



GUDOU HOLDINGS LIMITED
古兜控股有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 8308)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2022**

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.

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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 in this announcement misleading.

FIRST QUARTERLY RESULTS

The Board is pleased to announce the unaudited consolidated financial statements of the Group for the three months ended 31 March 2022 together with the comparative unaudited figures for the corresponding period in 2021, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2022

	Note	Three months ended 31 March	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	3	12,925	20,055
Cost of sales		<u>(14,216)</u>	<u>(17,742)</u>
Gross (loss)/profit		(1,291)	2,313
Other income		34	45
Fair value (losses)/gains on investment properties		(690)	1,980
Share of loss of an associate		–	(392)
Selling expenses		(913)	(1,474)
Administrative expenses		<u>(6,452)</u>	<u>(7,714)</u>
Loss from operations		(9,312)	(5,242)
Finance costs		<u>(4,045)</u>	<u>(4,334)</u>
Loss before tax		(13,357)	(9,576)
Income tax credit/(expenses)	4	<u>171</u>	<u>(80)</u>
Loss for the period		(13,186)	(9,656)
Other comprehensive income for the period, net of tax			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences		<u>163</u>	<u>(152)</u>
Total comprehensive loss for the period		<u><u>(13,023)</u></u>	<u><u>(9,808)</u></u>
Loss per share			
		2022 RMB cents (Unaudited)	2021 RMB cents (Unaudited)
Basic and diluted	6	<u><u>(1.35)</u></u>	<u><u>(0.99)</u></u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	Share capital RMB'000	Share Premium RMB'000	Fair value reserve RMB'000	Foreign currency translation reserve RMB'000	Share- based payment reserve RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
As at 1 January 2022 (Audited)	8,669	99,249	(3,386)	(3,510)	11,496	(277)	69,528	201,580	383,349
Comprehensive income									
Loss for the period	-	-	-	-	-	-	-	(13,186)	(13,186)
Other comprehensive income									
Currency translation differences	-	-	-	163	-	-	-	-	163
Total comprehensive loss for the period	-	-	-	163	-	-	-	(13,186)	(13,023)
As at 31 March 2022 (Unaudited)	8,669	99,249	(3,386)	(3,347)	11,496	(277)	69,528	188,394	370,326
As at 1 January 2021 (Audited)	8,669	99,249	(2,630)	(3,997)	11,309	(277)	69,528	270,530	452,381
Comprehensive income									
Loss for the period	-	-	-	-	-	-	-	(9,656)	(9,656)
Other comprehensive income									
Currency translation differences	-	-	-	(152)	-	-	-	-	(152)
Total comprehensive loss for the period	-	-	-	(152)	-	-	-	(9,656)	(9,808)
Transactions with owners									
Share-based payment	-	-	-	-	182	-	-	-	182
As at 31 March 2021 (Unaudited)	8,669	99,249	(2,630)	(4,149)	11,491	(277)	69,528	260,874	442,755

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 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 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 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.

3 REVENUE

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

	Three months ended	
	31 March	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Resort related operation		
Admission income		
— Hot Spring Valley	3,189	3,372
Catering income	2,040	3,420
Conference fee income	126	193
Massage service income	112	274
Rental income	548	641
Other service income	1,179	1,359
Merchandise sales income	43	—
Room revenue	5,688	8,747
	<u>12,925</u>	<u>18,006</u>
Tourism properties		
Property sales	—	2,049
	<u>12,925</u>	<u>20,055</u>
Timing of revenue recognition		
At a point in time	5,535	9,308
Over time	7,390	10,747
	<u>12,925</u>	<u>20,055</u>

4 INCOME TAX (CREDIT)/EXPENSES

For the three months ended 31 March 2022, no provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong (three months ended 31 March 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 31 March	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax		
PRC enterprise income tax	1	1
Land appreciation tax	—	117
	<u>1</u>	<u>118</u>
Deferred tax	(172)	(38)
	<u>(171)</u>	<u>80</u>

5 DIVIDEND

No dividend was paid or declared by the Company during the three months ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (three months ended 31 March 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 31 March	
	2022 (Unaudited)	2021 (Unaudited)
Loss attributable to owners of the Company (RMB'000)	(13,186)	(9,656)
Weighted average number of ordinary shares in issue ('000)	<u>980,000</u>	<u>980,000</u>
Basic loss per share (RMB cents)	<u>(1.35)</u>	<u>(0.99)</u>

Note:

For the three months ended 31 March 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; and (ii) the development and sale of tourism properties in Guangdong Province.

For the three months ended 31 March 2022, revenue of the Group was approximately RMB12.9 million, representing a decrease of approximately 35.6% as compared to the corresponding period in 2021 (three months ended 31 March 2021: approximately RMB20.1 million). Loss attributable to owners of the Company for the three months ended 31 March 2022 amounted to approximately RMB13.2 million (Loss attributable to owners of the Company for the three months ended 31 March 2021: approximately RMB9.7 million).

Hot Spring Resort and Hotel Operations

The Group's hot spring resort and hotel operations business declined during the Period since various measures have been 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. The Group's turnover derived from hot spring resort and hotel operations decreased by approximately 28.2% to approximately RMB12.9 million when compared to the corresponding period of previous year. During the Period, the Group recorded a decrease in revenue generated from catering income to approximately RMB2.0 million, representing a decrease of approximately 40.4% compared to that of 2021. The room revenue generated from the Group's nine themed hotel complexes decreased by approximately 35.0% to approximately RMB5.7 million for the three months ended 31 March 2022 compared to that in 2021. The Occupancy Rate of the Group's nine themed hotel complexes decreased from approximately 26.3% for the three months ended 31 March 2021 to approximately 21.1% for the three months ended 31 March 2022. The average room rate of the Group's themed hotel complexes decreased from approximately RMB336.8 for the three months ended 31 March 2021 to approximately, RMB336.6 for the three months ended 31 March 2022, primarily attributable to lower room rates of middle-end resort hotels and Luxury Resort Hotels.

Tourism Property Development

For the three months ended 31 March 2021, the Group sold and delivered 14 units of Gudou Yishui Mingting Apartments, representing 6.9% of the total saleable GFA of Gudou Yishui Mingting Apartments which contributed revenue of approximately RMB2.0 million, whereas the Group did not conduct any sale of tourism property for the three months ended 31 March 2022. The Directors expect the sale 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.

Financial review

Revenue

The Group recorded turnover of approximately RMB12.9 million for the Period (three months ended 31 March 2021: approximately RMB20.1 million), representing a decrease of approximately 35.6% when compared with the corresponding period in the previous year. The decrease in turnover was primarily attributable to the decrease in revenue generated from the Group's hot spring resort and hotel operations business. The Group's revenue generated from hot spring resort and hotel operations decreased by approximately 28.2% to approximately RMB12.9 million, primarily attributable to the demand in local cultural tourism affected by COVID-19 epidemic and pandemic disruptions to the tourism industry was intensified.

The Group recorded turnover of approximately RMB2.0 million for the three months ended 31 March 2021 from tourism property development which was attributable to sales and delivery of the jointly developing property projects, Gudou Yishui Mingting Apartments. The Group did not record turnover from the tourism property development during the Period due to weakened demand in general real estate market environment.

Cost of Sales

The Group's cost of sales for the Period was approximately RMB14.2 million, representing a decrease of approximately 19.9% from approximately RMB17.7 million for the three months ended 31 March 2021. Such decrease was primarily due to the decrease in staff cost and material costs during the Period.

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

The Group's gross loss amounted to approximately RMB1.3 million for the Period, representing an increase of loss from approximately a gross profit of RMB2.3 million for the same period of last year, which was mainly due to the resurgence of the novel coronavirus (COVID-19). The Group's gross loss margin for the Period was approximately 10.0% as compared to a gross profit margin of approximately 11.5% for the same period of last year. Such increase in the Group's gross loss margin for the Period was primarily due to the decrease in revenue generated from the Group's hot spring resort and hotel operations business during the Period.

Loss Before Tax

The Group's loss before tax amounted to approximately RMB13.4 million for the Period when compared to a loss before tax of approximately RMB9.6 million for the same period of last year, primarily reflecting the decreased level of the Group's revenue in the Period.

Income Tax Credit/(Expenses)

The Group's income tax credit for the Period were approximately RMB0.2 million, representing a decrease by approximately 314.4% from approximately RMB0.1 million tax expenses for the three months ended 31 March 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 loss for the Period increased by approximately RMB3.5 million or approximately 36.6% to approximately RMB13.2 million as compared to a loss of approximately RMB9.7 million for the same period of last year, which was in line with the Group's decreased turnover during the Period.

BUSINESS PROSPECT

Prospect

Gudou is founded on our belief in the importance of health regimen to human beings and well-being of body and mind and the vision to improve quality of life of the general public. We believe that people are becoming more health-conscious since the outbreak of COVID-19 and demand for health and wellness business will continue to increase.

Following the impact of COVID-19, the Group has gradually established an efficient and effective business model that could adapt to the normalization of the pandemic, and kept on striving to improve the quality of Gudou's software and hardware as well as the brand recognition. We believe that tourists will come back and search for tourism spots allowing them to maintain their wellness while on the go and consumption power will bring a prosperous future after the pandemic problem is solved. The Group will continue to place health and wellness at our core. We will leverage our brand asset and continue to develop attractive product and service offering such as provision of indulgent catering options and scaling up our beauty and spa services by placing emphasis on traditional Chinese healing philosophies with an aim to elevate the level of secondary consumption within our Gudou Hot Spring Resort. Management will also seek opportunity to grows our hotel footprint in China to further diversify our income.

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 three months ended 31 March 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 three months ended 31 March 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 three months ended 31 March 2022, the Company has complied with the applicable 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.

SHARE OPTION SCHEME

The Company conditionally adopted the Share Option Scheme on 18 November 2016 which became unconditional upon the Listing for a period of 10 years from 9 December 2016.

On 5 April 2017, the Company granted Options under the Share Option Scheme. Details of the movement of the Options granted during the Period are as follows:

Grantees	Date of grant	Exercise price per Share HK\$	Exercise period	Number of Options					
				balance as at 1 January 2022	granted during the Period	exercised during the Period	cancelled/lapsed during the Period	balance as at 31 March 2022	
Directors									
Mr. Hon	5 Apr 2017	0.62	Subject to the vesting schedule below	4,900,000	–	–	–	4,900,000	
Mr. Huang Zhanxiong	5 Apr 2017	0.62	Subject to the vesting schedule below	4,900,000	–	–	–	4,900,000	
Ms. Zhen Yaman	5 Apr 2017	0.62	Subject to the vesting schedule below	2,450,000	–	–	–	2,450,000	
Mr. Hon Ka Fung	5 Apr 2017	0.62	Subject to the vesting schedule below	2,450,000	–	–	–	2,450,000	
Mr. Wu Sai Him	5 Apr 2017	0.62	Subject to the vesting schedule below	2,450,000	–	–	–	2,450,000	
Mr. Chiu Chi Wing	5 Apr 2017	0.62	Subject to the vesting schedule below	2,450,000	–	–	–	2,450,000	
Prof. Wang Dawu	5 Apr 2017	0.62	Subject to the vesting schedule below	2,450,000	–	–	–	2,450,000	
				22,050,000	–	–	–	22,050,000	
Consultant									
Mr. Hui Chin Tong Godfrey	5 Apr 2017	0.62	Subject to the vesting schedule below	7,840,000	–	–	–	7,840,000	
Employees in aggregate									
	5 Apr 2017	0.62	Subject to the vesting schedule below	16,170,000	–	–	–	16,170,000	
Total				46,060,000	–	–	–	46,060,000	

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

Exercise Period	Number of underlying Shares subject to the Options:
5 April 2018 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the Options
5 April 2019 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the Options
5 April 2020 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the Options
5 April 2021 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the Options

Note:

1. The closing price per Share as quoted on the Stock Exchange on the day immediately before the date of grant was HK\$0.60.

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 three months ended 31 March 2022.

AUDIT COMMITTEE

The audit committee has reviewed this announcement and the Group's unaudited consolidated financial results for the three months ended 31 March 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 announcement, 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(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
“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 the Target Land
“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 an indirect wholly-owned subsidiary of the Company
“Guanshanyue Apartments”	Guanshanyue Apartments* (觀山悅公館), a tourism property project under development in accordance with the 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), a tourism property project under development in accordance with the Cooperation Agreement
“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
“Occupancy Rate”	Total Occupied Room Nights of a hotel during a period divided by the Total Available Room Nights
“Option(s)”	share options granted on 5 April 2017 pursuant to the Share Option Scheme
“Period”	the three months ended 31 March 2022
“PRC”	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 and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option Scheme”	share option scheme conditionally approved and adopted by the Company on 18 November 2016
“Target Land”	the five parcels of land of approximately 67,860.7 sq.m. in total located at the Gudou Hot Spring Resort and legally and beneficially owned by Guangdong Gudou
“Total Available Room Nights”	all rooms nights available for sale excluding those under renovation or repair and those not for letting
“Total Occupied Room Nights”	all rooms nights sold and room nights provided to guests and property owners on a complimentary basis
“%”	per cent

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

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

Hong Kong, 10 May 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 and will also be published on the Company’s website at **www.gudouholdings.com**.*