



古兜控股有限公司

Gudou Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8308



2019 First Quarterly Report

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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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 in this report misleading.

Highlights

- For the three months ended 31 March 2019, revenue of the Group was approximately RMB32.8 million, representing a decrease of 20.7% as compared to the corresponding period in 2018.
- For the three months ended 31 March 2019, gross profit of the Group decreased by 60.9% to approximately RMB5.7 million as compared to the corresponding period of last year.
- Net loss for the three months ended 31 March 2019 amounted to approximately RMB7.8 million while the Group recorded a profit of approximately RMB0.9 million for the three months ended 31 March 2018.
- Basic loss per share for three months ended 31 March 2019 was RMB0.80 cents, and basic earnings per share for the three months ended 31 March 2018 was RMB0.09 cents.
- The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2019. For the three months ended 31 March 2018, 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 2019 together with the comparative unaudited figures for the corresponding period in 2018, as follows:

Unaudited Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2019

	Note	Three months ended 31 March	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	3	32,840	41,401
Cost of sales		<u>(27,151)</u>	<u>(26,849)</u>
Gross profit		5,689	14,552
Other income		44	75
Fair value gains on investment properties		6,130	6,240
Selling expenses		(3,446)	(3,617)
Administrative expenses		<u>(10,338)</u>	<u>(11,560)</u>
(Loss)/profit from operations		(1,921)	5,690
Finance costs		<u>(4,284)</u>	<u>(3,260)</u>
(Loss)/profit before tax		(6,205)	2,430
Income tax expenses	4	<u>(1,632)</u>	<u>(1,561)</u>
(Loss)/profit for the period		(7,837)	869

		Three months ended	
		31 March	
	<i>Note</i>	2019	2018
		RMB'000	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Other comprehensive income for the period, net of tax			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences		228	508
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on financial assets at fair value through other comprehensive income		106	—
Total comprehensive (loss)/ income for the period		(7,503)	1,377
(Loss)/earnings per share			
		2019	2018
		RMB cents	<i>RMB cents</i>
Basic	6	(0.80)	0.09
Diluted	6	(0.80)	0.09

Unaudited Consolidated Statement of Changes In Equity

For the three months ended 31 March 2019

	Share capital RMB'000	Share premium RMB'000	Fair value reserve 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 2019 (Audited) as originally presented	8,669	99,249	(2,124)	(4,731)	9,349	(277)	69,528	242,773	422,436
Change in accounting policy	-	-	-	-	-	-	-	(136)	(136)
Restated total equity at 1 January 2019 (Unaudited)	<u>8,669</u>	<u>99,249</u>	<u>(2,124)</u>	<u>(4,731)</u>	<u>9,349</u>	<u>(277)</u>	<u>69,528</u>	<u>242,637</u>	<u>422,300</u>
Comprehensive income									
Loss for the period	-	-	-	-	-	-	-	(7,837)	(7,837)
Other comprehensive income									
Currency translation differences	-	-	-	228	-	-	-	-	228
Fair value gain on financial assets at fair value through other comprehensive income	-	-	106	-	-	-	-	-	106
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>106</u>	<u>228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,837)</u>	<u>(7,503)</u>
Transactions with owners in their capacity as owners									
Share-based payment	-	-	-	-	877	-	-	-	877
As at 31 March 2019 (Unaudited)	<u>8,669</u>	<u>99,249</u>	<u>(2,018)</u>	<u>(4,503)</u>	<u>10,226</u>	<u>(277)</u>	<u>69,528</u>	<u>234,800</u>	<u>415,674</u>

	Share capital RMB'000	Share premium RMB'000	Fair value reserve 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) as originally presented	8,669	99,249	–	(3,899)	5,004	(277)	69,528	229,183	407,457
Change in accounting policy	–	–	–	–	–	–	–	(1,980)	(1,980)
Restated total equity at 1 January 2019 (Audited)	8,669	99,249	–	(3,899)	5,004	(277)	69,528	227,203	405,477
Comprehensive income									
Profit for the period	–	–	–	–	–	–	–	869	869
Other comprehensive income									
Currency translation differences	–	–	–	508	–	–	–	–	508
Total comprehensive income for the period	–	–	–	508	–	–	–	869	1,377
Transactions with owners in their capacity as owners									
Share-based payment	–	–	–	–	1,577	–	–	–	1,577
Restated total equity as at 31 March 2018 (Unaudited)	8,669	99,249	–	(3,391)	6,581	(277)	69,528	228,072	408,431

Notes to the Unaudited Consolidated Financial Statements

For the three months ended 31 March 2019

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 and 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 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.

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. Except for HKFRS 16, the adoption of other new/revised HKFRSs did not result in material impact on the Group's unaudited consolidated financial statements for current and prior periods:

Effect of HKFRS 16 Leases

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position.

Each lease payment is allocated between the principal repayment of lease liability and finance cost. The finance cost is charged to the unaudited consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

HKFRS 16 has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits as at 1 January 2019. Comparative information has not been restated.

Upon the initial application of HKFRS 16, the Group measured the rights-of-use assets as if HKFRS 16 had always been applied by using the incremental borrowing rate at initial application date and the opening balances of lease liabilities and the corresponding right-of-use assets has been adjusted as at 1 January 2019.

The following table summarises the impact of transition to HKFRS 16 on the opening balance of retained profits:

	Impact of adopting HKFRS 16 RMB'000
Retained profits	
Recognition of interest of lease liabilities and depreciation of right-of-use assets	136
	<hr/> <hr/>
Impact at 1 January 2019	136
	<hr/> <hr/>

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group’s financial statements from 2019 onwards.

3 Revenue

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

	Three months ended	
	31 March	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Property sales	6,620	—
Room revenue	11,558	15,657
Admission income	5,110	10,428
Catering income	6,070	8,923
Rental income	455	311
Massage service income	592	767
Conference fee income	721	882
Consultancy service income	850	3,448
Other service income	864	985
	<u>32,840</u>	<u>41,401</u>

4 Income tax expenses

For the three months ended 31 March 2019, 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 2018: 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	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong profits tax	—	—
PRC enterprise income tax	1	1
Land appreciation tax	331	—
	<u>332</u>	<u>1</u>
Deferred tax	1,300	1,560
	<u>1,632</u>	<u>1,561</u>

5 Dividend

No dividend was paid or declared by the Company during the three months ended 31 March 2019, nor has any dividend been proposed since the end of the reporting period (three months ended 31 March 2018: Nil).

**6 (Loss)/earnings per share
Basic**

Basic (loss)/earnings per share is calculated by dividing the (loss)/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	
	2019	2018
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company (RMB'000)	(7,837)	869
Weighted average number of ordinary shares in issue ('000)	980,000	980,000
Basic (loss)/earnings per share (RMB cents)	(0.80)	0.09

Diluted

Diluted (loss)/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 annual 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	
	2019	2018
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue ('000)	980,000	980,000
Adjustment for Share options (<i>number of shares</i>) ('000)	24,890	35,267
Weighted average number of ordinary shares in issue ('000)	1,004,890	1,015,267

For the three months ended 31 March 2019, diluted loss per share is the same as the basic loss per share because the Company was in loss position. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2019, revenue of the Group was approximately RMB32.8 million, representing a decrease of approximately 20.7% as compared to the corresponding period in 2018 (three months ended 31 March 2018: RMB41.4 million). Loss attributable to owners of the Company for the three months ended 31 March 2019 amounted to approximately RMB7.8 million (profit attributable to owners of the Company for the three months ended 31 March 2018: RMB0.9 million).

Hot Spring Resort and Hotel Operations

The Group's hot spring resort and hotel operations business faced challenges in the first quarter of 2019 due to the warmer weather and general decline in consumer demand. The Group's turnover derived from hot spring resort and hotel operations decreased by approximately 36.7% to approximately RMB26.2 million when compared to the corresponding period of previous year. During the Period, the Group recorded a decrease in revenue generated from admission fees to approximately RMB5.1 million, representing a decrease of approximately 51.0% compared to that of 2018. The room revenue generated from the Group's five themed hotel complexes decreased by approximately 26.2% to approximately RMB11.6 million for the three months ended 31 March 2019 compared to that for 2018. The occupancy rate of the Group's five themed hotel complexes decreased from approximately 44.0% for the three months ended 31 March 2018 to approximately 32.2% for the three months ended 31 March 2019. The average room rate of the Group's hotel complexes increased from approximately RMB245.0 for the three months ended 31 March 2018 to approximately RMB266.0 for the three months ended 31 March 2019, primarily attributable to less price promotions on hotel room rates during the Period.

The Group also recorded decreases in revenue generated from catering by approximately 32.0% and conference room services by approximately 18.3%.

In respect of revenue arising from the provision of consultancy services, the Group recorded a drop of approximately 75.3% from approximately RMB3.4 million to approximately RMB0.9 million, mainly attributable to certain consultancy services having been completed in late 2018.

Tourism Property Development

During the Period, the Group sold and delivered 22 units of Heart of Spring Apartments, representing 5.5% of the total saleable GFA of Heart of Spring Apartments which contributed revenue of approximately RMB6.6 million, whereas the Group did not conduct any sale of tourism property in the corresponding period in 2018. The Company expects to sell and deliver further units of Heart of Spring Apartments in the rest of 2019.

Financial review

Revenue

For the Period, the Group recorded turnover of approximately RMB32.8 million (corresponding period in 2018: approximately RMB41.4 million), representing a decrease of approximately 20.7% when compared with the corresponding period in the previous year. The decrease in turnover was primarily attributable to the drop in revenue generated from the Group's hot spring resort and hotel operations business. The Group's revenue generated from hot spring resort and hotel operations reduced by approximately 36.7% to approximately RMB26.2 million, primarily attributable to decrease in admission fees and room revenue.

The Group recorded turnover of approximately RMB6.6 million from tourism property development (corresponding period in 2018: Nil) which was attributable to the sale and delivery of Heart of Spring Apartments.

Cost of Sales

The Group's cost of sales for the Period was approximately RMB27.2 million, representing an increase of approximately 1.1% from approximately RMB26.8 million in respect of the three months ended 31 March 2018. Such increase was primarily due to the increased costs of sales from the Group's tourism property development business as the Group continued to sell and deliver Heart of Spring Apartments during the Period, whereas the Group did not conduct any sale of tourism property in the corresponding period in 2018. This was partially offset by the decrease in costs of sales of the Group's hot spring resort and hotel operations, primarily attributable to the absence of the amortisation of prepayments for renovation for Mountain Seaview Hotel during the Period as compared to the corresponding period in 2018.

Gross Profit and Gross Profit Margin

The Group's gross profit amounted to approximately RMB5.7 million for the Period, representing a decrease of approximately RMB8.9 million or 60.9% from approximately RMB14.6 million for the same period of last year, which was mainly due to a decreased level of revenue from the Group's hot spring resort and hotel operations. The Group's gross profit margin for the Period decreased by approximately 17.8% to approximately 17.3% as compared to approximately 35.1% for the same period of last year. Such decrease in the Group's gross profit margin for the Period was primarily a result of the decrease in revenue generated from the Group's hot spring resort and hotel operations business while most of the relevant costs are partially fixed in nature.

(Loss)/Profit Before Tax

The Group's loss before tax amounted to approximately RMB6.2 million for the Period when compared to a profit before tax of approximately RMB2.4 million for the same period of last year, primarily reflecting decreased level of revenue in the Period.

Income Tax Expenses

The Group's income tax expenses for the Period increased by approximately 4.5%, or RMB0.07 million to approximately RMB1.63 million as compared to approximately RMB1.56 million for the same period of last year. Such increase in the Group's income tax expenses was mainly attributable to the increase in land appreciation tax during the Period.

Net (Loss)/Profit

The Group's loss for the Period amounted to approximately RMB7.8 million as compared to a profit of approximately RMB0.9 million for the same period of last year, which was in line with the Group's decreased turnover during the Period.

BUSINESS PROSPECT

Prospect

Upholding its core values and belief in health regimen, the Group will continue to operate and grow its business and enhance its "Gudou" brand in the rest of 2019. The Group will enhance the ambiance and existing facilities of Gudou Hot Spring Resort. The Group will continue to explore new business opportunities to provide consultancy services and/ or management services to leisure hotels and resorts and other hot spring resort operators, as well as to embark on new tourism property development projects.

In spite of the ongoing challenges in our business, we maintain a positive view towards the future of our Group. Management will review and strive to enhance overall operational efficiency, adjust the Group's property development portfolio and strategies to match our strengths with market demand, and capture the right growth opportunities while guarding the Group against economic headwinds.

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

As at 31 March 2019, 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 2019 (Note 2)
Mr. Hon	Interest of a controlled corporation (Notes 3, 6) Beneficial owner (Note 4)	532,500,000 (L)	4,900,000	537,400,000	54.84%
Mr. Huang Zhanxiang	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 (Notes 5, 6) 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 2019.
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 2019 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.
6. On 20 January 2019, Harvest Talent and DF Tourism entered into sale and purchase agreements with (i) Phoenix Virtue Limited (“Phoenix Virtue”) as purchaser; and (ii) guarantor to Phoenix Virtue pursuant to which Harvest Talent and DF Tourism have respectively conditionally agreed to sell, and Phoenix Virtue has conditionally agreed to purchase, an aggregate of 286,000,000 Shares (the “Disposals”). Immediately upon completion of the Disposals which took place on 2 April 2019, Harvest Talent continues to hold 336,500,000 Shares, representing 34.34% of the total issued Shares, whereas Phoenix Virtue holds 286,000,000 Shares, representing 29.18% of the total issued Shares and DF Tourism ceases to hold any Shares. For further details of the Disposals, please refer to the Company’s announcements dated 20 January 2019 and 2 April 2019. Following the Disposals, Mr. Hui Chin Tong Godfrey resigned as a non-executive Director on 12 April 2019.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as is known to any Director or chief executive of the Company, as at 31 March 2019, 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	Total	Percentage of the Company's issued share capital as at 31 March 2019 (Note 2)
Harvest Talent	Beneficial owner (Note 9)	532,500,000 (L)	–	532,500,000	54.34%
Mrs. Hon	Interest of spouse (Note 3, 9)	532,500,000 (L)	4,900,000	537,400,000	54.84%
Phoenix Virtue	Beneficial owner (Note 4, 9)	286,000,000 (L)	–	286,000,000	29.18%
Add Hero Holdings Limited	Interest of a controlled corporation (Note 4, 9)	286,000,000 (L)	–	286,000,000	29.18%
China Aoyuan Group Limited	Interest of a controlled corporation (Note 4, 9)	286,000,000 (L)	–	286,000,000	29.18%
Ace Rise Profits Limited	Interest of a controlled corporation (Note 4, 9)	286,000,000 (L)	–	286,000,000	29.18%
Joy Pacific Group Limited	Interest of a controlled corporation (Note 4, 9)	286,000,000 (L)	–	286,000,000	29.18%
Sturgeon Limited	Interest of a controlled corporation (Note 4, 9)	286,000,000 (L)	–	286,000,000	29.18%
Asia Square Holdings Limited	Interest of a controlled corporation (Note 4, 9)	286,000,000 (L)	–	286,000,000	29.18%
J. Safra Sarasin Trust Company (Singapore) Limited	Trustee (Note 4, 9)	286,000,000 (L)	–	286,000,000	29.18%
Guo Ziwen	Settlor of The Golden Jade Trust (Note 4, 9)	286,000,000 (L)	–	286,000,000	29.18%

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 2019 (Note 2)
Jiang Miner	Settlor of The Golden Jade Trust (Note 4, 9)	286,000,000 (L)	–	286,000,000	29.18%
Dynasty Fortune	Beneficial owner (Note 5, 9)	90,000,000 (L)	–	90,000,000	9.18%
DF Tourism	Nominee for another person (Note 5, 9)	90,000,000 (L)	–	90,000,000	9.18%
Fu An	Beneficial owner (Note 6)	60,000,000 (L)	–	60,000,000	6.12%
Wealth Promise	Nominee for another person (Note 6)	60,000,000 (L)	–	60,000,000	6.12%
Mr. Li Chao Wang	Interest of a controlled corporation (Note 7)	97,500,000 (L)	–	97,500,000	9.95%
Ms. Song Min	Interest of spouse (Note 8)	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 2019.
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. Phoenix Virtue is wholly-owned by Add Hero Holdings Limited, which in turn is wholly-owned by China Aoyuan Group Limited. China Aoyuan Group Limited is owned as to 52.1% by Ace Rise Profits Limited. Ace Rise Profits Limited is owned as to 90% by Joy Pacific Group Limited, which in turn is wholly-owned by Sturgeon Limited. Sturgeon Limited is wholly-owned by Asia Square Holdings Ltd., as nominee and trustee for J. Safra Sarasin Trust Company (Singapore) Ltd. as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. Mr. Guo Ziwen and Ms. Jiang Miner are the settlors of The Golden Jade Trust.
5. These Shares are registered in the name of DF Tourism as the nominee of Dynasty Fortune. DF Tourism is wholly-owned by Dynasty Fortune.
6. These Shares are registered in the name of Wealth Promise as the nominee of Fu An. Wealth Promise is wholly-owned by Fu An.
7. 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.
8. 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.

9. On 20 January 2019, Harvest Talent and DF Tourism entered into sale and purchase agreements with (i) Phoenix Virtue as purchaser; and (ii) guarantor to Phoenix Virtue pursuant to which Harvest Talent and DF Tourism have respectively conditionally agreed to sell, and Phoenix Virtue has conditionally agreed to purchase, an aggregate of 286,000,000 Shares. Immediately upon completion of the Disposals which took place on 2 April 2019, Harvest Talent continues to hold 336,500,000 Shares, representing 34.34% of the total issued Shares, whereas Phoenix Virtue holds 286,000,000 Shares, representing 29.18% of the total issued Shares. DF Tourism ceases to hold any Shares. For further details of the Disposals, please refer to the Company's announcements dated 20 January 2019 and 2 April 2019.

Save as disclosed above, as at 31 March 2019, 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 2019.

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 2019.

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 2019, 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 the 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 to 18 eligible persons under the 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	Date of grant	Exercise price per Share HK\$	Exercise period	Number of Options				
				balance as at 1 January 2019	granted during the Period	exercised during the Period	cancelled/ lapsed during the Period	balance as at 31 March 2019
Mr. Hon	5 Apr 2017	0.62	Subject to the vesting schedule below	4,900,000	–	–	–	4,900,000
Mr. Huang Zhanxiong	5 Apr 2017	0.62	Subject to the vesting schedule below	4,900,000	–	–	–	4,900,000
Ms. Zhen Yaman	5 Apr 2017	0.62	Subject to the vesting schedule below	2,450,000	–	–	–	2,450,000
Mr. Hon Ka Fung	5 Apr 2017	0.62	Subject to the vesting schedule below	2,450,000	–	–	–	2,450,000
Mr. Hui Chin Tong Godfrey (Note 1)	5 Apr 2017	0.62	Subject to the vesting schedule below	7,840,000	–	–	–	7,840,000
Mr. Wu Sai Him	5 Apr 2017	0.62	Subject to the vesting schedule below	2,450,000	–	–	–	2,450,000
Mr. Chiu Chi Wing	5 Apr 2017	0.62	Subject to the vesting schedule below	2,450,000	–	–	–	2,450,000
Prof. Wang Dawu	5 Apr 2017	0.62	Subject to the vesting schedule below	2,450,000	–	–	–	2,450,000
				29,890,000	–	–	–	29,890,000
Employees in aggregate	5 Apr 2017	0.62	Subject to the vesting schedule below	22,050,000	–	–	–	22,050,000
Total				51,940,000	–	–	–	51,940,000

Note:

1. Mr. Hui Chin Tong Godfrey resigned as a non-executive Director on 12 April 2019. Notwithstanding that, the Options granted to him under the Share Option Scheme remains effective as he was appointed as a consultant of the Company with effect from 12 April 2019.

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

Note:

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.

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 2019.

INTEREST OF COMPLIANCE ADVISOR

Zhongtai International Capital Limited ("Zhongtai International") has confirmed to the Company that as at 31 March 2019, except for the compliance adviser agreement entered into between the Company and Zhongtai International dated 31 May 2018, Zhongtai International 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 2019, 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(s)”	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 our 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 as at 31 March 2019 and was resigned on 12 April 2019

“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
“GFA”	gross floor area
“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 of the Company
“Heart of Spring Apartments”	Heart of Spring Apartments (泉心養生公寓), a completed tourism property project 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
“Listing”	the listing of the Shares on GEM on 9 December 2016
“Mountain Seaview Hotel”	Mountain Seaview Hotel (山海酒店), one of the themed hotel complexes in the Gudou Hot Spring Resort
“Mr. Hon”	Mr. Hon Chi Ming, founder, chairman, chief executive officer, an executive Directors 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
“Option(s)”	share options granted on 5 April 2017 pursuant to the Share Option Scheme
“Period”	The three months ended 31 March 2019
“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 our Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	share option scheme conditionally approved and adopted by the Company on 18 November 2016
“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 rooms 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, 10 May 2019

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