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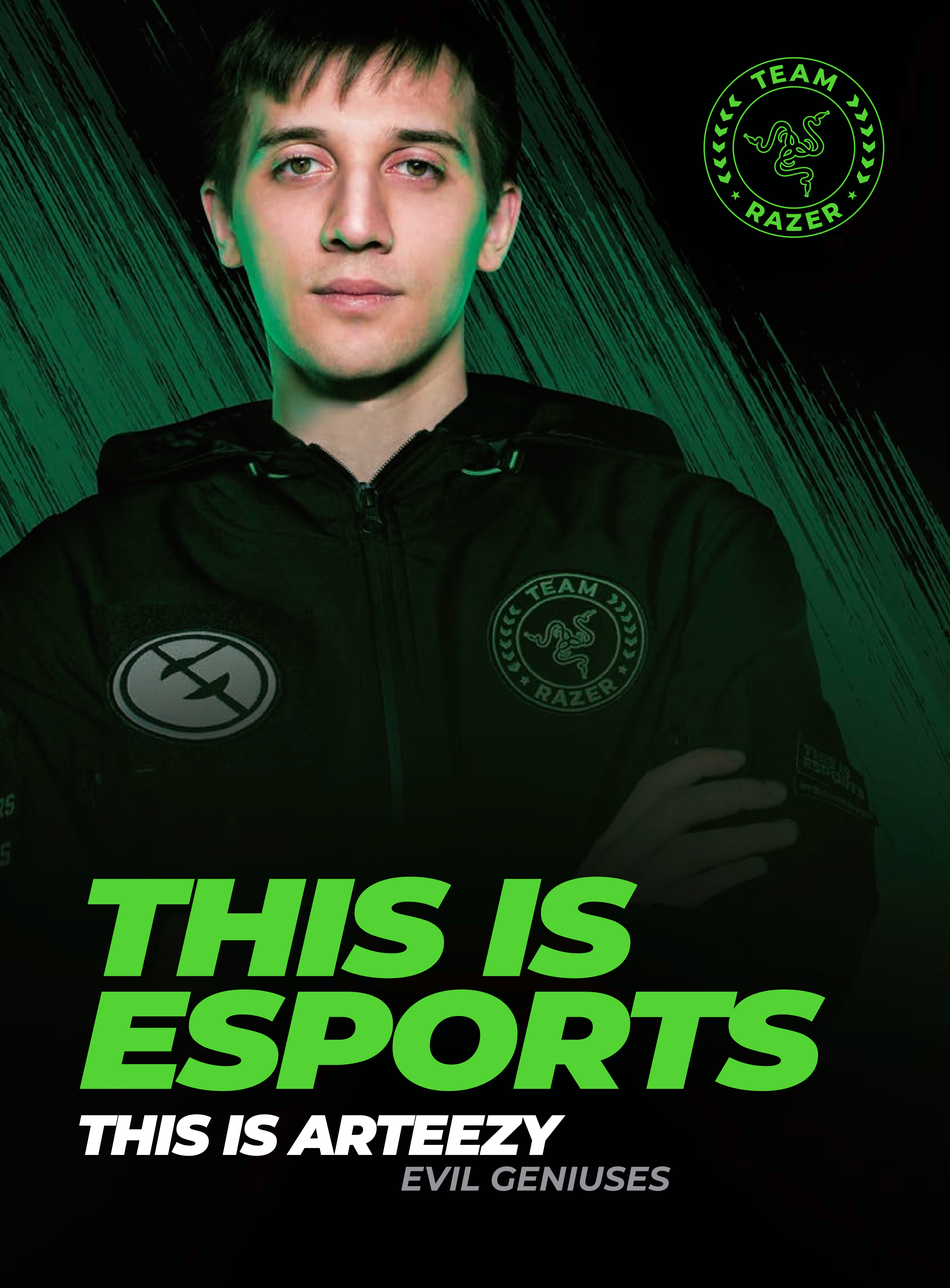
INTERIM REPORT 2019

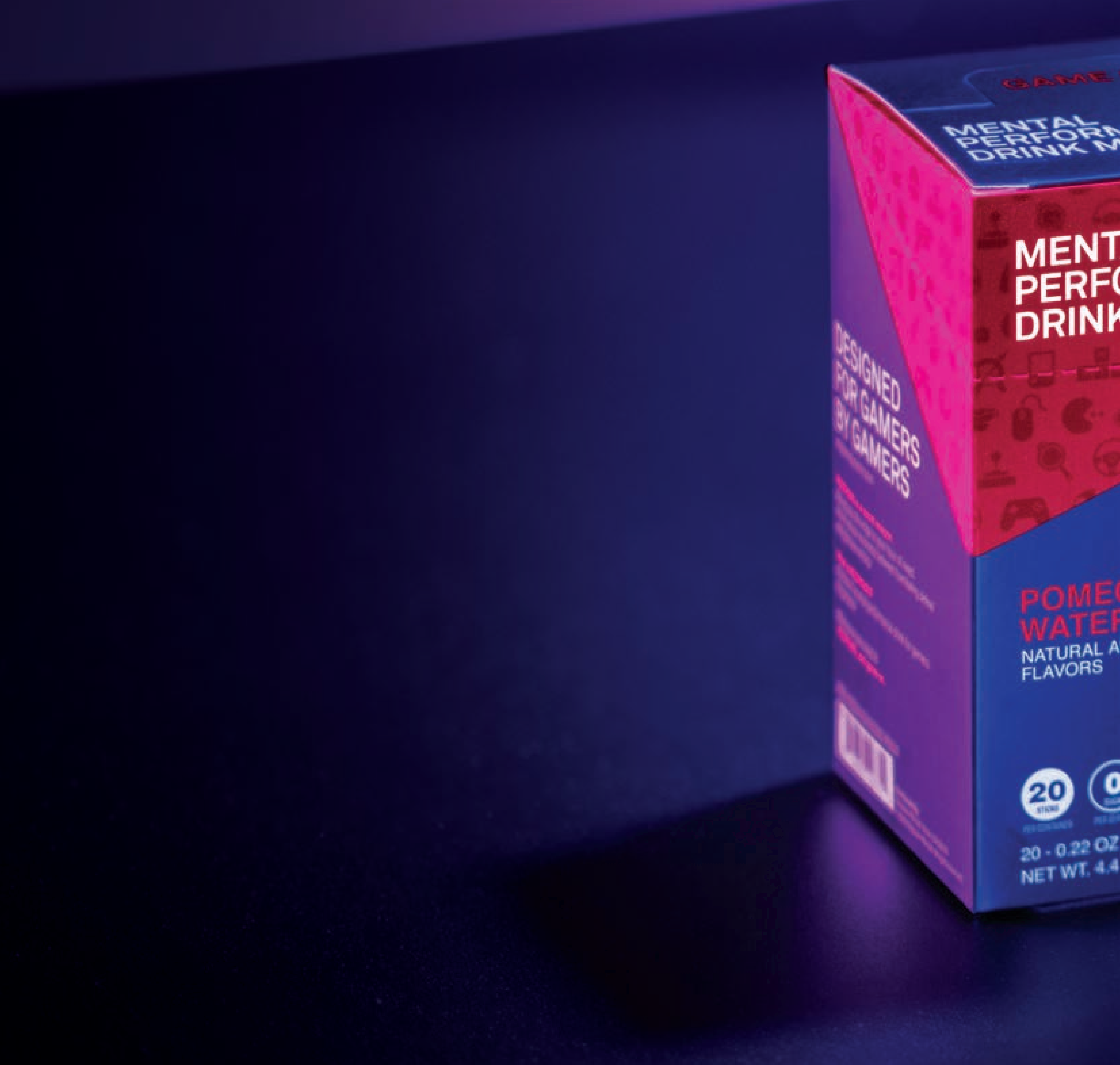
RAZER INC.

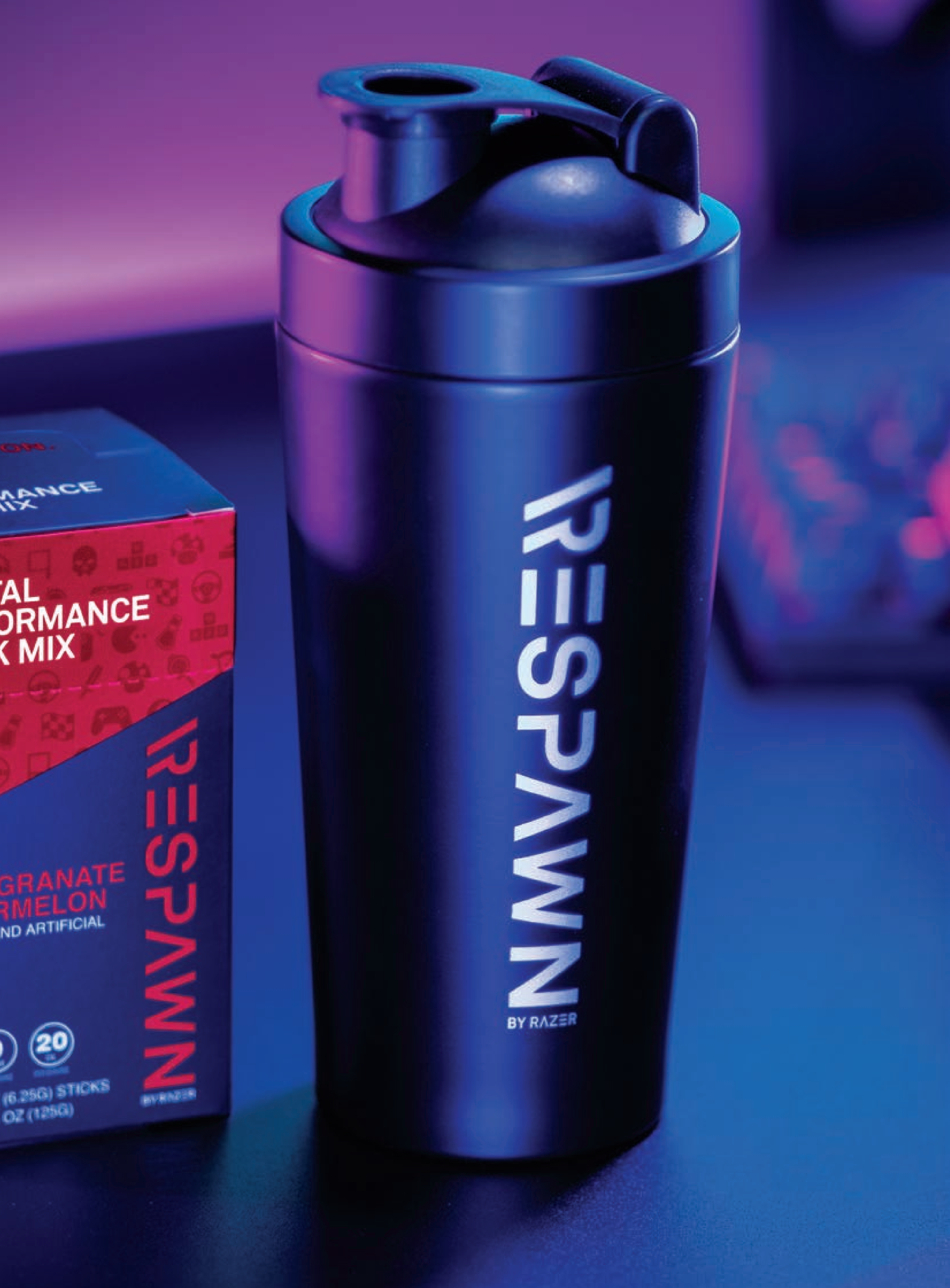
INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY


TEAM
RAZER
THIS IS
ESPORTS
THIS IS ARTEEZY
EVIL GENIUSES

CONTENTS

CORPORATE INFORMATION

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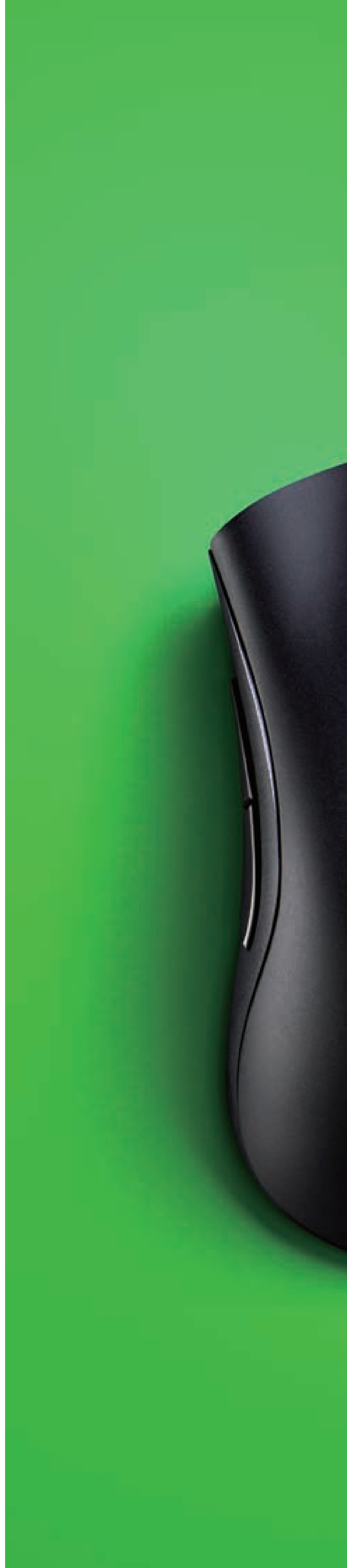
CORPORATE INFORMATION



BOARD OF DIRECTORS

Executive Directors

Mr. Min-Liang TAN
(Chairman & Chief Executive Officer)

Mr. CHAN Thiong Joo Edwin

Ms. LIU Siew Lan Patricia

Non-Executive Director

Mr. LIM Kaling

Independent Non-Executive Directors

Mr. CHAU Kwok Fun Kevin

Mr. LEE Yong Sun

Mr. Gideon YU

Audit and Risk Management Committee

Mr. CHAU Kwok Fun Kevin (Chairman)
Mr. LEE Yong Sun
Mr. Gideon YU

Remuneration Committee

Mr. Gideon YU (Chairman)
Mr. CHAU Kwok Fun Kevin
Mr. Min-Liang TAN

Nomination Committee

Mr. LEE Yong Sun (Chairman)
Mr. CHAU Kwok Fun Kevin
Mr. LIM Kaling

Joint Company Secretaries

Mr. CHOO Wei Pin
Ms. CHAN Wai Ling

Auditors

KPMG, 8th Floor, Prince's Building,
10 Chater Road, Central, Hong Kong

Registered Office

Maples Corporate Services Limited,
PO Box 309 Ugland House,
Grand Cayman KY1-1104, Cayman Islands

Corporate Headquarters

201 3rd Street, Suite 900,
San Francisco, CA 94103, United States

514 Chai Chee Lane, #07-05,
Singapore 469029

Principal Place of Business in Hong Kong

Level 54, Hopewell Centre,
183 Queen's Road East,
Hong Kong

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited,
PO Box 1093,
Boundary Hall, Cricket Square,
Grand Cayman KY1-1102, Cayman Islands

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Investor Relations Contact

Email: ir@razer.com

Corporate Website

www.razer.com

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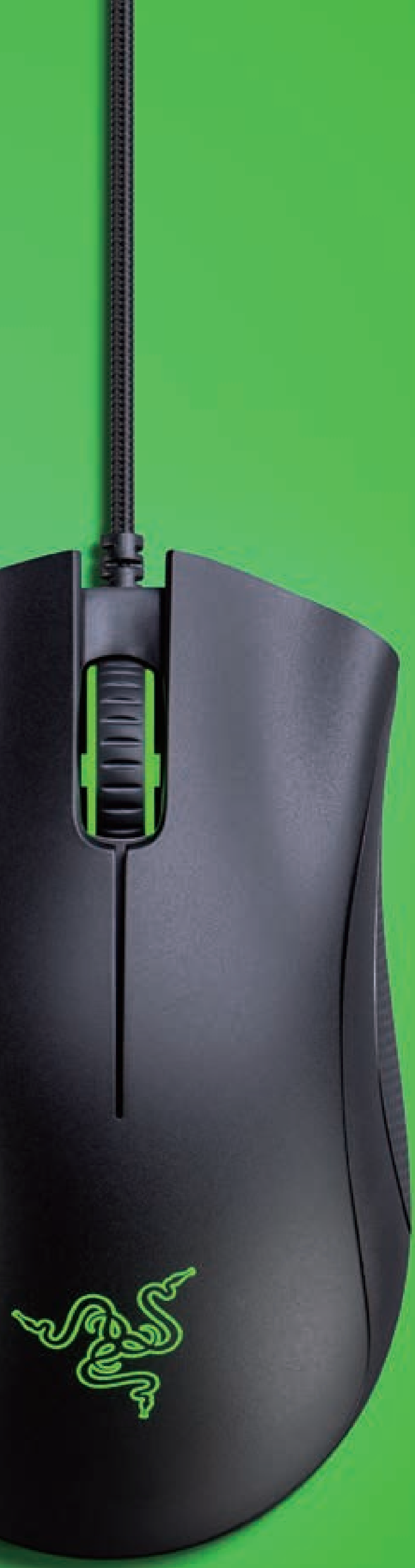
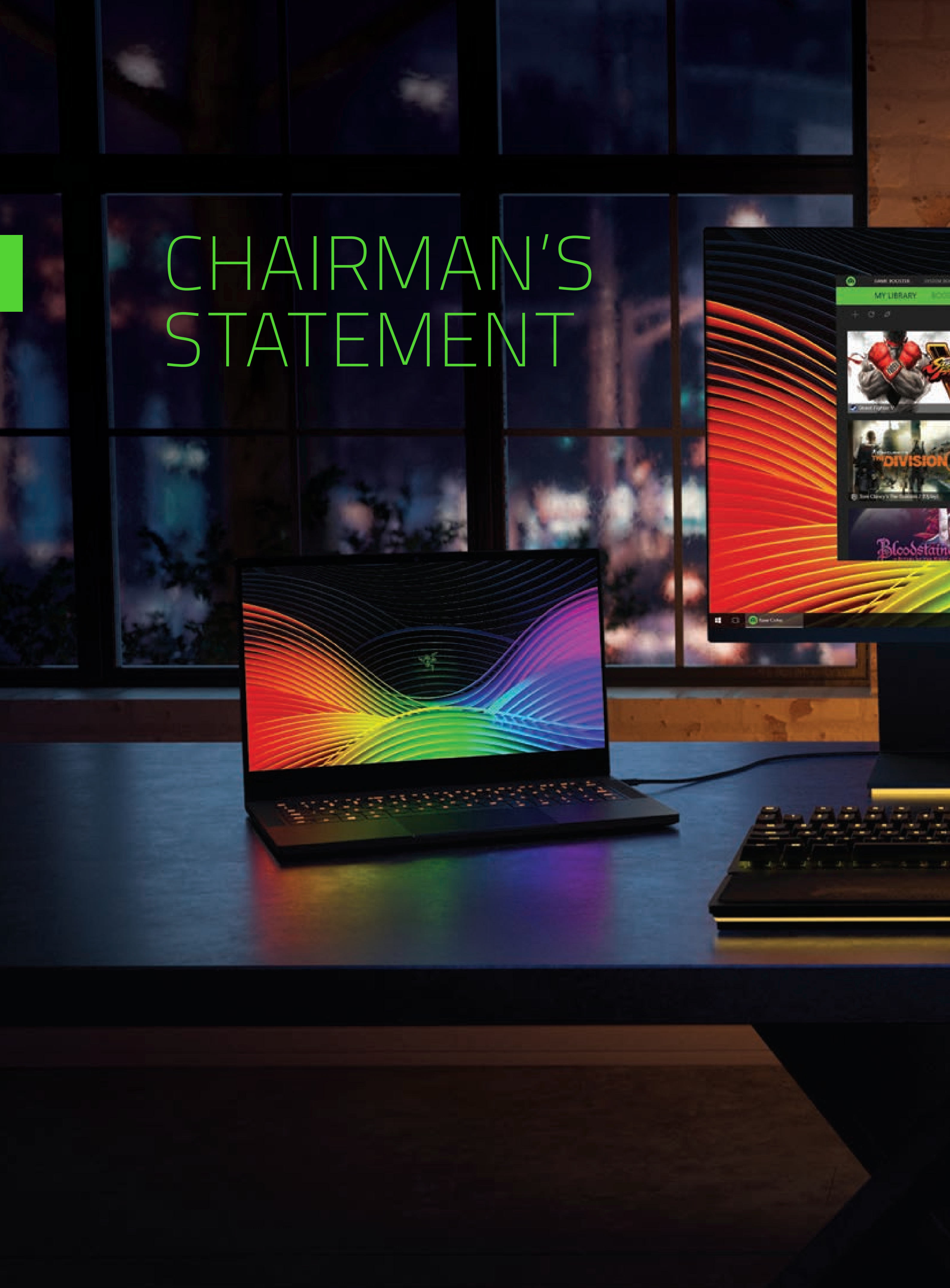
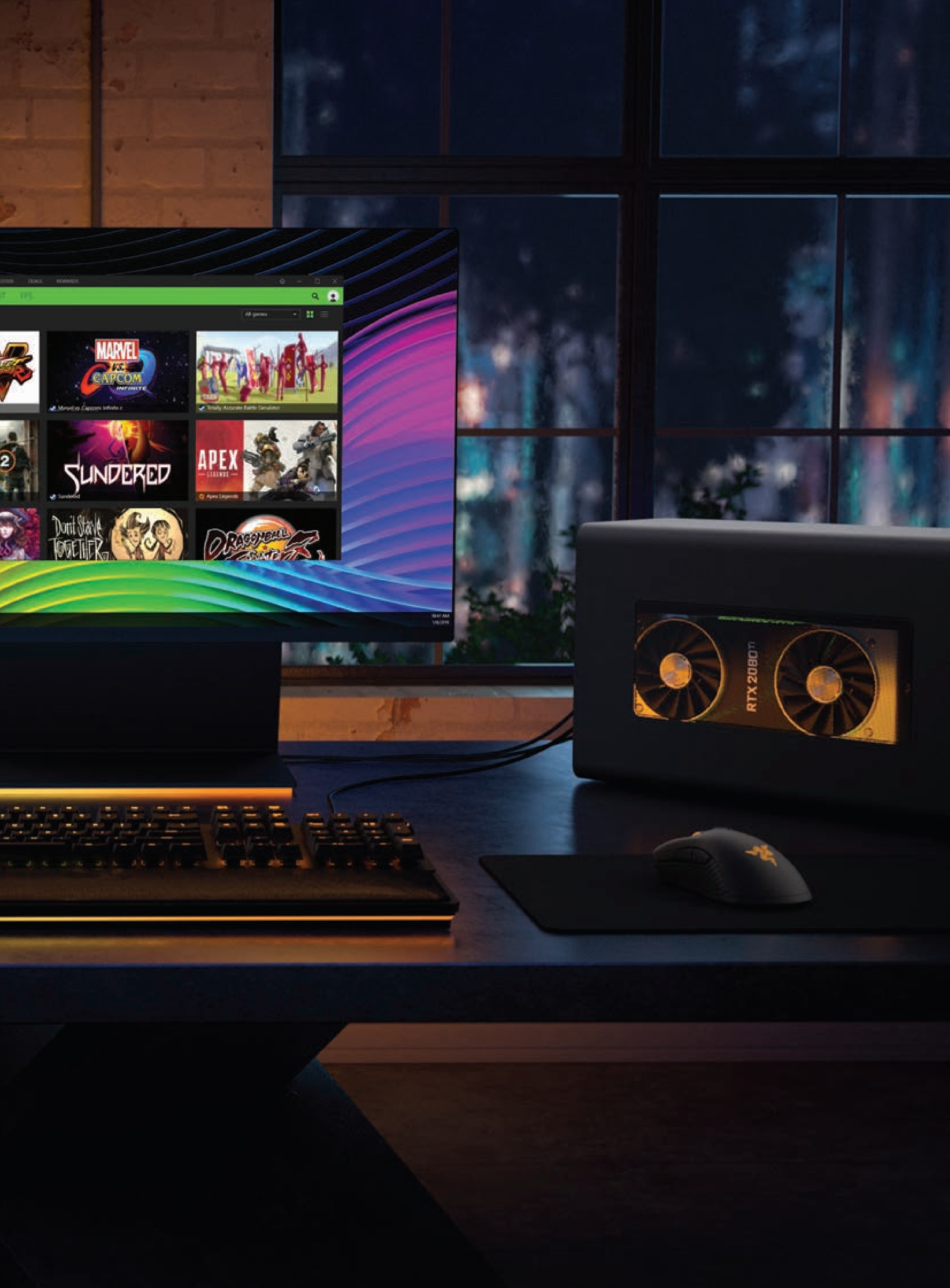


10 MILLION SOLD.
ONE ICONIC NAME.

RAZER DEATHADDER

CHAIRMAN'S STATEMENT




MARVEL
CAPCOM
SUNDERED
APEX
RTX 2080

CHAIRMAN'S STATEMENT

2019 looks set to be a record year for Razer.

Revenues reached an all-time high of US$357.2 million in the first half of the year, with year-on-year growth of 30.3%. Our high-margin Services business witnessed phenomenal year-on-year growth of 110.5% in revenues to US$35.7 million, contributing almost 20% of the Group's gross profits. Our net loss margin improved significantly by 740bps, while our net loss position narrowed to US$47.7 million compared to the first half of 2018.

Our core gaming ecosystem business remains robust, delivering good growth and profitability while our new growth initiatives continue to see incredible scale with our ongoing investments.

Before I go into greater detail on our performance, I would like to highlight some of the key trends that we are seeing across the gaming industry.

The first half of 2019 saw the gaming industry continuing its strong momentum, with the industry expected to grow at a CAGR of 9.0% by 2022 to US$196.0 billion[1]. Amidst this backdrop of growth, we see two trends that will drive the evolution of gaming: cloud gaming and the move of esports to the mainstream market.

The advent of cloud gaming is one of the most exciting developments we have seen that will transform the way that people engage with a gaming lifestyle. Razer is at the centre of this transformation and is the only company with a gamer-centric ecosystem of hardware, software and services across the three existing key verticals – PC, console and mobile.

We see cloud gaming as a potential fourth vertical. We are truly excited to announce our collaboration with Tencent Cloud to join forces to define the standards for cloud gaming. The two companies will work closely to launch a series of gaming hardware compatible with Tencent Cloud gaming solutions. In addition, the two companies will work together to integrate Tencent's cloud gaming titles with Razer's software products and technologies such as RAZER CHROMA™ RGB lighting.

Turning now to one of the other big trends we have witnessed and actively promoting: esports moving into mainstream.

Few industries have managed to match the huge growth that esports has enjoyed in recent years and global esports revenue is expected to reach US$1.8 billion by 2022[2]. The recent record-breaking prize pool of US$30 million at the Fortnite World Cup underscored the explosive growth of this universal phenomenon. Over the years, Razer has become one of the world's leading brands in esports, with a hosted community of over 2.3 million followers across social platforms as of July 2019. The meteoric rise of esports and gaming has grabbed the attention of the world's leading companies across industries such as apparel, automotive and financial services, and Razer has become the partner of choice for many of these brands seeking to tap into the fast-growing gamer and youth markets globally.

Razer is also the esports partner for the 30th Southeast Asian Games in November 2019 ("SEA Games 2019") and has been working closely with the Philippine SEA Games Organising Committee in the lead-up to this historic event. Razer is also the official esports partner to the national teams of Indonesia, Malaysia, Philippines, Singapore and Thailand.

As a global leading lifestyle brand with a unique ecosystem for the gamers and youth, Razer is in a prime position to be at the forefront of today's growing trends and be the partner of choice for many players looking to participate in these exciting market opportunities.

CORE SEGMENT:

Hardware: 26.2% year-on-year growth to US$303.7 million

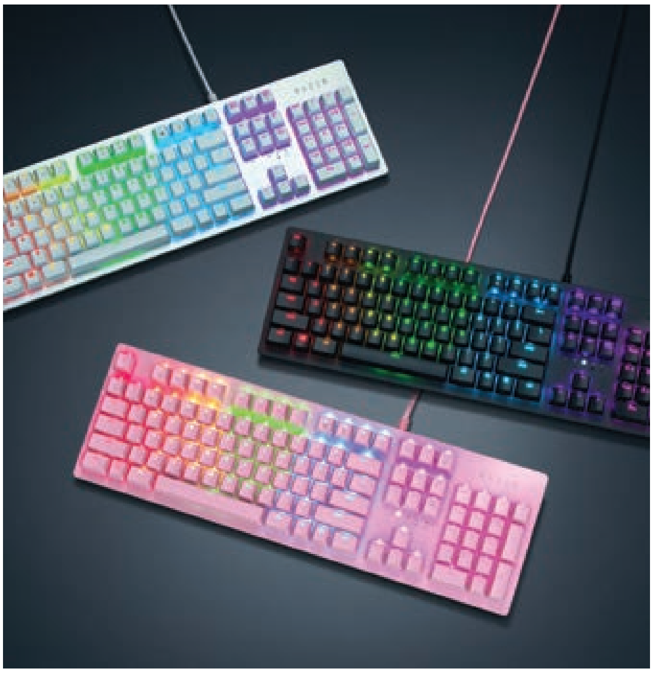
In the first half of 2019, our Hardware business grew by 26.2% year-on-year to US$303.7 million, driven primarily by the robust growth of our Systems business.

Our products continue to be top-ranked by the gamer community with Razer Huntsman Elite optical keyboard and Razer Blade 15 laptop claiming the number 1 best-seller spots on NPD and Amazon respectively.

Our uncompromising ethos on providing the best-in-class products combined with top quality user experience service to all our customers has received praise from reputed industry critics, including:

1. **Razer DeathAdder Elite by Tom's Hardware**
   "The best FPS/RTS gaming mouse";
2. **Razer Huntsman optical keyboard by Tom's Hardware**
   "The finest mass-market key switch available today";
3. **Razer Kraken X by Android Central**
   "Razer does it with another win";
4. **Razer Blade Pro 17 by Notebook Check**
   "The gold standard for ultrathin 17-inch gaming laptops";
5. **Razer Blade 15 Advanced Model by PC Gamer**
   "One of the best gaming laptops ever made",
   to name a few; and
6. **Ranked 2nd behind Apple in Laptop Mag's latest annual customer support survey.**

While the gaming peripherals industry entered into a phase of moderate growth in the first half of 2019 with aggressive price discount headwinds in the market, our gaming hardware portfolio held up superbly with our gaming systems business seeing strong market share gains and revenue growth. As we continue to diversify our industry leading portfolio of gaming hardware by meeting our customers' expectations for innovative, gamer-centric products with premium quality, we believe that Razer will continue to be the leading premium brand for esports, gamers and youth globally.



Software: 40% year-on-year growth to approximately 70 million total registered user accounts

Our Software business continued to go from strength to strength with a 40% year-on-year increase in total registered user accounts to approximately 70 million as of June 30, 2019. This increase was mainly driven by strong growth across all our software offerings.

Our open software platform is key to our strategy to growing our user base to bring our software offerings and ecosystem to more partners and gamers around the world.

During the first half of 2019, we have seen a growing number of renowned brands adopting Razer's hardware and software technology to target the massive gamer TAM (total addressable market) of 2.5 billion[3] with better immersive experiences. For example, the newest Vivaldi browser will sync colours from the website to the lights on the RAZER CHROMA™ RGB-enabled equipment. Meanwhile, Thermaltake and Ducky have both released their mechanical gaming keyboards incorporating the multi-award winning Razer Mechanical Switches and RAZER CHROMA™ RGB software.

In late May, we announced that the RAZER CHROMA™ RGB Connected Devices Programme has secured partnerships across twenty-five brands, including AMD, Biostar, MSI, ViewSonic, while RAZER CHROMA™ RGB is integrated with top PC games such as Apex Legends, Overwatch and Mortal Kombat 11.

Services: Revenues grew 110.5% year-on-year. Group level contribution hits new milestones

Our Services business continued to see strong momentum as revenues grew by 110.5% year-on-year to US$35.7 million with a gross margin of 41.7% in the first half of 2019. The contribution of this business segment to the Group's revenue and gross profit has set new records; at more than 10% and almost 20% respectively.

Razer Gold is one of the world's largest virtual credits platforms for games and digital entertainment. As of June 30, 2019, the platform had over 19 million wallets, representing a 90% year-on-year increase, and giving users access to over 2,500 leading game titles with over 600 publishers.

We now have an unrivalled network of over 1 million physical distribution points for Razer Gold in emerging economies across Southeast Asia and Latin America. Given the low level of credit card penetration in these relatively unbanked markets, we have reinforced our position as the partner of choice for gaming and digital entertainment companies seeking to access and monetise their content within these markets. Meanwhile, we also saw healthy uptake of Razer Gold in online channels in markets such as South Asia and the Middle East.

The first half of the year saw additional growth to the Razer Gold business through the onboarding of leading global game partners to the Razer Gold virtual credits platform. We continue to work closely with more partners to bring to gamers a suite of exclusive and highly-customised offers, proving greater touchpoints for us to engage with the gamer community and our content partners.

GROWTH INITIATIVES:

Razer Fintech: Extending the brand, youth/millennial user base and our Razer Gold fundamentals

At Razer, we pride ourselves on being the leading lifestyle brand for gamers worldwide. Over the years, we have created natural extensions to be a part of global youth and millennial community. This has presented numerous opportunities for us to invest into multiple new verticals of growth, including Fintech where we can immediately build on our Razer Gold fundamentals. Our ambition is to promote digital payments and increase financial inclusivity for the youth across the emerging markets, starting with Southeast Asia, which has a large unbanked and underserved population of over 438 million[4] and a youth and millennial population of over 213 million[5].

Razer Fintech, the fintech arm of Razer is one of the largest O2O (online-to-offline) digital payment networks in Southeast Asia. Razer Fintech operates two verticals with the following service offerings:

Razer Merchant Services ("RMS"), a leading B2B (business-to-business) solution encompassing:

- RMS Online: Card processing gateway supporting global scheme cards and over 110 payment methods, powering online payments for global blue-chip merchants in Southeast Asia including Grab, Lazada, Facebook, Shopee, Taobao.com, and more

- RMS Offline: Southeast Asia's largest offline payment network of over 1 million physical acceptance points across Southeast Asia. RMS Offline also extends point-of-sale services (such as bill payments and telco reloads), cash-over-counter services (including Razer Pay top-ups and fulfilment of e-commerce purchases), distribution of third-party point-of-sale activation (POSA) cards, and merchant acquiring services for Razer Pay and other third-party e-wallets

Razer Pay, a B2C (business-to-consumer) solution comprising an all-encompassing e-wallet focused on offering a plethora of compelling use cases targeted at the youths, millennials, and unbanked.

Razer Fintech saw robust performance in the first half of 2019, and generated over US$828 million in total payment value ("TPV") (US$1.4 billion for the year ended December 31, 2018).

The Razer Pay e-wallet has experienced tremendous growth since launching over a year ago in Malaysia as a pilot market, with approximately 1 million total registered user accounts as of June 30, 2019. Razer Pay launched a revamped version of the app in February 2019, which has generated robust performance with monthly TPVs growth of approximately 1,500% and monthly transaction volumes growth of approximately 540% since the revamped app's release in February 2019. This puts us in good stead as we seek to expand into other markets.

Razer Pay was selected as the official e-wallet for Malaysia Tech Week 2019 in June 2019. In collaboration with Proton, 7-Eleven, Starbucks, Celcom, the Malaysia Digital Economy Corporation, and MyFintech Week 2019, Razer Fintech celebrated the event with the giveaway of a Razer Edition 2019 Proton Iriz. The event was graced by Malaysia's Minister of Communication and Multimedia, YB Tuan Gobind Singh Deo, and was well received by the local community.

Razer Fintech launched Razer Pay through a beta test phase in Singapore in March 2019 and has continued to refine the e-wallet to gear up for the public launch. Since the beta launch, Razer Pay Singapore has already introduced innovative use cases such as ride hailing and movie ticket booking, while enjoying acceptance at several recognisable merchants such as Buzz convenience stores, Kraftwich, and PastaMania.

PARTNERSHIP – VISA

In June 2019, Razer and Visa announced a partnership to transform payments and drive fintech innovation globally. Under this collaboration, Razer Fintech and Visa plan to roll out an exclusive Razer-branded Visa prepaid payment solution integrated into Razer Pay via a mini-app, which will cement Razer Pay's position as one of Southeast Asia's leading e-wallet platform. This solution would enable Razer Pay users to make payments wherever Visa is accepted at over 54 million merchant locations worldwide. We anticipate rolling out this solution progressively in selected countries across Southeast Asia in the coming months, before expanding globally.

When launched, the prepaid solution will complement Razer Pay's existing offerings, which include everyday essentials such as mobile top-ups, leading virtual credits, and entertainment purchases for music and streaming services. It will also provide a platform for users to enjoy a slew of exciting benefits and rewards when using their prepaid cards for e-commerce transactions and when they make purchases overseas.

In addition to augmenting the capabilities of Razer Pay, the partnership between Razer Fintech and Visa has the potential to extend micro-finance services to the unbanked and underserved segment, especially youths and millennials. The collaboration between Razer Fintech and Visa aims to empower this segment of early adopters and introduce interactive and straightforward financial planning capabilities. This partnership will help meet the unmet demands of this sizeable market and provide innovative financial tools for youths and millennials to participate in the global cashless economy.

Mobile Gaming: Evolving from hardware to software and services

Earlier in March, we announced an evolution of our mobile gaming strategy.

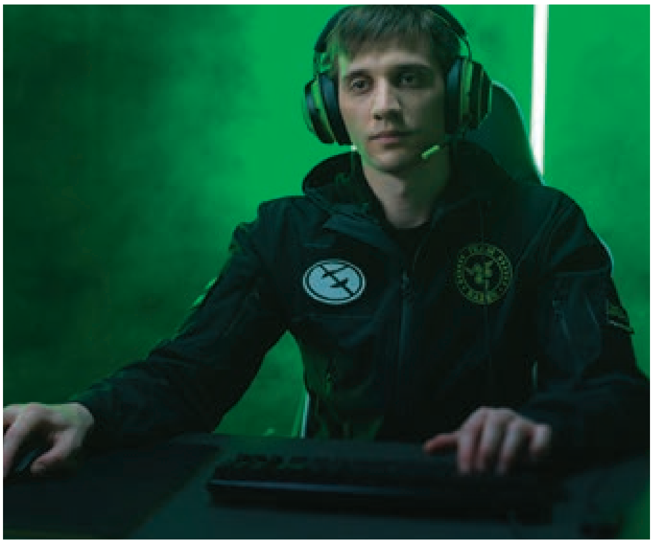
For gaming hardware, in light of the arrival of 5G, we will be focused on a broader range of mobile gaming accessories to enhance gamer performance and user experiences, such as 5G mobile controllers.

For gaming software, the Razer Cortex Mobile app was made available to all devices powered by Android 7.1+. As a mobile game recommendation app, it recorded a healthy uptake in user adoption and activity for the first half of 2019 across metrics such as app installation, monthly game installation and monthly paid-to-play sessions. In these sessions, users are rewarded with Razer Silver loyalty points, helping to promote user loyalty to the app.

For gaming services, Razer Gold's pivotal role in helping content companies to monetise on mobile has been tremendous. For instance, Razer Gold recently added NetEase Games as a platform partner to bring a new payment channel to NetEase Game's titles. We intend to further accelerate the adoption of Razer Gold through expansion in various geographies and a global distribution AAA content catalogue.

We also plan to further invest and develop mobile gaming, including mobile esports platforms, teams and tournaments.

Furthermore, we brought PUBG Mobile LITE on to our Razer Gold virtual credits platform, in addition to our ongoing partnership with PUBG Mobile.



Cloud gaming: Prime mover in the gaming industrial revolution. Collaboration with Tencent Cloud

Cloud gaming is set to become an increasingly crucial part in the gaming industry revolution, as potential users are expected to reach 124.7 million by 2022[6]. Razer will stay at the forefront of driving this massive trend leveraging our integrated ecosystem of hardware, software and services.

PARTNERSHIP: TENCENT CLOUD

We are delighted to announce our collaboration with Tencent Cloud, Tencent's cloud services brand, to define the standards for cloud gaming.

The cooperation will focus on the following areas:

1. **Hardware**
   Razer and Tencent Cloud will work closely to launch gaming hardware compatible with Tencent Cloud gaming solutions by the end of the year. The two companies will also extend more gaming content to Razer's other high-performance peripherals and accessories for the gaming community.

2. **Software**
   The collaboration will see the two companies working together to integrate Tencent's cloud gaming titles with Razer's software products and technologies in order to better enhance gamers' user experience and interactions. These will include RAZER CHROMA™ RGB lighting.

3. **Others**
   Razer will support Tencent Cloud with its overseas expansion, connecting Tencent's vast and famed gaming content with Razer's expansive global network of users. In addition, as founding members of Tencent Global eSports Arena-Tech Alliance, Razer and Tencent Cloud will leverage their advantages to further enrich the esports ecosystem.

THX: Extending youth/ millennial user base and convergence of gaming and movies

As the gaming world blends with the interactive content world of movies and communication, the convergence of digital entertainment has been a pivotal growth driver for the gaming industry[7]. Razer is well-positioned to lead the way in immersive digital entertainment through THX, our subsidiary which is renowned for certification of world-class cinemas and consumer electronics.

THX announced in March 2019 that it will launch the world's first THX Ultimate Cinema at Regency Westwood Village Theatre (formerly known as the Fox Village Theatre) in Los Angeles. THX is working with industry leaders to introduce a premium large format cinema featuring dual-laser 4K Barco projectors and a THX-certified 7.1 immersive sound system, positioning THX Ultimate Cinema as a formidable contender in the premium large format category.

The Ultimate Cinema brand is a collaboration between THX and Cinionic, the company that supplies commercial Barco projectors. THX plans to specifically master up to 30 films per year for the THX Ultimate Cinema system, which also supports regular movies via Digital Cinema Package projection.

Esports: Extending on our brand leadership in esports

Razer supports over 18 esports teams competing in all major esports games across the U.S., Europe and Asia Pacific, including China. During the first half of 2019, Team Razer has gone from strength to strength, adding to its stable some of esports' top teams, including Evil Geniuses and Alliance, both long-standing professional esports teams with worldwide fan bases, as well as Top Esports, a leading League of Legends team in China.

Evil Geniuses and Alliance are due to compete in The International 2019, the most anticipated annual DOTA 2 championships and one of the largest esports finals. The event, which started on August 20 and will run until August 25 holds a US$33 million prize pool.

SEA GAMES 2019

As the official esports partner for SEA Games 2019, we have been working closely with the Philippine SEA Games Organising Committee in the lead-up to this historic event. At the national team level, Razer is the official esports partner to Indonesia, Malaysia, Philippines, Singapore and Thailand and will also help millions of fans who are supporting their own national teams via our brand ecosystem and platform.

OUTLOOK

Our business remains on track to deliver on its long-term strategy and growth ambitions. We expect to continue to see solid revenue growth underpinned by our ecosystem of hardware, software and services. Furthermore, we expect our profit profile to continue to improve taking into consideration the narrowing of our net loss position in the first half of the year.

CORE SEGMENT

In terms of specific guidance for the second half of 2019, we expect our gaming Hardware business to continue to see good growth while gross margins improve.

For our Software business, we have begun to see the fruits of our open software platform strategy to proliferate Razer's software products and technology through collaboration with third-party brands globally. We will continue to focus on driving user base growth, bringing new use cases and increasing user activity and loyalty to the Razer ecosystem.

For our Services business, Razer Gold will seek to continue its healthy expansion with the addition of new content, partners and channels.

GROWTH SEGMENT

Razer Fintech did phenomenally well in the first half of 2019 and we expect TPV to continue to scale in the second half as user and merchant adoption continues to expand, especially as we extend our capabilities and roll out to other countries in Southeast Asia and other emerging markets.

5G and cloud gaming are set to transform the mobile gaming industry. Razer is one of the early prime movers in the space and we are investing actively to stay at the forefront of this gaming industrial revolution. We have seen a strong start to the year on our mobile and cloud gaming initiatives such as our collaboration with Tencent Cloud and we expect to announce further progress in this area.

As we continue to see the convergence of esports, gaming and cinema, we can expect THX to remain the lead player in immersive digital entertainment.

Razer also remains committed to elevating the status of esports to the mainstream through deep collaboration with global sports bodies, governments and esports organizations. We will also work with the best esports athletes to further entrench Razer as the leader with the development of stellar esports products. As the official esports partner of the SEA Games 2019, we are working together with the Philippine SEA Games Organising Committee and we look set for a successful event later this year.

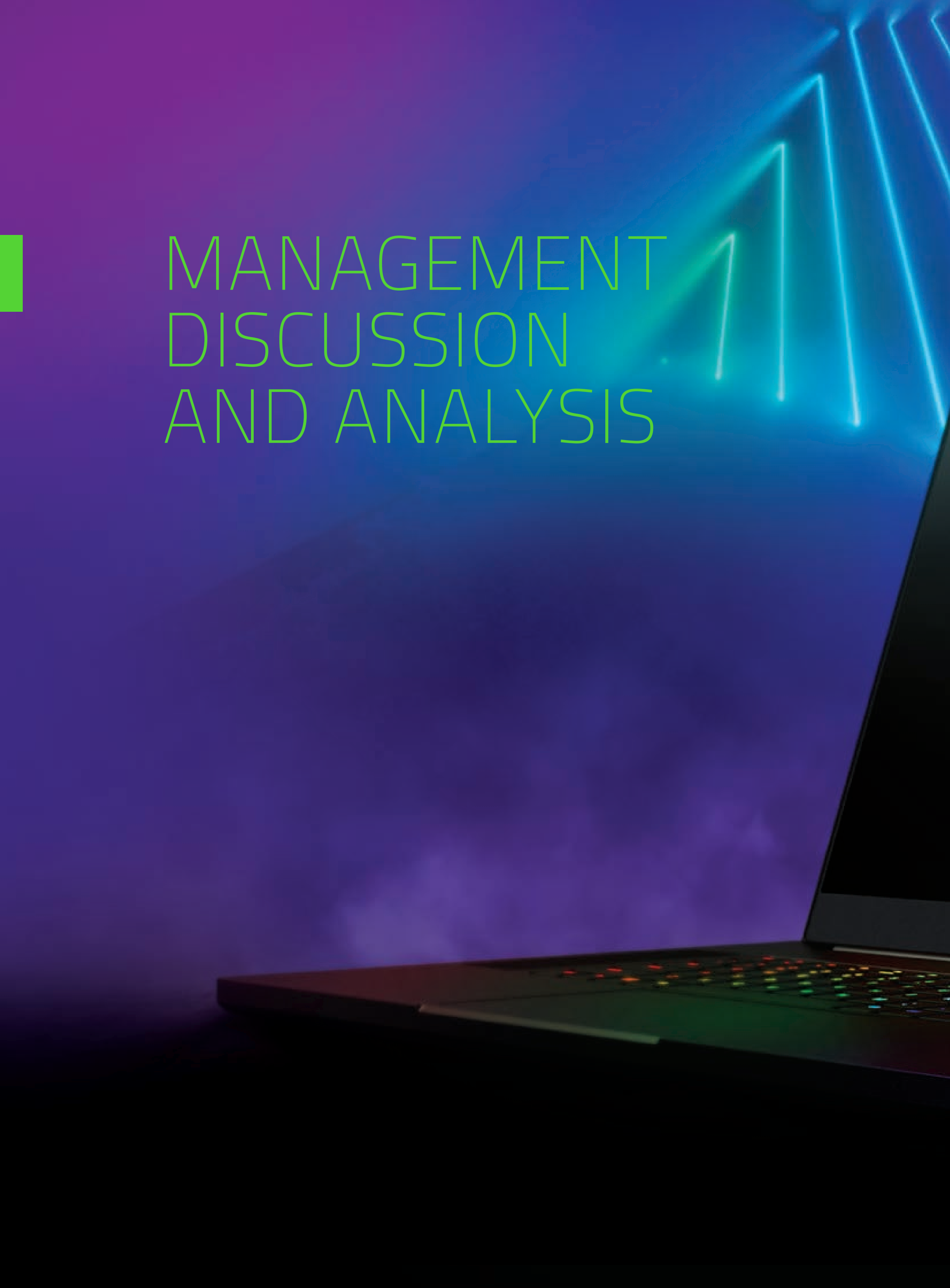
Onwards and upwards.

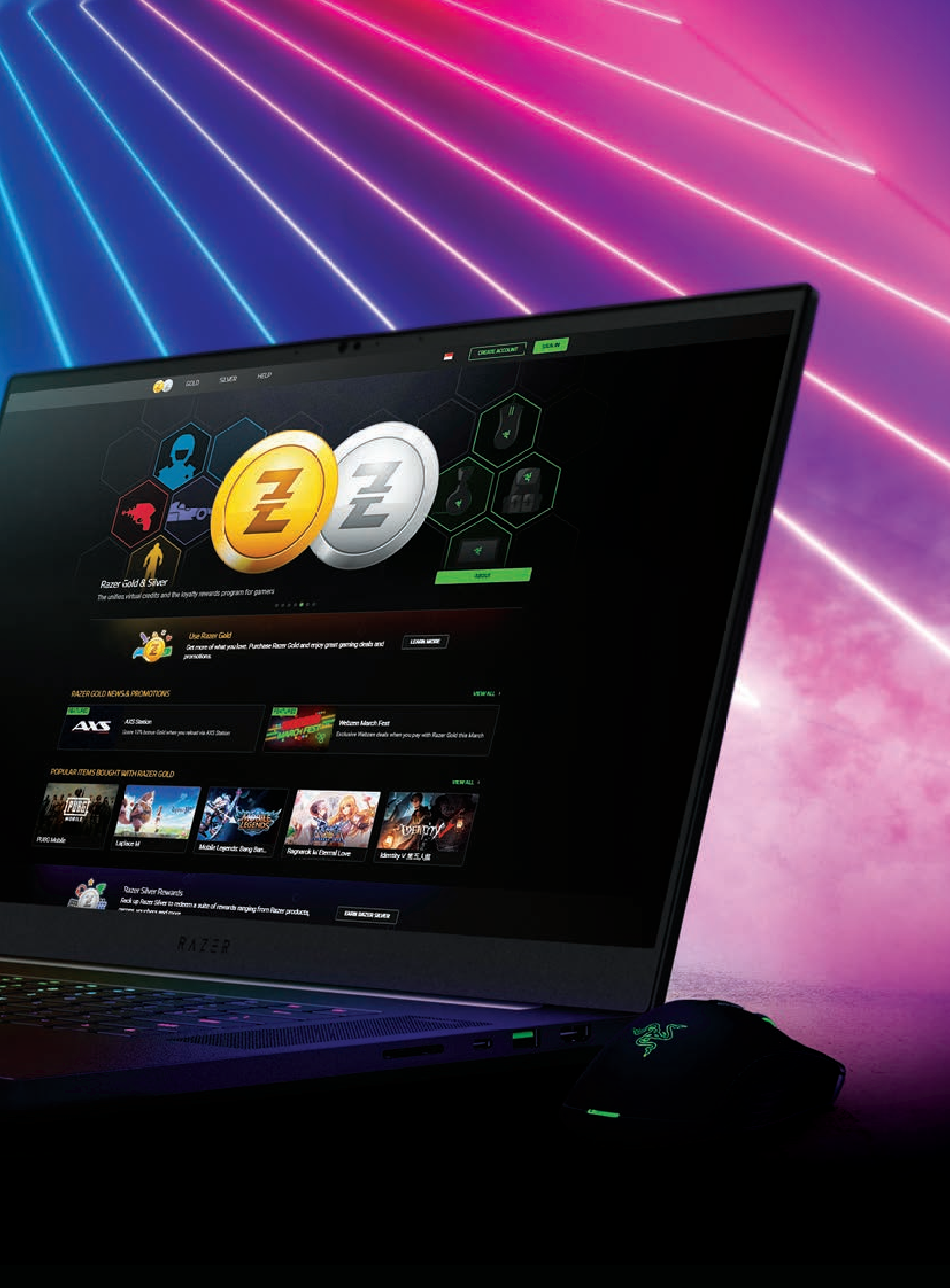
For Gamers. By Gamers.

Min-Liang Tan
Co-Founder, Chairman and CEO

1, 2, 3, 6 & 7 Newzoo
4 KPMG Fintech
5 ASEAN Youth Development Index

MANAGEMENT DISCUSSION AND ANALYSIS





CREATE ACCOUNT
SIGN IN
GOLD
SILVER
HELP
Razer Gold & Silver
The unified virtual credits and the loyalty rewards program for gamers
Use Razer Gold
Get more of what you love. Purchase Razer Gold and enjoy great gaming deals and promotions.
LEARN MORE
RAZER GOLD NEWS & PROMOTIONS
VIEW ALL
AXS Station
Webzen March Fest
POPULAR ITEMS BOUGHT WITH RAZER GOLD
VIEW ALL
PUBG Mobile
Laplace M
Ragnarok M Eternal Love
Razer Silver Rewards
EARN RAZER SILVER
RAZER

MANAGEMENT DISCUSSION AND ANALYSIS

	Six months ended June 30,	
	2019 US$'000 (unaudited)	2018 US$'000 (unaudited)
Revenue	**357,151**	274,218
Cost of sales	**(281,478)**	(194,764)
Gross profit	**75,673**	79,454
Selling and marketing expenses	**(54,071)**	(55,028)
Research and development expenses	**(26,969)**	(38,113)
General and administrative expenses	**(46,979)**	(39,893)
Loss from operations	**(52,346)**	(53,580)
Other non-operating income/(expenses)	**1,462**	(1,802)
Finance income	**7,190**	4,648
Finance costs	**(681)**	(152)
Loss before income tax	**(44,375)**	(50,886)
Income tax expense	**(3,353)**	(6,199)
Loss for the period	**(47,728)**	(57,085)
Loss attributable to:		
Equity shareholders of the Company	**(48,076)**	(56,318)
Non-controlling interests	**348**	(767)
Loss for the period	**(47,728)**	(57,085)
Unaudited non-GAAP measures		
Adjusted loss for the period	**(28,166)**	(34,681)
Adjusted EBITDA	**(20,627)**	(22,523)

REVENUE

Our revenue increased by 30.3% from US$274.2 million in the six months ended June 30, 2018 to US$357.2 million in the six months ended June 30, 2019, primarily due to an increase in revenue from our Hardware business in the six months ended June 30, 2019 and to a lesser extent revenue from Software and Services and Others.

We generate revenue from four business segments: (i) Peripherals, (ii) Systems, (iii) Software and Services and (iv) Others. The following table sets forth our segment revenue by amount and as a percentage of our revenue for the periods presented.

	Six months ended June 30,			
	2019		2018	
	US$'000 (unaudited)	**%**	US$'000 (unaudited)	%
Segment Revenue				
Hardware				
Peripherals	**179,364**	**50.2**	176,007	64.2
Systems	**124,318**	**34.8**	64,747	23.6
Software and Services	**35,733**	**10.0**	16,977	6.2
Others	**17,736**	**5.0**	16,487	6.0
	357,151	**100.0**	274,218	100.0

Our Hardware business consists primarily of sales of Peripherals and Systems, which increased 26.2% from US$240.7 million in the six months ended June 30, 2018 to US$303.7 million in the six months ended June 30, 2019. Revenue from the Peripherals segment increased from US$176.0 million in the six months ended June 30, 2018 to US$179.4 million in the six months ended June 30, 2019. Revenue from the Systems segment, which primarily comprises the sale of gaming laptops, nearly doubled from US$64.7 million in the six months ended June 30, 2018 to US$124.3 million in the six months ended June 30, 2019, primarily due to newer product lines.

Software and Services. Revenue from the Software and Services segment increased from US$17.0 million in the six months ended June 30, 2018 to US$35.7 million in the six months ended June 30, 2019. The increase was primarily driven by revenue generated from MOL Global subsequent to the acquisition. In May 2018, we acquired MOL Global and began consolidating its results since then.

Others. Revenue from the Others segment increased slightly from US$16.5 million in the six months ended June 30, 2018 to US$17.7 million in the six months ended June 30, 2019.

COST OF SALES AND GROSS PROFIT

Cost of sales increased by 44.5% from US$194.8 million in the six months ended June 30, 2018 to US$281.5 million in the six months ended June 30, 2019. Gross profit decreased from US$79.5 million for the six months ended June 30, 2018 to US$75.7 million for the six months ended June 30, 2019, a decrease of 4.8% and gross margin decreased from 29.0% for the six months ended June 30, 2018 to 21.2% for the six months ended June 30, 2019.

Peripherals. Segment cost for Peripherals increased by 13.3% from US$113.8 million in the six months ended June 30, 2018 to US$128.9 million in the six months ended June 30, 2019, which was generally in line with the increase in our Peripherals revenue. Gross profit decreased by 18.8% from US$62.2 million in the six months ended June 30, 2018 to US$50.5 million in the six months ended June 30, 2019, Gross margin for our Peripherals segment decreased from 35.4% for the six months ended June 30, 2018 to 28.2% for the six months ended June 30, 2019, primarily due to shift in product mix towards lower margin products.

Systems. Segment cost for Systems increased by 84.8% from US$60.7 million in the six months ended June 30, 2018 to US$112.2 million in the six months ended June 30, 2019, which was generally in line with the increase in our Systems revenue. Gross profit increased by 202.5% from US$4.0 million in the six months ended June 30, 2018 to US$12.1 million in the six months ended June 30, 2019. Gross margin for our Systems segment increased from 6.3% for the six months ended June 30, 2018 to 9.7% for the six months ended June 30, 2019 primarily due to the continued economies of scale and a general increase in margins across existing Systems product lines.

Software and Services. Segment cost for Software and Services increased from US$6.2 million in the six months ended June 30, 2018 to US$20.8 million in the six months ended June 30, 2019, which was in line with our increase in sales. Gross profit increased by 38.0% from US$10.8 million in the six months ended June 30, 2018 to US$14.9 million in the six months ended June 30, 2019. Gross margin for our Software and Services segment decreased from 63.4% for the six months ended June 30, 2018 to 41.7% for the six months ended June 30, 2019. Gross margin was higher during the six months ended June 30, 2018 due to the revenue-sharing arrangement with MOL Global on sales of Razer Gold prior to the acquisition in May 2018.

Others. Segment cost for Others increased from US$14.1 million in the six months ended June 30, 2018 to US$19.6 million in the six months ended June 30, 2019, which was generally in line with the increase in sales of the Razer Phone 2. Gross profit decreased from US$2.4 million in the six months ended June 30, 2018 to a loss of US$1.9 million in the six months ended June 30, 2019. Gross margin for our Others segment decreased from 14.4% for the six months ended June 30, 2018 to (10.4)% for the six months ended June 30, 2019, primarily due to an increasingly competitive landscape in the smartphone market.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses decreased slightly by 1.6% from US$55.0 million in the six months ended June 30, 2018 to US$54.1 million in the six months ended June 30, 2019. The decrease was primarily due to a decrease in share-based compensation expense of US$4.6 million. This was partially offset by (i) an increase of $2.0 million in technical support expenses and (ii) a US$1.1 million increase in provision for doubtful debts.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses decreased by 29.1% from US$38.1 million in the six months ended June 30, 2018 to US$27.0 million in the six months ended June 30, 2019. The decrease was primarily due to (i) a US$6.8 million decrease in share-based compensation expense, and (ii) a US$3.7 million decrease in external research and development costs related to the development and updates for our mobile and Systems products.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses increased by 17.8% from US$39.9 million in the six months ended June 30, 2018 to US$47.0 million in the six months ended June 30, 2019. Apart from the increase in share-based compensation expense of US$8.8 million, general and administrative expenses were lower primarily due to a decrease of US$1.4 million in professional fees paid to external consultants.

OTHER NON-OPERATING INCOME/(EXPENSES)

Other non-operating income increased from an expense of US$1.8 million in the six months ended June 30, 2018 to an income of US$1.5 million in the six months ended June 30, 2019. The increase in other non-operating income was primarily due to an increase in foreign exchange gains from our Software and Services business.

NET FINANCE INCOME

Our net finance income increased from US$4.5 million in the six months ended June 30, 2018 to US$6.5 million in the six months ended June 30, 2019 due to an increase in interest income from better yields on our time deposits.

LOSS BEFORE INCOME TAX

As a result of the foregoing, our loss before income tax decreased from a loss of US$50.9 million for the six months ended June 30, 2018 to a loss of US$44.4 million for the six months ended June 30, 2019, a decrease of 12.8%.

INCOME TAX EXPENSE

Our income tax expense decreased from US$6.2 million in the six months ended June 30, 2018 to US$3.4 million in the six months ended June 30, 2019. The decrease in tax expense was primarily due to impact from the conclusion of our 2014-2018 U.S. Advance Pricing Agreement which resulted in an increase of our U.S. incorporated subsidiaries pre-tax book income, as well as the settlement conclusion of our Europe incorporated subsidiary's 2009-2013 transfer pricing audit in 2018.

LOSS FOR THE YEAR

As a result of the foregoing, our loss for the year was US$47.7 million for the six months ended June 30, 2019, US$9.4 million lower than the loss of US$57.1 million for the six months ended June 30, 2018.

NON-GAAP MEASURES

To supplement our consolidated financial information which are presented in accordance with IFRS, we also use adjusted loss and adjusted EBITDA as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-GAAP measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management do not consider to be indicative of our operating performance. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they do for our management. However, our presentation of the adjusted loss and adjusted EBITDA may not be comparable to a similarly titled measure presented by other companies. The use of these non-GAAP measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

ADJUSTED LOSS

We define adjusted loss as loss for the period added back with share-based compensation expense, restructuring expense and merger and acquisitions expense. The following table reconciles our adjusted loss for the periods presented to the most directly comparable financial measure calculated based on financial information presented in accordance with IFRS, which is loss for the periods indicated.

	Six months ended June 30,	
	2019 US$'000 (unaudited)	2018 US$'000 (unaudited)
Loss for the period	**(47,728)**	(57,085)
Add:		
Share-based compensation	**17,678**	20,369
Restructuring expense	**1,800**	–
Merger and acquisition expense	**84**	2,035
Adjusted loss for the period	**(28,166)**	(34,681)

ADJUSTED EBITDA

We define adjusted EBITDA as loss from operations added back with depreciation and amortisation, share-based compensation expense, restructuring expense and merger and acquisitions expense. The following table reconciles our adjusted EBITDA for the periods presented to the most directly comparable financial measure calculated based on financial information presented in accordance with IFRS, which is loss from operations for the periods indicated.

	Six months ended June 30,	
	2019 US$'000 (unaudited)	2018 US$'000 (unaudited)
Loss from operations	**(52,346)**	(53,580)
Add:		
Depreciation and amortisation	**12,157**	8,653
Share-based compensation	**17,678**	20,369
Restructuring expense	**1,800**	–
Merger and acquisition expense	**84**	2,035
Adjusted EBITDA	**(20,627)**	(22,523)

LIQUIDITY AND CAPITAL RESOURCES

Our cash and cash equivalents as at June 30, 2019 and December 31, 2018 were as follows:

	At June 30, 2019 US$'000 (unaudited)	At December 31, 2018 US$'000 (audited)
Cash at bank and in hand	**104,489**	136,533
Fixed deposits and money market funds	**424,386**	478,704
Cash and cash equivalents in the condensed consolidated cash flows statement and consolidated statement of financial position	**528,875**	615,237

As at June 30, 2019, our cash and cash equivalents were US$528.9 million. The decrease was mainly due to (i) cash used in operations of US$52.6 million, and (ii) shares buy-back of approximately US$31.9 million.

We seek to maintain our cash balances in institutions across various jurisdictions, primarily denominated in U.S. dollars.

We currently do not expect to incur any material tax-related liability in connection with any repatriation of earnings from foreign subsidiaries.

OTHER FINANCIAL INFORMATION

CAPITAL EXPENDITURES

	Six months ended June 30,	
	2019 US$'000 (unaudited)	2018 US$'000 (unaudited)
Capital Expenditures		
Acquisition of property, plant and equipment	**3,914**	8,011
Acquisition of intangible assets	**1,421**	4,216
Total	**5,335**	12,227

Our capital expenditures comprised the acquisition of property, plant and equipment such as retail fixtures, tooling assets, computers, software and equipment and leasehold improvements and the purchase of intangible assets such as certain technology assets to cater to our business growth needs.

TREASURY POLICY

We have established policies to monitor and control the risks relating to our business operations and treasury activities in order for us to meet our financial obligations in a timely manner. Our treasury policy seeks to govern areas including but not limited to counterparty, interest rate and foreign exchange risks to ensure that the Group has sufficient sources of funding for working capital and investments. As part of our cash management activities, we typically invest our surplus cash in low-risk and/or high investment grade instruments that generate reasonable returns.

FOREIGN EXCHANGE RISK

We are exposed to transaction foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and payables are denominated and the respective functional currencies of our subsidiaries. Our primary functional currency is U.S. dollars. The currencies in which our transactions are denominated are primarily in U.S. dollars, Euros, Singapore dollars and Malaysia Ringgit.

BANK LOANS AND OTHER BORROWINGS

As at June 30, 2019 and December 31, 2018, we did not have any material bank loans, debt securities, borrowings, indebtedness, guarantees, hire purchase commitments or mortgages.

CONTINGENT LIABILITIES

As at June 30, 2019 and December 31, 2018, we did not have any material contingent liabilities.

DIVIDENDS

No dividends have been paid or declared by us during the six months ended June 30, 2019 and 2018.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There were no significant investments held, material acquisitions, or disposals of subsidiaries during the six months ended June 30, 2019.

MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

We did not hold any significant investments in the equity interests of any other companies.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2019, the interest and/or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules were as follows:

(A) LONG POSITIONS IN THE SHARES OF THE COMPANY

Directors	Capacity	Nature of Interests	Number of Shares held	Approximate percentage of shareholding (1)
Min-Liang Tan ("Mr. Tan")	Beneficial owner	Personal interest	290,593,794(2)	3.31%
	Founder of a discretionary trust	Other interest	2,921,445,801(3)	33.27%
Chan Thiong Joo Edwin	Beneficial owner	Personal interest	57,222,962(4)	0.65%
Liu Siew Lan Patricia	Beneficial owner	Personal interest	4,925,185(5)	0.06%
Lim Kaling ("Mr. Lim")	Beneficial owner	Personal interest	1,089,246(6)	0.01%
	Interest of controlled corporations	Corporate interest	2,126,942,901(7)	24.22%
Chau Kwok Fun Kevin	Beneficial owner	Personal interest	847,155(8)	0.01%
	Founder of a discretionary trust	Other interest	600,000	0.01%
Lee Yong Sun	Beneficial owner	Personal interest	616,112(9)	0.01%
Gideon Yu	Beneficial owner	Personal interest	4,665,074(10)	0.05%

Notes:

(1) The percentage has been computed based on the total number of Shares of the Company in issue as at June 30, 2019 excluding a total of 12,148,000 Shares repurchased by the Company as at June 30, 2019 but not yet cancelled (i.e. 8,780,703,033 Shares).

(2) Mr. Tan had a beneficial interest in a total of 290,593,794 Shares which included beneficial interest in 135,386,116 Shares underlying 135,386,116 RSUs which have been granted and have not yet vested as at June 30, 2019.

(3) 2,921,445,801 Shares were held by Julius Baer Trust Company (Channel Islands) Limited as the trustee of Chen Family Trust, which beneficially owns Chen Family (Global) Holdings Limited which in turn wholly owns Chen Family (Hivemind) Holdings Limited. Chen Family Trust was established by Mr. Tan as the settlor and the investment advisor. Mr. Tan and his family members are the beneficiaries of Chen Family Trust. Mr. Tan is also a director of Chen Family (Hivemind) Holdings Limited.

(4) Chan Thiong Joo Edwin had a beneficial interest in a total of 57,222,962 Shares which included beneficial interest in 13,093,914 Shares underlying 13,093,914 RSUs which have been granted and have not yet vested as at June 30, 2019.

(5) Liu Siew Lan Patricia had a beneficial interest in a total of 4,925,185 Shares which included beneficial interest in 1,972,388 Shares underlying 1,972,388 RSUs which have been granted and have not yet vested as at June 30, 2019.

(6) Mr. Lim had a beneficial interest in a total of 1,089,246 Shares which included beneficial interest in 467,282 Shares underlying 467,282 RSUs which have been granted and have not yet vested as at June 30, 2019.

(7) 2,126,942,901 Shares were held by Mr. Lim through his controlled corporations – Voyager Equity Limited, Lim Teck Lee Land Pte Ltd, Primerose Ventures Inc., Archview Capital Ltd and Sandalwood Associates Limited. Voyager Equity Limited is indirectly wholly-owned by Mr. Lim through Excelsior Equity Limited. Lim Teck Lee Land Pte Ltd is 93.66% owned indirectly by Mr. Lim through Lim Teck Lee (Pte.) Ltd. Primerose Ventures Inc., Archview Capital Ltd and Sandalwood Associates Limited are indirectly wholly-owned by Mr. Lim through Immobillari Limited.

(8) Chau Kwok Fun Kevin had a beneficial interest in a total of 847,155 Shares which included beneficial interest in 628,414 Shares underlying 628,414 RSUs which have been granted and have not yet vested as at June 30, 2019.

(9) Lee Yong Sun had a beneficial interest in a total of 616,112 Shares which included beneficial interest in 457,027 Shares underlying 457,027 RSUs which have been granted and have not yet vested as at June 30, 2019.

(10) Gideon Yu had a beneficial interest in a total of 4,665,074 Shares which included beneficial interest in 599,235 Shares underlying 599,235 RSUs which have been granted and have not yet vested as at June 30, 2019.

(B) LONG POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE ASSOCIATED CORPORATIONS OF THE COMPANY

Name of Director	Company in which the interests are held	Class of shares	Capacity	Nature of Interests	Number of shares held	Percentage of shareholding [(1)]
Lim Kaling	THX Ltd.	Common stock	Interest of controlled corporations	Corporate interest	20[(2)]	20.00%

Notes:

(1) The percentage has been computed based on the total number of common stock of THX Ltd. in issue as at June 30, 2019 (i.e. 100 common stock).

(2) 20 common stock were held by Archview Capital Ltd, which is indirectly wholly-owned by Mr. Lim through Immobillari Limited.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at June 30, 2019, so far as is known to the Directors, the persons or entities, other than the Directors or chief executive of the Company, who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the number of Shares of the Company were as follows:

LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of Shareholder	Capacity	Number of Shares held or interested	Approximate Percentage of shareholding[(1)]
Julius Baer Group Ltd	Interest of controlled corporations	2,921,445,801[(2)]	33.27%
Julius Baer Trust Company (Channel Islands) Limited	Trustee	2,921,445,801[(2)]	33.27%
Chen Family (Global) Holdings Limited	Interest of controlled corporations	2,921,445,801[(2)]	33.27%
Chen Family (Hivemind) Holdings Limited	Beneficial owner	2,921,445,801[(2)]	33.27%
Excelsior Equity Limited	Interest of controlled corporations	1,342,446,474[(3)]	15.29%
Voyager Equity Limited	Beneficial owner	1,342,446,474[(3)]	15.29%

Notes:

(1) The percentage has been computed based on the total number of Shares of the Company in issue as at June 30, 2019 excluding a total of 12,148,000 Shares repurchased by the Company as at June 30, 2019 but not yet cancelled (i.e. 8,780,703,033 Shares).

(2) 2,921,445,801 Shares were held by Julius Baer Trust Company (Channel Islands) Limited as the trustee of Chen Family Trust, which beneficially owns Chen Family (Global) Holdings Limited which in turn wholly owns Chen Family (Hivemind) Holdings Limited. Chen Family Trust was established by Mr. Tan as the settlor and the investment advisor. Mr. Tan and his family members are the beneficiaries of Chen Family Trust. Mr. Tan is also a director of Chen Family (Hivemind) Holdings Limited. Julius Baer Group Limited is a parent company of Julius Baer Trust Company (Channel Islands) Limited which has an interest in the shares in its role as trustee to a certain trust

(3) 1,342,446,474 Shares were held by Excelsior Equity Limited through its wholly-owned subsidiary, Voyager Equity Limited.

Save as disclosed above, as at June 30, 2019, no other person (other than the Directors and chief executive of the Company) had any interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

REMUNERATION POLICY

The Directors, senior management and employees receive compensation in the form of salaries, allowances, bonuses, share-based awards and other benefits-in-kind. Their salaries are based on their qualification, position and seniority. The Group had 1,295 employees as of June 30, 2019. The Group also uses independent contractors to provide the Group more flexibility over overall workforce numbers.

In order to assist the Group in attracting, retaining and motivating its employees, Directors and consultants who will contribute to the success of the Group, the Company has adopted the 2016 Equity Incentive Plan, pursuant to which the Company may grant awards to eligible participants. The principal terms of the 2016 Equity Incentive Plan and details of the RSUs which have been granted by the Company are summarised in the section “2016 Equity Incentive Plan” below.

2016 EQUITY INCENTIVE PLAN

The Company adopted the 2016 Equity Incentive Plan by a resolution of the Board on July 25, 2016 and a resolution of the shareholders of the Company on August 23, 2016, as further amended by way of a resolution of the Board and a resolution of the shareholders of the Company on October 25, 2017 and by way of a resolution of the Board on March 8, 2019. The terms of the 2016 Equity Incentive Plan governing the grant of RSUs are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of options by the Company to subscribe for new shares.

The purposes of the 2016 Equity Incentive Plan are (i) to recognise the contributions to the Company by grantees under the 2016 Equity Incentive Plan and for the retention of talent within the Group; and (ii) to attract new hires and to strengthen the talent pool of the Group.

Unless terminated earlier by the Company, terms governing RSUs under the 2016 Equity Incentive Plan shall be valid and effective for a term of 10 years commencing on July 25, 2016, after which period no further RSUs shall be granted or accepted, but the provisions of this Plan shall remain in full force and effect in order to give effect to the vesting of RSUs granted and accepted prior to the expiration of the 2016 Equity Incentive Plan.

Unless otherwise duly approved by the shareholders of the Company, the total number of shares underlying RSUs which may be granted under the 2016 Equity Incentive Plan shall not exceed 1,594,406,095, equivalent to approximately 18.0% of the total number of issued shares as at November 13, 2017 (the "Scheme Limit').

To facilitate the administration of the 2016 Equity Incentive Plan, an aggregate of 708,104,004 Shares were issued to the Computershare Hong Kong Trustees Limited, as trustee, on November 13, 2017, representing approximately 8.0% of the Shares in issue as at November 13, 2017. As at June 30, 2019, the number of shares underlying the RSUs which remains available under the Scheme Limit to be granted was 886,302,091 Shares. The grant and vesting of the RSUs granted pursuant to the 2016 Equity Incentive Plan are in compliance with Rule 10.08 of the Listing Rules.

DETAILS OF THE RSUs GRANTED AND OUTSTANDING UNDER THE 2016 EQUITY INCENTIVE PLAN

Name of grantees of RSUs	Number of Shares underlying RSUs outstanding at January 1, 2019	RSUs granted during the period from January 1, 2019 to June 30, 2019	RSUs vested during the period from January 1, 2019 to June 30, 2019	RSUs cancelled during the period from January 1, 2019 to June 30, 2019	Number of Shares underlying RSUs outstanding at June 30, 2019
Directors of the Company					
Min-Liang Tan	3,422,117	178,396,938	(46,432,939)	–	135,386,116
Chan Thiong Joo Edwin	25,608,142	385,070	(12,899,298)	–	13,093,914
Khaw Kheng Joo(1)	42,010,798	385,070	(21,100,626)	–	21,295,242
Liu Siew Lan Patricia(2)	3,016,677	459,848	(1,504,137)	–	1,972,388
Lim Kaling	201,671	568,260	(302,649)	–	467,282
Chau Kwok Fun Kevin	–	847,155	(218,741)	–	628,414
Lee Yong Sun	–	616,112	(159,085)	–	457,027
Gideon Yu	1,048,271	757,679	(1,206,715)	–	599,235
Subtotal	**75,307,676**	**182,416,132**	**(83,824,190)**	**–**	**173,899,618**
Other employees(3)	224,378,085	16,213,292	(103,241,510)	(25,838,031)	111,511,836
TOTAL OF ALL GRANTEES	**299,685,761**	**198,629,424**	**(187,065,700)**	**(25,838,031)**	**285,411,454**

Notes:

(1) *Khaw Kheng Joo resigned as an executive Director with effect from March 21, 2019.*

(2) *Liu Siew Lan Patricia was appointed as an executive Director with effect from March 21, 2019.*

(3) *Comprise 538 and 462 other employees as of January 1, 2019 and as of June 30, 2019.*

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the six months ended June 30, 2019, the Company repurchased 167,934,000 Shares at prices ranging from HK$1.02 to HK$2.10 on the Stock Exchange at an aggregate consideration of approximately US$31,909,000 including brokerage fees and other expenses. The repurchase was approved by the Board for the enhancement of shareholders' value for the long term. All 167,934,000 Shares repurchased were subsequently cancelled. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2019.

COMPLIANCE WITH THE CG CODE

The Company has adopted and applied the principles and code provisions as set out in the CG Code contained in Appendix 14 of Listing Rules. During the six months ended June 30, 2019, the Company has complied with the applicable code provisions as set out in the CG Code, except for code provisions A.2.1 and E.1.5.

Mr. Min-Liang Tan is both the Chairman and Chief Executive Officer of the Company. Mr. Tan, a co-founder and an executive Director, has served as the Chief Executive Officer since September 2006 and was appointed the Chairman of the Board in June 2017. This is a deviation from code provision A.2.1 which requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Board believes that Mr. Tan should continue to assume the responsibilities of the Chief Executive Officer and Chairman of the Board as this arrangement enhances effective decision-making and execution processes of the Company. The Company has put in place a sound check-and-balance mechanism through the Board and the independent non-executive Directors. In light of the above, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in the circumstances of the Company.

Code provision E.1.5 provides that the Company should have a policy on payment of dividends and disclose such policy in the annual report. As the Company is still in a loss-making position as at June 30, 2019, it has not implemented a policy on the payment of dividends.

COMPLIANCE WITH THE MODEL CODE

The Board has adopted the Model Code as the code of conduct regulating Directors' dealings in securities of the Company. Having made specific enquiry to the Directors, all the Directors confirmed that they have complied with the standards as set out in the Model Code during the six months ended June 30, 2019.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

On November 13, 2017, the Shares were listed on the Main Board of the Stock Exchange. Net proceeds from the initial public offering were approximately US$596 million. As of June 30, 2019, the Group had:

- used approximately US$76 million to finance acquisitions that will continue the expansion of the Group's ecosystem;
- deployed approximately US$77 million for general working capital purposes, including share buyback activities;
- used approximately US$2 million to develop new verticals such as Razer Fintech; and
- spent approximately US$3 million for new sales and marketing initiatives including esports.

The remaining balance of the net proceeds of US$438 million was placed with banks and financial institutions. The Group will apply the remaining net proceeds in the manner set out in the Prospectus.

CHANGES IN DIRECTORS' INFORMATION

There has been no change in the information of the Directors required to be disclosed under Rule 13.51B(1) since the date of the Company's 2018 annual report.

AUDIT AND RISK MANAGEMENT COMMITTEE

The unaudited interim financial report of the Company and its subsidiaries for the six months ended June 30, 2019 have been reviewed by the Company's auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" and by the audit and risk management committee of the Company.

REVIEW REPORT

REVIEW REPORT TO THE BOARD OF DIRECTORS OF RAZER INC.
(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 27 to 50 which comprises the consolidated statement of financial position of Razer Inc. (the "Company") and its subsidiaries ("the Group") as of June 30, 2019 and the related consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flows statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at June 30, 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

August 22, 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended June 30, 2019 – unaudited
(Expressed in United States dollars)

	Note	**Six months ended June 30,**	
		2019 US$'000	2018 US$'000
Revenue	5 & 6	**357,151**	274,218
Cost of sales		**(281,478)**	(194,764)
Gross profit		**75,673**	79,454
Selling and marketing expenses		**(54,071)**	(55,028)
Research and development expenses		**(26,969)**	(38,113)
General and administrative expenses		**(46,979)**	(39,893)
Loss from operations		**(52,346)**	(53,580)
Other non-operating income/(expenses)		**1,462**	(1,802)
Finance income	7	**7,190**	4,648
Finance costs	7	**(681)**	(152)
Loss before income tax		**(44,375)**	(50,886)
Income tax expense	8	**(3,353)**	(6,199)
Loss for the period		**(47,728)**	(57,085)
Other comprehensive income for the period, net of nil tax unless specified			
Items that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		**(487)**	373
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**37**	(3,474)
Remeasurement of net defined benefit liability		**26**	–
Other comprehensive income for the period		**(424)**	(3,101)
Total comprehensive income for the period		**(48,152)**	(60,186)
Loss attributable to:			
Equity shareholders of the Company		**(48,076)**	(56,318)
Non-controlling interests		**348**	(767)
Loss for the period		**(47,728)**	(57,085)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

for the six months ended June 30, 2019 – unaudited
(Expressed in United States dollars)

	Note	Six months ended June 30,	
		2019 US$'000	2018 US$'000
Total comprehensive income attributable to:			
Equity shareholders of the Company		**(48,450)**	(59,436)
Non-controlling interests		**298**	(750)
Total comprehensive income for the period		**(48,152)**	(60,186)
Loss per share	9		
Basic		**US$ (0.01)**	US$ (0.01)
Diluted		**US$ (0.01)**	US$ (0.01)

The notes on pages 34 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at June 30, 2019 – unaudited

(Expressed in United States dollars)

	Note	**At June 30, 2019** **US$'000**	At December 31, 2018 (Restated) US$'000
Non-current assets			
Property, plant and equipment	10	**29,558**	18,120
Intangible assets and goodwill	11	**112,552**	115,435
Equity investments		**996**	1,210
Deferred tax assets		**5,747**	6,346
Restricted cash	14	**1,784**	1,771
Prepayments		**206**	230
Other receivables	13	**2,861**	1,464
		153,704	144,576
Current assets			
Inventories	12	**72,208**	68,511
Trade and other receivables	13	**159,966**	181,589
Prepayments		**8,755**	6,941
Current tax receivables		**3,847**	4,457
Equity investments		**1,268**	1,544
Restricted cash	14	**8,277**	6,877
Cash and cash equivalents	15	**528,875**	615,237
		783,196	885,156
Total assets		**936,900**	1,029,732
Current liabilities			
Trade and other payables	16	**305,998**	344,476
Customer funds	17	**5,646**	5,421
Lease liabilities	18	**4,050**	17
Current tax payables		**2,173**	1,644
Other tax liabilities		**1,992**	2,321
		319,859	353,879
Net current assets		**463,337**	531,277
Total assets less current liabilities		**617,041**	675,853
Non-current liabilities			
Deferred tax liabilities		**4,932**	4,944
Deferred revenue		**770**	77
Net defined benefit retirement obligation		**340**	334
Other payables	16	**1,526**	7,306
Other tax liabilities		**1,240**	1,240
Lease liabilities	18	**9,219**	10
		18,027	13,911
NET ASSETS		**599,014**	661,942

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

at June 30, 2019 – unaudited

(Expressed in United States dollars)

	Note	At June 30, 2019 US$'000	At December 31, 2018 (Restated) US$'000
Capital and reserves			
Share capital		**87,981**	89,661
Share premium		**683,853**	714,082
Reserves		**(176,828)**	(143,933)
Total equity attributable to equity shareholders of the Company		**595,006**	659,810
Non-controlling interests		**4,008**	2,132
TOTAL EQUITY		**599,014**	661,942

The notes on pages 34 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended June 30, 2019 – unaudited
(Expressed in United States dollars)

		Attributable to equity shareholders of the Company											
	Note	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Foreign currency translation reserve US$'000	Fair value reserve (non-recycling) US$'000	Reserve for treasury shares US$'000	Share-based payment reserve US$'000	Put option written on non-controlling interests US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at January 1, 2018		90,225	725,125	(4,000)	20	753	(7,081)	173,179	–	(196,613)	781,608	1,768	783,376
Changes in equity for the six months June 30, 2018:													
Loss for the period		–	–	–	–	–	–	–	–	(56,318)	(56,318)	(767)	(57,085)
Other comprehensive income		–	–	–	(3,491)	373	–	–	–	–	(3,118)	17	(3,101)
Total comprehensive income		–	–	–	(3,491)	373	–	–	–	(56,318)	(59,436)	(750)	(60,186)
Issuance of vested shares, net of tax	19	–	–	–	–	–	(17,640)	(85,792)	–	81,643	(21,789)	–	(21,789)
Share-based compensation expense	19	–	–	–	–	–	–	12,272	–	–	12,272	–	12,272
Issuance of ordinary shares of a subsidiary to non-controlling interests		–	–	–	–	–	–	–	–	–	–	1,274	1,274
Balance at June 30, 2018 and July 1, 2018		90,225	725,125	(4,000)	(3,471)	1,126	(24,721)	99,659	–	(171,288)	712,655	2,292	714,947
Changes in equity for the six months ended December 31, 2018:													
Loss for the period		–	–	–	–	–	–	–	–	(40,648)	(40,648)	(175)	(40,823)
Other comprehensive income		–	–	–	(2,243)	(128)	–	–	–	2	(2,369)	70	(2,299)
Total comprehensive income		–	–	–	(2,243)	(128)	–	–	–	(40,646)	(43,017)	(105)	(43,122)
Share-based compensation expense	19	–	–	–	–	–	–	5,960	–	–	5,960	–	5,960
Issuance of ordinary shares, as part of business combinations		87	1,719	–	–	–	–	–	–	–	1,806	–	1,806
Remeasurement of put option written on non-controlling interests		–	–	–	–	–	–	–	(1,567)	–	(1,567)	–	(1,567)
Acquisition of non-controlling interests of a subsidiary without a change in control		–	–	–	–	–	–	–	–	(5)	(5)	(55)	(60)
Purchase of own shares		(651)	(12,762)	–	–	–	–	–	–	(2,609)	(16,022)	–	(16,022)
Balance at December 31, 2018		89,661	714,082	(4,000)	(5,714)	998	(24,721)	105,619	(1,567)	(214,548)	659,810	2,132	661,942

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the six months ended June 30, 2019 – unaudited
(Expressed in United States dollars)

		Attributable to equity shareholders of the Company											
	Note	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Foreign currency translation reserve US$'000	Fair value reserve (non-recycling) US$'000	Reserve for treasury shares (note) US$'000	Share-based payment reserve US$'000	Put option written on non-controlling interests US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at January 1, 2019		**89,661**	**714,082**	**(4,000)**	**(5,714)**	**998**	**(24,721)**	**105,619**	**(1,567)**	**(214,548)**	**659,810**	**2,132**	**661,942**
Loss for the period		-	-	-	-	-	-	-	-	(48,076)	(48,076)	348	(47,728)
Other comprehensive income		-	-	-	87	(487)	-	-	-	26	(374)	(50)	(424)
Total comprehensive income		-	-	-	87	(487)	-	-	-	(48,050)	(48,450)	298	(48,152)
Issuance of vested shares, net of tax	19	-	-	-	-	-	1,872	(40,772)	-	38,900	-	-	-
Share-based compensation expense	19	-	-	-	-	-	-	17,431	-	-	17,431	-	17,431
Remeasurement of put option written on non-controlling interests		-	-	-	-	-	-	-	(298)	-	(298)	-	(298)
Purchase of own shares	23(a)	(1,680)	(30,229)	-	-	-	-	-	-	-	(31,909)	-	(31,909)
Changes in ownership interests in subsidiaries	20	-	-	-	-	-	-	-	-	(1,578)	(1,578)	1,578	-
Balance at June 30, 2019		**87,981**	**683,853**	**(4,000)**	**(5,627)**	**511**	**(22,849)**	**82,278**	**(1,865)**	**(225,276)**	**595,006**	**4,008**	**599,014**

Note: Treasury shares are the Company's shares held by a designated trustee for the purpose of providing for existing and future restricted stock unit ("RSU") grants under the 2016 Equity Incentive Plan (note 19). Shares issued to the RSU holders are recognised on a first-in-first-out basis

The notes on pages 34 to 50 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT

for the six months ended June 30, 2019 – unaudited
(Expressed in United States dollars)

	Note	Six months ended June 30, 2019 US$'000	Six months ended June 30, 2018 US$'000
Cash flows from operating activities			
Cash used in operations		**(52,564)**	(31,460)
Income taxes paid		**(1,932)**	(2,375)
Net cash used in operating activities		**(54,496)**	(33,835)
Cash flows from investing activities			
Interest received		**7,559**	4,648
Proceeds from disposal of property, plant and equipment		**5**	–
Acquisition of property, plant and equipment		**(3,914)**	(8,011)
Acquisition of intangible assets		**(1,421)**	(4,216)
Decrease in short-term fixed deposits		**–**	30,184
Investment in equity securities		**–**	(1,000)
Proceeds from disposal of equity securities		**–**	922
Acquisition of a subsidiary, net of cash assumed		**–**	(42,295)
Net cash generated from/(used in) investing activities		**2,229**	(19,768)
Cash flows from financing activities			
Interest paid		**(101)**	(34)
Payment of taxes related to net share settlement of RSUs		**–**	(21,789)
Principal elements of lease liabilities (2018: Principal elements of finance lease liabilities)	18	**(2,195)**	(50)
Repurchase of ordinary shares	23(a)	**(31,909)**	–
Issuance of ordinary shares of a subsidiary to non-controlling interests		**–**	1,274
Net cash used in financing activities		**(34,205)**	(20,599)
Net decrease in cash and cash equivalents		**(86,472)**	(74,202)
Cash and cash equivalents at January 1	15	**615,237**	709,249
Effect of exchange rate fluctuations on cash and cash equivalents		**110**	(1,227)
Cash and cash equivalents at June 30	15	**528,875**	633,820

The notes on pages 34 to 50 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in United States dollars unless otherwise indicated)

1 GENERAL INFORMATION

Razer Inc. (the "Company") is a company incorporated in the Cayman Islands with limited liability. The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The dual global headquarters and principal places of business of the Company are located at 201 3rd Street, Suite 900, San Francisco, CA 94103, the United States of America and 514 Chai Chee Lane, #07-05, Singapore 469029.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (together "the Group") are those relating to the design, manufacture, distribution, research and development of gaming peripherals, systems, software, services, mobiles and accessories.

On April 23, 2018, RazerVentures Holdings Pte. Ltd. ("RazerVentures") and ZVMidas Cayman Inc. ("ZVMC"), both of which are indirectly wholly-owned subsidiaries of the Company, entered into the merger agreement ("Merger Agreement") with MOL Global pursuant to which ZVMC will merge with MOL Global ("the Merger"). The Merger results in RazerVentures, the Company's indirectly wholly-owned subsidiary being the sole shareholder of ZVMC, holding 100% equity interest in MOL Global. The Merger was completed on May 10, 2018. Upon completion of the Merger, the Group holds 100% of the total issued share capital of MOL Global and has accounted for this investment as a business acquisition and has consolidated MOL Global's results accordingly.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"), and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended December 31, 2018 ("last annual financial statements"). They do not include all of the information required for a complete set of International Financial Reporting Standard ("IFRS") financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

This is the first set of the Group's financial statements where IFRS 16 has been applied. Changes to significant accounting policies are described in Note 4.

These interim financial statements were authorised for issue by the Company's board of directors on August 22, 2019.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included on page 26.

3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements related to lease accounting under IFRS 16, which are described in note 4.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

4 CHANGES IN ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended December 31, 2018 (the policy for recognising and measuring income taxes in the interim period is described in note 8).

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2019.

The Group has initially adopted IFRS 16 Leases from January 1, 2019. A number of other new standards are effective from January 1, 2019 but they do not have a material effect on the Group's financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at January 1, 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

(i) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) As a lessee

The Group leases a number of office equipment, motor vehicles and properties. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment", the same line item as it presents underlying assets of the same nature that it owns.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

4 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(ii) As a lessee (continued)

Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

Previously, the Group classified property leases as operating leases under IAS 17.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group leases a number of items of office equipment and motor vehicles. Some of these leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at January 1, 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

4 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(iii) Impact on financial statements

Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	January 1, 2019 US$'000
Right-of-use assets presented in property, plant and equipment	**12,967**
Lease liabilities	**12,622**
Trade and other receivables	**(1,070)**
Trade and other payables	**(725)**

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied is 6.9%.

	US$'000
Operating lease commitments at December 31, 2018 as disclosed in the Group's consolidated financial statements	14,869
Discount based on the incremental borrowing rate at January 1, 2019	(1,050)
Finance lease liabilities recognised as at December 31, 2018	(27)
– Recognition exemption for leases of low-value assets	(10)
– Recognition exemption for leases within less than 12 months of lease term at transition	(1,160)
Lease liabilities recognised at January 1, 2019	12,622

Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised right-of-use assets of US$13,139,000 and lease liabilities of US$13,269,000 as at June 30, 2019.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended June 30, 2019, the Group recognised depreciation charges of US$2,146,000 and interest costs of US$481,000 from these leases.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

5 REVENUE AND SEGMENT INFORMATION

The Group has four reportable segments, as described below, which are the Group's business units. The business units offer different products and services, and are managed separately because they require different technology and marketing strategies.

The management of the Group has determined that its Chief Executive Officer is the chief operating decision maker ("CODM"). The CODM of the Group periodically reviews and makes operating decisions, manages the growth and profitability of the business using the below segment reporting structure based on product lines:

- *Peripherals* primarily consists of gaming mice, keyboards, audio devices and mouse mats developed, marketed and sold;
- *Systems* consists of laptops developed, marketed and sold;
- *Software and Services* primarily consists of provision of software over the Razer Software Platform, virtual credits and payment related services; and
- *Others* primarily consists of products and services which are in the start-up stage including the Razer Phone and THX.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products lines or service lines is as follows:

	Six months ended June 30,	
	2019 US$'000	2018 US$'000
Sales of goods	**318,190**	254,388
Services income	**36,528**	17,552
Royalty income	**2,433**	2,278
	357,151	274,218

The Group geographically categorises a sale based on the region in which the customer resides. Revenue by regions were as below:

	Six months ended June 30,	
	2019 US$'000	2018 US$'000
Americas[1]	**156,289**	115,713
Europe, the Middle East and Africa	**86,390**	77,240
Asia Pacific excluding China[2]	**67,991**	46,652
China	**46,481**	34,613
	357,151	274,218

1 *Revenue from Americas region includes revenue from the United States of America ("U.S.") of US$143,610,000 for the six months ended June 30, 2019 (six months ended June 30, 2018: US$101,123,000).*

2 *Revenue from Asia Pacific region includes revenue from Singapore of US$12,027,000 for the six months ended June 30, 2019 (six months ended June 30, 2018: US$12,983,000).*

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Information about profit or loss, assets and liabilities

Information regarding the results of each reportable segment is included below. Performance is measured based on segment gross profit, as included in the internal management reports that are reviewed by the CODM. The CODM does not evaluate operating segments using asset and liabilities information.

	Peripherals US$'000	Systems US$'000	Software and Services US$'000	Others US$'000	Total US$'000
Six months ended June 30, 2019					
Revenue	**179,364**	**124,318**	**35,733**	**17,736**	**357,151**
Depreciation and amortisation	**(1,662)**	**(764)**	**(3,889)**	**(5,842)**	**(12,157)**
Gross profit/(loss)	**50,509**	**12,118**	**14,888**	**(1,842)**	**75,673**
Six months ended June 30, 2018					
Revenue	176,007	64,747	16,977	16,487	274,218
Depreciation and amortisation	(2,812)	(1,556)	(2,472)	(1,813)	(8,653)
Gross profit	62,219	4,093	10,760	2,382	79,454

6 SEASONALITY OF OPERATIONS

The Group's revenue and operating results have followed seasonal trends in the past which are likely to continue. In particular, the Group typically has higher sales during the second half of each year which is primarily due to a concentration of shipping towards the year-end shopping season.

7 FINANCE INCOME AND FINANCE COSTS

	Six months ended June 30,	
	2019 US$'000	2018 US$'000
Finance income		
Interest income on fixed deposits and money market funds	**7,190**	4,648
Finance costs		
Interest on lease liabilities	**(481)**	–
Bank charges	**(77)**	(34)
Others	**(123)**	(118)
	(681)	(152)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

8 INCOME TAX EXPENSE

	Six months ended June 30,	
	2019 US$'000	2018 US$'000
Current tax expense		
Current year	**2,775**	2,374
Deferred tax expense		
Origination and reversal of temporary differences	**578**	3,825
Total income tax expense	**3,353**	6,199

During the six months ended June 30, 2019, no tax benefits related to share-based compensation were recorded in equity. During the six months ended June 30, 2018, a tax benefit of US$4,923,000 related to share-based compensation was recognised in equity.

Taxation is calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

Tax incentives

A subsidiary, Razer (Asia-Pacific) Pte. Ltd. was awarded the Development and Expansion Incentive under the International Headquarters Award (the "Incentive") by the Singapore Ministry of Trade & Industry ("MTI") on July 30, 2012. The income arising from the qualifying activities in excess of SGD2,699,000 (equivalent to US$1,957,000) is taxed at a concessionary rate from October 1, 2011 to September 30, 2018, subject to the subsidiary meeting the conditions of the award. Income arising from activities not covered under the Incentive is taxed at the prevailing Singapore corporate tax rate. The subsidiary has met the qualifying conditions, and has submitted its request for an extension of the Incentive. The MTI has granted an in-principle extension until September 30, 2023.

In addition, certain subsidiaries have been granted the Multimedia Super Corridor Malaysia ("MSC Malaysia") status by the Multimedia Development Corporation Malaysia. One of the incentives granted under the MSC Status include "Pioneer Status", which entitles the company to a five-year exemption from Malaysian income tax on income derived from MSC Malaysia-related activities, which is renewable for a second five-year term provided certain conditions are met. Currently, the subsidiaries with MSC Malaysia status are awaiting approval to utilise the second five-year term of the exemption from Malaysian income tax. In the meantime, these subsidiaries are subject to Malaysian income tax.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

9 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share was based on the loss attributable to equity shareholders of the Company of US$48,076,000 (six months ended June 30, 2018: loss of US$56,318,000) divided by the weighted average of ordinary shares of 8,712,504,057 shares (six months ended June 30, 2018: 8,530,366,802 shares) in issue during the period.

(b) Diluted loss per share

During the six months ended June 30, 2019 and 2018, the conversion of all potential ordinary shares outstanding would have an anti-dilutive effect on the loss per share. Accordingly, the diluted loss per share is the same as basic loss per share.

10 PROPERTY, PLANT AND EQUIPMENT

	At June 30, 2019 US$'000	At December 31, 2018 US$'000
Opening net book value	**18,120**	15,937
Adjustment for change in accounting policy *(note 4)*	**12,967**	–
Restated opening net book value	**31,087**	15,937
Additions *(note)*	**6,279**	13,763
Additions through business combination	**–**	1,887
Depreciation for the period/year	**(7,801)**	(12,706)
Disposals	**(45)**	(662)
Effect of movement in exchange rate	**38**	(99)
Closing net book value	**29,558**	18,120

Note: During the six months ended June 30, 2019, the Group entered into a number of leases for properties, office equipment and motor vehicles, and therefore recognised the additions to right-of-use assets of US$2,324,000.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

11 INTANGIBLE ASSETS AND GOODWILL

	Development cost US$'000	Purchased technology assets US$'000	Patents US$'000	Trademarks US$'000	Distribution contracts US$'000	Customer relationships US$'000	Goodwill US$'000	Total US$'000
Cost:								
At January 1, 2018	15,341	6,574	14,441	2,736	–	407	11,343	50,842
Additions	831	3,253	13	–	–	–	–	4,097
Additions through business combination	–	2,801	4,328	–	18,138	–	67,279	92,546
Disposals	(100)	–	–	–	–	–	–	(100)
Effect of movement in exchange rate	–	(149)	(243)	–	(988)	–	(3,667)	(5,047)
At December 31, 2018 (restated)[1]	16,072	12,479	18,539	2,736	17,150	407	74,955	142,338
At January 1, 2019	16,072	12,479	18,539	2,736	17,150	407	74,955	142,338
Additions	349	949	123	–	–	–	–	1,421
Transfers	(488)	488	–	–	–	–	–	–
Disposals	–	(125)	–	–	–	–	–	(125)
Effect of movement in exchange rate	4	10	50	–	15	–	55	134
At June 30, 2019	**15,937**	**13,801**	**18,712**	**2,736**	**17,165**	**407**	**75,010**	**143,768**
Accumulated amortisation:								
At January 1, 2018	14,038	2,594	1,374	–	–	25	805	18,836
Amortisation for the year	1,248	3,174	1,550	–	1,729	20	–	7,721
Disposals	(93)	–	–	–	–	–	–	(93)
Effect of movement in exchange rate	–	64	33	–	342	–	–	439
At December 31, 2018	15,193	5,832	2,957	–	2,071	45	805	26,903
At January 1, 2019	15,193	5,832	2,957	–	2,071	45	805	26,903
Amortisation for the period	107	1,785	886	–	1,568	10	–	4,356
Disposals	–	(86)	–	–	–	–	–	(86)
Effect of movement in exchange rate	(2)	6	51	–	(12)	–	–	43
At June 30, 2019	**15,298**	**7,537**	**3,894**	**–**	**3,627**	**55**	**805**	**31,216**
Net book value:								
At June 30, 2019	**1,529**	**5,374**	**14,818**	**2,736**	**13,538**	**352**	**74,205**	**112,552**
At December 31, 2018 (restated)[1]	879	6,647	15,582	2,736	15,079	362	74,150	115,435

1 *The adjustment was made to net assets value in connection with the acquisition of business from MOL Global during the year ended December 31, 2018, which was previously determined on a provisional basis. During the measurement period of twelve months following the transaction, the Group recognised adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Accordingly, the adjustments are recognised retrospectively and comparative information is restated. Save as adjustments to goodwill of US$4,016,000, there were increases in current assets of US$505,000, current liabilities of US$2,908,000 and non-current liabilities of US$1,613,000 as of the acquisition date.*

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

12 INVENTORIES

During the six months ended June 30, 2019, raw materials and changes in finished goods recognised in cost of sales amounted to US$281,478,000 (six months ended June 30, 2018: US$194,764,000) including write-down to net realisable value amounting to US$1,207,000 (six months ended June 30, 2018: US$431,000) for the Group.

13 TRADE AND OTHER RECEIVABLES

	At June 30, 2019 US$'000	At December 31, 2018 (Restated) US$'000
Trade receivables	**152,471**	175,603
Less: Allowance for trade receivables	**(28,337)**	(30,361)
Less: Loss allowance	**(1,056)**	(357)
	123,078	144,885
Deposits	**3,038**	1,111
Other receivables[1]	**36,711**	35,987
Deferred rent credit[2]	**–**	1,070
Trade and other receivables	**162,827**	183,053
Non-current	**2,861**	1,464
Current	**159,966**	181,589
	162,827	183,053

1 *Other receivables mainly comprise primarily of receivables from arrangements whereby the Group purchases components from third-party suppliers and subsequently sells to contract manufacturers. During the six months ended June 30, 2019, there were no loan receivables that were written off. During the six months ended June 30, 2018, loan receivables of US$897,000 were written off.*

2 *The Group has initially applied IFRS 16 at January 1, 2019. The deferred rent credit included under "Trade and other receivables" was reclassified as an adjustment to the right-of-use assets as shown in note 4.*

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES (CONTINUED)

Loss allowance

As of the end of the reporting period, the ageing of trade receivables by due date of the respective invoices net of loss allowance is as follows:

	At June 30, 2019 US$'000	At December 31, 2018 (Restated) US$'000
Current (not past due)	**103,956**	117,420
Past due 1-30 days	**15,730**	17,856
Past due 31-60 days	**302**	4,297
Past due 61-90 days	**1,621**	5,091
Past due more than 90 days	**1,469**	220
	123,078	144,884

The movement in the allowance for impairment in respect of trade receivables during the reporting period was as follows

	US$'000
Balance at December 31, 2018	357
Net re-measurement of loss allowance	699
Balance at June 30, 2019	**1,056**

The methodology for the calculation of expected credit loss is the same as described in the last annual financial statements.

14 RESTRICTED CASH

The restricted cash balance is US$10,061,000 as of June 30, 2019 (December 31, 2018: US$8,648,000), of which US$1,267,000 (December 31, 2018: US$1,061,000) relates to the unutilised virtual credits, Razer Gold, and mobile wallet (collectively "e-money liabilities") balance. The restricted cash is required to be kept at least at 1.02 times of the total e-money liabilities as per the Guideline on Electronic Money issued by Bank Negara of Malaysia. Currently, the money is held in trust by a trustee and maintained at 1.02 times of the total e-money liabilities.

In addition, restricted cash also consists of security deposits received from customers, amounts held at bank as collateral primarily for letter of credits of the Group and amounts held at bank as required by local regulations for payment related services.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

15 CASH AND CASH EQUIVALENTS

	At June 30, 2019 US$'000	At December 31, 2018 US$'000
Cash at bank and in hand	**104,489**	136,533
Fixed deposits and money market funds	**424,386**	478,704
Cash and cash equivalents in the condensed consolidated cash flows statement and consolidated statement of financial position	**528,875**	615,237

16 TRADE AND OTHER PAYABLES

	At June 30, 2019 US$'000	At December 31, 2018 (Restated) US$'000
Trade payables	**239,219**	269,575
Accrued operating expenses	**34,615**	45,045
Provision for warranty expenses	**10,028**	8,676
Accrued liabilities for materials	**4,851**	9,207
Deposits received	**2,750**	4,271
Other payables[1]	**16,061**	15,008
	307,524	351,782
Non-current	**1,526**	7,306
Current	**305,998**	344,476
	307,524	351,782

1 *Other payables mainly comprise of sales and withholding taxes and the obligations arising from put options written on non-controlling interests of certain subsidiaries.*

As of the end of the reporting period, the ageing analysis of trade payables, based on due date, is as follows:

	At June 30, 2019 US$'000	At December 31, 2018 (Restated) US$'000
Up to 3 months	**235,222**	267,010
Over 3 months but within 6 months	**3,619**	2,261
Over 6 months but within 12 months	**275**	277
Over 12 months	**103**	27
	239,219	269,575

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

17 CUSTOMER FUNDS

Customer funds mainly represent Razer Gold customers' unutilised virtual credits stored online and prepaid cards, customers' stored balances that would later be used to make payments and customers' cash in transit.

18 LEASE LIABILITIES

As at June 30, 2019, the contractual maturities of the lease liabilities were as follows:

	June 30, 2019 US$'000
Less than 6 months	**2,438**
Between 6 to 12 months	**2,390**
Between 1 and 2 years	**7,162**
Between 2 and 5 years	**2,647**
Over 5 years	**507**
Total contractual cash flows	**15,144**
Less: Imputed interest on lease liabilities	**(1,875)**
Carrying amount	**13,269**

19 SHARE-BASED COMPENSATION EXPENSE

The Group has the following share-based payment arrangements:

Restricted Stock Units

On August 23, 2016, the Company's shareholders approved the 2016 Equity Incentive Plan, which is a share-based incentive plan designed to reward, retain and motivate the Group's employees. RSUs were granted to certain employees, consultants and the Company's directors. Each RSU will entitle the holder to one ordinary share of the Company.

RSUs granted to employees and consultants prior to the Company's IPO on November 13, 2017 vest upon the satisfaction of both a service condition and a liquidity condition. The service condition for these awards is satisfied over four tranches and becomes exercisable at the rate of 25% over four tranches. The liquidity condition is satisfied upon the occurrence of a qualifying event, defined as a change of control transaction or six months following the completion of the Company's IPO. The liquidity condition was satisfied on March 15, 2018. Under the settlement procedures applicable to these awards, the Group is permitted to deliver the underlying shares within 30 days before or after the date on which the liquidity condition is satisfied. For accounting purposes, the liquidity condition is considered a non-market performance vesting condition which is taken into consideration in estimating the number of RSUs that are expected to vest. RSUs granted to employees and consultants after the Company's IPO are not subject to a liquidity condition in order to vest and the service condition for these awards is satisfied over four tranches and becomes exercisable at the rate of 25% over four tranches.

Share-based compensation expense relating to awards granted to employees is recognised on a graded acceleration vesting amortisation method over the four tranches. Share-based compensation expense relating to awards granted to consultants are recognised on a straight-line basis over the four tranches.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

19 SHARE-BASED COMPENSATION EXPENSE (CONTINUED)

Restricted Stock Units (continued)

For grants awarded prior to the IPO, the grant date fair value is based on the price of recent investments in the Company by third party investors. For grants awarded after the IPO, the grant date fair value is based on the closing price of the Company's shares as of the grant date. The number of RSUs granted during the six months ended June 30, 2019 was 199,629,424 (six months ended June 30, 2018: 26,244,945 RSUs). The weighted average grant date fair value of RSUs granted during the six months ended June 30, 2019 was US$0.21 per share (six months ended June 30, 2018: US$0.43 per share). During the six months ended June 30, 2019, share-based compensation expense of US$17,678,000 (six months ended June 30, 2018: US$20,369,000) was recognised.

In October 2017, the board of directors and the shareholders of the Company approved the grant to a director of (a) 105,104,724 RSUs (the "Initial Grant") and (b) an aggregate of 265,890,627 RSUs in three tranches over the financial years of 2017 to 2019 (the "Subsequent Grant"). While the Initial Grant vested immediately following the execution of a definitive RSU agreement, the Subsequent Grant was subject to further consideration, review and approval by the Company's Remuneration Committee, compliance with applicable laws and regulations and the entering into of a definitive RSU agreement between the Company and that director.

The board of directors of the Company considered that the Remuneration Committee's discretion on the Subsequent Grant as substantive and as of December 31, 2018, the grant date was not established, and subject to the Remuneration Committee fixing the vesting conditions, approving the grants, and a definitive RSU agreement being executed.

Under the Subsequent Grant, the first and second tranches of the RSUs were granted on March 27, 2019 as established upon the approval of the Remuneration Committee. The third tranche of 88,630,209 RSUs with a vesting period of four years from 2019 has not been approved and no grant date has been established by the Remuneration Committee although the service period is considered having commenced as of June 30, 2019.

As such, the Group estimated and recognised share-based compensation expense in respect of the third tranche of the RSUs based on the fair value of Company's ordinary shares at each balance sheet date in 2019. The amount of share-based compensation expense for the third tranche is being re-estimated at each balance sheet date until a grant date is established.

During the six months ended June 30, 2019 and 2018, US$13,356,000 and US$2,855,000 of share-based compensation expense was respectively recognised in the consolidated statement of profit or loss and other comprehensive income in respect of these RSUs.

20 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Pursuant to the terms of a Subscription and Shareholder's Agreement ("Agreement") entered into between the Company and, *inter alia*, Berjaya Corporation Berhad ("Berjaya") on April 16, 2018, Razer Pay Holdings Pte Ltd. ("Razer Pay") was set up with an initial paid-in capital of US$2,600,000 contributed proportionately by Razer Midas Pte. Ltd. and Berjaya in exchange for 51% and 49% of equity interest of Razer Pay respectively. Under the Agreement, the Company agreed to transfer its payment services business to Razer Pay and Berjaya committed to leverage its retail network to help expand the Group's payment services business.

During the six months ended June 30, 2019, part of the Group's payment services operations have been transferred to Razer Pay.

The disposal was accounted for as a common control transaction and the transfer of assets and liabilities were recorded based on book values. We recorded an adjustment of $1,578,000 in retained earnings related to the disposals.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial assets and liabilities, such as trade and other receivables, cash at bank and in hand, fixed deposits, money market funds and trade and other payables approximate their fair values due to the short term to maturity.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy. Further, for the current year the fair value disclosure of lease liabilities is not required.

	Quoted prices in active markets for identical assets (Level 1) US$'000	**Significant other inputs (Level 2)** US$'000	**Significant unobservable inputs (Level 3)** US$'000	**Total** US$'000
June 30, 2019				
Financial assets				
Money market funds	**–**	**25,944**	**–**	**25,944**
Equity investments (quoted)	**1,268**	**–**	**–**	**1,268**
Equity investments (unquoted)	**–**	**–**	**996**	**996**
	1,268	**25,944**	**996**	**28,208**
Financial liability				
Put option liability over non-controlling interest	**–**	**–**	**5,275**	**5,275**
December 31, 2018				
Financial assets				
Money market funds	–	21,095	–	21,095
Equity investments (quoted)	1,544	–	–	1,544
Equity investments (unquoted)	–	–	1,210	1,210
	1,544	21,095	1,210	23,849
Financial liability				
Put option liability over non-controlling interest	–	–	4,973	4,973

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

The financial instruments carried at fair value are measured on a recurring basis.

The money market funds are measured on a recurring basis at fair value, based on indicative price information obtained from a third-party financial institution that is the counterparty to the transaction.

The fair value for the quoted equity investments is determined using quoted prices obtained for those investments as at reporting date. For unquoted equity investments, fair value is determined using valuation techniques. Such valuation techniques include recent arm's length market transactions.

For put option liability over non-controlling interest, fair value is determined using valuation techniques which consider the present value of the gross obligation, discounted using a risk-adjusted rate. The fair value of the put option liability over non-controlling interest is derived using a present value calculation. The key inputs applied in arriving at the value of the put option liability are the earnings before interest, tax, depreciation and amortisation of MOLPay Sdn. Bhd., a subsidiary of the Company, for the year ending December 31, 2019 which is estimated by using management's business plans.

The carrying value of the put option liability is dependent on assumptions applied in determining these key inputs, and is subject to change in the event that there is a change in any of those assumptions. The valuation is updated at every reporting period or more often if a significant change to any input is observed.

The significant unobservable inputs adopted in the valuation is pre-tax weighted average cost of capital discount rate of 15% per annum. The fair value measurement is negatively correlated to the discount rate. An increase in the discount rate by 1% would have decreased the carrying value by US$42,000. The re-measurement of the fair value of the put option liability is recognised in equity.

During the six months ended June 30, 2019 and 2018, there were no transfers between Level 1 and Level 2.

The following table presents the change in level 3 instruments:

	2019 US$'000	2018 US$'000
Financial assets		
At January 1	**1,210**	20,250
Additions through business combination	**–**	17
Net unrealised loss recognised in other comprehensive income	**(214)**	–
Transfer to interest in an associate	**–**	(19,900)
At June 30	**996**	367
Financial liabilities		
At January 1	**4,973**	–
Additions through business combination	**–**	3,603
Net unrealised foreign exchange gain recognised in profit or loss	**4**	(114)
Unwinding of discount	**298**	118
At June 30	**5,275**	3,607

The Group does not have any other financial instruments that are measured using fair values as at June 30, 2019 and December 31, 2018.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in United States dollars unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions:

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors, is as follows:

	Six months ended June 30,	
	2019 US$'000	2018 US$'000
Short-term employee benefits	**1,102**	1,222
Equity compensation benefits	**15,584**	7,633
	16,686	8,855

23 CAPITAL AND DIVIDENDS

(a) Purchase of own shares

During the six months ended June 30, 2019, the Company repurchased 167,934,000 (six months ended June 30, 2018: Nil) of its own shares at prices ranging from HK$1.02 to HK$2.10 on The Stock Exchange of Hong Kong at a total consideration of approximately US$31,909,000.

(b) Dividends

No dividends have been paid or declared by the Company during the six months ended June 30, 2019 and 2018.

24 COMPARATIVE INFORMATION

The Group has initially applied IFRS 16 at January 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated at the date of initial application. Further details of the changes in accounting policies are disclosed in note 4.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

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

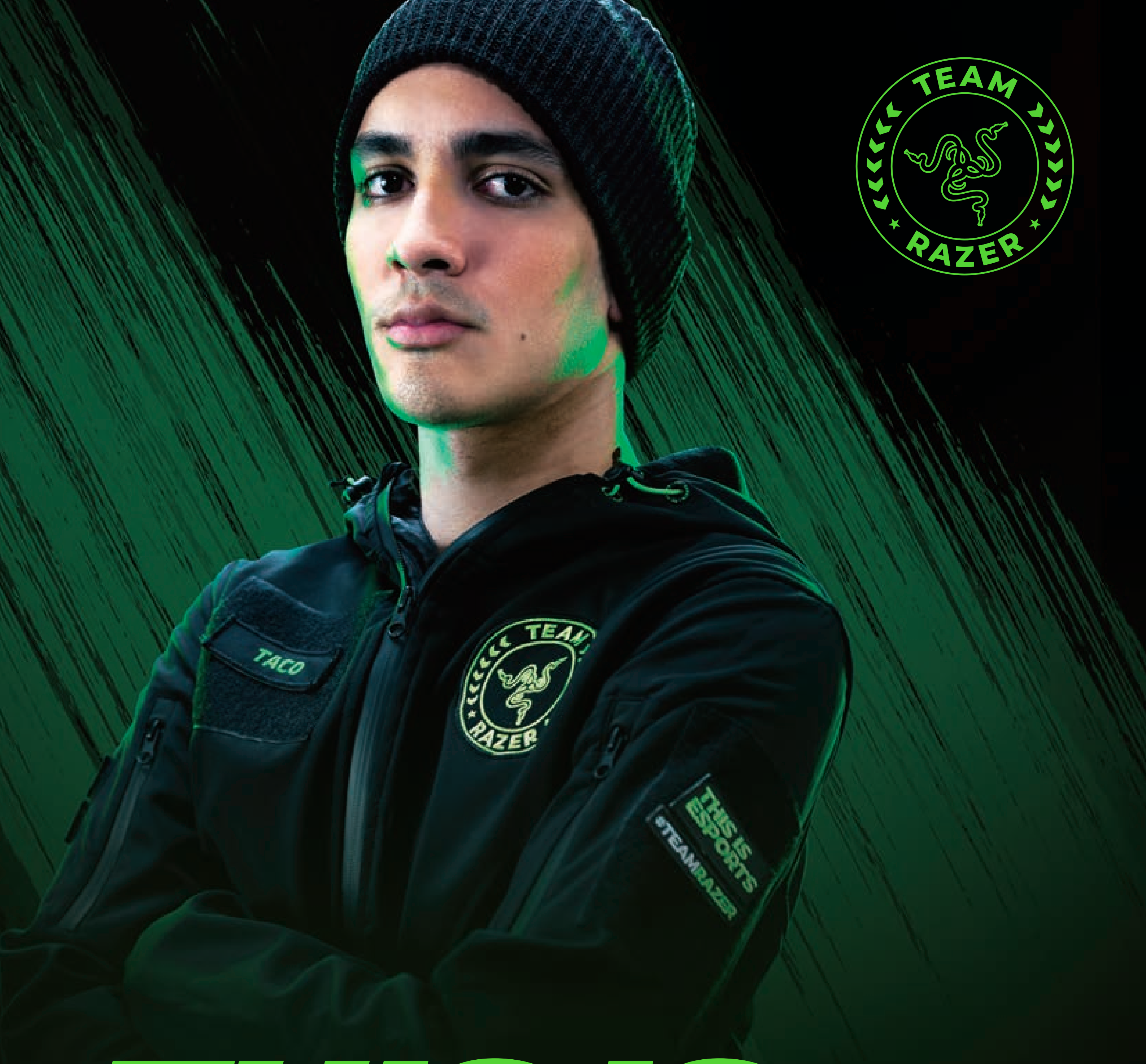
"2016 Equity Incentive Plan"	the 2016 Equity Incentive Plan approved by the Board on July 25, 2016 and the Company's shareholders on August 23, 2016 (and subsequently amended by the Board and the Company's shareholders on October 25, 2017 and further amended by the Board on March 8, 2019) for the grant of, among others, RSUs to eligible participants
"ASEAN"	Association of Southeast Asian Nations
"Board"	the board of directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China"	the People's Republic of China, which for the purpose of this interim report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"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)
"Director(s)"	director(s) of the Company
"EBITDA"	Earnings before interest, tax, depreciation and amortisation
"GAAP"	Generally Accepted Accounting Principles
"Group"	the Company and its subsidiaries
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"IFRS"	the International Financial Reporting Standard
"initial public offering" or "IPO"	The initial public offering of the shares of Company, further details of which are set out in the Prospectus
"Listing Date"	November 13, 2017, the date on which the shares of the Company were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS (CONTINUED)

"MOL Global"	MOL Global, Inc.
"Prospectus"	the prospectus of the Company dated November 1, 2017
"RSUs"	restricted stock units, being contingent rights to receive shares of the Company which are granted pursuant to the 2016 Equity Incentive Plan
"Shares"	ordinary shares of US$0.01 each in the issued share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SGD"	Singapore dollars, the lawful currency of Singapore
"THX"	THX Ltd. (formerly known as Razer Tone, Inc.), a company incorporated in Delaware, the United States on August 19, 2016 and our 80%-owned subsidiary
"U.S."	the United States of America
"US$"	United States Dollars, the lawful currency of the United States
"%"	per cent

This glossary contains definitions of certain terms used in this interim report in connection with the Company's business. These terms and their definitions may not correspond to industry standard definitions or usage and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industry as the Company.

"esports"	professional competitive gaming
"gamers"	individuals who play games across any platform without any time or frequency qualifications
"games"	games played primarily on PC, mobile devices and consoles
"gaming system"	PCs, both desktops and laptops, that have been purchased primarily with playing games in mind and are branded and advertised as such
"IoT"	Internet-of-Things, system of interrelated computing devices which collect and exchange data over a network
"PC"	Personal computer
"peripherals"	Hardware devices, such as mice, keyboards, headsets, audio devices and controllers, used to play games in conjunction with a PC or a console



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