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

DIVESTMENT OF ASSETS AND EQUITY PARTICIPATION IN A NEWLY INCORPORATED ENTITY

Creative Technology Ltd. (the "Company") today announced that the Company has entered into a definitive agreement with Zeica Labs Pte. Ltd. (the "Spin-Off Entity") on 27 August 2025 in connection with a divestment of its Super X-Fi business.

The transaction involves the disposal of certain assets of the Company to the Spin-Off Entity in exchange for cash and 40% equity interest in the Spin-Off Entity. The assets to be disposed of include intellectual property rights and inventory relating to the Super X-Fi business.

The Spin-Off Entity is a newly incorporated company in Singapore with an initial issued and paid-up share capital of S$100,000. It has been set up by a management employee of the Company who was responsible for overseeing the Super X-Fi business and intends to pursue a business venture involving Super X-Fi technology.

The Super X-Fi technology is a proprietary spatial audio solution that recreates the immersive experience of a high-end multi-speaker system within headphones or earphones. Super X-Fi leverages cutting-edge AI to analyze individual head and ear shapes, customizing audio output to match each user's unique hearing profile, thereby delivering a deeply personalized and realistic sound experience.

This transaction is in line with the strategic direction that the Company has undertaken to streamline its businesses. This is also in alignment with the Company's objective to unlock value from certain portions of its IP portfolio and enable the Spin-Off Entity to operate with greater agility and focus. The transaction will also allow the Company to participate in the future growth of the Spin-Off Entity through its equity interest.

The aggregate consideration for the transaction is US$5.0 million, comprising the following:

(a) The Spin-Off Entity shall make payment of US$1.0 million to the Company in 10 equal monthly instalments; and

(b) 40% equity interest in the Spin-Off Entity, where such equity interest shall be based on Creative's shareholding after the initial round of funding amounting to collectively at least US$1.0 million in the Spin-Off Entity based on a valuation of US$10.0 million. This initial round of funding shall be completed prior to the completion date.

The consideration was arrived at on a willing-buyer, willing-seller basis after arm's length negotiation between the parties and takes into account the potential contribution of the disposed assets to the Spin-Off Entity. Completion of this transaction is expected to take place in the quarter ending 31 December 2025. Completion is conditional upon certain customary closing conditions. There are no material conditions attaching to the transaction.

The assets to be disposed of have a nominal book value. Based on the US$1.0 million cash proceeds and preliminary estimated fair valuation of the Spin-Off Entity, the excess of the aggregate consideration over the book value of the assets is approximately US$5.0 million. From the accounting perspective, the Group expects to recognize net gains of approximately US$3.0 million from the transaction.

The Company intends to utilize the proceeds from the transaction for general corporate purposes, including the funding of the Company's working capital requirements.

For illustration purposes only, based on the most recently announced unaudited financial statements for the financial year ended 30 June 2025, the financial effects of the transaction on the net tangible assets per share of the Company and its subsidiaries (the "Group"), assuming the transaction had been effected on 30 June 2025, and earnings per share of the Group, assuming that the transaction had been effected on 1 July 2024, are set out as follows:

	Before divestment	After divestment
Net tangible assets per share	US$0.58	US$0.63
Loss per share	US$0.15	US$0.11

The relative figures computed on the basis set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") are as follows:

Basis	Relative Figure (%)
(a) The net asset value of the assets to be disposed is of nominal book value compared with the Group's net asset value of US$41.1 million as at 30 June 2025.	0.0%
(b) Net profits of US$0.2 million attributable to the assets to be disposed of compared with the Group's net losses of US$10.5 million for the financial year ended 30 June 2025.	2.1%
(c) The value of the consideration to be received of US$5.0 million compared with the Company's market capitalization of US$43.4 million.	11.5%
(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the above transaction.

The Company will make further announcements to keep its Shareholders informed as and when there are further material updates and developments in respect of the completion of the transaction.

A copy of the agreement is available for inspection during normal office hours at the registered office of the Company for a period of 3 months from the date of this announcement.

Ng Keh Long
Company Secretary

27 August 2025