

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)

DISCLOSEABLE TRANSACTION
PURCHASE OF CRYPTOCURRENCIES

CRYPTOCURRENCY ACQUISITION

On 30 November, 2022, the Company has (i) approved the Cryptocurrency Acquisition, pursuant to which the Company will acquire up to HK\$24.0 million (equivalent to approximately US\$3.08 million) worth of Cryptocurrencies in open market transactions; and (ii) purchased in open market transactions, approximately 800.91 units of Ether at an aggregate consideration of approximately US\$1.02 million pursuant to the Cryptocurrency Acquisition. As at the date of this announcement, the Company has accumulated a Net Purchase of approximately US\$1.02 million worth of Cryptocurrencies.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Cryptocurrency Acquisition exceed 5% but all are less than 25%, the Cryptocurrency Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

THE CRYPTOCURRENCY ACQUISITION

The Board is pleased to announce that on 30 November, 2022, the Company has (i) approved the Cryptocurrency Acquisition, pursuant to which the Company will acquire up to HK\$24.0 million (equivalent to approximately US\$3.08 million) worth of Cryptocurrencies in open market transactions; and (ii) purchased in open market transactions, approximately 800.91 units of Ether at an aggregate consideration of approximately US\$1.02 million pursuant to the Cryptocurrency Acquisition. As at the date of this announcement, the Company has accumulated a Net Purchase of approximately US\$1.02 million worth of Cryptocurrencies.

The consideration for the Cryptocurrency Acquisition shall be satisfied in cash and shall be determined according to the bid and ask prices of the Cryptocurrencies as quoted in open market, and the Cryptocurrency Acquisition shall be funded by the Group's internal resources.

The Board are of the view that the terms of the Cryptocurrency Acquisition are fair and reasonable and on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

COMPLETION

Settlement of the Cryptocurrency Acquisition shall take place immediately after the respective purchase orders have been made and completed. The units of cryptocurrency purchased by the Group shall reside with renowned cryptocurrencies trading platform(s) engaged by the Group with good security measures set up and shall be stored at cold wallet(s) as and when appropriate.

INFORMATION ON CRYPTOCURRENCIES

Cryptocurrencies are digital currencies in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds using blockchain technology. The blockchain is a public record of cryptocurrency transactions in chronological order. The blockchain is shared between all users in that blockchain. It is used to verify the permanence of transactions and to prevent double spending. Cryptocurrencies make it easier to transfer funds between two parties in a transaction and these transfers are facilitated through the use of public and private keys for security purposes.

REASONS FOR AND BENEFITS OF THE CRYPTOCURRENCY ACQUISITION

On 31 October 2022, the Hong Kong Government issued the Policy Statement on the Development of Virtual Assets in Hong Kong, stating that the Hong Kong Government recognizes the potential of distributed ledger technologies (“**DLT**”) and Web 3.0 to become the future trends in the development of finance and commerce. In view of the virtual assets' attraction to global investors and their increasing recognition as a conduit for financial innovation, coupled with the future opportunities that will be opened up as virtual assets move into the areas of Web 3.0 and the metaverse, the Hong Kong Government recognizes that virtual assets will continue to stay in the market. The Hong Kong Government is committed to providing a facilitating environment for promoting the sustainable development of the virtual asset sector through the calibration of a legal and regulatory regime.

The Group agrees with the Hong Kong Government's views on the development of virtual assets in Hong Kong. The Group always hopes to leverage our own advantages in the field of smart technology to identify the opportunity of diversification and timely capture the new opportunities brought by blockchain and Web 3.0. Therefore, the Board planned to purchase cryptocurrencies. This purchase plan will focus on mainstream cryptocurrencies (such as Ether) as a preparation and starting point for diversifying investments in the field of innovative technologies. The Board believes that such investment will maximize the Shareholders' value in the long run and at the same time, further diversify the Group's asset portfolio.

In the future, the Group will continue to strive to enhance and diversify its investment portfolio to create greater value for the Shareholders. The Board will actively seek for other acquisition targets, including growing companies with high potential and leading technologies. On the other hand, the Group will also keep observing market and industry development trends, grasp investment opportunities brought by technological innovation, and actively plan and consider to increase the investment in the field of innovative technologies and Web 3.0 as and when appropriate.

INFORMATION ABOUT THE GROUP AND VENDORS

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).

As the Cryptocurrency Acquisition shall be conducted in open market transactions, the Company would not be aware of the identities and principal business activities of the respective vendors. The Company undertakes that, each of the vendors and their ultimate beneficial owners relating to the Cryptocurrency Acquisition shall be third parties independent of the Company and its connected persons (as defined under the Listing Rules) to the best of the Directors' knowledge, information and belief having made all reasonable enquiries.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Cryptocurrency Acquisition exceed 5% but all are less than 25%, the Cryptocurrency Acquisition constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that any cryptocurrencies that the Company may purchase under the Cryptocurrency Acquisition will depend on market conditions and will be made at the Board's discretion. The cryptocurrency market is volatile in the near term and the prices of cryptocurrencies may be subject to fluctuations. There is therefore no assurance as to the timing, quantity, type or price of any cryptocurrencies to be purchased under the Cryptocurrency Acquisition. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“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
“Cryptocurrency(ies)”	Ether and other cryptocurrencies that operate using blockchain technology
“Cryptocurrency Acquisition”	the acquisition of up to HK\$24.0 million (equivalent to approximately US\$3.08 million) worth of Cryptocurrencies, to be financed by the Group’s internal resources
“Director(s)”	the director(s) of the Company
“Ether”	Ether, a type of cryptocurrency that operates using blockchain technology generated by the Ethereum platform
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Purchase”	the aggregate market value of Cryptocurrencies purchased by the Company at the time of purchase minus the aggregate market value of Cryptocurrencies sold at the time of sale
“PRC”	the People’s Republic of China
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 30 November 2022

For the purpose of this announcement, all amounts denominated in HK\$ has been translated (for information only) into US\$ using the exchange rates of HK\$7.78: US\$1.00. Such translation shall not be construed as a representation that amounts of HK\$ 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.