

*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.*

**ERAINHOLE**  
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 year ended 31 December 2020, the Group is expected to record a net loss ranging from approximately HK\$55 million to HK\$65 million as compared to the net loss of approximately HK\$49.9 million for the year ended 31 December 2019.

Based on the information currently available, the Board considered that the increase in net loss for the year ended 31 December 2020 was mainly due to the following reasons:

- (1) the decrease in revenue generated from semiconductor business, due to the outbreak of COVID-19 which has led to a reduction in the global economic activities, and resulted in slowdown in orders from customers. Despite there is gradual control of the COVID-19 pandemic in the People’s Republic of China in the second half of 2020, the recovery pace of the orders from overseas customers is still uncertain;
- (2) the public health measures put in place to prevent the spread of the COVID-19 has caused temporary suspension of production of semiconductors for about one month after Chinese New Year in 2020. 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;

- (3) the increase in costs driven by labour shortage for the manufacture of semiconductors and additional costs incurred for quality assurance purpose to cope with customers' technological standard and requirements on semiconductors; and
- (4) the provision for impairment loss of plant and equipment and right-of-use assets made in accordance with Hong Kong Accounting Standard 36 that applies to semiconductor manufacturing assets and such amount is estimated to be not less than HK\$32.0 million.

The above-mentioned provision for the impairment losses is a non-cash accounting treatment and it has no impact on the Group's cash flow, operations, or liquidity position. The Group has adequate cash to meet its current business needs. The Board considers that the overall financial position and operations of the Group remain solid.

As at the date of this announcement, the Company is still in the process of finalising the consolidated annual results of the Group for the year ended 31 December 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 year ended 31 December 2020, which have not been audited or reviewed by the Company's auditors or reviewed by the audit committee of the Board 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 2020, which will be published before the end of March 2021 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, 19 March 2021

*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.*