BRAINHOLE TECHNOLOGY LIMITED
脑洞科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2203)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

ANNUAL RESULTS

The Board is pleased to announce the audited consolidated results of the Group for the Period together with the audited comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** ***HK$'000***	2018 *HK$'000* (Restated)
Turnover	*4*	**346,673**	388,696
Cost of sales		**(285,686)**	(284,625)
Gross profit		**60,987**	104,071
Other income		**1,294**	2,281
Selling and distribution costs		**(11,222)**	(13,675)
Administrative expenses		**(72,164)**	(50,685)
Impairment loss on inventories		**(10,274)**	–
Impairment loss on plant and equipment		**(22,501)**	–
Finance costs		**(728)**	–
(Loss) profit before tax		**(54,608)**	41,992
Income tax credit (expense)	*5*	**4,684**	(3,914)
(Loss) profit for the year	*6*	**(49,924)**	38,078
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(4,250)**	(10,116)
Total comprehensive (expense) income for the year attributable to owners of the Company		**(54,174)**	27,962

	Note	**2019**	2018
		HK$'000	*HK$'000*
			(Restated)
(Loss) profit for the year attributable to:			
– Owners of the Company		**(49,938)**	37,515
– Non-controlling interests		**14**	563
		(49,924)	38,078
Total comprehensive (expense) income attributable to:			
– Owners of the Company		**(54,188)**	27,921
– Non-controlling interests		**14**	41
		(54,174)	27,962
(Loss) earnings per share			
– Basic and diluted *(HK cents)*	*7*	**(6.24)**	4.69

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000 (Restated)
Non-current assets			
Plant and equipment		**145,286**	159,480
Right-of-use assets		**4,526**	–
Finance lease receivable		**842**	1,190
Intangible assets		**2,515**	2,089
Deferred tax assets		**5,092**	411
Prepayment for plant and equipment		**20,547**	22,683
		178,808	185,853
Current assets			
Inventories		**30,847**	43,867
Finance lease receivable		**322**	290
Trade and other receivables	*8*	**117,586**	116,212
Contract assets		**784**	2,672
Amounts due from related companies		**7,360**	1,343
Tax recoverable		**3,037**	2,839
Pledged deposit		**–**	5,127
Bank balances and cash		**56,018**	46,879
		215,954	219,229
Non-current asset classified as held for sale		**15,276**	–
		231,230	219,229
Current liabilities			
Trade and other payables	*9*	**91,505**	73,362
Lease liabilities		**2,535**	–
Amount due to immediate holding company		**–**	1,100
Deferred income		**300**	226
Consideration payable	*10*	**51,514**	–
Tax payables		**–**	585
Loan from immediate holding company		**34,776**	–
		180,630	75,273
Net current assets		**50,600**	143,956
Total assets less current liabilities		**229,408**	329,809

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Non-current liabilities		
Lease liabilities	**2,311**	–
Deferred tax liability	**413**	256
Deferred income	**1,804**	1,494
	4,528	1,750
	224,880	328,059
Capital and reserves		
Share capital	**8,000**	8,000
Reserves	**216,880**	319,207
Capital and reserves attributable to owners of the Company	**224,880**	327,207
Non-controlling interests	**–**	852
	224,880	328,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION

Brainhole Technology Limited was incorporated in the Cayman Islands on 10 September 2014 as an exempted company with limited liability under the Cayman Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares had been listed on GEM of the Stock Exchange since 9 October 2015 and subsequently transferred its listing to the Main Board of the Stock Exchange on 21 July 2017.

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The address of the principal place of business of the Company is Office A, 31st Floor, Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong. Its immediate holding company is Yoho Bravo Limited, a company incorporated in the BVI with limited liability and its ultimate controlling party is Mr. Zhang.

The Company is principally engaged in investment holding and the principal activities of its subsidiaries are the manufacturing and trading of electronic and electrical parts and components, and provision of services for broadband infrastructure construction services, promotion of broadband services, smart domain solution services and operating leases for broadband infrastructure.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

Merger accounting for business combination involving entities under common control

On 5 March 2019, Brainhole Technology Investments Limited, an indirectly wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement with Guangzhou Chong Dong, a company beneficially wholly-owned by Mr. Zhang, for the purchase of its entire interest of Guangzhou Weaving, for a consideration of RMB68,000,000 (equivalent to approximately HK$78,200,000), subject to profit guarantee adjustment as disclosed in note 10.

The acquisition was completed on 12 September 2019, and Guangzhou Weaving Group have become subsidiaries of the Group since then. As Guangzhou Weaving and the Company are ultimately controlled by Mr. Zhang, the acquisition of Guangzhou Weaving was regarded as business combination under common control.

The net assets of the combining entity or business are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The adjustments to eliminate share/registered capital of the combining entity or business against the related investment costs have been made to merger reserve in the consolidated statement of changes in equity. The details of the restated balances have been disclosed in note 10.

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, consolidated statement of changes in equity and the consolidated statement of cash flows for the prior periods have been restated to include the operating results of Guangzhou Weaving Group as if this acquisition had been completed on 27 April 2018, being the earliest date when the combining entities or businesses first came under the control of Mr. Zhang.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS") and Hong Kong (International Financial Reporting Interpretations Committee) Interpretation ("HK(IFRIC)-Int"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

The adoption of HKFRS 16 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the consolidated financial statements as summarises below.

The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 Impacts on adoption of HKFRS 16 *Leases*

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in annual report. The Group has applied HKFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 January 2019. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 17 *Leases*.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC) Int-4 *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 (except for lease of low value assets and lease with remaining lease term of 12 months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was ranged from 2.4% to 4.75%.

The Group recognises right-of-use assets and measures them at either:

(i) their carrying amount as if HKFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its lease of factory; or

(ii) an amount equal to the lease liabilities – the Group applied this approach to lease of offices.

The Group as lessor

The Group leases certain broadband infrastructures and software. The accounting policies applicable to the Group as lessor remain substantially unchanged from those under HKAS 17.

The following table summarises the impact of transition to HKFRS 16 at 1 January 2019. Line items that were not affected by the adjustments have not been included.

	Note	Carrying amounts as restated at 31 December 2018	Impact on adoption of HKFRS 16	Carrying amounts as restated at 1 January 2019
		HK$'000	*HK$'000*	*HK$'000*
Right-of-use assets	*(a)*	–	6,535	6,535
Lease liabilities	*(a)*	–	(6,805)	(6,805)
Retained profits	*(a)*	169,237	(270)	168,967
Translation reserve		(10,681)	5	(10,676)

Note (a): As at 1 January 2019, right-of-use assets were measured at an amount equal to carrying amount as if HKFRS 16 had been applied since the commencement date of the lease. Any difference between the right-of-use assets and the lease liabilities was recognised as an adjustment to the opening balance of retained profits.

The following table summarises the impact on transition to HKFRS 16 on retained profits and translation reserve at 1 January 2019:

	Retained profits	Translation reserve
	HK$'000	*HK$'000*
Balance at 31 December 2018 (Restated)	169,237	(10,681)
Total change as a result of adoption of HKFRS 16 on 1 January 2019	(270)	5
Balance at 1 January 2019 (Restated)	168,967	(10,676)

Differences between operating lease commitments as at 31 December 2018, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 January 2019 are as follow:

	HK$'000
Operating lease commitments previously disclosed as at 31 December 2018	3,807
Add: Leases from business combination under common control	3,778
Operating lease commitments as at 31 December 2018 (Restated)	7,585
Less: Short-term leases with remaining lease term ended on or before 31 December 2019	(325)
	7,260
Discounted using the incremental borrowing rates and lease liabilities recognised at 1 January 2019	6,805
Analysed as	
Non-current portion	4,560
Current portion	2,245
	6,805

Practical expedients applied

On the date of initial application of HKFRS 16, the Group has also used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and

- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]

[1] Effective for annual periods beginning on or after 1 January 2020.

[2] Effective for annual periods beginning on or after 1 January 2021.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for business combinations and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

The Directors anticipate that, the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

4. TURNOVER AND SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

a) Manufacturing segment engages in selling of electronic and electrical parts and components manufactured by the Group.

b) Trading segment engages in trading of electronic and electrical parts and components sourced from third-party suppliers.

c) Broadband infrastructure and smart domain segment engages in the provision of broadband infrastructure construction services, promotion of broadband services, smart domain solution services and operating leases for broadband infrastructure.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the method used to distribute the products and/or the nature of production processes.

Despite that all of the Group's products are of a similar nature, they are subject to dissimilar risks and returns. Accordingly, the Group's operating activities are attributable to manufacturing, trading and broadband infrastructure and smart domain segments.

Segment revenue represents revenue derived from the manufacturing and trading of electronic and electrical parts and components, and provision of broadband infrastructure construction services, promotion of broadband services, smart domain solution services and operating leases for broadband infrastructure. An analysis of the Group's revenue for the year from continuing operations is as follows:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Revenue from contracts with customers within the scope of HKFRS 15		
Manufacturing of electronic goods	**183,538**	224,667
Trading of electronic goods	**95,820**	123,588
Broadband infrastructure and smart domain:		
– Broadband infrastructure construction services	**36,672**	16,204
– Commission income	**13,736**	9,188
– Provision of smart domain solution services	**15,845**	14,381
	345,611	388,028
Revenue from other sources		
Broadband infrastructure and smart domain:		
Rental income from broadband infrastructure under operating leases		
– Lease payments that are fixed at a rate	**1,062**	668
	346,673	388,696

Disaggregation of revenue from contracts with customers by timing of recognition

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Timing of revenue recognition		
At a point in time	**308,939**	371,824
Over time	**36,672**	16,204
Total revenue from contracts with customers	**345,611**	388,028

Transaction price allocated to the remaining performance obligations

The transaction price allocated to the performance obligation that are unsatisfied (or partially unsatisfied) as at 31 December 2019 and 2018 and the expected timing of recognition are, as follow:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Within one year	**18,606**	9,020
More than one year	**12,675**	6,309
	31,281	15,329

The above amounts represent revenue expected to be recognised in the future from broadband infrastructure construction services.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Manufacturing		**Trading**		**Broadband infrastructure and smart domain**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)		(Restated)
Segment revenue	**183,538**	224,667	**95,820**	123,588	**67,315**	40,441	**346,673**	388,696
Segment (loss) profit	**(17,926)**	64,788	**11,656**	13,730	**3,276**	3,193	**(2,994)**	81,711
Unallocated income							**488**	608
Unallocated expenses							**(52,102)**	(40,327)
(Loss) profit before tax							**(54,608)**	41,992

Segment (loss) profit represents the (loss) profit earned by each segment without allocation of certain administrative expenses, finance costs and certain other income. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Segment assets		
Manufacturing	**236,533**	258,333
Trading	**29,521**	29,533
Broadband infrastructure and smart domain	**83,941**	67,861
Unallocated	**60,043**	49,355
Total assets	**410,038**	405,082
Segment liabilities		
Manufacturing	**37,855**	35,530
Trading	**20,519**	14,108
Broadband infrastructure and smart domain	**31,428**	17,297
Unallocated	**95,356**	10,088
Total liabilities	**185,158**	77,023

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain plant and equipment and right-of-use assets for administrative purpose, certain intangible assets, tax recoverable, certain other receivables and prepayments, pledged deposit and certain bank balances and cash as these assets are managed on a group basis; and

- all liabilities are allocated to operating segments other than certain other payables, tax payables, deferred tax liability, consideration payable and loan from immediate holding company.

5. INCOME TAX (CREDIT) EXPENSE

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Current tax:		
Hong Kong	**–**	6,075
The PRC	**307**	1,104
	307	7,179
Under (over) provision in prior years:		
Hong Kong	**80**	–
The PRC	**(462)**	(3,033)
	(382)	(3,033)
Deferred tax	**(4,609)**	(232)
	(4,684)	3,914

6. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Emoluments of the Directors and chief executives		
Salaries and allowances	**1,730**	1,833
Retirement benefits scheme contributions	**6**	16
Other staff costs:		
Salaries and allowances	**51,448**	42,182
Retirement benefits scheme contributions	**5,720**	4,621
Total staff costs	**58,904**	48,652
Auditor's remuneration	**836**	750
Amount of inventories recognised as expenses	**285,686**	284,625
Amortisation of intangible assets	**287**	163
Depreciation of plant and equipment	**26,060**	19,584
Depreciation of right-of-use assets	**3,157**	–
Research and development costs *(note (i))*	**11,334**	12,062
Impairment loss on trade receivables	**1,345**	302
Impairment loss on contract assets	**5**	–*
Write-off of plant and equipment	**4**	–
Write-off of trade receivables	**1,900**	–
Write-off of contract assets	**82**	–
Operating lease rentals in respect of rented premises	**–**	2,166

* *The amount was presented as "nil" as a result of rounding and is less than HK$1,000.*

Note:

(i) Included in research and development costs was staff cost of approximately HK$4,827,000 (2018: HK$5,095,000) which has been included in staff costs disclosure above.

7. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
(Loss) earnings		
(Loss) profit for the purpose of basic and diluted (loss) earnings per share	**(49,938)**	37,515

	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**800,000**	800,000

Diluted (loss) earnings per share is the same as basic (loss) earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2019 and 2018.

8. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Receivables at amortised cost comprise:		
Trade receivables	**103,401**	93,908
Less: allowance for impairment loss	**(2,061)**	(2,659)
	101,340	91,249
Deposits and other receivables	**4,611**	8,092
Prepayments	**11,635**	16,871
Total trade and other receivables	**117,586**	116,212

As at 31 December 2019, the gross amount of trade receivables arising from contracts with customers and operating leases amounted to approximately HK$101,289,000 (2018: HK$91,226,000) and HK$51,000 (2018: HK$23,000) respectively.

The Group does not hold any collateral over its trade and other receivables.

The Group allows a credit period of 0 to 90 days to its customers for manufacturing and trading segments. For customers for broadband infrastructure and smart domain segment, the Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate.

The following is an aged analysis of trade receivables, net of allowance for impairment, presented based on the date of delivery/invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
0 to 30 days	**85,210**	80,940
31 to 90 days	**7,062**	6,170
91 to 365 days	**3,148**	2,962
Over 365 days	**5,920**	1,177
	101,340	91,249

9. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Trade payables	**70,238**	54,142
Payables for acquisition of plant and equipment	**5,129**	1,605
Contract liabilities *(Note)*	**–**	57
Accruals of costs for contract works	**314**	2,028
Accrued staff costs	**3,259**	2,611
Accruals and other payables	**12,565**	12,919
	91,505	73,362

No accrued directors' emoluments included in the Group's accruals and other payables as at 31 December 2019 (2018: HK$601,000).

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Within 3 months	**65,191**	51,316
4 to 6 months	**3,472**	2,075
7 to 12 months	**982**	713
Over 1 year	**593**	38
	70,238	54,142

The credit period on purchases of goods ranged from 30 to 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Note: Contract liabilities include advance received in respect of sales of goods. Revenue recognised during the year ended 31 December 2019 that was included in the contract liabilities at the beginning of the year is HK$57,000 (2018: nil). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

10. BUSINESS COMBINATION UNDER COMMON CONTROL

As mentioned in note 2, the acquisition of Guangzhou Weaving has been accounted for business combination under common control. Pursuant to the terms of the sale and purchase agreement for the acquisition of Guangzhou Weaving, Guangzhou Chong Dong has agreed to provide a profit guarantee to the Group in relation to the financial performance of Guangzhou Weaving Group for the years ended 31 December 2018 and 2019. If the audited consolidated net profit after tax attributable to owners of Guangzhou Weaving falls short of the guaranteed profit of RMB10,000,000 in aggregate for the years ended 31 December 2018 and 2019, the consideration of RMB68,000,000 should be adjusted based on the actual profit in agreed calculation formula.

The fair value of the consideration payable at the date of completion on 12 September 2019 was approximately RMB46,145,000, equivalent to approximately HK$51,514,000, which was determined by an independent valuer. As at 31 December 2019, the Directors consider that the change in fair value of the consideration payable is insignificant.

The consolidated statement of financial position as at 31 December 2018, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 31 December 2018 have been restated to include the assets and liabilities and the operating results of Guangzhou Weaving Group as if this acquisition had been completed since 27 April 2018, which is the date when Guangzhou Weaving Group and the Company first came under the control of Mr. Zhang.

The summary of restated results of operations of the Group for the year ended 31 December 2018 and the financial position as at 31 December 2018 are set out below:

	The Group	**Guangzhou Weaving Group**	**Inter-company eliminations**	**The Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(as previously reported)	*(From 27/4/2018 to 31/12/2018)*	*(From 27/4/2018 to 31/12/2018)*	*(Restated)*
Results of operations for the year ended 31 December 2018				
Turnover	348,255	40,441	–	388,696
Cost of sales	(257,468)	(27,157)	–	(284,625)
Gross profit	90,787	13,284	–	104,071
Other income	1,976	305	–	2,281
Selling and distribution costs	(13,636)	(39)	–	(13,675)
Administrative expenses	(40,329)	(10,356)	–	(50,685)
Profit before tax	38,798	3,194	–	41,992
Income tax (expense) credit	(4,155)	241	–	(3,914)
Profit for the year	34,643	3,435	–	38,078
Other comprehensive expense for the year				
Item that may be reclassified subsequently to profit or loss:				
Exchange difference arising on translation of foreign operations	(6,930)	(3,186)	–	(10,116)
Total comprehensive income for the year attributable to owners of the Company	27,713	249	–	27,962

	The Group	Guangzhou Weaving Group	Inter-company eliminations	The Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(as previously reported)	*(From 27/4/2018 to 31/12/2018)*	*(From 27/4/2018 to 31/12/2018)*	*(Restated)*
Results of operations for the year ended 31 December 2018 (Continued)				
Profit for the year attributable to:				
– Owners of the Company	34,643	2,872	–	37,515
– Non-controlling interests	–	563	–	563
	34,643	3,435	–	38,078
Total comprehensive income attributable to:				
– Owners of the Company	27,713	208	–	27,921
– Non-controlling interests	–	41	–	41
	27,713	249	–	27,962
Earnings per share				
– Basic and diluted *(HK cents)*	4.33	0.36	–	4.69

	The Group	Guangzhou Weaving Group	Inter-company eliminations	The Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(as previously reported)			*(Restated)*
Financial position as at 31 December 2018				
Non-current assets				
Plant and equipment	136,587	22,893	–	159,480
Finance lease receivable	–	1,190	–	1,190
Intangible assets	–	2,089	–	2,089
Deferred tax assets	–	411	–	411
Prepayment for plant and equipment	22,683	–	–	22,683
	159,270	26,583	–	185,853
Current assets				
Inventories	43,458	409	–	43,867
Finance lease receivable	–	290	–	290
Trade and other receivables	87,121	29,091	–	116,212
Contract assets	–	2,672	–	2,672
Amounts due from related companies	–	1,343	–	1,343
Tax recoverable	2,377	462	–	2,839
Pledged deposit	5,127	–	–	5,127
Bank balance and cash	39,868	7,011	–	46,879
	177,951	41,278	–	219,229
Current liabilities				
Trade and other payables	56,861	16,501	–	73,362
Amount due to immediate holding company	1,100	–	–	1,100
Deferred income	226	–	–	226
Tax payables	–	585	–	585
	58,187	17,086	–	75,273
Net current assets	119,764	24,192	–	143,956
Total assets less current liabilities	279,034	50,775	–	329,809

	The Group	Guangzhou Weaving Group	Inter-company eliminations	The Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(as previously reported)			*(Restated)*
Financial position as at 31 December 2018 (Continued)				
Non-current liabilities				
Deferred tax liability	45	211	–	256
Deferred income	1,494	–	–	1,494
	1,539	211	–	1,750
Net assets	277,495	50,564	–	328,059
Capital and reserves				
Share capital	8,000	13,594	(13,594)	8,000
Reserves	269,495	36,118	13,594	319,207
Capital and reserves attributable to owners of the Company	277,495	49,712	–	327,207
Non-controlling interests	–	852	–	852
	277,495	50,564	–	328,059

The financial position of Guangzhou Weaving Group as at 27 April 2018 is set out below:

	Guangzhou Weaving Group
	HK$'000
Financial position as at 27 April 2018	
Non-current assets	
Plant and equipment	22,016
Finance lease receivable	1,473
Intangible asset	1,931
	25,420
Current assets	
Inventories	297
Finance lease receivable	313
Trade and other receivables	25,034
Amounts due from related companies	292
Contract assets	222
Tax recoverable	955
Bank balance and cash	5,687
	32,800
Current liability	
Trade and other payables	17,305
Net current assets	15,495
Total assets less current liabilities	40,915
Capital and reserves	
Share capital	13,594
Reserves	26,359
Capital and reserves attributable to owners of the Company	39,953
Non-controlling interests	962
	40,915

On 16 October 2018, Guangzhou Chong Dong injected capital of approximately RMB8,206,000 (equivalent to approximately HK$9,400,000) at cash to Guangzhou Weaving. On 14 November 2018, Guangzhou Chong Dong acquired an additional 4.4% equity interest in Guangzhou Weaving without consideration, resulting in increase in its equity interest in Guangzhou Weaving to 88%. The carrying value of non-controlling interests acquired was approximately HK$151,000. Therefore, amount of approximately HK$151,000 was recognised in capital reserve.

On 7 January 2019, Guangzhou Chong Dong acquired an additional 6.67% equity interest in Guangzhou Weaving, at cash consideration of approximately RMB11,316,000 (equivalent to approximately HK$12,938,000) resulting in increase in its equity interest in Guangzhou Weaving to 94.67%. The carrying value of non-controlling interests acquired was approximately HK$476,000. Therefore, the difference of approximately HK$12,462,000 was recognised in capital reserve.

On 1 February 2019, Guangzhou Chong Dong further acquired an additional 5.33% equity interest in Guangzhou Weaving, at cash consideration of approximately RMB9,749,000 (equivalent to approximately HK$11,401,000) resulting in increase in its equity interest in Guangzhou Weaving to 100%. The carrying value of non-controlling interests acquired was approximately HK$390,000. Therefore, the difference of approximately HK$11,011,000 was recognised in capital reserve.

11. EVENT AFTER REPORTING PERIOD

The outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020 has brought additional uncertainties in the Group's operating environment. The outbreak of COVID-19 has materially and adversely impacted the sales, some debtors' repayment abilities and turnover of inventory. The management will closely monitor the situation and continue to assess the impact of the outbreak of COVID-19.

As the extent to which the COVID-19 outbreak will continue is uncertain, it is not practicable to estimate or quantify the financial impact that may have on the Group's consolidated financial position and performance as at the date when the consolidated financial statements are authorised to issue.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the assembly, packaging and sales of its self-manufactured discrete semiconductors and trading of semiconductors sourced from third-party suppliers.

Due to the global trade dispute and the tariff battle between China and the United States, most of the Group's customers of semiconductors took a conservative approach in planning their business, and have slowed down their placing of new order during the Period. As a result, the Group's turnover from manufacturing and trading of semiconductors for the Period dropped by approximately 19.8% as compared to the previous financial year.

During the Period, the turnover from manufacturing business of semiconductors has recorded a decrease of approximately 18.3% as compared to the previous financial year. In addition to its manufacturing business, the Group continues to operate its trading business during the Period, primarily to supplement its sales of self-manufactured products. The Group acts as a solution kits integrator and is engaged in trading of semiconductors that its customers specifically require. These semiconductors, however, are not manufactured by the Group. The product mix required by customers varies from time to time. During the Period, global trade dispute and the tariff battle also hit the trading operations and the turnover from trading of semiconductors dropped by approximately 22.5% as compared to the previous financial year.

During the Period, the Group continued its ongoing efforts in research and development ("R&D") and innovations. Regarding the semiconductors business, the Group registered 33 patent rights in the PRC in respect of its process innovation and product innovation in 2019. The Group's principal operating subsidiaries continued to enjoy the status of High and New-Technology Enterprise and is entitled to a reduced PRC Enterprise Income Tax rate at 15%.

The number of the Group's customers of semiconductors increased from 160 as at 31 December 2018 to 169 as at 31 December 2019.

During the Period, the Group completed the acquisition of Guangzhou Weaving, which is principally engaged in broadband infrastructure construction and the provision of integrated solution for smart domain application (including smart home, smart campus and smart communities) in PRC. Its smart domain solution includes hardware for security and identification purposes, software for residence management, energy saving and community services. As smart living has become increasingly popular, the Group believes that the expansion of business to smart living sector can enhance Shareholders' equity and diversify the Group's risk portfolio.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2019, the Group recorded turnover of approximately HK$346.7 million, as compared to the turnover of approximately HK$388.7 million for the year ended 31 December 2018. The decrease in turnover was approximately HK$42.0 million or 10.8% when compared to the previous year. It was primarily attributable to the decrease in the sales of semiconductors business as a result of the slowdown of customers' order due to the global trade dispute and tariff battle.

The slowdown of customers order hit both the manufacturing and trading business of semiconductors. During the Period, the Group recorded a turnover of HK$183.5 million from sales of its self-manufactured semiconductors, representing a decrease of approximately HK$41.1 million or 18.3% as compared to that of approximately HK$224.7 million for the year ended 31 December 2018. The production volume of the Group's self-manufactured semiconductors witnessed an overall decrease during the Period when compared to the previous financial year.

The Group's trading of semiconductors primarily complements sales of self-manufactured semiconductors when it provides solution kits services to its customers. During the Period, the Group's turnover derived from its trading of semiconductors amounted to approximately HK$95.8 million, representing a decrease of approximately HK$27.8 million or 22.5% as compared to that of approximately HK$123.6 million for the year ended 31 December 2018.

The operating results of Guangzhou Weaving Group was consolidated to the Group since 27 April 2018 when the common control by Mr. Zhang firstly existed. Therefore, the decrease in turnover was partially offset with the increase in turnover brought from Guangzhou Weaving Group, which contributed approximately HK$67.3 million to the Group's turnover during the Period, compared to the turnover of approximately HK$40.4 million for the period from 27 April 2018 to 31 December 2018.

Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately HK$61.0 million for the Period, representing a decrease of approximately HK$43.1 million or 41.4% from approximately HK$104.1 million for the year ended 31 December 2018. It was mainly attributable to the decrease in turnover and gross profit margin of semiconductors business, which led to the gross profit of semiconductors business decreased from approximately HK$90.8 million for the year ended 31 December 2018 to approximately HK$38.3 million for the Period.

However, Guangzhou Weaving contributed gross profit of approximately HK$22.7 million for the Period, while recorded gross profit of approximately HK$13.3 million for the period from 27 April 2018 to 31 December 2018.

The Group's overall gross profit margin for the Period was approximately 17.6%, representing a decrease of approximately 9.2 percentage points as compared with gross profit margin of approximately 26.8% for the year ended 31 December 2018. Such decrease was primarily due to the decrease of gross profit margin of semiconductor business, which decreased from approximately 26.1% for the year ended 31 December 2018 to approximately 13.7% for the Period. This was mainly attributable to (i) the increase in labour costs driven by the labour shortage for the manufacture of semiconductors in Dongguan, Guangdong, the PRC; and (ii) the additional costs incurred for new quality assurance system to cope with customers' new technological standard and requirements on semiconductors.

The gross profit margin of Guangzhou Weaving Group's business remained relatively stable at approximately 33.7% and 32.9% respectively for the Period and the period from 27 April 2018 to 31 December 2018.

Selling and Distribution Costs

The Group's selling and distribution costs for the Period was approximately HK$11.2 million, representing a decrease of approximately HK$2.5 million or 17.9% from approximately HK$13.7 million for the year ended 31 December 2018. The amount mainly represented the selling and distribution costs of semiconductors business and such decrease was in line with the change of turnover of semiconductors during the Period as discussed above.

Administrative Expenses

The Group's administrative expenses for the Period was approximately HK$72.2 million, representing an increase of approximately HK$21.5 million or 42.4% over that of approximately HK$50.7 million for the year ended 31 December 2018.

The increase was primarily attributable to, among others, (i) additional costs incurred for the improvement of engineering and quality management for semiconductor business; (ii) increase in staff-related expenses during the Period; and (iii) expenses incurred by the Company in relation to the acquisition of Guangzhou Weaving which took place during the Period.

Income Tax Expense

The Group's income tax credit for the Period was approximately HK$4.7 million, as compared to income tax expense of approximately HK$3.9 million for the year ended 31 December 2018. Such decrease of income tax expense was primarily attributable to decrease in operating profits from semiconductors business due to the factors discussed above and the deferred tax impact arising from the impairment loss on trade receivables, plant and equipment and inventories.

(Loss) Profit for the Period

As a result of the foregoing, combined with the effect of the provision for impairment loss of plant and equipment and inventories amounting to approximately HK$22.5 million and HK$10.3 million respectively, as a result of certain types of self-manufactured semiconductors no longer meeting the new technological standard required by customers, the Group's net loss for the Period was approximately HK$49.9 million, when compared to the net profit of approximately HK$38.1 million for the year ended 31 December 2018.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Period, the operations of the Group were primarily funded by internally generated cash flows.

The Group's outstanding capital commitments as at 31 December 2019 amounted to approximately HK$6.0 million (2018: HK$28.9 million). Such commitments primarily related to the broadband infrastructure construction and purchase of equipment and machinery to meet the demand of the market and quality control improvements in the production plant. Such outstanding commitments are expected to be funded by the Group's internally generated funds.

As at 31 December 2019, the Group had no outstanding bank borrowings.

Please refer to note 9 to the consolidated financial statements in this announcement for the ageing analysis in respect of the trade payables of the Group as at 31 December 2019 and 2018.

The Group's gearing ratio as at 31 December 2019 and 2018, which was calculated by dividing its total bank borrowings by its total equity as at those dates, were both nil due to the absence of bank borrowings as at those dates.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise the cost of funds, the Group's treasury activities are centralised with all bank deposits denominated either in HK$, US$ or RMB. The Group's liquidity and financing requirements are reviewed regularly. The Group will continue to maintain a prudent capital structure when considering financing for new investments.

CHARGES ON GROUP ASSETS

As at 31 December 2019, the Group did not have any asset pledged while as at 31 December 2018, asset of approximately HK$5.1 million was pledged to a bank to secure short-term bank facilities granted to the Group.

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

On 5 March 2019 (after trading hours of the Stock Exchange), Brainhole Technology Investments Limited ("Purchaser"), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, Guangzhou Chong Dong, a company established in the PRC and wholly beneficially owned by Mr. Zhang, the chairman and an executive Director and Guangzhou Weaving, a company established in the PRC entered into an agreement (the "Agreement"), pursuant to which, among other things, the Purchaser conditionally agreed to acquire and Guangzhou Chong Dong conditionally agreed to sell the entire equity interest of the Guangzhou Weaving at the consideration of RMB68 million (subject to adjustments).

On 20 August 2019, an extraordinary general meeting of the Company was held during which the independent Shareholders approved the Agreement and the transaction contemplated thereunder. Completion of the transaction took place on 12 September 2019 and Guangzhou Weaving and its subsidiary have become indirect wholly-owned subsidiaries of the Company.

Other than the above, the Group has not made any significant investments or material acquisitions and disposals of subsidiaries during the Period.

PROFIT GUARANTEE

Pursuant to the Agreement, Guangzhou Chong Dong has irrevocably warranted and guaranteed to the Purchaser that the aggregate consolidated net profit after tax as shown in the audited reports of the Guangzhou Weaving Group for the two years ended 31 December 2019 shall not be less than RMB10 million. For further details of the profit guarantee, please refer to the circular of the Company dated 30 July 2019.

Guangzhou Weaving Group is in the process of preparing its audited report for the year ended 31 December 2019. Further announcement will be made by the Company in relation to actual performance of the profit guarantee as and when necessary in compliance with the Listing Rules.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any significant contingent liabilities (2018: Nil).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group is exposed to foreign currency risks as several of its subsidiaries have foreign currency sales and purchases. For the years ended 31 December 2019 and 2018, approximately 48% and 66%, respectively, of the Group's sales were denominated in currencies other than the functional currency of the relevant group entities making the sale, and approximately 85% and 65%, respectively, of purchases were denominated in the relevant group entities' functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2019 and 2018 are as follows:

	Assets		Liabilities	
	As at 31 December		As at 31 December	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
United States dollars	**47,563**	74,994	**4,998**	6,123
Renminbi	**2,277**	7,155	**74**	90
	49,840	82,149	**5,072**	6,213

The Group currently does not have a foreign currency hedging policy. However, the Directors continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

HUMAN RESOURCES

As at 31 December 2019, the Group had a workforce of 486 full-time employees (including the three executive Directors but excluding the three independent non-executive Directors) of whom approximately 96.5% were employed in the PRC and approximately 3.5% in Hong Kong. The Group's staff costs (including Directors' emoluments) for the years ended 31 December 2019 and 2018 amounted to approximately HK$58.9 million and HK$48.7 million, respectively. The Group's employees in Hong Kong are required to participate in the Mandatory Provident Fund scheme under which it is required to contribute a fixed percentage of the employees' payroll costs (up to a maximum of HK$1,500 per month) to the scheme. For the Group's employees in the PRC, the Group makes contributions to various government sponsored employee benefit funds, including housing provident fund, basic pension insurance fund, basic medical insurance, unemployment insurance, maternity insurance and work related injury insurance funds in accordance with applicable PRC laws and regulations.

The Group generally recruits employees from the open market. It actively pursues a strategy to recruit, develop and retain talented employees by (i) providing them with training programs on a regular basis to keep them abreast of their knowledge in the products it distributes, technology development and market conditions of the electronics industry, broadband infrastructure industry and smart domain industry; (ii) aligning employees' compensation and incentives with their performance; and (iii) providing them with a clear career path with opportunities for additional responsibilities and promotions.

ENVIRONMENTAL MATTERS

While the Group is subject to the PRC environmental laws and regulations including the Environment Protection Law of the PRC, which govern a broad range of environmental matters, including air pollution, noise emissions, discharge of waste water and waste residues, the Directors believe that the Group's production process does not generate environmental hazards which would pose a significant adverse effect on the environment and that the environmental protection measures undertaken by the Group are adequate to comply with all applicable current local and national PRC regulations.

During the Period and to the best of the Directors' knowledge, the Group had not received any complaints from its customers or any other parties in respect of any environmental protection issues, and had not experienced any material environmental incidents arising from its manufacturing activities. During the Period, no administrative sanctions or penalties were imposed on the Group for the violation of environmental laws or regulations which had a material adverse impact on its operations.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the Period (2018: Nil).

BUSINESS PROSPECT

Despite the trade tensions having been slightly eased upon the signing of Phase-One trade deal between the United States and China, there are still uncertain factors in between. In addition, the recent outbreak of the coronavirus disease put new downward pressure to the global economy. The Group's production of semiconductors had also been temporarily suspended after the Chinese New Year. There is still no clue when the coronavirus disease will be under control and it is expected that part of the customer orders of semiconductors would be affected due to the slower economic activity, especially for customers in the PRC and Korea. Although the Group's production and operation have been resumed, the financial impact of the coronavirus disease to the Group has to be further observed.

The semiconductor industry is characterized by rapid technological changes and evolving industry standards and an effective quality assurance system is critical to the success of the Group. The Group intends to continue its research and development to strengthen its production process and quality control.

On the other hand, upon the completion of the acquisition of Guangzhou Weaving during the Period, the Group proactively expanded its business to smart living sector. Guangzhou Weaving is principally engaged in broadband construction infrastructure and the provision of integrated solutions for smart domain application in the PRC, which include smart home, smart campus and smart communities. Under the China's state policies, technological innovation and development are highly encouraged and supported. At present, China maintains a leading position in 5G network technology in the world, and the full implementation of 5G network in commercial and civilian applications has already been commenced in 2020. It is foreseeable that artificial intelligence, Internet of Things, cloud computing and big data processing will be benefited continuously from the PRC government's dedicated support in its development. The technological innovation will speed up and further stimulate the growth and development of technological application in the smart living sector. In view of these, the Group will capitalise the fast-growing demand of technological application in the smart living sector.

In the future, Guangzhou Weaving is dedicated to be a hardware solution integrator for smart domain application. Hence, the Group will keep searching for other acquisition or investment targets, primarily focusing on areas of smart living related technology and electronic parts for artificial intelligence and Internet of Things, which could have potential business synergy with Guangzhou Weaving and semiconductor business.

Looking forward, the Group is vigorous to explore other possible business opportunities, and one of the potential opportunities is to develop smart campus in the PRC, an all-in-one technological innovation industrial parks, that supports and pilots application of innovative solutions, drive new technology development and enhance collaboration of high technology companies. The Group possesses strong management team with high technology expertise and network in the field of mobile telecommunication, networking and smart city. Leveraging on its well-established relationship with telecom carriers and property developers (such as Seedland and R&F Properties), the Group aims to assist local government to build up the smart campus from scratch, including building the innovation centers, inserting necessary infrastructure and technological support. We believe, with the supportive preferential policies from local government, the smart campus can act as an incubator to attract newcomers from nationwide and worldwide to start their research and development and production line of smart technologies within the parks. The Group can enjoy the synergy created together with the incubatees, the property developers and the local government.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continued growth of the Group and for safeguarding and maximising Shareholders' interests.

The Company has complied with the code provisions set out in the CG Code during the Period.

ANNUAL GENERAL MEETING

The AGM of the Company will be held in Hong Kong on Friday, 12 June 2020. Notice of the AGM will be issued and disseminated to Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members will be closed from Tuesday, 9 June 2020 to Friday, 12 June 2020, both days inclusive, during which period no transfer of Shares will be registered. In order to determine the identity of Shareholders who are entitled to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 8 June 2020 for registration.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference that comply with the requirements of the CG Code. The audit committee currently comprises all independent non-executive Directors of the Company, namely Mr. Xu Liang, Mr. Chen Johnson Xi and Ms. Zhang Yibo, and is chaired by Mr. Xu Liang. The audit committee has reviewed the annual results of the Group in respect of the Period.

DEFINITIONS

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

"AGM"	the annual general meeting of the Company to be held on Friday, 12 June 2020
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Company"	Brainhole Technology Limited 脑洞科技有限公司, a company incorporated as an exempted company with limited liability in the Cayman Islands
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Guangzhou Chong Dong"	Guangzhou Chong Dong Technology Co., Ltd.（廣州蟲洞科技有限公司*）, a company established in the PRC with limited liability and is wholly beneficially owned by Mr. Zhang
"Guangzhou Weaving"	Guangzhou Weaving Communications Telecommunications Technology Limited（廣州織網通訊科技有限公司*）, a company established in the PRC with limited liability
"Guangzhou Weaving Group"	Guangzhou Weaving and its subsidiary
"HK$" or "HK dollar(s)" and "HK cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Korea"	the Republic of Korea
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented and/or otherwise modified from time to time as the context may require
"Main Board"	the Main Board of the Stock Exchange
"Mr. Zhang"	Mr. Zhang Liang Johnson
"Period"	the financial year ended 31 December 2019
"PRC"	the People's Republic of China, save that, for the purpose of this announcement and unless the context otherwise requires, references in this announcement do not include Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"%"	per cent.

* *The English translation of the company name is for reference only. The official name of this company is in Chinese.*

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

Hong Kong, 31 March 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.