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GUDOU HOLDINGS LIMITED

古兜控股有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 8308)

MAJOR AND CONNECTED TRANSACTION

SECOND COOPERATION AGREEMENT

The Board is pleased to announce that on 30 June 2020 (after trading hours), Guangdong Gudou (an indirect wholly-owned subsidiary of the Company) entered into the Second Cooperation Agreement with GD Aoyuan, pursuant to which Guangdong Gudou and GD Aoyuan had agreed to further cooperate with each other for the planning, development and operation of Target Land B located at Gudou Hot Spring Resort in addition to Target Land A under the First Cooperation Agreement.

IMPLICATIONS UNDER THE GEM LISTING RULES

The transactions contemplated under the Second Cooperation Agreement, together with those contemplated under the First Cooperation Agreement, constitute a series of transactions made by the Company within a 12-month period and shall be aggregated as if they were one transaction pursuant to Rule 19.22 of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the Second Cooperation Agreement, when aggregated with those contemplated under the First Cooperation Agreement, exceed 25% but less than 100%, the entering into of the Second Cooperation Agreement, on an aggregated basis, constitutes a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

GD Aoyuan is an indirect wholly-owned subsidiary of China Aoyuan, which is a substantial Shareholder and thus a connected person of the Company. Accordingly, GD Aoyuan is a connected person of the Company by virtue of being an associate of China Aoyuan. As the total consideration exceeds HK\$10 million, the transactions contemplated under the Second Cooperation Agreement are subject to the reporting and announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee consisting of all the independent non-executive Directors will be established to consider and advise the Independent Shareholders on the transactions contemplated under the Second Cooperation Agreement.

INDEPENDENT FINANCIAL ADVISER

An independent financial adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Second Cooperation Agreement are on normal commercial terms or better, in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole.

EGM

An EGM will be held to seek approval from the Independent Shareholders for the transactions contemplated under the Second Cooperation Agreement. China Aoyuan (holding 286,000,000 Shares, representing approximately 29.18% of the issued share capital of the Company as at the date of this announcement) and its associates shall abstain from voting on the proposed resolution to approve the Second Cooperation Agreement and the transactions contemplated therein at the EGM. Save for the aforesaid and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no other Shareholder is interested in the Second Cooperation Agreement and the transactions contemplated therein.

GENERAL

The Company will despatch a circular to its Shareholders on or before 22 July 2020 containing, amongst others, details of the transactions contemplated under the Second Cooperation Agreement and the notice of convening the EGM to approve the Second Cooperation Agreement and the transactions contemplated therein.

The Board is pleased to announce that on 30 June 2020 (after trading hours), Guangdong Gudou (an indirect wholly-owned subsidiary of the Company) entered into the Second Cooperation Agreement with GD Aoyuan, pursuant to which Guangdong Gudou and GD Aoyuan had agreed to further cooperate with each other for the planning, development and operation of Target Land B located at Gudou Hot Spring Resort in addition to Target Land A under the First Cooperation Agreement.

BACKGROUND

Guangdong Gudou entered into the First Cooperation Agreement with GD Aoyuan on 16 July 2019, pursuant to which Guangdong Gudou and GD Aoyuan had agreed to cooperate with each other for the planning, development and operation of Target Land A. The entering into of the First Cooperation Agreement constituted a discloseable and connected transaction of the Company under the GEM Listing Rules. For details regarding the First Cooperation Agreement, please refer to the announcement of the Company dated 16 July 2019 and the circular of the Company dated 2 September 2019.

As at the date of this announcement, the Group had been jointly developing Target Land A with GD Aoyuan for three tourism property development projects at Gudou Hot Spring Resort, namely Gudou Yishui Mingting Apartments, Guanshanyue Apartments and Yunshanjing Mansion. The construction of Gudou Yishui Mingting Apartments and Guanshanyue Apartments commenced in 2019, while the construction of Yunshanjing Mansion commenced in the second quarter of 2020.

Considering the positive outcomes of entering into the First Cooperation Agreement, the Second Cooperation Agreement was entered into between Guangdong Gudou and GD Aoyuan to further cooperate with each other for the planning, development and operation of Target Land B, which is located in close proximity to Target Land A.

THE SECOND COOPERATION AGREEMENT

Summarised below are the principal terms of the Second Cooperation Agreement which are substantially similar to those of the First Cooperation Agreement:

Date: 30 June 2020

Parties: (a) Guangdong Gudou; and

(b) GD Aoyuan.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, GD Aoyuan is an indirect wholly-owned subsidiary of China Aoyuan, which is a substantial Shareholder and thus a connected person of the Company. Accordingly, GD Aoyuan is a connected person of the Company by virtue of being an associate of China Aoyuan.

Cooperation and investment amount

Pursuant to the Second Cooperation Agreement, Guangdong Gudou and GD Aoyuan have agreed to cooperate with each other for the planning, development and operation of Target Land B. Target Land B, which is legally and beneficially owned by the Group, is located at Gudou Hot Spring Resort and has a total site area of 63,797 sq.m. and an expected gross floor area of approximately 54,323 sq.m..

As part of the cooperation and joint arrangement:

- (a) Guangdong Gudou would contribute Target Land B to the joint arrangement, which was valued at approximately RMB152,850,000 as at 31 March 2020 by an independent valuer; and
- (b) GD Aoyuan would be responsible for funding the development, construction and management of Target Land B and the buildings and structures to be erected thereon with a maximum investment amount of RMB356,650,000, which was calculated based on RMB6,565.3 per sq.m. on an expected gross floor area of 54,323 sq.m.. By parties' mutual agreement, it is estimated that approximately RMB6,565.3 per sq.m. will be utilised as construction costs for erecting the tourism properties, facilities and other infrastructures incidental to the erection of tourism properties on Target Land B.

Condition precedent

The commencement of the transactions contemplated under the Second Cooperation Agreement is conditional upon the passing of resolution(s) by the Independent Shareholders at the EGM to be convened and held for the purpose of approving the Second Cooperation Agreement and transactions contemplated therein.

Revenue sharing arrangement

Within five business days after satisfaction of the condition precedent, Guangdong Gudou and GD Aoyuan will commence the joint planning and development of Target Land B. Guangdong Gudou and GD Aoyuan are entitled to 30% and 70% of the income derived from Target Land B, respectively, which is determined with reference to their respective investments in the development project on Target Land B, including the market value of Target Land B contributed by Guangdong Gudou as valued by an independent valuer and the amount of capital injection by GD Aoyuan for the development of Target Land B. GD Aoyuan's investment amount is capped at RMB356,650,000 regardless of the actual costs incurred by GD Aoyuan in the development project on Target Land B which could exceed the capped amount.

Termination

If any party fails to perform its obligations or breaches its representations and warranties under the Second Cooperation Agreement, the other party may terminate the Second Cooperation Agreement and be entitled to RMB10,000,000 as compensation if the party in default fails to rectify the breaches within 30 days after receiving notice from the other party. In particular, either party shall not enter into any agreement with any third parties in respect of the transactions contemplated under the Second Cooperation Agreement, failure of which the non-defaulting party will be entitled to a compensation of RMB10,000,000 payable by the other party and a right to terminate the Second Cooperation Agreement.

PARTICULARS OF TARGET LAND B

Target Land B consists of three parcels of land with a total site area of 63,797 sq.m. and an expected gross floor area of 54,323 sq.m., which is located in close proximity to Target Land A. Further particulars of Target Land B are as follows:

Site area specified in the land use right certificate (國土證) (sq.m.)

Site area specified in the land use right certificate (國土證) (sq.m.)	Land usages	Status	Status of mortgage
16,856	accommodation and food and beverage	to be developed	mortgaged
36,955	accommodation and food and beverage	to be developed	mortgaged
9,986	accommodation and food and beverage	to be developed	mortgaged

Under the current tentative development plan, tourism properties will be erected on Target Land B as part of the integrated tourism and leisure projects of Gudou Hot Spring Resort. The intended tourism properties to be erected on Target Land B are categorised principally as residential units, retail units, parking spaces and other facilities incidental to any of them.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND COOPERATION AGREEMENT

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.

GD Aoyuan is a wholly-owned subsidiary of China Aoyuan, which is a conglomerate enterprise covering various business segments, including property development, health and wellness, cultural tourism and cross-border e-commerce.

Considering the positive outcomes of entering into the First Cooperation Agreement, the Board is of the view that having GD Aoyuan to join the development project in respect of Target Land B under the Second Cooperation Agreement could (i) ensure that sufficient investment funds would be in place to support and further the Group's strategic planning and development and sale of tourism properties within Gudou Hot Spring Resort; (ii) benefit the development project in respect of Target Land B by leveraging China Aoyuan's expertise in property development and cultural tourism to create synergy through their established networks and resources in the Guangdong — Hong Kong — Macao Greater Bay Area; and (iii) achieve greater effectiveness and efficiency in developing Target Land B in light of the experience of developing Target Land A under the First Cooperation Agreement.

Having considered the above, the Board is of the view that the terms of the Second Cooperation Agreement and the transactions contemplated therein are fair and reasonable and in the interests of the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

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GD Aoyuan is an indirect wholly-owned subsidiary of China Aoyuan, which is a substantial Shareholder holding 29.18% interest in the Company and thus a connected person of the Company. Accordingly, GD Aoyuan is a connected person of the Company by virtue of being an associate of China Aoyuan. As the total consideration exceeds HK\$10 million, the transactions contemplated under the Second Cooperation Agreement are subject to the reporting and announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INDEPENDENT BOARD COMMITTEE

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INDEPENDENT FINANCIAL ADVISER

An independent financial adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Second Cooperation Agreement are on normal commercial terms or better, in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole.

EGM

An EGM will be held to seek approval from the Independent Shareholders for the transactions contemplated under the Second Cooperation Agreement. China Aoyuan (holding 286,000,000 Shares, representing approximately 29.18% of the issued share capital of the Company as at the date of this announcement) and its associates shall abstain from voting on the proposed resolution to approve the transactions contemplated under the Second Cooperation Agreement at the EGM. Save for the aforesaid and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no other Shareholder is interested in the transactions contemplated under the Second Cooperation Agreement.

GENERAL

The Company will despatch a circular to its Shareholders on or before 22 July 2020 containing, amongst others, details of the transactions contemplated under the Second Cooperation Agreement and the notice of convening the EGM to approve the entering into of the Second Cooperation Agreement and the transactions contemplated therein.

As there is no assurance that the condition precedent under the Second Cooperation Agreement will be fulfilled, the transactions contemplated under the Second Cooperation Agreement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning as ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“China Aoyuan”	China Aoyuan Group Limited (中國奧園集團股份有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 3883) and a substantial shareholder of the Company
“Company”	Gudou Holdings Limited (古兜控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange (stock code: 8308)
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Second Cooperation Agreement and the transactions contemplated therein
“First Cooperation Agreement”	a cooperation and development agreement dated 16 July 2019 and entered into between Guangdong Gudou and GD Aoyuan in relation to the development of Target Land A, the details of which are set out in the announcement of the Company dated 16 July 2019 and the circular of the Company dated 2 September 2019
“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
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Guangdong Gudou”	Guangdong Gudou Travel Group Company Limited* (廣東古兜旅遊集團有限公司), a wholly foreign-owned enterprise established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

“Guanshanyue Apartments”	Guanshanyue Apartments* (觀山悦公館), also known as Gudou Phase II Apartments* (古兜二期公寓), a tourism property project under development jointly developed by Guangdong Gudou and GD Aoyuan at Gudou Hot Spring Resort under the First Cooperation Agreement
“Gudou Hot Spring Resort”	Gudou Hot Spring Resort* (古兜溫泉綜合度假村), the hot spring resort located at Jiangmen City, Guangdong Province, the PRC and operated by the Group
“Gudou Yishui Mingting Apartments”	Gudou Yishui Mingting Apartments* (古兜依水茗亭), also known as Yunfeng Apartments* (雲峰公寓), a tourism property project under development jointly developed by Guangdong Gudou and GD Aoyuan at Gudou Hot Spring Resort under the First Cooperation Agreement
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board consisting of all independent non-executive Directors, namely, Mr. Wu Sai Him, Mr. Chiu Chi Wing and Prof. Wang Dawu
“Independent Shareholders”	Shareholders other than China Aoyuan and its associates
“PRC”	People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Cooperation Agreement”	a cooperation and development agreement dated 30 June 2020 and entered into between Guangdong Gudou and GD Aoyuan in relation to the development of Target Land B
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Land A”	the five parcels of land of approximately 67,860.7 sq.m. in total located at Gudou Hot Spring Resort and legally and beneficially owned by Guangdong Gudou

“Target Land B”	the three parcels of land of approximately 63,797 sq.m. in total located at Gudou Hot Spring Resort and legally and beneficially owned by Guangdong Gudou
“Yunshanjing Mansion”	Yunshanjing Mansion* (雲山境公館), also known as Gudou Phase III* (古兜三期), a tourism property project under development jointly developed by Guangdong Gudou and GD Aoyuan at Gudou Hot Spring Resort under the First Cooperation Agreement
“%”	per cent

* The English translation of the Chinese names marked with “*” is for identification purpose only.

By Order of the Board
GUDOU HOLDINGS LIMITED
Hon Chi Ming
Chairman and Executive Director

Hong Kong, 30 June 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, 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 this announcement misleading.

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