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BRA**IN**H**O**L**E**
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 PinDuoDuo Shares

On 5 February 2024 (after trading hours of the Stock Exchange), the Company has acquired an aggregate of 3,880 PinDuoDuo Shares through the open market at an aggregate consideration of approximately US\$0.5 million (equivalent to approximately HK\$3.7 million) (excluding transaction costs).

Disposal of TSMC Shares

On 5 February 2024 (after trading hours of the Stock Exchange), the Company has disposed of an aggregate of 3,340 TSMC Shares through the open market at an aggregate consideration of approximately US\$0.4 million (equivalent to approximately HK\$3.1 million) (excluding transaction costs).

LISTING RULES IMPLICATION

Acquisition of PinDuoDuo Shares

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

Disposal of TSMC Shares

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

On 5 February 2024 (after trading hours of the Stock Exchange), the Company has acquired an aggregate of 3,880 PinDuoDuo Shares through the open market at an aggregate consideration of approximately US\$0.5 million (equivalent to approximately HK\$3.7 million) (excluding transaction costs). The average price (excluding transaction costs) for the acquisition of each PinDuoDuo Share was approximately US\$121.44 (equivalent to approximately HK\$944.77). The aggregate consideration of approximately US\$0.5 million (equivalent to approximately HK\$3.7 million) (excluding transaction costs) was financed by the Group's existing internal financial resources.

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

Disposal of TSMC Shares

On 5 February 2024 (after trading hours of the Stock Exchange), the Company has disposed of an aggregate of 3,340 TSMC Shares through the open market at an aggregate consideration of approximately US\$0.4 million (equivalent to approximately HK\$3.1 million) (excluding transaction costs), which are receivable in cash on settlement. The average price (excluding transaction costs) for the disposal of each TSMC Share was approximately US\$117.58 (equivalent to approximately HK\$914.77).

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

INFORMATION ON PINDUODUO AND TSMC

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		For the year ended	
	31 December 2021		31 December 2022	
	<i>(audited)</i>		<i>(audited)</i>	
	<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 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 RMB162,050 million (equivalent to approximately HK\$183,117 million) as at 30 September 2023.

TSMC

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 utilization 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		For the year ended	
	31 December 2021		31 December 2022	
	(audited)		(audited)	
	<i>NT\$'000</i>	<i>HK\$'000</i>	<i>NT\$'000</i>	<i>HK\$'000</i>
Total net revenue	1,587,415	396,854	2,263,891	565,973
Income before Income Tax	663,126	165,782	1,144,190	286,048
Net income	597,073	149,269	1,016,901	254,225

Based on TSMC's published documents, the TSMC Group has an audited consolidated net assets value of approximately NT\$2,171 million (equivalent to approximately HK\$679 million) as at 31 December 2021 and NT\$2,960 million (equivalent to approximately HK\$740 million) as at 31 December 2022.

Based on TSMC's published documents, the TSMC Group has an unaudited consolidated net asset value of approximately NT\$3,373 million (equivalent to approximately HK\$843 million) as at 30 September 2023.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF PINDUODUO 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.

PinDuoDuo is the market leader in the technology-driven e-commerce industry. The Board holds positive views towards the financial performance and future prospect of PinDuoDuo. The Group considers that the Acquisition of PinDuoDuo Shares represents 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 PinDuoDuo Shares was made in the open market at prevailing market prices, the Directors are of the view that the terms of the Acquisition of PinDuoDuo 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 TSMC SHARES

As a result of the Disposal of TSMC Shares, the Group is expected to recognise a gain of approximately US\$9,119.00 (equivalent to approximately HK\$70,942.00) being the difference between the consideration received from the Disposal of TSMC Shares and the acquisition cost of disposed TSMC Shares. The Group considers that the Disposal of TSMC Shares represents an opportunity to allow the Group to reallocate the resources and investment portfolio.

The Group has applied all of the proceeds from the Disposal of TSMC Shares of approximately US\$0.4 million (equivalent to approximately HK\$3.1 million) in aggregate for the consideration for the Acquisition of PinDuoDuo Shares.

As the Disposal of TSMC Shares was made in the open market at prevailing market price, the Directors are of the view that the terms of the Disposal of TSMC 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 PinDuoDuo Shares

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

Disposal of TSMC Shares

As one or more applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal of TSMC Shares exceed 5% but all are less than 25%, the Disposal of TSMC 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 PinDuoDuo Shares”	acquisition of 3,880 PinDuoDuo 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
“Director(s)”	the director(s) of the Company
“Disposal of TSMC Shares”	disposal of 3,340 TSMC 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
“NT\$”	New Taiwan dollar(s), the lawful currency of Taiwan Republic of China

“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
“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
“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 Group”	TSMC and its subsidiaries
“TSMC Share(s)”	American depository share(s) of TSMC
“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, 6 February 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, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1: HK\$1.13 and all amounts denominated in NT\$ have been translated (for information only) into HK\$ using the exchange rate of NT\$1:HK\$0.25. Such translations shall not be construed as a representation that amounts of US\$, RMB 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.