



# 2020

## INTERIM REPORT

# 古兜控股有限公司

## Gudou Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8308

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## Highlights

- For the six months ended 30 June 2020, revenue of the Group was approximately RMB24.3 million, representing a decrease of 56.9% compared to the corresponding period in 2019.
- For the six months ended 30 June 2020, gross loss of the Group was approximately RMB5.8 million while the Group recorded a gross profit of approximately RMB5.4 million for the six months ended 30 June 2019.
- Net loss for the six months ended 30 June 2020 amounted to approximately RMB34.7 million, representing an increase of 82.2% compared to the corresponding period in 2019.
- Basic loss per share for the six months ended 30 June 2020 was RMB3.5 cents, and basic loss per share for the six months ended 30 June 2019 was RMB1.9 cents.
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020.

## Interim Results

The Board announces the unaudited condensed consolidated financial statements of the Group for the three months and six months ended 30 June 2020 together with the comparative unaudited figures for the corresponding periods in 2019, as follows:

# Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

		Three months ended 30 June 2020		Six months ended 30 June 2020	
	Note	RMB'000	2019 RMB'000 (Unaudited and restated)	RMB'000	2019 RMB'000 (Unaudited and restated)
		(Unaudited)		(Unaudited)	
<b>Revenue</b>	3	<b>14,227</b>	23,471	<b>24,257</b>	56,311
Cost of sales		(13,768)	(23,388)	(30,106)	(50,958)
<b>Gross profit/(loss)</b>		<b>459</b>	83	<b>(5,849)</b>	5,353
Other income	4	35	18	69	62
Fair value gains on investment properties (Provision)/Write-back of impairment of trade receivables		2,540	8,810	3,440	14,940
Share of loss of an associate		(1,758)	448	(1,758)	448
Selling expenses		(436)	(71)	(650)	(71)
Selling expenses		(1,292)	(2,476)	(4,063)	(5,922)
Administrative expenses		(7,301)	(11,245)	(15,644)	(21,582)
<b>Loss from operations</b>		<b>(7,753)</b>	(4,433)	<b>(24,455)</b>	(6,772)
Finance costs		(4,709)	(3,979)	(9,596)	(8,267)
<b>Loss before tax</b>		<b>(12,462)</b>	(8,412)	<b>(34,051)</b>	(15,039)
Income tax expenses	6	(409)	(2,363)	(635)	(3,995)
<b>Loss for the periods</b>		<b>(12,871)</b>	(10,775)	<b>(34,686)</b>	(19,034)
<b>Other comprehensive income/(loss) for the periods, net of tax</b>					
<i>Items that may be reclassified to profit or loss:</i>					
Currency translation differences		11	(164)	(185)	64
<i>Item that will not be reclassified to profit or loss:</i>					
Fair value loss on financial assets at fair value through other comprehensive income		(623)	(242)	(502)	(136)
<b>Total comprehensive loss for the periods</b>		<b>(13,483)</b>	(11,181)	<b>(35,373)</b>	(19,106)
<b>Loss per share</b>					
		Three months ended 30 June 2020		Six months ended 30 June 2020	
		RMB cents	2019 RMB cents (Unaudited and restated)	RMB cents	2019 RMB cents (Unaudited and restated)
		(Unaudited)		(Unaudited)	
Basic and diluted loss per share	8	(1.3)	(1.1)	(3.5)	(1.9)



# Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2020

		As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
	Note		
<b>Non-current assets</b>			
Property, plant and equipment	9	282,642	292,888
Right-of-use assets		18,609	23,280
Investment properties		587,910	584,470
Financial assets at fair value through other comprehensive income		771	1,273
Investment in an associate		63,378	64,028
Deferred tax assets		2,578	2,353
		<b>955,888</b>	<b>968,292</b>
<b>Current assets</b>			
Properties held for sale		109,772	109,772
Inventories		3,311	3,688
Accounts receivable	10	15,365	16,255
Prepayments, deposits and other receivables		23,102	14,347
Amount due from a joint operator		44,734	13,221
Restricted bank balances		9,037	29,307
Bank and cash balances		14,780	60,687
		<b>220,101</b>	<b>247,277</b>
<b>TOTAL ASSETS</b>		<b>1,175,989</b>	<b>1,215,569</b>

		<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	<b>As at 31 December 2019 RMB'000 (Audited)</b>
	<i>Note</i>		
<b>Current liabilities</b>			
Accounts payable	11	52,412	57,196
Accruals and other payables		36,884	34,211
Amount due to an associate		12,000	15,000
Borrowings	13	115,128	117,517
Lease liabilities		4,912	7,792
Current tax liabilities		59,111	59,646
Contract liabilities		58,657	36,397
		<b>339,104</b>	<b>327,759</b>
<b>Non-current liabilities</b>			
Borrowings	13	196,108	211,420
Lease liabilities		7,754	9,120
Amount due to an associate		30,020	30,020
Deferred tax liabilities		176,513	175,653
Deferred income		13,150	13,550
		<b>423,545</b>	<b>439,763</b>
<b>TOTAL LIABILITIES</b>		<b>762,649</b>	<b>767,522</b>
<b>Capital and reserves</b>			
Share capital		8,669	8,669
Reserves		404,671	439,378
<b>TOTAL EQUITY</b>		<b>413,340</b>	<b>448,047</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,175,989</b>	<b>1,215,569</b>

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	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 2020 (Audited)	8,669	99,249	(2,728)	(4,950)	10,287	(277)	69,528	268,269	448,047
<b>Comprehensive loss</b>									
Loss for the period	—	—	—	—	—	—	—	(34,686)	(34,686)
<b>Other comprehensive loss</b>									
Currency translation differences	—	—	—	(185)	—	—	—	—	(185)
Fair value loss on financial assets at fair value through other comprehensive income	—	—	(502)	—	—	—	—	—	(502)
Disposal of financial assets at fair value through other comprehensive income	—	—	1,000	—	—	—	—	(1,000)	—
<b>Total comprehensive loss for the period</b>	—	—	498	(185)	—	—	—	(35,686)	(35,373)
<b>Transaction with owners in their capacity as owners</b>									
Share-based payment	—	—	—	—	666	—	—	—	666
<b>Total transactions with owners</b>	—	—	—	—	666	—	—	—	666
As at 30 June 2020 (Unaudited)	8,669	99,249	(2,230)	(5,135)	10,953	(277)	69,528	232,583	413,340

	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
<b>As at 1 January 2019 (Audited)</b>	8,669	99,249	(2,124)	(4,731)	9,349	(277)	69,528	242,773	422,436
<b>Comprehensive loss</b>									
Loss for the period	—	—	—	—	—	—	—	(19,034)	(19,034)
<b>Other comprehensive loss</b>									
Currency translation differences	—	—	—	64	—	—	—	—	64
Fair value loss on financial assets at fair value through other comprehensive income	—	—	(136)	—	—	—	—	—	(136)
<b>Total comprehensive loss for the period</b>	—	—	(136)	64	—	—	—	(19,034)	(19,106)
Share-based payment	—	—	—	—	1,325	—	—	—	1,325
<b>Total transactions with owners in their capacity as owners</b>									
Share-based payment	—	—	—	—	1,325	—	—	—	1,325
<b>As at 30 June 2019 (Unaudited and restated)</b>	<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>223,739</u>	<u>404,655</u>



## Unaudited Condensed Consolidated Statement of Cash Flows

	<b>Six Months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net cash (used in)/generated from operating activities	<b>(8,567)</b>	14,596
Net cash used in investing activities	<b>(5,307)</b>	(2,724)
Net cash used in financing activities	<b>(31,824)</b>	(33,561)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(45,698)</b>	(21,689)
Effect of foreign exchange rate changes	<b>(209)</b>	63
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>60,687</b>	41,492
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>14,780</b>	19,866
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	<b>14,780</b>	19,866

# Notes to the Unaudited Condensed Consolidated Financial Statements

*For the six months ended 30 June 2020*

## 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 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 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. There have been no significant changes to the accounting policies applied in these financial statements for the current and prior accounting periods presented as a result of these developments.

### 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	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Property sales	—	7,526	—	14,146
Property renovation income	958	—	1,404	—
Room revenue	6,334	6,374	10,186	17,932
Admission income	2,841	3,207	3,897	8,317
Catering income	3,128	3,640	5,956	9,710
Rental income	500	700	1,096	1,155
Massage service income	32	322	182	914
Conference fee income	107	304	568	1,025
Consultancy service income	235	840	235	1,690
Other service income	92	558	733	1,422
	<u>14,227</u>	<u>23,471</u>	<u>24,257</u>	<u>56,311</u>

### 4 Other income

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	11	18	39	62
Others	24	—	30	—
	<u>35</u>	<u>18</u>	<u>69</u>	<u>62</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 and provision of properties renovation service in the PRC  |
| Hotel and resort operation | — Operation of hotels and resort and provision of consultancy services and/or management services to leisure hotels and resorts and other hot spring resort operators 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)
<b>For the six months ended 30 June 2020</b>			
Segment revenue	<u>22,853</u>	<u>1,404</u>	<u>24,257</u>
Segment loss	(12,966)	(3,085)	(16,051)
Fair value gains on investment properties			2,100
Finance costs			(9,596)
Unallocated corporate expenses			<u>(10,504)</u>
Loss before tax			(34,051)
Income tax expenses			<u>(635)</u>
Loss for the period			<u>(34,686)</u>

	Hotels and resort operation RMB'000 (Unaudited)	Property development RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>As at 30 June 2020</b>			
<b>ASSETS</b>			
Segment assets	<u>440,103</u>	<u>282,986</u>	723,089
Unallocated assets			<u>452,900</u>
Consolidated total assets			<u>1,175,989</u>
<b>LIABILITIES</b>			
Segment liabilities	<u>72,720</u>	<u>139,683</u>	212,403
Unallocated liabilities			<u>550,246</u>
Consolidated total liabilities			<u>762,649</u>

	Hotels and resort operation RMB'000 (Unaudited and restated)	Property development RMB'000 (Unaudited and restated)	Total RMB'000 (Unaudited and restated)
<b>For the six months ended 30 June 2019</b>			
Segment revenue	<u>42,165</u>	<u>14,146</u>	<u>56,311</u>
Segment (loss)/profit	(2,349)	602	(1,747)
Fair value gains on investment properties			8,670
Finance costs			(8,267)
Unallocated corporate expenses			<u>(13,695)</u>
Loss before tax			(15,039)
Income tax expenses			<u>(3,995)</u>
Loss for the period			<u>(19,034)</u>

	Hotels and resort operation RMB'000 (Audited)	Property development RMB'000 (Audited)	Total RMB'000 (Audited)
<b>As at 31 December 2019</b>			
<b>ASSETS</b>			
Segment assets	<u>450,993</u>	<u>267,462</u>	718,455
Unallocated assets			<u>497,114</u>
Consolidated total assets			<u>1,215,569</u>
<b>LIABILITIES</b>			
Segment liabilities	<u>74,745</u>	<u>128,541</u>	203,286
Unallocated liabilities			<u>564,236</u>
Consolidated total liabilities			<u>767,522</u>

**(ii) Geographical information:**

All the revenue and non-current assets are based in the PRC for the six months ended 30 June 2020 (the six months ended 30 June 2019: Same).

**(iii) Revenue from major customers:**

The revenue from the Group's largest customer amounted to RMB1.2 million or 4.9% (six months ended 30 June 2019: RMB5.1 million or 6.9%) of the Group's total turnover for the six months ended 30 June 2020.

**6 Income tax expenses**

For the six months ended 30 June 2020, 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 2019: 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 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Current tax</b>				
PRC enterprise income tax	—	2	1	3
Land appreciation tax	—	402	—	733
	—	404	1	736
Deferred tax	409	1,959	634	3,259
	409	2,363	635	3,995

**7 Dividend**

No dividend was paid or declared by the Company during the six months ended 30 June 2020, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2019: 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	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
Loss attributable to owners of the Company (RMB'000)	<b>(12,871)</b>	(10,775)	<b>(34,686)</b>	(19,034)
Weighted average number of ordinary shares in issue ('000) (Note)	<u><b>980,000</b></u>	<u>980,000</u>	<u><b>980,000</b></u>	<u>980,000</u>
Basic losses per share (RMB cents)	<u><b>(1.3)</b></u>	<u>(1.1)</u>	<u><b>(3.5)</b></u>	<u>(1.9)</u>

Note:

For the six months ended 30 June 2020 and 2019, 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 2019 (audited)	509,950
Additions	2,346
Exchange differences	35
	<u>512,331</u>

As at 30 June 2020 (unaudited)	<u>512,331</u>
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### Accumulated depreciation

As at 31 December 2019 (audited)	217,062
Additions	12,616
Exchange differences	11
	<u>229,689</u>

As at 30 June 2020 (unaudited)	<u>229,689</u>
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### Carrying amount

As at 30 June 2020 (unaudited)	<u>282,642</u>
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As at 31 December 2019 (audited)	<u>292,888</u>
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## 10 Accounts receivable

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Accounts receivable	22,643	21,776
Less: allowance for impairment	<u>(7,278)</u>	<u>(5,521)</u>
Accounts receivable, net	<u>15,365</u>	<u>16,255</u>

All accounts receivable are denominated in RMB and approximate to their fair value.

The aging analysis of 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 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Up to 30 days	2,580	9,347
31 to 60 days	537	1,365
61 to 90 days	379	1,515
Over 90 days	19,147	9,549
	<b>22,643</b>	<b>21,776</b>

## 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 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Up to 90 days	4,592	10,318
91 to 180 days	4,614	7,318
181 to 365 days	14,263	6,806
Over 1 year	28,943	32,754
	<b>52,412</b>	<b>57,196</b>

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

## 12 Borrowings

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Bank loans	<u>311,236</u>	<u>328,937</u>
	<u><b>311,236</b></u>	<u><b>328,937</b></u>

The borrowings are repayable as follows:

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Within one year	<b>115,128</b>	117,517
Between one and two years	<b>74,291</b>	51,192
Between two and five years	<u><b>121,817</b></u>	<u>160,228</u>
	<b>311,236</b>	328,937
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u><b>(115,128)</b></u>	<u>(117,517)</u>
Amount due for settlement after 12 months	<u><b>196,108</b></u>	<u>211,420</u>

## 13 Capital commitments

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Construction in progress	<u><b>2,524</b></u>	<u>8,554</u>

## 14 Lease commitments

### ***Operating lease commitments — lessor***

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

	<b>As at 30 June 2020 RMB'000 (Unaudited)</b>	<b>As at 31 December 2019 RMB'000 (Audited)</b>
Within one year	<b>1,650</b>	1,611
One to two years	<b>1,476</b>	1,447
Two to three years	<b>1,475</b>	1,442
Three to four years	<b>1,256</b>	1,411
Four to five years	<b>1,249</b>	1,412
More than five years	<b>11,509</b>	12,135
	<b>18,615</b>	19,458

Operating lease receivables represent stall rental receivable. Leases are negotiated for an average term of 2 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.

As at 30 June 2020, the major shareholders of the Company are Harvest Talent and China Aoyuan, which owned 34.34% and 29.18% of the Company's issued shares respectively.

The ultimate holding company of the Group is Harvest Talent, incorporated in the British Virgin Islands, which is fully controlled by Mr. Hon.

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 year ended 30 June 2020.



**(a) Balances with related parties**

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Amount due from a joint operator	44,734	13,221
Amount due to an associate	42,020	45,020

**(b) 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 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Share of expenses from joint operation	989	—
Salary of Mrs. Hon (Spouse of an executive director)	66	66

**(c) Compensation of key management personnel of the Group:**

	Six months ended 30 June 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Salaries, bonus and allowances	1,772	2,090
Pension costs		
— defined contribution plans	79	88
Share-based payment	361	775
	2,212	2,953

## 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 2020. 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 2020
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 2020

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.

The Directors expect the major pre-sale of the jointly developing property projects, Gudou Yishui Mingting Apartments and Guanshanyue Apartments to be continued in 2020 and properties to be delivered to its customers from 2020 onwards. The construction of Yunshanjing Mansion commenced in the second quarter of 2020.

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:

- Chinese new year celebrations in January 2020
- Crab festival from June to August 2020
- Healthcare exchanges in June 2020

## 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 (i) the operation and management of Gudou Hot Spring Resort and provision of consultancy and/or management services; and (ii) the development and sale of tourism properties in Guangdong Province.

For the six months ended 30 June 2020, revenue of the Group was approximately RMB24.3 million, representing a decrease of 56.9% compared to the corresponding period in 2019 (six months ended 30 June 2019: RMB56.3 million). Loss for the six months ended 30 June 2020 amounted to approximately RMB34.7 million (loss for the six months ended 30 June 2019: RMB19.0 million).

### *Hot Spring Resort and Hotel Operations*

The Group's hot spring resort and hotel operations business faced challenges in the first half of 2020 due to the outbreak of novel coronavirus pneumonia ("COVID-19"). The Group's turnover derived from hot spring resort and hotel operations decreased by approximately 45.8% to approximately RMB22.9 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 RMB3.9 million, representing a decrease of approximately 53.1% compared to that of 2019. The Room Revenue generated from the Group's six themed hotel complexes decreased by approximately 43.2% to approximately RMB10.2 million for the six months ended 30 June 2020 compared to that for 2019. The Occupancy Rate of the Group's six themed hotel complexes increased from approximately 27.0% for the six months ended 30 June 2019 to approximately 31.3% for the six months ended 30 June 2020. The average room rate of the Group's hotel complexes increased from approximately RMB254.2 for the six months ended 30 June 2019 to approximately RMB292.9 for the six months ended 30 June 2020, primarily attributable to the newly-opened Yuequan Huju Hotel and it had the highest room rate in the six themed hotel complexes during the Period. The Group also recorded decreases in revenue generated from catering by approximately 38.7% to RMB6.0 million.

In respect of revenue arising from the provision of consultancy services, the Group recorded a drop of approximately 86.1% from approximately RMB1.7 million to approximately RMB0.2 million during the Period.

### ***Tourism Property Development***

During the Period, the Group recorded revenue of approximately RMB1.4 million from the provision of renovation services to the tourism property customers (six months ended 30 June 2019: RMB14.1 million).

For the six months ended 30 June 2019, 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 during the Period. The Company expects major pre-sale of Gudou Yishui Mingting Apartments and Guanshanyue Apartments to be continued in 2020 and properties to be delivered to its customers from 2020 onwards.

## **Financial review**

### ***Revenue***

During the Period, the Group recorded revenue of approximately RMB24.3 million, representing a decrease of approximately 56.9% as compared with approximately RMB56.3 million of the corresponding period in 2019. The decrease was primarily attributable to the drop in revenue from the Group's hotel and resort operations business.

The Group's revenue from hotel and resort operations reduced by approximately 45.8% to approximately RMB22.9 million, primarily attributable to temporary suspension of operation of Gudou Hot Spring Resort in the first quarter of 2020 in response to the precautionary policies and measures implemented by the Guangdong provincial government to deter the spread of COVID-19. However, revenue from hotel and resort operation in second quarter has recovered to approximately 83.2% to that of the corresponding quarter in 2019 despite of COVID-19 epidemic.

As for tourism property development business, the Group recorded turnover of approximately RMB1.4 million (corresponding period in 2019: RMB14.1 million) which was attributable to the provision of renovation services to the tourism property customers.

### ***Cost of Sales***

The Group's cost of sales for the Period was approximately RMB30.1 million, representing a decrease of approximately 40.9% from approximately RMB51.0 million for the six months ended 30 June 2019.

Such decrease was primarily due to the decrease costs of sales from the Group's tourism property development business and the decrease in food and beverages costs, staff costs and energy expenses due to the temporary suspension of operation of the Group's hot spring resort during the Period.

### ***Gross Loss and Gross Loss Margin***

The Group's gross loss was approximately RMB5.8 million and gross profit was approximately RMB5.4 million for the six months ended 30 June 2020 and 2019, respectively. Gross loss for the Period was resulted from the temporary suspension of the operation of Gudou Hot Spring Resort in the first quarter of 2020 whilst a mild gross profit was recorded in the second quarter of 2020.



The Group's gross loss margin was approximately 24.1% and gross profit margin was approximately 9.5% for the six months ended 30 June 2020 and 2019 respectively. Gross loss margin was a combined effect of the decrease in revenue generated from the Group's hotel and resort operation business and the extent of decrease in cost of goods sold being less than the decrease in revenue because certain operating costs were partially fixed in nature.

### ***Loss Before Tax***

The Group's loss before tax amounted to RMB34.1 million for the Period, representing an increase of approximately 126.4% from approximately RMB15.0 million for the same period of last year, primarily reflecting the decreased level of the Group's revenue in the Period.

### ***Income Tax Expenses***

The Group's income tax expenses for the Period decreased by approximately 84.1% or RMB3.4 million to approximately RMB0.6 million as compared to approximately RMB4.0 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 due to the lower fair value gains and the absence of land appreciation tax during the Period.

### ***Net Loss***

The Group's loss for the Period increased by approximately RMB15.7 million, or 82.2% to approximately RMB34.7 million for the six months ended 30 June 2020 as compared to approximately RMB19.0 million for the same period of last year, which was in line with the Group's decreased turnover during the Period.



## **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 2020, the Group had bank and cash balances of approximately RMB14.8 million which were denominated in RMB and HK dollars.

The Group's outstanding capital commitments as at 30 June 2020 amounted to approximately RMB2.5 million (31 December 2019: approximately RMB8.6 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 2020, the Group had outstanding bank loans of RMB311.2 million which were denominated in RMB and among which RMB134.1 million were fixed rate borrowings. The Group repaid bank loans of approximately RMB32.7 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. In addition, the Group had obtained a revolving loan facility amounting to RMB150 million as of 30 June 2020.

The Group's gearing ratio as at 31 December 2019 and 30 June 2020, which was calculated by dividing its total borrowings by its total equity as at those dates, was approximately 0.73 and 0.75 respectively. The gearing ratio as at 30 June 2020 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 2020, an amount of approximately RMB554.1 million (31 December 2019: approximately RMB528.1 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 2020, 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 2020, the Group had a workforce of 478 full-time employees (including the Directors) of whom approximately 98.3% were employed in the PRC and approximately 1.7% in Hong Kong. The Group's staff costs for the six months ended 30 June 2019 and 2020 amounted to approximately RMB25.5 million and RMB15.2 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 2020 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 2020. During the six months ended 30 June 2019, no interim dividend was paid or declared.

## Business Prospect

The Group's hotel and resort operations business faced unprecedented challenges in 2020 due to the outbreak of COVID-19. In response to the precautionary policies and measures implemented by the Guangdong provincial government to deter the spread of COVID-19, we decided to temporarily suspend the operation of Gudou Hot Spring Resort from late January 2020 to early March 2020. The temporary suspension led to a significant drop in our revenue from hotel and resort operation by RMB16.6 million or 63.4% in the first quarter of 2020. Despite the challenging market environment, our revenue from hotel and resort operation showed signs of recovery in the second quarter of 2020. Particularly, the Group recorded only a mild drop in revenue from hotel and resort operation by approximately RMB2.7 million or 16.8% in the second quarter of 2020 compared with corresponding quarter in 2019. Conquering adverse impact of COVID-19, revenue from hotel and resort operation in second quarter reached approximately 83.2% to that of the corresponding quarter in 2019.

The Group has implemented a number of activities to drive business and to encourage customer to visit the Gudou Hot Spring Resort since our partial reopening and will continue to organise different promotional events, including but not limited to those to be held at the Group's waterpark, with an aim to further increase Room Revenue, admission income and catering income in the summer. The Group will also continue to diversify the streams of revenue by providing consultancy services to potential leisure hotels and resorts.

Through concerted efforts, Gudou will devise solutions in a timely fashion to cope with the market changes and consistently transform threats into opportunities, continue its efforts with the aim of generating satisfactory returns to its shareholders.

The Group is also cautiously optimistic about our tourism property development operation. We expect pre-sale of Gudou Yishui Mingting Apartments and Guanshanyue Apartments to be continued in 2020 and properties to be delivered to its customer from 2020 onwards. The construction of Yunshanjing Mansion, as the last tourism property development under the First Cooperation Agreement, commenced in the second quarter of 2020.

On 30 June 2020, considering the positive outcomes of entering into the First Cooperation Agreement, Guangdong Gudou entered into the Second 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 B which constitutes a major and 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 30 June 2020, 21 July 2020 and 6 August 2020. A circular containing details of the transaction will be dispatched to the Shareholders in due course.

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 2020.

### **Events After The Reporting Period**

On 31 July 2020, the Company submitted a formal application to the Stock Exchange in respect of the Proposed Transfer of Listing pursuant to Chapter 9A of and Appendix 28 to the Main Board Listing Rules and the relevant provisions of the GEM Listing Rules. Details of which has been disclosed in the announcement dated 31 July 2020.

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

As at 30 June 2020, 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	Total	Percentage of the Company's issued share capital as at 30 June 2020 (Note 2)
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 2020.
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 2020 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 2020, 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 2020 (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 Limited	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 Group Limited	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 2020.
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 is owned as to 51.62% by Ace Rise Profits Limited and 55.0% 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 2020, 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 2020.

## 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 2020.

## 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 2020, 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 under the Share Option Scheme. Details of the movement of the Options granted during the Period are as follows:

Grantees	Date of grant	Exercise price per share HK\$	Exercise period	Number of Options				
				balance as at 1 January 2020	granted during the Period	exercised during the Period	cancelled/ lapsed during the Period	balance as at 30 June 2020
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	17,150,000	—	—	—	17,150,000
Total				47,040,000	—	—	—	47,040,000



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

<b>Exercise Period</b>	<b>Number of underlying Shares subject to the Options:</b>
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 2020.

## **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 2020, 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:

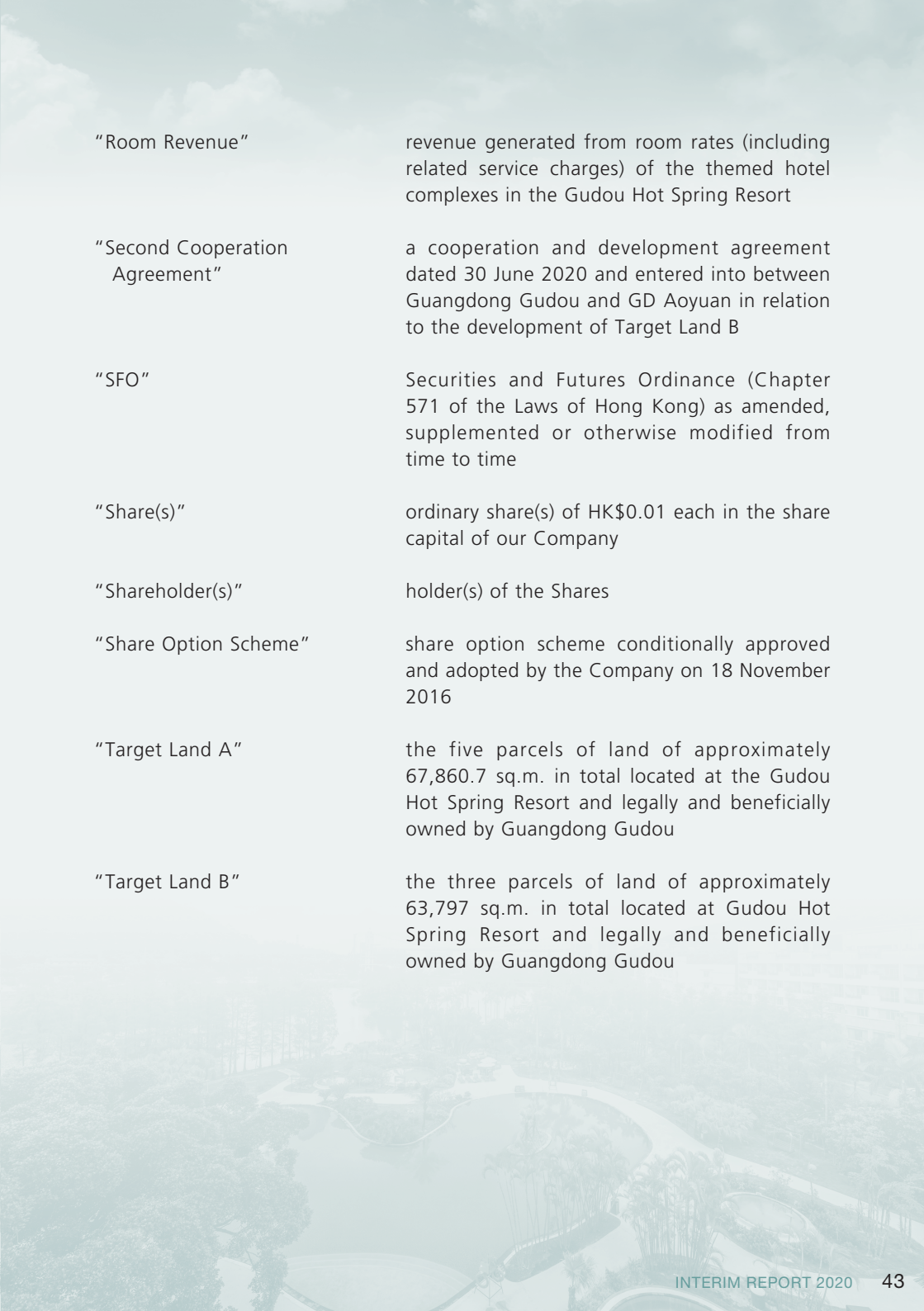
"associate(s)"	has the meaning as ascribed thereto under the GEM Listing Rules
"Board"	the board of Directors
"CG Code"	Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules
"close associate"	has the meaning ascribed thereto under the GEM Listing Rules
"Company"	Gudou Holdings 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
"First Cooperation Agreement"	a cooperation and development agreement dated 16 July 2019 and entered into between Guangdong Gudou and GD Aoyuan in relation to the development of Target Land A, the details of which are set out in the announcement of the Company dated 16 July 2019 and the circular of the Company dated 2 September 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"	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”	the 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
“Guanshanyue Apartments”	Guanshanyue Apartments* (觀山悅公館), also known as Gudou Phase II Apartments* (古兜二期公寓), a tourism property project under development jointly developed by Guangdong Gudou and GD Aoyuan at Gudou Hot Spring Resort under the First Cooperation Agreement
“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

“Gudou Yishui Mingting Apartments”	Gudou Yishui Mingting Apartments* (古兜依水茗亭), also known as Yunfeng Apartments* (雲峰公寓), a tourism property project under development jointly developed by Guangdong Gudou and GD Aoyuan at Gudou Hot Spring Resort under the First Cooperation Agreement
“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
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“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 2020
“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
“Proposed Transfer of Listing”	the proposed transfer of listing of the Shares from GEM to the Main Board pursuant to Chapter 9A of and Appendix 28 to the Main Board Listing Rules
“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
“Second Cooperation Agreement”	a cooperation and development agreement dated 30 June 2020 and entered into between Guangdong Gudou and GD Aoyuan in relation to the development of Target Land B
“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 Land A”	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
“Target Land B”	the three parcels of land of approximately 63,797 sq.m. in total located at 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
"Yuequan Huju Hotel"	Yuequan Huju Hotel* (月泉湖居酒店), a new themed hotel complex which commenced operation in July 2019
"Yunshanjing Mansion"	Yunshanjing Mansion* (雲山境公館), also known as Gudou Phase III* (古兜三期), a tourism property project under development jointly developed by Guangdong Gudou and GD Aoyuan at Gudou Hot Spring Resort
"%"	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, 10 August 2020

*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.*