BRAINHOLE TECHNOLOGY LIMITED
脑洞科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2203)

UPDATES ON INTERNAL CONTROL REVIEW AND ENHANCEMENT OF INTERNAL CONTROL

References are made to the Announcements and the Circulars, in respect of, among others, certain acquisitions and disposals of the listed securities, and breaches of Listing Rules by the Company. Unless otherwise defined, capitalised terms used herein shall have the same meaning as defined in the Announcements and the Circulars.

As disclosed in the Announcements and the Circulars, during the Relevant Period, the Company purchased and disposed certain listed securities, that on standalone basis and/or in aggregate, constituted notifiable transactions under Chapter 14 of the Listing Rules but failed to comply with Rule 14.34 of the Listing Rules. The relevant acquisitions and disposals were not disclosed on a timely basis due to inadvertent oversight and mainly attributable to the following reasons:

(a) the misapprehension as to the treatment of certain purchases and disposals of listed securities as there were multiple transactions that took place at the same time; and

(b) the relevant former staff from the finance department (a Chartered Financial Analyst and Certified Public Accountant with experience in financial accounting, financial planning and analysis and auditing of public listed companies in Hong Kong and who was responsible for performing the size tests calculations and the relevant transaction classifications), at that particular time, misunderstood that such disclosures were unnecessary given that (i) the relevant acquisitions and disposals involving the same listed securities had been disclosed by the Company shortly before these transactions; and (ii) the classification of the relevant acquisitions and disposals on a standalone or aggregate was the same or lower than the relevant previous transactions in the past 12 months.

The Company discovered the non-compliance with the Listing Rules when it revisited the Listing Rules implications in respect of the acquisitions and disposals that took place during the Relevant Period. Subsequently, the Company made the relevant supplemental disclosure on its initiative. The Board wishes to emphasise that such breach was due to unintentional and inadvertent oversight, and the Board reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

SUMMARY OF INTERNAL CONTROL REVIEW

The Company had engaged an independent internal control consultant (the "**Internal Control Consultant**"), BT Corporate Governance Limited to conduct a review on internal controls relating to the investment management process, which covered the following areas: (i) evaluation of compliance monitoring over investment activities; and (ii) investment decision-making process. The review took place in mid-November 2024 and the Internal Control Consultant had identified certain internal control deficiencies, including, but not limited to, compliance monitoring of investment activities requires enhancement, as all transactions involving the acquisition or disposal of listed securities were not subject to review and advisory oversight by an independent compliance officer during the investment decision-making process.

To address these issues, the Internal Control Consultant had recommended the Board to take the following appropriate measures to improve the internal control system: (i) appointment of a compliance function to mitigate compliance risks; and (ii) involvement of the compliance officer in developing internal training programmes can help enhance all relevant finance staffs' understanding of relevant laws, regulations, and internal management policies, thereby increasing the effectiveness of compliance management.

ENHANCED INTERNAL CONTROL MEASURES TAKEN

Based on the findings of the internal control review, and to further strengthen the Group's internal control and prevent the recurrence of similar non-compliance incidents in the future and to comply with the requirements under the Listing Rules on an on-going basis, the Company has taken and will continue to adhere to (among others) the following internal control procedures in respect of notifiable transactions:

1. the Company has adopted and circulated the Group's updated internal control manuals and policies (the "**Manuals**") taking into account recommendations of the Internal Control Consultant, including but not limited to, the Compliance Policy and Procedures and the Treasury Management Policy and Procedures, to its senior management to remind them to strictly follow the Manuals. The Manuals cover the following aspects: (i) an investment mandate adopted by the Company which limits the types of investments made by the Group and ensures the quality of such investments; (ii) the Group's investment strategy which focuses on selecting investment targets with high

growth potential that align with the Group's values; (iii) the Group's authorisation and approval process and procedure for investment making decisions; (iv) proper compliance disclosure as required under the Listing Rules; and (v) segregation of duties for the investment management process;

2. the Company has assigned dedicated personnel with experience in financial accounting, auditing, financial management and Listing Rules compliance to calculate and review the size tests, and classify the transactions under Chapter 14 of the Listing Rules, in order to monitor the regulatory implications of each acquisition and disposal, as well as ensuring timely compliance with Chapter 14 of the Listing Rules;

3. the Company has strengthened the coordination and reporting arrangements for notifiable transactions among various departments of the Company to ensure compliance with the Listing Rules. The Company has set up a project email to collect information regarding the Company's investment account transactions so that all relevant staff from the finance department and the compliance function of the Company will be immediately notified when a transaction is executed, to ensure compliance with the Listing Rules;

4. the Company has established a dedicated task force, together with its external advisers (collectively serving as the compliance function of the Company), to address transactions executed outside of trading hours of the Stock Exchange, particularly those occurring on Fridays or public holidays in Hong Kong, to ensure compliance with the Listing Rules;

5. apart from the internal trainings provided to the responsible staff from the finance department and the compliance function, management and the Directors with respect to the classification and compliance requirements for notifiable transactions under the Listing Rules, the Company has arranged external compliance trainings relating to: (i) the Group's latest internal control policies and procedures; (ii) disclosure responsibilities of listed companies; (iii) Directors' responsibilities under the Listing Rules, included but not limited to requirements relating to notifiable transactions; (iv) segregation of duties for the investment management process; and (v) internal control review findings and recommendation, for its senior management and relevant staff from the finance department and the compliance function in early 2025 to strengthen and reinforce their existing knowledge relating to the Group's disclosure obligations under the Listing Rules and their ability to identify potential issues at an early stage;

6. the Company had retained extra finance staffs to consult and assist in carrying out compliance matters of the Group relating to the Listing Rules;

7. the Company will continue to review and monitor data relating to its investment activities (including listed securities on hand and cumulated amount etc.) from time to time;

8. the Board will request each department head to strictly adhere to the Group's internal control policies and reminded them to report all transactions which may constitute potential notifiable transactions to the Board for approval and assessment of the disclosure obligations prior to the entering into of those transactions;

9. the Board and the Audit Committee have conducted review of the Company's internal control system and considered such system to be effective and adequate. The Board and the Audit Committee will continue to review the effectiveness of the Company's internal control system at least annually; and

10. the Company shall, as and when appropriate and necessary, consult external legal advisers and/or other professional adviser before entering into possible notifiable transaction or when notifiable transactions are being contemplated so as to ensure that the Directors' apprehension and interpretation of the Listing Rules are correct and the Group timely complies with the relevant requirements under the Listing Rules.

The Directors believe that the implementation of the internal control procedures as disclosed above will strengthen and reinforce the knowledge of the responsible staff from the finance department and the compliance function, management and Directors relating to notifiable transactions under the Listing Rules, and improve the regulatory compliance abilities of the Company in the identification and reporting of related issues with assistance from appropriate external advisers. The Board considers that the above internal controls and procedures are adequate and effective. The Board will continue to monitor their effectiveness to ensure ongoing compliance with the Listing Rules, maintaining reasonable and adequate policies fully integrated into the Company's operations.

As of the date of this announcement, the Company has continued the implementation of the above measures to ensure that a more effective internal control and compliance system are in place. The Company would like to inform its Shareholders that: (i) on 18 June 2025, the Company has engaged APEC RISK MANAGEMENT LIMITED (the "**APEC**"), an independent internal control consultancy firm, to conduct a review of the Group's internal controls (the "**2025 Internal Control Review**"); and (ii) on 27 August 2026, the Company engaged TIMES Appraisal Advisory Limited, an independent internal control consultancy firm, to conduct a further review of the Group's internal controls (the "**2026 Internal Control Review**"). With reference to the findings of the 2025 Internal Control Review, APEC and the Board are not aware of any material internal control deficiencies of the Group relating to compliance with notifiable transactions under the Listing Rules. The Company expects that the findings in respect of the 2026 Internal Control Review will be available in or around mid-November 2026, and will make further announcement(s) as appropriate or as required under the Listing Rules.

It is always the intention of the Company to fully comply with the Listing Rules. The Board and senior management of the Group are now fully aware of the relevant requirements under the Listing Rules and will ensure that the Company will comply with the relevant Listing Rules and to avoid the recurrence of similar non-compliance in the future. Going forward, the Company will continue to comply with the management procedures of its investments on the investment or wealth management products and make sure disclosure in a timely manner to ensure full compliance with the Listing Rules.

DEFINITIONS

In this announcement, the terms and expressions used herein shall, unless the context otherwise requires, have the same meanings when used herein:

"Announcements"	the announcements of the Company dated 30 April 2024 and 5 February 2025, in respect of certain acquisitions and disposals of listed securities and breaches of Listing Rules by the Company
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Circulars"	the circulars of the Company dated 15 September 2023, 24 May 2024 and 16 August 2024, in respect of certain acquisitions and disposals of listed securities and breaches of Listing Rules by 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)
"Director(s)"	director(s) of the Company from time to time
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Nasdaq"	National Association of Securities Dealers Automated Quotations Stock Market

"Relevant Period"	means the period from 15 August 2023 to 4 February 2025 during which the Group purchased and disposed securities of certain listed companies listed on Nasdaq, the Shanghai Stock Exchange and the New York Stock Exchange
"Share(s)"	ordinary share(s) in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 2 September 2026

As at the date of this announcement, the Board comprises Mr. Zhang Liang Johnson as executive Director; and Mr. Xu Liang, Mr. Chen Johnson Xi and Ms. Zhang Yibo as independent non-executive Directors.