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**RAZER INC.**

雷蛇\*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1337)**

## **CONNECTED TRANSACTION IN RELATION TO THE AGREEMENT FOR LEASE AND THE LEASE AGREEMENT**

On December 21, 2018, the Tenant (a wholly-owned subsidiary of the Company) and the Landlord entered into the Agreement for Lease in respect of a lease of the Premises located in Singapore.

Under the Agreement for Lease, (i) the provisions of the Lease Agreement are deemed to be incorporated into the Agreement for Lease in so far as they are applicable and (ii) the Tenant and the Landlord will enter into the Lease Agreement following the registration of the Head Lease relating to the Property.

### **LEASE DOCUMENTS**

Pursuant to the Lease Documents:

1. the Landlord agreed to grant to the Tenant a lease of the Premises for a Term of 15 years comprising:
  - (i) a licence to occupy the Premises for a six-month Rent-Free Period commencing from the Handover Date (which is expected to be around May 1, 2020); and
  - (ii) a lease of the Premises for 14.5 years from the date falling after the last day of Rent-Free Period (which is expected to be around November 1, 2020);
2. the Landlord has agreed to provide certain property management and maintenance services to the Tenant from the Handover Date;
3. the Tenant is entitled to renew the lease of the Premises for 2 subsequent consecutive 5-year periods and a third period up to the expiry of the Head Lease after the expiry of the Term;
4. the Tenant shall have a right of first refusal to lease up to 20% of the net lettable area of the Building for the first 5 years of the Term, provided that there is not at the time of the exercise of such right or the execution of any supplemental lease, any breach or non-observance of any of the covenants in the Lease Agreement on the part of the Tenant which has not been rectified (the “**Tenant’s ROFR**”);

5. the Landlord will, at its own cost and expense, procure the construction of the Building according to agreed specifications;
6. the Tenant has the right to request the Landlord (subject to its approval) to implement the Tenant's Variations to the Building; and
7. the Tenant may elect to engage the Landlord to carry out the Tenant's Fit-Out Works.

## **LISTING RULES IMPLICATIONS**

Mr. Min-Liang Tan, the Chief Executive Officer, Executive Director and substantial shareholder of the Company, holds (i) approximately 25.75% of the partnership interest in the Landlord (which is a limited liability partnership) through his wholly-owned subsidiary, Snakepit Holdings, and (ii) 50% of the management and voting rights of a company (in which Mr. Tan also indirectly holds approximately 4.84% interest through Snakepit Holdings) which holds approximately 48.5% of the partnership interest in the Landlord. As Mr. Tan can exercise or control the exercise of 30% or more of the voting power of the Landlord, the Landlord is a connected person of the Company under Rule 14A.12 of the Listing Rules.

In accordance with IFRS 16 "Leases" (which will come into effect from January 1, 2019), the Company will recognise a right-of-use asset on its balance sheet in connection with the lease of the Premises under the Lease Documents. Accordingly, the entering into of the Lease Documents by the Tenant will be regarded as an acquisition of a capital asset and a one-off connected transaction of the Company for the purposes of the Listing Rules.

As the highest applicable percentage ratio under the Listing Rules in respect of the lease of the Premises under the Lease Documents will be more than 0.1% but less than 5%, the transactions under the Lease Documents will constitute connected transactions that are subject to announcement requirement, but are exempt from the circular and shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

If the Tenant (i) engages the Landlord to carry out Tenant's Variations, (ii) engages the Landlord to carry out the Tenant's Fit-Out Works, (iii) exercises the Tenant's ROFR and/or (iv) renews the lease of the Premises at the expiry of the Term, the Company will comply with the applicable requirements of the Listing Rules at the relevant time.

## **A. INTRODUCTION**

The Tenant and the Landlord entered into the Agreement for Lease in respect of a lease of the Premises.

Under the Agreement for Lease, (i) the provisions of the Lease Agreement are deemed to be incorporated into the Agreement for Lease in so far as they are applicable and (ii) the Tenant and the Landlord will enter into the Lease Agreement following the registration of the Head Lease relating to the Property.

## B. KEY TERMS OF THE LEASE DOCUMENTS

<b>Date of Agreement for Lease:</b>	December 21, 2018
<b>Parties:</b>	(1) RAP (a wholly-owned subsidiary of the Company) as the tenant and (2) the Landlord
<b>Term:</b>	15 years commencing from the Handover Date, which is expected to be around May 1, 2020, inclusive of the licence to occupy the Premises during the six-month Rent-Free Period and the lease of the Premises for 14.5 years commencing on the date falling after the last day of Rent-Free Period, which is expected to be around November 1, 2020.
<b>Premises:</b>	<p>RAP will occupy:</p> <ol style="list-style-type: none"><li>(1) a minimum of 50% of the net lettable area of the Building (“<b>Initial Premises</b>”) from the Handover Date until the end of the Term; and</li><li>(2) an additional 20% of the net lettable area of the Building (“<b>Additional Premises</b>”) from the date falling immediately after the expiry of the period of 5 years from the Handover Date until the end of the Term (“<b>Phase 2</b>”).</li></ol>
<b>Services:</b>	The Landlord will provide certain property management and maintenance services to the Tenant from the Handover Date.
<b>Total consideration payable:</b>	<p>The total consideration payable under the Lease Documents including the rent, service charge and the amount payable by the Tenant in the event it chooses not to renew the lease of the Premises is approximately S\$73,329,074.</p> <p>The rent and service charge payable under the Lease Documents are calculated by reference to an amount per square foot of net lettable area of the Building occupied by the Tenant, which is subject to an agreed increase each year during the Term. The rent and service charge in relation to the lease of the Premises are payable by the Tenant on a monthly basis.</p> <p>The rent and service charge payable under the Lease Documents were determined after arm’s length negotiations between the Landlord and the Tenant, after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises.</p>

**Renewal:** The Tenant will be entitled to renew the lease of the Premises (the “**Tenant’s Right to Renew**”) for 3 subsequent consecutive periods after the Term as follows:

- (1) 5 years (the “**First Renewal Term**”) commencing on the day immediately following expiry of the Term;
- (2) 5 years (the “**Second Renewal Term**”) commencing on the day immediately following expiry of the First Renewal Term; and
- (3) such period commencing the day after expiry of the Second Renewal Term up to the expiry of the Head Lease, less a period of 4 months (where demolition of the Building is required prior to the expiry of the Head Lease).

**Right of First Refusal:** The Tenant will have a right of first refusal to lease up to 20% of the net lettable area of the Building for the first 5 years of the Term, provided that there is not at the time of the exercise of such right or the execution of any supplemental lease, any breach or non-observance of any of the covenants in the Lease Agreement on the part of the Tenant which has not been rectified (the “**Tenant’s ROFR**”).

**Termination:** The lease of the Premises will be terminated in accordance with the Lease Documents, including where any of the following events occur:

- (1) if the state lease between JTC and the President of the Republic of Singapore in respect of the Property is terminated;
- (2) if the Head Lease is terminated; and
- (3) if the Property is or will be acquired by any relevant authority.

**Building:** The Landlord shall at its own cost and expense procure the construction and completion of the Building, with an estimated net lettable area of 186,785 square feet.

**Other terms:** (1) The Tenant may request for the Landlord to implement Tenant’s Variations to the Building or to carry out the Tenant’s Fit-Out Works. If Landlord agrees to implement any Tenant’s Variation and/or to carry out any Tenant’s Fit-Out Works, the Tenant may pay for the costs arising from mutually agreed Tenant’s Variation(s) or Tenant’s Fit-out Works by way of lump sum cash payments or by instalments.

- (2) The Tenant also has the option of engaging the Landlord's or its own contractor(s) to carry out the Tenant's Fit-Out Works.
- (3) The Tenant has agreed to make certain investments in new plant and machinery for the Tenant's use in the Building.

### **C. LISTING RULES IMPLICATIONS**

Mr. Min-Liang Tan, the Chief Executive Officer, Executive Director and substantial shareholder of the Company, holds (i) approximately 25.75% of the partnership interest in the Landlord (which is a limited liability partnership) through his wholly-owned subsidiary, Snakepit Holdings, and (ii) 50% of the management and voting rights of a company (in which Mr. Tan also indirectly holds approximately 4.84% interest through Snakepit Holdings) which holds approximately 48.5% of the partnership interest in the Landlord. As Mr. Tan can exercise or control the exercise of 30% or more of the voting power of the Landlord, the Landlord is a connected person of the Company under Rule 14A.12 of the Listing Rules.

In accordance with IFRS 16 "Leases" (which will come into effect from 1 January 2019), the Company will recognize a right-of-use asset on its balance sheet in connection with the lease of the Premises under the Lease Documents. Accordingly, the entering into of the Lease Documents by the Tenant will be regarded as an acquisition of a capital asset and a one-off connected transaction of the Company for the purposes of the Listing Rules.

As the highest applicable percentage ratio under the Listing Rules in respect of the lease of the Premises under the Lease Documents will be more than 0.1% but less than 5%, the transactions under the Lease Documents will constitute connected transactions that are subject to announcement requirement, but are exempt from the circular and shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

If the Tenant (i) engages the Landlord to carry out Tenant's Variations, (ii) engages the Landlord to carry out the Tenant's Fit-Out Works, (iii) exercises the Tenant's ROFR and/or (iv) renews the lease of the Premises at the expiry of the Term, the Company will comply with the applicable requirements of the Listing Rules at the relevant time.

### **D. REASONS FOR, AND BENEFITS OF, THE AGREEMENT FOR LEASE AND THE LEASE AGREEMENT**

The Directors consider that taking into account the space needed for the expansion and growth of the Group's dual headquarters in Singapore, the size and location of the Premises suits the Group's business needs and that the rental rates of the Premises are at competitive rates lower than the prevailing market price for comparable premises in one-north.

### **E. DIRECTORS' CONFIRMATIONS**

Based on the reasons for and benefits of the Lease Documents as set out above, the Directors (including the independent non-executive Directors) are of the opinion that (1) the transactions under the Lease Documents are on normal commercial terms and in the ordinary and usual course of business of the Group; and (2) that the terms of the Lease Documents are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Due to Mr. Min-Liang Tan’s interests in the Landlord, Mr. Tan has abstained from voting on the relevant resolution of the Board in respect of the Lease Documents. Save as disclosed above, none of the Directors has a material interest in the Lease Documents, the transactions contemplated thereunder or the Landlord, and therefore no other Director has abstained from voting on the relevant resolutions of the Board in respect of the Lease Documents.

**F. INFORMATION ON THE GROUP AND THE LANDLORD**

Razer is the leading global lifestyle brand for gamers that offers an integrated portfolio of gaming hardware, software and services. The Razer ecosystem delivers gamers a competitive edge, immersive gaming experiences and access to a comprehensive catalogue of digital entertainment. The Razer ecosystem is one of the largest integrated ecosystems in the world for gamers, which consists of hardware, software and services designed and developed to integrate seamlessly and enhance personalised user experiences across different entertainment genres.

The Landlord is a limited liability partnership in Singapore and each of Snakepit Holdings and Boustead Projects Limited holds 50% of the voting power of the Landlord. Each of Snakepit Holdings and Boustead Projects Limited also directly and indirectly owns approximately 28.1% of the beneficial interests in the Landlord with the remaining beneficial interests in the Landlord being held by third party investors. The principal activities of the Landlord are that of property development for long-term lease. Boustead Projects Limited, a company listed on the Singapore Stock Exchange, is a leading industrial real estate solutions provider in Singapore, with core engineering expertise in the design-and-build and development of industrial facilities for multinational corporations and local enterprises.

**G. DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Agreement for Lease”	the agreement for Lease dated December 21, 2018 between RAP and the Landlord
“Board”	the board of directors of the Company
“Building”	the building to be erected on the Property in accordance with the building specifications in the Agreement for Lease
“Company” or “Razer”	Razer Inc., an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1337)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“Handover Date”	the date on which the Landlord delivers vacant possession of the Premises to the Tenant
“Head Lease”	the licence and lease between JTC and the Landlord in respect of the Property
“JTC”	JTC Corporation, a statutory board incorporated under the Singapore Jurong Town Corporation Act (Cap. 150 of the laws of Singapore)
“Landlord”	Snakepit-BP LLP, a limited liability partnership registered in the Republic of Singapore
“Lease Agreement”	the Lease Agreement to be entered into between RAP and the Landlord for the lease of the Premises, which is in the form of the lease agreement contained in the annexure to the Agreement for Lease
“Lease Documents”	the Agreement for Lease and Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Premises”	an area comprising a minimum of 50% (for the first 5 years of the Term) and 70% (for the remainder of the Term) of the net lettable area of the Building
“Property”	means the land known as Private Lot A3007300 at PID 8201802021 at one-north comprising Government Survey Lot No. 05438L of Mukim 03 having an estimated land area of 6,427 square metres
“RAP” or “Tenant”	Razer (Asia-Pacific) Pte. Ltd., a wholly-owned subsidiary of the Company
“Rent-Free Period”	the six-month period commencing on the Handover Date
“Snakepit Holdings”	Snakepit Holdings Pte. Ltd., a company indirectly wholly-owned by Mr. Min-Liang Tan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant’s Fit-Out Works”	design, construction and installation of the works required to finish and fit out the Premises for the Tenant’s use and occupation

“Tenant’s Variations” any variation to the works required to complete the development of the Building as requested by the Tenant and implemented by the Landlord

“Term” 15 years commencing on the Handover Date

For and on behalf of the Board  
**Razer Inc.**  
**Min-Liang TAN**  
*Chairman*

Hong Kong, December 21, 2018

*As at the date of this announcement, the board of directors of the Company comprises Mr. Min-Liang Tan as Chairman and Executive Director, Mr. Khaw Kheng Joo and Mr. Chan Thiong Joo Edwin as Executive Directors, Mr. Lim Kaling as Non-executive Director, and Mr. Gideon Yu, Mr. Chau Kwok Fun Kevin and Mr. Lee Yong Sun as Independent Non-executive Directors.*

\* *For identification purposes only*