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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;**
(2) DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF LISTED SECURITIES; AND
(3) 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 disposals of listed securities.

Acquisition of Affirm Shares

On 14 December 2023 (after trading hours of the Stock Exchange), the Company has acquired an aggregate of 33,500 Affirm Shares through the open market at an aggregate consideration of approximately US\$1.5 million (equivalent to approximately HK\$12.0 million) (excluding transaction costs).

Disposal of DraftKings Shares

On 14 December 2023 (after trading hours of the Stock Exchange), the Company has disposed of an aggregate of 29,900 DraftKings Shares through the open market at an aggregate consideration of approximately US\$1.2 million (equivalent to approximately HK\$9.0 million) (excluding transaction costs).

Further Disposal of Super Micro Shares

On 14 December 2023 (after trading hours of the Stock Exchange), further to the disposal of 3,160 Super Micro Shares as disclosed in the announcement of the Company dated 19 September 2023, the Company has further disposed of an aggregate of 1,340 Super Micro Shares through the open market at an aggregate consideration of approximately US\$0.4 million (equivalent to approximately HK\$3.0 million) (excluding transaction costs).

LISTING RULES IMPLICATION

Acquisition of Affirm Shares

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

Further Disposal of Super Micro 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 Super Micro Shares and the Further Disposal of Super Micro Shares involve the disposal of Super Micro 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\$1.2 million (equivalent to approximately HK\$9.0 million).

The Further Disposal of Super Micro Shares, on a standalone basis, does not constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Disposal of Super Micro Shares and the Further Disposal of Super Micro Shares, when aggregated as a whole, exceed 5% but all are less than 25%, the Further Disposal of Super Micro Shares, when aggregated with the Disposal of Super Micro Shares as a whole, constitute 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 disposals of listed securities.

Acquisition of Affirm Shares

On 14 December 2023 (after trading hours of the Stock Exchange), the Company has acquired an aggregate of 33,500 Affirm Shares through the open market at an aggregate consideration of approximately US\$1.5 million (equivalent to approximately HK\$12.0 million) (excluding transaction costs). The average price (excluding transaction costs) for the acquisition of each Affirm Share was approximately US\$45.86 (equivalent to approximately HK\$356.79). The aggregate consideration of approximately US\$1.5 million (equivalent to approximately HK\$12.0 million) (excluding transaction costs) was financed by the Group's existing internal financial resources.

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

Disposal of DraftKings Shares

On 14 December 2023 (after trading hours of the Stock Exchange), the Company has disposed of an aggregate of 29,900 DraftKings Shares through the open market at an aggregate consideration of approximately US\$1.2 million (equivalent to approximately HK\$9.0 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\$38.61 (equivalent to approximately HK\$300.40).

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.

Further Disposal of Super Micro Shares

On 14 December 2023 (after trading hours of the Stock Exchange), further to the disposal of 3,160 Super Micro Shares as disclosed in the announcement of the Company dated 19 September 2023, the Company has further disposed of an aggregate of 1,340 Super Micro Shares through the open market at an aggregate consideration of approximately US\$0.4 million (equivalent to approximately HK\$3.0 million) (excluding transaction costs) (excluding transaction costs), which are receivable in cash on settlement. The average price (excluding transaction costs) for the disposal of each Super Micro Share was approximately US\$286.96 (equivalent to approximately HK\$2,232.56).

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

INFORMATION ON AFFIRM, DRAFTKINGS AND SUPER MICRO

Affirm

Affirm is a Delaware corporation and a financial technology company that builds the next generation platform for digital and mobile-first commerce. Affirm's solutions, which are built on trust and transparency, are designed to make it easier for consumers to spend responsibly and with confidence, easier for merchants and commerce platforms to convert sales and grow, and easier for commerce to thrive.

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

| | For the year ended | | For the year ended | |
|----------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | 30 June 2021 | | 30 June 2022 | |
| | (audited) | | (audited) | |
| | <i>US\$'000</i> | <i>HK\$'000</i> | <i>US\$'000</i> | <i>HK\$'000</i> |
| Revenue | 870,464 | 6,772,210 | 1,349,292 | 10,497,492 |
| (Loss) before income taxes | (443,370) | (3,449,419) | (724,831) | (5,639,186) |
| Net (loss) | (441,027) | (3,431,190) | (707,417) | (5,503,704) |

Based on Affirm's published documents, the Affirm Group has an audited consolidated net assets value of approximately US\$4,867 million (equivalent to approximately HK\$37,865 million) as at 30 June 2021 and US\$6,974 million (equivalent to approximately HK\$54,258 million) as at 30 June 2022.

Based on Affirm's published documents, the Affirm Group has an unaudited consolidated net asset value of approximately US\$2,567 million (equivalent to approximately HK\$19,971 million) as at 30 September 2023.

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 | | For the year ended | |
|------------|---------------------------|-----------------|---------------------------|-----------------|
| | 31 December 2021 | | 31 December 2022 | |
| | (audited) | | (audited) | |
| | <i>US\$'000</i> | <i>HK\$'000</i> | <i>US\$'000</i> | <i>HK\$'000</i> |
| 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.

Based on DraftKings's published documents, the DraftKings Group has an unaudited consolidated net asset value of approximately US\$1,018 million (equivalent to approximately HK\$7,920 million) as at 30 June 2023.

Super Micro

Super Micro is a Delaware corporation and a Silicon Valley-based provider of accelerated compute platforms that are application-optimized high-performance and high-efficiency server and storage systems for various markets, including enterprise data centers, cloud computing, artificial intelligence, 5G and edge computing. Super Micro's solutions include complete servers, storage systems, modular blade servers, blades, workstations, complete rack scale plug and play solutions delivering pre-defined and pre-tested full rack scale solutions, networking devices, server sub-systems, system management and security software.

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

| | For the year ended | | For the year ended | |
|------------------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | 30 June 2021 | | 30 June 2022 | |
| | (audited) | | (audited) | |
| | <i>US\$'000</i> | <i>HK\$'000</i> | <i>US\$'000</i> | <i>HK\$'000</i> |
| Net sales | 3,557,422 | 27,676,743 | 5,196,099 | 40,425,650 |
| Income before income tax provision | 118,628 | 922,926 | 336,833 | 2,620,561 |
| Net income | 111,865 | 870,310 | 285,163 | 2,218,568 |

Based on Super Micro's published documents, the Super Micro Group has an audited consolidated net assets value of approximately US\$1,096 million (equivalent to approximately HK\$8,527 million) as at 30 June 2021 and US\$1,426 million (equivalent to approximately HK\$11,094 million) as at 30 June 2022.

Based on Super Micro's published documents, the Super Micro Group has an unaudited consolidated net asset value of approximately US\$1,972 million (equivalent to approximately HK\$15,342 million) as at 30 June 2023.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF AFFIRM 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.

Affirm is a financial technology company in the United States. The Board holds positive views towards the financial performance and future prospect of Affirm. The Group considers that the Acquisition of Affirm 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 Affirm Shares was made in the open market at prevailing market prices, the Directors are of the view that the terms of the Acquisition of Affirm 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 DRAFTKINGS SHARES AND THE FURTHER DISPOSAL OF SUPER MICRO SHARES

As a result of the Disposal of DraftKings Shares, the Group is expected to recognise a gain of approximately US\$0.07 million (equivalent to approximately HK\$0.6 million) being the difference between the consideration received from the Disposal of DraftKings Shares and the acquisition cost of disposed DraftKings Shares.

As a result of the Further Disposal of Super Micro Shares, the Group is expected to recognise a gain of approximately US\$0.02 million (equivalent to approximately HK\$0.2 million) being the difference between the consideration received from the Further Disposal of Super Micro Shares and the acquisition cost of disposed Super Micro Shares.

The Group considers that the Disposal of DraftKings Shares and the Further Disposal of Super Micro Shares represent opportunities to allow the Group to reallocate the resources and investment portfolio. The Group has applied part of the proceeds from the Disposal of DraftKings Shares and the Further Disposal of Super Micro Shares of approximately US\$1.5 million (equivalent to approximately HK\$12.0 million) in aggregate for the consideration for the Acquisition of Affirm Shares and the Group intends to apply the remaining proceeds from the Disposal of DraftKings Shares and the Further Disposal of Super Micro Shares of approximately US\$0.1 million (equivalent to approximately HK\$1.0 million) in aggregate for general working capital of the Group or other appropriate investment opportunities as and when appropriate.

As the Disposal of DraftKings Shares and the Further Disposal of Super Micro Shares were made in the open market at prevailing market price, the Directors are of the view that the terms of the Disposal of DraftKings Shares and the Further Disposal of Super Micro 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 Affirm Shares

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

Further Disposal of Super Micro 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 Super Micro Shares and the Further Disposal of Super Micro Shares involves the disposal of Super Micro 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\$1.2 million (equivalent to approximately HK\$9.0 million).

The Further Disposal of Super Micro Shares, on a standalone basis, does not constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Disposal of Super Micro Shares and the Further Disposal of Super Micro Shares, when aggregated as a whole, exceed 5% but all are less than 25%, the Further Disposal of Super Micro Shares, when aggregated with the Disposal of Super Micro Shares as a whole, constitute 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 Affirm Shares” | acquisition of 33,500 Affirm Shares by the Company as disclosed in this announcement |
| “Affirm” | Affirm Holdings, Inc., a Delaware corporation whose Class A common stocks are listed on Nasdaq (trading symbol: AFRM) |
| “Affirm Group” | Affirm and its subsidiaries |
| “Affirm Share(s)” | Class A common stock(s) of Affirm |
| “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 DraftKings Shares” | disposal of 29,900 DraftKings Shares by the Company as disclosed in this announcement |
| “Disposal of Super Micro Shares” | disposal of 3,160 DraftKings Shares by the Company as disclosed in the announcement dated 19 September 2023 |
| “DraftKings” | DraftKings Inc., a Nevada corporation whose class A common stocks are listed on Nasdaq (trading symbol: DKNG) |

| | |
|--|--|
| “DraftKings Group” | DraftKings and its subsidiaries |
| “DraftKings Share(s)” | Class A common stock(s) of DraftKings |
| “Further Disposal of Super Micro Shares” | further disposal of 1,340 Super Micro Shares by the Company as disclosed in this announcement |
| “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 |
| “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 |
| “Super Micro” | Super Micro Computer, Inc., a Delaware corporation whose common stocks are listed on Nasdaq (trading symbol: SMCI) |
| “Super Micro Group” | Super Micro and its subsidiaries |
| “Super Micro Share(s)” | Common stock(s) of Super Micro |
| “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, 15 December 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.