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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)

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 six months ended 30 June 2020, the Group is expected to record a net loss in excess of HK\$20.0 million as compared to the net profit of approximately HK\$1.9 million for the six months ended 30 June 2019.

Based on the information currently available, the Board considered the net loss for the six months ended 30 June 2020 was primarily attributable to the following reasons:

- (1) the decrease in revenue generated from semiconductor business, due to the outbreak of coronavirus disease (“**COVID-19**”) which has led to a reduction in the global economic activities, and resulted in slowdown in orders from customers;
- (2) the public health measures put in place to prevent the spread of the COVID-19 pandemic has caused temporary suspension of production of semiconductors for about one month after Chinese New Year. The anti-epidemic measures such as the quarantine, social distancing and other pandemic containment measures have also reduced the Group’s productivity and incurred incremental costs to the Group; and

- (3) 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.

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 2020. 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 six months ended 30 June 2020, which have not been confirmed or reviewed by the Company's auditors or the audit committee of the Company and may be subject to further adjustments. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ended 30 June 2020, which will be published before the end of August 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, 31 July 2020

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