTENTS

---

Chairman and CEO Message	2
Financial Highlights and Review	4
Board of Directors and Executive Officers	6
Corporate Governance	10
Directors' Statement	20
Independent Auditor's Report	24
Consolidated Income Statement	28
Consolidated Statement of Comprehensive Income	29
Balance Sheets	30
Consolidated Statement of Changes in Equity	31
Consolidated Statement of Cash Flows	32
Notes to the Financial Statements	33
SGX-ST Listing Manual Requirements	74

---

## CHAIRMAN AND CEO MESSAGE

Dear Shareholders,

We started fiscal year 2024 with a cautiously optimistic outlook as we work towards revitalizing our business and improving the Group's financial performance. While we have achieved higher revenue and improved our operating results for the year, we were not able to achieve profitability because of the continuing difficult business environment, new disruptions in supply chains, and subdued market demand.

Sales for fiscal year 2024 were US\$63 million compared to US\$56 million for fiscal 2023. Gross profit as a percentage of sales was 30% in fiscal 2024 compared to 25% in fiscal 2023. Net loss for fiscal 2024 was US\$11 million, compared to a net loss of US\$17 million in fiscal 2023. Further highlights of the Group's financial performance are detailed in the "Financial Highlights and Review" section of the annual report.

Looking ahead to fiscal year 2025, we foresee continual weakness in consumer spending. We will continue to grow our revenue, but it will likely be at a measured pace. Consumption patterns are shifting toward the mass market segment. We are seeing strong demand for entry-level product models across the speakers, headphones, and camera categories. This will drive the volume of our sales in the entry segment of the Pebble, Sound Bar, and Headphone products.

We plan to launch several key products in the Pebble, Sound Blaster, Sound Bar, and Bluetooth speaker series to strengthen our market position and drive growth in the speaker category. We will introduce new headphones incorporating MEM technology, SXFI technology, and Mimi Sound Personalization feature, riding on the successful launch of the Aurvana Ace MEM models last year. In addition to the SXFI technology developed in-house, we will continue to source and work with technology partners with unique propositions, integrating them into our premium product portfolio. These new differentiated models carry higher prices and margins, add depth to our headphone portfolio, and strengthen our brand recognition.

Consumers are increasingly seeking value in today's market conditions. Our differentiated mid-range products offer better functionality and quality than high-priced premium brands. These competitively priced models were driving the growth in our mid-range products in recent quarters. With more new differentiated products in the coming year, we aim to continue this momentum and move our brands up the premium ladder.

At CES January 2025, we will be launching several key products, particularly the new Sound Blaster and the new gaming series, through a collaboration with a leading gaming product partner. Our recently launched gaming Sound Bar, the Sound Blaster GS3, has been well-received, and we are excited about the new Sound Blaster and the new gaming Sound Bar models in our plan.

In addition to adding a more diverse product portfolio, we are strengthening our channel presence in the Southeast Asia markets, where we previously had a limited channel network. This will offer opportunities for faster revenue growth. We will strengthen our presence in Thailand and Malaysia. Our initial push into the Philippines shows good potential, and we will expand into Indonesia and Vietnam. In recent quarters, we have also seen growth opportunities in the Middle East and Latin America markets. We expect to commit more resources to these markets to reap the benefits of attracting young consumers with increasing affluence.

While we have focused on growing revenue, we have also undertaken a critical review of our business and operations. We are taking necessary action to consolidate further and lower our cost structure to reach profitability. We have undertaken restructuring in late FY2024 to trim expenses and increase operating efficiency. We will continue to keep our eyes on the efficiency and deployment of R&D resources to ensure that the investment is compatible with the return in revenue contribution. Our goal is to achieve profitable growth while maintaining adequate resources for marketing and building our brands.

2025 will be the year we launch significant initiatives to build our brands. We have initiated internal reviews of the branding and marketing initiatives. The recent launch of our SXFI headphones with the tagline "A New Sound Awaits" is one example. More new products with our refreshed brand identity will rejuvenate our brands. Digital media, such as TikTok, etc., will be part of our initiatives to build brands and reach the younger customer base. We are also in the process of expanding our retail footprints in key markets. Fresh experiential points, essential for brand building and user engagements, will be set up in strategic retail partners' locations in selected countries. We believe that differentiated products with a coherent execution of our brand identity both in retail and online will increase our brand premium in existing and new consumers' minds.



## CHAIRMAN AND CEO MESSAGE

With these efforts, the Group remains cautiously optimistic about its outlook for the current fiscal year. We believe that we are in a good position to expand our business at a faster pace and improve our financial performance.

Finally, we would like to express our deepest appreciation to Mr. Lee Gwong-Yih and Mr. Kwang Toh Kay, who will be stepping down from the Board at the conclusion of our upcoming Annual General Meeting, for their invaluable contributions as Board members to Creative. We would also like to extend a warm welcome to our three new Board members, Dr. Tan Jok Tin, Mr. Desmond Lim Pang Boon, and Mr. Lim Jew Tim. Their wealth of business experience and industry knowledge will add depth and diversity to the Board and contribute positively to Creative in meeting the challenges ahead.

Thank you.

Lee Kheng Nam  
Chairman

Song Siow Hui  
Chief Executive Officer

## FINANCIAL HIGHLIGHTS AND REVIEW

For the financial year ended 30 June 2024

### Overview

	US\$million	
	2024	2023
Sales, net	62.8	56.2
Gross profit	19.0	13.9
Gross profit margin	30%	25%
Expenses	30.9	35.1
Net loss	(10.8)	(16.7)

Sales for the financial year ended 30 June 2024 (“FY2024”) were US\$62.8 million compared to US\$56.2 million for the financial year ended 30 June 2023 (“FY2023”). Gross profit in FY2024 was US\$19.0 million at a margin of 30% compared to US\$13.9 million at a margin of 25% in FY2023. Net loss in FY2024 was US\$10.8 million compared to US\$16.7 million in FY2023.

### Sales

Net sales for FY2024 increased by 12% compared to FY2023. The increase in net sales was due mainly to higher revenue from new products launched.

<u>Sales by Product Category</u>	US\$million	
	2024	2023
Audio, speakers and headphones	59.4	53.7
Personal digital entertainment	3.4	2.3
Other products	–	0.2
	<u>62.8</u>	<u>56.2</u>

Sales of major product categories in FY2024 have increased compared to FY2023.

<u>Sales by Region</u>	US\$million	
	2024	2023
Asia Pacific	22.3	20.1
The Americas	17.5	16.1
Europe	23.0	20.0
	<u>62.8</u>	<u>56.2</u>

By geographical region, sales in the Asia Pacific region for FY2024 increased by 11% compared to FY2023, and as a percentage of total sales was 35% in FY2024 compared to 36% in FY2023. Sales in the Americas region for FY2024 increased by 9% compared to FY2023, and as a percentage of total sales was 28% in FY2024 compared to 29% in FY2023. Sales in the Europe region for FY2024 increased by 15% compared to FY2023, and as a percentage of total sales was 37% of total sales in FY2024 compared to 35% in FY2023.

### Gross Profit

Gross profit was US\$19.0 million in FY2024 compared to US\$13.9 million in FY2023. Gross profit margin as a percentage of sales was 30% in FY2024 compared to 25% in FY2023. The increase in gross profit margin was due mainly to higher gross profit margin contributions from newly launched products.

**FINANCIAL HIGHLIGHTS AND REVIEW**

For the financial year ended 30 June 2024

**Expenses**

Total expenses decreased from US\$35.1 million in FY2023 to US\$30.9 million in FY2024.

Selling, general and administrative expenses at US\$21.2 million in FY2024 were comparable to US\$20.8 million in FY2023.

Research and development expenses were US\$9.7 million in FY2024 compared to US\$14.3 million in FY2023. The decrease was due mainly to lower payroll and related expenses in line with the lower headcounts after a restructuring exercise in December 2022.

**Net Loss**

Net loss in FY2024 was US\$10.8 million compared to US\$16.7 million in FY2023. Net loss in FY2024 includes interest income of US\$1.2 million and grant income of US\$0.3 million. Net loss in FY2023 includes employee severance payment of US\$3.0 million in a restructuring exercise the Group undertook in December 2022, write-off of right-of-use assets of US\$0.5 million pertaining to unoccupied office space after the restructuring exercise, interest income of US\$1.5 million and other gains (net) of US\$3.2 million.

Other gains (net) of US\$3.2 million in FY2023 were due mainly to gain on sale of intellectual property assets of US\$3.2 million and foreign exchange gain of US\$0.5 million, partially offset by US\$0.5 million write-offs of right-of-use assets. Other losses (net) were immaterial in FY2024.

**Balance Sheet**

The US\$14.2 million decreased in cash and cash equivalents was due mainly to operating loss in FY2024.

The increase in trade receivables by US\$0.7 million to US\$3.7 million as at 30 June 2024 was due mainly to higher level of sales.

As at 30 June 2024, inventory balance increased by US\$2.7 million to US\$21.1 million. This was due mainly to higher inventory purchases in the last quarter of FY2024 to build-up inventories to cushion the effects of supply chain disruptions.

The decrease in right-of-use assets and lease liabilities as at 30 June 2024 compared to 30 June 2023 was due mainly to depreciation expense and lease payments during the year.

## BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

### DIRECTORS AND EXECUTIVE OFFICERS

Creative's directors and executive officers are as follows:-

Name	Age	Position
Lee Kheng Nam	76	Independent Non-Executive Director, Chairman
Ng Kai Wa	68	Independent Non-Executive Director, Vice Chairman
Lee Gwong-Yih	69	Independent Non-Executive Director
George Yong-Boon Yeo	70	Independent Non-Executive Director
Tan Jok Tin	72	Independent Non-Executive Director (appointed on 18 September 2024)
Desmond Lim Pang Boon	55	Independent Non-Executive Director (appointed on 18 September 2024)
Lim Jew Tim	59	Independent Non-Executive Director (appointed on 18 September 2024)
Kwang Toh Kay	49	Executive Director
Sim Li Ern	45	Non-Independent Non-Executive Director
Song Siow Hui	70	Chief Executive Officer
Ng Keh Long	65	Chief Financial Officer

**MR LEE KHENG NAM** has been a Director of Creative since 1991. Mr Lee was appointed Acting Chairman of Creative from 4 January 2023, and Chairman since 7 February 2024. He is presently a Venture Partner of Granite Asia (formerly known as GGV Capital). 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, 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. Lee holds a Bachelor of Science degree in Mechanical Engineering (First Class Honours) from Queen's University, Canada and a Master of Science degree in Operations Research and Systems Analysis from the U.S. Naval Postgraduate School.

**MR NG KAI WA** became a Director of Creative in 2005. Mr Ng was appointed Acting Vice Chairman of Creative from 4 January 2023, and Vice Chairman since 7 February 2024. He 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. Ng holds an Executive Master of Business Administration Degree from the National University of Singapore and a Diploma in Electronic and Electrical Engineering from Ngee Ann Polytechnic.



## BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

### DIRECTORS AND EXECUTIVE OFFICERS (cont'd)

**MR LEE GWONG-YIH** became a Director of Creative in 2009. He is Chairman of CyberTAN Technology Inc., a public listed company on the Taiwan Stock Exchange, and an affiliated company of Foxconn Group. He is also Managing Director of Translink Capital. Mr. Lee also serves on the Board of Directors of Hauman Technologies Corporation and Microelectronics Technology Inc. Both are public listed companies on Taiwan Stock Exchange. He also serves as a member on the Board of Directors of FootprintKu. It is a tech start-up company in Taiwan. 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. Mr Lee has also been granted as an outstanding alumnus from National Chiao-Tung University, Taiwan, and a distinguished Engineering award from CIE/USA, the Chinese Institute of Engineers Organization. Mr Lee holds a Master of Science degree in Electrical Engineering from the State University of New York at Stony Brook and a Bachelor of Science degree in Electrical Engineering from National Chiao-Tung University, Taiwan.

**MR GEORGE YONG-BOON YEO** became a Director of Creative in 2021. He is currently a Visiting Scholar at the Lee Kuan Yew School of Public Policy of the National University of Singapore, and the Founding Patron of its Asia Competitiveness Institute. Mr Yeo was with Kerry Group in Hong Kong from 2012 to 2021. He was Chairman and Executive Director of Kerry Logistics Network from 2012 to 2019. From September 1988 to May 2011, he served 23 years in the Singapore Government, and was Minister for Information and the Arts, Minister for Health, Minister for Trade & Industry and Minister for Foreign Affairs. Mr Yeo has a BA in Engineering (Double First) from Cambridge University and an MBA (Baker Scholar) from Harvard University. He began his military career as a Signals Officer in the Singapore Army, crossed over to the Air Force, became Chief-of-Staff of the Air Staff, and Director of Joint Operations and Planning in the Defence Ministry attaining the rank of Brigadier-General. Mr Yeo was a Member of the Pontifical Commission for Reference on the Economic-Administrative Structure of the Holy See in 2013-2014 and the Vatican Council for the Economy from February 2014 to July 2020. Mr Yeo is a member of the Board of Trustees of Berggruen Institute on Governance, International Advisory Panel of Peking University, Senior Advisory Council of Beijing Forum, International Advisory Board of IESE Business School, International Advisory Council of China's Eco Forum Global Guiyang, International Advisory Board of Japan's National Graduate School for International Policy Studies (GRIPS), International Advisory Committee of Mitsubishi Corporation, Global Advisory Board of MUFU, the External Advisory Board of the European University Institute's School of Transnational Governance and the Board of Governors of the Singapore Manufacturing Federation. Mr Yeo is also an Independent Non-Executive Director of AIA Group listed on the Hong Kong Stock Exchange and Pinduoduo listed on NASDAQ. He is an advisor to Huawei International Pte Ltd in Singapore and Winning International Group. Mr Yeo was the Conference Chairman of the Singapore Summit from 2012 to 2016.

**DR TAN JOK TIN** became a Director of Creative in September 2024. He is Senior Advisor of NUS and Enterprise Singapore's Enterprise Leadership for Transformation program and serves as executive mentor for Small and Medium Enterprises in Singapore. Dr Tan is also Vice Chairman of China-Asia Economic Development Association and a Senior Advisor of China-Singapore Guangzhou Knowledge City (CSGKC), a China and Singapore government-driven joint venture to serve as a model for economic transformation in China. Dr Tan has a distinguished career at Royal Philips Electronics in leadership roles for 27 years. His appointments included Corporate Vice President and Chief Executive Officer for the Asia Pacific region, Chief Technology Officer, General Manager of various business units. After leaving Royal Philips Electronics in late 2004, Dr Tan was appointed CEO of a subsidiary of China Electronics Corporation, a major China state-owned enterprise (SOE). He was the first foreigner to be appointed to such role and led the multi-billion dollars global Consumer Electronics and Electronics Manufacturing Services businesses of this China SOE for 10 years and assumed the role as Senior Advisor of the company before returning to Singapore. He was appointed as CEO of World Trade Centre Singapore from Jan 2019 till end 2020. Dr Tan sits on the board of SuSing Fund Management Co., a newly established government driven China-Singapore joint venture in late 2023. He has previously served in CSGKC Board as Independent Director for ten years since 2014 and was formerly Board Member of Shenzhen SED Electronics Group and Senior Advisor of China Aerospace, besides having served on the boards of various listed and non-listed companies in Singapore, China, and Hong Kong. Dr Tan is a Chartered Engineer with the UK Engineering Council, a Fellow of Institution of Engineering and Technology (UK), Life Senior Member of Institute of Electrical and Electronics Engineers Inc.(USA), Fellow of Chartered Institute of Marketing (UK), PhD Mentor, Honorary President of Zhejiang (S) Entrepreneurs Association and Member of Singapore Institute of Directors. Dr Tan has a Doctorate degree from Brunel University, an MBA degree from University of Strathclyde, Master of Science degree from University of Salford and has attended the Mastering Trade Policy Program at Harvard University, Kennedy School of Government.

## BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

### DIRECTORS AND EXECUTIVE OFFICERS (cont'd)

**MR DESMOND LIM PANG BOON** became a Director of Creative in 2024. He is currently the CEO of Structo Pte Ltd, a 3D printing company that designs, manufactures and develop printer hardware as well as formulating and manufacturing resin materials. Prior to Structo, Mr.Lim held several Chief Financial Officer positions, most recently with Tessa Therapeutics Pte Ltd and Heptagon Advance Micro Optics. He has also been in leadership positions with Avago Technologies (now Broadcom), Honeywell, Deutsche Bank, GE Capital Corporation and JP Morgan. He currently sits on the boards of Structo Pte Ltd and Zero2.5 Biotech Pte Ltd. Mr. Lim started his career with Arthur Andersen in Australia where he qualified as a Chartered Accountant with the Institute of Chartered Accountants in Australia. He holds a Bachelor of Commerce from the University of Western Australia.

**MR LIM JEW TIM** became a Director of Creative in September 2024. He is currently the Executive Director of Global Licensing Services Pte Ltd., managing the worldwide licensing operations of three Japanese consumer electronics and appliances brands. Mr. Lim has been with this company since 2005. Mr. Lim currently also serves as Directors of Sega Management Services Sdn Bhd and AK Consultation Services Pte Ltd, both companies providing consultancy services. From 2003 to 2005, Mr. Lim was the Vice-President of Jolimark Information Technology Co. Ltd., a Hong Kong public-listed (2028.HK) Chinese office automation products manufacturing and marketing company. Prior to this, he was responsible for the worldwide sales operation for InnoMedia Pte Ltd, a leading supplier of broadband access IP Telephony and SIP Trunking solutions. Mr. Lim was with Innomedia between 1996 and 2003. Mr. Lim was the Sales Director of Creative Technology Ltd from 1992 to 1996. Mr. Lim holds a Master Degree in Business Administration from the California States University, a Bachelor of Law (LLB) from the University of London, a Bachelor Degree in Mechanical and Production Engineering from the National University of Singapore, and a Graduate Diploma in Marketing from the Marketing Institute of Singapore.

**MR KWANG TOH KAY** became a Director of Creative in September 2023, and Executive of Creative in March 2024. He is the co-founder and previously chief executive officer (until March 2024), at SkyLab Holding - an advanced hybrid cloud, software-defined networking and edge computing platform technology group of companies. SkyLab has been accorded awards by the industry for pioneering advanced platform solutions since 2016 for digital transformation of the telecommunication, industrial IoT, maritime, public transport and renewable energy industry. Mr Kwang is actively involved in community service, presently serving as a Board member of Kwong Wai Shiu Hospital, a charitable healthcare institution with 750 beds founded in 1910. He is also an avid audiophile, an amateur oboist, a wannabe orchestral music composer and conductor. Mr Kwang received his MBA from the University of Chicago, Booth School of Business, and a Bachelor of Engineering (1st Class Honours) from the University of Birmingham (UK), in Electronics and Communication Engineering.

**MR SIM LI ERN** became a Director of Creative in September 2023. He joined Creative in 2002 and held various positions until May 2023. During his past 21 years in Creative, Mr. Sim has gained valuable experience in product marketing, product sourcing, business procurement, channel sales management and strategic business planning and development; working with partners in the USA, South America, Canada and the Asia regions. He has also acquired experience and insight of the company during his term with Creative, working with different departments and business units. Mr. Sim holds a Bachelor of Engineering in Telecommunications (First Class Honours) from University of Sheffield, United Kingdom and a Diploma in Electronic and Electrical Engineering from Singapore Polytechnic.

**BOARD OF DIRECTORS AND EXECUTIVE OFFICERS****DIRECTORS AND EXECUTIVE OFFICERS (cont'd)**

**MR SONG SIOW HUI** joined Creative in July 1993. During that year, he helped to set up Creative's subsidiary in Japan and has managed it since then. In 1997, after relocating back to Singapore, he was responsible for the North Asia Business Unit covering Japan, China, Korea, Hong Kong, and Taiwan. He held various key sales, marketing, and operations positions in Creative and led the marketing effort to successfully launch the Sound Blaster Live in 1998. He undertook various strategic initiatives in operation, sales, and business development and was responsible for implementing several major restructuring and strategic initiatives in Creative. Mr. Song left the full-time position at Creative in June 2014 but remained a business consultant to Creative, assisting in strategy matters and overseeing the Japanese market. In January 2018, he returned to Creative as President of Creative Labs Pte Ltd. During this period, he restructured the retail channels and grew the online business, with Creative's online presence expanding to over 20 countries today. Before joining Creative, Mr. Song worked at Vertex Management Pte Ltd from 1989 to 1993. He was a scholar serving in the Ministry of Defense, Systems and Computer Organization from 1981 to 1989. Mr. Song graduated from Tokyo Institute of Technology with a Bachelor of Engineering in Electrical Engineering degree. He also holds a Master of Science in Electrical Engineering degree from the National University of Singapore.

**MR NG KEH LONG** joined Creative in April 1993 as Financial Controller and held various financial positions until 1998 when he was appointed as Chief Financial Officer. Prior to joining Creative, he was a Senior Manager with Price Waterhouse (now PricewaterhouseCoopers LLP), where he gained more than ten years' experience in finance, accounting and auditing.

## CORPORATE GOVERNANCE

For the financial year ended 30 June 2024

Creative Technology Ltd (“Creative” or the “Company”, and together with its subsidiaries, the “Group”) is committed to maintaining good corporate governance in accordance with the principles and provisions set out in the Code of Corporate Governance 2018 (the “Code”). Creative’s approach on corporate governance takes into consideration the principles and provisions set out in the Code, substantially complied with the key principles and provisions set out in the Code except where specifically identified and disclosed in this report.

This report outlines the main corporate governance practices that were in place throughout the financial year, with specific references to each of the principles of the Code.

### PRINCIPLE 1: THE BOARD’S CONDUCT OF ITS AFFAIRS

The principal functions of the Board of Directors of the Company (the “Board”) are to provide guidance and to decide on certain important matters, including those involving the review and approval of strategic plans, direction and policies, to review the Group’s performance, to review the adequacy and integrity of internal controls, and to approve material acquisitions and disposals of assets. The Board also reviews management performance and sets the Company’s values and standards and ensures that obligations to shareholders and other stakeholders are understood and met. Sustainability issues are also considered as part of its strategic formulations.

All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and consider at all times, the interest of the Company. When a conflict of interest arises, the concerned Director must disclose such interest, recuse himself from discussions and decisions involving the matter and abstain from voting on resolutions regarding the matter.

These functions are either carried out directly by the Board or through committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee, established by the Board (collectively referred to as “Board Committees”). Each Board Committee is governed and regulated by its own terms of reference, which sets out the scope of its duties and responsibilities, regulations and procedures governing the manner in which the Board Committee is to operate and how decisions are to be taken.

Matters which are specifically reserved to the full Board for decision-making include those involving the review and approval of strategic plans, direction and policies, material acquisitions and disposals of assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders.

The Constitution of the Company allow the Company’s Directors to participate in a Board meeting by telephone conference or video conference whereby all persons participating in the meeting are able to communicate as a group, without requiring the Directors’ physical presence at the meeting.

The number of Board and Board Committee meetings held in the financial year ended 30 June 2024 and the attendance of directors during these meetings is as follows:

Name of Director (Number of Meetings Held)	Board (5)	Audit Committee (6)	Remuneration Committee (1)	Nominating Committee (1)
Lee Kheng Nam	5	6	1	1
Ng Kai Wa	5	6	1	1
Lee Gwong-Yih	5	6	1	1
George Yong-Boon Yeo	4	–	–	–
Kwang Toh Kay*	3	–	–	–
Sim Li Ern*	3	–	–	–

\*Mr Kwang Toh Kay and Mr Sim Li Ern were appointed Directors on 18 September 2023.

When a Director has multiple board representations, such director has to ensure that sufficient time and attention is given to the affairs of the Company.

**CORPORATE GOVERNANCE**

For the financial year ended 30 June 2024

**PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS (cont'd)**

Upon appointment of each new director, a letter is provided setting out the director's duties and obligations. The Group also conducts an orientation programme for new directors to familiarize them with the business activities and corporate governance practices. The Company will provide training for first-time director in areas such as accounting, legal and industry-specific knowledge as appropriate. If a newly appointed director who has no prior experience as a director of a company listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"), he must undergo training as prescribed by the SGX-ST. Such training should be completed within one year of appointment.

Directors are updated regularly on the Group's strategic directions, financial performance, updates on corporate governance practices, relevant new laws, regulations and changing business risks during Board meetings or at specially-convened sessions.

Directors are also encouraged to request for sponsorship from the Company to attend courses to update their knowledge and better equip themselves to discharge their duties as Directors.

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with regular updates of the performance and financial position of the Group. Information provided includes board papers with updates on key performance indicators, and background or explanatory information relating to matters to be brought before the Board. Management staff and the Company's auditors, who can provide insight into the matters for discussion, are also invited from time to time to attend such meetings. This enables the Board to make informed and sound business decisions and be kept abreast of key challenges, opportunities and developments for the Group.

The Company Secretary attends all Board meetings and ensures that all Board procedures are followed. The Company Secretary keeps the Directors informed of any significant developments or events relating to the Group. He ensures good communication flows within the Board and between Management and the Directors. The Company Secretary, together with other management staff of the Company, also ensures that the Company complies with the applicable statutory and regulatory rules. The appointment and removal of the Company Secretary is subject to the approval of the Board.

The Directors have separate and independent access to the Company's senior management and the Company Secretary at all times. Should the Directors, whether as a group or individually, need independent professional advice, the Company will appoint a professional advisor to render the advice. The cost of such independent professional advice will be borne by the Company.

**PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE**

The Board comprises six members as at 30 June 2024, of whom four are independent non-Executive Directors, one is a non-independent non-Executive Director and one is an Executive Director. The criteria of independence are based on the definition given in the Code and in the Listing Rules of SGX-ST. On 18 September 2024, three new members were appointed to the Board, all of whom are independent non-Executive Directors. Key information regarding the Directors is disclosed in the section "Board of Directors and Executive Officers". Together the Board has a diverse wealth of experience as well as skills and knowledge and the diversity of experience, skills and competencies of the Directors enhance the effectiveness of the Board in carrying out its responsibilities.

Creative recognises and embraces the benefits of diversity on the Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

The Board's Diversity Policy provides that, in reviewing Board composition, the Board will consider the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made based on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.



## CORPORATE GOVERNANCE

For the financial year ended 30 June 2024

### PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE (cont'd)

The current Board comprises members who are business leaders and professionals with diverse expertise, experience and backgrounds including engineering, technology, investment, finance, government and general management. Reflecting the focus of the Group's business in the region, the Directors have extensive experience in jurisdictions outside Singapore.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board is mindful that diversity is not specific to gender or certain personal attributes and would strive to ensure the diversity that would enhance the long-term success of the Group.

The independent non-Executive Directors as at 30 June 2024 are Mr Lee Kheng Nam, Mr Ng Kai Wa, Mr Lee Gwong-Yih and Mr George Yong-Boon Yeo. Mr Kwang Toh Kay is an Executive Director and Mr Sim Li Ern is a non-independent non-Executive Director. On 18 September 2024, three new members, Dr Tan Jok Tin, Mr Desmond Lim Pang Boon and Mr Lim Jew Tim were appointed to the Board as independent non-Executive Directors.

Three independent Directors have served on the Board for more than nine years from the respective dates of their first appointment. They are Mr Lee Kheng Nam, Mr Ng Kai Wa and Mr Lee Gwong-Yih.

Pursuant to Rule 210(5)(d)(iv) of the Listing Manual of the SGX-ST, a director will not be independent if he has been a director for an aggregate period of more than nine years. Such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer. Rule 210(5)(d)(iv) takes effect for an issuer's annual general meeting for the financial year ending on or after 31 December 2023 (the "Transitional Period").

During the Transitional Period, directors who have served for more than nine years can remain as independent directors so long as they meet the requirements in Rules 210(5)(d)(i) and 210(5)(d)(ii).

In view of this transitional arrangement, Mr Lee Kheng Nam, Mr Ng Kai Wa and Mr Lee Gwong-Yih continue to be considered independent until the conclusion of the Company's forthcoming Annual General Meeting ("AGM") to be held in 25 October 2024 ("2024 AGM"). Mr Lee Kheng Nam and Mr Ng Kai Wa will be re-designated as non-independent non-Executive Directors after the 2024 AGM. Mr Lee Gwong-Yih will retire from the Board at the 2024 AGM and not seek re-appointment. Mr Kwang Toh Kay will step down from the Board as Executive Director at the 2024 AGM and will continue his executive appointment with Creative.

After the 2024 AGM, if the resolutions for re-appointment of Directors are passed, the Board will comprise seven members, of whom four are independent non-Executive Directors and three are non-independent non-Executive Directors.

The Board had conducted a rigorous review on the Directors' status, taking into consideration all other factors in assessing 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.

The independent non-Executive Directors contribute to the Board by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide different perspectives to the Group's business. While reviewing Management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities. Where appropriate and necessary, the non-Executive Directors would also meet without the presence of Management.

The Board is of the view that the current Board, with independent non-Executive Directors making up a majority of the Board, provides for a strong and independent element on the Board capable of exercising objective judgement on corporate affairs of the Group. No individual or small group of individuals dominates the Board's decision-making.

**CORPORATE GOVERNANCE**

For the financial year ended 30 June 2024

**PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

With Mr Lee Kheng Nam as the Chairman, Mr Ng Kai Wa as the Vice Chairman and Mr Song Siow Hui as the Chief Executive Officer (“CEO”), the Chairman and CEO roles and responsibilities are kept separate to maintain effective oversight. The recommendation in the Code for a lead independent Director is not applicable as the Chairman, Vice Chairman and the CEO are separate individuals and are not related.

The Chairman and Vice Chairman provide strategic guidance and lead the Board. They are responsible for ensuring the effectiveness of the Board and its governance processes. With the assistance of the CEO and the Company Secretary, they set the agenda for Board meetings and ensure complete and accurate information is provided to the Board to facilitate good decision-making in particular on strategic issues. At meetings, they promote a culture of open dialogue and debate, facilitating the effective contribution of all Directors.

The CEO is responsible for making strategic proposals to the Board and implementing the Group’s strategies and policies as well as the Board’s decision. He assumes executive responsibility for the day-to-day management of the Group.

The Chairman, Vice Chairman and the CEO maintain effective communication with shareholders. At shareholder meetings, they ensure constructive dialogue between shareholders, Directors and Management.

**PRINCIPLE 4: BOARD MEMBERSHIP**

The Nominating Committee (the “NC”) consists of three members, all of whom are independent non-Executive Directors. The Chairman of the NC is Mr Ng Kai Wa and the other two members are Mr Lee Kheng Nam and Mr Lee Gwong-Yih.

The principal functions of the NC are, among other matters, to recommend all Board and Board Committee appointments, re-appointments or re-elections, to determine the independence of each Director, and to identify new Directors who have the diversity of experience and appropriate knowledge and skills to contribute effectively to the Board.

The key terms of reference of the NC include the following:

- Review the Board’s succession plans and make recommendations to the Board on all appointments and re-appointments of Directors of the Company;
- Review the independence of Directors;
- Assess the effectiveness of the Board as a whole and contribution by each individual Director; and
- Review the training and professional development programmes for the Board.

When a Director has multiple board representations, such director has to ensure that sufficient time and attention is given to the affairs of the Company. On the issue of multiple board representations, the Board is of the view that it should be left to the judgement and discretion of each Director. As such, the NC and the Board have decided not to set any maximum number of listed company board representations that any director may hold. The NC is satisfied that sufficient time and attention are being given by all the Directors to the affairs of the Company. The key information of each Director is disclosed in their profile as set out in the “Board of Directors and Executive Officers” of the Annual Report 2024.

The NC has conducted an annual review of the independence of the Independent Directors, using the criteria of independence in the Code, and the Listing Rules of SGX-ST and has ascertained that they are independent.

The Board does not have a practice of appointing alternate directors. There were no alternate directors in this financial year.

The Board has adopted a process for the selection, appointment and re-appointment of directors to the Board. The NC reviews the compositions of the Board periodically. It assesses and shortlists candidates for a position on the Board when a need arises. The search and nomination process for new Directors, if any, will be through recommendations of Directors and Management and external search services. Potential candidates are interviewed by the NC to assess suitability and commitment.

## CORPORATE GOVERNANCE

For the financial year ended 30 June 2024

### PRINCIPLE 4: BOARD MEMBERSHIP (cont'd)

New Directors are at present appointed by way of a Board resolution, after the NC approves their appointment. The NC ensures that new directors are aware of their duties and obligations. The Company's Constitution provides that all Directors except Executive Directors are to retire at least once every three years by rotation, if they are appointed by the Company at a general meeting, and a newly appointed Director must submit himself for re-election at the next Annual General Meeting. The retiring Director is nonetheless eligible for re-election by shareholders at every Annual General Meeting.

At the forthcoming Annual General Meeting, Mr Lee Kheng Nam, Mr Ng Kai Wa, Dr Tan Jok Tin, Mr Desmond Lim Pang Boon and Mr Lim Jew Tim will, on the date of the Annual General Meeting, retire as Directors. The NC recommends the re-appointment of Mr Lee Kheng Nam and Mr Ng Kai Wa as non-independent non-Executive Directors, Dr Tan Jok Tin, Mr Desmond Lim Pang Boon and Mr Lim Jew Tim as independent non-Executive Directors at the Annual General Meeting to be held on 25 October 2024.

### PRINCIPLE 5: BOARD PERFORMANCE

The NC assesses the effectiveness of the Board as a whole and its board committees and each individual director, and also assesses the contribution by the Chairman and each individual director to the effectiveness of the Board. The Company believes that the Board's performance is ultimately reflected in the performance of the Group. The Company assesses the Board's performance through its ability to steer the Group in the right direction and the support it renders to Management. In evaluating directors' performance, factors including the directors' attendance, participation and level of participation and contributions at the main board and board committee meetings and other Company activities, are also taken into consideration. No external facilitator is engaged by the Board for the evaluation of the Board performance.

The NC uses its best efforts to ensure that the Directors appointed to the Board possess the relevant necessary background, experience, knowledge and skills so as to enable each Director to bring to the Board an independent and objective perspective to contribute to the effectiveness of the Board.

The Company believes that apart from the Directors' fiduciary duties (i.e. acting in good faith, with due diligence and care, and in the best interests of the Company and its shareholders), the Board's key responsibilities are to set strategic directions and to ensure that the long term objective of enhancing shareholders' value is achieved.

### PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

### PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

### PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The Remuneration Committee (the "RC") consists of three Directors, all of whom are independent non-Executive Directors. The Chairman of the RC is Mr Lee Kheng Nam and the other two members are Mr Ng Kai Wa and Mr Lee Gwong-Yih.

The principal functions of the RC are, among other matters, to recommend to the Board a framework of remuneration and specific remuneration packages for each Board member and key management personnel. The RC considers all aspects of remuneration (including termination terms) to ensure that the terms are fair, competitive and sufficient to attract, retain and motivate each Board member and key management personnel are of the required quality to run the Company successfully; to review each Board member's and key management personnel's compensation annually and determine appropriate adjustments where necessary; and to review any other long term incentive schemes which may be set up from time to time. The RC members are also members of the committee administering the Creative Share Option Scheme (2019).

The RC has access to relevant remuneration data and would seek expert advice from external remuneration consultants whenever required. During the year, there was no requirement for the engagement of external consultants.

**CORPORATE GOVERNANCE**

For the financial year ended 30 June 2024

**PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES****PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION****PRINCIPLE 8: DISCLOSURE ON REMUNERATION** (cont'd)

The Company adopts a remuneration policy for employees comprising a fixed component and a performance based variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Company's and the individual employee's performance. Another element of the variable component is the grant of share options to employees under the Company's share option plan. The Company's employees participate in the performance review process that assesses the individual's performance against set performance targets. Performance against these targets is a factor determining remuneration. This seeks to align the interests of the employees with that of the shareholders.

Each non-Executive Director is paid an annual Director's fee of S\$60,000 (pro-rated where length of service is less than one year). The fees paid to Directors take into consideration the knowledge and expertise of each Director, the responsibilities, effort and time commitment required. The Director's fee is subject to shareholders' approval at the Annual General Meeting. The Director's fee proposed to be paid to each of the Directors for the financial year ended 30 June 2024 is as follows:

<b>Name of Director</b>	<b>Director's Fee</b>
Lee Kheng Nam	S\$60,000
Ng Kai Wa	S\$60,000
Lee Gwong-Yih	S\$60,000
George Yong-Boon Yeo	S\$60,000
Kwang Toh Kay*	S\$27,500
Sim Li Ern#	S\$47,500

\*Mr Kwang Toh Kay was non-Executive Director from 18 September 2023 to 29 February 2024. He was re-designated as Executive Director from 1 March 2024.

# Mr Sim Li Ern was appointed non-Executive Director on 18 September 2023

Each non-Executive Director also participates in the Company's share option plan. The details of the Directors' share options are set out in the Directors' Statement. Non-Executive Directors are not paid any salary, bonus, or other remuneration.

The remuneration of Mr Kwang Toh Kay as Executive Director is in the band of below S\$250,000. The remuneration of Mr Song Siow Hui, the CEO, is in the band of S\$500,000 to S\$749,999. The Company is not disclosing the amount and breakdown of their remunerations for confidentiality and competitive reasons.

The number of top five key executives of the Group (who are not Directors) including the CEO in remuneration bands is as follows:

<b>Remuneration Bands</b>	<b>Number of Key Executives</b>
S\$500,000 to S\$749,999	2
S\$250,000 to S\$499,999	2
Less than S\$250,000	1

For confidentiality and competitive reasons, the Company is not disclosing each individual executive's remuneration and their names. The aggregate total remuneration paid to the top five key executives for the financial year ended 30 June 2024 was S\$1,985,000.

None of the employees of the Group whose annual remuneration exceeds S\$100,000 are substantial shareholders of the Company, or are immediate family members of the CEO or any other Director of the Company or a substantial shareholder of the Company.

Details of the Creative Share Option Scheme (2019) are set out in the Notes to the Financial Statements.

## CORPORATE GOVERNANCE

For the financial year ended 30 June 2024

### PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for the overall risk management and internal control framework, but recognises that no cost effective risk management and internal control systems will preclude all errors and irregularities, as such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, frauds or other irregularities.

The Board reviews the Group's business and operational activities as presented by the management to identify areas of significant risks and recommends as appropriate, the measures to control and mitigate such risks. Annually, the Board reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls.

For the financial year ended 30 June 2024, the Board has received assurance from the CEO and Chief Financial Officer ("CFO") that:

- the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- the risk management and internal control systems have been adequate and effective to address the risks which the Group considers relevant and material to its operations.

The Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems have been adequate and effective for the risks which the Group considers relevant and material to its operations for the financial year ended 30 June 2024. This opinion is arrived at based on the framework established and maintained by the Group, the work performed by the internal and external auditors, reviews carried out by Management, as well as assurances received from the CEO and CFO.

### PRINCIPLE 10: AUDIT COMMITTEE

Given the growing emphasis accorded to risk management, the Board has nominated the Audit Committee ("AC") to assist the Board in risk management responsibilities and function.

The AC consists of three Directors, all of whom are independent non-Executive Directors. The Chairman of the AC is Mr Lee Kheng Nam. The other two members are Mr Ng Kai Wa and Mr Lee Gwong-Yih. The Board considers Mr Lee Kheng Nam, who has the appropriate financial management knowledge and experience, well qualified to chair the AC. The other members of the AC also have the appropriate accounting or relevant financial expertise or experience to discharge their responsibilities. None of the AC members are former partners or directors of the Company's existing auditing firm, or have any financial interest in the auditing firm.

The principal functions of the AC, among other matters, are:

- to review and recommend for approval of the Board the half year and full year financial results and related announcement to be released on SGXNET;
- to review the assurance from the CEO and the CFO on the financial records and financial statements.
- to assist the Board to review and oversee the internal controls and the Group's Enterprise Risk Management Framework;
- to provide guidance to management and renders assistance to the Board to determine the nature and extent of significant risks which the Board would be willing to take in achieving the Group's strategic objectives;
- to review the adequacy, effectiveness, scope and results of the audit and its cost-effectiveness and the independence and objectivity of the external auditors;
- to review the scope of work of the appointed internal auditors and evaluate the adequacy, effectiveness and independence of the internal auditors;



**CORPORATE GOVERNANCE**

For the financial year ended 30 June 2024

**PRINCIPLE 10: AUDIT COMMITTEE** (cont'd)

- to review the findings of the internal and external auditors and the response from the management;
- to make recommendations to the Board on the appointment, re-appointment and/or removal of internal and external auditors, and to approve the remuneration and terms of engagement of the internal and external auditors;
- to review interested person transactions;
- to review whistle-blowing investigations within the Group and ensuring appropriate follow-up in accordance with the Group's whistle-blowing policy; and
- to reports any material matters, findings and recommendations to the Board.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The number of meetings convened by the AC is set out in Principle 1: The Board's Conduct of its Affairs. For the financial year, the AC has met with the external auditors in the absence of key management personnel.

In the review of the financial statements for the financial year ended 30 June 2024, the AC has reviewed with the CFO and the external auditors on changes to accounting standards and significant issues and assumptions which are relevant to the Group and have a direct impact on the group's financial statements. The AC also considered the report from the external auditors, including their findings on the key areas of audit focus. Significant matters that were discussed with management and external auditors have been included as key audit matters in the independent auditors' report for the financial year ended 30 June 2024. Refer to pages 24 to 27 of this Annual Report.

The management provides all Directors with financial updates of the Group's performance, on a regular basis and when required, to enable the Board to make a balance and informed assessment of the Group's performance, position and prospect. The CEO and the CFO also provide assurance to the Board on the integrity of the financial statements of the Company and its subsidiaries.

The Company has in place a whistle-blowing procedure where staff of the Group can raise in confidence concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow up action to be taken. In relation to whistle blowing by non-employees, the whistle blower may report any impropriety and/or concern in writing to the CFO or the AC at the registered office address of the Company.

The Board has approved the outsourcing of the Company's internal audit function as they are of the view that the current size and scope of the Group's operations does not warrant having internal audit function within the organization. GovernAce Advisory & Solutions Pte. Ltd. ("GovernAce") has been appointed to perform risk assessment and conducts review to assess the adequacy and effectiveness of the Group's internal controls. The AC reviews and endorses the internal audit plan and the internal audit reports which include the audit findings and recommendations of the internal auditors and management's responses to such findings. Any material non-compliance or failures in the internal audit function and the recommendations for improvements are reported to the AC. The AC also reviews the progress of any corrective, preventive or improvement measures as required.

The AC is satisfied that GovernAce has the appropriate resource to discharge its duties effectively as the staff assigned are members of the Institute of Internal Auditors, and adhere to standards set by nationally recognised professional bodies. GovernAce has unfettered access to all the Company's documents, records, properties and personnel. For the financial year ended 30 June 2024, the AC is satisfied that the internal audit function is adequate and effective.

During the year, the AC has met with the external auditors without the presence of Management.

## CORPORATE GOVERNANCE

For the financial year ended 30 June 2024

### PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Group is committed to treat all shareholders fairly and equitably. The Group recognises, protects and facilitates the exercise of shareholders' rights, and continually reviews and updates such governance arrangements.

The Company ensures that there is adequate, timely and sufficient information pertaining to changes in the Group's business which could be likely to materially affect the share price or value.

The Company ensures that shareholders have the opportunity to participate effectively and vote at the general meetings. Shareholders are also informed of the rules including voting procedures that govern the general meetings.

At general meetings of the Company, shareholders are given the opportunity to communicate their views and ask the Directors and management questions regarding matters affecting the Company. The Board and senior management are present and available at the Annual General Meeting to respond and address shareholders' queries. The Company's external auditors are also present to address shareholders' queries relating to the conduct of the audit and the preparation and content of the auditor's report. All Board members except one, were present at the Annual General Meeting (AGM) held on 27 October 2023.

Shareholders also have the opportunity to communicate with the Directors after the meeting. The Company prepares minutes of the general meetings relating to the agenda of the meeting and responses from the Board and Management. The minutes of the general meetings are posted on SGXNet.

In accordance with the Constitution of the Company, absentia voting at the general meetings of shareholders is allowed. Shareholders may appoint not more than two proxies to attend and vote on their behalf. A proxy need not be a member of the Company. Relevant intermediaries such as the Central Provident Fund and custodian banks are entitled to appoint more than two proxies to attend and vote at the meeting. Shareholders who hold shares through these relevant intermediaries will be allowed to attend and vote at the forthcoming Annual General Meeting subject to being appointed a proxy by their respective relevant intermediaries.

Every matter requiring shareholders' approval is proposed on a separate resolution. Each item of special business included in the notice of meeting is accompanied, where appropriate, by an explanation for the proposed resolution. In the event that there are resolutions which are interdependent and linked, the Board will explain the reasons and material implications in the notice of the meeting.

The Company has adopted electronic poll voting for the general meetings to ensure greater transparency and efficiency in the voting process and results. Shareholders are invited to vote on each of the resolutions by poll, using an electronic voting system. The voting results of all votes cast for or against each resolution are screened at the meeting and announced via the SGXNet after the meeting.

The Company has not formally instituted a dividend policy. The Company pays an annual dividend, taking into consideration the Company's financial performance, present cash position, projected cash flow generated from operations and projected capital requirements. This is provided that the amount of dividend declared does not exceed the Company's retained earnings.

### PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The Company provides shareholders with half yearly and annual financial results of the Group within the regulatory reporting periods, i.e. results for the half year are released to shareholders within 45 days after the half year period whilst the annual results are released within 60 days from the financial year end. In presenting the Group's annual and half yearly results, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and financial position with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates.

**CORPORATE GOVERNANCE**

For the financial year ended 30 June 2024

**PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS (cont'd)**

Material and price-sensitive information is publicly released via SGXNet on a timely basis. All shareholders of the Company receive the annual report of the Company and the notice of the Annual General Meeting, for which a notice is also advertised in the press and released via SGXNet. Shareholders and investors can access information on the Company at its website at <https://creative.com> which provides, *inter-alia*, corporate announcements, press releases and the latest financial results as disclosed by the Company on SGXNet. From time to time, the Company holds briefings with analysts and the media to coincide with the release of the Group's results. Shareholders may also seek clarification on investor related issues by email provided in the Company's website at <https://creative.com>.

General Meetings are the principal forum for dialogue with shareholders. At these meetings, shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views or inputs and address shareholders' concerns at the general meetings.

Specific guidelines have been laid down for compliance in respect of all public communications. The Company does not practise selective disclosure in the communication of material information. In addition, the Company has also put in place operational procedures to respond promptly to queries from SGX-ST on any unusual trading activities in its securities

**PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS**

The Company recognises the importance of engaging and balancing the needs and interests of key stakeholders as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company has in place a process to identify its various stakeholders and understand their viewpoints as well as actively communicating with them to align the Company's expectation and goals. The Group engages with the key stakeholders through various platforms. Details of the stakeholders engaged by the Group can be found in the Company's Sustainability Report.

The Group maintains a corporate website at <https://creative.com> which stakeholders can access information on the Group. Stakeholders can also communicate with the Company with feedback and questions by email provided in the corporate website. Procedures are in place for following up and responding to stakeholders' queries.

**DEALINGS IN SECURITIES**

In line with the recommended practices on dealings in securities set out in the SGX-ST Listing Rules, the Company provides internal guidance with regards to dealing in the Company's securities by the Company, its Directors and officers. These guidelines prohibit dealing in the Company's securities on short-term considerations and while in possession of unpublished material price-sensitive information in relation to such securities, and during the period commencing one month before the announcement of the Group's half year and full year financial statements.

**INTERESTED PERSON TRANSACTIONS**

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are conducted at arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders. There were no interested person transactions with value more than S\$100,000 transacted during FY2024.

**WHISTLE BLOWING POLICY**

The Group has implemented a Whistle Blowing Policy which provides a mechanism for employees to raise concerns about possible improprieties in financial reporting or other improper business conduct, whilst protecting the whistleblowers from reprisal within the limits of law. Whistleblower complaints made in good faith are independently investigated. The outcome of each whistleblower investigation is reported to the AC, who is responsible in reviewing whistle blowing investigations and ensuring appropriate follow-up in accordance with the Group's whistle blowing policy.

## DIRECTORS' STATEMENT

For the financial year ended 30 June 2024

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2024 and the balance sheet of the Company as at 30 June 2024.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 28 to 73 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2024 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### 1. DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Lee Kheng Nam  
 Ng Kai Wa  
 Lee Gwong-Yih  
 George Yong-Boon Yeo  
 Kwang Toh Kay  
 Sim Li Ern

### 2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

### 3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Name of director	Holdings registered in name of director or nominee			Holdings in which director is deemed to have an interest		
	At 21.7.2024	At 30.6.2024	At 1.7.2023 or date of appointment, if later	At 21.7.2024	At 30.6.2024	At 1.7.2023 or date of appointment, if later
<b>Creative Technology Ltd</b> (Number of ordinary shares)						
Lee Kheng Nam	45,000	45,000	45,000	10,000	10,000	10,000
Ng Kai Wa	2,148,555	2,148,555	2,148,555	–	–	–
Lee Gwong-Yih	45,000	45,000	45,000	–	–	–
George Yong-Boon Yeo	225,350	225,350	210,350	–	–	–
Kwang Toh Kay	10,000	10,000	–	–	–	–
Sim Li Ern	22,750	22,750	22,750	23,270,652*	23,270,652*	23,270,652*

\* Mr Sim Li Ern is one of the persons entitled in distribution to the estate of the late Mr Sim Wong Hoo who had an interest of 23,270,652 shares in the Company. He is also an Administrator of the estate of Mr Sim Wong Hoo. Accordingly, he is deemed to have an interest of 23,270,652 shares of the Company held by the estate of Mr Sim Wong Hoo.

**DIRECTORS' STATEMENT**

For the financial year ended 30 June 2024

**3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (cont'd)**

- (b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Creative Share Option Scheme (2019) (the "Scheme") as set out below and under "Share options" in this statement.

Name of director	Number of unissued ordinary shares under share option	
	At 30.6.2024	At 1.7.2023
Lee Kheng Nam	90,000	30,000
Ng Kai Wa	90,000	30,000
Lee Gwong-Yih	90,000	30,000
George Yong-Boon Yeo	90,000	30,000
Kwang Toh Kay	60,000	–

**4. SHARE OPTIONS****(a) Share option plan**

The Creative Share Option Scheme (2019) ("Scheme") was approved and adopted by shareholders at an Extraordinary General Meeting on 30 October 2019 which allows options to be granted to group employees (including executive directors) and group non-executive directors. The committee, at the date of this statement, administering the Scheme comprises the following directors ("Committee"):

Mr Lee Kheng Nam  
Mr Ng Kai Wa  
Mr Lee Gwong-Yih

Under the terms of the Scheme, the Committee may grant options to eligible participants to subscribe for shares at a subscription price set at the market price or at a discount to the market price on the capital of the Company, subject inter alia to the following:

- (i) the aggregate number of shares over which options may be granted when added to the number of shares issued and issuable in respect of all options granted under the Scheme and in respect of all other share-based incentive schemes of the Company then in force, shall not exceed 15% of the total issued shares (excluding treasury shares) of the Company on the date preceding the offer date of an option.
- (ii) the number of shares to be offered to any participant of the Scheme shall be determined at the absolute discretion of the Committee, who shall take into account (where applicable) criteria such as employment level, grade, years of service, performance, contributions, potential for future development and such other criteria as the Committee may consider appropriate.

Subject to any adjustment pursuant to any variation of the share capital of the Company, the subscription price for each share under the Scheme shall be:

- (a) a price equal to the average of the last dealt prices for Creative shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") over the five consecutive market days immediately preceding the offer date of that option, rounded up to the nearest whole cent, or
- (b) the discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above or such other percentage or amount as may be determined by the Committee and permitted by SGX-ST and approved by the shareholders of the Company in a general meeting.



**DIRECTORS' STATEMENT**

For the financial year ended 30 June 2024

**4. SHARE OPTIONS (cont'd)****(a) Share option plan (cont'd)**

- (c) prior approval of shareholders of the Company in general meeting shall have been obtained for discount exceeding 20% of the market price if it is prescribed or permitted for the time being by SGX-ST.

The Committee has the discretion to decide on the option vesting schedule in the letter of offer. For options where the exercise price is equal to the market price, the options shall not vest less than 1 year from the date of grant. For options where the exercise price is granted at a discount to the market price, the options shall not vest less than 2 years from the date of grant. Share option exercises will be settled via the delivery of shares.

Options expire after the tenth anniversary of the date of grant for employees and fifth anniversary for non-employees unless they are cancelled or have lapsed.

The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten years from 30 October 2019 provided always that the Scheme may continue beyond the above stipulated period with the approval of the shareholders by an ordinary resolution in general meeting and the approval by any of the relevant authorities which may then be required.

There were no options granted during the financial year ended 30 June 2023.

During the financial year ended 30 June 2024, the Company granted options to subscribe for 3,376,000 ordinary shares of the Company. 25% of the options will vest annually on the 1st, 2nd, 3rd and 4th anniversary of the date of the grant.

Details of the Directors' share options are set out as follows:

Name of director	Granted in financial year ended 30.6.2024	Aggregate granted since commencement of scheme to 30.6.2024	Aggregate exercised since commencement of scheme to 30.6.2024	Aggregate outstanding as at 30.6.2024
Lee Kheng Nam	60,000	90,000	–	90,000
Ng Kai Wa	60,000	90,000	–	90,000
Lee Gwong-Yih	60,000	90,000	–	90,000
George Yong-Boon Yeo	60,000	90,000	–	90,000
Kwang Toh Kay	60,000	60,000	–	60,000

No participant under the Scheme has received 5% or more of the total number of options available under the Scheme.

No options were granted to controlling shareholders of the Company or their associates.

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any rights to participate in any share issue of any other company.

There were no options exercised during the financial years ended 30 June 2024 and 2023.

**DIRECTORS' STATEMENT**

For the financial year ended 30 June 2024

**4. SHARE OPTIONS (cont'd)****(b) Share options outstanding**

The number of unissued ordinary shares of the Company under option in relation to the Scheme outstanding at the end of the financial year was as follows:

<b>Grant date</b>	<b>Number of unissued ordinary shares under option at 30.6.2024</b>	<b>Exercise price</b>	<b>Expiry date</b>
4 December 2020	1,119,000	US\$1.72	4 December 2030
4 December 2020	90,000	US\$1.72	4 December 2025
14 February 2022	30,000	US\$1.69	14 February 2027
4 September 2023	3,015,000	US\$0.84	4 September 2033
4 September 2023	240,000	US\$0.84	4 September 2028
25 September 2023	60,000	US\$0.90	25 September 2028

**5. AUDIT COMMITTEE**

At the end of the financial year, the Audit Committee comprises the following members, all of whom are independent non-executive directors:

Lee Kheng Nam (Chairman)  
Ng Kai Wa  
Lee Gwong-Yih

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act 1967. In performing its functions, the Committee reviewed the overall scope of work of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the auditors to discuss the results of their examination and evaluation of the system of internal accounting control of the Company and its subsidiaries. The Committee also reviewed the requirements for approval and disclosure of interested person transactions.

The Committee reviewed the balance sheet of the Company and the consolidated financial statements of the Group as well as the independent auditor's report thereon and recommended to the Board of Directors the nomination of PricewaterhouseCoopers LLP as independent auditor of the Company at the forthcoming Annual General Meeting.

**6. INDEPENDENT AUDITOR**

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept reappointment.

On behalf of the directors

---

Lee Kheng Nam  
Director

---

Ng Kai Wa  
Director

16 September 2024

## INDEPENDENT AUDITOR'S REPORT

to the members of Creative Technology Ltd.

### Report on the Audit of the Financial Statements

#### Our opinion

In our opinion, the accompanying consolidated financial statements of Creative Technology Ltd (“the Company”) and its subsidiaries (“the Group”) and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, 1967 (“the Act”) and 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 and the financial position of the Company as at 30 June 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

#### *What we have audited*

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the year ended 30 June 2024;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the balance sheet of the Group as at 30 June 2024;
- the balance sheet of the Company as at 30 June 2024;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

#### Basis for Opinion

We conducted our audit 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 Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority 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.

#### Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

**INDEPENDENT AUDITOR'S REPORT**

to the members of Creative Technology Ltd.

**Our Audit Approach** (cont'd)*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 June 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b><u>Inventory valuation</u></b></p> <p>The total gross inventory and allowance for obsolescence as of 30 June 2024 amounted to US\$28.0 million and US\$6.9 million, respectively.</p> <p>Inventory valuation is a key audit matter because the inventory and related allowance are</p> <ul style="list-style-type: none"> <li>• Material to the financial statements;</li> <li>• Subject to a high level of judgement; and</li> <li>• Exposed to uncertainty, due to the short product life cycle of audio and personal digital entertainment products, changing demands of consumers, and rapid technological changes.</li> </ul>	<p>Our work done is as follows:</p> <ol style="list-style-type: none"> <li>1. Assessed the assumptions and considered the nature and suitability of historical data used in estimating the allowance;</li> <li>2. Compared the inventory on hand against future sales projections, taking into account new models released during the year and historical sales performance to assess adequacy of the allowance;</li> <li>3. Considered the compatibility of use in production of other products in determining the allowance amount for raw materials;</li> <li>4. Tested inventory balances to determine that they are carried at the lower of cost or net realisable value; and</li> <li>5. Checked the Group's disclosure in the financial statements for this matter.</li> </ol> <p>Based on our procedures, we found management's assessment in respect of inventory valuation to be reasonable. We also found that the disclosures in the financial statements in respect of this matter to be appropriate and adequate.</p>

**Other Information**

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT

to the members of Creative Technology Ltd.

### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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.
- 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 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 financial statements, including the disclosures, and whether the 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 group audit. We remain solely responsible for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT

to the members of Creative Technology Ltd.

### **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Daniel Khoo.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 16 September 2024



**CONSOLIDATED INCOME STATEMENT**

For the financial year ended 30 June 2024

	Note	Group	
		30 June 2024 US\$'000	30 June 2023 US\$'000
Sales, net		62,779	56,236
Cost of goods sold	4	(43,765)	(42,312)
<b>Gross profit</b>		<b>19,014</b>	<b>13,924</b>
Expenses:			
Selling, general and administrative		(21,246)	(20,793)
Research and development		(9,691)	(14,334)
<b>Total expenses</b>	4	<b>(30,937)</b>	<b>(35,127)</b>
Interest income		1,160	1,458
Other income	6	277	54
Other gains	7	151	3,762
Other losses	8	(211)	(548)
Interest expense on lease liabilities		(175)	(72)
<b>Loss before income tax</b>		<b>(10,721)</b>	<b>(16,549)</b>
Income tax expense	9	(98)	(140)
<b>Net loss</b>		<b>(10,819)</b>	<b>(16,689)</b>
<b>Attributable to:</b>			
Equity holders of the Company		(10,826)	(16,710)
Non-controlling interests		7	21
		<b>(10,819)</b>	<b>(16,689)</b>
Loss per share attributable to equity holders of the Company	10		
- Basic (US\$ per share)		(0.15)	(0.24)
- Diluted (US\$ per share)		(0.15)	(0.24)

*The accompanying notes form an integral part of these financial statements.*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 30 June 2024

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000
Net loss	<b>(10,819)</b>	(16,689)
Other comprehensive income (loss):		
Items that will not be reclassified subsequently to profit or loss:		
Financial assets at fair value through other comprehensive income ("Financial assets at FVOCI"):		
Fair value gain (loss)	<b>325</b>	(644)
<b>Total comprehensive loss for the financial year</b>	<b>(10,494)</b>	(17,333)
<b>Total comprehensive (loss) income attributable to:</b>		
Equity holders of the Company	<b>(10,501)</b>	(17,354)
Non-controlling interests	<b>7</b>	21
<b>Total comprehensive loss for the financial year</b>	<b>(10,494)</b>	(17,333)

*The accompanying notes form an integral part of these financial statements.*

**BALANCE SHEETS**

As at 30 June 2024

	Note	Group		Company	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
		US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	11	42,122	56,320	34,802	49,134
Trade receivables	12	3,748	3,004	50	17
Amounts due from subsidiaries	13	–	–	18,278	13,979
Inventories	14	21,139	18,433	–	50
Other current assets	15	2,232	1,825	199	461
		<b>69,241</b>	<b>79,582</b>	<b>53,329</b>	<b>63,641</b>
<b>Non-current assets:</b>					
Financial assets at fair value through profit or loss (FVPL)	16	1,515	1,444	–	–
Financial assets at fair value through other comprehensive income (FVOCI)	17	7,112	6,787	–	–
Amounts due from subsidiaries	13	–	–	8,156	7,778
Investments in subsidiaries	19	–	–	11,307	11,557
Property and equipment	20	79	111	47	68
Right-of-use assets (ROU)	21	1,987	3,109	1,784	2,870
Other non-current assets	22	130	134	–	–
		<b>10,823</b>	<b>11,585</b>	<b>21,294</b>	<b>22,273</b>
<b>Total assets</b>		<b>80,064</b>	<b>91,167</b>	<b>74,623</b>	<b>85,914</b>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Trade payables	23	7,058	6,582	51	16
Amounts due to subsidiaries	13	–	–	5,038	5,083
Other creditors, accrued liabilities and provisions	24	11,702	12,443	4,432	5,354
Contract liabilities	25	77	133	–	–
Lease liabilities	21	1,237	1,255	1,072	1,026
Current income tax liabilities		19	18	–	–
		<b>20,093</b>	<b>20,431</b>	<b>10,593</b>	<b>11,479</b>
<b>Non-current liabilities:</b>					
Amounts due to subsidiaries	13	–	–	50,384	50,556
Lease liabilities	21	825	1,941	811	1,884
Deferred income tax liabilities	26	8,709	8,717	–	–
		<b>9,534</b>	<b>10,658</b>	<b>51,195</b>	<b>52,440</b>
<b>Total liabilities</b>		<b>29,627</b>	<b>31,089</b>	<b>61,788</b>	<b>63,919</b>
<b>NET ASSETS</b>		<b>50,437</b>	<b>60,078</b>	<b>12,835</b>	<b>21,995</b>
<b>EQUITY</b>					
Share capital	27	49,040	49,040	49,040	49,040
Treasury shares	27	(16,035)	(16,035)	(16,035)	(16,035)
Fair value reserve		1,924	1,599	–	–
Other reserves	28	42,247	42,586	29,900	29,047
Accumulated losses	29	(27,132)	(17,498)	(50,070)	(40,057)
		<b>50,044</b>	<b>59,692</b>	<b>12,835</b>	<b>21,995</b>
Non-controlling interests		393	386	–	–
<b>Total equity</b>		<b>50,437</b>	<b>60,078</b>	<b>12,835</b>	<b>21,995</b>

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the financial year ended 30 June 2024

	Note	Share capital US\$'000	Treasury shares US\$'000	Fair value reserve US\$'000	Other reserves US\$'000	Retained earnings (accumulated losses) US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
<b>2024</b>									
<b>Balance at 1 July 2023</b>		49,040	(16,035)	1,599	42,586	(17,498)	59,692	386	60,078
(Loss) income for the year		–	–	–	–	(10,826)	(10,826)	7	(10,819)
Other comprehensive income for the year		–	–	325	–	–	325	–	325
<b>Total comprehensive income (loss) for the year</b>		–	–	325	–	(10,826)	(10,501)	7	(10,494)
Employee share-based expense	28	–	–	–	853	–	853	–	853
Transfer upon liquidation of subsidiary companies	28	–	–	–	(1,192)	1,192	–	–	–
<b>Total transactions with owners, recognised directly in equity</b>		–	–	–	(339)	1,192	853	–	853
<b>Balance at 30 June 2024</b>		<b>49,040</b>	<b>(16,035)</b>	<b>1,924</b>	<b>42,247</b>	<b>(27,132)</b>	<b>50,044</b>	<b>393</b>	<b>50,437</b>
<b>2023</b>									
<b>Balance at 1 July 2022</b>		49,040	(16,035)	2,243	42,187	(788)	76,647	365	77,012
(Loss) income for the year		–	–	–	–	(16,710)	(16,710)	21	(16,689)
Other comprehensive loss for the year		–	–	(644)	–	–	(644)	–	(644)
<b>Total comprehensive (loss) income for the year</b>		–	–	(644)	–	(16,710)	(17,354)	21	(17,333)
Employee share-based expense	28	–	–	–	399	–	399	–	399
<b>Total transactions with owners, recognised directly in equity</b>		–	–	–	399	–	399	–	399
<b>Balance at 30 June 2023</b>		<b>49,040</b>	<b>(16,035)</b>	<b>1,599</b>	<b>42,586</b>	<b>(17,498)</b>	<b>59,692</b>	<b>386</b>	<b>60,078</b>

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the financial year ended 30 June 2024

	Note	Group	
		30 June 2024 US\$'000	30 June 2023 US\$'000
<b>Cash flows from operating activities:</b>			
Net loss		(10,819)	(16,689)
Adjustments for:			
Income tax expense		98	140
Depreciation		1,436	2,066
Employee share-based expense		853	399
Gain on disposal of property and equipment		–	(3)
Right-of-use assets written off		–	484
Fair value (gain) loss on financial assets at FVPL		(71)	64
Currency translation loss (gain)		186	(487)
Interest income		(1,160)	(1,458)
Interest expense on lease liabilities		175	72
		<b>(9,302)</b>	<b>(15,412)</b>
Changes in working capital			
Trade receivables		(744)	(190)
Inventories		(2,706)	2,321
Other assets and receivables		(575)	1,034
Trade payables		476	530
Accrued liabilities and provisions		(741)	(1,692)
Contract liabilities		(56)	(28)
Cash used in operations		<b>(13,648)</b>	<b>(13,437)</b>
Interest received		1,332	1,284
Income tax refunded (paid)		17	(13)
<b>Net cash used in operating activities</b>		<b>(12,299)</b>	<b>(12,166)</b>
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment		(48)	(80)
Proceeds from sale of property and equipment		–	3
Purchase of financial assets at FVOCI		–	(100)
Purchase of financial assets at FVPL		–	(1,000)
<b>Net cash used in investing activities</b>		<b>(48)</b>	<b>(1,177)</b>
<b>Cash flows from financing activities:</b>			
Principal payment of lease liabilities		(1,358)	(2,409)
Interest paid on lease liabilities		(175)	(72)
<b>Net cash used in financing activities</b>		<b>(1,533)</b>	<b>(2,481)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(13,880)</b>	<b>(15,824)</b>
Cash and cash equivalents at beginning of financial year	11	56,320	71,294
Effects of currency translation on cash and cash equivalents		(318)	850
<b>Cash and cash equivalents at end of financial year</b>	11	<b>42,122</b>	<b>56,320</b>

The accompanying notes form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1. GENERAL INFORMATION**

Creative Technology Ltd. (the “Company”) is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and incorporated and domiciled in Singapore. The address of its registered office is:

31 International Business Park  
#03-01  
Singapore 609921

The principal activities of the Company and its subsidiaries consist of the design, manufacture and distribution of digitised sound and video boards, computers and related multimedia and personal digital entertainment products.

**2. MATERIAL ACCOUNTING POLICIES****2.1 Basis of preparation**

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) under the historical cost convention, except as disclosed in the accounting policies below.

The Group and the Company conduct a substantial portion of its business in United States dollars (“US\$” or “\$”). All dollar amounts included in the financial statements and in the notes herein are United States dollars unless designated as Singapore dollars (“S\$”). The Group and the Company operate on a thirteen week calendar closing on the Friday closest to the natural calendar quarter. The Group’s financial year 2024 ended on 28 June 2024, the Friday nearest to 30 June 2024, while the prior financial year ended on 30 June 2023. All financial years are described by their natural calendar dates.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise judgement in applying the Group’s accounting policies. It also requires the use of accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

**Interpretations and amendments to published standards effective in 2024**

On 1 July 2023, the Group and the Company have adopted the new or amended SFRS(I)s that are mandatory for application for the financial year.

Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I).

The adoption of the new or amended SFRS(I)s did not result in any significant changes to the accounting policies and had no material effect on the amounts reported for the current or prior financial years.

**2.2 Group accounting****(a) Subsidiaries**

Subsidiaries are entities (including special purpose 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 de-consolidated from the date on which control ceases.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

### 2. MATERIAL ACCOUNTING POLICIES (cont'd)

#### 2.2 Group accounting (cont'd)

##### (a) Subsidiaries (cont'd)

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the dates of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition, irrespective of the extent of non-controlling interests. Please refer to the paragraph “Intangible assets – Goodwill on acquisitions” for the accounting policy on goodwill on acquisition of subsidiaries.

Acquisition-related costs are expensed as incurred.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and balance sheet. 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.

Please refer to the paragraph “Investments in subsidiaries and associated companies” for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

##### (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 interests and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

##### (c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, and generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group’s share of its associated companies’ post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**2. MATERIAL ACCOUNTING POLICIES (cont'd)****2.2 Group accounting (cont'd)****(c) Associated companies (cont'd)**

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Dilution gains and losses arising from investments in associated companies are recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

**2.3 Intangible assets****Goodwill on acquisitions**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries and associated companies at the date of acquisition.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

**2.4 Impairment of non-financial assets****(a) Goodwill**

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associated company is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

### 2. MATERIAL ACCOUNTING POLICIES (cont'd)

#### 2.4 Impairment of non-financial assets (cont'd)

##### (b) Property and equipment

###### Right-of-use assets

###### Investments in subsidiaries and associated companies

Property and equipment, right-of-use assets and investments in subsidiaries and associated companies 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 inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the 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.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. 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.

#### 2.5 Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand and short-term bank deposits with various banks which are subject to an insignificant risk of change in value.

#### 2.6 Financial assets

##### (a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**2. MATERIAL ACCOUNTING POLICIES (cont'd)****2.6 Financial assets (cont'd)****(a) Classification and measurement (cont'd)**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.

At subsequent measurement**(i) Debt instruments**

Debt instruments mainly comprise of cash and cash equivalents, trade receivables, other current and non-current assets and financial assets at FVPL.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset.

The Group managed these group of financial assets by collecting the contractual cash flow and these cash flow represents solely payment of principal and interest and 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.

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in other gains and other losses.

**(ii) Equity instruments**

The Group subsequently measures all its equity investments at their fair values. Equity instruments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in other gains and other losses, except where the Group has elected to classify the investments as FVOCI. Movements in fair values of investments classified as FVOCI are presented as fair value gains and losses in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as dividend income.

**(b) Impairment**

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition and evidence indicating the asset is impaired, lifetime expected credit loss will be calculated and recognised.

For trade receivables, 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

### 2. MATERIAL ACCOUNTING POLICIES (cont'd)

#### 2.6 Financial assets (cont'd)

##### (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.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to 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.

#### 2.7 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liabilities simultaneously.

#### 2.8 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using standard cost, appropriately adjusted at the balance sheet date to approximate actual cost on a weighted average basis. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### 2.9 Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

#### 2.10 Property and equipment

##### (a) Measurement

Property and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Cost recognised includes 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**2. MATERIAL ACCOUNTING POLICIES (cont'd)****2.10 Property and equipment (cont'd)****(b) Depreciation**

Depreciation is calculated using the straight line method to allocate their depreciable amounts over the estimated useful lives as follows:

Leasehold improvements	- Shorter of lease term or useful life
Machinery and equipment	- 1 to 6 years
Furniture, fixtures and office equipment	- 1 to 8 years

The residual values, estimated useful lives and depreciation methods are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

**(c) Subsequent measurement**

Subsequent expenditure relating to property 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 Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

**(d) Disposal**

On disposal of an item of property and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss when incurred.

**2.11 Right-of-use assets and lease liabilities**When the Group is the lessee

At 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.

- Right-of-use (“ROU”) assets

The Group recognises a ROU asset and lease liability at the date which the underlying asset is available for use. ROU assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before commencement date, lease incentive received and for any remeasurement of lease liabilities.

These ROU assets are subsequently depreciated using straight-line method from the commencement date to the end of the lease term.

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

### 2. MATERIAL ACCOUNTING POLICIES (cont'd)

#### 2.11 Right-of-use assets and lease liabilities (cont'd)

##### When the Group is the lessee (cont'd)

- Lease liabilities (cont'd)

Lease payments include fixed payment (including in-substance fixed payments), less any lease incentives receivables, and payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method and shall be remeasured when:

- There is a change in future lease payments arising from changes in the lease's implicit rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications 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 ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

- Short term and low value leases

Lease payments relating to short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements, are expensed to profit or loss on a straight-line basis over the lease term.

#### 2.12 Trade and other creditors

Trade and other creditors are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

#### 2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

##### (a) Warranties

The warranty provision represents management's best estimate of probable liability under its product warranties. Management determines the warranty provision based on known product failures (if any), historical experience, and other currently available evidence.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**2. MATERIAL ACCOUNTING POLICIES (cont'd)****2.13 Provisions (cont'd)****(b) Provision for legal claims and fees**

Management records provisions when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated.

**(c) Other provisions**

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss.

**2.14 Fair value estimation of financial assets and liabilities**

The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The fair values of current financial assets and liabilities at the balance sheet date approximate their carrying amounts.

**2.15 Revenue recognition**

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Sales are presented net of value-added tax, returns, rebates and incentives, and after eliminating sales within the Group. The Group recognises revenue at the point when the amount of revenue and related cost can be reliably measured, the Group has delivered the products to the customers, the customers have accepted the products, significant risks and rewards of ownership have been transferred and when it is probable that the collectability of the related receivables is reasonably assured. The Group records a contract liability when payment is received from the customer in advance of the Group satisfying a performance obligation and the contract liability is reduced as performance obligations are satisfied and revenue is recognised. License income is recognised based on the assignment of rights in exchange for a usage-based royalty.

Allowances are accrued for estimated returns and discounts based on historical experience, current economic trends and changes in customer demand and acceptance of its products. Such allowances are adjusted periodically to reflect actual and anticipated experience. When recognising revenue, the Group records estimated reductions to revenue for customer programs and incentive offerings, including price protection, promotions, other volume-based incentives and rebates.

Interest income is recognised on a time-proportion basis using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

### 2. MATERIAL ACCOUNTING POLICIES (cont'd)

#### 2.16 Grant income

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants are shown separately as other income.

#### 2.17 Research and development costs

As the Group cannot definitively distinguish the research phase from the development phase of its internal projects to create intangible assets, the Group treats the expenditure on its internal projects as if they were incurred in the research phase only. Accordingly, all research and development costs are recognised as an expense when incurred.

#### 2.18 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. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated companies, 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.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**2. MATERIAL ACCOUNTING POLICIES (cont'd)****2.19 Employee compensation**

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

**(a) 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 or pension on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

**(b) Share-based compensation****Share options**

The share options plan is an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in share-based compensation reserves over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to share-based compensation reserves over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in other reserves are credited to share capital account when new ordinary shares are issued, or to the “treasury shares” account when treasury shares are re-issued to the employees.

**2.20 Currency translation****(a) Functional and presentation currency**

Items included in the 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 functional currency of the Company is the United States Dollar (“US\$”), which reflects the economic environment in which the activities of the Company are largely exposed to. The financial statements are presented in United States Dollar.

**(b) Transactions and balances**

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the United States Dollar using the exchange rates at the dates of the transactions. Currency translation differences 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.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates prevailing at the date when the fair values are determined.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

### 2. MATERIAL ACCOUNTING POLICIES (cont'd)

#### 2.20 Currency translation (cont'd)

##### (c) Translation of Group entities' financial statements

The results and financial position of all the Group's 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 by way of assets and liabilities being translated at the closing exchange rates prevailing at the date of the balance sheet, and income and expenses being 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).

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet.

#### 2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

#### 2.22 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Where the Company's ordinary shares are repurchased ("treasury shares"), the consideration paid, including any directly attributable incremental cost, is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share options, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in other reserves of the Company.

#### 2.23 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**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.

**(a) Revenue recognition**

Allowances are accrued for estimated returns and discounts. Management analyses historical returns, current economic trends and changes in customer demand and acceptance of its products when evaluating the adequacy of the sales returns allowance. Such allowances are adjusted periodically to reflect actual and anticipated experience. When recognising revenue, the Group records estimated reductions to revenue for customer programs and incentive offerings, including price protection, promotions, other volume-based incentives and rebates. Significant management judgement and estimates must be used in connection with establishing these allowances in any accounting period. The Group may take action when necessary in response to market conditions to increase customer incentive offerings, possibly resulting in an incremental reduction of revenue at the time the incentive is offered. The Group's net revenue for the financial year ended 30 June 2024 was US\$62,779,000 (2023: US\$56,236,000).

**(b) Valuation of inventories**

The Group states inventories at the lower of cost and net realisable value. The Group records a write-down for inventories of components and products which have become obsolete or are in excess of anticipated demand or net realisable value. Management performs a detailed assessment of inventory at each balance sheet date to establish provisions for excess and obsolete inventories. Management's evaluation includes a review of, among other factors, historical sales, current economic trends, forecasted sales, demand requirements, product life cycle and product development plans, quality issues, and current inventory levels. The markets for personal computer peripherals and personal digital entertainment products are subject to a rapid and unpredictable pace of product and component obsolescence and demand changes. If future demand or market conditions for the Group's products are less favourable than forecasted or if unforeseen technological changes negatively impact the utility of component inventory, the Group may be required to record write-downs which would negatively affect gross margins in the period when the write-downs are recorded and its operating results and financial position could be adversely affected. The carrying amount of the Group's inventories at 30 June 2024 was US\$21,139,000 (2023: US\$18,433,000).

**(c) Assessment of the probability of the outcome of current litigation**

The Group is subject to certain legal proceedings, lawsuits and other claims. Assessments are made by management on a case-by-case basis to make a determination as to the impact, if any, on the business, liquidity, results of operations, financial condition or cashflows. Management believes that the ultimate outcome of the legal proceedings, lawsuits and other claims, individually and in aggregate will not have a material adverse impact to the Group. Management will only recognise the provision when, and only when the entity has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The related provisions are recognised in Note 24.

**(d) Income taxes**

In preparing its financial statements, the Group estimates its income taxes for each of the jurisdictions in which it operates. This involves estimating the actual current tax exposure, assessing temporary differences resulting from differing treatment of items, such as reserves and provisions for tax and accounting purposes, and accounting for uncertainty in income taxes. These differences result in current and deferred income tax liabilities, which are included within the Group's consolidated balance sheet. The Group recognises deferred income tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised. The Group's income tax liabilities were US\$19,000 (2023: US\$18,000) and deferred income tax liabilities were US\$8,709,000 (2023: US\$8,717,000) at 30 June 2024.



**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**4. EXPENSES BY NATURE**

Included in the cost of goods sold, selling, general and administrative and research and development expenses are the following:

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000
Depreciation of property and equipment (Note 20)	<b>80</b>	126
Depreciation of ROU assets (Note 21)	<b>1,356</b>	1,940
Employee compensation (Note 5)	<b>20,545</b>	25,541
Advertising expenses	<b>2,454</b>	1,967
Research and development related expenses	<b>763</b>	1,533
Travel, entertainment and transportation expenses	<b>356</b>	307
Inventory write-back - net	<b>(308)</b>	(235)

**5. EMPLOYEE COMPENSATION**

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000
Wages and salaries	<b>17,920</b>	20,031
Employer's contribution to defined contribution plans including Central Provident Fund	<b>1,772</b>	2,076
Employee share-based expense (Note 28)	<b>853</b>	399
Termination benefits	<b>–</b>	3,035
	<b>20,545</b>	25,541

Termination benefits of US\$3,035,000 in the financial year ended 30 June 2023 relates to costs of involuntary termination benefits incurred during the year in a restructuring exercise to reduce costs due to the lower level of business activities.

**6. OTHER INCOME**

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000
Grant income	<b>277</b>	54
	<b>277</b>	54

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**7. OTHER GAINS**

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Fair value gain on financial assets at FVPL (Note 16)	71	–
Gain on disposal of property and equipment	–	3
Gain on sale of intellectual property assets	–	3,195
Currency translation gain - net	–	461
Others	80	103
	<b>151</b>	<b>3,762</b>

**8. OTHER LOSSES**

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Fair value loss on financial assets at FVPL (Note 16)	–	64
Write-off of right-of-use assets (Note 21)	–	484
Currency translation loss - net	211	–
	<b>211</b>	<b>548</b>

**9. INCOME TAXES**

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Tax expense (credit) attributable to loss is made up of:		
Current income tax:		
- Tax expense for current financial year	28	19
- Withholding tax	–	–
	28	19
(Over) under provision in prior financial years:		
- Current income tax	(41)	14
- Deferred income tax (Note 26)	111	107
	<b>98</b>	<b>140</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**9. INCOME TAXES (cont'd)**

The tax expense on the Group's results differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000
Loss before income tax	<b>(10,721)</b>	(16,549)
Tax calculated at tax rate of 17% (2023: 17%)	<b>(1,823)</b>	(2,813)
Effects of		
- tax exempt loss	<b>79</b>	81
- income not subject to tax	<b>(334)</b>	(800)
- expenses not deductible for tax purposes	<b>320</b>	190
- different tax rates in other countries	<b>(28)</b>	126
- deferred tax assets not recognised	<b>1,866</b>	3,576
- utilisation of tax losses and capital allowances	<b>(52)</b>	(341)
- under provision in previous financial years	<b>70</b>	121
Tax expense	<b>98</b>	140

**10. LOSS PER SHARE**

	<b>Group</b>			
	<b>30 June 2024</b>		30 June 2023	
	<b>Basic US\$'000</b>	<b>Diluted US\$'000</b>	Basic US\$'000	Diluted US\$'000
Net loss attributable to equity holders of the Company	<b>(10,826)</b>	<b>(10,826)</b>	(16,710)	(16,710)
	<b>Number of Shares '000</b>		Number of Shares '000	
Weighted average number of ordinary shares outstanding	<b>70,397</b>	<b>70,397</b>	70,397	70,397
Adjustments for dilutive effects of				
- share options	-	-	-	-
Weighted average number of ordinary shares used to compute loss per share	<b>70,397</b>	<b>70,397</b>	70,397	70,397
Loss per share (US\$)	<b>(0.15)</b>	<b>(0.15)</b>	(0.24)	(0.24)

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For the purpose of calculating diluted earnings per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares of the Company comprises share options.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**10. LOSS PER SHARE (cont'd)**

For share options, the weighted average number of shares in issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration.

For the financial years ended 30 June 2024 and 2023, diluted earnings per share is the same as basic earnings per share. 4,554,000 shares (2023: 1,256,000 shares) were excluded from the computation of diluted earnings per share for the financial year ended 30 June 2024, as the effect of including such shares would be anti-dilutive.

**11. CASH AND CASH EQUIVALENTS**

	Group		Company	
	30 June 2024 US\$'000	30 June 2023 US\$'000	30 June 2024 US\$'000	30 June 2023 US\$'000
Cash at bank and on hand	36,201	13,534	28,881	6,348
Short-term bank deposits	5,921	42,786	5,921	42,786
	<b>42,122</b>	<b>56,320</b>	<b>34,802</b>	<b>49,134</b>

**12. TRADE RECEIVABLES**

	Group		Company	
	30 June 2024 US\$'000	30 June 2023 US\$'000	30 June 2024 US\$'000	30 June 2023 US\$'000
Trade receivables				
- Non-related parties	3,748	3,004	50	17
Less: Impairment (Note 33(b))	-	-	-	-
Trade receivables - net	<b>3,748</b>	<b>3,004</b>	<b>50</b>	<b>17</b>

**13. AMOUNTS DUE FROM (TO) SUBSIDIARIES**

	Company	
	30 June 2024 US\$'000	30 June 2023 US\$'000
Amounts due from subsidiaries - current		
- Trade	1,691	2,022
- Non-trade	106,107	94,704
	107,798	96,726
Less: Allowance for impairment	(89,520)	(82,747)
	<b>18,278</b>	<b>13,979</b>
Amounts due from subsidiaries - non-current		
- Trade	18,616	18,616
- Non-trade	35,577	35,099
	54,193	53,715
Less: Allowance for impairment	(46,037)	(45,937)
	<b>8,156</b>	<b>7,778</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**13. AMOUNTS DUE FROM (TO) SUBSIDIARIES (cont'd)**

	<u>Company</u>	
	<u>30 June 2024 US\$'000</u>	<u>30 June 2023 US\$'000</u>
Amounts due to subsidiaries - current		
- Trade	-	-
- Non-trade	<b>(5,038)</b>	(5,083)
	<u><b>(5,038)</b></u>	<u>(5,083)</u>
Amounts due to subsidiaries - non-current		
- Trade	-	-
- Non-trade	<b>(50,384)</b>	(50,556)
	<u><b>(50,384)</b></u>	<u>(50,556)</u>

The non-trade amounts due from and due to subsidiaries are interest-free and unsecured.

The current portions of non-trade amounts due from and due to subsidiaries are repayable on demand. There is no fixed repayment terms and repayments are not expected to be within twelve months for the non-current portions of amounts due from and due to subsidiaries.

Management has assessed the fair values of the non-current amounts due from and due to subsidiaries and concluded that the fair values at balance sheet date approximate carrying values.

**14. INVENTORIES**

	<u>Group</u>		<u>Company</u>	
	<u>30 June 2024 US\$'000</u>	<u>30 June 2023 US\$'000</u>	<u>30 June 2024 US\$'000</u>	<u>30 June 2023 US\$'000</u>
Raw materials	<b>670</b>	523	-	50
Finished products	<b>20,469</b>	17,910	-	-
	<u><b>21,139</b></u>	<u>18,433</u>	<u>-</u>	<u>50</u>

The cost of inventories recognised in “cost of goods sold” amounts to US\$35,778,000 (2023: US\$35,167,000).

**15. OTHER CURRENT ASSETS**

	<u>Group</u>		<u>Company</u>	
	<u>30 June 2024 US\$'000</u>	<u>30 June 2023 US\$'000</u>	<u>30 June 2024 US\$'000</u>	<u>30 June 2023 US\$'000</u>
Prepayments	<b>1,325</b>	1,091	<b>76</b>	53
Deposits	<b>124</b>	144	<b>35</b>	59
Other receivables from non-related parties	<b>783</b>	590	<b>88</b>	349
	<u><b>2,232</b></u>	<u>1,825</u>	<u><b>199</b></u>	<u>461</u>

The other receivables from non-related parties are unsecured, interest-free and repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**16. FINANCIAL ASSETS AT FVPL**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000
Beginning of financial year	<b>1,444</b>	508	–	–
Fair value gain (loss) (Note 7 and 8)	<b>71</b>	(64)	–	–
Additions	–	1,000	–	–
End of financial year	<b>1,515</b>	1,444	–	–

Financial assets at FVPL are non-quoted investments mandatorily measured at fair value through profit or loss.

**17. FINANCIAL ASSETS AT FVOCI**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000
Beginning of financial year	<b>6,787</b>	7,331	–	–
Fair value gain (loss)	<b>325</b>	(644)	–	–
Additions	–	100	–	–
End of financial year	<b>7,112</b>	6,787	–	–

Financial assets at FVOCI are analysed as follows:

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000
Listed equity securities	<b>1,358</b>	1,033	–	–
Unlisted equity securities	<b>5,754</b>	5,754	–	–
	<b>7,112</b>	6,787	–	–

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**18. INVESTMENTS AND LOAN TO ASSOCIATED COMPANIES**

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Unquoted shares at cost	<b>1,886</b>	1,886
Loan to associated company	<b>2,250</b>	2,250
	<b>4,136</b>	4,136
Share of post-acquisition reserves	<b>(4,136)</b>	(4,136)
	<b>–</b>	–

The Group has no material associates as at the financial years ended 30 June 2024 and 2023.

The loan to associated company is unsecured and interest-free.

For the financial year ended 30 June 2024, the Group has no unrecognised share of losses (2023: Nil) in relation to its interests in associates.

**19. INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
<i>Equity investments at cost</i>		
Beginning and end of financial year	<b>219,323</b>	219,323
<i>Accumulated impairment</i>		
Beginning of financial year	<b>(207,766)</b>	(207,571)
Additions	<b>(250)</b>	(195)
End of financial year	<b>(208,016)</b>	(207,766)
Net carrying value at end of financial year	<b>11,307</b>	11,557

The impairment loss of US\$250,000 in the financial year ended 30 June 2024 (2023: US\$195,000) reflects the write-down of the carrying amount of the Company's investments in certain subsidiaries to the recoverable amount following a review of the subsidiaries' net assets value.

Details of significant subsidiaries are included in Note 38.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

## 20. PROPERTY AND EQUIPMENT

	Leasehold improvements US\$'000	Machinery and equipment US\$'000	Furniture, fixtures and office equipment US\$'000	Total US\$'000
<b>Group</b>				
<b>30 June 2024</b>				
<i>Cost</i>				
Beginning of financial year	877	2,026	2,601	5,504
Additions	–	18	30	48
Disposals	(41)	(2)	(167)	(210)
End of financial year	836	2,042	2,464	5,342
<i>Accumulated depreciation</i>				
Beginning of financial year	877	1,947	2,569	5,393
Depreciation charge (Note 4)	–	43	37	80
Disposals	(41)	(2)	(167)	(210)
End of financial year	836	1,988	2,439	5,263
<i>Net book value</i>				
End of financial year	–	54	25	79
<b>Group</b>				
<b>30 June 2023</b>				
<i>Cost</i>				
Beginning of financial year	985	2,107	2,863	5,955
Additions	–	58	22	80
Disposals	(108)	(139)	(284)	(531)
End of financial year	877	2,026	2,601	5,504
<i>Accumulated depreciation</i>				
Beginning of financial year	981	1,999	2,818	5,798
Depreciation charge (Note 4)	4	87	35	126
Disposals	(108)	(139)	(284)	(531)
End of financial year	877	1,947	2,569	5,393
<i>Net book value</i>				
End of financial year	–	79	32	111

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**20. PROPERTY AND EQUIPMENT (cont'd)**

	Leasehold improvements US\$'000	Machinery and equipment US\$'000	Furniture, fixtures and office equipment US\$'000	Total US\$'000
<b>Company</b>				
<b>30 June 2024</b>				
<i>Cost</i>				
Beginning of financial year	874	1,676	2,123	4,673
Additions	–	3	6	9
Disposals	(41)	(2)	(167)	(210)
End of financial year	833	1,677	1,962	4,472
<i>Accumulated depreciation</i>				
Beginning of financial year	874	1,622	2,109	4,605
Depreciation charge	–	19	11	30
Disposals	(41)	(2)	(167)	(210)
End of financial year	833	1,639	1,953	4,425
<b>Net book value</b>				
End of financial year	–	38	9	47
<b>Company</b>				
<b>30 June 2023</b>				
<i>Cost</i>				
Beginning of financial year	923	1,699	2,369	4,991
Additions	–	55	7	62
Disposals	(49)	(78)	(253)	(380)
End of financial year	874	1,676	2,123	4,673
<i>Accumulated depreciation</i>				
Beginning of financial year	923	1,694	2,350	4,967
Depreciation charge	–	6	12	18
Disposals	(49)	(78)	(253)	(380)
End of financial year	874	1,622	2,109	4,605
<b>Net book value</b>				
End of financial year	–	54	14	68

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**21. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

Movements in leasehold properties capitalised as ROU assets as follows:

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000
<i>Cost</i>				
Beginning of financial year	3,705	7,786	2,870	6,638
Additions	26	–	–	–
Modification of lease liability	208	3,190	–	3,055
Disposals and write-off	(307)	(7,271)	–	(6,823)
End of financial year	<u>3,632</u>	<u>3,705</u>	<u>2,870</u>	<u>2,870</u>
<i>Accumulated depreciation</i>				
Beginning of financial year	596	5,417	–	4,971
Additions (Note 4)	1,356	1,940	1,086	1,546
Disposals and write-off	(307)	(6,761)	–	(6,517)
End of financial year	<u>1,645</u>	<u>596</u>	<u>1,086</u>	<u>–</u>
<b>Net book value</b>				
<b>End of financial year</b>	<u><b>1,987</b></u>	<u><b>3,109</b></u>	<u><b>1,784</b></u>	<u><b>2,870</b></u>

During the financial year ended 30 June 2023, the Group restructured its operations to reduce costs to be in line with the lower level of business activities. The restructuring exercise included worldwide headcount reduction and the write-off of US\$484,000 (Company: US\$173,000) right-of-use assets pertaining to unoccupied office space after the restructuring exercise.

The amounts recognised in the consolidated income statement as follows:

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000
Depreciation on ROU assets	<b>1,356</b>	1,940
Write-off of ROU assets	–	484
Lease expense – short term and low value leases	<b>36</b>	23
Interest expense on lease liabilities	<b>175</b>	72
	<u><b>1,567</b></u>	<u>2,519</u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**21. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)**

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Beginning of financial year	<b>3,196</b>	2,384
<b><u>Changes in financing cash flows</u></b>		
Payment of principal and interest on lease liabilities	<b>(1,533)</b>	(2,481)
Total changes from financing cash flows	<b>(1,533)</b>	(2,481)
<b><u>Other changes – liabilities related</u></b>		
New lease	<b>26</b>	–
Lease modification	<b>208</b>	3,190
Lease termination	–	(26)
Interest expense	<b>175</b>	72
Exchange difference	<b>(10)</b>	57
Total other changes – liabilities related	<b>399</b>	3,293
End of financial year	<b>2,062</b>	3,196

Total cash outflow for leases during the financial year is US\$1,533,000 (2023: US\$2,481,000).

**22. OTHER NON-CURRENT ASSETS**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Deposits	<b>130</b>	134	–	–

**23. TRADE PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Trade payables				
- Non-related parties	<b>7,058</b>	6,582	<b>51</b>	16

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**24. OTHER CREDITORS, ACCRUED LIABILITIES AND PROVISIONS**

	Group		Company	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	US\$'000	US\$'000	US\$'000	US\$'000
Warranty (Note (a))	503	538	–	–
Legal claims and fees (Note (b))	2,350	2,850	1,650	2,150
Marketing accruals	2,494	2,258	–	–
Payroll accruals	2,954	2,888	1,379	1,392
Royalty accruals	134	160	124	138
Other creditors	531	1,020	64	471
Freight and duty accruals	606	408	–	–
Professional fees accruals	492	451	285	249
Other accruals	1,638	1,870	930	954
	<b>11,702</b>	<b>12,443</b>	<b>4,432</b>	<b>5,354</b>

**(a) Warranty**

The warranty period for the bulk of the products typically ranges between 1 to 2 years. The product warranty provision reflects management's best estimate of probable liability under its product warranties. Management determines the warranty provision based on known product failures (if any), historical experience, and other currently available evidence.

Movements in provision for warranty are as follows:

	Group		Company	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	US\$'000	US\$'000	US\$'000	US\$'000
Beginning of financial year	538	468	–	–
Provision made	690	1,263	–	–
Provision utilised	(725)	(1,193)	–	–
End of financial year	<b>503</b>	<b>538</b>	<b>–</b>	<b>–</b>

**(b) Legal claims and fees**

The provision for legal claims is in respect of certain legal claims brought against the Group. In the opinion of management, after taking appropriate legal advice, the outcomes of these legal claims are not expected to give rise to any significant loss beyond the amounts provided at 30 June 2024. Management considers that disclosure of further details of these claims will seriously prejudice the Group's negotiating position and accordingly, further information on the nature of the obligation has not been provided.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**25. CONTRACT LIABILITIES**

	Group			Company		
	30 June 2024 US\$'000	30 June 2023 US\$'000	1 July 2022 US\$'000	30 June 2024 US\$'000	30 June 2023 US\$'000	1 July 2022 US\$'000
	Advances from customers	<u>77</u>	<u>133</u>	<u>161</u>	<u>–</u>	<u>–</u>

All contract liability balance at the beginning of the period has been recognised as sales in the current period.

As permitted under the SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less is not disclosed.

**26. DEFERRED INCOME TAX LIABILITIES**

Movements in deferred income tax liabilities account are as follows:

	Group		Company	
	30 June 2024 US\$'000	30 June 2023 US\$'000	30 June 2024 US\$'000	30 June 2023 US\$'000
	<b><u>Withholding tax</u></b>			
Beginning of financial year	<b>8,717</b>	8,301	–	–
Currency translation difference	<b>(119)</b>	309	–	–
Provision made	<b>111</b>	107	–	–
End of financial year	<b><u>8,709</u></b>	<u>8,717</u>	<u>–</u>	<u>–</u>

The deferred income tax liabilities are expected to be settled after one year.

Respectively, the Group and the Company have unrecognised tax losses of approximately US\$625,000,000 and US\$467,000,000 (2023: US\$615,000,000 and US\$466,000,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. Approximately US\$40,000,000 of the Group's tax losses expire between 2025 and 2044. The Group also has United States tax deductions not included in unrecognised tax losses of approximately US\$3,000,000 (2023: US\$5,000,000) as a result of the exercise of employee share options of which the tax benefit has not been realised. The tax benefit of the deductions, when realised will be accounted for as a credit to other reserves rather than a reduction of the income tax expense.

**27. SHARE CAPITAL AND TREASURY SHARES**

	Number of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital US\$'000	Treasury shares US\$'000
	<b><u>Group and Company</u></b> <b>2024</b>			
Beginning and end of financial year	<u>75,000</u>	<u>(4,603)</u>	<u>49,040</u>	<u>(16,035)</u>
<b>2023</b>				
Beginning and end of financial year	<u>75,000</u>	<u>(4,603)</u>	<u>49,040</u>	<u>(16,035)</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**27. SHARE CAPITAL AND TREASURY SHARES (cont'd)****(a) Treasury shares**

No shares were acquired in the financial years ended 30 June 2024 and 2023.

The Company did not issue any treasury shares in the financial years ended 30 June 2024 and 2023.

**(b) Share options**

The Creative Share Option Scheme (2019) (“Scheme”) was approved and adopted by shareholders at an Extraordinary General Meeting on 30 October 2019 which allows options to be granted to group employees (including executive directors) and group non-executive directors. The committee, at the date of this statement, administering the Scheme comprises the following directors (“Committee”):

Mr Lee Kheng Nam  
Mr Ng Kai Wa  
Mr Lee Gwong-Yih

Under the terms of the Scheme, the Committee may grant options to eligible participants to subscribe for shares at a subscription price set at:

- (a) a price equal to the average of the last dealt prices for Creative shares on the Singapore Exchange Securities Trading Limited (“SGX-ST”) over the five consecutive market days immediately preceding the offer date of that option, rounded up to the nearest whole cent, or
- (b) the discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above or such other percentage or amount as may be determined by the Committee and permitted by SGX-ST and approved by the shareholders of the Company in a general meeting.
- (c) prior approval of shareholders of the Company in general meeting shall have been obtained for discount exceeding 20% of the market price if it is prescribed or permitted for the time being by SGX-ST.

The Committee has the discretion to decide on the option vesting schedule in the letter of offer. For options where the exercise price is equal to the market price, the options shall not vest less than 1 year from the date of grant. For options where the exercise price is granted at a discount to the market price, the options shall not vest less than 2 years from the date of grant. Share option exercises will be settled via the delivery of shares.

Options expire after the tenth anniversary of the date of grant for employees and fifth anniversary for non-employees unless they are cancelled or have lapsed.

There were no options granted during the financial year ended 30 June 2023.

During the financial year ended 30 June 2024, the Company granted options to subscribe for 3,376,000 ordinary shares of the Company. 25% of the options will vest annually on the 1st, 2nd, 3rd and 4th anniversary of the date of grant.

The fair value of each share option granted is determined at the date of grant using the Black-Scholes option pricing model. This model requires the input of highly subjective assumptions, including the option’s expected life, risk-free interest rates, dividend yield and the price volatility of the underlying share. The expected life of the options represents the period of time the options are expected to be outstanding. The expected share price volatility assumption is determined using the historical volatility of the Company’s shares over the period which commensurate with the expected term.



**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**27. SHARE CAPITAL AND TREASURY SHARES (cont'd)****(b) Share options (cont'd)**

The following table presents the weighted average assumptions used in the Black-Scholes option pricing model for the share option grants.

Date of Grant	4 September 2023	25 September 2023
Share price at grant date	S\$1.16 (US\$0.86)	S\$1.82 (US\$1.34)
Exercise price	S\$1.14 (US\$0.84)	S\$1.22 (US\$0.90)
Expected volatility (%)	49.87 - 82.24	50.81
Risk-free interest rates (%)	1.89 - 3.00	1.89
Dividend yield (%)	0	0
Expected life of options (in years)	3.75 - 6.26	3.75
Weighted average fair value	US\$0.60	US\$0.70

Movements in the number of unissued ordinary shares under option and their exercise price were as follows:

	Number of Options ('000)	Exercise Price
<b>Outstanding at 1 July 2022</b>	<b>1,522</b>	<b>US\$1.72</b>
Granted	–	–
Exercised	–	–
Cancelled/Forfeited/Expired	(266)	US\$1.72
<b>Outstanding at 30 June 2023</b>	<b>1,256</b>	<b>US\$1.72</b>
<b>Outstanding at 1 July 2023</b>	<b>1,256</b>	<b>US\$1.72</b>
Granted	3,376	US\$0.84
Exercised	–	–
Cancelled/Forfeited/Expired	(78)	US\$1.03
<b>Outstanding at 30 June 2024</b>	<b>4,554</b>	<b>US\$1.08</b>
<b>Exercisable at 30 June 2024</b>	<b>1,239</b>	<b>US\$1.72</b>

There were no options exercised during the financial years ended 30 June 2024 and 2023.

The options outstanding as at 30 June 2024 and 2023 were in the following exercise price ranges:

<u>Range of Exercise Prices</u>	2024		2023	
	Number of Shares Outstanding ('000)	Weighted Average Remaining Contractual Term (in years)	Number of Shares Outstanding ('000)	Weighted Average Remaining Contractual Term (in years)
US\$0.01 to US\$1.00	3,315	8.74	–	–
US\$1.01 to US\$2.00	1,239	5.98	1,256	6.98
	<b>4,554</b>	<b>7.99</b>	<b>1,256</b>	<b>6.98</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**28. OTHER RESERVES**

	Group		Company	
	30 June 2024 US\$'000	30 June 2023 US\$'000	30 June 2024 US\$'000	30 June 2023 US\$'000
(a) <b>Composition:</b>				
Capital reserves (Note (b))	–	1,192	–	–
Share-based compensation reserves (Note (b))	<b>42,247</b>	41,394	<b>29,900</b>	29,047
	<b>42,247</b>	42,586	<b>29,900</b>	29,047

Capital reserves arose from changes of interests in the group companies. Share-based compensation reserves comprised mainly of compensation expense for share options, tax benefits relating to exercise of non-qualified share options by US employees, performance share plans and former Chairman's gift of shares to employees.

	Group		Company	
	30 June 2024 US\$'000	30 June 2023 US\$'000	30 June 2024 US\$'000	30 June 2023 US\$'000
(b) <b>Movements:</b>				
<b>Capital reserves</b>				
Beginning of financial year	<b>1,192</b>	1,192	–	–
Transfer to retained earnings upon liquidation of investments in subsidiary companies	<b>(1,192)</b>	–	–	–
End of financial year	–	1,192	–	–
<b>Share-based compensation reserves</b>				
Beginning of financial year	<b>41,394</b>	40,995	<b>29,047</b>	28,648
Amortisation of deferred share compensation (Note 5)	<b>853</b>	399	<b>853</b>	399
End of financial year	<b>42,247</b>	41,394	<b>29,900</b>	29,047

**29. ACCUMULATED LOSSES**

Movements in accumulated losses for the Company are as follows:

	Company	
	30 June 2024 US\$'000	30 June 2023 US\$'000
Beginning of financial year	<b>(40,057)</b>	(24,682)
Net loss	<b>(10,013)</b>	(15,375)
End of financial year	<b>(50,070)</b>	(40,057)

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**30. DIVIDENDS**

No dividend was paid in respect of the previous financial year and no dividend has been proposed for the financial year ended 30 June 2024.

**31. CONTINGENCIES**

The Company has issued banker's guarantee of US\$390,000 (2023: US\$1,342,000) to its landlord for its office building in Singapore.

**32. COMMITMENTS****(a) Capital and other commitments**

Capital and other expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000
Property and equipment	–	–	–	–
Purchase obligations	<b>13,126</b>	5,882	<b>393</b>	316
	<b>13,126</b>	5,882	<b>393</b>	316

**33. FINANCIAL RISK MANAGEMENT**

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The Group's principal financial instruments, other than foreign exchange contracts, comprise investments, cash at bank and short-term bank deposits. All financial transactions with the banks are duly accepted with Board of Directors' resolutions, with banking mandates, which define the permitted financial instruments and facility limits, approved by the Board of Directors. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation or trading or enter into any complex foreign exchange or derivatives transactions. From time to time, the Group enters into forward exchange contracts to reduce its exposure to currency translation gains and losses.

The main financial risks arising from the Group's operations and the use of financial instruments are market risk (including price risk, interest rate risk and currency risk), credit risk and liquidity risk. Management does not view the Company on a standalone basis and therefore all risks relevant to the Company are considered and managed at the Group level. The policies for managing each of these risks at the Group level are summarised below.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**33. FINANCIAL RISK MANAGEMENT (cont'd)****(a) Market risk****(i) Equity price risk**

As part of its long-term business strategy, from time to time, the Group makes strategic equity investments in companies that can provide the Group with technologies or products that management believes will give the Group a competitive advantage in the markets in which the Group competes. The Group has strategic investments in quoted equity shares classified as financial assets at FVOCI. The Group manages the risk of unfavourable changes by cautious review of the investments before investing and continuous monitoring of the performance of investments held and assessing market risk relevant to which the investments operate. The market value of these investments will fluctuate with market conditions. The table below summarises the impact to the Group's fair value reserve in equity arising as a result of a 10% increase/decrease in prices of quoted equity securities. This analysis assumes that all other variables remain constant.

	Equity	
	10% increase US\$'000	10% decrease US\$'000
<b>Group</b>		
<b>30 June 2024</b>		
Quoted equity securities	<u>136</u>	<u>(136)</u>
<b>30 June 2023</b>		
Quoted equity securities	<u>103</u>	<u>(103)</u>

**(ii) Interest rate risk**

The Group has balances placed with reputable banks and financial institutions. The Group manages its interest rate risks on its interest income by placing the cash balances in varying maturities and interest rate terms with due consideration to operating cash flow requirements and optimising yield.

**(iii) Currency risk**

The functional currency of the companies in the Group is predominantly the US dollar and accordingly, gains and losses resulting from the translation of financial assets and liabilities denominated in currencies other than the US dollar are reflected in the determination of net profit (loss). From time to time, the Group enters into forward exchange contracts to reduce its exposure to currency translation gains and losses. Forward exchange contracts are marked to market each period and the resulting gains and losses are included in the determination of net profit (loss). No forward exchange contracts were outstanding as at 30 June 2024 and 30 June 2023.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**33. FINANCIAL RISK MANAGEMENT (cont'd)****(a) Market risk (cont'd)****(iii) Currency risk (cont'd)**

The Group's currency profile other than USD is as follows:

	<u>SGD</u> <u>US\$'000</u>	<u>EUR</u> <u>US\$'000</u>	<u>GBP</u> <u>US\$'000</u>	<u>JPY</u> <u>US\$'000</u>
<b>Group</b>				
<b>30 June 2024</b>				
<u>Financial assets</u>				
Cash and cash equivalents	14,215	11,020	3,037	3,414
Financial assets at FVOCI	1,358	–	–	–
Trade receivables	269	1,363	48	323
Other current assets	282	58	36	53
Amount due from subsidiaries	2,012	4,695	72	456
	<u>18,136</u>	<u>17,136</u>	<u>3,193</u>	<u>4,246</u>
<u>Financial liabilities</u>				
Financial liabilities	(6,022)	(1,872)	(322)	(271)
Amount due to subsidiaries	(2,012)	(4,695)	(72)	(456)
	<u>(8,034)</u>	<u>(6,567)</u>	<u>(394)</u>	<u>(727)</u>
Net financial assets	<u><u>10,102</u></u>	<u><u>10,569</u></u>	<u><u>2,799</u></u>	<u><u>3,519</u></u>
<b>Group</b>				
<b>30 June 2023</b>				
<u>Financial assets</u>				
Cash and cash equivalents	31,070	3,350	2,265	1,655
Financial assets at FVOCI	1,033	–	–	–
Trade receivables	115	996	114	285
Other current assets	270	68	39	35
Amount due from subsidiaries	2,011	4,735	89	332
	<u>34,499</u>	<u>9,149</u>	<u>2,507</u>	<u>2,307</u>
<u>Financial liabilities</u>				
Financial liabilities	(7,386)	(1,766)	(350)	(156)
Amount due to subsidiaries	(2,011)	(4,735)	(89)	(332)
	<u>(9,397)</u>	<u>(6,501)</u>	<u>(439)</u>	<u>(488)</u>
Net financial assets	<u><u>25,102</u></u>	<u><u>2,648</u></u>	<u><u>2,068</u></u>	<u><u>1,819</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**33. FINANCIAL RISK MANAGEMENT (cont'd)****(a) Market risk (cont'd)****(iii) Currency risk (cont'd)**

A change of 10% in foreign currency exchange rates relative to US\$ at the reporting date would increase (decrease) profit (loss) before tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	10% strengthened		10% weakened	
	Profit and loss US\$'000	Other comprehensive income US\$'000	Profit and loss US\$'000	Other comprehensive income US\$'000
<b>Group</b>				
<b>30 June 2024</b>				
SGD against USD	874	136	(874)	(136)
EUR against USD	1,057	–	(1,057)	–
GBP against USD	280	–	(280)	–
JPY against USD	352	–	(352)	–
<b>30 June 2023</b>				
SGD against USD	2,407	103	(2,407)	(103)
EUR against USD	265	–	(265)	–
GBP against USD	207	–	(207)	–
JPY against USD	182	–	(182)	–

**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments that potentially subject the Group to significant concentrations of credit risk consist principally of cash and cash equivalents and trade receivables. The Group deals only with financial institutions with high credit ratings and limits the amount of credit exposure to any one financial institution. The Group sells its products to original equipment manufacturers, distributors and key retailers. The Group believes that the concentration of credit risk in its trade receivables is substantially mitigated due to performance of ongoing credit evaluations of its customers' financial condition, use of short collection terms, use of letters of credit in certain circumstances, procurement of credit insurance coverage and the geographical dispersion of sales.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

As at 30 June 2024, there were no significant concentrations of credit risk and only 2 customers (2023: 2) individually accounted for 10% or more of net accounts receivable.

Cash and cash equivalents that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

The Group's major classes of financial assets are cash and cash equivalents, trade receivables, financial assets at FVPL, other current and non-current assets. There are no other classes of financial assets that is past due and/or impaired except for trade receivables.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**33. FINANCIAL RISK MANAGEMENT (cont'd)****(b) Credit risk (cont'd)**

The Group applies the simplified approach in providing for expected credit losses prescribed by SFRS(I) 9, which permits the use of the lifetime credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for customers, and adjusts for forward looking macroeconomic data. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default payments are considered evidence that the debtor is non-performing. Management measured expected credit loss on non-performing receivables at its maximum exposure to the Group at balance sheet date.

The movements in allowance for impairment on trade receivables as follows:

	Allowance on trade receivables		Total
	Non-Performing US\$'000	General US\$'000	US\$'000
<b>Group</b>			
<b>2024</b>			
Beginning and end of financial year	-	-	-
<b>2023</b>			
Beginning and end of financial year	-	-	-

The Group's credit risk exposure in relation to trade receivables that are other than non-performing under SFRS(I) 9 are set out in the provision matrix as follows:

	Current US\$'000	← Past Due →				Total US\$'000
		1 to 30 days US\$'000	31 to 60 days US\$'000	61 to 90 days US\$'000	More than 90 days US\$'000	
<b>2024</b>						
Trade receivables	3,019	608	61	4	56	3,748
Less: Allowance for impairment	-	-	-	-	-	-
	<b>3,019</b>	<b>608</b>	<b>61</b>	<b>4</b>	<b>56</b>	<b>3,748</b>
<b>2023</b>						
Trade receivables	2,435	476	19	74	-	3,004
Less: Allowance for impairment	-	-	-	-	-	-
	<b>2,435</b>	<b>476</b>	<b>19</b>	<b>74</b>	<b>-</b>	<b>3,004</b>



**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**33. FINANCIAL RISK MANAGEMENT (cont'd)****(c) Liquidity risk**

To manage liquidity risk, the Group monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

As at 30 June 2024 and 30 June 2023, other than lease liabilities recognised in the balance sheet, the Group's financial liabilities mature in less than 1 year's time.

The following table analyses the lease 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 cashflows.

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000
Less than one year	<b>1,329</b>	1,421
Between one and two years	<b>849</b>	2,049
	<b><u>2,178</u></b>	<u>3,470</u>

**(d) Capital risk**

The Group's and Company's objectives when managing capital, which is total equity, are to safeguard the Group's and Company'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 and Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares or obtain new borrowings.

As at 30 June 2024 and 2023, the Group and Company does not have any outstanding bank borrowings and the Group and Company is not subject to any externally imposed capital requirements.

**(e) Fair value measurements**

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**33. FINANCIAL RISK MANAGEMENT (cont'd)****(e) Fair value measurements (cont'd)**

<b>Group</b>	<b>US\$'000</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>30 June 2024</b>				
Financial assets at FVPL	–	1,165	350	1,515
Financial assets at FVOCI	1,358	5,654	100	7,112
	<b>1,358</b>	<b>6,819</b>	<b>450</b>	<b>8,627</b>
<b>30 June 2023</b>				
Financial assets at FVPL	–	1,000	444	1,444
Financial assets at FVOCI	1,033	5,654	100	6,787
	<b>1,033</b>	<b>6,654</b>	<b>544</b>	<b>8,231</b>

Fair values for listed equity securities are determined using quoted market prices at the balance sheet date. These instruments are included in Level 1.

Fair values for unlisted equity securities and debt securities determined by reference to the last transacted price are included in Level 2.

Fair values for unlisted equity securities and fund investments determined using net asset values which approximate the fair value of the investments are included in Level 3.

The changes in Level 3 instruments are as follows:

<b>Group</b>	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Beginning of financial year	<b>544</b>	608
Fair value loss recognised in income statement	<b>(94)</b>	(64)
End of financial year	<b>450</b>	544

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**33. FINANCIAL RISK MANAGEMENT (cont'd)****(f) Financial instruments by category**

The carrying amount of the different categories of financial instruments are as follows:

	<b>Group</b> <b>US\$'000</b>
<b>30 June 2024</b>	
Financial assets, at FVPL	1,515
Financial assets, at FVOCI	7,112
Financial assets, at amortised cost	46,907
Financial liabilities, at amortised cost	19,739
<b>30 June 2023</b>	
Financial assets, at FVPL	1,444
Financial assets, at FVOCI	6,787
Financial assets, at amortised cost	60,192
Financial liabilities, at amortised cost	20,942

**34. RELATED PARTY TRANSACTIONS**

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

**Key management personnel compensation**

Key management personnel compensation is as follows:

	<b>Group</b>	
	<b>30 June</b> <b>2024</b> <b>US\$'000</b>	30 June 2023 US\$'000
Short-term employees benefits	1,272	1,111
Employer's contribution to defined contribution plans including Central Provident Fund	63	50
Employee share-based expense	261	97
Directors' fee	176	154
	<b>1,772</b>	<b>1,412</b>

**35. SEGMENT INFORMATION**

Management determines the operating segments based on the reports reviewed and used by the chief operating decision-maker ("CODM") to make strategic decisions.

The CODM considers the business from a geographic segment perspective. Geographically, management considers the performance of the business of the sale of advanced multimedia solutions for personal computers and personal digital entertainment products in Asia Pacific, Europe and The Americas.

The reportable operating segments derive their revenue primarily from the sale of advanced multimedia solutions for personal computers and personal digital entertainment products. In addition, services within Asia Pacific include investment holding and this is included within the reportable operating segment as it is included in the reports provided to the CODM.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**35. SEGMENT INFORMATION (cont'd)**

The segment information provided to the CODM for the reportable segments is as follows:

	Asia Pacific US\$'000	The Americas US\$'000	Europe US\$'000	Total US\$'000
<b>Group</b>				
<b>30 June 2024</b>				
<b>Sales</b>	22,274	17,485	23,020	<b>62,779</b>
<b>(Loss) profit after total expenses</b>	(10,933)	123	(1,113)	<b>(11,923)</b>
Interest income	1,158	2	–	<b>1,160</b>
Other income	277	–	–	<b>277</b>
Other (losses) gains, net	(178)	(14)	132	<b>(60)</b>
Interest expense on lease liabilities	(171)	(3)	(1)	<b>(175)</b>
(Loss) profit before income tax	(9,847)	108	(982)	<b>(10,721)</b>
Income tax expense	(28)	–	(70)	<b>(98)</b>
<b>Net (loss) profit</b>	<b>(9,875)</b>	<b>108</b>	<b>(1,052)</b>	<b>(10,819)</b>
<b>Other segment items</b>				
Additions to property and equipment	47	–	1	<b>48</b>
Additions to ROU assets	–	26	–	<b>26</b>
Depreciation	1,349	34	53	<b>1,436</b>
Fair value gain on financial assets at FVPL	71	–	–	<b>71</b>
<b>Segment assets</b>	<b>62,017</b>	<b>7,566</b>	<b>10,481</b>	<b>80,064</b>
<b>Segment liabilities</b>	<b>16,681</b>	<b>1,124</b>	<b>11,822</b>	<b>29,627</b>
<b>Group</b>				
<b>30 June 2023</b>				
<b>Sales</b>	20,139	16,125	19,972	56,236
<b>(Loss) profit after total expenses</b>	(18,261)	80	(3,022)	(21,203)
Interest income	1,458	–	–	1,458
Other income	54	–	–	54
Other gains (losses), net	3,624	(185)	(225)	3,214
Interest expense on lease liabilities	(60)	(9)	(3)	(72)
Loss before income tax	(13,185)	(114)	(3,250)	(16,549)
Income tax expense	(18)	(45)	(77)	(140)
<b>Net loss</b>	<b>(13,203)</b>	<b>(159)</b>	<b>(3,327)</b>	<b>(16,689)</b>
<b>Other segment items</b>				
Additions to property and equipment	80	–	–	80
Depreciation	1,879	110	77	2,066
Fair value loss on financial assets at FVPL	(64)	–	–	(64)
<b>Segment assets</b>	<b>76,015</b>	<b>5,290</b>	<b>9,862</b>	<b>91,167</b>
<b>Segment liabilities</b>	<b>17,960</b>	<b>1,206</b>	<b>11,923</b>	<b>31,089</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**35. SEGMENT INFORMATION (cont'd)**

The revenue reported to the CODM excludes sales between segments. The revenue from external parties reported to the CODM is measured in a manner consistent with that in profit or loss. Geographic revenue information for the financial years ended 30 June 2024 and 30 June 2023 is based on the location of the selling entity. Disaggregation of revenue by geography is as disclosed in this note.

The CODM assesses the performance of the operating segments based on net profit or loss. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

The amounts provided to the CODM with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the CODM monitors the total assets attributable to each segment. All assets are allocated to reportable segments.

The amounts provided to the CODM with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to reportable segments.

Summary of net sales by country:

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000
Singapore	<b>15,771</b>	13,427
United States of America	<b>17,485</b>	16,125
Ireland	<b>23,020</b>	19,972
Other countries	<b>6,503</b>	6,712
	<b>62,779</b>	56,236

Summary of net sales by product category:

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	30 June 2023 US\$'000
Audio, speakers and headphones	<b>59,360</b>	53,662
Personal digital entertainment	<b>3,416</b>	2,328
Other products	<b>3</b>	246
	<b>62,779</b>	56,236

For the financial year ended 30 June 2024, no customers (2023: nil) accounted for 10% or more of net revenues.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**35. SEGMENT INFORMATION (cont'd)**

Summary of property and equipment by country:

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Singapore	75	106
United States of America	–	2
Other countries	4	3
	<b>79</b>	<b>111</b>

Summary of ROU assets by country:

	<b>Group</b>	
	<b>30 June 2024 US\$'000</b>	<b>30 June 2023 US\$'000</b>
Singapore	1,784	2,870
Other countries	203	239
	<b>1,987</b>	<b>3,109</b>

**36. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the Group and Company. These standards are not expected to have a material impact on the Group and Company in the current or future reporting periods and on foreseeable future transactions.

**37. AUTHORISATION OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of CREATIVE TECHNOLOGY LTD. on 16 September 2024.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 30 June 2024

**38. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP**

Name of companies	Principal activities	Country of business / incorporation	Proportion of ownership interest held	
			2024 %	2023 %
<b>Significant subsidiaries held by the Group</b>				
Creative Labs, Inc. (a)	Distribution of digitised sound and video boards, computers, related multimedia and personal digital entertainment products	United States of America	100	100
Creative Labs (Europe) Limited (c)	Distribution of digitised sound and video boards, computers, related multimedia and personal digital entertainment products	Republic of Ireland	100	100
Creative Labs Pte Ltd (b)	Development and sale of audio and multimedia entertainment products	Singapore	100	100
Creative Media Kabashiki Kaisha (a)	Distribution of digitised sound and video boards, computers and related multimedia products	Japan	70	70
CTI Limited (a)	Investment holding	Bermuda	100	100
CTI II Limited (a)	Investment holding	Bermuda	100	100

(a) Not required to be audited under the laws of the country of incorporation

(b) Audited by PricewaterhouseCoopers LLP, Singapore

(c) Audited by PricewaterhouseCoopers, Ireland

All the Singapore-incorporated subsidiaries were audited by the Company's auditor, PricewaterhouseCoopers LLP, Singapore.

For subsidiaries which appointed different auditors, the Audit Committee and Board of Directors are satisfied that the appointment would not compromise the standard and effectiveness of the audit.

There are no significant associated companies held by the Group.



**SGX-ST LISTING MANUAL REQUIREMENTS**

For the financial year ended 30 June 2024

**Additional Requirements of SGX-ST Listing Manual****DIRECTORS' REMUNERATION**

The following information relates to remuneration of directors of the Company during the financial year:

	<u>2024</u>	<u>2023</u>
Number of directors of the Company in remuneration bands:		
- above S\$500,000	-	-
- S\$250,000 to below S\$500,000	-	-
- below S\$250,000	<u>6</u>	<u>4</u>
Total	<u><u>6</u></u>	<u><u>4</u></u>

The Company proposed to pay Directors' fees of S\$315,000 in the current financial year (2023: paid S\$240,000) to its non-executive directors on its Board of Directors.

**AUDITOR'S REMUNERATION**

The following information relates to fees of the auditors during the financial year:

	<u>2024</u> <u>US\$'000</u>	<u>2023</u> <u>US\$'000</u>
Audit fees paid/payable to:		
- Auditor of the Company	<b>135</b>	135
- Other auditors*	<b>37</b>	34
Other fees paid/payable to:		
- Auditor of the Company	<b>43</b>	32
- Other auditors*	<b>19</b>	19

\* Include PricewaterhouseCoopers member firms outside Singapore

The Group has complied with Rules 712 and 715 or 716 of the Listing Manual issued by SGX-ST in relation to its auditors.

The Audit Committee has reviewed all non-audit services provided by the auditor of the Company and in the Audit Committee's opinion, the non-audit services provided, will not affect the independence of the auditors.

**MATERIAL CONTRACTS**

There is no material contract entered into by the Company or any of its subsidiaries involving the interest of the chief executive officer, any director or controlling shareholder, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

**SGX-ST LISTING MANUAL REQUIREMENTS**

For the financial year ended 30 June 2024

**STATISTICS OF SHAREHOLDING AS AT 11 SEPTEMBER 2024**

Number of Issued Shares	:	75,000,000
Number of Issued Shares (excluding Treasury Shares)	:	70,396,649
Number / Percentage of Treasury Shares	:	4,603,351 (6.54%)
Class of Shares	:	Ordinary shares
Voting Rights (excluding Treasury Shares)	:	1 vote per share

Based on the information available to the Company as at 11 September 2024, 63.36% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

Size of shareholdings	Number of shareholders	Percentage of shareholders (%)	Number of shares	Percentage of shares (%)
1 - 99	1,078	10.38	48,117	0.07
100 - 1,000	5,218	50.27	2,819,728	4.00
1,001 - 10,000	3,556	34.26	12,930,850	18.37
10,001 - 1,000,000	523	5.04	21,813,103	30.99
1,000,001 and above	5	0.05	32,784,851	46.57
<b>Total</b>	<b>10,380</b>	<b>100.00</b>	<b>70,396,649</b>	<b>100.00</b>

**TWENTY LARGEST SHAREHOLDERS**

Name of shareholder	Number of shares	Percentage (%)
1 Estate of Sim Wong Hoo, Deceased	23,270,652	33.06
2 Citibank Nominees Singapore Pte Ltd	4,333,339	6.16
3 DBS Nominees (Private) Limited	2,648,035	3.76
4 Ng Keh Long	1,355,875	1.93
5 United Overseas Bank Nominees (Private) Limited	1,176,950	1.67
6 OCBC Nominees Singapore Private Limited	959,229	1.36
7 Phillip Securities Pte Ltd	757,961	1.08
8 OCBC Securities Private Limited	732,630	1.04
9 Raffles Nominees (Pte.) Limited	726,754	1.03
10 BNP Paribas Nominees Singapore Pte. Ltd.	722,000	1.03
11 Maybank Securities Pte. Ltd.	583,726	0.83
12 UOB Kay Hian Private Limited	507,950	0.72
13 Ong Eng Cheow	365,000	0.52
14 Lee Yeow Chor	330,000	0.47
15 Teo Keng Lik (Zhang Jingli)	325,200	0.46
16 Choo Ah Seng	323,850	0.46
17 Lim & Tan Securities Pte Ltd	317,600	0.45
18 Sim Guan Huat	314,525	0.45
19 Chan Siew Kim Alice	259,400	0.37
20 Tan Kian Heng	256,850	0.36
<b>Total</b>	<b>40,267,526</b>	<b>57.21</b>

Substantial shareholder	Number of ordinary shares	
	Direct interest	Deemed interest
Estate of Sim Wong Hoo, Deceased	23,270,652	–

## CORPORATE INFORMATION

### Board of Directors

Lee Kheng Nam, Independent Non-Executive Director, Chairman  
Ng Kai Wa, Independent Non-Executive Director, Vice Chairman  
Lee Gwong-Yih, Independent Non-Executive Director  
George Yong-Boon Yeo, Independent Non-Executive Director  
Tan Jok Tin, Independent Non-Executive Director  
Desmond Lim Pang Boon, Independent Non-Executive Director  
Lim Jew Tim, Independent Non-Executive Director  
Kwang Toh Kay, Executive Director  
Sim Li Ern, Non-Independent Non-Executive Director

### Chief Executive Officer

Song Siow Hui

### Company Secretary

Ng Keh Long

### Registered Office

31 International Business Park  
#03-01  
Singapore 609921  
Tel: 65-6895-4000

### Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.  
1 Harbourfront Avenue  
Keppel Bay Tower #14-07  
Singapore 098632

### Corporate Counsel

Duane Morris & Selvam LLP  
16 Collyer Quay  
#17-00  
Singapore 049318

### Independent Auditor

PricewaterhouseCoopers LLP  
7 Straits View, Marina One  
East Tower, Level 12  
Singapore 018936  
Audit Partner: Daniel Khoo  
Year of appointment: 2021  
Number of years of appointment: 4 years

