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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 TRANSACTIONS IN RELATION TO
ACQUISITIONS OF OPTIONS**

The Board announces that the Company has entered into the following transactions involving the acquisitions of the TSMC Call Options and the Broadcom Put Options.

Acquisition of TSMC Call Options

On 20 June 2024 (after trading hours of the Stock Exchange), the Company has acquired an aggregate of 150,000 TSMC Call Options through the open market at an aggregate consideration of approximately US\$2.1 million (equivalent to approximately HK\$16.1 million) (excluding transaction costs).

Acquisition of Broadcom Put Options

On 24 June 2024 (after trading hours of the Stock Exchange), the Company has acquired an aggregate of 8,000 Broadcom Put Options through the open market at an aggregate consideration of approximately US\$1.9 million (equivalent to approximately HK\$14.9 million) (excluding transaction costs).

LISTING RULES IMPLICATION

Acquisition of TSMC Call Options

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Acquisition of TSMC Call Options exceed 5% but all are less than 25%, the Acquisition of TSMC Call Options 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 Broadcom Put Options

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Acquisition of Broadcom Put Options exceed 5% but all are less than 25%, the Acquisition of Broadcom Put Options 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 the acquisitions of the TSMC Call Options and the Broadcom Put Options.

Acquisition of TSMC Call Options

On 20 June 2024 (after trading hours of the Stock Exchange), the Company has acquired an aggregate of 150,000 TSMC Call Options through the open market at an aggregate consideration of approximately US\$2.1 million (equivalent to approximately HK\$16.1 million) (excluding transaction costs), to be exercised before 18 October 2024 at US\$200.00 (equivalent to approximately HK\$1,556.00). The aggregate consideration of approximately US\$2.1 million (equivalent to approximately HK\$16.1 million) (excluding transaction costs) was financed by the Group's existing internal financial resources.

As the Acquisition of TSMC Call Options was conducted in the open market, the identities of the counterparties of the acquired TSMC Call Options 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 TSMC Call Options are Independent Third Parties.

Acquisition of Broadcom Put Options

On 24 June 2024 (after trading hours of the Stock Exchange), the Company has acquired an aggregate of 8,000 Broadcom Put Options through the open market at an aggregate consideration of approximately US\$1.9 million (equivalent to approximately HK\$14.9 million) (excluding transaction costs), to be exercised before 18 October 2024 at US\$1,820.00 (equivalent to approximately HK\$14,159.60). The aggregate consideration of approximately US\$1.9 million (equivalent to approximately HK\$14.9 million) (excluding transaction costs) was financed by the Group's existing internal financial resources.

As the Acquisition of Broadcom Put Options was conducted in the open market, the identities of the counterparties of the acquired Broadcom Put Options 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 Broadcom Put Options are Independent Third Parties.

INFORMATION ON TSMC AND BROADCOM

TSMC

Based on public information available as of the date of this announcement, TSMC is a Republic of China corporation and has been one of the world's leading semiconductor foundries. TSMC-made semiconductors serve a global customer base that is large and diverse entailing a wide range of applications. These products are used in a variety of end markets including high performance computing, smartphones, the Internet of Things (IoT), automotive, and digital consumer electronics. Such strong diversification helps to smooth fluctuations in demand, which in turn allows TSMC to maintain high levels of capacity utilisation and profitability, and generate healthy returns for future investment.

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

	For the year ended 31 December 2022		For the year ended 31 December 2023	
	(audited)		(audited)	
	<i>NT\$'000</i>	<i>HK\$'000</i>	<i>NT\$'000</i>	<i>HK\$'000</i>
Net revenue	2,263,891	565,973	2,161,736	540,434
Income before Income Tax	1,144,190	286,048	979,171	244,792
Net income	1,016,901	254,225	837,768	209,442

Based on TSMC's published documents, the TSMC Group has an audited consolidated net assets value of approximately NT\$2,960 million (equivalent to approximately HK\$740 million) as at 31 December 2022 and NT\$3,483 million (equivalent to approximately HK\$871 million) as at 31 December 2023.

Broadcom

Based on public information available as of the date of this announcement, Broadcom is a Delaware corporation and a global technology leader that develops and supplies a broad range of semiconductor and infrastructure software solutions. Broadcom's product offerings serve the data center, networking, software, broadband, wireless, storage, and industrial markets. Broadcom maintain design, product and software development engineering resources at locations in the United States, Asia, Europe and Israel.

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

	For the year ended 30 October 2022		For the year ended 29 October 2023	
	(audited)		(audited)	
	<i>US\$'000</i>	<i>HK\$'000</i>	<i>US\$'000</i>	<i>HK\$'000</i>
Net revenue	26,277,000	204,435,060	27,891,000	216,991,980
Operating income	14,225,000	110,670,500	16,207,000	126,090,460
Net income	11,495,000	89,431,100	14,082,000	109,557,960

Based on Broadcom's published documents, the Broadcom Group has an audited consolidated net assets value of approximately US\$22,709 million (equivalent to approximately HK\$176.7 billion) as at 30 October 2022 and US\$23,988 million (equivalent to approximately HK\$186.6 billion) as at 29 October 2023.

Based on Broadcom's published documents, the Broadcom Group has an unaudited consolidated net asset value of approximately US\$69,961 million (equivalent to approximately HK\$544.3 billion) as at 5 May 2024.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF TSMC CALL OPTIONS AND THE ACQUISITION OF BROADCOM PUT OPTIONS

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.

TSMC is one of the world's leading semiconductor foundries and Broadcom is a global technology leader that develops and supplies a broad range of semiconductor and infrastructure software solutions. The Board holds positive views towards the financial performance and future prospect of TSMC and Broadcom. After due and careful consideration of the information relating to TSMC and Broadcom including their business model, financial performance and business prospects, the Directors are of the view that the Acquisition of TSMC Call Options and the Acquisition of Broadcom Put Options provide the Group with good investment opportunities to expand the investment portfolio with quality assets and satisfactory return.

As the Acquisition of TSMC Call Options and the Acquisition of Broadcom Put Options were made in the open market at prevailing market prices, the Directors are of the view that the terms of the Acquisition of TSMC Call Options and the Acquisition of Broadcom Put Options are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Acquisition of TSMC Call Options

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Acquisition of TSMC Call Options exceed 5% but all are less than 25%, the Acquisition of TSMC Call Options 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 Broadcom Put Options

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Acquisition of Broadcom Put Options exceed 5% but all are less than 25%, the Acquisition of Broadcom Put Options 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 Broadcom Put Options”	acquisition of 8,000 Broadcom Put Options by the Company as disclosed in this announcement
“Acquisition of TSMC Call Options”	acquisition of 150,000 TSMC Call Options by the Company as disclosed in this announcement
“Board”	the board of directors of the Company
“Broadcom”	Broadcom Inc., a Delaware corporation whose common stocks are listed on Nasdaq (trading symbol: AVGO)
“Broadcom Group”	Broadcom and its subsidiaries
“Broadcom Put Options”	put option(s) of Broadcom

“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“NT\$”	New Taiwan dollar(s), the lawful currency of Taiwan 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
“TSMC”	Taiwan Semiconductor Manufacturing Company Limited, a Republic of China corporation whose American depository shares are listed on the New York Stock Exchange (stock code: TSM)
“TSMC Call Option(s)”	call option(s) of TSMC

“TSMC Group”	TSMC and its subsidiaries
“United States”	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, 25 June 2024

For the purpose of this announcement, all amounts denominated in US\$ have been translated (for information only) into HK\$ using the exchange rate of US\$1.00:HK\$7.78 and all amounts denominated in NT\$ have been translated (for information only) into HK\$ using the exchange rate of NT\$1.00:HK\$0.25. Such translations shall not be construed as a representation that amounts of US\$ and NT\$ 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.