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BRAINHOLE TECHNOLOGY LIMITED

脑洞科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2203)

PROFIT WARNING

This announcement is made by Brainhole Technology Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on information currently available to the Company and the preliminary review by the Board of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2019, the Group is expected to record a significant decrease in the net profit for the six months ended 30 June 2019 by approximately 90% , as compared with the corresponding period in 2018. The decrease in the net profit of the Group for the six months ended 30 June 2019 was mainly attributable to (i) the decrease in revenue as a result of slowdown in orders from customers and the global trade dispute and tariff battle; and (ii) the decrease in gross margin as a result of the increase in labour costs driven by labour shortage and additional costs incurred for new quality assurance system to cope with customers’ new technological standard and requirements.

The Board wishes to emphasise that the information contained in this announcement is only based on a preliminary review by the Board based on information currently available to it, including the unaudited consolidated management accounts of the Group for the six months ended 30 June 2019, which have not yet been confirmed or reviewed by the Company’s auditors or the audit committee of the Company or finalised as at the date of this announcement. The Company is still in the process of finalising its unaudited consolidated interim results of the Group for the six months ended 30 June 2019 and the same may be subject to further adjustments after the review by the Board and the audit committee of the Company. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ended 30 June 2019, which is expected to be published in due course in accordance with the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 25 July 2019

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Zhang Liang Johnson and Ms. Wan Duo and three independent non-executive directors, namely Mr. Xu Liang, Mr. Chen Johnson Xi and Ms. Zhang Yibo.