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BRAINHOLE

TECHNOLOGY

BRAINHOLE TECHNOLOGY LIMITED

脑洞科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2203)

(1) DISCLOSEABLE TRANSACTION IN RELATION TO FURTHER DISPOSAL OF LISTED SECURITIES; AND (2) VOLUNTARY ANNOUNCEMENT IN RELATION TO ACQUISITION OF LISTED SECURITIES

The Board announces that the Company has entered into the following transactions involving disposal and acquisition of listed securities.

Further Disposal of Airbnb Shares

On 20 January 2023 (after trading hours of the Stock Exchange), further to the disposal of 4,500 Airbnb Shares as disclosed in the announcement of the Company dated 3 January 2023, the Company has further disposed of an aggregate of 14,700 Airbnb Shares through the open market at an aggregate consideration of approximately US\$1.5 million (equivalent to approximately HK\$11.3 million) (excluding transaction costs).

Acquisition of MGM Shares

On 26 January 2023, the Company has acquired an aggregate of 550,000 MGM Shares through the open market at an aggregate consideration of approximately HK\$6.0 million (excluding transaction costs).

LISTING RULES IMPLICATION

Further Disposal of Airbnb Shares

Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as the Disposal of Airbnb Shares and the Further Disposal of Airbnb Shares involve the disposal of Airbnb Shares within a 12-month period, all transactions respectively contemplated thereunder are considered and are aggregated as one transaction at a total consideration of approximately US\$1.8 million (equivalent to approximately HK\$14.3 million).

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the (i) Further Disposal of Airbnb Shares (standing alone) and (ii) Disposal of Airbnb Shares and Further Disposal of Airbnb Shares (in aggregate) exceed 5% but all are less than 25%, the Further Disposal of Airbnb Shares constitutes a discloseable transaction on the part of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

Acquisition of MGM Shares

As all applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Acquisition of MGM Shares are below 5%, the Acquisition of MGM Shares does not constitute a notifiable transaction on the part of the Company under the Listing Rules.

The Board announces that the Company has entered into the following transactions involving disposal and acquisition of listed securities.

Further Disposal of Airbnb Shares

On 20 January 2023 (after trading hours of the Stock Exchange), further to the disposal of 4,500 Airbnb Shares as disclosed in the announcement of the Company dated 3 January 2023, the Company has further disposed of an aggregate of 14,700 Airbnb Shares through the open market at an aggregate consideration of approximately US\$1.5 million (equivalent to approximately HK\$11.3 million) (excluding transaction costs), which are receivable in cash on settlement. The average price (excluding transaction costs) for the disposal of each Airbnb Share was approximately US\$99.18 (equivalent to approximately HK\$771.62).

As the Further Disposal of Airbnb Shares was conducted in the open market, the identities of the counterparties of the disposed Airbnb Shares cannot be ascertained. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the counterparties and the ultimate beneficial owner(s) of the counterparties of the disposed Airbnb Shares are Independent Third Parties.

Acquisition of MGM Shares

On 26 January 2023, the Company has acquired an aggregate of 550,000 MGM Shares through the open market at an aggregate consideration of approximately HK\$6.0 million (excluding transaction costs). The average price (excluding transaction costs) for the acquisition of each MGM Share was approximately HK\$10.86. The aggregate consideration of approximately HK\$6.0 million (excluding transaction costs) was financed by the Group's existing internal financial resources.

As the Acquisition of MGM Shares was conducted in the open market, the identities of the counterparties of the acquired MGM Shares cannot be ascertained. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the counterparties and the ultimate beneficial owner(s) of the counterparties of the acquired MGM Shares are Independent Third Parties.

INFORMATION ON AIRBNB AND MGM

Airbnb

Airbnb is a Delaware corporation and operates an online platform for hospitality services. The company provides a mobile application that enables users to list, discover, and book unique accommodations across the world. The app allows hosts to list their properties for lease, and enables guests to rent or lease on a short-term basis, which includes vacation rentals, apartment rentals, homestays, castles, tree houses and hotel rooms.

The following financial information is extracted from the published documents of Airbnb Group:

	For the year ended 31 December 2020 (audited)		For the year ended 31 December 2021 (audited)	
	US\$'000	HK\$'000	US\$'000	HK\$'000
Revenues	3,378,199	26,282,388	5,991,760	46,615,893
Net (loss)	(4,584,716)	(35,669,090)	(352,034)	(2,738,825)

Based on Airbnb's published documents, the Airbnb Group has an audited consolidated net asset value of approximately US\$2,902 million (equivalent to approximately HK\$22,576 million) as at 31 December 2020 and US\$4,776 million (equivalent to approximately HK\$37,155 million) as at 31 December 2021.

Based on Airbnb's published documents, the Airbnb Group has an unaudited consolidated net asset value of approximately US\$5,540 million (equivalent to approximately HK\$43,102 million) as at 30 September 2022.

MGM

MGM is an exempted company incorporated in Cayman Islands with limited liability. The MGM Group owns and operates gaming and lodging resorts in the Greater China region. MGM is the holding company of MGM Grand Paradise, SA which holds one of the six gaming concessions/subconcessions to run casino games in Macau. MGM Grand Paradise, SA owns and operates MGM MACAU, the award-winning premium integrated resort located on the Macau Peninsula and MGM COTAI, a contemporary luxury integrated resort in Cotai, which opened in early 2018 and more than doubles its presence in Macau.

The following financial information is extracted from the published documents of the MGM Group:

	For the year ended 31 December 2020 (audited) <i>HK\$'000</i>	For the year ended 31 December 2021 (audited) <i>HK\$'000</i>
Revenue	5,095,983	9,410,814
Net (loss)	(5,201,531)	(3,846,616)

Based on MGM's published documents, the MGM Group has an audited consolidated net asset value of approximately HK\$5,018 million as at 31 December 2020 and HK\$1,197 million as at 31 December 2021.

Based on MGM's published documents, the MGM Group has an unaudited consolidated net liability value of approximately HK\$1,187 million as at 30 June 2022.

REASONS FOR AND BENEFITS OF THE FURTHER DISPOSAL OF AIRBNB SHARES

As a result of the Further Disposal of Airbnb Shares, the Group is expected to recognise a loss of approximately US\$3,000 (equivalent to approximately HK\$24,000) which will affect profit and loss of the Group for the year ending 31 December 2023 and is calculated on the basis of the difference between the consideration received from the Further Disposal of Airbnb Shares and acquisition cost of disposed Airbnb Shares.

The Group considers that the Further Disposal of Airbnb Shares represents an opportunity to allow the Group to reallocate the resources and investment portfolio. The Group has applied part of the proceeds from the Further Disposal of Airbnb Shares of approximately US\$0.8 million (equivalent to approximately HK\$6.0 million) for the consideration for the Acquisition of MGM Shares and the Group intends to apply the remaining proceeds from the Further Disposal of Airbnb Shares of approximately US\$0.7 million (equivalent to approximately HK\$5.3 million) for general working capital of the Group or other appropriate investment opportunities as and when appropriate.

As the Further Disposal of Airbnb Shares was made in the open market at prevailing market price, the Directors are of the view that the terms of the Further Disposal of Airbnb Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF MGM SHARES

The Group is principally engaged in the manufacturing and trading of semiconductors, broadband infrastructure construction and the provision of integrated solution for smart domain application (including smart home, smart campus and smart communities).

The Group believes that technological innovation is an important engine for future economic development, and it can also drive the emerging applications in the smart living sector. The Group always hopes to leverage our own advantages in the field of smart technology to actively diversify the investments in the field of innovative technologies, in order to facilitate the technological development and create greater value for the Shareholders.

MGM is a leading developer, owner and operator of gaming and lodging resorts in the Greater China region. The Board holds positive views towards the financial performance and future prospect of MGM. The Group considers that the Acquisition of MGM Shares is a good opportunity to acquire attractive investment and to further expand its investment portfolio with quality assets, which will enhance investment return for the Group.

As the Acquisition of MGM Shares was made in the open market at prevailing market prices, the Directors are of the view that the terms of the Acquisition of MGM Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Further Disposal of Airbnb Shares

Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as the Disposal of Airbnb Shares and the Further Disposal of Airbnb Shares involve the disposal of Airbnb Shares within a 12-month period, all transactions respectively contemplated thereunder are considered and are aggregated as one transaction at a total consideration of approximately US\$1.8 million (equivalent to approximately HK\$14.3 million).

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the (i) Further Disposal of Airbnb Shares (standing alone) and (ii) Disposal of Airbnb Shares and Further Disposal of Airbnb Shares (in aggregate) exceed 5% but all are less than 25%, the Further Disposal of Airbnb Shares constitutes a discloseable transaction on the part of the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

Acquisition of MGM Shares

As all applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Acquisition of MGM Shares are below 5%, the Acquisition of MGM Shares does not constitute a notifiable transaction on the part of the Company under the Listing Rules. The Company will comply with the relevant disclosure requirements under the Listing Rules in relation to future transactions by the Group regarding acquisitions of listed securities as and when appropriate.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition of MGM Shares”	acquisition of 550,000 MGM Shares by the Company as disclosed in this announcement
“Airbnb”	Airbnb, Inc., a Delaware corporation whose class A common stocks are listed on Nasdaq (stock code: ABNB)
“Airbnb Group”	Airbnb and its subsidiaries
“Airbnb Share(s)”	Class A common stock of Airbnb
“Board”	the board of Directors of the Company

“Company”	Brainhole Technology Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2203)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal of Airbnb Shares”	disposal of 4,500 Airbnb Shares by the Company as disclosed in the announcement dated 3 January 2023
“Further Disposal of Airbnb Shares”	further disposal of 14,700 Airbnb Shares by the Company as disclosed in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs) with any of the connected persons of the Company or any of their respective associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MGM”	MGM China Holdings Limited, an exempted company incorporated in Cayman Islands with limited liability whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 2282)
“MGM Group”	MGM and its subsidiaries
“MGM Share(s)”	ordinary share(s) in the share capital of MGM
“Nasdaq”	National Association of Securities Dealers Automated Quotations Stock Market
“PRC”	the People’s Republic of China
“Shareholders”	holder(s) of the Share(s)

“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

By order of the Board
Brainhole Technology Limited
Zhang Liang Johnson
Chairman and Executive Director

Hong Kong, 26 January 2023

For the purpose of this announcement, all amounts denominated in US\$ has been translated (for information only) into HK\$ using the exchange rate of US\$1.00: HK\$7.78. Such translations shall not be construed as a representation that amounts of US\$ were or may have been converted.

As at the date of this announcement, the Board comprises Mr. Zhang Liang Johnson and Ms. Wan Duo as executive Directors and Mr. Xu Liang, Mr. Chen Johnson Xi and Ms. Zhang Yibo as independent non- executive Directors.