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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO
FURTHER ACQUISITION OF LISTED SECURITIES**

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

Further Acquisition of Koolearn Shares

On 19 January 2023, further to the acquisition of 36,000, 82,500, 159,500 and 93,000 Koolearn Shares as disclosed in the announcement of the Company dated 28 December 2022, 11 January 2023, 13 January 2023 and 16 January 2023 respectively, the Company has further acquired an aggregate of 90,000 Koolearn Shares through the open market at an aggregate consideration of approximately HK\$6.0 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\$29.9 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.

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

Further Acquisition of Koolearn Shares

On 19 January 2023, further to the acquisition of 36,000, 82,500, 159,500 and 93,000 Koolearn Shares as disclosed in the announcement of the Company dated 28 December 2022, 11 January 2023, 13 January 2023 and 16 January 2023 respectively, the Company has further acquired an aggregate of 90,000 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\$66.31. 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.

INFORMATION ON KOOLEARN

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 the Koolearn Group:

	For the year ended 31 May 2021 (audited)		For the year ended 31 May 2022 (audited)	
	RMB'000	HK\$'000	RMB'000	HK\$'000
Revenue	623,630	723,411	600,526	696,610
Net (loss)	(1,658,392)	(1,923,735)	(533,964)	(619,398)

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\$2,330 million) as at 31 May 2021 and RMB1,641 million (equivalent to approximately HK\$1,904 million) as at 31 May 2022.

Based on Koolearn's published documents, the Koolearn Group has an unaudited consolidated net asset value of approximately RMB2,291 million (equivalent to approximately HK\$2,658 million) as at 30 November 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, 13 January 2023 and 16 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.

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\$29.9 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.

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, 159,500 and 93,000 Koolearn Shares by the Company in the open market as disclosed in the announcement dated 28 December 2022, 11 January 2023, 13 January 2023 and 16 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
“Further Acquisition of Koolearn Shares”	further acquisition of 90,000 Koolearn 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
“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
“%”	per cent.

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

Hong Kong, 19 January 2023

For the purpose of this announcement, all amounts denominated in RMB has been translated (for information only) into HK\$ using the exchange rate of RMB1: HK\$1.16. 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.