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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)**

### **PERFORMANCE OF PROFIT GUARANTEE**

This announcement is made by Brainhole Technology Limited (the “**Company**”) pursuant to Rule 14.36B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Reference is made to the circular of the Company in relation to the discloseable and connected transaction in relation to the acquisition of the entire equity interest of Guangzhou Weaving dated 30 July 2019 (the “**Circular**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

As disclosed in the Circular, pursuant to the Acquisition Agreement, the Vendor has irrevocably warranted and guaranteed to the Purchaser that the aggregate consolidated net profit after tax as shown in the audited reports of the Target Group for the two years ended 31 December 2019 (the “**Aggregate Guaranteed Profit**”) shall not be less than RMB10 million. In the event that the actual aggregate consolidated net profit after tax for the year ended 31 December 2018 and the year ended 31 December 2019 (the “**Actual Profit**”) does not meet the Aggregate Guaranteed Profit, the Consideration should be adjusted as follows:

$$\begin{array}{lcl} \text{Adjusted} & & \\ \text{consideration} & = & \text{RMB68} \\ & & \text{million} \end{array} - \frac{(\text{Aggregate Guaranteed Profit} - \text{Actual Profit})}{\text{Aggregate Guaranteed Profit}} \times \text{Consideration}$$

The Company has received the audited consolidated report of the Target Group for the financial year ended 31 December 2019 and the Actual Profit amounted to approximately RMB6,786,000, which is less than the Aggregate Guaranteed Profit. The Consideration will be adjusted accordingly in accordance with the above formula set out in the Acquisition Agreement and the adjusted consideration is approximately RMB46,145,000 (the “**Adjusted Consideration**”).

The Company will agree the payment date to settle the Adjusted Consideration with the Vendor in accordance with the terms of the Acquisition Agreement. As disclosed in the Circular, it is expected that the Company will settle the Adjusted Consideration by both its internal resources and external financing either from independent third party(ies) or from the Vendor (by itself or through its related parties) by way of unsecured interest-free loan(s) to the Group. Further disclosure will be made by the Company in relation to the above in its 2019 annual report, which will be despatched to the Shareholders before 30 April 2020.

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

Hong Kong, 20 April 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.*