



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 2019

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 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 2019 together with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 RMB'000	2018 RMB'000
Revenue	5	238,221	248,729
Cost of sales		<u>(132,376)</u>	<u>(157,441)</u>
Gross profit		105,845	91,288
Other income		269	428
Fair value gains on investment properties		30,480	53,500
Selling expenses		(19,105)	(26,755)
Administrative expenses		(49,317)	(47,947)
Net impairment loss on financial assets	9	(1,774)	(1,767)
Share of loss of an associate		<u>(1,142)</u>	<u>—</u>
Profit from operations		65,256	68,747
Finance costs		<u>(17,463)</u>	<u>(13,849)</u>
Profit before tax		47,793	54,898
Income tax expenses	6	<u>(23,179)</u>	<u>(39,328)</u>
Profit for the year		24,614	15,570
Other comprehensive loss for the year, net of tax			
<i>Item that may be reclassified to profit or loss:</i>			
Currency translation differences		(219)	(832)
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on financial assets at fair value through other comprehensive income		<u>(604)</u>	<u>(2,124)</u>
Total comprehensive income for the year		<u>23,791</u>	<u>12,614</u>
Earnings per share			
		2019 RMB cents	2018 RMB cents
Basic earnings per share	8	2.51	1.59
Diluted earnings per share	8	<u>2.47</u>	<u>1.54</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		2019	2018
	Note	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		292,888	249,356
Prepaid land lease payments		—	7,020
Right-of use assets		23,280	—
Investment properties		584,470	661,620
Financial assets at fair value through other comprehensive income		1,273	1,877
Investment in an associate		64,028	—
Deferred tax assets		2,353	1,297
		<u>968,292</u>	<u>921,170</u>
Current assets			
Properties held for sale		109,772	37,732
Inventories		3,688	3,622
Accounts receivable	9	16,255	60,700
Prepaid land lease payments		—	326
Prepayments, deposits and other receivables		14,347	44,199
Amount due from a joint operator		13,221	—
Restricted bank balances		29,307	—
Bank and cash balances		60,687	41,492
		<u>247,277</u>	<u>188,071</u>
TOTAL ASSETS		<u><u>1,215,569</u></u>	<u><u>1,109,241</u></u>

		2019	2018
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities			
Accounts payable	10	57,196	79,856
Accruals and other payables		34,211	45,405
Amount due to an associate		15,000	—
Borrowings		117,517	58,172
Lease liabilities		7,792	—
Current tax liabilities		59,646	60,044
Contract liabilities		36,397	31,948
		<u>327,759</u>	<u>275,425</u>
Non-current liabilities			
Borrowings		211,420	233,339
Lease liabilities		9,120	—
Amount due to an associate		30,020	—
Deferred tax liabilities		175,653	169,541
Deferred income		13,550	8,500
		<u>439,763</u>	<u>411,380</u>
TOTAL LIABILITIES		<u>767,522</u>	<u>686,805</u>
Capital and reserves			
Share capital	11	8,669	8,669
Reserves		439,378	413,767
TOTAL EQUITY		<u>448,047</u>	<u>422,436</u>
TOTAL LIABILITIES AND EQUITY		<u>1,215,569</u>	<u>1,109,241</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 Clifton House, 75 Fort Street, 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 hot spring resort and hotel operations and tourism property development.

These financial statements are presented in 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.

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

As at 31 December 2019, the Group's current liabilities exceeded its current assets by RMB80,482,000 (2018: RMB87,354,000) which is mainly attributable to current bank borrowings of RMB117,517,000 (2018: RMB58,172,000). The Group's current liabilities also consisted of contract liabilities of RMB36,397,000 (2018: RMB31,948,000) arising from deposits received from customers which will be recognised as revenue upon fulfilment of the obligation in delivering the properties and/or delivering services to the customer.

3. **Going concern** (*Continued*)

Following the outbreak of Coronavirus Disease 2019 (“the COVID-19 outbreak”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across mainland China, including postponement of work resumption after the Chinese New Year holiday in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements and encouraged social distancing, etc. Such precautionary and control measures has limited the normal operations of the Group in mainland China, in particular the Group’s hotel and resort operation was suspended temporarily. In light of the negative impact brought upon by the COVID-19 outbreak, it may cause a short-term impact on all sectors and the Group’s hotel and resort operation and property sales have also been affected by the short-term psychological impact of the public on the epidemic. If the present situation in respect of the COVID-19 outbreak continues and the restrictions and control measures are prolonged, the Group’s operation performance and cash flow may be negatively affected.

In view of such circumstances, the directors have assessed the appropriateness of adopting the going concern basis for the preparation of the consolidated financial statements for the year ended 31 December 2019. The directors of the Company has reviewed a cash flow projection of the Group prepared by management covering a period of not less than twelve months from 31 December 2019 taking into account the following plans and measures into consideration:

- (i) Despite the temporary suspension of hotel and resort operation from 28 January 2020 to 5 March 2020 due to the outbreak of Coronavirus Disease 2019, the Group is closely monitoring the development and taking actions to minimise the impact to operating performance of the Group. With the gradual uplifting of the control and precautionary measures for the COVID-19 outbreak, the Group is confident that the hotel and resort operation will resume to normal during the year and generate net cash inflow from its operations;
- (ii) The Group will commence the presale of its property development project as planned and receive proceeds from sale of properties in the expected timeframe; and
- (iii) The Group had available committed facilities of RMB17,500,000 as at 31 December 2019 and the directors believe that the bank borrowings will be repaid in accordance with the scheduled dates as set out in the relevant loan agreements. Subsequent to the year end date, the Group further obtained a 3 years committed loan facility of RMB100,000,000 from a licenced money lender in the PRC and is also in the process of obtaining a 3 years loan facility of RMB150,000,000, which is expected to be finalised by the second quarter of 2020. Given the good track records and relationships the Group has with the banks, the directors are of the opinion that the Group will be able to renew the existing banking facilities with the banks when their current terms expire and to secure new bank borrowings, as and when needed.

Notwithstanding the above, whether the Group will be able to continue as a going concern would depend upon timely generation of sufficient cash flow from its hotel and resort operation, successful and timely sales of the properties held for sale, continuous availability of its existing banking facilities and obtaining adequate new banking facilities as and when need. 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 assumptions, 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 2019. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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 2019:

Standards	Subject of amendment
HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment features with negative compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to Annual Improvements Project	Annual improvements 2015–2017 cycle
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
HK(IFRIC)-Int 23	Uncertainty over income tax treatments

The Group changed its accounting policies for leases with effect from 1 January 2019 following the adoption of HKFRS 16 “Leases” (“HKFRS 16”) as disclosed in Note 4.2. All other amendments to standards and interpretation listed above do not have a significant effect on the Group’s accounting policies.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 3	Definition of a business	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
HKFRS 17	Insurance contracts	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Note

Note: To be announced by HKICPA

The Group will adopt the new and amended standards when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new and amended standards and new interpretations, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

4. Changes in accounting policy and disclosures *(Continued)*

4.2 *Changes in accounting policy and disclosures*

HKFRS 16 Lease

The following explains the impact of the adoption of HKFRS 16 on the Group's financial information. As indicated in note 4.1(a) above, the Group has adopted HKFRS 16 retrospectively from 1st January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.58%.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following recognition exemptions and practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- exempting operating leases for which the underlying assets are of low value
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

4. Changes in accounting policy and disclosures (Continued)

4.2 Changes in accounting policy and disclosures (Continued)

HKFRS 16 Lease (Continued)

(i) Practical expedients applied (Continued)

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) — 4 “Determining whether an Arrangement contains a Lease”.

	<i>RMB'000</i>
Operating lease commitments disclosed as at 31 December 2018	21,972
Discounted using the lessee's incremental borrowing rate at the date of initial application	20,746
Less: short-term leases recognised on a straight-line basis as expense	(794)
Add: adjustments as a result of a different treatment of extension options	2,910
Lease liabilities recognised as at 1 January 2019	22,862
Of which are:	
— Current lease liabilities	7,156
— Non-current lease liabilities	15,706
	22,862

(ii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payment relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018.

Prepaid land lease payments previously presented as a separate item on the consolidated statement of financial position is grouped as part of right-of-use assets with effect from 1 January 2019.

4. Changes in accounting policy and disclosures (Continued)

4.2 Changes in accounting policy and disclosures (Continued)

HKFRS 16 Lease (Continued)

(ii) Measurement of right-of-use assets (Continued)

The recognised right-of-use assets relate to the following types of assets:

	As at 31 December 2019 RMB'000	As at 1 January 2019 RMB'000
Buildings	16,260	22,862
Prepaid land lease payments	7,020	7,346
	<u>23,280</u>	<u>30,208</u>

(iii) Adjustments recognised on the adoption of HKFRS 16

Changes in accounting policies affected the following items in the consolidated statement of financial position on 1 January 2019:

Consolidated statement of financial position (extract)	31 December 2018 as originally presented RMB'000	Effects of the adoption of HKFRS 16 RMB'000	1 January 2019 Restated RMB'000
Non-current assets			
Prepaid land lease payments	7,020	(7,020)	—
Right-of-use assets	—	30,208	30,208
Current assets			
Prepaid land lease payments	326	(326)	—
Current liabilities			
Lease liabilities	—	9,781	9,781
Accruals and other payables	45,405	(2,625)	42,780
Non-current liabilities			
Lease liabilities	<u>—</u>	<u>15,706</u>	<u>15,706</u>

5. Revenue

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

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Property sales	48,697	105,997
Properties renovation income	28,250	—
Room revenue	64,712	53,605
Admission income	38,257	34,518
Catering income	24,916	27,559
Rental income	2,407	1,279
Massage service income	2,571	2,173
Conference fee income	1,936	2,937
Consultancy service income	18,973	17,150
Other service income	7,502	3,511
	<u>238,221</u>	<u>248,729</u>

6. Income tax expenses

For the year ended 31 December 2019, no provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong (2018: Nil). The Group's subsidiaries in the PRC are subject to the PRC enterprise income tax at a rate of 25% (2018: 25%) on estimated assessable profits.

	Year ended 31 December	
	2019 RMB'000	2018 RMB'000
Current tax		
PRC enterprise income tax	15,505	12,444
Land appreciation tax	2,618	17,162
	<u>18,123</u>	<u>29,606</u>
Deferred tax	5,056	9,722
	<u>23,179</u>	<u>39,328</u>

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% (2018: 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 determined by the local tax bureau. Management adopted the progressive rate from 30% to 60% (2018: 30% to 60%) according to their best estimation.

7. Dividend

No dividend was paid or declared by the Company during the year ended 31 December 2019, nor has any dividend been proposed since the end of the reporting period (2018: Nil).

8. Earnings per share

Basic

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

	Year ended 31 December	
	2019	2018
Profit attributable to owners of the Company (<i>RMB'000</i>)	24,614	15,570
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>980,000</u>	<u>980,000</u>
Basic earnings per share (<i>RMB cents</i>)	<u><u>2.51</u></u>	<u><u>1.59</u></u>

Diluted

Diluted 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.

	Year ended 31 December	
	2019	2018
Profit attributable to owners of the Company (<i>RMB'000</i>)	24,614	15,570
Weighted average number of ordinary shares in issue (<i>'000</i>)	980,000	980,000
Adjustments for:		
Share options (number of shares) (<i>'000</i>)	<u>17,891</u>	<u>31,194</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>'000</i>)	<u>997,891</u>	<u>1,011,194</u>
Diluted earnings per share (<i>RMB cents</i>)	<u><u>2.47</u></u>	<u><u>1.54</u></u>

9. Accounts receivable

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
Accounts receivable	21,776	64,447
Less: allowance for impairment	(5,521)	(3,747)
Accounts receivable, net	<u>16,255</u>	<u>60,700</u>

The Group allows an average credit period ranging from 30 to 90 days (2018: 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 (2018: 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					
	2019			2018		
	Travel agencies	Property purchasers	Total	Travel agencies	Property purchasers	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Up to 30 days	7,424	—	7,424	5,140	49,932	55,072
31 to 60 days	1,924	—	1,924	840	—	840
61 to 90 days	1,365	—	1,365	130	—	130
Over 90 days	<u>5,040</u>	<u>6,023</u>	<u>11,063</u>	<u>1,016</u>	<u>7,389</u>	<u>8,405</u>
	<u>15,753</u>	<u>6,023</u>	<u>21,776</u>	<u>7,126</u>	<u>57,321</u>	<u>64,447</u>

9. Accounts receivable (Continued)

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

	As at 31 December	
	2019 RMB'000	2018 RMB'000
At the beginning of the year	(3,747)	(1,980)
Net impairment losses on financial assets	<u>(1,774)</u>	<u>(1,767)</u>
At the end of the year	<u><u>(5,521)</u></u>	<u><u>(3,747)</u></u>

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 their fair values.

As at 31 December 2019, accounts receivable of RMB12,861,000 (2018: RMB6,475,000) were pledged to secure a bank loan.

10. Accounts payable

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

	As at 31 December	
	2019 RMB'000	2018 RMB'000
Up to 90 days	10,318	24,734
91 to 180 days	7,318	6,305
181 to 365 days	6,806	5,980
Over 1 year	<u>32,754</u>	<u>42,837</u>
	<u><u>57,196</u></u>	<u><u>79,856</u></u>

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

11. Share capital

	Number of shares (thousands)	Share capital RMB'000
As at 1 January 2018 and 2019	980,000	8,669
As at 31 December 2018 and 2019	980,000	8,669

12. Events after the reporting period

Following the outbreak of Coronavirus Disease 2019 (“the **COVID-19 outbreak**”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country, including extension of the Chinese New Year holiday nationwide, postponement of work resumption after the Chinese New Year holiday in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in offices, etc.

In response to the precautionary policies and measures implemented by the Guangdong provincial government to deter the spread of the COVID-19 outbreak, the operation of Gudou Hot Spring Resort was temporarily suspended from 28 January to 5 March 2020. The operation was partially resumed for certain hotels, facilities and restaurants at Gudou Hot Spring Resort on 6 March 2020. The COVID-19 outbreak in the short term has led to the decrease in visitors and occupancy rates, the temporary suspension of certain operations of the resort and hot spring facilities, thus reducing the revenue in the first quarter of 2020. On the other hand, for the property development project in the PRC which was originally expected to be completed and delivered in the second half of 2020, the management considered that the COVID-19 outbreak currently has minimal impact on the development progress. However, it may have impact on the completion timeline if the COVID-19 outbreak continues.

The Group will also continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. Pending development of such subsequent non-adjustment event, the Group’s financial results may be affected, to extend of which could not be estimated as at the date of this financial statements.

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 2019 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to this set out in the Group's draft 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 review

The Group is principally engaged in the operation and management of Gudou Hot Spring Resort and the development and sale of tourism properties within Gudou Hot Spring Resort.

During the Period, the Group recorded a turnover of approximately RMB238.2 million, representing a decrease of approximately 4.2% when compared to that of the previous year. Profit attributable to owners of the Company for the Period was approximately RMB24.6 million (profit attributable to owners of the Company for the corresponding period in 2018: RMB15.6 million), representing an increase of approximately 58.1% when compared to that of the previous year mainly due to the following factors:

- (i) an increase in revenue generated from hot spring resort and hotel operations, partially contributed by the revenue from the new themed hotel complex, Yuequan Huju Hotel, which commenced its operations in July 2019; and
- (ii) the provision of renovation services to the tourism property customers contributed approximately RMB28.3 million to the revenue in the Period.

Due to the impact of the outbreak of Coronavirus on the global tourism, the Company expects that the financial performance of the Group will likely have a negative impact in the first quarter of 2020 as compared to that in the fourth quarter of 2019.

Notwithstanding these challenging times, the Company will continue to be proactive in managing its financial resources obtained from its operations for allocating on the operations of the hot spring resort and hotels and expansion of its tourism property development businesses.

Hot Spring Resort and Hotel Operations

The hot spring resort and hotel operations business has demonstrated a steady growth in the Period. The Group's turnover derived from hot spring resort and hotel operations increased by approximately 13% to approximately RMB161.3 million when compared to that in the previous year. The Group believes that the growth in revenue from the hot spring resort and hotel operations business reflected the achievement of the Group's business strategy to enhance the "Gudou" brand across the PRC.

During the Period, the Group recorded an increase in admission income by approximately 10.8% which was mainly attributable to an increase in the number of visitors to the Gudou Hot Spring Resort.

The Room Revenue generated from the themed hotel complexes increased by approximately 20.7% in the Period compared to that in 2018. The Occupancy Rate of the themed hotel complexes increased by approximately 1.9% from approximately 34.7% in 2018 to approximately 36.6% in 2019. The increase in Room Revenue was mainly due to the increase in average room rate and a slight increase in the Occupancy Rate. The increase in both the average room rate and the Occupancy Rate was mainly a result of the newly-opened Yuequan Huju Hotel in July 2019. The average room rate increased from approximately RMB269.05 for the year ended 31 December 2018 to approximately RMB334.04 for the year ended 31 December 2019.

Consultancy services contributed approximately RMB19.0 million to the revenue of the Group in the Period, representing an increase of approximately 10.6% as compared to that in the previous year.

Tourism Property Development

The Group recorded a decrease in revenue of approximately 27.4% from the tourism property development business of approximately RMB76.9 million in 2019 as compared to approximately RMB106.0 million in 2018. Such decrease was mainly attributable to a decrease in GFA sold and delivery of Heart of Spring Apartments during the year.

During the Period, the Group sold and delivered 110 units of Heart of Spring Apartments, representing approximately 36.1% of the total saleable GFA of Heart of Spring Apartments which contributed approximately RMB46.2 million to the revenue of the Group and sold and delivered 4 units of Mountain Seaview Vacation Residence, representing approximately 1.0% of the total saleable GFA of Mountain Seaview Vacation Residence which contributed approximately RMB1.9 million to the revenue of the Group; and the Group also sold and delivered 3 units of Joyful Apartments, representing approximately 1.4% of the total saleable GFA of Joyful Apartments which contributed approximately RMB0.6 million to the revenue of the Group.

The provision of renovation services to the tourism property customers contributed approximately RMB28.3 million to the revenue in 2019.

In the fourth quarter of 2019, the two tourism property projects, namely, Guanshanyue Apartments and Gudou Yishui Mingting Apartments under the development in accordance with the Cooperation Agreement, each of which passed all the necessary development inspection and acceptance and were granted pre-sale permit. 96 units of the Gudou Yishui Mingting Apartments and 3 units of the Guanshanyue Apartments were pre-sold as at 31 December 2019. The Group and GD Aoyuan planned to further sell the properties in 2020.

Outlook

Looking ahead in 2020, the Company will substantiate its growth and create long-term Shareholder's value by focusing primarily on the PRC hot spring and hotel market and expanding the Group's tourism property development business through the implementation of its core business strategies. The Company will continue to operate Gudou Hot Spring Resort and provide quality services to the Group's customers with a belief in the importance of health regimen to human beings and well-being of body and mind. Further, the Company will leverage its "Gudou" brand and explore opportunities to provide management or consultancy services to other leisure hotels or resorts.

Tourism property development business will continue to be focused by the Company in 2020. Since most of the units of Heart of Spring Apartments were delivered in 2019, the Group's revenue and profits (if any) will likely drop significantly in the first quarter of 2020 as compared to the fourth quarter of 2019. The Company expects major pre-sale of Gudou Yishui Mingting Apartments and Guanshanyue Apartments to be continued in 2020 and properties to be delivered to its customers from 2020 onwards. According to the revenue recognition policy, the Group will recognise revenue from property sales when the construction is completed and properties are delivered to its customers. If the development and sale of properties proceed as scheduled without major hindrance, the Company expects the delivery of properties will have a positive financial impact on the full-year results of the Group for 2020.

The hot spring resort and hotel operations business will also be focused by the Company despite the outbreak of the novel coronavirus (Covid-19), which has severely affected its operation. The Company will continue to monitor the evolving situation and deploy cost savings strategies significantly to minimise the negative impact on the Group even though the Directors expect the first quarter performance to lag behind that of 2019.

In spite of facing the uncertainties in the coming year, with the Group's solid foundation in the hot spring and hotel industry, the Directors remain cautiously optimistic towards the long term of our business.

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 2019. 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 2019**

- | | |
|---|--|
| 1. Continue to enhance the Group's position in the hot spring and hotel industry | The Group's effort in respect of enhancing its position in the hot spring and hotel industry is still ongoing. |
| (i) Replicate the Group's business model to operate new hot spring resorts and hotels | (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. |
| (ii) Provide management services to other hot spring resort owners | (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. During the Period, the Group entered into consultancy agreements with various independent third parties regarding provision of consultancy services in relation to strategic planning in the early stage of project development to leisure hotels and resorts in Gansu Province and Sichuan Province. |
| 2. Plan to expand the tourism property development business of the Group | <p>To prepare the Group for the expansion of the tourism property development business, the Group 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.</p> <p>During the Period, the Group sold and delivered 110 units of Heart of Spring Apartments. The Directors expect the major pre-sale of the jointly developing property projects, Gudou Yishui Mingting Apartments and Guanshanyue Apartments, to continue in 2020 and properties to be delivered to its customers from 2020 onwards.</p> |

Business Objectives

Actual Business Progress up to 31 December 2019

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:

- Chinese new year celebrations in January to February 2019
- crab festival in April 2019
- carnival in May 2019
- water parties in July 2019
- Yuequan Huju Hotel opening ceremony in July 2019
- mid-autumn festival in September 2019
- carnival in October 2019
- carrot festival in December 2019
- New Year Eve celebration in December 2019

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 RMB238.2 million (2018: approximately RMB248.7 million), representing a decrease of approximately 4.2% 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 tourism property development, partially offset by the increase in revenue generated from the Group's hot spring resort and hotel operations. The turnover from the Group's hot spring resort and hotel operations increased by approximately 13.0% from approximately RMB142.7 million in the previous year to approximately RMB161.3 million for the Period. Such increase was mainly driven by an increase in room revenue and admission income due to an increase in the number of visitors to the Gudou Hot Spring Valley and the commencement of operation of the Group's sixth themed hotel complex, Yuequan Huju Hotel, in mid 2019. The Group's turnover attributable to tourism property development recorded a decline of approximately 27.4% from approximately RMB106.0 million for the year ended 31 December 2018 to approximately RMB76.9 million for the Period. The decrease was primarily attributable to the decrease in GFA delivered and sold as most units of Heart of Spring Apartments were sold and delivered in 2018, which was partially offset by the increase in properties renovation income.

Cost of Sales

The Group's cost of sales for the Period was approximately RMB132.4 million, representing a decrease of approximately 15.9% from approximately RMB157.4 million for the year ended 31 December 2018. Such decrease was primarily due to the decrease in cost of sales of the Group's tourism property developments, which was mainly resulted from a decrease in the GFA sold and delivered during the Period. The decrease was partially offset by the increase in the cost of renovation services. The cost of sales of the Group's hot spring resort and hotel operations decreased by approximately 13.4% for the Period which was mainly attributable to the decrease in staff costs and the decrease in the amortisation of prepayments for renovation during the Period as compared to that in the corresponding period of 2018.

Gross Profit and Gross Profit Margin

The Group's gross profit for the Period was approximately RMB105.8 million, representing an increase by approximately 15.9% when compared with its gross profit of approximately RMB91.3 million for the year ended 31 December 2018. The Group's gross profit margin increased from approximately 36.7% for the year ended 31 December 2018 to approximately 44.4% for the Period, which reflected the increase in gross profit margin for hot spring resort and hotel operations.

For the Period, the gross profit margin for hot spring resort and hotel operations was approximately 47.6% (2018: approximately 31.6%). The increase is primarily due to an increase in revenue of our hot spring resort, a decrease in staff costs and a decrease in the amortisation of prepayments for renovation. The gross profit margin for tourism property development for the Period was approximately 37.8% (2018: approximately 43.5%). Such decrease is mainly due to the lower average selling price of Heart of Spring Apartments which were sold and delivered for the Period.

Fair Value 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 gains on investment properties of the Group at the end of 2019 was approximately RMB30.5 million in value, representing a decrease of approximately 43.0% as compared to the gains of RMB53.5 million of previous year.

Selling Expenses

The Group's selling expenses for the Period were approximately RMB19.1 million, representing a decrease of approximately 28.6% over the selling expenses of approximately RMB26.8 million for the previous year. The decrease is primarily attributable to the decrease in promotional expenses incurred by the Group in connection with the sales of tourism properties.

Administrative Expenses

The Group's administrative expenses for the Period were approximately RMB49.3 million, representing an increase of approximately 2.9% over the administrative expenses of approximately RMB47.9 million for the year ended 31 December 2018.

Income Tax Expenses

The Group's income tax expenses for the Period were approximately RMB23.2 million, representing a decrease by approximately 41.1% from approximately RMB39.3 million for the year ended 31 December 2018, which is mainly due to a decrease in LAT and a decrease in deferred tax expenses, which were in line with the Group's decreased property sales and fair value gains on investment properties during the Period .

Net Profit and Net Profit Margin

The Group's net profit for the Period was approximately RMB24.6 million, representing an increase of 58.1% when compared to the net profit of the Group of approximately RMB15.6 million for the year ended 31 December 2018. Such increase in net profit was primarily attributable to an increase in revenue recognised for the Group's hot spring resort and hotel operations business as the new themed hotel complex, Yuequan Huju Hotel, commenced operations and attracted more visitors to the Gudou Hot Spring Resort.

The Group's net profit margin (which is calculated by dividing its net profits for the relevant period by the turnover for the same period) also increased from approximately 6.3% for 2018 to approximately 10.3% for the Period. Such increase was mainly due to (i) an increase in gross profit margin; (ii) a decrease in selling expenses; and (iii) a decrease in income tax expenses, partially offset by a decrease in fair value gains on investment properties.

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 2019, the Group had bank and cash balances of approximately RMB60.7 million which were denominated in RMB and Hong Kong dollars.

The Group's outstanding capital commitments as at 31 December 2019 amounted to approximately RMB8.6 million (2018: approximately RMB30.0 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 2019, the Group had an outstanding bank loan of RMB328.9 million which were denominated in RMB and Hong Kong dollars, among which approximately RMB136.3 million were fixed rate borrowings. The annual loan repayment amounted to approximately RMB97.6 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 2019, there were no outstanding shareholders' loans.

The Group's gearing ratio as at 31 December 2018 and 2019, which was calculated by dividing its total borrowings by its total equity as at those dates, was approximately 0.73 and 0.69, respectively. The Group's gearing ratio as at 31 December 2019 was stable because the increase in the total borrowings was largely in line with that of the total equity.

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 2019, an amount of approximately RMB528.1 million (2018: approximately RMB462.5 million) was pledged to certain banks to secure bank facilities granted to the Group.

Significant Investments/Material Acquisitions and Disposals

The Group had not made any significant investments or material acquisitions and disposals of subsidiaries during the Period.

Contingent Liabilities

As at 31 December 2019, 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 2019, the Group had a workforce of 583 full-time employees of whom approximately 98.6% were employed in the PRC and approximately 1.4% in Hong Kong. The Group's staff costs for the years ended 31 December 2018 and 2019 amounted to approximately RMB54.0 million and RMB48.0 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, 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 RMB207,000 (2018: RMB240,000) 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.

Interest of Compliance Adviser

Except for the compliance adviser agreement entered into between the Company and Zhongtai International Capital Limited ("**Zhongtai International**") dated 31 May 2018 which ended during the Period, Zhongtai International and its respective directors, employees and close associates did not have any interest in relation to the Company or any members of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

ANNUAL GENERAL MEETING

The AGM of the Company will be held in Hong Kong on Thursday, 18 June 2020. Notice of the AGM will be issued and disseminated to Shareholders in due course.

EVENTS AFTER THE REPORTING PERIOD

Following the outbreak of Coronavirus Disease 2019 ("**the COVID-19 outbreak**") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country, including extension of the Chinese New Year holiday nationwide, postponement of work resumption after the Chinese New Year holiday in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in offices, etc.

In response to the precautionary policies and measures implemented by the Guangdong provincial government to deter the spread of the COVID-19 outbreak, the operation of Gudou Hot Spring Resort was temporarily suspended from 28 January to 5 March 2020. The operation was partially resumed for certain hotels, facilities and restaurants at Gudou Hot Spring Resort on 6 March 2020. The COVID-19 outbreak in the short term has led to the decrease in visitors and occupancy rates, the temporary suspension of certain operations of the resort and hot spring facilities, thus reducing the revenue in the first quarter of 2020. On the other hand, for the property development project in the PRC which was originally expected to be completed and delivered in the second half of 2020, the management considered that the COVID-19 outbreak currently has minimal impact on the development progress. However, it may have impact on the completion timeline if the COVID-19 outbreak continues.

The Group will also continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. Pending development of such subsequent non-adjustment event, the Group's financial results may be affected, to extend of which could not be estimated as at the date of this financial statements.

Save as disclosed above, there is no material event undertaken by the Company or by the Group subsequent to 31 December 2019 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 Thursday, 11 June 2020 to Thursday, 18 June 2020 (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, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m., Wednesday, 10 June 2020.

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 Thursday, 18 June 2020
“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
“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
“Joyful Apartments”	Joyful Apartments* (樂活城公寓), a completed tourism property project in the Gudou Hot Spring Resort
“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
“Period”	the year ended 31 December 2019
“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
“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, 27 March 2020

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**.*