



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



FIRST 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.

Financial Highlights

Selected Financial Information

For the period ended
31 March

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	Increase/ (Decrease)
Revenue			
— Hot spring resort and hotel operations and consultancy and/or management services	12,925	18,006	-28.2%
— Tourism property development	—	2,049	-100.0%
Gross (loss)/profit	(1,291)	2,313	-155.8%
Loss from operations	(9,312)	(5,242)	77.6%
Loss before income tax	(13,357)	(9,576)	39.5%
Loss for the period and loss attributable to owners of the Company	(13,186)	(9,656)	36.6%
Losses per share — basic and diluted <i>(in RMB cents)</i>	(1.35)	(0.99)	36.6%

Non-HKFRS measures

	For the three months ended 31 March		
	2022 RMB'000	2021 RMB'000	Increase/ (Decrease)
Earning before interest, tax, depreciation and amortisation (EBITDA)	(460)	3,172	-114.5%
Earning before interest, tax, depreciation, amortisation and fair value adjustments (EBITDAF)	230	1,192	-80.7%
Adjusted EBITDAF	230	1,374	-83.3%

NON-HKFRS MEASURES

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

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

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



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

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

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

Adjusted EBITDA	For the period ended 31 March	
	2022 RMB'000	2021 RMB'000
Loss from operations	(9,312)	(5,242)
Adjusted for:		
Depreciation of Property, Plant and Equipment	7,255	7,085
Depreciation of Right of use Assets	1,597	1,329
EBITDA	(460)	3,172
<i>Less: Fair value gains on investment properties</i>	690	(1,980)
EBITDAF	230	1,192
<i>Add: Share-based payment</i>	–	182
Adjusted EBITDAF	230	1,374

	2022 (Unaudited)	2021 (Unaudited)
Operation statistics		
Average Occupancy Rate		
Luxury Resort Hotels	39.6%	59.1%
Middle-end Resort Hotels	16.4%	19.4%
City Hotels	42.4%	65.3%
Overall	21.1%	26.3%
Average Room Rate (RMB/room)		
Luxury Resort Hotels	819	845
Middle-end Resort Hotels	221	232
City Hotels	152	120
Overall	337	337
RevPAR (RMB/room)		
Luxury Resort Hotels	324	500
Middle-end Resort Hotels	36	45
City Hotels	64	79
Overall	71	89

Notes:

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

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

		Three months ended 31 March	
	Note	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	3	12,925	20,055
Cost of sales		(14,216)	(17,742)
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		(6,452)	(7,714)
Loss from operations		(9,312)	(5,242)
Finance costs		(4,045)	(4,334)
Loss before tax		(13,357)	(9,576)
Income tax credit/(expenses)	4	171	(80)
Loss for the period		(13,186)	(9,656)

		Three months ended 31 March	
	<i>Note</i>	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
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>(13,023)</u>	<u>(9,808)</u>
Loss per share			
		2022 RMB cents (Unaudited)	2021 RMB cents (Unaudited)
Basic and diluted	6	<u>(1.35)</u>	<u>(0.99)</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)	<u>8,669</u>	<u>99,249</u>	<u>(3,386)</u>	<u>(3,347)</u>	<u>11,496</u>	<u>(277)</u>	<u>69,528</u>	<u>188,394</u>	<u>370,326</u>

	Share capital RMB'000	Share Premium RMB'000	Fair value reserve RMB'000	Foreign currency translation reserve RMB'000	Share-based payment reserve RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
As at 1 January 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)	<u>8,669</u>	<u>99,249</u>	<u>(2,630)</u>	<u>(4,149)</u>	<u>11,491</u>	<u>(277)</u>	<u>69,528</u>	<u>260,874</u>	<u>442,755</u>

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 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.

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 RMB'000 (Unaudited)	2021 RMB'000 (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
	12,925	18,006
Tourism properties		
Property sales	—	2,049
	12,925	20,055
Timing of revenue recognition		
At a point in time	5,535	9,308
Over time	7,390	10,747
	12,925	20,055

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
	<hr/>	<hr/>
	1	118
Deferred tax	(172)	(38)
	<hr/>	<hr/>
	(171)	80
	<hr/> <hr/>	<hr/> <hr/>

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)	980,000	980,000
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 grow our hotel footprint in China to further diversify our income.

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

As at 31 March 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 Exchange 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 31 March 2022 (Note 2)
Mr. Hon	Interest of a controlled corporation (Notes 3) Beneficial owner (Note 4)	336,500,000 (L)	4,900,000	341,400,000	34.84%
Mr. Huang Zhanxiong	Beneficial owner (Note 4)	—	4,900,000	4,900,000	0.50%
Ms. Zhen Yaman	Beneficial owner (Note 4)	—	2,450,000	2,450,000	0.25%
Mr. Hon Ka Fung	Beneficial owner (Note 4)	—	2,450,000	2,450,000	0.25%
Mr. Wu Sai Him	Beneficial owner (Note 4)	—	2,450,000	2,450,000	0.25%
Mr. Chiu Chi Wing	Beneficial owner (Note 4)	—	2,450,000	2,450,000	0.25%
Prof. Wang Dawu	Beneficial owner (Note 4)	—	2,450,000	2,450,000	0.25%

Notes:

- 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 31 March 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.

4. These underlying shares of the Company held under equity derivatives represented the share options (being regarded for the time being as unlisted physically settled equity derivatives) granted by the Company under its Share Option Scheme. Particulars of these share options and their movements during the three months ended 31 March 2022 are set out in the section headed "Share Option Scheme".

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as is known to any Director or chief executive of the Company, as at 31 March 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 31 March 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)	4,900,000	341,400,000	34.84%
Phoenix Virtue Limited	Beneficial owner (Note 4)	286,000,000 (L)	—	286,000,000	29.18%
Add Hero Holdings Limited	Interest of a controlled corporation (Note 4)	286,000,000 (L)	—	286,000,000	29.18%
China Aoyuan Group Limited	Interest of a controlled corporation (Note 4)	286,000,000 (L)	—	286,000,000	29.18%
Fu An	Beneficial owner (Note 5)	60,000,000 (L)	—	60,000,000	6.12%
Wealth Promise	Nominee for another person (Note 5)	60,000,000 (L)	—	60,000,000	6.12%
Mr. Li Chao Wang	Interest of a controlled corporation (Note 6)	97,500,000 (L)	—	97,500,000	9.95%
Ms. Song Min	Interest of spouse (Note 7)	97,500,000 (L)	—	97,500,000	9.95%

Notes:

- 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 31 March 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 is wholly-owned by Add Hero Holdings Limited, which in turn is wholly-owned by China Aoyuan Group Limited. China Aoyuan Group Limited is owned as to 47.05% by Ace Rise Profits Limited and 56.01% by Joy Pacific Group Limited (including interests held by Ace Rise Profits Limited). Ace Rise Profits Limited is owned as to 90% by Joy Pacific Group Limited, which in turn is wholly-owned by Sturgeon Limited. Sturgeon Limited is wholly-owned by Asia Square Holdings Ltd., as nominee and trustee for J. Safra Sarasin Trust Company (Singapore) Ltd. as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. Mr. Guo Ziwen and Ms. Jiang Miner are the settlors of The Golden Jade Trust.
5. These Shares are registered in the name of Wealth Promise as the nominee of Fu An. Wealth Promise is wholly-owned by Fu An.
6. Fu An is beneficially owned as to 74.21% by Mr. Li Chao Wang. By virtue of the SFO, Mr. Li Chao Wang is deemed to be interested in all the Shares owned by Fu An. Mr. Li Chao Wang is also deemed to be interested in all the Shares beneficially owned by Grand Luck, namely 37,500,000 Shares, by virtue of the SFO, as he beneficially owns the entire issued share capital of Grand Luck. Accordingly, Mr. Li Chao Wang is deemed to be interested in a total of 97,500,000 Shares under the SFO.
7. By virtue of the SFO, Ms. Song Min, the spouse of Mr. Li Chao Wang, is deemed to be interested in all the Shares in which Mr. Li Chao Wang is interested.

Save as disclosed above, as at 31 March 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.

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 Zhanxiang	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 report 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 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(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
“Fu An”	Fu An International Investments Limited (富安國際投資有限公司), a company incorporated in Hong Kong, which is beneficially owned as to 74.21% by Mr. Li Chao Wang, 15.79% by Ms. Yu Yi Fang and 10.00% by Mr. Dong Yi Ping, all of whom are independent third parties
“GD Aoyuan”	Guangdong Aoyuan Co., Ltd.* (奧園集團(廣東)有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of China Aoyuan Group Limited
“GEM”	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
“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 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
“Harvest Talent”	Harvest Talent Investments Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Hon and is one of the controlling shareholders of the Company
“HK\$” or “HK dollar(s)” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing”	the listing of the Shares on GEM on 9 December 2016

“Mr. Hon”	Mr. Hon Chi Ming, founder, chairman, chief executive officer, an executive Director and a controlling shareholder of the Company
“Mrs. Hon”	Ms. Li Wai Ling, the spouse of Mr. Hon and the mother of Mr. Hon Ka Fung
“Occupancy Rate”	Total Occupied Room Nights of a hotel during a period divided by the Total Available Room Nights
“Option(s)”	share options granted on 5 April 2017 pursuant to the Share Option Scheme
“Period”	the three months ended 31 March 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
“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

“Wealth Promise”

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

“Yuequan Huju Hotel”

Yuequan Huju Hotel* (月泉湖居酒店), a new themed hotel complex which commenced operation in July 2019

“%”

per cent

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

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

Hong Kong, 10 May 2022

As at the date of this report, the executive Directors are Mr. Hon Chi Ming, Mr. Huang Zhanxiong, Ms. Zhen Yaman and Mr. Hon Ka Fung, the non-executive Director is Mr. Ruan Yongxi, and the independent non-executive Directors are Mr. Wu Sai Him, Mr. Chiu Chi Wing and Prof. Wang Dawu.