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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 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.

Acquisition of DraftKings Shares

On 17 February 2023 (after trading hours of the Stock Exchange), the Company has acquired an aggregate of 80,800 DraftKings Shares through the open market at an aggregate consideration of approximately US\$1.7 million (equivalent to approximately HK\$12.9 million) (excluding transaction costs).

Disposal of Dingdong Shares

On 17 February 2023 (after trading hours of the Stock Exchange), the Company has disposed of an aggregate of 317,000 Dingdong Shares through the open market at an aggregate consideration of approximately US\$1.7 million (equivalent to approximately HK\$13.1 million) (excluding transaction costs).

LISTING RULES IMPLICATION

Acquisition of DraftKings Shares

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition of DraftKings Shares exceed 5% but all are less than 25%, the Acquisition of DraftKings 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.

Disposal of Dingdong Shares

As one or more applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal of Dingdong Shares exceed 5% but all are less than 25%, the Disposal 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 Board announces that the Company has entered into the following transactions involving acquisition and disposal of listed securities.

Acquisition of DraftKings Shares

On 17 February 2023 (after trading hours of the Stock Exchange), the Company has acquired an aggregate of 80,800 DraftKings Shares through the open market at an aggregate consideration of approximately US\$1.7 million (equivalent to approximately HK\$12.9 million) (excluding transaction costs). The average price (excluding transaction costs) for the acquisition of each DraftKings Share was approximately US\$20.45 (equivalent to approximately HK\$159.10). The aggregate consideration of approximately US\$1.7 million (equivalent to approximately HK\$12.9 million) (excluding transaction costs) was financed by the Group's existing internal financial resources.

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

Disposal of Dingdong Shares

On 17 February 2023 (after trading hours of the Stock Exchange), the Company has disposed of an aggregate of 317,000 Dingdong Shares through the open market at an aggregate consideration of approximately US\$1.7 million (equivalent to approximately HK\$13.1 million) (excluding transaction costs), which are receivable in cash on settlement. The average price (excluding transaction costs) for the disposal of each Dingdong Share was approximately US\$5.31 (equivalent to approximately HK\$41.28).

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

INFORMATION ON DRAFTKINGS AND DINGDONG

DraftKings

DraftKings is a Nevada corporation and a digital sports entertainment and gaming company. DraftKings provides users with online sports betting, online casino and daily fantasy sports product offerings, as well as retail sportsbook, media, other consumer product offerings and an NFT ecosystem that offers curated initial NFT drops and allows owners to list their NFTs for sale. The DraftKings Group is also involved in the design and development of sports betting and casino gaming software for online and retail sportsbooks and online casino operators.

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

	For the year ended 31 December 2021 (audited)		For the year ended 31 December 2022 (audited)	
	US\$'000	HK\$'000	US\$'000	HK\$'000
Revenues	1,296,025	10,083,075	2,240,461	17,430,787
Net (loss)	(1,523,195)	(11,850,457)	(1,377,987)	(10,720,739)

Based on DraftKings's published documents, the DraftKings Group has an audited consolidated net assets value of approximately US\$1,679 million (equivalent to approximately HK\$13,063 million) as at 31 December 2021 and US\$1,323 million (equivalent to approximately HK\$10,293 million) as at 31 December 2022.

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		For the year ended	
	31 December 2020		31 December 2021	
	(audited)		(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.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF DRAFTKINGS 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.

DraftKings is the leading digital sports entertainment and gaming company in the United States. The Board holds positive views towards the financial performance and future prospect of DraftKings. The Group considers that the Acquisition of DraftKings Shares is a good opportunity to acquire attractive investment and to expand its investment portfolio with quality assets, which will enhance investment return for the Group.

As the Acquisition of DraftKings Shares was made in the open market at prevailing market prices, the Directors are of the view that the terms of the Acquisition of DraftKings 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 DINGDONG SHARES

As a result of the Disposal of Dingdong Shares, the Group is expected to recognise a loss of approximately US\$0.1 million (equivalent to approximately HK\$1.0 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 Dingdong Shares and the acquisition cost of disposed Dingdong Shares.

The Group considers that the Disposal of Dingdong 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 Disposal of Dingdong Shares of approximately US\$1.7 million (equivalent to approximately HK\$12.9 million) for the consideration for the Acquisition of DraftKings Shares and the Group intends to apply the remaining proceeds from the Disposal of Dingdong Shares of approximately US\$30,000 (equivalent to approximately HK\$0.2 million) for general working capital of the Group or other appropriate investment opportunities as and when appropriate.

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

IMPLICATIONS UNDER THE LISTING RULES

Acquisition of DraftKings Shares

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition of DraftKings Shares exceed 5% but all are less than 25%, the Acquisition of DraftKings 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.

Disposal of Dingdong Shares

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

DEFINITIONS

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

“Acquisition of DraftKings Shares”	acquisition of 80,800 DraftKings Shares by the Company as disclosed in this announcement
“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 Dingdong Shares”	disposal of 317,000 Dingdong Shares by the Company as disclosed in this announcement
“DraftKings”	DraftKings Inc., a Nevada corporation whose class A common stocks are listed on Nasdaq (stock code: DKNG)
“DraftKings Group”	DraftKings and its subsidiaries

“DraftKings Share(s)”	Class A common stock of DraftKings
“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
“United States”	the United States of America
“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, 20 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.