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BRA**IN**H**O**L**E**
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**

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

Further Acquisition of Coinbase Shares

On 15 February 2024 (after trading hours of the Stock Exchange), further to the Previous Acquisitions of Coinbase Shares and the Previous Disposals of Coinbase Shares as disclosed in the Previous Announcements, the Company has further acquired an aggregate of 3,740 Coinbase Shares through the open market at an aggregate consideration of approximately US\$0.6 million (equivalent to approximately HK\$5.0 million) (excluding transaction costs).

LISTING RULES IMPLICATION

Further Acquisition of Coinbase Shares

Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as the Previous Acquisitions of Coinbase Shares, the Previous Disposals of Coinbase Shares and the Further Acquisition of Coinbase Shares involve acquisitions and disposals of Coinbase 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\$2.1 million (equivalent to approximately HK\$16.1 million).

The Further Acquisition of Coinbase 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 Coinbase Shares, when aggregated with the Previous Acquisitions of Coinbase Shares and the Previous Disposals of Coinbase Shares by the Company in the preceding 12-month period, exceeds 25% but is less than 100%, the Further Acquisition of Coinbase Shares constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and will be subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of 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 Coinbase 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 Coinbase 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 Coinbase Shares. Thus, if the Company were to convene a general meeting to approve the Further Acquisition of Coinbase Shares, no Shareholder is required to abstain from voting on the resolutions in relation to the Further Acquisition of Coinbase Shares. As such, the Further Acquisition of Coinbase 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 Coinbase 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 Coinbase Shares.

A circular in relation to the Further Acquisition of Coinbase 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 8 March 2024.

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

Further Acquisition of Coinbase Shares

On 15 February 2024 (after trading hours of the Stock Exchange), further to the Previous Acquisitions of Coinbase Shares and the Previous Disposals of Coinbase Shares as disclosed in the relevant Previous Announcements, the Company has further acquired an aggregate of 3,740 Coinbase Shares through the open market at an aggregate consideration of approximately US\$0.6 million (equivalent to approximately HK\$5.0 million) (excluding transaction costs). The average price (excluding transaction costs) for the further acquisition of each Coinbase Share was approximately US\$170.40 (equivalent to approximately HK\$1,325.68). The aggregate consideration of approximately US\$0.6 million (equivalent to approximately HK\$5.0 million) (excluding transaction costs) was financed by the Group's existing internal financial resources.

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

INFORMATION ON COINBASE

Coinbase

Coinbase is a Delaware corporation and a cryptocurrency learning platform that build safe, trusted, easy-to-use technology and financial infrastructure products and services to enable any person or business with an internet connection to discover, transact, and engage with crypto assets and decentralised applications. Its products enable customers to access and participate in the cryptoeconomy, a new open financial system built upon crypto, in more than 100 countries and serve as a critical infrastructure layer to web3, a broad category of cryptopowered technologies including self-custody wallets, decentralised apps and services, and open community engagement platforms.

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

| | For the year ended | | For the year ended | |
|-----------------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | 31 December 2022 | | 31 December 2023 | |
| | (audited) | | (audited) | |
| | <i>US\$'000</i> | <i>HK\$'000</i> | <i>US\$'000</i> | <i>HK\$'000</i> |
| Revenue | 3,194,208 | 24,850,938 | 3,108,383 | 24,183,220 |
| (Loss)/Income before income taxes | (3,064,582) | (23,842,448) | (76,845) | (597,854) |
| Net (loss)/income | (2,624,949) | (20,422,103) | 94,871 | 738,096 |

Based on Coinbase's published documents, the Coinbase Group has an audited consolidated net assets value of approximately US\$5,455 million (equivalent to approximately HK\$42,440 million) as at 31 December 2022 and US\$6,282 million (equivalent to approximately HK\$48,874 million) as at 31 December 2023.

REASONS FOR AND BENEFITS OF THE FURTHER ACQUISITION OF COINBASE 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.

Coinbase is the largest cryptocurrency exchange in the United States by trading volume. As set out in the Previous Announcements, the Board holds positive views towards the financial performance and future prospect of Coinbase. The Group considers that the Further Acquisition of Coinbase 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 Coinbase 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 Coinbase 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 Coinbase Shares

Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules for the purpose of classification of the transactions, as the Previous Acquisitions of Coinbase Shares, the Previous Disposals of Coinbase Shares and the Further Acquisition of Coinbase Shares involve acquisitions and disposals of Coinbase 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\$2.1 million (equivalent to approximately HK\$16.1 million).

The Further Acquisition of Coinbase 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 Coinbase Shares, when aggregated with the Previous Acquisitions of Coinbase Shares and the Previous Disposals of Coinbase Shares by the Company in the preceding 12-month period, exceeds 25% but is less than 100%, the Further Acquisition of Coinbase Shares constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and will be subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of 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 Coinbase 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 Coinbase 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 Coinbase Shares. Thus, if the Company were to convene a general meeting to approve the Further Acquisition of Coinbase Shares, no Shareholder is required to abstain from voting on the resolutions in relation to the Further Acquisition of Coinbase Shares. As such, the Further Acquisition of Coinbase 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 Coinbase 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 Coinbase Shares.

A circular in relation to the Further Acquisition of Coinbase 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 8 March 2024.

DEFINITIONS

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

| | |
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| “Board” | the board of Directors |
| “Coinbase” | Coinbase Global, Inc., a Delaware corporation whose Class A common stocks are listed on Nasdaq (trading symbol: COIN) |
| “Coinbase Group” | Coinbase and its subsidiaries |
| “Coinbase Share(s)” | Class A common stock(s) of Coinbase |
| “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 Coinbase Shares” | further acquisition of 3,740 Coinbase 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 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) |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Nasdaq” | National Association of Securities Dealers Automated Quotations Stock Market |
| “Previous Acquisitions of Coinbase Shares” | the series of acquisitions of an aggregate of 23,080 Coinbase Shares by the Company during the period from 4 December 2023 (after trading hours of the Stock Exchange) and up to (and inclusive of) 14 February 2024 (after trading hours of the Stock Exchange) as set out in the relevant Previous Announcements |
| “Previous Announcements” | the announcements of the Company dated 5 December 2023, 20 December 2023, 28 December 2023, 25 January 2024 and 14 February 2024 in relation to, inter alia, the Previous Acquisitions of Coinbase Shares and the Previous Disposals of Coinbase Shares |
| “Previous Disposals of Coinbase Shares” | the series of disposals of an aggregate of 13,920 Coinbase Shares by the Company (including non-notifiable and notifiable transactions for the Company under Chapter 14 of the Listing Rules) during the period from 24 January 2024 (after trading hours of the Stock Exchange) and up to (and inclusive of) 6 February 2024 (after trading hours of the Stock Exchange) as set out in the relevant Previous Announcements |
| “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 |
| “United States” | the United States of America |

“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 February 2024

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