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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)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF LISTED SECURITIES

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

The Disposal of DraftKings Shares

On 29 March 2023 (after trading hours of the Stock Exchange), the Company has disposed of an aggregate of 80,800 DraftKings Shares through the open market at an aggregate consideration of approximately US\$1.5 million (equivalent to approximately HK\$11.6 million) (excluding transaction costs).

LISTING RULES IMPLICATION

The Disposal of DraftKings Shares

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

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On 29 March 2023 (after trading hours of the Stock Exchange), the Company has disposed of an aggregate of 80,800 DraftKings Shares through the open market at an aggregate consideration of approximately US\$1.5 million (equivalent to approximately HK\$11.6 million) (excluding transaction costs), which are receivable in cash on settlement. The average price (excluding transaction costs) for the disposal of each DraftKings Share was approximately US\$18.44 (equivalent to approximately HK\$143.48).

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

INFORMATION ON DRAFTKINGS

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.

REASONS FOR AND BENEFITS OF THE DISPOSAL OF DRAFTKINGS SHARES

As a result of the Disposal of DraftKings Shares, the Group is expected to recognise a loss of approximately US\$0.2 million (equivalent to approximately HK\$1.3 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 DraftKings Shares and the acquisition cost of disposed DraftKings Shares.

The Group considers that the Disposal of DraftKings 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 DraftKings Shares of approximately US\$1.5 million (equivalent to approximately HK\$11.6 million) for general working capital of the Group or other appropriate investment opportunities as and when appropriate.

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

IMPLICATIONS UNDER THE LISTING RULES

The Disposal of DraftKings Shares

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

DEFINITIONS

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

“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
“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
“Director(s)”	the director(s) of the Company
“Disposal of DraftKings Shares”	disposal of 80,800 DraftKings 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“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”	means the United States of America
“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, 30 March 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.