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**RAZER INC.**

雷蛇\*

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

**(Stock code: 1337)**

## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CONTINUING CONNECTED TRANSACTIONS WITH THX LTD.**

Reference is made to the Company's announcement dated December 24, 2019 (the "**Announcement**") in relation to continuing connected transactions between RAP and THX. Supplemental information relating to the said continuing connected transactions are set out in this announcement.

### **A. INTRODUCTION**

On December 24, 2019, the Board announced that RAP entered into the THX Technology License Agreement with THX, which has an effective period running from January 1, 2019 to December 31, 2021, and the THX Certification Amendment Agreement with THX, which takes effect as of December 23, 2019. Terms used and not defined herein have the meanings ascribed to them in the Announcement.

### **B. THE THX TECHNOLOGY LICENSE AGREEMENT**

#### **Basis for Consideration**

As noted in the Announcement, the fees payable to THX pursuant to the THX Technology License Agreement are as follows:

- (a) a unit cost for each Razer audio hardware product incorporating the audio software sold to end customers;
- (b) a percentage of the revenue for each audio software purchased as a standalone product by Razer's end customers; and
- (c) a unit cost for each instance of a Razer customer converting a lower-end software to the audio software licensed by THX, subject to a minimum agreed fee.

The unit costs for audio software incorporated in Razer audio hardware products as referred to in (a) and (c) were determined by arms' length negotiations between RAP and THX. RAP had reference to pricing benchmarks based on quotes for the licensing of similar software solutions obtained from other third party vendors, as well as the prices charged by a separate vendor for similar software in the past.

The fees payable by RAP for the audio software purchased as a standalone product are based on a share of revenue, which is a standard negotiated pricing structure for distributorship-type arrangements.

In addition, THX has confirmed to RAP that the rates charged to RAP are not more than those charged to other third parties.

## **C. THE AMENDED THX CERTIFICATION AGREEMENT**

### **Basis for Consideration**

In relation to the Amended THX Certification Agreement, RAP considers that there is no appropriate market benchmark for the fees charged by THX as no other certification is as widely recognized or reputable as that provided by THX. THX has confirmed to RAP that the rates charged for the testing and certification services are not more than those charged by THX to other third parties for similar services.

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

Hong Kong, February 26, 2020

*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. Chan Thiong Joo Edwin and Ms. Liu Siew Lan Patricia 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*