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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 ACQUISITION OF LISTED SECURITIES;
AND
(2) DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF
LISTED SECURITIES**

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

Further Acquisition of Dingdong Shares

On 15 February 2023 (after trading hours of the Stock Exchange), further to the acquisition of 317,000 Dingdong Shares as disclosed in the announcement of the Company dated 15 February 2023, the Company has further acquired an aggregate of 300,000 Dingdong Shares through the open market at an aggregate consideration of approximately US\$1.9 million (equivalent to approximately HK\$14.5 million) (excluding transaction costs).

The Disposal of Futu Shares

On 15 February 2023 (after trading hours of the Stock Exchange), the Company has disposed of an aggregate of 25,600 Futu Shares through the open market at an aggregate consideration of approximately US\$1.3 million (equivalent to approximately HK\$10.1 million) (excluding transaction costs).

LISTING RULES IMPLICATION

Further Acquisition of Dingdong Shares

Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as the Acquisition of Dingdong Shares and the Further Acquisition of Dingdong Shares involve the acquisition of Dingdong 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\$3.5 million (equivalent to approximately HK\$27.4 million).

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the (i) Further Acquisition of Dingdong Shares (standing alone) and (ii) Acquisition of Dingdong Shares and Further Acquisition of Dingdong Shares (in aggregate) exceed 5% but all are less than 25%, the Further Acquisition of Dingdong 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.

The Disposal of Futu Shares

As one or more applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal of Futu Shares exceed 5% but all are less than 25%, the Disposal of Futu 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.

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

Further Acquisition of Dingdong Shares

On 15 February 2023 (after trading hours of the Stock Exchange), further to the acquisition of 317,000 Dingdong Shares as disclosed in the announcement of the Company dated 15 February 2023, the Company has further acquired an aggregate of 300,000 Dingdong Shares through the open market at an aggregate consideration of approximately US\$1.9 million (equivalent to approximately HK\$14.5 million) (excluding transaction costs). The average price (excluding transaction costs) for the further acquisition of each Dingdong Share was approximately US\$6.22 (equivalent to approximately HK\$48.35). The aggregate consideration of approximately US\$1.9 million (equivalent to approximately HK\$14.5 million) (excluding transaction costs) was financed by the Group's existing internal financial resources.

As the Further Acquisition of Dingdong Shares was conducted in the open market, the identities of the counterparties of the acquired Dingdong 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 Dingdong Shares are Independent Third Parties.

The Disposal of Futu Shares

On 15 February 2023 (after trading hours of the Stock Exchange), the Company has disposed of an aggregate of 25,600 Futu Shares through the open market at an aggregate consideration of approximately US\$1.3 million (equivalent to approximately HK\$10.1 million) (excluding transaction costs), which are receivable in cash on settlement. The average price (excluding transaction costs) for the disposal of each Futu Share was approximately US\$50.70 (equivalent to approximately HK\$394.48).

As the Disposal of Futu Shares was conducted in the open market, the identities of the counterparties of the disposed Futu 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 Futu Shares are Independent Third Parties.

INFORMATION ON DINGDONG AND FUTU

Dingdong

Dingdong is an exempted company incorporated in Cayman Islands with limited liability and a holding company with no material operations of its own. Dingdong conducts their operations primarily through their PRC subsidiaries. The Dingdong Group provides users and households with fresh produce, meat and seafood and other daily necessities through a convenient and excellent shopping experience supported by an extensive self-operated frontline fulfillment grid.

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

	For the year ended 31 December 2020 (audited)		For the year ended 31 December 2021 (audited)	
	<i>RMB'000</i>	<i>HK\$'000</i>	<i>RMB'000</i>	<i>HK\$'000</i>
Net revenues	11,335,787	13,036,155	20,121,126	23,139,295
Net (loss)	(3,176,914)	(3,653,451)	(6,429,059)	(7,393,418)

Based on Dingdong's published documents, the Dingdong Group has an audited consolidated net liability value of approximately RMB5,920 million (equivalent to approximately HK\$6,808 million) as at 31 December 2020 and an audited consolidated net asset value of approximately RMB728 million (equivalent to approximately HK\$837 million) as at 31 December 2021.

Based on Dingdong's published documents, the Dingdong Group has an unaudited consolidated net asset value of approximately RMB310 million (equivalent to approximately HK\$357 million) as at 31 December 2022.

Futu

Futu is an exempted company incorporated in Cayman Islands with limited liability and is an advanced technology company transforming the investing experience by offering a fully digitalized brokerage and wealth management platform. Futu provides investing services through its proprietary digital platforms, Futubull and moomoo, each a highly integrated application accessible through any mobile device, tablet or desktop. Futu's primary fee-generating services include trade execution – which allows its clients to trade securities, such as stocks, ETFs, warrants, options and futures across different markets – as well as margin financing and securities lending.

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

	For the year ended 31 December 2020 (audited) HK\$'000	For the year ended 31 December 2021 (audited) HK\$'000
Revenue	3,310,822	7,115,320
Income before income tax expenses	1,450,623	3,185,291
Net income	1,325,523	2,810,210

Based on Futu's published documents, the Futu Group has an audited consolidated net asset value of approximately HK\$8,308 million as at 31 December 2020 and HK\$20,986 million as at 31 December 2021.

Based on Futu's published documents, the Futu Group has an unaudited consolidated net asset value of approximately HK\$20,186 million as at 30 September 2022.

REASONS FOR AND BENEFITS OF THE FURTHER ACQUISITION OF DINGDONG 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.

Dingdong is the leading on-demand e-commerce company in the PRC. The Board holds positive views towards the financial performance and future prospect of Dingdong. The Group considers that the Further Acquisition of Dingdong Shares can increase our holdings in this attractive investment and to further expand its investment portfolio with quality assets, which will enhance investment return for the Group.

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

REASONS FOR AND BENEFITS OF THE DISPOSAL OF FUTU SHARES

As a result of the Disposal of Futu Shares, the Group is expected to recognise a loss of approximately US\$0.1 million (equivalent to approximately HK\$0.9 million) 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 Disposal of Futu Shares and the acquisition cost of disposed Futu Shares.

The Group considers that the Disposal of Futu Shares represents an opportunity to allow the Group to reallocate the resources and investment portfolio. The Group has applied all the proceeds from the Disposal of Futu Shares of approximately US\$1.3 million (equivalent to approximately HK\$10.1 million) for the consideration for the Further Acquisition of Dingdong Shares.

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

IMPLICATIONS UNDER THE LISTING RULES

Further Acquisition of Dingdong Shares

Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as the Acquisition of Dingdong Shares and the Further Acquisition of Dingdong Shares involve the acquisition of Dingdong 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\$3.5 million (equivalent to approximately HK\$27.4 million).

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the (i) Further Acquisition of Dingdong Shares (standing alone) and (ii) Acquisition of Dingdong Shares and Further Acquisition of Dingdong Shares (in aggregate) exceed 5% but all are less than 25%, the Further Acquisition of Dingdong 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.

The Disposal of Futu Shares

As one or more applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal of Futu Shares exceed 5% but all are less than 25%, the Disposal of Futu 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.

DEFINITIONS

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

“Acquisition of Dingdong Shares”	acquisition of 317,000 Dingdong Shares by the Company in the open market as disclosed in the announcement dated 15 February 2023
“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

“Dingdong”	Dingdong (Cayman) Limited, an exempted company incorporated in Cayman Islands with limited liability whose American depository shares are listed on the New York Stock Exchange (stock code: DDL)
“Dingdong Group”	Dingdong and its subsidiaries
“Dingdong Share(s)”	American depository share(s) of Dingdong
“Director(s)”	the director(s) of the Company
“Disposal of Futu Shares”	disposal of 25,600 Futu Shares by the Company as disclosed in this announcement
“Further Acquisition of Dingdong Shares”	further acquisition of 300,000 Dingdong Shares by the Company as disclosed in this announcement
“Futu”	Futu Holdings Limited, an exempted company incorporated in Cayman Islands with limited liability whose American depository shares are listed on Nasdaq (stock code: FUTU)
“Futu Group”	Futu and its subsidiaries
“Futu Share(s)”	American depository shares of Futu
“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
“Nasdaq”	National Association of Securities Dealers Automated Quotations Stock Market
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“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, 16 February 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 and all amounts denominated in RMB has been translated (for information only) into HK\$ using the exchange rate of RMB1: HK\$1.15. Such translations shall not be construed as a representation that amounts of US\$ and RMB 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.