

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) DISCLOSEABLE TRANSACTION IN RELATION TO FURTHER ACQUISITION OF LISTED SECURITIES; AND (2) DISCLOSEABLE TRANSACTION IN RELATION TO FURTHER DISPOSAL OF LISTED SECURITIES

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

Further Acquisition of Koolearn Shares

On 16 January 2023, further to the acquisition of 36,000, 82,500 and 159,500 Koolearn Shares as disclosed in the announcement of the Company dated 28 December 2022, 11 January 2023 and 13 January 2023 respectively, the Company has further acquired an aggregate of 93,000 Koolearn Shares through the open market at an aggregate consideration of approximately HK\$6.0 million (excluding transaction costs).

Further Disposal of New Oriental Shares

On 13 January 2023 (after trading hours of the Stock Exchange), further to the disposal of 35,200 New Oriental Shares as disclosed in the announcement of the Company dated 11 January 2023, the Company has further disposed of an aggregate of 40,900 New Oriental Shares through the open market at an aggregate consideration of approximately US\$1.7 million (equivalent to approximately HK\$13.3 million) (excluding transaction costs).

LISTING RULES IMPLICATION

Further Acquisition of Koolearn 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 Koolearn Shares and the Further Acquisition of Koolearn Shares involve the acquisition of Koolearn 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 HK\$23.9 million.

The Further Acquisition of Koolearn Shares, on a standalone basis, does not constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Acquisition of Koolearn Shares and Further Acquisition of Koolearn Shares, when aggregated as a whole, exceed 5% but all are less than 25%, the Further Acquisition of Koolearn Shares, when aggregated with the Acquisition of Koolearn Shares as a whole, constitute 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.

Further Disposal of New Oriental Shares

Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as the Disposal of New Oriental Shares and the Further Disposal of New Oriental Shares involve the disposal of New Oriental 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 US\$3.1 million (equivalent to approximately HK\$24.2 million).

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the (i) Further Disposal of New Oriental Shares (standing alone) and (ii) Disposal of New Oriental Shares and Further Disposal of New Oriental Shares (in aggregate) exceed 5% but all are less than 25%, the Further Disposal of New Oriental 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.

Further Acquisition of Koolearn Shares

On 16 January 2023, further to the acquisition of 36,000, 82,500 and 159,500 Koolearn Shares as disclosed in the announcement of the Company dated 28 December 2022, 11 January 2023 and 13 January 2023 respectively, the Company has further acquired an aggregate of 93,000 Koolearn Shares through the open market at an aggregate consideration of approximately HK\$6.0 million (excluding transaction costs). The average price (excluding transaction costs) for the further acquisition of each Koolearn Share was approximately HK\$64.34. The aggregate consideration of approximately HK\$6.0 million (excluding transaction costs) was financed by the Group's existing internal financial resources.

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

Further Disposal of New Oriental Shares

On 13 January 2023 (after trading hours of the Stock Exchange), further to the disposal of 35,200 New Oriental Shares as disclosed in the announcement of the Company dated 11 January 2023, the Company has further disposed of an aggregate of 40,900 New Oriental Shares through the open market at an aggregate consideration of approximately US\$1.7 million (equivalent to approximately HK\$13.3 million) (excluding transaction costs), which are receivable in cash on settlement. The average price (excluding transaction costs) for the disposal of each New Oriental Share was approximately US\$41.76 (equivalent to approximately HK\$324.91).

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

INFORMATION ON KOOLEARN AND NEW ORIENTAL

Koolearn

Koolearn is an exempted company incorporated in Cayman Islands with limited liability. Koolearn 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. Koolearn 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 Koolearn 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	729,647	600,526	702,615
Net (loss)	(1,658,392)	(1,940,319)	(533,964)	(624,738)

Based on Koolearn's published documents, the Koolearn Group has an audited consolidated net assets value of approximately RMB2,009 million (equivalent to approximately HK\$2,351 million) as at 31 May 2021 and RMB1,641 million (equivalent to approximately HK\$1,920 million) as at 31 May 2022.

New Oriental

New Oriental is an exempted company incorporated in Cayman Islands with limited liability and a holding company with no material operations of its own. New Oriental conducts their operations primarily through their PRC subsidiaries, variable interest entities and the variable interest entities' subsidiaries and schools. New Oriental Group provides educational services in PRC primarily under the "New Oriental" brand, and it offers a wide range of educational programs, services and products, consisting primarily of educational services and test preparation courses, online education and other services, overseas study consulting services, educational material and distribution, and others.

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

	For the year ended		For the year ended	
	31 May 2021		31 May 2022	
	(audited)		(audited)	
	<i>US\$'000</i>	<i>HK\$'000</i>	<i>US\$'000</i>	<i>HK\$'000</i>
Net revenues	4,276,539	33,271,473	3,105,246	24,158,814
Net income/(loss)	230,021	1,789,563	(1,220,276)	(9,493,747)

Based on New Oriental's published documents, the New Oriental Group has an audited consolidated net asset value of approximately US\$5,018 million (equivalent to approximately HK\$39,041 million) as at 31 May 2021 and US\$3,794 million (equivalent to approximately HK\$29,514 million) as at 31 May 2022.

Based on New Oriental's published documents, the New Oriental Group has an unaudited consolidated net asset value of approximately US\$3,817 million (equivalent to approximately HK\$29,694 million) as at 31 August 2022.

REASONS FOR AND BENEFITS OF THE FURTHER ACQUISITION OF KOOLEARN 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.

Koolearn is the leading online provider of extracurricular education services in China with a comprehensive portfolio of well-recognised brands known for high-quality courses and content, with core expertise in online test preparation for adult students and vocational students. As set out in the announcements dated 28 December 2022, 11 January 2023 and 13 January 2023 respectively, the Board holds positive views towards the financial performance and future prospect of Koolearn. The Further Acquisition of Koolearn Shares can increase our holdings in these attractive investments and to further expand its investment portfolio with quality assets, which will enhance investment return for the Group.

As the Further Acquisition of Koolearn 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 Koolearn Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE FURTHER DISPOSAL OF NEW ORIENTAL SHARES

As a result of the Further Disposal of New Oriental Shares, the Group is expected to recognise a gain of approximately US\$0.3 million (equivalent to approximately HK\$2.1 million) being the difference between the consideration received from the Further Disposal of New Oriental Shares and the acquisition cost of disposed New Oriental Shares. The Group considers that the Further Disposal of New Oriental 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 Further Disposal of New Oriental Shares of approximately US\$0.8 million (equivalent to approximately HK\$6.0 million) for the consideration for the Further Acquisition of Koolearn Shares and the Group intends to apply the remaining proceeds from the Further Disposal of New Oriental Shares of approximately US\$0.9 million (equivalent to approximately HK\$7.3 million) for general working capital of the Group or other appropriate investment opportunities as and when appropriate.

As the Further Disposal of New Oriental Shares was made in the open market at prevailing market price, the Directors are of the view that the terms of the Further Disposal of New Oriental 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 Koolearn 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 Koolearn Shares and the Further Acquisition of Koolearn Shares involve the acquisition of Koolearn 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 HK\$23.9 million.

The Further Acquisition of Koolearn Shares, on a standalone basis, does not constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Acquisition of Koolearn Shares and Further Acquisition of Koolearn Shares, when aggregated as a whole, exceed 5% but all are less than 25%, the Further Acquisition of Koolearn Shares, when aggregated with the Acquisition of Koolearn Shares as a whole, constitute 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.

Further Disposal of New Oriental Shares

Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as the Disposal of New Oriental Shares and the Further Disposal of New Oriental Shares involve the disposal of New Oriental 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 US\$3.1 million (equivalent to approximately HK\$24.2 million).

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the (i) Further Disposal of New Oriental Shares (standing alone) and (ii) Disposal of New Oriental Shares and Further Disposal of New Oriental Shares (in aggregate) exceed 5% but all are less than 25%, the Further Disposal of New Oriental 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 Koolearn Shares”	acquisition of 36,000, 82,500 and 159,500 Koolearn Shares by the Company in the open market as disclosed in the announcement dated 28 December 2022, 11 January 2023 and 13 January 2023 respectively
“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 New Oriental Shares”	disposal of 35,200 New Oriental Shares by the Company as disclosed in the announcement dated 11 January 2023
“Further Acquisition of Koolearn Shares”	further acquisition of 93,000 Koolearn Shares by the Company as disclosed in this announcement
“Further Disposal of New Oriental Shares”	further disposal of 40,900 New Oriental Shares by the Company as disclosed in this announcement
“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)
“Koolearn”	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)
“Koolearn Group”	Koolearn and its subsidiaries
“Koolearn Share(s)”	Ordinary share(s) in the share capital of Koolearn
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Oriental”	New Oriental Education & Technology Group Inc., an exempted company incorporated in Cayman Islands with limited liability whose American depository shares are listed on New York Stock Exchange (stock code: EDU)

“New Oriental Group”	New Oriental, its subsidiaries, and its variable interest entities and the variable interest entities’ subsidiaries and schools
“New Oriental Share(s)”	American depository share(s) of New Oriental
“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
“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 January 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\$1.17. 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.