



古兜控股有限公司

Gudou Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8308



2019 Interim 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 herein or in this report misleading.

Highlights

- For the six months ended 30 June 2019, revenue of the Group was approximately RMB56.3 million, representing a decrease of 13.7% compared to the corresponding period in 2018.
- For the six months ended 30 June 2019, gross profit of the Group decreased by 61.5% to approximately RMB5.8 million as compared to RMB15.2 million in the corresponding period of last year.
- Net loss for the six months ended 30 June 2019 amounted to approximately RMB18.6 million, while the Group recorded a loss of approximately RMB8.5 million for the six months ended 30 June 2018.
- Basic loss per share for the six months ended 30 June 2019 was RMB1.9 cents, and basic loss per share for the six months ended 30 June 2018 was RMB0.9 cents.
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2019. During the six months ended 30 June 2018, no interim dividend was paid or declared.

Interim Results

The Board is pleased to announce the unaudited condensed consolidated financial statements of the Group for the three months and six months ended 30 June 2019 together with the comparative unaudited figures for the corresponding periods in 2018, as follows:

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2019

	<i>Note</i>	As at 30 June 2019 RMB'000 (unaudited)	31 December 2018 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	9	258,430	249,356
Prepaid land lease payments		6,857	7,020
Investment properties		676,560	661,620
Investment in an associate		65,099	—
Financial assets at fair value through other comprehensive income		1,741	1,877
Right-of-use assets		13,768	—
Deferred tax assets		1,297	1,297
		<u>1,023,752</u>	<u>921,170</u>
Current assets			
Properties held for sale		26,588	37,732
Inventories		3,355	3,622
Accounts receivable	10	24,930	60,700
Prepaid land lease payments		326	326
Prepayments, deposits and other receivables		39,396	44,199
Bank and cash balances		19,866	41,492
		<u>114,461</u>	<u>188,071</u>
TOTAL ASSETS		<u>1,138,213</u>	<u>1,109,241</u>

	<i>Note</i>	As at 30 June 2019 RMB'000 (unaudited)	As at 31 December 2018 RMB'000 (audited)
Current liabilities			
Accounts payable	11	70,224	79,856
Accruals and other payables		46,658	45,405
Amount due to an associate		64,020	—
Borrowings	12	88,730	58,172
Lease liabilities		7,296	—
Current tax liabilities		57,288	60,044
Contract liabilities		31,693	31,948
		<u>365,909</u>	<u>275,425</u>
Non-current liabilities			
Borrowings	12	178,207	233,339
Deferred tax liabilities		172,800	169,541
Lease liabilities		8,052	—
Deferred income		8,250	8,500
		<u>367,309</u>	<u>411,380</u>
TOTAL LIABILITIES		<u>733,218</u>	<u>686,805</u>
Capital and reserves			
Share capital		8,669	8,669
Reserves		396,326	413,767
TOTAL EQUITY		<u>404,995</u>	<u>422,436</u>
TOTAL LIABILITIES AND EQUITY		<u>1,138,213</u>	<u>1,109,241</u>

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 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)	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 loss									
Loss for the period	-	-	-	-	-	-	-	(18,558)	(18,558)
Other comprehensive loss									
Currency translation differences	-	-	-	64	-	-	-	-	64
Fair value loss on financial assets at fair value through other comprehensive income	-	-	(136)	-	-	-	-	-	(136)
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(136)</u>	<u>64</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,558)</u>	<u>(18,630)</u>
Transaction with owners									
Share-based payment	-	-	-	-	1,325	-	-	-	1,325
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,325</u>
As at 30 June 2019 (Unaudited)	<u>8,669</u>	<u>99,249</u>	<u>(2,260)</u>	<u>(4,667)</u>	<u>10,674</u>	<u>(277)</u>	<u>69,528</u>	<u>224,079</u>	<u>404,995</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)	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 2018 (Audited)	8,669	99,249	–	(3,899)	5,004	(277)	69,528	227,203	405,477
Comprehensive loss									
Loss for the period	–	–	–	–	–	–	–	(8,475)	(8,475)
Other comprehensive loss									
Currency translation differences	–	–	–	(16)	–	–	–	–	(16)
Total comprehensive loss for the period	–	–	–	(16)	–	–	–	(8,475)	(8,491)
Transaction with owners									
Share-based payment	–	–	–	–	2,520	–	–	–	2,520
Total transaction with owners	–	–	–	–	2,520	–	–	–	2,520
As at 30 June 2018 (Unaudited)	<u>8,669</u>	<u>99,249</u>	<u>–</u>	<u>(3,915)</u>	<u>7,524</u>	<u>(277)</u>	<u>69,528</u>	<u>218,728</u>	<u>399,506</u>

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Six Month ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Net cash generated from operating activities	23,586	20,455
Net cash used in from investing activities	(11,714)	(11,414)
Net cash (used in)/generated from financing activities	<u>(33,561)</u>	<u>10,246</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(21,689)	19,287
Effect of foreign exchange rate changes	63	110
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>41,492</u>	<u>24,970</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>19,866</u>	<u>44,367</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	<u>19,866</u>	<u>44,367</u>

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 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, 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 of the Group for the Relevant Period 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 and the Hong Kong Companies Ordinance.

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 Relevant 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 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 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 30 June		Six months ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Property sales	7,526	—	14,146	—
Room revenue	6,374	5,888	17,932	21,545
Admission income	3,207	7,664	8,317	18,092
Catering income	3,640	4,953	9,710	13,876
Rental income	700	307	1,155	618
Massage service income	322	362	914	1,129
Conference fee income	304	813	1,025	1,695
Consultancy service income	840	3,449	1,690	6,897
Other service income	558	434	1,422	1,419
	<u>23,471</u>	<u>23,870</u>	<u>56,311</u>	<u>65,271</u>

4 Other income

	Three months ended 30 June		Six months ended 30 June	
	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)	2018 <i>RMB'000</i> (Unaudited)
Interest income	18	73	62	148
Forfeited properties sales deposits	—	50	—	50
	<u>18</u>	<u>123</u>	<u>62</u>	<u>198</u>

5 Segment information

The chief operating decision-maker has been identified as the executive directors of the Company, which reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive directors of the Company consider the business from service perspectives and assess the performance of the Group which are organised into two main businesses:

- Property development — Develop and sales of properties in the PRC
- Hotel and resort operation — Operation of hotels and resort in the PRC

The executive directors of the Company assesses the performance of the operating segments based on their segment profit before income tax expense. Segment profits or losses do not include fair value gains on investment properties for undetermined use, finance costs, corporate income and expenses.

Based on the business nature, the executive directors of the Company consider the development of the five-star hotel and health regimen facilities either through self-use or lease, include under the hotel and resort operation segment.

(i) **Information about reportable segment profit or loss, assets and liabilities:**

	Hotels and resort operation RMB'000 (Unaudited)	Property development RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
For the six month ended 30 June 2019			
Segment revenue	<u>42,165</u>	<u>14,146</u>	<u>56,311</u>
Segment profit/(loss)	(1,878)	673	(1,205)
Fair value gains on investment properties for undetermined use			8,670
Share of loss of an associate			(71)
Finance costs			(8,262)
Unallocated corporate expenses			<u>(13,695)</u>
Loss before tax			(14,563)
Income tax expenses			<u>(3,995)</u>
Loss for the period			<u>(18,558)</u>
	Hotels and resort operation RMB'000 (Unaudited)	Property development RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
As at 30 June 2019			
ASSETS			
Segment assets	<u>543,029</u>	<u>85,300</u>	628,329
Unallocated assets			<u>509,884</u>
Consolidated total assets			<u>1,138,213</u>
LIABILITIES			
Segment liabilities	<u>71,670</u>	<u>97,413</u>	169,083
Unallocated liabilities			<u>564,135</u>
Consolidated total liabilities			<u>733,218</u>

	Hotels and resort operation <i>RMB'000</i> (Unaudited)	Property development <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
For the six month ended 30 June 2018			
Segment revenue	<u>65,271</u>	<u>—</u>	<u>65,271</u>
Segment profit/(loss)	11,695	(2,898)	8,797
Fair value gains on investment properties for undetermined use			11,380
Finance costs			(7,671)
Unallocated corporate expenses			<u>(16,146)</u>
Loss before tax			(3,640)
Income tax expenses			<u>(4,835)</u>
Loss for the period			<u>(8,475)</u>
	Hotels and resort operation <i>RMB'000</i> (Audited)	Property development <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
As at 31 December 2018			
ASSETS			
Segment assets	<u>514,015</u>	<u>136,096</u>	650,111
Unallocated assets			<u>459,130</u>
Consolidated total assets			<u>1,109,241</u>
LIABILITIES			
Segment liabilities	<u>55,469</u>	<u>110,240</u>	165,709
Unallocated liabilities			<u>521,096</u>
Consolidated total liabilities			<u>686,805</u>

(ii) Geographical information:

All the revenue and non-current assets are based in the PRC for the six month ended 30 June 2019 (six month ended 30 June 2018: Same).

(iii) Revenue from major customers:

The revenue from the Group's largest customer amounted to RMB1.7 million or 3.0% (six months ended 30 June 2018: RMB5.1 million or 6.9%) of the Group's total turnover for the six month ended 30 June 2019.

6 Income tax expenses

For the six months ended 30 June 2019, no provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong (six months ended 30 June 2018: Nil). The Group's subsidiaries in the PRC are subject to the PRC enterprise income tax at a rate of 25% (six months ended 30 June 2018: 25%) on estimated assessable profits.

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax				
PRC enterprise income tax	2	1	3	2
Land appreciation tax	402	—	733	—
	404	1	736	2
Deferred tax	1,959	3,273	3,259	4,833
	2,363	3,274	3,995	4,835

7 Dividend

No dividend was paid or declared by the Company during the six months ended 30 June 2019, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2018: Nil).

8 Loss per share
Basic

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

	Three months ended 30 June		Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Loss attributable to owners of the Company (RMB'000)	(10,721)	(9,344)	(18,558)	(8,475)
Weighted average number of ordinary shares in issue ('000)	<u>980,000</u>	<u>980,000</u>	<u>980,000</u>	<u>980,000</u>
Basic loss per share (RMB cents)	<u>(1.1)</u>	<u>(1.0)</u>	<u>(1.9)</u>	<u>(0.9)</u>

Note:

For the six months ended 2019 and 2018, the diluted loss per share were equal to the basic loss per share because the Company was in loss position.

9 Property, plant and equipment

RMB'000

Cost

As at 31 December 2018 (audited)	439,975
Additions	20,962
Disposals	(1,356)
Exchange differences	9

As at 30 June 2019 (unaudited) **459,590**

Accumulated depreciation

As at 31 December 2018 (audited)	190,619
Additions	10,779
Write-back of disposals	(246)
Exchange differences	8

As at 30 June 2019 (unaudited) **201,160**

Net book value

As at 30 June 2019 (unaudited) **258,430**

As at 31 December 2018 (audited) 249,356

10 Accounts receivable

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Accounts receivable	28,229	64,447
Less: allowance for impairment	(3,299)	(3,747)
Accounts receivable — net	24,930	60,700

The aging analysis of gross accounts receivable, based on the invoice date for travel agencies and corporate customers, or scheduled repayment dates for property unit purchasers is as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Up to 30 days	5,264	55,072
31 to 60 days	1,743	840
61 to 90 days	776	130
Over 90 days	<u>20,446</u>	<u>8,405</u>
	<u>28,229</u>	<u>64,447</u>

All accounts receivable are denominated in RMB.

11 Accounts payable

The aging analysis of the Group's accounts payable, based on the date of receipt of goods or services rendered, is as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Up to 90 days	5,299	24,734
91 to 180 days	6,938	6,305
181 to 365 days	19,602	5,980
Over 1 year	<u>38,385</u>	<u>42,837</u>
	<u>70,224</u>	<u>79,856</u>

The carrying amount of the Group's accounts payable are denominated in RMB and approximate their fair value.

12 Borrowings

	As at 30 June 2019 <i>RMB'000</i> (Unaudited)	As at 31 December 2018 <i>RMB'000</i> (Audited)
Bank loans	<u>266,937</u>	<u>291,511</u>

The borrowings are repayable as follows:

	As at 30 June 2019 <i>RMB'000</i> (Unaudited)	As at 31 December 2018 <i>RMB'000</i> (Audited)
Within one year	88,730	58,172
Between one and two years	59,358	99,792
Between two and five years	88,900	88,688
Over five years	<u>29,949</u>	<u>44,859</u>
	266,937	291,511
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(88,730)</u>	<u>(58,172)</u>
Amount due for settlement after 12 months	<u>178,207</u>	<u>233,339</u>

13 Capital commitments

The Group had the following capital commitments contracted but not provided for:

	As at 30 June 2019 <i>RMB'000</i> (Unaudited)	As at 31 December 2018 <i>RMB'000</i> (Audited)
Construction in progress	<u>24,821</u>	<u>29,989</u>

14 Lease commitments

Operating lease commitments – lessor

The Group's total future minimum lease receivables under non-cancelable operating leases are as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Within one year	1,611	828
In the second to fifth years inclusive	5,712	1,095
After 5 years	11,833	91
	19,156	2,014

Operating lease receivables represent stall and facilities rental receivable. Leases are negotiated for an average term of 1 month to 15 years and rental are fixed over the lease terms and do not include contingent rentals.

15 Material related parties transactions

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The Group is ultimately controlled by Mr. Hon Chi Ming.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the period ended 30 June 2019.

(a) Transactions with related parties

The following transactions were carried out with related parties at terms mutually agreed by both parties:

	Six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Salary of Ms. Li Wai Ling (spouse of an executive director)	66	66

(b) Compensation of key management personnel of the Group:	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, bonus and allowances	2,090	2,005
Pension costs		
— defined contribution plans	88	85
Share-based payment	775	1,757
	<hr/>	<hr/>
	2,953	3,847
	<hr/> <hr/>	<hr/> <hr/>
(c) Amount due to an associate	As at	As at
	30 June	31 December
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
At the beginning of the period	—	—
Acquisition of an associate	64,020	—
	<hr/>	<hr/>
At the end of the period	64,020	—
	<hr/> <hr/>	<hr/> <hr/>

Comparison Of Business Objectives With Actual Business Progress

The table below sets out the Directors' analysis by comparing the business objectives of the Group as set out in the Prospectus with the Group's achievement of these objectives up to 30 June 2019. These business objectives are in place with a view to generating long-term value to the Company and the Shareholders.

Business Objectives	Actual Business Progress up to 30 June 2019
1. Continue to enhance the Group's position in the hot spring and hotel industry	The Group's effort in respect of enhancing its position in the hot spring and hotel industry is still ongoing.
(i) Replicate the Group's business model to operate new hot spring resorts and hotels	(i) The Group will continue to select its potential target cities based on a number of factors, including, among others, local favourable governmental policy, local tourism development, infrastructure, locations or available land sites, regional economy, regional level of disposal income, cost of transportation and cost of energy supply.
(ii) Provide management services to other hot spring resort owners	(ii) The Group will continue to explore new business opportunities to provide management services to hot spring resorts owned by third party owners. The investment and development team will continue to identify and evaluate potential business opportunities.

Business Objectives

Actual Business Progress up to 30 June 2019

-
2. Plan to expand the tourism property development business of the Group
- To prepare for the expansion of the tourism property development business, the Group has adopted standardised development procedures so as to achieve a more efficient use of capital and other resources, and to complete new tourism property projects in a timely manner while maintaining an effective control over costs.
- During the Period, the Company sold and delivered 38 residential units and 3 commercial units of Heart of Spring Apartments and expects the sale to continue in 2019.
3. Continue to enhance the Group's "Gudou" brand across the PRC by providing quality products and services to the customers
- The Group has implemented strict quality control standards and closely monitored the product or service quality, and the workmanship of its contractors throughout the property development process in relation to its tourism property development business. During the Period, the Group has also organised a number of promotional events to promote the "Gudou" brand, such as:
- New year eve party in January 2019
 - Chinese new year celebrations in February 2019
 - Valentine's day celebration in February 2019
 - crab festival in April 2019
 - water parties in June 2019
 - Tuen Ng Festival in June 2019

Principal Risk And Uncertainties

The principal risks and uncertainties in implementing the Group's business strategies include the following:

- (i) the Group's reliance on existing spring water sources represents a material risk to its business if the mineral content and quality of the hot spring from such sources are adversely affected due to changes in the surrounding geological environment;
- (ii) the Group may not be able to obtain, extend or renew qualification certificates and relevant PRC government approvals for its tourism property developments or other business activities;
- (iii) the Group may not be able to identify attractive acquisition opportunities, or make acquisitions on attractive terms or obtain sufficient financing for completion of such acquisitions;
- (iv) operations of its hot spring involves the risks of accidents, illnesses, environmental incidents which may negatively affect the perception of guests on the safety and hygiene of the Gudou Hot Spring Resort, which could in turn negatively impact the "Gudou" brand or the Group's reputation;
- (v) if the Group is unable to obtain necessary capital resources or suitable sites for tourism property development in a timely manner and at a reasonable cost, the Group's property portfolio and future profitability can be adversely affected; and
- (vi) the Group may not be able to complete the development or construction of its current or future projects on time or within budget which may be subject to the actual circumstances during the development or construction period including supply of skilled labour and unforeseen environmental problems.

In addressing these risks, the Group has constantly monitored status of its spring water sources and engaged hot spring experts for conducting annual check on the quality and quantity of its spring water sources. The Group has also maintained an internal control system for checking the expiry date of its qualification certificates and relevant PRC government approvals. This allows the Group to ensure that it has all requisite consent and licence to conduct its businesses lawfully. In addition, the Group will take a cautious approach when considering potential acquisition opportunities and will only do so if and when the Group has sufficient financing resources and if it thinks that it is in the interest of the Group to do so.

The other risks and uncertainties incidental to the Group's business operations are detailed further in the Prospectus.

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 six months ended 30 June 2019, revenue of the Group was approximately RMB56.3 million, representing a decrease of 13.7% compared to the corresponding period in 2018 (six months ended 30 June 2018: RMB65.3 million). Loss for the six months ended 30 June 2019 amounted to approximately RMB18.6 million (loss for the six months ended 30 June 2018: RMB8.5 million).

Hot Spring Resort and Hotel Operations

The Group's hot spring resort and hotel operations business faced challenges in the first half 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 35.4% to approximately RMB42.2 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 RMB8.4 million, representing a decrease of approximately 54.0% compared to that of 2018. The Room Revenue generated from the Group's five themed hotel complexes decreased by approximately 16.8% to approximately RMB17.9 million for the six months ended 30 June 2019 compared to that for 2018. The Occupancy Rate of the Group's five themed hotel complexes decreased from approximately 34.3% for the six months ended 30 June 2018 to approximately 27.0% for the six months ended 30 June 2019. The average room rate of the Group's hotel complexes increased from approximately RMB246.4 for the six months ended 30 June 2018 to approximately RMB254.2 for the six months ended 30 June 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 30.0% and conference room services by approximately 39.5%.

In respect of revenue arising from the provision of consultancy services, the Group recorded a drop of approximately 75.5% from approximately RMB6.9 million to approximately RMB1.7 million, mainly attributable to certain consultancy services having been completed in late 2018.

Tourism Property Development

During the Period, the Group recorded revenue of approximately RMB14.1 million from sale of tourism property (six months ended 30 June 2018: Nil).

During the Period, the Group sold and delivered 41 units of Heart of Spring Apartments, representing 11.2% of the total saleable GFA of Heart of Spring Apartments which contributed revenue of approximately RMB13.4 million; and the Group also sold and delivered three units of Joyful Apartments, representing 1.4% of the total saleable GFA of Joyful Apartments which contributed revenue of approximately RMB0.7 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 revenue of approximately RMB56.3 million (corresponding period in 2018: approximately RMB65.3 million), representing a decrease of approximately 13.7% when compared with the corresponding period in 2018.

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 35.4% to approximately RMB42.2 million, primarily attributable to decrease in admission income, consultancy service income and catering income.

The Group recorded turnover of approximately RMB14.1 million from tourism property development (corresponding period in 2018: Nil) which was attributable to the sale and delivery of Heart of Spring Apartments and Joyful Apartments.

Cost of Sales

The Group's cost of sales for the Period was approximately RMB50.5 million, representing an increase of approximately 0.7% from approximately RMB50.1 million for the six months ended 30 June 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 and Joyful 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 RMB5.8 million for the Period, representing a decrease of approximately RMB9.3 million or 61.5% from approximately RMB15.2 million for the corresponding period of last year, which was mainly due to decrease of revenue generated from the Group's hot spring resort and hotel operations.

The Group's gross profit margin for the Period decreased by approximately 12.9% to approximately 10.3% as compared to approximately 23.2% 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 Before Tax

The Group's loss before tax amounted to RMB14.6 million for the Period, representing an increase of approximately 300.1% from approximately RMB3.6 million for the same period of last year, which was attributable to (i) lower fair value gains on investment properties, (ii) decreased level of revenue; and (iii) a decrease in gross profit margin in the Period.

Income Tax Expenses

The Group's income tax expenses for the Period decreased by approximately 17.4% or RMB0.8 million to approximately RMB4.0 million as compared to approximately RMB4.8 million for the same period of last year. Such decrease in the Group's income tax expenses was attributable to the decrease in deferred tax expenses arising from lower fair value gains on investment properties partially offset by an increase in land appreciation tax during the Period.

Net Loss

The Group's loss for the Period increased by approximately RMB10.1 million, or 119.0% to approximately RMB18.6 million for the six months ended 30 June 2019 as compared to approximately RMB8.5 million for the same period of last year, which was primarily due to (i) a decrease in fair value gains on investment properties, (ii) decreased level of revenue; and (iii) a decrease in gross profit margin, partially offset by decrease in selling expenses and administrative expenses.

Liquidity and Financial Resources and Capital Structure

During the Period, the Group's operations were funded by a combination of internally generated cash flows and bank borrowings.

As at 30 June 2019, the Group had bank and cash balances of approximately RMB19.9 million which were denominated in RMB and HK dollars.

The Group's outstanding capital commitments as at 30 June 2019 amounted to approximately RMB24.8 million (31 December 2018: approximately RMB30.0 million). Such commitments primarily related to construction in progress of the Group. Such outstanding commitments are expected to be funded by internal funds and/or bank borrowings.

As at 30 June 2019, the Group had outstanding bank loans of RMB266.9 million which were denominated in RMB and HK dollars and among which RMB71.5 million were fixed rate borrowings. The Group repaid bank loans of approximately RMB39.6 million, which was in line with the Group's repayment schedule. The maturities of borrowings are disclosed in note 12 to the unaudited condensed consolidated financial statements of the Group. The proceeds from the borrowings were primarily used for capital expenditure, working capital and operating expenses.

The Group's gearing ratio as at 31 December 2018 and 30 June 2019, which was calculated by dividing its total borrowings by its total equity as at those dates, was approximately 0.7 and 0.7 respectively. The gearing ratio as at 30 June 2019 was stable primarily attributable to insignificant changes in total borrowings and total equity.

The Group remains committed to a high degree of financial control, a prudent risk management and the effective utilisation of financial resources. In order to achieve better cost control and minimise costs of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated in RMB, followed by HK dollars.

Charges on Group Assets

As at 30 June 2019, an amount of approximately RMB459.6 million (31 December 2018: approximately RMB462.5 million) was pledged to banks to secure bank facilities granted to the Group.

Significant Investments/Material Acquisitions and Disposals

The Group had not made any significant investments or material acquisitions and disposals of subsidiaries during the Period.

Contingent Liabilities

As at 30 June 2019, the Group did not have any significant contingent liabilities.

Exposure to Fluctuations in Exchange Rates

The Group's revenue and costs are primarily denominated in RMB. Some costs may be denominated in HK dollars. 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 30 June 2019, the Group had a workforce of 622 full-time employees (including the Directors) of whom approximately 98.2% were employed in the PRC and approximately 1.8% in Hong Kong. The Group's staff costs for the six months ended 30 June 2018 and 2019 amounted to approximately RMB29.8 million and RMB25.5 million, respectively. The Group hires part-time employees from time to time to cope with additional staffing requirements for our hot spring resort and hotel operations during peak seasons. The Group's employees in Hong Kong are required to participate in the Mandatory Provident Fund scheme under which we are 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 employees of the Group's PRC subsidiary, 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.

To uphold the “Gudou” brand image and to ensure the quality of the Group’s service, all the new hotel staff are required to attend a three-day hospitality pre-job training. The Group also provides hospitality training to the hotel staff on a monthly basis. The Group provides the employees with work safety training to enhance their safety awareness.

The Group generally recruit its employees from the open market. The Group formulate its recruitment policy based on market conditions, business demands and expansion plans. The Group offers different remuneration package to the staff based on their position. In general, the Group pays basic salary and incentive, based on years of service, to all of its employees. The Group’s sales personnel and service personnel will also receive additional pay based on their individual skills and performance.

Reserves

Movements in the reserves of the Group for the six months ended 30 June 2019 are set out in the unaudited condensed consolidated statement of changes in equity set out above.

Dividends

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2019. During the six months ended 30 June 2018, no interim dividend was paid or declared.

Business Prospect

The Group’s hot spring resort and hotel operations business faced challenges in 2019 due to the warmer weather and general decline in consumer demand compared with the corresponding period in 2018. The Group will continue to diversify the streams of revenue by providing consultancy services to potential leisure hotels and resorts and enhancing income from admission fees and conference room services.

The Group will also continue to operate Gudou Hot Spring Resort and organise different promotional events, including but not limited to those to be held at the Group’s waterpark, with an aim to increasing Room Revenue, admission income and catering income in the summer. However, the Group does not expect the revenue to increase until the end of third quarter of 2019 as the autumn and winter seasons are ordinarily more attractive for hot spring patrons than other seasons in the year due to cooler weather.

Guangdong Gudou entered into a capital increase agreement with, inter alia, the Target Company to increase the registered capital and capital reserves of it in order to grasp a good investment opportunity in the Guangdong Province and to increase the land bank for development.

Details of which are set out in the announcement dated 31 May 2019.

The Group's management will strive to achieve improvements in the business performance and seek investment opportunities in the interests of the Company and its shareholders as a whole in 2019.

Events After The Reporting Period

On 16 July 2019, Guangdong Gudou entered into a cooperation agreement with GD Aoyuan, pursuant to which Guangdong Gudou and GD Aoyuan had agreed to cooperate with each other for the planning, development and operation of the Target Land which constitutes connected transaction and is subject to the reporting and announcement and independent shareholders' approval requirements under Chapter 20 of GEM Listing Rules. Details of which is set out in the announcements dated 16 July 2019 and 6 August 2019.

Interests And Short Positions Of Directors And Chief Executive In The Shares, Underlying Shares And Debentures

As at 30 June 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 Stock 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	Percentage of the Company's issued share capital as at 30 June 2019 (Note 2)	
				Total	
Mr. Hon	Interest of a controlled corporation (Note 3) Beneficial owner (Note 4)	336,500,000 (L)	4,900,000	341,400,000	34.84%
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. 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 30 June 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 336,500,000 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 six months ended 30 June 2019 are set out in the section headed “Share Option Scheme”.

Substantial Shareholders' Interests In Securities

So far as is known to any Director or chief executive of the Company, as at 30 June 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 30 June 2019 (Note 2)
Harvest Talent	Beneficial owner	336,500,000 (L)	–	336,500,000	34.34%
Mrs. Hon	Interest of spouse (Note 3)	336,500,000 (L)	4,900,000	341,400,000	34.84%
Phoenix Virtue	Beneficial owner (Note 4)	286,000,000 (L)	–	286,000,000	29.18%
Add Hero Holdings Limited	Interest of a controlled corporation (Note 4)	286,000,000 (L)	–	286,000,000	29.18%
China Aoyuan	Interest of a controlled corporation (Note 4)	286,000,000 (L)	–	286,000,000	29.18%
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 30 June 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 Limited (“Phoenix Virtue”) is wholly-owned by Add Hero Holdings Limited, which in turn is wholly-owned by China Aoyuan Group Limited (“China Aoyuan”). China Aoyuan Group Limited is owned as to 51.96% by Ace Rise Profits Limited and 55.24% by Joy Pacific Group Limited (including interests held 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 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 30 June 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.

Code Of Conduct Regarding Directors’ Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the Period.

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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 2019, the Company has complied with the 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 30 June 2019	
Directors									
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. Wu Sai Him	5 April 2017	0.62	Subject to the vesting schedule below	2,450,000	–	–	–	2,450,000	
Mr. Chiu Chi Wing	5 April 2017	0.62	Subject to the vesting schedule below	2,450,000	–	–	–	2,450,000	
Prof. Wang Dawu	5 April 2017	0.62	Subject to the vesting schedule below	2,450,000	–	–	–	2,450,000	
				22,050,000	–	–	–	22,050,000	
Consultant									
Mr. Hui Chin Tong Godfrey (Note 2)	5 April 2017	0.62	Subject to the vesting schedule below	7,840,000	–	–	–	7,840,000	
Employees in aggregate	5 April 2017	0.62	Subject to the vesting schedule below	22,050,000	–	–	–	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. 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.

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 six months ended 30 June 2019.

INTEREST OF COMPLIANCE ADVISOR

Except for the compliance adviser agreement entered into between the Company and Zhongtai International Capital Limited ("Zhongtai International") dated 31 May 2018 which ended during the Period, 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 condensed consolidated financial results for the six months ended 30 June 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”	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
“Director(s)”	the director(s) of our Company
“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”	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
“GD Aoyuan”	Guangdong Aoyuan Co., Ltd.* (奧園集團(廣東)有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of China Aoyuan Group Limited

“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”	Company and its subsidiaries
“Guangdong Gudou”	Guangdong Gudou Travel Group Company Limited* (廣東古兜旅遊集團有限公司), a wholly foreign-owned enterprise established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“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
“Joyful Apartments”	Joyful Apartments(樂活城公寓), a completed tourism property project in the Gudou Hot Spring Resort
“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 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
“Option(s)”	share options granted on 5 April 2017 pursuant to the Share Option Scheme
“Period”	the six months ended 30 June 2019
“Placing”	the placing of the Shares by the Company in connection with the Listing, particulars of which are set out in the Prospectus

“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
“Prospectus”	the prospectus of the Company dated 30 November 2016 issued in connection with the Listing
“RMB”	Renminbi, the lawful currency of the PRC
“Room Revenue”	revenue generated from room rates (including related service charges) of the themed hotel complexes in the Gudou Hot Spring Resort
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“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
“Target Company”	陽江市世嘉房地產開發有限公司, a company established in the PRC with limited liability and is beneficially owned by existing equity holders prior to the capital increase

“Target Land”	the five parcels of land of approximately 67,860.7 sq.m. in total located at the Gudou Hot Spring Resort and legally and beneficially owned by Guangdong Gudou
“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 including 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.

The English translation of names or any descriptions in Chinese are marked with “” and is for the identification purpose only.*

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

Hong Kong, 12 August 2019

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. Ruan Yongxi, and the independent non-executive Directors are Mr. Wu Sai Him, Mr. Chiu Chi Wing and Prof. Wang Dawu.