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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 FURTHER
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 Li Auto Shares

On 22 June 2023 (after trading hours of the Stock Exchange), further to the acquisition of 51,300 Li Auto Shares as disclosed in the announcement of the Company dated 12 May 2023, the Company has further acquired an aggregate of 44,700 Li Auto Shares through the open market at an aggregate consideration of approximately US\$1.5 million (equivalent to approximately HK\$11.9 million) (excluding transaction costs).

Further Disposal of PinDuoDuo Shares

On 22 June 2023 (after trading hours of the Stock Exchange), further to the disposal of 9,500 PinDuoDuo Shares as disclosed in the announcement of the Company dated 3 January 2023, the Company has further disposed of an aggregate of 21,400 PinDuoDuo Shares through the open market at an aggregate consideration of approximately US\$1.6 million (equivalent to approximately HK\$12.3 million) (excluding transaction costs).

LISTING RULES IMPLICATION

Further Acquisition of Li Auto 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 Li Auto Shares and the Further Acquisition of Li Auto Shares involve the acquisition of Li Auto 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\$3.1 million (equivalent to approximately HK\$23.8 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 Li Auto Shares (standing alone) and (ii) Acquisition of Li Auto Shares and Further Acquisition of Li Auto Shares (in aggregate) exceed 5% but all are less than 25%, the Further Acquisition of Li Auto 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.

Further Disposal of PinDuoDuo 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 PinDuoDuo Shares and the Further Disposal of PinDuoDuo Shares involve the disposal of PinDuoDuo 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\$2.3 million (equivalent to approximately HK\$18.2 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 PinDuoDuo Shares (standing alone) and (ii) Disposal of PinDuoDuo Shares and Further Disposal of PinDuoDuo Shares (in aggregate) exceed 5% but all are less than 25%, the Further Disposal of PinDuoDuo 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 Li Auto Shares

On 22 June 2023 (after trading hours of the Stock Exchange), further to the acquisition of 51,300 Li Auto Shares as disclosed in the announcement of the Company dated 12 May 2023, the Company has further acquired an aggregate of 44,700 Li Auto Shares through the open market at an aggregate consideration of approximately US\$1.5 million (equivalent to approximately HK\$11.9 million) (excluding transaction costs). The average price (excluding transaction costs) for the further acquisition of each Li Auto Share was approximately US\$34.22 (equivalent to approximately HK\$266.26). The aggregate consideration of approximately US\$1.5 million (equivalent to approximately HK\$11.9 million) (excluding transaction costs) was financed by the Group's existing internal financial resources.

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

Further Disposal of PinDuoDuo Shares

On 22 June 2023 (after trading hours of the Stock Exchange), further to the disposal of 9,500 PinDuoDuo Shares as disclosed in the announcement of the Company dated 3 January 2023, the Company has further disposed of an aggregate of 21,400 PinDuoDuo Shares through the open market at an aggregate consideration of approximately US\$1.6 million (equivalent to approximately HK\$12.3 million) (excluding transaction costs), which are receivable in cash on settlement. The average price (excluding transaction costs) for the disposal of each PinDuoDuo Share was approximately US\$73.60 (equivalent to approximately HK\$572.63).

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

INFORMATION ON LI AUTO AND PINDUODUO

Li Auto

Li Auto is a Cayman Islands holding company with no equity ownership in the VIEs and its subsidiaries. Li Auto conducts its operations through its PRC subsidiaries, VIEs and their respective subsidiaries in the PRC. Li Auto is a leader in the new energy vehicle market of the PRC. Li Auto Group designs, develops, manufactures, and sells premium smart electric vehicles.

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

| | For the year ended 31 December 2021 | | For the year ended 31 December 2022 | |
|-----------------------------------|--|-----------------|--|-----------------|
| | (audited) | | (audited) | |
| | <i>RMB'000</i> | <i>HK\$'000</i> | <i>RMB'000</i> | <i>HK\$'000</i> |
| Revenue | 27,009,779 | 30,521,050 | 45,286,816 | 51,174,102 |
| (Loss) before income tax expenses | (152,812) | (172,678) | (2,159,355) | (2,440,071) |
| Net (loss) | (321,455) | (363,244) | (2,032,348) | (2,296,553) |

Based on Li Auto's published documents, the Li Auto Group has an audited consolidated net assets value of approximately RMB41,064 million (equivalent to approximately HK\$46,402 million) as at 31 December 2021 and RMB45,186 million (equivalent to approximately HK\$51,060 million) as at 31 December 2022.

Based on Li Auto's published documents, the Li Auto Group has an unaudited consolidated net asset value of approximately RMB46,632 million (equivalent to approximately HK\$52,694 million) as at 31 March 2023.

PinDuoDuo

PinDuoDuo is an exempted company incorporated in Cayman Islands with limited liability and a holding company with no material operations of its own. PinDuoDuo conducts their operations primarily through their PRC subsidiaries, VIE and its subsidiaries in China and the PinDuoDuo Group is a multinational commerce group that owns and operates a portfolio of businesses, including Temu, an e-commerce marketplace for North American consumers, and Pinduoduo, a leading social commerce platform.

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

| | For the year ended 31 December 2021 | | For the year ended 31 December 2022 | |
|-------------------|--|-----------------|--|-----------------|
| | (audited) | | (audited) | |
| | <i>RMB'000</i> | <i>HK\$'000</i> | <i>RMB'000</i> | <i>HK\$'000</i> |
| Revenues | 93,949,939 | 106,163,431 | 130,557,589 | 147,530,076 |
| Net (loss)/income | 7,768,670 | 8,778,597 | 31,538,062 | 35,638,010 |

Based on PinDuoDuo's published documents, the PinDuoDuo Group has an audited consolidated net asset value of approximately RMB75,115 million (equivalent to approximately HK\$84,880 million) as at 31 December 2021 and RMB117,771 million (equivalent to approximately HK\$133,081 million) as at 31 December 2022.

Based on PinDuoDuo's published documents, the PinDuoDuo Group has an unaudited consolidated net asset value of approximately RMB126,510 million (equivalent to approximately HK\$142,956 million) as at 31 March 2023.

REASONS FOR AND BENEFITS OF THE FURTHER ACQUISITION OF LI AUTO 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.

Li Auto is the leader in new energy vehicle market of the PRC. The Board holds positive views towards the financial performance and future prospect of Li Auto. The Group considers that the Further Acquisition of Li Auto 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 Li Auto 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 Li Auto Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE FURTHER DISPOSAL OF PINDUODUO SHARES

As a result of the Further Disposal of PinDuoDuo Shares, the Group is expected to recognise a loss of approximately US\$0.4 million (equivalent to approximately HK\$2.9 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 Further Disposal of PinDuoDuo Shares and the acquisition cost of disposed PinDuoDuo Shares.

The Group considers that the Further Disposal of PinDuoDuo 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 PinDuoDuo Shares of approximately US\$1.5 million (equivalent to approximately HK\$11.9 million) for the consideration for the Further Acquisition of Li Auto Shares and the Group intends to apply the remaining proceeds from the Further Disposal of PinDuoDuo Shares of approximately US\$0.1 million (equivalent to approximately HK\$0.4 million) for general working capital of the Group or other appropriate investment opportunities as and when appropriate.

As the Further Disposal of PinDuoDuo 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 PinDuoDuo 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 Li Auto 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 Li Auto Shares and the Further Acquisition of Li Auto Shares involve the acquisition of Li Auto 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\$3.1 million (equivalent to approximately HK\$23.8 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 Li Auto Shares (standing alone) and (ii) Acquisition of Li Auto Shares and Further Acquisition of Li Auto Shares (in aggregate) exceed 5% but all are less than 25%, the Further Acquisition of Li Auto 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.

Further Disposal of PinDuoDuo 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 PinDuoDuo Shares and the Further Disposal of PinDuoDuo Shares involve the disposal of PinDuoDuo 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\$2.3 million (equivalent to approximately HK\$18.2 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 PinDuoDuo Shares (standing alone) and (ii) Disposal of PinDuoDuo Shares and Further Disposal of PinDuoDuo Shares (in aggregate) exceed 5% but all are less than 25%, the Further Disposal of PinDuoDuo 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 Li Auto Shares” | acquisition of 51,300 Li Auto Shares by the Company in the open market as disclosed in the announcement dated 12 May 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 |
| “Director(s)” | the director(s) of the Company |
| “Disposal of PinDuoDuo Shares” | disposal of 9,500 PinDuoDuo Shares by the Company as disclosed in the announcement dated 3 January 2023 |
| “Further Acquisition of Li Auto Shares” | further acquisition of 44,700 Li Auto Shares by the Company as disclosed in this announcement |
| “Further Disposal of PinDuoDuo Shares” | further disposal of 21,400 PinDuoDuo 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) |
| “Li Auto” | Li Auto Inc., a Cayman Islands holding company whose American depository shares are listed on Nasdaq (stock code: LI) |
| “Li Auto Group” | Li Auto and its subsidiaries |
| “Li Auto Share(s)” | American depository shares of Li Auto |

| | |
|----------------------|---|
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Nasdaq” | National Association of Securities Dealers Automated Quotations Stock Market |
| “PinDuoDuo” | Pinduoduo Inc., an exempted company incorporated in Cayman Islands with limited liability whose American depository shares are listed on Nasdaq (stock code: PDD) |
| “PinDuoDuo Group” | PinDuoDuo and its subsidiaries |
| “PinDuoDuo Share(s)” | American depository shares of PinDuoDuo |
| “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, 23 June 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\$1.13. 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.