

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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) MAJOR TRANSACTION IN RELATION TO
ACQUISITION OF LISTED SECURITIES; AND
(2) MAJOR 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 Sokon Shares

On 20 February 2024 (after trading hours of the Stock Exchange), the Company has acquired an aggregate of 213,000 Sokon Shares through the open market at an aggregate consideration of approximately RMB15.5 million (equivalent to approximately HK\$17.1 million) (excluding transaction costs).

Disposal of Coinbase Shares

On 20 February 2024 (after trading hours of the Stock Exchange), the Company has disposed of an aggregate of 16,370 Coinbase Shares through the open market at an aggregate consideration of approximately US\$2.9 million (equivalent to approximately HK\$22.3 million) (excluding transaction costs).

LISTING RULES IMPLICATION

Acquisition of Sokon Shares

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Acquisition of Sokon Shares exceeds 25% but is less than 100%, the Acquisition of Sokon Shares constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

Disposal of Coinbase Shares

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Disposal of Coinbase Shares as calculated under Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the Disposal of Coinbase Shares constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

WRITTEN SHAREHOLDER'S APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written shareholders' approval in lieu of convening a general meeting if (a) no shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares; and (b) written approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at general meetings to approve each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any material interest in each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares. Thus, if the Company were to convene a general meeting to approve each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares, no Shareholder is required to abstain from voting on the resolutions in relation to each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares. As such, each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares may be approved by written Shareholders' approval in accordance with Rule 14.44 of the Listing Rules.

The Board is pleased to announce that, in relation to written approval in lieu of holding a general meeting in respect of each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares, it obtained the Shareholder's approval from Yoho Bravo Limited which holds 599,658,000 shares (representing approximately 74.96% of the total issued share capital of the Company as at the date of this announcement) pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened to consider the Acquisition of Sokon Shares and the Disposal of Coinbase Shares.

A circular in relation to each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares and other information required to be disclosed under the Listing Rules will be dispatched to the Shareholders, for information purposes only within 15 business days after the publication of this announcement, i.e., on or before 13 March 2024.

The Board announces that the Company has entered into the following transactions involving acquisition and disposal of listed securities.

Acquisition of Sokon Shares

On 20 February 2024 (after trading hours of the Stock Exchange), the Company has acquired an aggregate of 213,000 Sokon Shares through the open market at an aggregate consideration of approximately RMB15.5 million (equivalent to approximately HK\$17.1 million) (excluding transaction costs). The average price (excluding transaction costs) for the acquisition of each Sokon Share was approximately RMB15.54 (equivalent to approximately HK\$80.31). The aggregate consideration of approximately RMB15.5 million (equivalent to approximately HK\$17.1 million) (excluding transaction costs) was financed by the Group's existing internal financial resources.

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

Disposal of Coinbase Shares

On 20 February 2024 (after trading hours of the Stock Exchange), the Company has disposed of an aggregate of 16,370 Coinbase Shares through the open market at an aggregate consideration of approximately US\$2.9 million (equivalent to approximately HK\$22.3 million) (excluding transaction costs), which are receivable in cash on settlement. The average price (excluding transaction costs) for the disposal of each Coinbase Share was approximately US\$174.88 (equivalent to approximately HK\$1,360.54).

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

INFORMATION ON SOKON AND COINBASE

Sokon

Sokon is a mixed-ownership manufacturer founded in 1986. The Sokon Group promotes transformation and upgrading from traditional vehicles to intelligent vehicles and from traditional manufacturing to intelligent manufacturing, and pursues high-quality development so as to realise the vision of “becoming a global branded enterprise of intelligent vehicles”. The Sokon Group has multiple wholly-owned subsidiaries such as Dongfeng Sokon Motor Co., Ltd., E-powertrain Company, Engine Company, Auto Components Company, Import & Export Company, etc. Its main products include intelligent electric vehicles, super urban SUVs, compact MPVs, mini-commercial battery electric vehicles, e-powertrain as well as energy-saving, environmentally friendly and high-performance engines such as 1.0–2.0-liter, 1.5T and 2.0T direct-injection turbochargers. These products are exported to more than 70 countries and regions.

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

	For the year ended 31 December 2021		For the year ended 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>
Revenue	16,717,921	18,389,713	34,104,996	37,515,496
Net (loss)	(1,823,911)	(2,006,302)	(3,831,866)	(4,215,053)

Based on Sokon’s published documents, the Sokon Group has an audited consolidated net assets value of approximately RMB7,960 million (equivalent to approximately HK\$8,756 million) as at 31 December 2021 and approximately RMB11,420 million (equivalent to approximately HK\$12,562 million) as at 31 December 2022.

Coinbase

Coinbase is a Delaware corporation and a cryptocurrency learning platform that build safe, trusted, easy-to-use technology and financial infrastructure products and services to enable any person or business with an internet connection to discover, transact, and engage with crypto assets and decentralised applications. Its products enable customers to access and participate in the cryptoeconomy, a new open financial system built upon crypto, in more than 100 countries and serve as a critical infrastructure layer to web3, a broad category of cryptopowered technologies including self-custody wallets, decentralised apps and services, and open community engagement platforms.

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

	For the year ended		For the year ended	
	31 December 2022		31 December 2023	
	(audited)		(audited)	
	<i>US\$'000</i>	<i>HK\$'000</i>	<i>US\$'000</i>	<i>HK\$'000</i>
Revenue	3,194,208	24,850,938	3,108,383	24,183,220
(Loss)/Income before income taxes	(3,064,582)	(23,842,448)	(76,845)	(597,854)
Net (loss)/income	(2,624,949)	(20,422,103)	94,871	738,096

Based on Coinbase's published documents, the Coinbase Group has an audited consolidated net assets value of approximately US\$5,455 million (equivalent to approximately HK\$42,440 million) as at 31 December 2022 and approximately US\$6,282 million (equivalent to approximately HK\$48,874 million) as at 31 December 2023.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF SOKON 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.

Sokon is one of the top 500 companies in the PRC and produces cars, motorcycles and commercial vehicles as well as shock absorbers and internal combustion engines. The Board holds positive views towards the financial performance and future prospect of Sokon. The Group considers that the Acquisition of Sokon Shares represents 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 Sokon Shares was made in the open market at prevailing market prices, the Directors are of the view that the terms of the Acquisition of Sokon 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 COINBASE SHARES

As a result of the Disposal of Coinbase Shares, the Group is expected to recognise a gain of approximately US\$0.2 million (equivalent to approximately HK\$1.2 million) being the difference between the consideration received from the Disposal of Coinbase Shares and the acquisition cost of disposed Coinbase Shares. The Group considers that the Disposal of Coinbase Shares represents an opportunity to allow the Group to reallocate the resources and investment portfolio. The Group intends to apply all of the proceeds from the Disposal of Coinbase Shares of approximately US\$2.9 million (equivalent to approximately HK\$22.3 million) for general working capital of the Group or other appropriate investment opportunities as and when appropriate.

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

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Acquisition of Sokon Shares exceeds 25% but is less than 100%, the Acquisition of Sokon Shares constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

Disposal of Coinbase Shares

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Disposal of Coinbase Shares as calculated under Rule 14.07 of the Listing Rules exceed 25% but are less than 75%, the Disposal of Coinbase Shares constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

WRITTEN SHAREHOLDER'S APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written shareholders' approval in lieu of convening a general meeting if (a) no shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares; and (b) written approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at general meetings to approve each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any material interest in each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares. Thus, if the Company were to convene a general meeting to approve each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares, no Shareholder is required to abstain from voting on the resolutions in relation to each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares. As such, each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares may be approved by written Shareholders' approval in accordance with Rule 14.44 of the Listing Rules.

The Board is pleased to announce that, in relation to written approval in lieu of holding a general meeting in respect of each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares, it obtained the Shareholder's approval from Yoho Bravo Limited which holds 599,658,000 shares (representing approximately 74.96% of the total issued share capital of the Company as at the date of this announcement) pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened to consider the Acquisition of Sokon Shares and the Disposal of Coinbase Shares.

A circular in relation to each of the Acquisition of Sokon Shares and the Disposal of Coinbase Shares and other information required to be disclosed under the Listing Rules will be dispatched to the Shareholders, for information purposes only within 15 business days after the publication of this announcement, i.e., on or before 13 March 2024.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition of Sokon Shares”	acquisition of 213,000 Sokon Shares by the Company as disclosed in this announcement
“Board”	the board of Directors
“Coinbase”	Coinbase Global, Inc., a Delaware corporation whose Class A common stocks are listed on Nasdaq (trading symbol: COIN)
“Coinbase Group”	Coinbase and its subsidiaries
“Coinbase Share(s)”	Class A common stock(s) of Coinbase
“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 Coinbase Shares”	disposal of 16,370 Coinbase 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 People’s Republic of China
“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
“Sokon”	Seres Group Co., Ltd. (賽力斯集團股份有限公司, formerly known as Sokon Group or Chongqing Sokon Industry Group Co., Ltd, 重慶小康工業集團股份有限公司), a PRC joint-stock company whose domestic shares are listed on the Shanghai Stock Exchange (stock code: 601127.SH)
“Sokon Group”	Sokon and its subsidiaries
“Sokon Share(s)”	Domestic share(s) of Sokon
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 21 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 and all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1.00:HK\$1.10. 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.