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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; 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 Super Micro Shares

On 15 August 2023 (after trading hours of the Stock Exchange), the Company has acquired an aggregate of 5,230 Super Micro Shares through the open market at an aggregate consideration of approximately US\$1.4 million (equivalent to approximately HK\$11.0 million) (excluding transaction costs).

Disposal of East Buy Shares

On 15 August 2023 (after trading hours of the Stock Exchange), the Company has disposed of an aggregate of 461,000 East Buy Shares through the open market at an aggregate consideration of approximately HK\$15.7 million (excluding transaction costs).

LISTING RULES IMPLICATION

Acquisition of Super Micro Shares

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition of Super Micro Shares exceed 5% but all are less than 25%, the Acquisition of Super Micro 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 East Buy Shares

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

On 15 August 2023 (after trading hours of the Stock Exchange), the Company has acquired an aggregate of 5,230 Super Micro Shares through the open market at an aggregate consideration of approximately US\$1.4 million (equivalent to approximately HK\$11.0 million) (excluding transaction costs). The average price (excluding transaction costs) for the acquisition of each Super Micro Share was approximately US\$269.11 (equivalent to approximately HK\$2,093.69). The aggregate consideration of approximately US\$1.4 million (equivalent to approximately HK\$11.0 million) (excluding transaction costs) was financed by the Group's existing internal financial resources.

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

Disposal of East Buy Shares

On 15 August 2023 (after trading hours of the Stock Exchange), the Company has disposed of an aggregate of 461,000 East Buy Shares through the open market at an aggregate consideration of approximately HK\$15.7 million (excluding transaction costs), which are receivable in cash on settlement. The average price (excluding transaction costs) for the disposal of each East Buy Share was approximately HK\$34.00.

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

INFORMATION ON SUPER MICRO AND EAST BUY

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 30 June 2021 (audited)		For the year ended 30 June 2022 (audited)	
	US\$'000	HK\$'000	US\$'000	HK\$'000
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 30 June 2023.

East Buy

East Buy is an exempted company incorporated in Cayman Islands with limited liability. East Buy provides education service to college students and other occupational people, operates a business to business platform using online education modules to provide software-as-a-service online education service to institutional customers such as public libraries and universities. East Buy also operates livestreaming e-commerce business for sales of products to individual customers and others.

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

	For the year ended 31 May 2021 (audited)		For the year ended 31 May 2022 (audited)	
	<i>RMB'000</i>	<i>HK\$'000</i>	<i>RMB'000</i>	<i>HK\$'000</i>
Revenue	623,630	673,520	600,526	648,568
Net (loss)	(1,658,392)	(1,791,063)	(533,964)	(576,681)

Based on East Buy's published documents, the East Buy Group has an audited consolidated net assets value of approximately RMB2,009 million (equivalent to approximately HK\$2,170 million) as at 31 May 2021 and RMB1,641 million (equivalent to approximately HK\$1,772 million) as at 31 May 2022.

Based on East Buy's published documents, the East Buy Group has an unaudited consolidated net asset value of approximately RMB2,291 million (equivalent to approximately HK\$2,474 million) as at 30 November 2022.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF SUPER MICRO 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.

Super Micro is an information technology company in United States. The Board holds positive views towards the financial performance and future prospect of Super Micro. The Group considers that the Acquisition of Super Micro 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 Super Micro Shares was made in the open market at prevailing market prices, the Directors are of the view that the terms of the Acquisition of Super Micro 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 EAST BUY SHARES

As a result of the Disposal of East Buy Shares, the Group is expected to recognise a loss of approximately HK\$14.2 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 East Buy Shares and the acquisition cost of disposed East Buy Shares.

The Group considers that the Disposal of East Buy 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 Disposal of East Buy Shares of approximately HK\$11.0 million for the consideration for the Acquisition of Super Micro Shares and the Group intends to apply the remaining proceeds from the Disposal of East Buy Shares of approximately HK\$4.7 million for general working capital of the Group or other appropriate investment opportunities as and when appropriate.

As the Disposal of East Buy Shares was made in the open market at prevailing market price, the Directors are of the view that the terms of the Disposal of East Buy 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 Super Micro Shares

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition of Super Micro Shares exceed 5% but all are less than 25%, the Acquisition of Super Micro 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 East Buy Shares

As one or more applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal of East Buy Shares exceed 5% but all are less than 25%, the Disposal of East Buy 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 Super Micro Shares”	acquisition of 5,230 Super Micro 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 East Buy Shares”	disposal of 461,000 East Buy Shares by the Company as disclosed in this announcement

“East Buy”	East Buy Holding Limited (formerly known as Koolearn Technology Holding Limited), an exempted company incorporated in Cayman Islands with limited liability whose issued shares are listed on the Main Board of the Stock Exchange (stock code: 1797)
“East Buy Group”	East Buy and its subsidiaries
“East Buy Share(s)”	Ordinary share(s) in the share capital of East Buy
“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)
“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
“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
“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
“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, 16 August 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\$1.08. 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.