



古兜控股有限公司
Gudou Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8308

溫泉 | 文旅 | 健康 | 養生

2021
THIRD QUARTERLY REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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

Financial Highlights

Selected Financial Information	For the 3 months ended 30 September			For the 9 months ended 30 September		
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	Increase/ (Decrease)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	Increase/ (Decrease)
Revenue						
— Hot spring resort and hotel operations and consultancy and/or management services	11,189	45,282	(75.3)%	40,872	68,135	(40.0)%
— Tourism property development	144	1,412	(89.8)%	3,956	2,816	40.5%
Gross (loss)/profit	(2,361)	29,465	(108.0)%	(3,694)	23,616	(115.6)%
(Loss)/Profit from operations	(6,283)	25,733	(124.4)%	(24,330)	1,278	(2,003.8)%
(Loss)/Profit before income tax	(10,599)	21,113	(150.2)%	(37,341)	(12,938)	188.6%
(Loss)/Profit for the period and loss attributable to owners of the Company	(11,375)	19,073	(159.6)%	(38,293)	(15,613)	145.3%
(Loss)/Earnings per share — basic (in RMB cents)	(1.2)	1.9	(159.6)%	(3.9)	(1.6)	145.3%
(Loss)/Earnings per share — diluted (in RMB cents)	(1.2)	1.9	(160.3)%	(3.9)	(1.6)	145.3%

Non-HKFRS measures	For the 3 months ended 30 September			For the 9 months ended 30 September		
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	Increase/ (Decrease)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	Increase/ (Decrease)
Earning before interest, tax, depreciation and amortisation (EBITDA)	1,878	34,676	(94.6)%	1,200	27,399	(95.6)%
Earning before interest, tax, depreciation, amortisation and fair value adjustments (EBITDAF)	(1,432)	26,516	(105.4)%	(6,040)	15,799	(138.2)%
Adjusted EBITDAF	(1,432)	28,803	(105.0)%	(5,850)	19,351	(130.2)%
Adjusted net (loss)/profit	(11,375)	21,360	(153.3)%	(38,103)	(12,061)	215.9%

NON-HKFRS MEASURES

To supplement the presentation and evaluation of our historical financial information, certain non-HKFRS accounting measures including (i) EBITDA, (ii) EBITDAF, (iii) Adjusted EBITDAF, and (iv) Adjusted net profit/(loss) are used.

Earnings before interest income, interest expense, income tax expense and depreciation and amortisation, or EBITDA is used to assess our results of operations before the impact of investing and financing transactions and income taxes. Given the investments that we have made in leasehold improvements in Gudou Hot Spring Resort, depreciation and amortisation expenses take a high portion of our cost structure. We believe that EBITDA is widely used by other companies in the hospitality industry and may be used by investors as a measure of our financial performance.

Earnings before interest income, interest expense, income tax expense, depreciation and amortisation and fair value adjustments, or EBITDAF represents EBITDA before fair value adjustments (i.e. fair value gain or loss of investment properties). Even though the gains and losses are relevant to our tourism property business operations, they have caused and will continue to cause volatility in our periodic earnings and of low predictive value.

Adjusted EBITDAF represents EBITDAF before certain non-cash items and one-time events including share-based payments and professional fees arising from the application of the proposed transfer of listing from GEM to the Main Board of the Stock Exchange, which we do not believe are reflective of our core operating performance during the years presented.

Adjusted net profit/(loss) represents profit/(loss) for the year before certain non-cash items and events including share-based payments and professional fees arising from the application of the proposed transfer of listing from GEM to the Main Board of the Stock Exchange, which we do not believe are reflective of our core operating performance during the years presented.

The specific definition and calculation of the non-HKFRS accounting measures can differ from other companies, so such measures presented herein may not be comparable to similarly named measures presented by other companies. From time to time in the future, there may be other items that the Company may exclude in reviewing its financial results.

The following table sets forth a reconciliation of our (loss)/profit from operations to EBITDA, EBITDAF and Adjusted EBITDAF for the periods indicated:

Adjusted EBITDA	For the 3 months ended 30 September		For the 9 months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
(Loss)/Profit from operations	(6,283)	25,733	(24,330)	1,278
Adjusted for:				
Depreciation of Property, Plant and Equipment	6,813	7,064	21,088	19,680
Depreciation of Right of use Assets	1,348	1,879	4,442	6,441
EBITDA	1,878	34,676	1,200	27,399
Less: Fair value gains on investment properties	(3,310)	(8,160)	(7,240)	(11,600)
EBITDAF	(1,432)	26,516	(6,040)	15,799
Add: Share-based payment	—	183	190	849
Add: Professional fee arising from the application of the proposed transfer of listing	—	2,104	—	2,703
Adjusted EBITDAF	(1,432)	28,803	(5,850)	19,351

The following table sets forth a reconciliation of our net (loss)/profit to adjusted net (loss)/profit for the period indicated:

	For the 3 months ended 30 September		For the 9 months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Net (loss)/profit	(11,375)	19,073	(38,293)	(15,613)
Add: Share-based payment	—	183	190	849
Add: Professional fee arising from the application of the proposed transfer of listing	—	2,104	—	2,703
Adjusted net (loss)/profit	(11,375)	21,360	(38,103)	(12,061)

Operation statistics

	For the 3 months ended 30 September		For the 9 months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Average Occupancy Rate				
Luxury Resort Hotels	36%	87%	40%	51%
Middle-end Resort Hotels	13%	26%	17%	17%
City Hotels	52%	—	66%	—
Overall	20%	30%	24%	20%
Average Room Rate (RMB/room)				
Luxury Resort Hotels	722	763	773	776
Middle-end Resort Hotels	163	211	195	205
City Hotels	155	—	140	—
Overall	247	318	274	306
RevPAR (RMB/room)				
Luxury Resort Hotels	257	660	313	395
Middle-end Resort Hotels	22	55	33	35
City Hotels	81	—	93	—
Overall	49	95	66	60

Notes:

1. Luxury Resort Hotels include Royal SPA Hotel and Yuequan Huju Hotel.
2. Middle-end Resort Hotels include Gudou Lakeview Tulip Inn Hotel, Shanghai Hot Spring Hotel, Gudou Lohas Hotel and Gudou Joy Hot Spring Hotel.
3. City Hotels include Gudou Spring Superior Hotel and Guangzhou Gudou Quanfeng Residence, which commenced business in the first quarter of 2021 and Quanfeng Yijiangmen Hotel which commenced operation in the second quarter of 2021.

Third Quarterly Results

The Board is pleased to announce the unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2021 together with the comparative unaudited figures for the corresponding period in 2020, as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months and nine months ended 30 September 2021

	Note	Three months ended 30 September		Nine months ended 30 September	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	3	11,333	46,694	44,828	70,951
Cost of sales		(13,694)	(17,229)	(48,522)	(47,335)
Gross (loss)/profit		(2,361)	29,465	(3,694)	23,616
Other income		3,660	12	3,767	81
Fair value gains on investment properties		3,310	8,160	7,240	11,600
Provision of impairment of trade receivables		(621)	(45)	(1,095)	(1,803)
Share of loss of an associate		—	(527)	(656)	(1,177)
Selling expenses		(4,002)	(2,500)	(7,115)	(6,563)
Administrative expenses		(6,269)	(8,832)	(22,777)	(24,476)
(Loss)/Profit from operations		(6,283)	25,733	(24,330)	1,278
Finance costs		(4,316)	(4,620)	(13,011)	(14,216)
(Loss)/Profit before tax		(10,599)	21,113	(37,341)	(12,938)
Income tax expenses	4	(776)	(2,040)	(952)	(2,675)
(Loss)/Profit for the periods		(11,375)	19,073	(38,293)	(15,613)
Other comprehensive income/(loss) for the periods, net of tax					
<i>Items that may be reclassified to profit or loss:</i>					
Currency translation differences		38	430	198	245
<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		—	—	(400)	(502)
Total comprehensive (loss)/income for the periods		(11,337)	19,503	(38,495)	(15,870)

Earnings/(Loss) per share

		Three months ended 30 September		Nine months ended 30 September	
		2021 RMB cents (Unaudited)	2020 RMB cents (Unaudited)	2021 RMB cents (Unaudited)	2020 RMB cents (Unaudited)
Basic	6	(1.2)	1.9	(3.9)	(1.6)
Diluted	6	(1.2)	1.9	(3.9)	(1.6)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2021

	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 2021 (Audited)	8,669	99,249	(2,630)	(3,997)	11,309	(277)	69,528	270,530	452,381
Comprehensive loss									
Loss for the period	—	—	—	—	—	—	—	(38,293)	(38,293)
Other comprehensive loss									
Currency translation differences	—	—	—	198	—	—	—	—	198
Fair value loss on financial assets at fair value through other comprehensive income	—	—	(400)	—	—	—	—	—	(400)
Total comprehensive loss for the period	—	—	(400)	198	—	—	—	(38,293)	(38,495)
Transaction with owners									
Share-based payment	—	—	—	—	190	—	—	—	190
Total transactions with owners	—	—	—	—	190	—	—	—	190
As at 30 September 2021 (Unaudited)	<u>8,669</u>	<u>99,249</u>	<u>(3,030)</u>	<u>(3,799)</u>	<u>11,499</u>	<u>(277)</u>	<u>69,528</u>	<u>232,237</u>	<u>414,076</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 2020 (Audited)	8,669	99,249	(2,728)	(4,950)	10,287	(277)	69,528	268,269	448,047
Comprehensive loss									
Loss for the period	—	—	—	—	—	—	—	(15,613)	(15,613)
Other comprehensive loss									
Currency translation differences	—	—	—	245	—	—	—	—	245
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)	—
Total comprehensive loss for the period	—	—	498	245	—	—	—	(16,613)	(15,870)
Transaction with owners									
Share-based payment	—	—	—	—	849	—	—	—	849
Total transactions with owners	—	—	—	—	849	—	—	—	849
As at 30 September 2020 (Unaudited)	<u>8,669</u>	<u>99,249</u>	<u>(2,230)</u>	<u>(4,705)</u>	<u>11,136</u>	<u>(277)</u>	<u>69,528</u>	<u>251,656</u>	<u>433,026</u>

Notes to the Unaudited Consolidated Financial Statements

For the nine months ended 30 September 2021

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 Windward 3, Regatta Office Park, 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 were listed on the GEM on 9 December 2016.

The Company is an investment holding company. The principal activities of its subsidiaries are the operation and management of Gudou Hot Spring Resort and provision of consultancy and/or management services to third party resort and hotel operators and the development and sales of tourism properties in Guangdong Province.

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. 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 September		Nine months ended 30 September	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Property sales	144	—	3,790	—
Property renovation income	—	1,412	166	2,816
Room revenue	5,080	12,417	18,487	22,603
Admission income	2,391	7,680	8,477	11,577
Catering income	2,225	5,865	7,755	11,821
Rental income	785	904	2,482	2,000
Massage service income	102	11	561	193
Conference fee income	127	121	497	689
Consultancy service income	—	17,598	—	17,833
Management fee income	58	150	260	150
Other service income	421	536	2,353	1,269
	11,333	46,694	44,828	70,951
Timing of revenue recognition				
At a point in time	4,989	13,677	21,080	24,280
Over time	6,344	33,017	23,748	46,671
	11,333	46,694	44,828	70,951

4 Income tax expenses

For the nine months ended 30 September 2021, no provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong (nine months ended 30 September 2020: 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 September		Nine months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Current tax				
PRC enterprise income tax	1	—	2	1
Land appreciation tax	11	—	280	—
	<u>12</u>	<u>—</u>	<u>282</u>	<u>1</u>
Deferred tax	764	2,040	670	2,674
	<u>776</u>	<u>2,040</u>	<u>952</u>	<u>2,675</u>

5 Dividend

No dividend was paid or declared by the Company during the nine months ended 30 September 2021, nor has any dividend been proposed since the end of the Period (nine months ended 30 September 2020: Nil).

6 (Loss)/Earnings per share *Basic*

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

	Three months ended 30 September		Nine months ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
(Loss)/Profit attributable to owners of the Company (RMB'000)	(11,375)	19,073	(38,293)	(15,613)
Weighted average number of ordinary shares in issue ('000)	980,000	980,000	980,000	980,000
Basic (loss)/earnings per share (RMB cents)	(1.2)	1.9	(3.9)	(1.6)

Diluted

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

	Three months ended 30 September		Nine months ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Weighted average number of ordinary shares in issue ('000)	980,000	980,000	980,000	980,000
Adjustment for Share options (number of shares) ('000)	—	11,346	—	9,721
Weighted average number of ordinary shares in issue ('000)	980,000	991,346	980,000	989,721

For the nine months ended 30 September 2021 and 2020, diluted loss per share is the same as the basic loss per share because the Company was in loss position. For the three months ended 30 September 2020, the conversion of potential ordinary shares in relation to the share options have a dilutive effect to the basic earnings per share.

The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the 3 months ended 30 September 2021 and 9 months ended 30 September 2021.

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 to third-party resort and hotel operators; and (ii) the development and sale of tourism properties in Guangdong Province.

For the nine months ended 30 September 2021, revenue of the Group was approximately RMB44.8 million, representing a decrease of approximately 36.8% as compared with that for the corresponding period in 2020 (nine months ended 30 September 2020: approximately RMB71.0 million). Net loss for the nine months ended 30 September 2021 amounted to approximately RMB38.3 million (nine months ended 30 September 2020: approximately RMB15.6 million).

Hot spring resort and hotel operations and consultancy and/or management services

The revenue of the Group from the hot spring resort and hotel operations and consultancy and/or management services business decreased by approximately 40.0% to approximately RMB40.9 million for the nine months ended 2021 as compared with that for the corresponding period in 2020. Such decrease was mainly attributable to the combined effect of decrease in room revenue, admission income, catering income, conference fee income and consultancy fee income, but partially offset by an increase in massage service income. In addition, the Group recorded approximately RMB0.3 million of management fee income during the Period, which was attributable to the subsequent engagement of the Group for management services following the Group's initial provision of consultancy services to a third-party hotel.

The Occupancy Rate of the Group's nine themed hotel complexes increased from approximately 19.5% for the nine months ended 30 September 2020 to approximately 24.1% for the Period, mainly attributable to a drop of total available room night resulted from the expiry of rental agreement with certain villas owners. The average room rate of the Group's nine themed hotel complexes decreased from approximately RMB306.0 for the nine months ended 30 September 2020 to approximately RMB273.9 for the Period, mainly attributable to lower room rates of middle-end resort hotels and city hotels.

Tourism Property Development

During the Period, the Group sold and delivered 26 units of Gudou Yishui Mingting Apartments, representing 13.4% of the total saleable GFA of Gudou Yishui Mingting Apartments which contributed revenue of approximately RMB3.8 million whereas the Group did not deliver any tourism property, therefore no revenue from the property sales was recognised and recorded for the corresponding period in 2020. The Group recorded revenue of approximately RMB0.2 million from the provision of renovation services to the customers during the Period.

Financial review

Revenue

For the Period, the Group recorded turnover of approximately RMB44.8 million, representing a decrease of approximately 36.8% when compared with that of approximately RMB71.0 million for the corresponding period in 2020. The decrease in turnover was primarily attributable to the resurgence of the novel coronavirus (COVID-19) which slowed down the recovery of hot spring resort and hotel business.

The Group's revenue generated from hot spring resort and hotel operations reduced by approximately RMB27.3 million or approximately 40.0% to approximately RMB40.9 million for the Period when compared to that for the corresponding period in 2020. The decrease in revenue was primarily attributable to the decrease in Room Revenue, admission income and catering income, in addition, no consultancy service income for the Period had been received since the completion of two consultancy service agreements in 2020.

In respect of tourism property development business, the Group recorded revenue of approximately RMB3.8 million from sale of tourism property for the Period (nine months ended 30 September 2020: Nil). The Group sold and delivered 26 units of Gudou Yishui Mingting Apartments, representing 13.4% of the total saleable GFA of Gudou Yishui Mingting Apartments. The Group also recorded turnover of approximately RMB0.2 million (nine months ended 30 September 2020: RMB2.8 million) from the provision of renovation services to the customers during the Period.

Cost of Sales

The Group's cost of sales for the Period was approximately RMB48.5 million, representing a slight increase of approximately 2.5% when compared with that of approximately RMB47.3 million for the corresponding period in 2020. Such increase was primarily due to the increase in staff costs.

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

The Group turned a gross profit of approximately RMB23.6 million for the nine months ended 30 September 2020 to a gross loss of approximately RMB3.7 million for the Period, it was mainly due to absence of consultancy service income. The Group's gross loss margin for the Period was approximately 8.2% while the Group recorded a gross profit margin of approximately 33.3% for the corresponding period in 2020. The Group's gross loss margin for the Period was resulted from reduction in revenue as disclosed in the sub-section headed "Revenue" above.

Loss before Tax

The Group's loss before tax amounted to approximately RMB37.3 million for the Period, representing an increase of approximately RMB24.4 million, as compared with the loss before tax of approximately RMB12.9 million for the corresponding period in 2020. The increase in the Group's loss before tax was primarily attributable to a decrease in the level of revenue, a decrease in gross profit, and a decrease in fair value gains on investment properties, but partially offset by a decrease in administrative expenses during the Period.

Income Tax Expenses

The Group's income tax expenses for the Period decreased by approximately 64.4%, or approximately RMB1.7 million to approximately RMB1.0 million for the Period as compared to that of approximately RMB2.7 million for the corresponding period in 2020. Such decrease in the Group's income tax expenses was attributable to the decrease in deferred tax expenses.


Net Loss

The Group's net loss for the Period increased by approximately RMB22.7 million to approximately RMB38.3 million from approximately RMB15.6 million for the corresponding period in 2020, which was in line with the Group's decreased turnover during the Period.

PROSPECT

In the third quarter of 2021, the surge in cases of the Delta variant of COVID-19 had led to the travel restrictions imposed by the government of the PRC, it adversely impacted the demand of cultural tourism. For the Period, the Group recorded revenue of approximately RMB44.8 million, a decrease of approximately 36.8% when compared with that for the corresponding period in 2020. Such decrease was mainly attributable to the decrease in revenue from the Group's hot spring resort and hotel operations business and the absence of consultancy service income.

The revenue from our hot spring resort and hotel business, excluding consultancy service income, recorded a reduction by approximately 19% to approximately RMB41 million. The Occupancy Rate of our luxury resort hotel declined to 40% for the Period, as compared 51% for the corresponding period in 2020 and that of our middle-end resort hotels remained stagnant at around 17%. Nonetheless, realising the potential of stay-at-home economy" (宅經濟) fuelled by the pandemic, the Group started to reach out to our customers through a variety of online channels. For example, we continue to create original content on our mini-program (小程序) on WeChat platform to attract customers' interests and started to regularly host live-stream e-commerce (直播帶貨) on DouYin (抖音) in this quarter. Thanks to the Group's strategy of diversifying its revenue streams, our urban hotel business, which began operations this year, contributed to approximately RMB2.6 million in Room Revenue for the Period, accounting for 14% of the Group's total Room Revenue. Meanwhile, the Group had continued to put in place stringent cost control measures, particularly, its total expenses (being the aggregate of cost of sales, administrative expenses and selling expenses) were subject to tightened control and remained on a par with the level of the corresponding period in 2020 amid inflationary pressure.



In respect of our tourism property development business, the revenue increased by approximately 40.5% to approximately RMB4 million for the Period, which was mainly attributable to the sales of Gudou Yishui Mingting Apartments, one of our jointly developing property projects with GD Aoyuan. The Directors expects the sales of the jointly developing property projects with GD Aoyuan, namely Gudou Yishui Mingting Apartments and Guanshanyue Apartments, to be continued and properties to be delivered to its customers from 2021 onwards. At the end of July 2021, the Group ceased to invest in its associate company by way of terminating the Capital Increase Agreement as the development plan for the land parcels in Yangjiang had not progressed at a pace as expected. As the associate company agreed to pay the principal amount and the interest to the Group under the Capital Reduction Agreement, the exit from the investment led the Group to realise its investment and thereby utilise the net proceeds to replenish the general working capital. Details of which had been disclosed in the announcement of the Company dated 2 August 2021.

Even though the recent surge of the Delta variant of COVID-19 in various part of China had unavoidably cast a pall over the hotel business, our team had fully adapted to the mode of operation under the “new normal” and would endeavor to deliver the best service to our guest. Entering into our traditional peak season autumn and winter, we remain optimistic on our hot spring resort business. Our urban hotel business is expected to continue to propel the business performance. We strongly believe with strong government leadership in pandemic control and vaccination rollout, the pandemic will eventually be contained. The Group will continue to focus on turning risks into opportunities and expanding its revenue stream through the “Gudou” brand. We are extremely pleased of our team members’ achievements, and they will continue to put guests and shareholders first.

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

As at 30 September 2021, 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 September 2021	
				Total	(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 September 2021.
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 nine months ended 30 September 2021 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 September 2021, 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 of the Company 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 September 2021 (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 September 2021.
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 51.75% by Ace Rise Profits Limited and 55.61% 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 September 2021, the Company had not been notified by any person (other than Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) had any interest in a business which competed or might compete with the business of the Group or had any other conflict of interest with the Group during the nine months ended 30 September 2021.

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 or any person engaged in the full-time employment of the Company) was entered into or was subsisting during the nine months ended 30 September 2021.

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 the Shareholders' interests.

During the nine months ended 30 September 2021, the Company had complied with the code provisions of the CG Code as might be applicable save for the deviation mentioned below.

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 resort 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 2021	granted during the Period	exercised during the Period	cancelled/lapsed during the Period	balance as at 30 September 2021	
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 above 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 upon exercise of the Options
5 April 2019 to 4 April 2025	25% of the total number of Shares fall to be issued upon exercise of the Options
5 April 2020 to 4 April 2025	25% of the total number of Shares fall to be issued upon exercise of the Options
5 April 2021 to 4 April 2025	25% of the total number of Shares fall to be issued upon 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 had purchased, redeemed or sold any of the Company's securities during the nine months ended 30 September 2021.

AUDIT COMMITTEE

The audit committee of the Company has reviewed this report and the Group's unaudited consolidated financial results for the nine months ended 30 September 2021, 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.

DEFINITIONS

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
“Capital Increase Agreement”	a capital increase agreement dated 30 May 2019 (as supplemented) entered into among Guangdong Gudou, Yangjiang City Shijia Property and Development Company Limited* (陽江市世嘉房地產開發有限公司) and the original equity holders in relation to, among other things, a capital increase
“Capital Reduction Agreement”	a capital reduction agreement dated 30 July 2021 entered into among Guangdong Gudou, Yangjiang City Shijia Property and Development Company Limited* (陽江市世嘉房地產開發有限公司), the original equity holders and Guangdong Gudou Hotel Management Company Limited* (廣東古兜酒店管理有限公司) in respect of, among other things, the capital reduction
“CG Code”	Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules
“close associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Company”	Gudou Holdings Limited (古兜控股有限公司), a company incorporated as an exempted company with limited liability in the Cayman Islands
“Director(s)”	the director(s) of the 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 announcements of the Company dated 16 July 2019 and 17 September 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

“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

“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

“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* (觀山悦公館), 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
“HK\$” or “HK dollar(s)” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing”	the listing of the Shares on GEM on 9 December 2016
“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 nine months ended 30 September 2021
“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 Special Administrative Region of the PRC and Taiwan
“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 the 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
“Total Available Room Nights”	all rooms nights available for sale excluding those under renovation or repair and those not for letting (For the Period, they included those rooms which were out of service during the temporary suspension of the operation of Gudou Hot Spring Resort)
“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
“%”	per cent.

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

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

Hong Kong, 8 November 2021

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.