

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 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 assessment by the Board of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019, the Group is expected to record a net loss ranging from approximately HK\$48 million to HK\$58 million as compared to the net profit of approximately HK\$34.6 million for the year ended 31 December 2018.

Based on the information currently available, the Board considered the net loss for the year ended 31 December 2019 was mainly due to the following reasons:–

- (1) the decrease in revenue generated from semiconductor business as a result of slowdown in orders from customers and the global trade dispute and tariff battle;
- (2) the increase in labour costs driven by labour shortage for the manufacture of semiconductors and additional costs incurred for new quality assurance system to cope with customers’ new technological standard and requirements on semiconductors; and
- (3) the provision for impairment loss of plant and machinery and inventory amounting to approximately HK\$23 million and HK\$10 million respectively, as a result of certain types of self-manufactured semiconductors no longer meet the new technological standard required by customers. The final amount of the provision for impairment loss is subject to further evaluation.

As at the date of this announcement, the Company is still in the process of finalising the consolidated results of the Group for the year ended 31 December 2019. The information contained herein is only based on a preliminary assessment by the Board based on information currently available to the Company, including the unaudited consolidated management accounts of the Group for the year ended 31 December 2019, which have not been audited or reviewed by the Company's auditors or reviewed by the audit committee of the Company and may be subject to further adjustments. Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for the year ended 31 December 2019, which will be published before the end of March 2020 pursuant to the requirements of 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, 28 February 2020

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