



古兜控股有限公司 Gudou Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8308

Hot Spring / Tourism / Health / Wellness



THIRD QUARTERLY REPORT 2022

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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

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

Third Quarterly Results

The Board is pleased to announce the unaudited consolidated financial statements of the Group for the nine months ended 30 September 2022 together with the comparative unaudited figures for the corresponding period in 2021, as follows:

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the three months and nine months ended 30 September 2022

	Note	Three months ended 30 September		Nine months ended 30 September	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	3	9,905	11,333	29,954	44,828
Cost of sales		(10,816)	(13,694)	(35,111)	(48,522)
Gross loss		(911)	(2,361)	(5,157)	(3,694)
Other income		49	3,660	965	3,767
Fair value (loss)/gains on investment properties		(930)	3,310	(2,420)	7,240
Provision of impairment of trade receivables		–	(621)	–	(1,095)
Share of loss of an associate		–	–	–	(656)
Selling expenses		(639)	(4,002)	(2,096)	(7,115)
Administrative expenses		(5,848)	(6,269)	(21,045)	(22,777)
Loss from operations		(8,279)	(6,283)	(29,753)	(24,330)
Finance costs		(3,305)	(4,316)	(11,348)	(13,011)
Loss before tax		(11,584)	(10,599)	(41,101)	(37,341)
Income tax credit/(expenses)	4	233	(776)	701	(952)
Loss for the periods		(11,351)	(11,375)	(40,400)	(38,293)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Other comprehensive loss for the periods, net of tax					
<i>Items that may be reclassified to profit or loss:</i>					
Currency translation differences		(1,045)	38	(1,607)	198
<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)
Total comprehensive loss for the periods		(12,396)	(11,337)	(42,007)	(38,495)

Loss per share

	Note	Three months ended 30 September		Nine months ended 30 September	
		2022 RMB cents (Unaudited)	2021 RMB cents (Unaudited)	2022 RMB cents (Unaudited)	2021 RMB cents (Unaudited)
Basic and diluted	6	(1.2)	(1.2)	(4.1)	(3.9)

Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2022

	Share capital	Share Premium	Fair value reserve	Foreign currency translation reserve	Share-based payment reserve	Capital reserve	Other reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022 (Audited)	8,669	99,249	(3,386)	(3,510)	11,496	(277)	69,528	201,580	383,349
Comprehensive loss									
Loss for the period	-	-	-	-	-	-	-	(40,400)	(40,400)
Other comprehensive loss									
Currency translation differences	-	-	-	(1,607)	-	-	-	-	(1,607)
Total comprehensive loss for the period	-	-	-	(1,607)	-	-	-	(40,400)	(42,007)
Transaction with Owners									
Transfer upon lapse of share options	-	-	-	-	(599)	-	-	599	-
Share-based payment	-	-	-	-	4,300	-	-	-	4,300
Total transactions with owners	-	-	-	-	3,701	-	-	599	4,300
As at 30 September 2022 (Unaudited)	<u>8,669</u>	<u>99,249</u>	<u>(3,386)</u>	<u>(5,117)</u>	<u>15,197</u>	<u>(277)</u>	<u>69,528</u>	<u>161,779</u>	<u>345,642</u>

	Share capital	Share Premium	Fair value reserve	Foreign currency translation reserve	Share-based payment reserve	Capital reserve	Other reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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>

Notes to the Unaudited Consolidated Financial Statements

For the nine months ended 30 September 2022

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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Resort related operation				
Admission income	1,897	2,391	5,979	8,477
Catering income	1,644	2,225	5,197	7,755
Rental income	444	785	1,537	2,482
Massage service income	10	102	165	561
Conference fee income	119	127	373	497
Management fee income	–	58	25	260
Other service income	325	421	1,849	2,353
Merchandise sales income	73	–	156	–
Room revenue	5,393	5,080	14,254	18,487
	9,905	11,189	29,535	40,872
Tourism properties				
Property sales	–	144	419	3,790
Property renovation income	–	–	–	166
	9,905	11,333	29,954	44,828
Timing of revenue recognition				
At a point in time	3,743	4,989	12,289	21,080
Over time	6,162	6,344	17,665	23,748
	9,905	11,333	29,954	44,828

4. Income tax credit/(expenses)

For the nine months ended 30 September 2022, 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 2021: 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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax				
PRC enterprise income tax	-	1	1	2
Land appreciation tax	-	11	24	280
	<u>-</u>	<u>12</u>	<u>25</u>	<u>282</u>
Deferred tax	(233)	764	(726)	670
	<u>(233)</u>	<u>776</u>	<u>(701)</u>	<u>952</u>

5. Dividend

No dividend was paid or declared by the Company during the nine months ended 30 September 2022, nor has any dividend been proposed since the end of the Period (nine months ended 30 September 2021: Nil).

6 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 September		Nine months ended 30 September	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Loss attributable to owners of the Company (RMB'000)	(11,351)	(11,375)	(40,400)	(38,293)
Weighted average number of ordinary shares in issue ('000)	980,000	980,000	980,000	980,000
Basic loss per share (RMB cents)	(1.2)	(1.2)	(4.1)	(3.9)

Note:

For the nine months ended 30 September 2022 and 2021, the diluted loss per share were equal to the basic loss per share because the Company was in loss position

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 2022, revenue of the Group was approximately RMB30.0 million, representing a decrease of approximately 33.2% as compared with that for the corresponding period in 2021 (nine months ended 30 September 2021: approximately RMB44.8 million). Net loss for the nine months ended 30 September 2022 amounted to approximately RMB40.4 million (nine months ended 30 September 2021: approximately RMB38.3 million).

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

The Group's hot spring resort and hotel operations business faced challenges during the Period due to the prolonged and widespread impact of the COVID-19. The Group's turnover derived from hot spring resort and hotel operations decreased by approximately 27.7% to approximately RMB29.5 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 RMB6.0 million, representing an decrease of approximately 29.5% compared to that of 2021. The Room Revenue generated from the Group's themed hotel complexes decreased by approximately 22.9% to approximately RMB14.3 million for the nine months ended 30 September 2022 compared to that for 2021. The Group recorded a decrease in revenue generated from catering by approximately 33.0% to approximately RMB5.2 million and a decrease in revenue generated from massage service of approximately 70.6% from approximately RMB0.6 million to approximately RMB0.2 million during the Period.

The Occupancy Rate of the Group's themed hotel complexes decreased slightly from approximately 24.1% for the nine months ended 30 September 2021 to approximately 24.0% for the nine months ended 30 September 2022. The average room rate of the Group's hotel complexes increased slightly from approximately RMB273.9 for the nine months ended 30 September 2021 to approximately RMB277.8 for the nine months ended 30 September 2022, primarily attributable to more sales contributed from Luxury Resort Hotels which has higher room rates.

Tourism Property Development

Revenue from the tourism property development business was approximately RMB0.4 million, representing a decrease of approximately 89.4% from approximately RMB4.0 million for the nine months ended 30 September 2021. Such decrease was mainly attributable to continuing low demand in general real estate market environment during the Period.

During the Period, we sold and delivered 3 units (approximately 1.5% of the total saleable GFA) of Gudou Yishui Mingting Apartments. We expect the sales and delivery of Gudou Yishui Mingting Apartments to continue in 2022. Steady progress is also made in the construction for the other tourism property, namely Guanshanyue Apartments. The property are expected to be delivered to property owners in 2022.

Financial review

Revenue

For the Period, the Group recorded turnover of approximately RMB30.0 million, representing a decrease of approximately 33.2% when compared with that of approximately RMB44.8 million for the corresponding period in 2021. The decrease in turnover was primarily attributable to a decrease in revenue from the Group's hotel and resort operations business and tourism property development business.

The Group's revenue generated from hot spring resort and hotel operations reduced by approximately RMB11.3 million or approximately 27.7% to approximately RMB29.5 million for the Period when compared to that for the corresponding period in 2021. The decrease in revenue was primarily attributable to the decrease in Room Revenue, admission income and catering income.

As for tourism property development business, the Group recorded turnover of approximately RMB0.4 million (nine months ended 30 September 2021: RMB4.0 million) which was attributable to the sales of Gudou Yishui Mingting Apartments.

Cost of Sales

The Group's cost of sales for the Period was approximately RMB35.1 million, representing a decrease of approximately 27.6% when compared with that of approximately RMB48.5 million for the corresponding period in 2021. Such decrease was primarily due to the decrease in staff costs.

Gross loss and Gross loss Margin

The Group's gross loss amounted to approximately RMB5.2 million for the Period, representing an increase of approximately RMB1.5 million, as compared with the gross loss of approximately RMB3.7 million for the corresponding period in 2021. The increase in gross loss for the Period was resulted from decrease in revenue from the hot spring resort and hotel operations.

The Group's gross loss margin was approximately 17.2% and gross loss margin was approximately 8.2% for the nine months ended 30 September 2022 and 2021 respectively. Gross loss margin was a combined effect of the decrease in revenue generated from the Group's tourism property development business and the extent of decrease in cost of goods sold being lower than the decrease in revenue from hot spring resort and hotel operations.

Loss before Tax

The Group's loss before tax amounted to approximately RMB41.1 million for the Period, representing an increase of approximately RMB3.8 million, as compared with the loss before tax of approximately RMB37.3 million for the corresponding period in 2021. 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 during the Period.

Income Tax Credit/(Expenses)

The Group's income tax credit for the Period were approximately RMB0.7 million, representing a decrease by approximately 173.7% from approximately RMB1.0 million tax expenses for the nine months ended 30 September 2021, which is mainly due to a decrease in land appreciation tax and a decrease in deferred tax expenses, which reflects the fair value losses on investment properties of the Group during the Period.

Net Loss

The Group's net loss for the Period increased by approximately RMB2.1 million to approximately RMB40.4 million from approximately RMB38.3 million for the corresponding period in 2021, which was in line with the Group's decreased turnover during the Period.

Reserves

Movements in the reserves of the Group for the nine months ended 30 September 2022 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 nine months ended 30 September 2022. During the nine months ended 30 September 2022, no interim dividend was paid or declared, nor has any dividend been proposed since the end of the reporting period (nine months ended 30 September 2021: Nil).

Business Prospect

Prospect

The recent COVID-19 resurgence in some provinces in China has inevitably overshadowed the hospitality industry. Nevertheless, we are confident the pandemic will eventually be contained with effective pandemic control measures adopted by the government and the continuing implementation of vaccination plan. The Group will remain cautious to any change and latest development of the tourism market and focused on converting risk into opportunities and leveraging “Gudou” brand to explore new business opportunities. The Group will remain focused on the hospitality industry and will closely monitor the market performance to grasp any opportunities to strengthen its hotels and resort operation. While the Group may continue to engage in development and sales of tourism properties in Guangdong Province, the Group has no current plan to expand the segment and in light of the challenging real property market environment in China, the Group has no plan to extend its operation into development of properties other than for tourism purpose in the near future. We are tremendously proud of our team members’ accomplishments, and they will continue to focus on providing excellent value to guests and shareholders.

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

As at 30 September 2022, 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 September 2022 (Note 2)
Mr. Hon	Interest of a controlled corporation (Note 3) Beneficial owner (Note 4)	336,500,000 (L)	14,400,000	350,900,000	35.81%
Mr. Liang Juquan	Beneficial owner (Note 4)	–	14,400,000	14,400,000	1.47%
Mr. Huang Zhanxiong	Beneficial owner (Note 4)	–	12,900,000	12,900,000	1.32%
Mr. Hon Ka Fung	Beneficial owner (Note 4)	–	11,950,000	11,950,000	1.22%
Mr. Wu Sai Him	Beneficial owner (Note 4)	–	3,350,000	3,350,000	0.34%
Mr. Chiu Chi Wing	Beneficial owner (Note 4)	–	3,350,000	3,350,000	0.34%
Prof. Wang Dawu	Beneficial owner (Note 4)	–	3,350,000	3,350,000	0.34%

Notes:

- The letter "L" denotes the person's long position in the Shares.
- The percentage of the Company's issued share capital is based on the 980,000,000 Shares issued as at 30 September 2022.
- 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.
- 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 2022 are set out in the section headed "Share Option Scheme".
- During the Period, Ms. Zhen Yaman, a former executive Director, was interested in 2,450,000 options, which have lapsed on 16 June 2022 upon her resignation.

Substantial Shareholders' Interests In Securities

So far as is known to any Director or chief executive of the Company, as at 30 September 2022, 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 September 2022 (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)	14,400,000	350,900,000	35.81%
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%
Sky Success Ventures Limited	Beneficial owner (Note 8)	143,000,000 (L)	-	143,000,000	14.59%
New Ray Developments Limited	Beneficial owner (Note 8)	143,000,000 (L)	-	143,000,000	14.59%
Mr. Tam Ka Wai	Interest of a controlled corporation (Note 8)	286,000,000 (L)	-	286,000,000	29.18%

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 2022.
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 51.75% by Ace Rise Profits Limited and 55.3% 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. On 30 September 2022, Phoenix Virtue, China Aoyuan and Add Hero Holdings Limited cease to have interests in all 286,000,000 Shares.
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.
8. Sky Success Ventures Limited and New Ray Developments Limited are wholly-owned by Mr. Tam Ka Wai. They are aggregate interested in 286,000,000 Shares since 30 September 2022.

Save as disclosed above, as at 30 September 2022, 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 nine months ended 30 September 2022.

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 nine months ended 30 September 2022.

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 nine months ended 30 September 2022, 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 C.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.

Following the resignation of Ms. Zhen Yaman with effect from 16 June 2022, the Company does not have a Director of a different gender, and hence the Company did not meet the requirement set out in rule 17.104 of the GEM Listing Rules that the Company shall appoint at least a Director of a different gender no later than 31 December 2024. The Board will make its best endeavors to identify a suitable candidate for appointment as Director as soon as practicable no later than 31 December 2024 in order to ensure compliance by the Company with the requirement under rule 17.104 of the GEM Listing Rules.

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 and 20 June 2022, the Company granted options under the Share Option Scheme. Details of the movement of the share options granted during the Period are as follows:

Grantees	Date of grant	Exercise price per share HK\$	Exercise period	Number of share options					
				balance as at 1 January 2022	granted during the Period	exercised during the Period	cancelled/lapsed during the Period	balance as at 30 September 2022	
Directors	Mr. Hon	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below	4,900,000	-	-	-	
		20 June 2022	0.1742 (Note 2)	20/06/2022-17/11/2026		9,500,000			14,400,000
	Mr. Huang Zhanxiong	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below	4,900,000	-	-	-	
		20 June 2022	0.1742 (Note 2)	20/06/2022-17/11/2026		8,000,000			12,900,000
	Ms. Zhen Yaman	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below	2,450,000	-	-	(2,450,000)	-
	Mr. Liang Juquan	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below	4,900,000	-	-	-	
		20 June 2022	0.1742 (Note 2)	20/06/2022-17/11/2026		9,500,000			14,400,000
	Mr. Hon Ka Fung	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below	2,450,000	-	-	-	
		20 June 2022	0.1742 (Note 2)	20/06/2022-17/11/2026		9,500,000			11,950,000

Grantees	Date of grant	Exercise price per share HK\$	Exercise period	Number of share options					
				balance as at 1 January 2022	granted during the Period	exercised during the Period	cancelled/lapsed during the Period	balance as at 30 September 2022	
Directors									
Mr. Wu Sai Him	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below 20/06/2022-17/11/2026	2,450,000	-	-	-		
	20 June 2022	0.1742 (Note 2)		900,000				3,350,000	
Mr. Chiu Chi Wing	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below 20/06/2022-17/11/2026	2,450,000	-	-	-		
	20 June 2022	0.1742 (Note 2)		900,000				3,350,000	
Prof. Wang Dawu	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below 20/06/2022-17/11/2026	2,450,000	-	-	-		
	20 June 2022	0.1742 (Note 2)		900,000				3,350,000	
				26,950,000	39,200,000	-	(2,450,000)	63,700,000	
Consultant									
Mr. Hui Chin Tong Godfrey	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below	7,840,000	-	-	-	7,840,000	
Employees in aggregate									
	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below 20/06/2022-17/11/2026	11,270,000	-	-	-		
	20 June 2022	0.1742 (Note 2)		15,100,000				26,370,000	
Total				46,060,000	54,300,000	-	(2,450,000)	97,910,000	

The share 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 share options:
5 April 2018 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the share options
5 April 2019 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the share options
5 April 2020 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the share options
5 April 2021 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the share options

Notes:

1. The closing price per Share as quoted on the Stock Exchange on the day immediately before the date of grant (i.e. as of 3 April 2017) was HK\$0.60.
2. The closing price per Share as quoted on the Stock Exchange on the date of grant (i.e. as of 20 June 2022) was HK\$0.17.
3. Save as disclosed in the above table, no options were granted, exercised, forfeited and expired during the period covered by the above table.
4. The fair value of Options estimated at the date of grant using the binomial option pricing model was approximately HK\$5.0 million (equivalent to approximately HK\$0.09 each).
5. The significant inputs into the model were closing Share price of HK\$0.17 at the grant date, exercise price shown above, volatility of 93%, dividend yield of 0%, an expected option life of 4.4 years, annual risk-free interest rate of 2.92% and exercise multiples of 2.8 or 2.2. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices of the Company. The total expenses recognised in the unaudited consolidated statement of comprehensive income for the nine months ended 30 September 2022 amounted to approximately RMB4.3 million.
6. The variables and assumptions used in computing the fair value of the share options are based on Directors' best estimate. Change in variables and assumptions may result in changes in fair value of the Options.

Purchase, Sale Or Redemption Of Listed Securities Of The Company

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's securities during the nine months ended 30 September 2022.

Audit Committee

The audit committee has reviewed this report and the Group's unaudited condensed consolidated financial results for the nine months ended 30 September 2022, 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

“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

“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

“Period”	the nine months ended 30 September 2022
“PRC”	the People’s Republic of China, save that, for the purpose of this report and unless the context otherwise requires, references in this report do not include Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Room Revenue”	revenue generated from room rates (including related service charges) of the themed hotel complexes in the Gudou Hot Spring Resort
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	share option scheme conditionally approved and adopted by the Company on 18 November 2016
“Target 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
“Total Occupied Room Nights”	all rooms nights sold and including nights provided to guests and property owners on a complimentary basis

“Wealth Promise”

Wealth Promise Holdings Limited (富諾控股有限公司), a company incorporated in the British Virgin Islands and is wholly-owned by Fu An

“%”

per cent.

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

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

Hong Kong, 8 November 2022

As at the date of this report, the executive Directors are Mr. Hon Chi Ming, Mr. Huang Zhanxiong, Mr. Liang Juquan and Mr. Hon Ka Fung, the non-executive Director is Mr. Tam Man Chiu, and the independent non-executive Directors are Mr. Wu Sai Him, Mr. Chiu Chi Wing and Prof. Wang Dawu.