



GUDOU HOLDINGS LIMITED
古兜控股有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 8308)

ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Hong Kong Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this announcement misleading.

ANNUAL RESULTS

The Board is pleased to announce the consolidated results of the Group for the year ended 31 December 2021 together with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Note</i>	2021 RMB'000	2020 RMB'000
Revenue	5	63,964	127,249
Cost of sales		<u>(63,891)</u>	<u>(69,389)</u>
Gross profit		73	57,860
Other income		4,131	448
Fair value (losses)/gains on investment properties		(5,270)	20,960
Selling expenses		(10,967)	(15,128)
Administrative expenses		(28,923)	(36,229)
Net impairment losses on financial assets		(11,297)	(215)
Share of loss of an associate		<u>(656)</u>	<u>(1,561)</u>
(Loss)/profit from operations		(52,909)	26,135
Finance costs		<u>(18,137)</u>	<u>(16,803)</u>
(Loss)/profit before tax		(71,046)	9,332
Income tax credit/(expenses)	6	<u>2,096</u>	<u>(6,471)</u>
(Loss)/profit for the year and (loss)/profit attributable to owners of the Company		(68,950)	2,861
Other comprehensive (loss)/income for the year, net of tax			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation differences		487	953
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value losses on financial assets at fair value through other comprehensive income		<u>(756)</u>	<u>(502)</u>
Total comprehensive (loss)/income for the year		<u>(69,219)</u>	<u>3,312</u>
(Losses)/earnings per share		2021 RMB cents	2020 RMB cents
Basic and Diluted (losses)/earnings per share	8	<u>(7.04)</u>	<u>0.29</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Note</i>	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment		244,477	267,205
Right-of-use assets		38,025	16,537
Investment properties		600,160	605,430
Financial assets at fair value through other comprehensive income		55	811
Investment in an associate		–	62,467
Deferred tax assets		6,822	6,643
		<u>889,539</u>	<u>959,093</u>
Current assets			
Properties held for sale		104,708	105,605
Inventories		2,848	3,032
Accounts receivable	9	2,749	9,328
Prepayments, deposits and other receivables		24,959	18,357
Amount due from a joint operator	10	39,705	17,258
Restricted bank balances		2,683	31,045
Bank and cash balances		3,379	25,518
		<u>181,031</u>	<u>210,143</u>
TOTAL ASSETS		<u>1,070,570</u>	<u>1,169,236</u>

	<i>Note</i>	2021 RMB'000	2020 RMB'000
Current liabilities			
Accounts payable	<i>11</i>	44,417	54,007
Accruals and other payables		30,484	20,031
Amount due to an associate		–	12,000
Borrowings		85,514	115,123
Lease liabilities		4,409	3,628
Current tax liabilities		65,852	66,187
Contract liabilities		65,367	43,409
		<u>296,043</u>	<u>314,385</u>
Non-current liabilities			
Borrowings		165,613	172,544
Lease liabilities		30,184	7,087
Amount due to an associate		–	30,020
Loan from a related party		4,893	–
Amount due to a director		500	–
Deferred tax liabilities		176,238	178,169
Deferred income		13,750	14,650
		<u>391,178</u>	<u>402,470</u>
TOTAL LIABILITIES		<u>687,221</u>	<u>716,855</u>
Capital and reserves			
Share capital	<i>12</i>	8,669	8,669
Reserves		374,680	443,712
TOTAL EQUITY		<u>383,349</u>	<u>452,381</u>
TOTAL LIABILITIES AND EQUITY		<u>1,070,570</u>	<u>1,169,236</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 People's Republic of China ("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 the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 Renminbi ("RMB"), unless otherwise stated.

2. BASIS OF PREPARATION

2.1 Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance ("HKCO") Cap.622.

2.2 Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through other comprehensive income, which are stated at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

3. GOING CONCERN

During the year ended 31 December 2021, the Group reported a net loss of RMB68,950,000. As at 31 December 2021, the Group's current liabilities exceeded its current assets by RMB115,012,000 which is mainly attributable to current bank borrowings of RMB85,514,000, while its cash and cash equivalents amounted to RMB3,379,000 only.

The precautionary and control measures being implemented in Mainland China for Coronavirus Disease 2019 (the "COVID-19 pandemic") during the year inevitably negatively impacted the Group's hotel and resort operation.

3. GOING CONCERN (CONTINUED)

Besides, the Group's property development business related to the joint operation arrangement with Guangdong Aoyuan Company Limited ("GD Aoyuan") was also negatively affected by the liquidity condition of China Aoyuan Group Limited ("China Aoyuan"), the shareholder of GD Aoyuan. Pursuant to the cooperative agreement, GD Aoyuan is solely responsible for the funding of the construction of the project. However, during the year, GD Aoyuan was unable to advance sufficient funding for the settlement of certain construction costs. As a result, certain construction costs for the project were settled with the restricted bank balances held by the Group under the joint operation arrangement. Although there is no obligation under the joint operation agreement, there may be additional funding need to meet the financial obligations of the project.

All of the above conditions indicate the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the directors have given careful consideration of the future liquidity and operating performance of the Group and its available source of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company have reviewed a cash flow projection of the Group prepared by management covering a period of not less than twelve months from 31 December 2021 taking into consideration the following plans and measures:

- (i) During the year, the Group entered into a capital reduction agreement with Yangjiang City Shijia Property and Development Company Limited ("Yangjiang"), a then associate of the Group, and the original equity holders of Yangjiang, pursuant to which the Group would exit from Yangjiang in return for a return of its investment of RMB24,150,000, with the first payment of RMB10,000,000 received before 31 December 2021. Subsequent to 31 December 2021, the Group received the remaining amount of RMB14,150,000;
- (ii) The Group is negotiating with certain banks for extension of the due date of bank borrowings of RMB27,600,000. Based on the latest discussion with the banks, the Group is confident that the bank will agree to the extension of the due date beyond twelve months from the balance sheet date.
- (iii) The Group had undrawn uncommitted bank facilities of RMB150,000,000 as at 31 December 2021 and is also in the course of obtaining a new bank facility of RMB20,000,000 with more favourable interest rate. Moreover, the Group is confident that it will be able to renew its existing bank facilities of RMB44,000,000 when they expire in the coming year. Given the good track records and relationships with the banks, the directors are of the opinion that the Group will be able to obtain new bank facilities, the bank facilities will be renewed when their current term expire and the Group will be able to draw down from the bank facilities, as and when needed.
- (iv) Due to the slow recovery of the Group's operation amid the COVID-19 pandemic, the Group will continue with its cost-control measures in order to reduce the cash outflow from its operation while closely monitoring its operation and take appropriate actions when necessary. Management expects that the pandemic will be quickly under control due to more mature and efficient measures implemented by the Chinese government and there will be proactive economic and monetary policies to stimulate the economy. The Group is confident that the Group's operation will recover to normal in 2022. The Group is confident that the hotel and resort operation will resume normal during 2022 and generate net cash inflow from its operation.

3. GOING CONCERN (*CONTINUED*)

- (v) The Group is closely monitoring the status of the property development project under joint operation with GD Aoyuan. The construction for Phase I and Phase II of the project was completed in 2020 and 2021. The Group is working closely with GD Aoyuan on the progress of sales and delivery of completed properties to the customers, but based on the current market conditions and the sales progress so far, the Group does not anticipate the project to be able to distribute any surplus within 2022. Despite the liquidity condition of GD Aoyuan, the directors considered that they do not have any obligation under the joint operation agreement to provide further funding to the project and will avoid from providing further funding for the project. They will continue to procure GD Aoyuan to advance sufficient funding to settle the outstanding construction cost of the project. Even if GD Aoyuan failed to provide further funding, the directors believe the sales proceeds from the completed properties will be sufficient to fulfil the construction cost obligation of the project.

The directors have, after due consideration of the basis of management's plans and measures as well as the reasonable possible downside changes to the cash flow projections, are confident that the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 31 December 2021. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether the Group is able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions that are subject to inherent uncertainties. Whether the Group will be able to continue as a going concern depends upon:

- a) successful extension of the due date of its bank borrowings, successful renewal of the existing bank facilities, the ability of the Group to obtain new bank facilities and to draw down from the new and existing bank facilities, as and when needed;
- b) the Group's ability to generate operating cash inflow from its hotel and resort operations amid COVID-19 pandemic; and
- c) the Group's ability to avoid further cash outflow and funding obligation for the property development project under joint operation with GD Aoyuan.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

4.1 (a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

Standards	Subject of amendment
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Hedge Accounting
Amendments to HKFRS 16	Covid-19-related Rent Concessions

The Group has adopted these new standards, amendments to standards and interpretations, and the adoption of these new standards, amendments of standards and interpretations do not have significant impacts on the Group's consolidated financial statements.

4.1 (b) New standards and interpretations not yet adopted

The following new standards, amendments to standards and annual improvement have been issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
AG 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

4.1 (b) New standards and interpretations not yet adopted (Continued)

		Effective for accounting periods beginning on or after
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 8	Definition of Accounting Estimates	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The directors of the Group are in the process of assessing the financial impact of the adoption of the above new standards, amendments to standards and annual improvement. The Group will adopt the new standards, amendments to standards and annual improvement when they become effective.

5. REVENUE

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

	Year ended 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Hotels and Resorts related operation		
Admission income		
– Hot Spring Valley	11,731	25,982
– Waterpark	893	1,877
	<u>12,624</u>	<u>27,859</u>
Catering income	11,364	20,212
Conference fee income	720	909
Massage service income	787	391
Rental income	3,463	3,007
Consultancy service income	–	15,000
Other service income	3,868	2,307
Merchandise sales income	59	–
Room revenue	28,059	40,569
Tourism properties		
Property sales	2,562	12,446
Property renovation income	458	4,549
	<u>63,964</u>	<u>127,249</u>
Timing of revenue recognition		
At a point in time	28,116	61,817
Over time	35,848	65,432
	<u>63,964</u>	<u>127,249</u>

6. INCOME TAX (CREDIT)/EXPENSES

The revenue from property as described in Note 5 include sales of apartments. Under the applicable tax regulations, LAT is charged at progressive rate from 30% to 60% (2020: 30% to 60%) on the appreciation of land value which is calculated based on the proceeds of sales of properties less deductible expenditure including lease charges of land use rights, borrowing costs and all property development expenditure. The basis of calculating the LAT on the sale of apartments has not yet been determined by the local tax bureau. Management adopted the progressive rate from 30% to 60% (2020: 30% to 60%) according to their best estimation. The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to (losses)/profits of the consolidated entities as follows:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
(Loss)/profit before tax	<u>(71,046)</u>	<u>9,332</u>
Tax at the domestic income tax rate of 25%	(17,762)	2,333
Tax effect on LAT deductible for calculation of income tax purpose	(3)	(202)
Income not taxable	(729)	(1,038)
Expenses not deductible for tax purposes	2,615	2,484
Tax losses not recognised as deferred tax	13,771	2,085
LAT	<u>12</u>	<u>809</u>
	<u><u>(2,096)</u></u>	<u><u>6,471</u></u>

7. DIVIDEND

No dividend was paid or declared by the Company during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

8. (LOSSES)/EARNINGS PER SHARE

Basic

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
(Loss)/profit attributable to owners of the Company (RMB'000)	(68,950)	2,861
Weighted average number of ordinary shares in issue ('000)	<u>980,000</u>	<u>980,000</u>
Basic (losses)/earnings per share (RMB cents)	<u><u>(7.04)</u></u>	<u><u>0.29</u></u>

Diluted

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

For the year ended 31 December 2021, share options were not assumed to be exercised/converted as they have an anti-dilutive impact to the loss attributable to the equity holders of the company (2020: Diluted earnings per share: RMB0.29 cents).

	Year ended	
	31 December 2020	
	RMB'000	
Profit attributable to owners of the Company (RMB'000)	2,861	
Weighted average number of ordinary shares in issue ('000)	980,000	
Adjustments for:		
Share options (number of shares) ('000)	<u>9,245</u>	
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>989,245</u>	
Diluted earnings per share (RMB cents)	<u><u>0.29</u></u>	

9. ACCOUNTS RECEIVABLE

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Accounts receivable	11,948	15,064
Less: allowance for impairment	(9,199)	(5,736)
Accounts receivable, net	<u>2,749</u>	<u>9,328</u>

The Group allows an average credit period ranging from 30 to 90 days (2020: 30 to 90 days) to travel agencies and corporate customers in hotels and resort operation segment. For new travel agencies and corporate customers, payment in advance is normally required. Purchasers of properties units were granted with repayment periods primarily from 15 days to 180 days (2020: 15 days to 180 days) according to the agreements signed. Credit evaluations are performed on all purchasers requiring credit on the transactions. The Group generally would not release the property ownership certificates to the purchasers before the purchasers finally settled the purchase consideration. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

	As at 31 December					
	2021			2020		
	Travel agencies RMB'000	Property purchasers RMB'000	Total RMB'000	Travel agencies RMB'000	Property purchasers RMB'000	Total RMB'000
Up to 30 days	1,457	–	1,457	5,107	–	5,107
31 to 60 days	495	–	495	621	–	621
61 to 90 days	245	–	245	785	–	785
Over 90 days	8,237	1,514	9,751	6,438	2,113	8,551
	<u>10,434</u>	<u>1,514</u>	<u>11,948</u>	<u>12,951</u>	<u>2,113</u>	<u>15,064</u>

9. ACCOUNTS RECEIVABLE (CONTINUED)

Movements on the provision for impairment of accounts receivable are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At the beginning of the year	5,736	5,521
Impairment losses	3,463	215
At the end of the year	9,199	5,736

The above impairment losses have been separately disclosed as “Net impairment losses on financial assets” in the consolidated statement of comprehensive income.

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

10. AMOUNT DUE FROM A JOINT OPERATOR

	As at 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amounts due from a joint operator	39,705	17,258

The Group applies lifetime general approach to assess the recoverability of the receivable and ensure the provision of RMB7,834,000 (2020: Nil) is adequately made in accordance with HKFRS9.

The above impairment losses have been separately disclosed as “Net impairment losses on financial assets” in the consolidated statement of comprehensive income.

The amount due from a joint operator is denominated in RMB and approximate to its fair values.

11. ACCOUNTS PAYABLE

The aging analysis of the Group's accounts payable, based on invoice date, is as follows:

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Up to 90 days	4,128	6,631
91 to 180 days	1,680	6,302
181 to 365 days	8,575	10,129
Over 1 year	30,034	30,945
	<u>44,417</u>	<u>54,007</u>

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

12. SHARE CAPITAL

	Number of shares (thousands)	Share capital RMB'000
As at 1 January 2020 and 2021	<u>980,000</u>	<u>8,669</u>
As at 31 December 2020 and 2021	<u>980,000</u>	<u>8,669</u>

13. EVENTS AFTER THE REPORTING PERIOD

The COVID-19 pandemic continues to develop in the PRC in early 2022, a series of precautionary and control measures have been and continued to be implemented across the Guangdong Province, the PRC. The Group will pay close attention to the development of the COVID-19 pandemic outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements were authorized for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 pandemic outbreak.

AUDIT OPINION

The auditor of the Group will issue an opinion with material uncertainty related to going concern on the consolidated financial statements of the Group for the year under audit. An extract of the auditor's report is set out in the section headed "EXTRACT OF THE AUDITOR'S REPORT OPINION" below.

EXTRACT OF THE AUDITOR'S REPORT OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to Note 3 to the consolidated financial statements, which states that the Group incurred a net loss of RMB68,950,000 during the year ended 31 December 2021 and, as of that date, the Group's current liabilities exceeded its current assets by RMB115,012,000 while its cash and cash equivalents was RMB3,379,000 only. Furthermore, the Group's hotel and resort operation are negatively impacted by COVID-19 pandemic. These conditions, along with other matters as set forth in Note 3 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to this set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

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.

During the Period, the Group recorded a turnover of approximately RMB64.0 million, representing a decrease of approximately 49.7% when compared to that of the previous year. Loss attributable to owners of the Company for the Period was approximately RMB68.5 million while the Group recorded a net profit of approximately RMB2.9 million for the year ended 31 December 2020. Such change was mainly attributable to:

- (i) a decrease in revenue generated from the Group's hot spring resort and hotel operations business due to various measures implemented by the government of the People's Republic of China in order to contain the spread of variants of novel coronavirus (COVID-19) pandemic, including travel restrictions and mandatory quarantine, which adversely affected the demand of cultural tourism;
- (ii) absence of revenue generated from the Group's consultancy fees income during the Period due to a contraction in investment decisions from hot spring resort owners, operators and investors, resulted from the continuing presence of COVID-19 pandemic; and
- (iii) a decrease in revenue generated from the Group's tourism property development business due to weakened demand in general real estate market environment and decrease in units sold and delivered in Gudou Yishui Mingting Apartments during the Period.

Hot Spring Resort and Hotel Operations

The revenue of the Group from the hot spring resort and hotel operations and consultancy and/or management services business decreased by approximately 44.7% to approximately RMB60.9 million for the year ended 31 December 2021 as compared with that for the year ended 31 December 2020. Such decrease was mainly attributable to the decrease in room revenue, admission income, catering income, conference fee income and consultancy fee income. In addition, the Group recorded approximately RMB0.4 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 resort and hotel operators.

The Occupancy Rate of the Group's nine themed hotel complexes increased from approximately 24% for the year ended 31 December 2020 to approximately 27% 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 RMB341.4 for the year ended 31 December 2020 to approximately RMB286.4 for the Period, mainly attributable to lower room rates of middle-end resort hotels and city hotels.

Tourism Property Development

Revenue from the tourism property development business was approximately RMB3.0 million, representing a decrease of approximately 82.4% from approximately RMB17.0 million for the year ended 31 December 2020. Such decrease was mainly attributable to weakened demand in general real estate market environment during the Period. Revenue from the tourism property development business consists of the sales and delivery of Gudou Yishui Mingting Apartments totalling RMB2.5 million and the provision of renovation services in return of services fee of approximately RMB0.5 million.

During the Period, we sold and delivered 17 units (approximately 5.5% 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, under the first cooperation agreement dated 16 July 2019 and entered into between Guangdong Gudou and GD Aoyuan. The property are expected to be delivered to property owners in 2022.

Prospect

In these two years under the pandemic, we realise the importance of health, and a regimen lifestyle will be people's focus in the post-pandemic era. In 2021, the Group started the business of health regimen food products, which focused on the promotion of the specialty of Wuyi district such as Chenpi. We believe that people have a strong demand for dietary therapy for health regimen under the national goal of common prosperity.

We also firmly believe that people’s demand for travel is increasing. In the future, such consumption power will bring a prosperous future after the pandemic problem is solved! Therefore, in 2021, we continued to invest in hotel projects and optimise Gudou’s facilities to create value for our shareholders. Our third urban hotel, Quanfeng Yijiangmen Hotel, commenced business in the second quarter of 2021.

The tourism real estate project that has been jointly developed by the Group and GD Aoyuan has also been completed, and will be delivered to investors in the coming year. We will also continue to optimise Gudou and enhance the return to our shareholders in the coming challenging year.

Every cloud has a silver lining, we believe that the national pandemic prevention policies will eventually lead us out of the pandemic and bring us back to the track of prosperity and growth to achieve the goal of common prosperity.

Let us continue to leverage on the elements of Gudou’s success-health, wellness, nature, happiness, do our part for a better future for all, and embrace the bright future.

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 31 December 2021. 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 31 December 2021
<p>1. Continue to enhance the Group’s position in the hot spring and hotel industry</p> <p>(i) Replicate the Group’s business model to operate new hot spring resorts and hotels</p> <p>(ii) Provide management services to other hot spring resort owners</p>	<p>The Group’s effort in respect of enhancing its position in the hot spring and hotel industry is still ongoing.</p> <p>(i) The Group will continue to select its potential target cities based on a number of factors, including, among others, local favourable governmental policies, local tourism development, infrastructure, locations or available land sites, regional economy, regional level of disposal income, cost of transportation and cost of energy supply.</p> <p>As at the date of this announcement, the Group extended to operate 1 hotel in Jiangmen.</p>

Business Objectives

Actual Business Progress up to 31 December 2021

- (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.

- 2. Plan to expand the tourism property development business of the Group

To prepare the Group for the expansion of the tourism property development business, the Directors 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 on a timely manner while maintaining an effective control over costs.

During the year, the Group sold and delivered 17 units of Gudou Yishui Mingting Apartments. The Directors expect the sales of the jointly developing property projects, Gudou Yishui Mingting Apartments and Guanshanyue Apartments, to continue in 2022 and properties to be delivered to its customers from 2022 onwards.

Business Objectives

Actual Business Progress up to 31 December 2021

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 the Group's tourism property development business. During the Period, the Group had also organised a number of promotional events to promote the Group's "Gudou" brand, such as:

- Tang-style hot spring festival and Chinese new year celebrations in February 2021
- "The Youthful Years of Gudou" activity with the builders of Dongfanghong Reservoir during July 2021
- The first beachcombing festival in August 2021
- Golden Week of Playing with Hot Spring in Gudou" activity in October 2021
- the 9th Yamen Tianshui White Radish Festival in December 2021

Relationship with Stakeholders

The Group recognises that employees, customers and suppliers are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services and selling quality properties to its customers and enhancing cooperation with its suppliers. The Group strives to provide a safe workplace to its employees. It also provides competitive remuneration and benefits, as well as training programs so that staff can keep abreast of the development in the market.

The Group believes that service and property quality is the key to maintaining a good customer relationship. The Group is committed to serving its customers to the best of its ability and continually elevating the level of service excellence. To achieve this goal, the Group's quality control team is responsible for overseeing the quality control of its hot spring resort and hotel operations. With respect to the Group's property development projects, the Group engages construction companies to undertake supervision and control in order to ensure quality conditions of the projects. The Group's technical team and property development team will also carry out onsite visit on a regular basis. The Group settles with its major customers in accordance with contract payment terms, combines judgment on recoverable amounts, and adopts provision for bad debts of receivables that are specifically classified by similar risk. The Group monitors and accesses the information of major customers on an on-going and timely basis, and boosts communication and relationship with major customers.

The Group is also dedicated to maintaining good relationship with suppliers as long-term business partners to ensure stability of the Group's business. In selecting suppliers, the Group has been applying a standard of high quality and high integrity, and has established relevant systems to ensure that the purchase process remains open, fair and just. Aiming to improve purchase quality, critical assessment and guidelines are utilised by the Group to measure the sustainability of the suppliers in terms of labor, health and safety and environmental influences. Relevant departments of the Group conduct performance assessments to the suppliers on a regular basis in order to manage the suppliers in a more efficient manner and reduce potential risks in suppliers, which boosts communication and relationship with the suppliers.

Principal risks 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 the Group's 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 development 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 the Group's hot spring resort involve 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, its property portfolio and future profitability could 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 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 qualification certificates and relevant PRC government approvals. This allows the Group to ensure that the Group 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 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.

Financial Review

Turnover

For the Period, the Group recorded turnover of approximately RMB64.0 million (2020: approximately RMB127.2 million), representing a decrease of approximately 49.7% when compared with that of the previous year. The decrease in turnover was primarily attributable to the decrease in revenue generated from the Group's hot spring resort, hotel operations and tourism property development business. The turnover from the Group's hot spring resort and hotel operations decreased by approximately 44.8% from approximately RMB110.3 million in the previous year to approximately RMB60.9 million for the Period. Such decrease was mainly driven by a decrease in room revenue, admission and catering income due 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 from its tourism property development business recorded a decrease of approximately 82.4% from approximately RMB17.0 million for the year ended 31 December 2020 to approximately RMB3.0 million for the Period. The decrease was primarily attributable to the decrease in GFA delivered and sold of Gudou Yishui Mingting Apartments recorded during the Period.

Cost of Sales

The Group's cost of sales for the Period was approximately RMB63.9 million, representing an decrease of approximately 7.9% from approximately RMB69.4 million for the year ended 31 December 2020. Such decrease was primarily due to the decrease in cost of sales of the Group's tourism property developments, which was mainly resulted from an decrease in the GFA sold and delivered during the Period. The cost of sales of the Group's hot spring resort and hotel operations increased by approximately 0.3% to RMB62.7 million for the Period which was mainly attributable to the increase in staff costs which is partially offset by the decrease in material costs and energy expenses resulted from the Group's initiative in cost reduction.

Gross Profit and Gross Profit Margin

The Group's gross profit for the Period was approximately RMB0.1 million, representing a decrease by approximately 99.8% when compared with its gross profit of approximately RMB57.9 million for the year ended 31 December 2020. The Group's gross profit margin decreased from approximately 45.5% for the year ended 31 December 2020 to approximately 0.1% for the Period, which reflected the decrease in gross profit margin for hot spring resort and hotel operations.

For the Period, the gross loss margin for hot spring resort and hotel operations was approximately 2.9% (2020: gross profit margin approximately 43.3%). The change is primarily due to a decrease in revenue from the hot spring resort and hotel operations and the extent of decrease in cost of sales being less than the decrease in revenue from the hot spring resort and hotel operations because certain operating costs were partially fixed in nature. The gross profit margin for tourism property development for the Period was approximately 61.5% (2020: approximately 59.4%). Such increase is mainly due to the higher profit margin contributed by Gudou Yishui Mingting Apartments for the Period.

Fair Value (Losses)/Gains on Investment Properties

The Group's investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. The Group's investment properties were under medium-term leases in the PRC and were classified into two categories, land held for undetermined use and land held for development of investment properties. Fair value losses on investment properties of the Group for the Period was approximately RMB5.3 million in value, while there was a fair value gains of RMB21.0 million in previous year.

Selling Expenses

The Group's selling expenses for the Period were approximately RMB11.0 million, representing a decrease of approximately 27.2% over the selling expenses of approximately RMB15.1 million for the previous year. The decrease is primarily attributable to the decrease in adverting expenses incurred by the Group in connection with the hot spring resort and hotel operations.

Administrative Expenses

The Group's administrative expenses for the Period were approximately RMB28.9 million, representing a decrease of approximately 20.2% over the administrative expenses of approximately RMB36.2 million for the year ended 31 December 2020. The decrease was mainly attributable to the decrease in professional fee during the Period.

Income Tax Expenses

The Group's income tax credit for the Period were approximately RMB2.1 million, representing a decrease by approximately 132.3% from approximately RMB6.5 million tax expenses for the year ended 31 December 2020, which is mainly due to a decrease in PRC enterprise income 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)/Profit and Net (Loss)/Profit Margin

The Group's net loss for the Period was approximately RMB69.0 million, representing an increase in loss when compared to the net profit of the Group of approximately RMB2.9 million for the year ended 31 December 2020. Such increase in net loss was primarily attributable to a decrease in revenue recognised for the Group's hot spring resort and hotel operations business caused by the adverse effect from COVID-19.

The Group's net loss margin (which is calculated by dividing its net loss for the relevant period by the turnover for the same period) was approximately 107.8%, representing an increase in loss when compared to the net profit margin of the Group of approximately 2.2% for the year ended 31 December 2020. Such decrease was mainly due to (i) a decrease in gross profit; (ii) an increase in fair value losses on investment properties.

Adjusted net (Loss)/Profit

The Company has adjusted net (loss)/profit to eliminate the effect of certain non-cash items and one-time events including share-based payments.

Liquidity and Financial Resources and Capital Structure

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

As at 31 December 2021, the Group had bank and cash balances of approximately RMB3.4 million which were denominated in RMB and Hong Kong dollars.

There is no outstanding capital commitments of the Group as at 31 December 2021 (2020: approximately RMB6.7 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 31 December 2021, the Group had an outstanding bank loan of RMB251.1 million which were denominated in RMB and Hong Kong dollars, among which approximately RMB137.5 million were fixed rate borrowings. The annual loan repayment amounted to approximately RMB116.5 million, which was in line with the Group's repayment schedule. The proceeds from the borrowings were primarily used for capital expenditure, working capital and operating expenses of the Group. As at 31 December 2021, the Group had an outstanding related party loan of RMB4.9 million.

The Group's gearing ratio as at 31 December 2020 and 2021, which was calculated by dividing its total borrowings by its total equity as at those dates, was approximately 0.64 and 0.68, respectively. The Group's gearing ratio as at 31 December 2021 increased because of the decreased level in the total capital.

The Group remains committed to a high degree of financial control, a prudent risk management and the best utilisation of financial resources. In order to achieve better cost control and minimise its 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 31 December 2021, an amount of approximately RMB516.5 million (2020: approximately RMB597.2 million) was pledged to certain banks to secure bank facilities granted to the Group.

Significant Investments/Material Acquisitions and Disposals

On 30 July 2021, Guangdong Gudou and Guangdong Gudou Hotel Management Company Limited* (廣東古兜酒店管理有限公司) entered into a capital reduction agreement (the "Capital Reduction Agreement") with the Target Company and the Original Equity Holders. Pursuant to the Capital Reduction Agreement, the parties have agreed, among other things, to terminate the capital increase agreement dated 30 May 2019 and that Guangdong Gudou will exit the Target Company through the capital reduction and will receive a total amount equivalent to the sum of RMB24,150,000 and the interest related thereto from the Target Company. After such capital reduction, the entire equity interest in the Target Company will be held by the Original Equity Holders and the Group will cease to hold any equity interest in the Target Company.

The total amount receivable by Guangdong Gudou under the Capital Reduction Agreement is approximately RMB26,042,000 (equivalent to approximately HK\$31,250,000).

As at 31 December 2021, RMB10 million has been received by Guangdong Gudou and RMB10 million has been used as the general working capital of the Group in the manner consistent with that in the announcement of the Company dated 2 August 2021.

Save as disclosed above, the Group had not made any significant investments or material acquisitions and disposals of subsidiaries during the Period.

Contingent Liabilities

As at 31 December 2021, 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 Hong Kong 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 31 December 2021, the Group had a workforce of 352 full-time employees of whom approximately 98% were employed in the PRC and approximately 2% in Hong Kong. The Group's staff costs for the years ended 31 December 2020 and 2021 amounted to approximately RMB30.1 million and RMB35.8 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. All qualified employees of the Group in Hong Kong are required to participate in the Mandatory Provident Fund Scheme of Hong Kong under which the Group is 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 subsidiaries, 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 our service, all our new hotel staff are required to attend a three-day hospitality pre-job training. The Group also provides hospitality training to its hotel staff on a monthly basis. The Group provides its employees with work safety training to enhance their safety awareness.

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

Environmental Matters

The Company is subject to environmental laws and regulations in the PRC which govern, among others, air pollution, noise pollution and water and waste discharge. As required by the applicable laws and regulations in the PRC, property development project is required to submit an environmental impact assessment report to the relevant governmental authorities for approval before the commencement of construction work. Property developers are also required to obtain various approvals and permits at various stages of their property development projects.

The Company outsources its construction work to construction contractors, who are independent third parties. Pursuant to the respective agreements entered into between the construction contractors and the Group, the construction contractors and any subcontractors, are required to comply with the environmental impact assessment requirement and the applicable environmental laws and regulations in the PRC. During the Period, the Group paid approximately RMB49,000 (2020: RMB104,000) as the annual fee for compliance with the applicable environmental laws and regulations in the PRC.

During the Period and to the best of the Directors’ knowledge, the Group did not receive any complaint from its customers or any other parties in respect of any environmental protection issues, and the Group has not experienced any material environmental incidents arising from its manufacturing activities. During the Period, no material administrative sanctions or penalties were imposed upon the Group for the violation of environmental laws or regulations which had an adverse impact on its operations.

DIVIDEND

The Board does not recommend payment of any final dividend in respect of the Period. During the Period, no interim dividend was paid.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE PRACTICES

During the Period, the Company has complied with the code provisions set out in the CG Code as may be applicable save for the deviations mentioned below.

1. 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 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 separately.

ANNUAL GENERAL MEETING

The AGM of the Company will be held in Hong Kong on Friday, 13 May 2022. Notice of the AGM will be issued and disseminated to Shareholders in due course.

EVENTS AFTER THE REPORTING PERIOD

There is no material event undertaken by the Company or by the Group subsequent to 31 December 2021 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference that comply with the required of the CG Code. The audit committee currently comprises all independent non-executive Directors, namely Mr. Chiu Chi Wing, Mr. Wu Sai Him and Prof. Wang Dawu, and is chaired by Mr. Chiu Chi Wing. The audit committee has reviewed the annual results of the Group in respect of the Period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 10 May 2022 to Friday, 13 May 2022 (both dates inclusive) for determining eligibility to attend and vote at the AGM, all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited at Suites 3301-04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m., Friday, 6 May 2022.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company to be held on Friday, 13 May 2022
“Board”	the board of Directors of the Company
“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
“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”	the GEM of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented and/or otherwise modified from time to time as the context may require
“GFA”	gross floor area
“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 in the PRC and a wholly-owned subsidiary of the Company
“Guanshanyue Apartments”	Guanshanyue Apartments* (觀山悅公館), a tourism property project under development jointly developed by Guangdong Gudou Travel Group Company Limited* (廣東古兜旅遊集團有限公司) and GD Aoyuan in the Gudou Hot Spring Resort
“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), a tourism property project under development jointly developed by Guangdong Gudou Travel Group Company Limited* (廣東古兜旅遊集團有限公司) and GD Aoyuan in the Gudou Hot Spring Resort
“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)”	Hong Kong dollars, 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
“LAT”	Land Appreciation Tax
“Listing”	the listing of the Shares on GEM of the Hong Kong Stock Exchange on 9 December 2016
“Mountain Seaview Vacation Residence”	Mountain Seaview Vacation Residence* (山海度假公館), a completed tourism property project in the Gudou Hot Spring Resort

“Occupancy Rate”	Total Occupied Room Nights of a hotel during a period divided by the Total Available Room Nights
“Original Equity Holders”	the three individuals who in total held 100% equity interest in the Target Company prior to the capital increase, and in total held 49% equity interest in the Target Company immediately prior to the capital reduction
“Period”	the year ended 31 December 2021
“PRC” or “China” or “Mainland China”	the People’s Republic of China, save that, for the purpose of this announcement and unless the context otherwise requires, references in this announcement do not include Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 30 November 2016 issued in connection with the Listing
“Room Revenue”	revenue generated from room rates (including related service charges) of the themed hotel complexes in the Gudou Hot Spring Resort
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Target Company”	Yangjiang City Shijia Property and Development Company Limited* (陽江市世嘉房地產開發有限公司), a company established in the PRC with limited liability and is beneficially owned by the Original Equity Holders prior to the capital increase
“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
“Yuequan Huju Hotel”	Yuequan Huju Hotel* (月泉湖居酒店), a new themed hotel complex in the Gudou Hot Spring Resort which commenced operation in July 2019
“%”	per cent

In this announcement, the terms “associate(s)”, “close associate(s)”, “connected”, “connected person(s)”, “core connected person(s)”, “controlling shareholder”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings ascribed thereto under the GEM Listing Rules, unless the context otherwise requires.

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

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

Hong Kong, 25 March 2022

As at the date of this announcement, 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.

*This announcement will remain on the GEM website at **www.hkgem.com** on the “Latest Listed Company Information” page for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at **www.gudouholdings.com**.*