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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)

**MAJOR TRANSACTION IN RELATION TO
FURTHER ACQUISITION OF LISTED SECURITIES
AND
CLARIFICATION ANNOUNCEMENT**

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

Further Acquisition of Sokon Shares

On 21 February 2024 (after trading hours of the Stock Exchange), further to the Acquisition of Sokon Shares as disclosed in the Announcement, the Company has further acquired an aggregate of 51,500 Sokon Shares through the open market at an aggregate consideration of approximately RMB3.7 million (equivalent to approximately HK\$4.0 million) (excluding transaction costs).

LISTING RULES IMPLICATION

Further Acquisition of Sokon Shares

Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as the Acquisition of Sokon Shares and the Further Acquisition of Sokon Shares involve acquisitions of Sokon 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 RMB19.2 million (equivalent to approximately HK\$21.1 million).

The Further Acquisition of Sokon Shares, on a standalone basis, constitutes a discloseable transaction since one or more of the applicable percentage ratios (as defined under the Listing Rules) are more than 5% but all of such ratios are less than 25%.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Further Acquisition of Sokon Shares, when aggregated with the Acquisition of Sokon Shares by the Company, exceeds 25% but is less than 100%, the Further 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.

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 the Further Acquisition of Sokon 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 the Further Acquisition of Sokon Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any material interest in the Further Acquisition of Sokon Shares. Thus, if the Company were to convene a general meeting to approve the Further Acquisition of Sokon Shares, no Shareholder is required to abstain from voting on the resolutions in relation to the Further Acquisition of Sokon Shares. As such, the Further Acquisition of Sokon 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 the Further Acquisition of Sokon 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 Further Acquisition of Sokon Shares.

A circular in relation to the Further Acquisition of Sokon 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 14 March 2024.

CLARIFICATION OF THE ANNOUNCEMENT CONCERNING THE ACQUISITION OF SOKON SHARES

Reference is made to the Announcement relating to the Acquisition of Sokon Shares.

Unless otherwise stated, defined terms used in this announcement shall have the same meaning as used in the Announcement. Due to an inadvertent typographical mistake, the average price (excluding transaction costs) for the acquisition of each Sokon Share was mistakenly stated as “approximately RMB15.54” in the Announcement. The Company wishes to clarify that the correct average price (excluding transaction costs) for the acquisition of each Sokon Share should be “approximately RMB72.97” instead of “approximately RMB15.54”. Save and except the above, all other information in the Announcement shall remain unchanged.

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

Further Acquisition of Sokon Shares

On 21 February 2024 (after trading hours of the Stock Exchange), further to the Acquisition of Sokon Shares as disclosed in the Announcement, the Company has further acquired an aggregate of 51,500 Sokon Shares through the open market at an aggregate consideration of approximately RMB3.7 million (equivalent to approximately HK\$4.0 million) (excluding transaction costs). The average price (excluding transaction costs) for the acquisition of each Sokon Share was approximately RMB71.22 (equivalent to approximately HK\$78.41). The aggregate consideration of approximately RMB3.7 million (equivalent to approximately HK\$4.0 million) (excluding transaction costs) was financed by the Group’s existing internal financial resources.

As the Further 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.

INFORMATION ON SOKON

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.

REASONS FOR AND BENEFITS OF THE FURTHER 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 Further 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 Further 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 Further Acquisition of Sokon Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Further Acquisition of Sokon Shares

Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as the Acquisition of Sokon Shares and the Further Acquisition of Sokon Shares involve acquisitions of Sokon 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 RMB19.2 million (equivalent to approximately HK\$21.1 million).

The Further Acquisition of Sokon Shares, on a standalone basis, constitutes a discloseable transaction since one or more of the applicable percentage ratios (as defined under the Listing Rules) are more than 5% but all of such ratios are less than 25%.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Further Acquisition of Sokon Shares, when aggregated with the Acquisition of Sokon Shares by the Company, exceeds 25% but is less than 100%, the Further 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.

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To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any material interest in the Further Acquisition of Sokon Shares. Thus, if the Company were to convene a general meeting to approve the Further Acquisition of Sokon Shares, no Shareholder is required to abstain from voting on the resolutions in relation to the Further Acquisition of Sokon Shares. As such, the Further Acquisition of Sokon 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 the Further Acquisition of Sokon 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 Further Acquisition of Sokon Shares.

A circular in relation to the Further Acquisition of Sokon 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 14 March 2024.

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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 the Announcement
“Announcement”	the announcement of the Company dated 21 February 2024
“Board”	the board of Directors
“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
“Further Acquisition of Sokon Shares”	further acquisition of 51,500 Sokon 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
“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
“%”	per cent.

By order of the Board
Brainhole Technology Limited
Zhang Liang Johnson
Chairman and Executive Director

Hong Kong, 22 February 2024

For the purpose of this announcement, 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 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.