

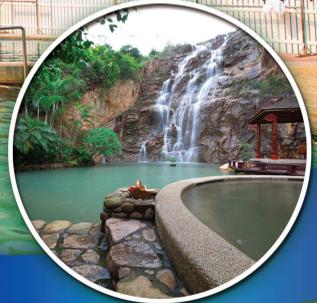


古兜控股有限公司

Gudou Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8308



First Quarterly Report
2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Hong Kong Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this report misleading.

Highlights

- For the three months ended 31 March 2018, revenue of the Group was approximately RMB41.4 million, representing a decrease of approximately 21.2% as compared to the corresponding period in 2017.
- For the three months ended 31 March 2018, gross profit of the Group decreased by approximately 31.4% to approximately RMB14.6 million as compared to the corresponding period of last year.
- Net profit for the three months ended 31 March 2018 amounted to approximately RMB0.9 million while the Group recorded a net profit of approximately RMB3.9 million for the three months ended 31 March 2017.
- Basic earnings per share for the three months ended 31 March 2018 was approximately RMB0.09 cents, and basic earnings per share for the three months ended 31 March 2017 was approximately RMB0.40 cents.
- The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2018. For the three months ended 31 March 2017, no interim dividend was paid or declared.

First Quarterly Results

The Board is pleased to announce the unaudited consolidated financial statements of the Group for the three months ended 31 March 2018 together with the comparative unaudited figures for the corresponding period in 2017, as follows:

Unaudited Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2018

		Three months ended	
		31 March	
	Note	2018	2017
		RMB'000	RMB'000
Revenue	3	41,401	52,564
Cost of sales		<u>(26,849)</u>	<u>(31,364)</u>
Gross profit		14,552	21,200
Other income		75	235
Fair value gains on investment properties		6,240	6,110
Selling expenses		(3,617)	(6,199)
Administrative expenses		<u>(11,560)</u>	<u>(9,417)</u>
Profit from operations		5,690	11,929
Finance costs		<u>(3,260)</u>	<u>(5,025)</u>
Profit before tax		2,430	6,904
Income tax expenses	4	<u>(1,561)</u>	<u>(2,998)</u>

		Three months ended	
		31 March	
	<i>Note</i>	2018	2017
		<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period		869	3,906
Other comprehensive income for the period, net of tax			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences		<u>508</u>	<u>207</u>
Total comprehensive income for the period		<u>1,377</u>	<u>4,113</u>
Earnings per share			
		2018	2017
		<i>RMB cents</i>	<i>RMB cents</i>
Basic	6	0.09	0.40
Diluted	6	<u>0.09</u>	<u>0.40</u>

Unaudited Consolidated Statement of Changes In Equity

For the three months ended 31 March 2018

	Share capital RMB'000	Share Premium RMB'000	Foreign currency translation reserve RMB'000	Share- based payment reserve RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
As at 1 January 2018 (Audited)	<u>8,669</u>	<u>99,249</u>	<u>(3,899)</u>	<u>5,004</u>	<u>(277)</u>	<u>69,528</u>	<u>229,183</u>	<u>407,457</u>
Comprehensive income								
Profit for the period	-	-	-	-	-	-	869	869
Other comprehensive income								
Currency translation differences	-	-	508	-	-	-	-	508
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>869</u>	<u>1,377</u>
Transactions with owners in their capacity as owners								
Share-based payment	-	-	-	1,577	-	-	-	1,577
As at 31 March 2018 (Unaudited)	<u><u>8,669</u></u>	<u><u>99,249</u></u>	<u><u>(3,391)</u></u>	<u><u>6,581</u></u>	<u><u>(277)</u></u>	<u><u>69,528</u></u>	<u><u>230,052</u></u>	<u><u>410,411</u></u>
As at 1 January 2017 (Audited)	<u>8,669</u>	<u>99,249</u>	<u>(4,657)</u>	<u>-</u>	<u>(277)</u>	<u>69,528</u>	<u>176,761</u>	<u>349,273</u>
Comprehensive income								
Profit for the period	-	-	-	-	-	-	3,906	3,906
Other comprehensive income								
Currency translation differences	-	-	207	-	-	-	-	207
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>207</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,906</u>	<u>4,113</u>
As at 31 March 2017 (Unaudited)	<u><u>8,669</u></u>	<u><u>99,249</u></u>	<u><u>(4,450)</u></u>	<u><u>-</u></u>	<u><u>(277)</u></u>	<u><u>69,528</u></u>	<u><u>180,667</u></u>	<u><u>353,386</u></u>

Notes to the Unaudited Consolidated Financial Statements

For the three months ended 31 March 2018

1 General information

The Company was incorporated on 10 January 2014 in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands. The address of its principal place of business is Gudou Hot Spring Resort Complex, Yamen Town, Xinhui, Jiangmen, Guangdong Province, the PRC (中國廣東省江門市新會區崖門鎮古兜溫泉綜合度假村). The Company's shares are listed on GEM on 9 December 2016.

The Company is an investment holding company. The principal activities of its subsidiaries are hot spring resort, hotel operations and tourism property development.

These financial statements are presented in RMB, unless otherwise stated.

2 Basis of preparation

The unaudited consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the Period. There have been no significant changes to the accounting policies applied in these financial statements for the current and prior accounting periods presented as a result of these developments.

The unaudited consolidated financial statements of the Group for the Period have been prepared under the historical cost convention, as modified by the revaluation of investment properties.

The preparation of the unaudited consolidated financial statements is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group's accounting policies.

The unaudited consolidated financial statements for the Period have not been audited by the Company's independent auditor, but have been reviewed by the Company's audit committee.

3 Revenue

The Group's revenue derived from its major products and services during the Period is as follows:

	Three months ended 31 March	
	2018 <i>RMB'000</i> (Unaudited)	2017 <i>RMB'000</i> (Unaudited)
Property sales	—	17,079
Room revenue	15,657	19,517
Admission income	10,428	5,849
Catering income	8,923	7,257
Rental income	311	336
Massage service income	767	945
Conference fee income	882	507
Consultancy service income	3,448	—
Other service income	985	1,074
	<hr/>	<hr/>
	41,401	52,564
	<hr/> <hr/>	<hr/> <hr/>

4 Income tax expenses

For the three months ended 31 March 2018, no provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong (three months ended 31 March 2017: Nil). The Group's subsidiaries in the PRC are subject to the PRC enterprise income tax at a rate of 25% on estimated assessable profits.

	Three months ended	
	31 March	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong profits tax	—	—
PRC enterprise income tax	1	—
Land appreciation tax	—	1,470
	<hr/>	<hr/>
	1	1,470
Deferred tax	1,560	1,528
	<hr/>	<hr/>
	1,561	2,998
	<hr/> <hr/>	<hr/> <hr/>

5 Dividend

No dividend was paid or declared by the Company during the three months ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period (three months ended 31 March 2017: Nil).

6 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Three months ended	
	31 March	
	2018	2017
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (<i>RMB'000</i>)	869	3,906
Weighted average number of ordinary shares in issue (<i>'000</i>)	980,000	980,000
Basic earnings per share (<i>RMB cents</i>)	0.09	0.40

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. The calculation for share options is determined by the number of shares that could have been acquired at fair value (determined as the average period market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Three months ended 31 March	
	2018	2017
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (<i>RMB'000</i>)	869	3,906
Weighted average number of ordinary shares in issue (<i>'000</i>)	980,000	980,000
Adjustment for Share options (number of shares) (<i>'000</i>)	35,267	—
Weighted average number of ordinary shares in issue (<i>'000</i>)	1,015,267	980,000
Basic earnings per share (<i>RMB cents</i>)	0.09	0.40

For the three months ended 31 March 2018, the conversion of potential ordinary shares in relation to the share options have a dilutive effect to the basic earnings per share. Diluted earnings per share for the three months ended 31 March 2017 is the same as the basic earnings per share as there were no dilutive potential ordinary shares in issue during the corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is principally engaged in the operation and management of Gudou Hot Spring Resort and the development and sale of tourism properties within Gudou Hot Spring Resort.

For the three months ended 31 March 2018, revenue of the Group was approximately RMB41.4 million, representing a decrease of approximately 21.2% as compared to the corresponding periods in 2017 (three months ended 31 March 2017: RMB52.6 million). Profit attributable to owners of the Company for the three months ended 31 March 2018 amounted to approximately RMB0.9 million (profit attributable to owners of the Company for the three months ended 31 March 2017: RMB3.9 million).

Hot Spring Resort and Hotel Operations

The Group's hot spring resort and hotel operations business in the first quarter of 2018 showed encouraging growth. The Group's turnover derived from hot spring resort and hotel operations increased by approximately 16.7% to approximately RMB41.4 million when compared to the corresponding period of previous year. During the Period, the Group recorded an increase in revenue generated from admission fees to approximately RMB10.4 million, representing an increase of approximately 78.3% compared to that of 2017. Such increase in admission fees was attributable to increase in admission ticket prices and holding of more themed events in the Gudou Hot Spring Resort which in turn increased attractiveness and number of admission. In addition, during the Period, the Group recognised revenue arising from provision of consultancy services entered into by the Group in the second half of 2017 in relation to strategic planning in the early stage of project development to various leisure hotels and resorts in Guangdong Province, Sichuan Province and Qinghai Province, such consultancy services contributed revenue of approximately RMB3.4 million to the Group in the Period. The room revenue generated from the Group's five themed hotel complexes decreased by approximately 19.8% for the three months ended 31 March 2018 compared to that for 2017. The occupancy rate of the Group's five themed hotel complexes decreased from approximately 56.7% for the three months ended 31 March 2017 to approximately 44.0% for the three months ended 31 March 2018. The average room rate of the Group's hotel complexes decreased from approximately RMB271.0 for the three months ended 31 March 2017 to approximately RMB245.0 for the three months ended 31 March 2018, primarily attributable to promotion activities of the Group.

Tourism Property Development

During the Period, the Group did not record any revenue from sale of tourism property. Most of properties of Mountain Seaview Vacation Residence were delivered in the fourth quarter of 2017 and such revenue was recognised in the fourth quarter of 2017 accordingly. In December 2017, Heart of Spring Apartments passed all the necessary development inspection and acceptance, and was granted pre-sale permit. The Group has commenced pre-sale of Heart of Spring Apartments in December 2017. As at 31 March 2018, 92 residential units and 1 commercial unit of Heart of Spring Apartments have been pre-sold. The Group will continue to pre-sell properties at Heart of Spring Apartments in the rest of 2018 and expects properties to be delivered to its customers in the fourth quarter of 2018. According to the revenue recognition policy, the Group will recognise revenue from property sales when the construction is completed and properties are delivered to its customers. If the sale of Heart of Spring Apartments proceeds in accordance with its development schedule, the Group expects that the delivery of Heart of Spring Apartments in the fourth quarter of 2018 will have a positive effect on the full year results of the Group for 2018.

Financial review

Revenue

For the Period, the Group recorded turnover of approximately RMB41.4 million (corresponding period in 2017: approximately RMB52.6 million), representing a decrease of approximately 21.2% when compared with the previous year. The decrease in turnover was primarily attributable to the absence of revenue generated from the Group's tourism property development business (corresponding period in 2017: approximately RMB17.1 million). The Group's revenue generated from hot spring resort and hotel operations increased steadily by approximately 16.7% to approximately RMB41.4 million, primarily attributable to increase in admission fees and revenue arising from provision of consultancy services entered into by the Group in the second half of 2017 in relation to strategic planning in the early stage of project development to various leisure hotels and resorts in Guangdong Province, Sichuan Province and Qinghai Province, partially offset by decrease in room revenue generated from the Group's hotel complexes attributable to decrease in average room rate of the Group's hotel complexes and the total number of rooms rented out during the Period.

Cost of Sales

The Group's cost of sales for the Period was approximately RMB26.8 million, representing a decrease of approximately 14.4% from approximately RMB31.4 million in respect of the three months ended 31 March 2017. Such decrease was primarily due to absence of costs of sales from the Group's tourism property developments as the Group did not conduct any sale of tourism property during the Period, partially offset by increase in costs of sales of the Group's hot spring resort and hotel operations. The increase in costs of sales of the Group's hot spring resort and hotel operations was primarily attributable to increase in staff costs and depreciation of property, plan and equipment.

Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately RMB14.6 million for the Period, representing a decrease of approximately RMB6.6 million or 31.4% from approximately RMB21.2 million for the same period of last year, which was mainly due to absence of revenue generated from the Group's tourism property development business. The Group's gross profit margin for the Period decreased by approximately 5.2% to approximately 35.1% as compared to approximately 40.3% for the same period of last year. Such decrease in the Group's gross profit margin for the Period was primarily due to absence of revenue from the Group's tourism property development business which generated higher gross profit margin, notwithstanding that the gross profit margin of hot spring resort and hotel operations increased in the Period.

Profit before tax

The Group's profit before tax amounted to approximately RMB2.4 million for the Period, representing a decrease of approximately RMB4.5 million or 64.8% from approximately RMB6.9 million for the same period of last year, primarily reflecting decrease in profit from operations outweighing decrease in finance costs.

Income Tax Expenses

The Group's income tax expenses for the Period decreased by approximately 47.9%, or RMB1.4 million to approximately RMB1.6 million as compared to approximately RMB3.0 million for the same period of last year. Such decrease in the Group's income tax expenses was attributable to the absence of land appreciation tax as the Group did not conduct any sale of tourism properties during the Period.

Net Profit

The Group's profit for the Period decreased by approximately RMB3.0 million, or approximately 77.8% to approximately RMB0.9 million for the three months ended 31 March 2018 as compared to a profit of approximately RMB3.9 million for the same period of last year.

BUSINESS PROSPECT

Prospect

The Group will continue to operate Gudou Hot Spring Resort but do not expect to maintain the same level of revenue as in the first quarter as winter season is ordinarily more attractive for hot spring patrons than other seasons in the year due to cold weather. It is likely that the revenue from the Gudou's hot spring resort operation may reduce as the weather becomes warmer in the summer. The Group will organise different promotional events, including but not limited to those to be held at the Group's waterpark, with an aim to increasing sales in the summer.

Regarding tourism property development, pre-sale of properties at Heart of Spring Apartments remains the focus in the rest of 2018. If the sale of Heart of Spring Apartments proceeds in accordance with its development schedule, the Group expects that the delivery of Heart of Spring Apartments in the fourth quarter of 2018 will have a positive effect on the full year results of the Group for 2018.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2018, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as required, pursuant to the minimum standards of dealing by the Directors as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Exchange were as follows:

Long positions in the Shares

Name	Capacity/Nature of interest	Interests in ordinary shares (Note 1)	Number of underlying shares held under equity derivatives	Total	Percentage of the Company's issued share capital as at 31 March 2018 (Note 2)
Mr. Hon	Interest of a controlled corporation (Note 3) Beneficial owner (Note 4)	532,500,000 (L)	4,900,000	537,400,000	54.84%
Mr. Huang Zhanxiong	Beneficial owner (Note 4)	—	4,900,000	4,900,000	0.50%
Ms. Zhen Yaman	Beneficial owner (Note 4)	—	2,450,000	2,450,000	0.25%
Mr. Hon Ka Fung	Beneficial owner (Note 4)	—	2,450,000	2,450,000	0.25%
Mr. Hui Chin Tong Godfrey	Interest of a controlled corporation (Note 5) Beneficial owner (Note 4)	90,000,000 (L)	7,840,000	97,840,000	9.98%
Mr. Wu Sai Him	Beneficial owner (Note 4)	—	2,450,000	2,450,000	0.25%
Mr. Chiu Chi Wing	Beneficial owner (Note 4)	—	2,450,000	2,450,000	0.25%
Prof. Wang Dawu	Beneficial owner (Note 4)	—	2,450,000	2,450,000	0.25%

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. The percentage of the Company’s issued share capital is based on the 980,000,000 Shares issued as at 31 March 2018.
3. Mr. Hon owns one share (with no par value) in Harvest Talent, representing 100% of its issued share capital. Harvest Talent is an associated corporation (within the meaning of Part XV of the SFO) of the Company and the registered owner of 532,500,000 Shares. By virtue of the SFO, Mr. Hon is deemed to be interested in all the Shares held by Harvest Talent.
4. These underlying shares of the Company held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by the Company under its Share Option Scheme. Particulars of these share options and their movements during the three months ended 31 March 2018 are set out in the section headed “Share Option Scheme”.
5. These 90,000,000 Shares are registered in the name of DF Tourism as the nominee of Dynasty Fortune. DF Tourism is wholly-owned by Dynasty Fortune. Mr. Hui Chin Tong Godfrey owns 100% of the issued share capital of Dynasty Fortune. By virtue of the SFO, Mr. Hui Chin Tong Godfrey is deemed to be interested in all the Shares owned by Dynasty Fortune.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as is known to any Director or chief executive of the Company, as at 31 March 2018, the interests and short positions of substantial shareholders and other persons, other than the Directors or chief executives of the Company, in the Shares and the underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity/Nature of interest	Interests in ordinary shares (Note 1)	Number of underlying shares held under equity derivatives	Percentage of the Company's issued share capital as at 31 March 2018	
				Total	(Note 2)
Harvest Talent	Beneficial owner	532,500,000 (L)	–	532,500,000	54.34%
Mrs. Hon	Interest of spouse (Note 3)	532,500,000 (L)	4,900,000	537,400,000	54.84%
Dynasty Fortune	Beneficial owner (Note 4)	90,000,000 (L)	–	90,000,000	9.18%
DF Tourism	Nominee for another person (Note 4)	90,000,000 (L)	–	90,000,000	9.18%
Fu An	Beneficial owner (Note 5)	60,000,000 (L)	–	60,000,000	6.12%
Wealth Promise	Nominee for another person (Note 5)	60,000,000 (L)	–	60,000,000	6.12%
Mr. Li Chao Wang	Interest of a controlled corporation (Note 6)	97,500,000 (L)	–	97,500,000	9.95%
Ms. Song Min	Interest of spouse (Note 7)	97,500,000 (L)	–	97,500,000	9.95%

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. The percentage of the Company’s issued share capital is based on the 980,000,000 Shares issued as at 31 March 2018.
3. By virtue of the SFO, Mrs. Hon, the spouse of Mr. Hon, is deemed to be interested in all the Shares in which Mr. Hon is interested.
4. These Shares are registered in the name of DF Tourism as the nominee of Dynasty Fortune. DF Tourism is wholly-owned by Dynasty Fortune.
5. These Shares are registered in the name of Wealth Promise as the nominee of Fu An. Wealth Promise is wholly-owned by Fu An.
6. Fu An is beneficially owned as to 74.21% by Mr. Li Chao Wang. By virtue of the SFO, Mr. Li Chao Wang is deemed to be interested in all the Shares owned by Fu An. Mr. Li Chao Wang is also deemed to be interested in all the Shares beneficially owned by Grand Luck, namely 37,500,000 Shares, by virtue of the SFO, as he beneficially owns the entire issued share capital of Grand Luck. Accordingly, Mr. Li Chao Wang is deemed to be interested in a total of 97,500,000 Shares under the SFO.
7. By virtue of the SFO, Ms. Song Min, the spouse of Mr. Li Chao Wang, is deemed to be interested in all the Shares in which Mr. Li Chao Wang is interested.

Save as disclosed above, as at 31 March 2018, the Company had not been notified by any person (other than Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) had any interest in a business which competed or might compete with the business of the Group or had any other conflict of interest with the Group during the three months ended 31 March 2018.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company (not being a contract of service with any Director of the Company or any person engaged in the full-time employment of the Company) was entered into or was subsisting during the three months ended 31 March 2018.

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 continuing growth of the Group and for safeguarding and maximising shareholders' interests.

During the three months ended 31 March 2018, the Company has complied with the applicable code provisions of the CG Code, except that Mr. Hon is currently performing the roles of chairman and chief executive officer of the Company. Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should not be performed by the same individual. Taking into account Mr. Hon's strong expertise in the hot spring and hotel industry, the Board considered that the roles of chairman and chief executive officer of the Company being performed by Mr. Hon enables more effective and efficient overall business planning, decision making and implementation thereof by the Group. In order to maintain good corporate governance and fully comply with such code provision, the Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer of the Company separately.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (“Share Option Scheme”) on 18 November 2016 which became unconditional upon Listing for a period of 10 years from 9 December 2016.

On 5 April 2017, the Company granted options (“Options”) to 18 eligible persons under its Share Option Scheme to subscribe for an aggregate of 51,940,000 Shares. Among the Options granted, Options exercisable into 29,890,000 Shares were granted to the Directors/ chief executive/ substantial shareholder/ its associates, details of which are as follows:-

Grantees Directors	Date of grant	Exercise price per Share HK\$	Exercise period	Number of Options				
				balance as at 1 January 2018	granted during the Period	exercised during the Period	cancelled/ lapsed during the Period	balance as at 31 March 2018
Mr. Hon	5 April 2017	0.62	Subject to the vesting schedule below	4,900,000	-	-	-	4,900,000
Mr. Huang Zhanxiong	5 April 2017	0.62	Subject to the vesting schedule below	4,900,000	-	-	-	4,900,000
Ms. Zhen Yaman	5 April 2017	0.62	Subject to the vesting schedule below	2,450,000	-	-	-	2,450,000
Mr. Hon Ka Fung	5 April 2017	0.62	Subject to the vesting schedule below	2,450,000	-	-	-	2,450,000
Mr. Hui Chin Tong Godfrey	5 April 2017	0.62	Subject to the vesting schedule below	7,840,000	-	-	-	7,840,000
Mr. Wu Sai Him	5 April 2017	0.62	Subject to the vesting schedule below	2,450,000	-	-	-	2,450,000

Grantees Directors	Date of grant	Exercise price per Share HK\$	Exercise period	Number of Options				
				balance as at 1 January 2018	granted during the Period	exercised during the Period	cancelled/lapsed during the Period	balance as at 31 March 2018
Mr. Chiu Chi Wing	5 April 2017	0.62	Subject to the vesting schedule below	2,450,000	-	-	-	2,450,000
Mr. Wang Dawu	5 April 2017	0.62	Subject to the vesting schedule below	2,450,000	-	-	-	2,450,000
<i>Employees in aggregate</i>	5 April 2017	0.62	Subject to the vesting schedule below	29,890,000 22,050,000	- -	- -	- -	29,890,000 22,050,000
Total				51,940,000	-	-	-	51,940,000

The Options are subject to the vesting schedule below and are exercisable during each exercise period specified below:

Exercise Period	Number of underlying Shares subject to the Options:
5 April 2018 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the Options
5 April 2019 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the Options
5 April 2020 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the Options
5 April 2021 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the Options

Notes:

1. The closing price per Share as quoted on the Stock Exchange on the day immediately before the date of grant was HK\$0.60.
2. The fair value of Options estimated at the date of grant using the binomial option pricing model was HK\$15.1 million (equivalent to HK\$0.29 each).
3. The significant inputs into the model were closing Share price of HK\$0.62 at the grant date, exercise price shown above, volatility of 45%, dividend yield of 0%, an expected option life of 8 years, annual risk-free interest rate of 1.43% and an exercise multiple of 2.8. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices of other listed companies with similar business to the Company. The total expenses recognised in the unaudited consolidated statement of comprehensive income for the three months ended 31 March 2018 amounted to RMB1.6 million.
4. The variables and assumptions used in computing the fair value of the share options are based on Directors' best estimate. Change in variables and assumptions may result in changes in fair value of the Options.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's securities during the three months ended 31 March 2018.

INTEREST OF COMPLIANCE ADVISOR

Well Link International Capital Limited ("Well Link") has confirmed to the Company that as at 31 March 2018, except for the compliance adviser agreement entered into between the Company and Well Link dated 9 March 2017, Well Link and its respective directors, employees and close associates did not have any interest in relation to the Company or any members of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The audit committee has reviewed this report and the Group's unaudited consolidated financial results for the three months ended 31 March 2018, and is of the opinion that the preparation of such results complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

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

“associate(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“CG Code”	Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules
“close associate”	has the meaning ascribed thereto under the GEM Listing Rules
“Company”	Gudou Holdings Limited (古兜控股有限公司), a company incorporated as an exempted company with limited liability in the Cayman Islands

“DF Tourism”	Dynasty Fortune Tourism Property Investments Limited(朝富旅遊產業投資有限公司), a company incorporated in the British Virgin Islands and is wholly-owned by Dynasty Fortune
“Director(s)”	the director(s) of the Company
“Dynasty Fortune”	Dynasty Fortune Capital Limited (朝富資本有限公司), a company incorporated in Hong Kong with limited liability, which is beneficially and wholly-owned by Mr. Hui Chin Tong Godfrey, a non-executive Director
“Fu An”	Fu An International Investments Limited(富安國際投資有限公司), a company incorporated in Hong Kong, which is beneficially owned as to 74.21% by Mr. Li Chao Wang, 15.79% by Ms. Yu Yi Fang and 10.00% by Mr. Dong Yi Ping, all of whom are independent third parties
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented and/or otherwise modified from time to time as the context may require
“Grand Luck”	Grand Luck Ventures Limited(泰瑞創投有限公司), a company incorporated in the British Virgin Islands, which is beneficially and wholly-owned by Mr. Li Chao Wang, an independent third party
“Group”	the Company and its subsidiaries
“Gudou Hot Spring Resort”	Gudou Hot Spring Resort(古兜溫泉綜合度假村), the hot spring resort located at Jiangmen City, Guangdong Province, the PRC and operated by the Group

“Harvest Talent”	Harvest Talent Investments Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Hon and is one of the Controlling Shareholders
“Heart of Spring Apartment”	Heart of Spring Apartments (泉心養生公寓), a tourism property project under development by the Group in the Gudou Hot Spring Resort
“HK\$” or “HK dollar(s)” and “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
“Mountain Seaview Vacation Residence”	Mountain Seaview Vacation Residence (山海度假公館), a completed tourism property project in the Gudou Hot Spring Resort
“Mr. Hon”	Mr. Hon Chi Ming, founder, chairman, chief executive officer, an executive Director and a controlling shareholder of the Company
“Mrs. Hon”	Ms. Li Wai Ling, the spouse of Mr. Hon and the mother of Mr. Hon Ka Fung
“occupancy rate”	Total Occupied Room Nights of a hotel during a period divided by the Total Available Room Nights
“Period”	The three months ended 31 March 2018
“PRC”	the People’s Republic of China, save that, for the purpose of this report and unless the context otherwise requires, references in this report do not include Hong Kong, Macau and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Total Available Room Nights”	all rooms nights available for sale excluding those under renovation or repair and those not for letting
“Total Occupied Room Nights”	all room nights sold and room nights provided to guests and property owners on a complimentary basis
“Wealth Promise”	Wealth Promise Holdings Limited (富諾控股有限公司), a company incorporated in the British Virgin Islands and is wholly-owned by Fu An
“%”	per cent

By order of the Board
Gudou Holdings Limited
Hon Chi Ming
Chairman and Executive Director

Hong Kong, 11 May 2018

As at the date of this report, the executive Directors are Mr. Hon Chi Ming, Mr. Huang Zhanxiong, Ms. Zhen Yaman and Mr. Hon Ka Fung, the non-executive Director is Mr. Hui Chin Tong Godfrey, and the independent non-executive Directors are Mr. Wu Sai Him, Mr. Chiu Chi Wing and Prof. Wang Dawu.