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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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	3	263,566	321,570
Cost of sales		(215,027)	(267,457)
Gross profit		48,539	54,113
Other income		5,160	7,163
Other losses		(10,621)	–
Selling and distribution costs		(6,805)	(8,430)
Administrative expenses		(63,797)	(80,837)
Impairment loss on plant and equipment		(22,529)	(15,028)
Finance costs		(11,676)	(8,179)
Loss before tax		(61,729)	(51,198)
Income tax credit (expense)	4	4,117	(354)
Loss for the year	5	(57,612)	(51,552)
Other comprehensive (expense) income for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		(7,269)	3,722
Total comprehensive expense for the year		(64,881)	(47,830)
Loss per share			
– Basic and diluted (HK cents)	6	(7.20)	(6.44)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Plant and equipment		49,259	93,306
Right-of-use assets		2,500	4,069
Intangible assets		1,010	1,239
Deferred tax assets		17,670	14,264
Prepayment for plant and equipment		1,770	1,204
		<u>72,209</u>	<u>114,082</u>
Current assets			
Inventories		44,888	49,643
Finance lease receivable		–	491
Trade and other receivables	7	94,982	132,506
Contract assets		4,946	1,844
Amounts due from related companies		8,470	11,508
Tax recoverable		–	911
Digital assets		11,189	–
Financial assets at fair value through profit or loss		70,582	–
Bank balances and cash		26,151	42,644
		<u>261,208</u>	<u>239,547</u>
Current liabilities			
Trade and other payables	8	76,125	120,183
Contract liabilities		4,971	–
Bank borrowings		7,277	–
Lease liabilities		1,399	2,340
Deferred income		470	796
Loan from an immediate holding company		473	–
Loans from related companies		59,625	–
Income tax payables		34	–
		<u>150,374</u>	<u>123,319</u>
Net current assets		<u>110,834</u>	<u>116,228</u>
Total assets less current liabilities		<u>183,043</u>	<u>230,310</u>

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	1,407	2,480
Deferred tax liability	272	313
Deferred income	2,524	5,086
Loan from an immediate holding company	–	25,100
Loans from related companies	–	55,007
Loan from ultimate controlling party	77,261	–
	81,464	87,986
	101,579	142,324
Capital and reserves		
Share capital	8,000	8,000
Reserves	93,579	134,324
	101,579	142,324

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 issued shares had been listed on Stock Exchange since 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 Suites 1801-03, 18/F., One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong. Its immediate holding company is Yoho Bravo Limited ("Yoho"), 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, provision of 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 HK\$, which is the same as the functional currency of the Company.

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

In the current year, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 January 2022:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 cycle

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

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 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback 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 HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

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

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.

3. REVENUE 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 or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable segments are as follows:

- a) Manufacturing segment engages in selling of electronic goods and electrical parts and components manufactured by the Group.
- b) Trading segment engages in trading of electronic goods 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.
- d) Strategic investments segment engages in trading of digital assets and listed equity securities.

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 different risks and returns. Accordingly, the Group's operating activities are attributable to manufacturing, trading, broadband infrastructure and smart domain and strategic investments segments.

Revenue represents revenue arising from the manufacturing and trading of electronic goods and electrical parts and components, 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 Period is as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Manufacturing of electronic goods	122,762	129,479
Trading of electronic goods	93,178	91,742
Broadband infrastructure and smart domain:		
Broadband infrastructure construction services	19,142	54,245
Commission income from promotion of broadband services	13,533	13,741
Provision of smart domain solution services	10,095	27,158
	258,710	316,365
Revenue from other sources		
Broadband infrastructure and smart domain:		
Rental income from broadband infrastructure under operating lease		
– Lease payments that are fixed at a rate	4,856	5,205
	263,566	321,570

Disaggregation of revenue from contracts with customers by timing of recognition

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Timing of revenue recognition		
At a point in time	239,568	262,120
Over time	<u>19,142</u>	<u>54,245</u>
Total revenue from contracts with customers	<u><u>258,710</u></u>	<u><u>316,365</u></u>

Transaction price allocated to the remaining performance obligations for contracts with customers

The transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at 31 December 2022 and 2021 and the expected timing of recognition are, as follow:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	29,011	18,393
More than one year	<u>24,751</u>	<u>16,317</u>
	<u><u>53,762</u></u>	<u><u>34,710</u></u>

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

For other types of revenue, as those contracts are with an original expected duration of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period.

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		Strategic investments		Total	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Segment revenue	<u>122,762</u>	<u>129,479</u>	<u>93,178</u>	<u>91,742</u>	<u>47,626</u>	<u>100,349</u>	<u>-</u>	<u>-</u>	<u>263,566</u>	<u>321,570</u>
Segment (loss) profit	<u>(5,053)</u>	<u>1,121</u>	<u>7,613</u>	<u>9,465</u>	<u>(4,485)</u>	<u>(9,856)</u>	<u>(10,621)</u>	<u>-</u>	<u>(12,546)</u>	<u>730</u>
Unallocated income									38	1,395
Unallocated expenses									<u>(49,221)</u>	<u>(53,323)</u>
Loss before tax									<u><u>(61,729)</u></u>	<u><u>(51,198)</u></u>

Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of certain administrative expenses, certain 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:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets		
Manufacturing	95,810	138,100
Trading	17,401	27,503
Broadband infrastructure and smart domain	96,189	142,263
Strategic investments	81,771	–
Unallocated	42,246	45,763
	<hr/>	<hr/>
Total assets	333,417	353,629
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Manufacturing	16,276	22,546
Trading	8,795	20,634
Broadband infrastructure and smart domain	61,465	77,646
Unallocated	145,302	90,479
	<hr/>	<hr/>
Total liabilities	231,838	211,305
	<hr/> <hr/>	<hr/> <hr/>

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 deferred tax assets, certain other receivables and prepayments 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, certain lease liabilities, loan from an immediate holding company, loans from related companies and loan from ultimate controlling party.

4. INCOME TAX (CREDIT) EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
Hong Kong	–	–
The PRC	<u>657</u>	<u>–</u>
	657	–
Under (over) provision in prior years:		
Hong Kong	18	(16)
The PRC	<u>–</u>	<u>(3)</u>
	18	(19)
Deferred tax	<u>(4,792)</u>	<u>373</u>
	<u><u>(4,117)</u></u>	<u><u>354</u></u>

(a) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in these jurisdictions.

(b) Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax regime will continue to be taxed at the flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2022 and 2021.

(c) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

For the years ended 31 December 2022 and 2021, the PRC subsidiary, Guangzhou Weaving, was recognised by the PRC government as "High and New Technology Enterprises" and were eligible to a preferential tax rate of 15%.

5. LOSS FOR THE YEAR

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Emoluments of the Directors and chief executive:		
Salaries and allowances	1,020	2,006
Retirement benefits scheme contributions	–	2
Other staff costs:		
Salaries and allowances (<i>note*</i>)	40,213	58,460
Retirement benefits scheme contributions	4,869	6,068
Total staff costs	<u>46,102</u>	<u>66,536</u>
Auditors' remuneration	790	778
Amount of inventories recognised as expenses	189,855	197,482
Amortisation of intangible assets	183	181
Depreciation of plant and equipment	12,300	19,765
Depreciation of right-of-use assets	3,109	3,455
Research and development costs (<i>note*</i>)	10,018	13,481
Impairment loss on trade receivables, net	9,631	5,959
Impairment loss on contract assets	143	410
Gain on disposal of plant and equipment	(1,158)	(2,599)
Impairment loss recognised on plant and equipment	22,529	15,028
Loss on disposal of non-current assets classified as held for sale	–	766
Write-off of plant and equipment	15	49
Impairment loss recognised on amounts due from related companies (trade-nature)	974	2,933
Gain on disposal of intangible assets	–	(90)
Write-off of intangible assets	–	1,058
Write-off of other receivables	–	367

*Note**: Included in research and development costs were staff cost of HK\$6,503,000 (2021: HK\$9,427,000), which were included in other staff costs disclosure above.

6. LOSS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss		
Loss for the purpose of basic and diluted loss per share	<u>(57,612)</u>	<u>(51,552)</u>
	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>800,000</u>	<u>800,000</u>

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2022 and 2021.

7. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Receivables at amortised cost comprise:		
Trade receivables	91,083	113,554
Less: allowance for impairment of trade receivables	<u>(16,700)</u>	<u>(8,060)</u>
	74,383	105,494
Deposits and other receivables	2,000	1,781
Receivables for disposal of plant and equipment and non-current assets classified as held for sale	972	10,843
Value-added tax recoverable	5,793	10,329
Prepayments	<u>11,834</u>	<u>4,059</u>
Total trade and other receivables	<u>94,982</u>	<u>132,506</u>

During the year ended 31 December 2021, the Group had written off deposits and other receivables of approximately HK\$367,000 (2022: nil) as there was no realistic prospect of recovery.

As at 31 December 2022, the gross amount of trade receivables arising from contracts with customers and operating leases amounted to HK\$87,107,000 (2021: HK\$109,116,000) and HK\$3,976,000 (2021: HK\$4,438,000) respectively.

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

The Group allows a credit period up to 90 days to its customers for manufacturing and trading segments. For customers for broadband infrastructure and smart domain segment, various credit periods are granted to its customers, and the credit period of individual customer is considered on a mutually-agreed 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.

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	25,535	50,762
31 to 90 days	20,121	25,476
91 to 365 days	16,676	23,633
Over 365 days	12,051	5,623
	<u>74,383</u>	<u>105,494</u>

8. TRADE AND OTHER PAYABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	59,129	97,120
Payables for acquisition of plant and equipment	13	5
Accruals of costs for contract works	2,685	265
Accrued staff costs	5,266	6,548
Payable for commission	1,114	1,795
Accruals and other payables	7,918	14,450
	<u>76,125</u>	<u>120,183</u>

As at 31 December 2022, included in other payables of approximately HK\$2,628,000 (2021: nil) was due from a related company, 廣州普及房地產代理有限公司, of the Group. The amount is unsecured, non-interest bearing and repayable on demand.

Included in other payables, amount of approximately HK\$12,000 represented interest payable to loan from an immediate holding company as at 31 December 2022 (2021: HK\$1,031,000).

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	26,452	62,650
4 to 6 months	3,239	14,293
7 to 12 months	4,139	15,431
Over 1 year	25,299	4,746
	<u>59,129</u>	<u>97,120</u>

The credit period on purchases of goods ranged from 30 to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

9. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2022, the Group had acquired and disposed of certain listed equity securities. Details of which are set out in the Company's announcement dated 3 January 2023, 11 January 2023, 13 January 2023, 16 January 2023, 19 January 2023, 26 January 2023, 15 February 2023, 16 February 2023, 20 February 2023 and 30 March 2023 respectively.

In addition, the Group had disposed of the digital assets held as of 31 December 2022 on 11 February 2023. Details of such disposal are set out in the Company's announcement dated 13 February 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

(i) Semiconductor business

The strong adoption across a wide range of high technology from 5G networks, artificial intelligence, internet of things, cloud computing and big data processing around the world in recent years continues to drive the need of technologies with higher power efficiency, speed and more complex functionalities. This has stimulated the global market demand for the semiconductor industry.

In general, semiconductor manufacturing consists of a series of processes, comprising of design of the integrated circuit (“IC”), preliminary testing of the viability of the design, wafer fabrication, assembly and packaging and final testing. 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. The assembly and packaging are one of and in the downstream of the whole manufacturing process transforming semiconductor chips into functional devices which are used in a variety of end-use applications.

The design of IC and wafer fabrication are dominated by several giant multinational companies, while the market of assembly and packaging of discrete semiconductors included large players and smaller local players. Therefore, the Group, which is in the downstream of the supply chain of semiconductors, is facing more keen competition.

In the first half of 2022, the Group’s semiconductor business recorded a good performance which was benefited from the rebound of global economy and the semiconductor market from the impact of COVID-19. However, the increasing concern on inflation and the rise of interest rate put downward pressure on the consumer market. The traditional market of consumer electronic products like smartphone and personal computer showed insufficient impetus after a period of high economic growth. This significantly affected the performance of both manufacturing and trading segments in the second half of 2022. Hence, the Group’s revenue from manufacturing and trading of semiconductors for the Period recorded a slight decrease of approximately 2.4% as compared to the corresponding period of the previous financial year.

During the Period, the revenue from the manufacturing business of semiconductors decreased by approximately 5.2% as compared to the corresponding period of the previous financial year. In addition to its manufacturing business, the Group continued 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, the revenue from trading of semiconductors increased by approximately 1.6% as compared to the corresponding period of the previous financial year.

In addition, the continuous tension of the global trade dispute and the geopolitical complications around the world caused uncertainties on the recovery of the global economy. There is still no clue as to when the consumer market will gain the momentum of growth. The Group's customers of semiconductors slowed down their new order placing. The full recovery of the orders from the customers remains uncertain.

(ii) Broadband infrastructure and smart domain business

Guangzhou Weaving, the wholly-owned subsidiary of the Group, 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 the PRC. Its smart domain solution includes hardware for security and identification purposes, software for residence management, energy saving and community services.

Since 2021, the property developers in the PRC were adversely affected by the more stringent deleveraging policy in the PRC real estate industry. The tight liquidity in the real estate industry led to the longer completion period of existing construction service projects. The property developers generally adopted a prudent management approach on capital expenditure for new land and development projects. These significantly decreased the market demand and the Group's revenue of projects for the broadband infrastructure construction and smart domain solution during the Period.

In view of this, the Group was more cautious on cost management and took more conservative approach on new projects. The Group tended to allocate our resources to more profitable projects to optimize the product mix.

Moreover, certain policies implemented by the PRC government also brought challenges to the Group. The state policy on "Facilitating Fast and More Affordable Internet Connection" continues to put downward pressure on the profitability of the broadband infrastructure industry. Although the commission income shared from telecom operators for the promotion of broadband remained relatively stable for the Period, there is uncertainty on its expansion capacity in the long run.

(iii) Strategic investments business

The strategic investments business of the Group commenced during the Period. The Group believes that technological innovation is an important engine for future economic development, and it can also drive the emerging applications in the smart living sector. The Group aims to leverage our own advantages in the field of smart technology to capture investment opportunities and actively diversify the investments in the field of innovative technologies, in order to create greater value for the Shareholders.

The Group has made the investments in cryptocurrencies and listed equity securities during the Period.

Cryptocurrencies

On 31 October 2022, the Hong Kong Government issued the Policy Statement on the Development of Virtual Assets in Hong Kong, stating that the Hong Kong Government recognizes the potential of distributed ledger technologies and Web 3.0 to become the future trends in the development of finance and commerce. The Hong Kong Government is committed to providing a facilitating environment for promoting the sustainable development of the virtual asset sector through the calibration of a legal and regulatory regime.

The Group agrees with the Hong Kong Government's views on the development of virtual assets in Hong Kong. The Group always hopes to leverage our own advantages in the field of smart technology to identify the opportunity of diversification and timely capture the new opportunities brought by blockchain and Web 3.0. Therefore, the Board planned to purchase cryptocurrencies as a preparation and starting point for diversifying investments in the field of innovative technologies.

As disclosed in the announcement of the Company dated 30 November 2022, the Company has approved to acquire up to HK\$24.0 million (equivalent to approximately US\$3.1 million) worth of cryptocurrencies in open market transactions. During the Period, the Group had purchased in open market transactions 1,202.45 units of Ether at an aggregate consideration of approximately US\$1.5 million (equivalent to approximately HK\$11.9 million). Please refer to the announcement of the Company date 30 November 2022 for further details of the acquisition of cryptocurrencies.

As at 31 December 2022, the fair value of the acquired cryptocurrencies which the Group accounted for as digital assets in the consolidated financial statement was approximately US\$1.4 million (equivalent to approximately HK\$11.2 million). Hence, the decrease in fair value of the digital assets as at 31 December 2022 which amounted to approximately HK\$0.7 million was recognised in profit or loss.

On 11 February 2023, the Company has realised its investment in cryptocurrencies and disposed of an aggregate of 1,202.45 units of Ether through the open market at an aggregate consideration of approximately US\$1.8 million (equivalent to approximately HK\$14.2 million) (excluding transaction costs). Please refer to the announcement of the Company dated 13 February 2023 for further details of the disposal of cryptocurrencies.

Nevertheless, the Group still holds positive view on the future prospect of virtual assets moving into the areas of Web 3.0 and metaverse. The Group will strive to enhance and diversify its investment portfolio and increase the investment on cryptocurrencies as and when appropriate.

Listed equity securities

The listed equity investments mainly comprises leading technology companies and high quality large companies listed in the United States and Hong Kong.

During the Period, the Group acquired four US-listed equity securities and three Hong Kong-listed equity securities with the aggregate acquisition costs of approximately HK\$89.4 million and disposed of part of shareholdings of two US-listed equity securities with the aggregate carrying amounts of approximately HK\$10.2 million. The net sale proceeds of the disposals was approximately HK\$9.0 million, resulting in net realised loss of approximately HK\$1.2 million which recorded in the changes in fair value of financial assets at fair value through profit or loss (“FVTPL”) in the consolidated statement of profit or loss and other comprehensive income.

At the end of the reporting period, the Group measured its listed equity securities at fair value based on the closing prices quoted in active markets. The Group recognised the unrealised loss of approximately HK\$8.7 million arising on the changes in fair value of financial assets at FVTPL.

Movements in the carrying amount of the listed equity securities held by the Group during the year ended 31 December 2022 are as follows:

	2022
	<i>HK\$'000</i>
Carrying amount at 1 January	–
Add: Acquisitions	89,429
Less: Disposals	(10,189)
Unrealised loss arising on changes in fair value	<u>(8,658)</u>
Carrying amount at 31 December	<u><u>70,582</u></u>

Details of the listed equity securities held by the Group as at 31 December 2022 are as follows:

Name of Hong Kong-listed equity securities	Number of shares held as at 31 December 2022	Fair value as at 31 December 2022 <i>HK\$'000</i>	Fair value as compared to the consolidated total assets of the Group as at 31 December 2022	Dividend received/receivable for the year ended 31 December 2022 <i>HK\$'000</i>	Gain/(loss) arising on change in fair value recognised for the year ended 31 December 2022 <i>HK\$'000</i>
Wynn Macau, Limited (stock code: 1128)	578,000	5,029	1.51%	–	37
East Buy Holding Limited (stock code: 1797)	36,000	1,890	0.57%	–	(103)
Trip.com Group Limited (stock code: 9961)	21,000	5,746	1.72%	–	(240)
Name of US-listed equity securities					
Airbnb, Inc. (stock code: ABNB)	14,700	9,778	2.93%	–	(1,588)
Futu Holdings Limited (stock code: FUTU)	44,100	13,947	4.18%	–	(4,948)
New Oriental Education & Technology Group Inc. (stock code: EDU)	76,100	20,615	6.18%	–	(279)
Pinduoduo, Inc. (stock code: PDD)	21,400	13,577	4.07%	–	(1,537)
		<u>70,582</u>		<u>–</u>	<u>(8,658)</u>

The Group will closely monitor and assess the performance of these listed equity securities and make timely and appropriate adjustments on the investment portfolio to enhance the returns for the Group and realise the investments as and when appropriate.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of approximately HK\$263.6 million during the Period, as compared to the revenue of approximately HK\$321.5 million for the year ended 31 December 2021. The decrease in revenue was approximately HK\$58.0 million or 18.0% when compared to the previous financial year. It was primarily attributable to the decrease in the revenue of broadband infrastructure and smart domain business.

For semiconductor business, both manufacturing and trading segments benefited from the rebound of global economy and the semiconductor market from the impact of COVID-19 in the first half of 2022. However, the traditional market of consumer electronic products like smartphone and personal computer, after a period of high economic growth, showed insufficient impetus impacted by the factors of increasing concern on inflation and the rise of interest rate. This significantly affected the performance of both manufacturing and trading segments in the second half of 2022. As a result, the total revenue from the semiconductor business for the Period amounted to approximately HK\$216.0 million, representing a slight decrease of approximately HK\$5.2 million or 2.4%, as compared to the total revenue of approximately HK\$221.2 million for the year ended 31 December 2021.

During the Period, the Group recorded revenue of approximately HK\$122.8 million from sales of its self-manufactured semiconductors, representing a decrease of approximately HK\$6.7 million or 5.2% as compared to that of approximately HK\$129.5 million for the year ended 31 December 2021.

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 revenue derived from its trading of semiconductors amounted to approximately HK\$93.2 million, representing an increase of approximately HK\$1.5 million or 1.6% as compared to that of approximately HK\$91.7 million for the year ended 31 December 2021.

On the other hand, the revenue of broadband infrastructure and smart domain segment contributed by Guangzhou Weaving Group amounted to approximately HK\$47.6 million during the Period, compared to the revenue of approximately HK\$100.3 million for the year ended 31 December 2021. The decrease of approximately HK\$52.7 million or 52.5% was mainly because there were less projects for broadband infrastructure construction and smart domain solution during the Period.

Gross profit and gross profit margin

The Group's gross profit amounted to approximately HK\$48.5 million for the Period, representing a decrease of approximately HK\$5.6 million or 10.3% from approximately HK\$54.1 million for the year ended 31 December 2021. It was mainly attributable to the decrease in revenue and gross profit of both semiconductors business and broadband infrastructure and smart domain business.

The Group's overall gross profit margin for the Period was approximately 18.4%, representing an increase of approximately 1.6 percentage points, as compared with gross profit margin of approximately 16.8% for the year ended 31 December 2021.

For semiconductor business, the Group recorded gross profit of approximately HK\$27.4 million during the Period, as compared to the gross profit of approximately HK\$30.5 million for the year ended 31 December 2021. The decrease in gross profit was approximately HK\$3.1 million or 10.2% when compared to the previous financial year. The Group's gross profit margin of the semiconductor business also exhibited a slight decrease of approximately 1.1 percentage point, from approximately 13.8% for the year ended 31 December 2021 to approximately 12.7% for the Period. Such decrease in gross profit and gross profit margin was primarily the result of sales of varying types and volumes of self-manufactured and trading products (which carry different gross profit margins) sold by the Group to the customers.

Moreover, along with the decrease in the revenue of broadband infrastructure and smart domain business during the Period, the gross profit contributed by Guangzhou Weaving Group amounted to approximately HK\$21.1 million for the Period, representing a decrease of approximately HK\$2.5 million or 10.4% from approximately HK\$23.6 million for the year ended 31 December 2021. The gross profit margin of Guangzhou Weaving Group was recorded at approximately 44.4% and 23.5% respectively for the Period and for the year ended 31 December 2021. The increase in gross profit margin was mainly due to the decrease of projects for the broadband infrastructure construction and smart domain solution, which had a comparatively lower gross margin in the product mix of this segment.

Changes in fair value of financial assets at FVTPL

As discussed above, the Group recorded net realised loss of approximately HK\$1.2 million arising from the disposals of part of listed equity securities and fair value loss of approximately HK\$8.7 million on the listed equity securities held as at 31 December 2022. The aggregate amount of approximately HK\$9.9 million was recognised in other losses in the consolidated statement of profit or loss and other comprehensive income.

Changes in fair value of digital assets

As at 31 December 2022, the fair value of the 1,202.45 units of Ether acquired by the Group determined based on the then prevailing market prices was approximately US\$1.4 million (equivalent to approximately HK\$11.2 million). In accordance with the relevant accounting standards under HKFRSs, the Group accounts for the acquired cryptocurrencies as digital assets and measures the digital assets at fair value less costs to sell. The Group considers there are no significant “costs to sell” digital assets and hence measurement of digital assets is based on their fair values with changes in fair value recognised in profit or loss in the period of the changes. Consequently, the decrease in fair value of the digital assets as at 31 December 2022 which amounted to approximately HK\$0.7 million was recognised in other losses in the consolidated statement of profit or loss and other comprehensive income.

Selling and Distribution Costs

The Group’s selling and distribution costs for the Period was approximately HK\$6.8 million, representing a decrease of approximately HK\$1.6 million or 19.3% from approximately HK\$8.4 million for the year ended 31 December 2021. The amount mainly represented the selling and distribution costs of semiconductors business and such decrease was primarily attributable to the decrease in commission expenses to third-party agent, which was in line with the decrease of the Group’s sales to customers of semiconductors referred by its third-party agent.

Administrative Expenses

Administrative expenses mainly included auditor's remuneration, staff costs, Directors' remuneration, legal and professional fees, depreciation, research and development expenditure, insurance expenses, office expenses, rental expenses, travelling expenses, entertainment expenses and other miscellaneous operating expenses.

The Group's administrative expenses for the Period was approximately HK\$63.8 million, decreased by approximately HK\$17.0 million or 21.1%, as compared to that of approximately HK\$80.8 million for the year ended 31 December 2021.

The decrease was primarily attributable to, among others, (i) the decrease of staff costs for approximately HK\$11.1 million, along with the reduction of workforce of the Group for the Period; (ii) the decrease of legal and professional fee for approximately HK\$2.7 million; (iii) the decrease of insurance expenses for approximately HK\$0.5 million; (iv) the write-off of intangible assets of approximately HK\$1.1 million for the year ended 31 December 2021 while there was no such expenses for the Period; and (v) the loss on disposal of non-current assets classified as held for sale of approximately HK\$0.8 million for the year ended 31 December 2021 while there was no such expenses for the Period.

Impairment loss on trade receivables, contract assets and amounts due from related companies (trade-nature) for the year ended 31 December 2022

In accordance with the HKFRS 9 requirements, the management performed the impairment assessment and measured the expected credit loss ("ECL") on trade receivables, contract assets and amounts due from related companies based on the simplified approach as at 31 December 2022 and 2021. Consistent with the previous financial year, the loss allowance for ECL on trade receivables, contract assets and amounts due from related companies are estimated by using a provision matrix to measure the ECL and with reference to a valuation on ECL performed by an independent qualified professional valuer, Valtech Valuation Advisory Limited ("Valtech"). Valtech has appropriate qualifications and has recent experience on the assessment on ECL of similar financial instruments.

In assessing the loss allowance for ECL, the management has taken into consideration the period that the amounts were past due, the repayment history, the profile of debtors, the communication with the debtors about their financial conditions, the general economic conditions of the industry in which the debtors operate, as well as the results of any collection efforts.

During the Period, the Group has recorded the impairment loss on trade receivables, contract assets and amounts due from related companies in aggregate of approximately HK\$10.7 million (2021: HK\$9.3 million), which consisted of impairment loss on trade receivables of approximately HK\$9.6 million (2021: HK\$6.0 million), impairment loss on contract assets of approximately HK\$0.1 million (2021: HK\$0.4 million) and impairment loss on amounts due from related companies of approximately HK\$1.0 million (2021: HK\$2.9 million).

The difficulty of debt collection in relation to the impairment loss for the current and last year is mainly attributable to the continuous adverse effect on the liquidity of some customers of broadband infrastructure and smart domain segment, which are the property developers in the PRC, caused by the more stringent deleveraging policy in real estate industry implemented by the PRC government since the second half of 2021.

In view of the above, the management has conducted debt collection procedure to minimise the credit risk, which includes (i) closely monitoring the progress of repayment by following up on the overdue debts by way of telephone calls and other electronic means; (ii) staying in touch with the customers on a more frequent basis; (iii) sending collection statement to the customers to remind them of the outstanding balances status; (iv) delegating a team to determine credit limit and credit approval; and (v) discussing with legal advisor about the appropriateness of taking further legal actions.

Based on the above, the Directors are of the view that the amount of the impairment loss was fair and reasonable.

Impairment loss on plant and equipment for the years ended 31 December 2022 and 2021

Given the adverse impact on the performance of the Group's manufacturing business of semiconductors as a result of weak demand on consumer electronic products and in accordance with the HKAS 36 requirements, the management performed impairment assessment for the relevant segment. The recoverable amount of the relevant assets is determined by value-in-use calculation using discounted cashflow projection, based on the financial forecasts prepared by the management and with reference to a valuation performed by Valtech, the independent qualified professional valuer. Valtech has appropriate qualifications and has recent experience in the valuation of similar assets in the relevant industries.

As a result of the impairment assessment, provision for impairment loss of approximately HK\$22.5 million (2021: HK\$15.0 million) has been made on the plant and equipment during the Period. The non-cash provision for impairment loss will reduce the net carrying amount of plant and equipment, reducing the depreciation charge over the remaining useful life.

Income Tax Credit (Expense)

The Group's income tax credit for the Period was approximately HK\$4.1 million, as compared to income tax expenses of approximately HK\$0.4 million for the year ended 31 December 2021. Such movement of income tax was primarily attributable to the deferred tax impact arising from the impairment loss on plant and equipment, trade receivables, contract assets and amounts due from related companies (trade-nature).

Loss for the Period

As a result of the foregoing, the Group's net loss for the Period was approximately HK\$57.6 million, when compared to the net loss of approximately HK\$51.6 million for the year ended 31 December 2021.

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 2022 amounted to approximately HK\$7.1 million (2021: HK\$6.2 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 2022, the Group had outstanding bank borrowing of approximately HK\$7.3 million (2021: Nil), which comprised an unsecured fixed rate RMB loan for a term of one year.

Please refer to note 8 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 2022 and 2021.

The Group's gearing ratio as at 31 December 2022, which was calculated by dividing its total bank borrowings by its total equity, was 7.2%, while the gearing ratio as at 31 December 2021 was nil due to the absence of bank borrowings as at 31 December 2021.

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 2022, the Group did not have any asset pledged (2021: Nil).

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in the paragraphs headed “Cryptocurrencies” and “Listed equity securities” in this Management Discussion and Analysis, the Group did not make any significant investments or material acquisitions and disposals of subsidiaries during the Period.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant contingent liabilities (2021: 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 2022 and 2021, approximately 30% and 36%, 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 6% and 4%, respectively, of purchases were not 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 2022 and 2021 are as follows:

	Assets		Liabilities	
	As at 31 December 2022 HK\$’000	2021 HK\$’000	As at 31 December 2022 HK\$’000	2021 HK\$’000
United States dollars	86,924	29,498	4,218	2,668
Renminbi	57	96	—	—
	<u>86,981</u>	<u>29,594</u>	<u>4,218</u>	<u>2,668</u>

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 2022, the Group had a workforce of 339 full-time employees (including the Directors but excluding the independent non-executive Directors) of whom approximately 97.1% were employed in the PRC and approximately 2.9% in Hong Kong. The Group's staff costs (including Directors' emoluments) for the years ended 31 December 2022 and 2021 amounted to approximately HK\$46.1 million and HK\$66.5 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 did not receive any complaints from its customers or any other parties in respect of any environmental protection issues, and did not experience 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 (2021: Nil).

BUSINESS PROSPECT

In the coming year, the global economic environment is expected to be complex and the prospect of the Group's semiconductors business will be full of challenges. The ongoing trade tension between China and the United States and the geopolitical complications around the world continue to affect the global semiconductor supply chain and the semiconductor market. The increasing concern on inflation and the rise of interest rate will put further downward pressure on the consumer market. The replacement cycle for the consumer electronic products like smartphone and personal computer is generally extended. There is still no clue as to when the consumer market will gain the momentum of growth. These in turn affect the Group's customers of semiconductors to take a conservative approach for the plan of new order placing.

Although the accelerated innovation and development of 5G technology and related emerging applications bring new business opportunities to the semiconductor industry, the Group also faces the challenges of higher technical standard from customers and more competitive market regionally and globally. Nevertheless, the Group intends to continue its research and development to strengthen its production process and quality control and will closely monitor the changes in the macro environment and make timely strategic development to seize market opportunities. Furthermore, the Group will also from time to time monitor the performance of the machineries so as to ensure customers' requirement on technical standard is met.

On the other hand, under China's "14th Five-Year Plan", innovation and technology development have been elevated to core national priorities and strategic supporting pillar to its economic development. It is foreseeable that 5G networks, 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. We believe that the wide range of technological innovation will drive the emerging applications in the smart living sector, which will also be benefited from a steady and healthy PRC real estate market after the changes brought by the deleveraging policy. In view of this, the Group will capitalise on the fast-growing demand of technological application in the smart living sector.

Looking forward, Guangzhou Weaving is dedicated to be a smart domain solution integrator. The Group will keep searching for acquisition 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. The Group will also seek for other acquisition targets, including growing companies with high potential and leading technologies. On the other hand, the Group will also keep observing market and industry development trends, grasp investment opportunities brought by technological innovation, and actively plan and consider to diversify the investments in the field of innovative technologies and Web 3.0 as and when appropriate, in order to facilitate the technological development and create greater value for the Shareholders.

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 then effective CG Code, except for C.5.1 and F.2.2, during the Period.

Pursuant to C.5.1 of the CG Code, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. Although only 2 regular Board meetings were held during the year ended 31 December 2022, the Board considered that sufficient meetings had been held as business operations were under the management and the supervision of the executive Directors. In addition, senior management of the Group provided to the Directors the information in respect of the Group's business development and activities from time to time and the significant matters had been either duly reported, discussed and resolved at the 2 Board meetings or dealt with by the Board by way of written resolutions for expeditious commercial decisions making purposes.

F.2.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. However, due to other business engagements, Mr. Zhang Liang Johnson, the chairman of the Board, was unable to attend the annual general meeting held on 10 June 2022. Ms. Wan Duo, an executive Director, was invited to take the chair and answer questions from Shareholders at the annual general meeting.

ANNUAL GENERAL MEETING

The AGM of the Company will be held in Hong Kong on Wednesday, 31 May 2023. 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 Thursday, 25 May 2023 to Wednesday, 31 May 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 24 May 2023 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, 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 Wednesday, 31 May 2023
“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 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
“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 year ended 31 December 2022
“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 2023

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