



# 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



INTERIM REPORT 2022

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

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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 herein or in this report misleading.*

## INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated financial statements of the Group for the six months ended 30 June 2022 together with the comparative unaudited figures for the corresponding period in 2021, as follows:

### Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

		Three months ended 30 June		Six months ended 30 June	
	Note	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Revenue</b>	3	<b>7,124</b>	13,440	<b>20,049</b>	33,495
Cost of sales		<b>(10,079)</b>	(17,086)	<b>(24,295)</b>	(34,828)
<b>Gross loss</b>		<b>(2,955)</b>	(3,646)	<b>(4,246)</b>	(1,333)
Other income	4	<b>882</b>	62	<b>916</b>	107
Fair value (losses)/gains on investment properties		<b>(800)</b>	1,950	<b>(1,490)</b>	3,930
Provision of impairment of trade receivables		–	(474)	–	(474)
Share of loss of an associate		–	(264)	–	(656)
Selling expenses		<b>(544)</b>	(1,639)	<b>(1,457)</b>	(3,113)
Administrative expenses		<b>(8,745)</b>	(8,794)	<b>(15,197)</b>	(16,508)
<b>Loss from operations</b>		<b>(12,162)</b>	(12,805)	<b>(21,474)</b>	(18,047)
Finance costs		<b>(3,998)</b>	(4,361)	<b>(8,043)</b>	(8,695)
<b>Loss before tax</b>		<b>(16,160)</b>	(17,166)	<b>(29,517)</b>	(26,742)
Income tax credit/(expenses)	6	<b>297</b>	(96)	<b>468</b>	(176)
<b>Loss for the periods</b>		<b>(15,863)</b>	(17,262)	<b>(29,049)</b>	(26,918)

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Other comprehensive income/ (loss) for the periods, net of tax</b>				
<i>Items that may be reclassified to profit or loss:</i>				
Currency translation differences	(725)	312	(562)	160
<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	—	(400)	—	(400)
<b>Total comprehensive loss for the periods</b>	<b>(16,588)</b>	<b>(17,350)</b>	<b>(29,611)</b>	<b>(27,158)</b>

#### Loss per share

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB cents (Unaudited)	2021 RMB cents (Unaudited)	2022 RMB cents (Unaudited)	2021 RMB cents (Unaudited)
Basic and diluted loss per share	(1.6)	(1.8)	(3.0)	(2.7)

## Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Note	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	230,608	244,477
Right-of-use assets		11,558	38,025
Investment properties		598,670	600,160
Financial assets at fair value through other comprehensive income		55	55
Deferred tax assets		6,725	6,822
		<b>847,616</b>	<b>889,539</b>
<b>Current assets</b>			
Properties held for sale		104,546	104,708
Inventories		2,772	2,848
Accounts receivable	10	2,108	2,749
Prepayments, deposits and other receivables		14,152	24,959
Amount due from a joint operator		37,350	39,705
Restricted bank balances		2,569	2,683
Bank and cash balances		2,348	3,379
		<b>165,845</b>	<b>181,301</b>
<b>TOTAL ASSETS</b>		<b>1,013,461</b>	<b>1,070,570</b>
<b>Current liabilities</b>			
Accounts payable	11	41,528	44,417
Accruals and other payables		38,630	30,484
Borrowings	12	94,513	85,514
Lease liabilities		2,349	4,409
Current tax liabilities		63,488	65,852
Contract liabilities		63,984	65,367
		<b>304,492</b>	<b>296,043</b>

	Note	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Borrowings	12	<b>145,573</b>	165,613
Lease liabilities		<b>10,390</b>	30,184
Loan from a related party	15	<b>5,545</b>	4,893
Amount due to a director	15	<b>621</b>	500
Deferred tax liabilities		<b>175,746</b>	176,238
Deferred income		<b>13,200</b>	13,750
		<b>351,075</b>	391,178
<b>TOTAL LIABILITIES</b>		<b>655,567</b>	687,221
<b>Capital and reserves</b>			
Share capital		<b>8,669</b>	8,669
Reserves		<b>349,225</b>	374,680
<b>TOTAL EQUITY</b>		<b>357,894</b>	383,349
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,013,461</b>	1,070,570

## Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 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
<b>As at 1 January 2022</b> (Audited)	8,669	99,249	(3,386)	(3,510)	11,496	(277)	69,528	201,580	383,349
<b>Comprehensive loss</b>									
Loss for the period	-	-	-	-	-	-	-	(29,049)	(29,049)
<b>Other comprehensive loss</b>									
Currency translation differences	-	-	-	(562)	-	-	-	-	(562)
<b>Total comprehensive loss for the period</b>	-	-	-	(562)	-	-	-	(29,049)	(29,611)
<b>Transaction with Owners</b>									
Transfer upon lapse of share options	-	-	-	-	(599)	-	-	599	-
Share-based payment	-	-	-	-	4,156	-	-	-	4,156
<b>Total transactions with owners</b>	-	-	-	-	3,557	-	-	599	4,156
<b>As at 30 June 2022</b> (Unaudited)	<u>8,669</u>	<u>99,249</u>	<u>(3,386)</u>	<u>(4,072)</u>	<u>15,053</u>	<u>(277)</u>	<u>69,528</u>	<u>173,130</u>	<u>357,894</u>

	Share capital	Share Premium	Fair value reserve	Foreign currency translation reserve	Share-based payment reserve	Capital reserve	Other reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2021 (Audited)</b>	8,669	99,249	(2,630)	(3,997)	11,309	(277)	69,528	270,530	452,381
<b>Comprehensive loss</b>									
Loss for the period	-	-	-	-	-	-	-	(26,918)	(26,918)
<b>Other comprehensive loss</b>									
Currency translation differences	-	-	-	160	-	-	-	-	160
Fair value loss on financial assets at fair value through other comprehensive income	-	-	(400)	-	-	-	-	-	(400)
<b>Total comprehensive loss for the period</b>	-	-	(400)	160	-	-	-	(26,918)	(27,158)
Share-based payment	-	-	-	-	190	-	-	-	190
<b>Total transactions with owners</b>	-	-	-	-	190	-	-	-	190
<b>As at 30 June 2021 (Unaudited)</b>	<u>8,669</u>	<u>99,249</u>	<u>(3,030)</u>	<u>(3,837)</u>	<u>11,499</u>	<u>(277)</u>	<u>69,528</u>	<u>243,612</u>	<u>425,413</u>



## Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	<b>Six Month ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Net cash generated from operating activities	<b>1,189</b>	24,564
Net cash used in from investing activities	<b>13,280</b>	(5,891)
Net cash used in financing activities	<b>(15,380)</b>	(37,673)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(911)</b>	(19,000)
Effect of foreign exchange rate changes	<b>(120)</b>	135
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>3,379</b>	25,518
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>2,348</b>	6,653
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	<b>2,348</b>	6,653

# Notes to the Unaudited Condensed Consolidated Financial Statements

*For the six months ended 30 June 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 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 GEM on 9 December 2016.

The Company is an investment holding company. The principal activities of its subsidiaries are the operation and management of Gudou Hot Spring Resort and provision of consultancy and/or management services to third party resort and hotel operators and the development and sales of tourism properties in Guangdong Province.

These financial statements are presented in RMB, unless otherwise stated.

## **2 BASIS OF PREPARATION**

The unaudited consolidated financial statements of the Group for the Relevant Period have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance.

The unaudited consolidated financial statements of the Group for the Period have been prepared under the historical cost convention, as modified by the revaluation of investment properties.

The preparation of the unaudited consolidated financial statements is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group’s accounting policies.

The unaudited consolidated financial statements for the Relevant Period have not been audited by the Company’s independent auditor, but have been reviewed by the Company’s audit committee.

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.

### 3 Revenue

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

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Resort related operation</b>				
Admission income				
— Hot Spring Valley	893	2,714	4,082	6,086
Catering income	1,513	2,110	3,553	5,530
Conference fee income	128	177	254	370
Massage service income	43	185	155	459
Rental income	545	1,056	1,093	1,697
Other service income	370	775	1,549	2,134
Merchandise sales income	40	—	83	—
Room revenue	3,173	4,660	8,861	13,407
	<b>6,705</b>	11,677	<b>19,630</b>	29,683
<b>Tourism properties</b>				
Property sales	419	1,597	419	3,646
Property renovation income	—	166	—	166
	<b>7,124</b>	13,440	<b>20,049</b>	33,495
Timing of revenue recognition				
At a point in time	3,036	6,783	8,571	16,091
Over time	4,088	6,657	11,478	17,404
	<b>7,124</b>	13,440	<b>20,049</b>	33,495

#### 4 Other income

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest income	3	8	5	27
Gain on disposal of property, plant and equipment, net	–	54	–	54
Others	879	–	911	26
	<u>882</u>	<u>62</u>	<u>916</u>	<u>107</u>

#### 5 Segment information

The chief operating decision-maker has been identified as the executive directors of the Company, which reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive directors of the Company consider the business from service perspectives and assess the performance of the Group which are organised into two main businesses:

- Property development – Development and sales of properties and provision of properties renovation services in the PRC
- Hotel and resort operation – Operation of hotels and resort in the PRC and provision of consultancy services and/or management services to leisure hotels and resorts and other hot spring resort operators in the PRC

The executive directors of the Company assesses the performance of the operating segments based on their segment profit before income tax expense. Segment profits or losses do not include fair value gains on investment properties for undetermined use, finance costs, corporate income and expenses.

Based on the business nature, the executive directors of the Company consider the development of the five-star hotel and health regimen facilities either through self-use or lease, include under the hotel and resort operation segment.

**(i) Information about reportable segment profit or loss, assets and liabilities:**

	Hotels and resort operation <i>RMB'000</i> (Unaudited)	Property development <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>For the six month ended 30 June 2022</b>			
Segment revenue	<u>19,630</u>	<u>419</u>	<u>20,049</u>
Segment loss	(10,321)	(2,805)	(13,126)
Fair value gains on investment properties			(1,340)
Finance costs			(8,043)
Unallocated corporate expenses			<u>(7,008)</u>
Loss before tax			(29,517)
Income tax expenses			<u>468</u>
Loss for the period			<u><u>(29,049)</u></u>

**As at 30 June 2022**

ASSETS

Segment assets

Hotels and resort operation <i>RMB'000</i> (Unaudited)	Property development <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<u>395,022</u>	<u>173,263</u>	568,285

Unallocated assets

445,176

Consolidated total assets

1,013,461

LIABILITIES

Segment liabilities

<u>71,026</u>	<u>94,006</u>	165,032
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Unallocated liabilities

490,535

Consolidated total liabilities

655,567

	Hotels and resort operation <i>RMB'000</i> (Unaudited)	Property development <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>For the six month ended 30 June 2021</b>			
Segment revenue	<u>29,683</u>	<u>3,812</u>	<u>33,495</u>
Segment loss	(8,510)	(1,353)	(9,863)
Fair value gains on investment properties			1,680
Finance costs			(8,695)
Unallocated corporate expenses			<u>(9,864)</u>
Loss before tax			(26,742)
Income tax expenses			<u>(176)</u>
Loss for the period			<u><u>(26,918)</u></u>



	Hotels and resort operation <i>RMB'000</i> (Audited)	Property development <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
<b>As at 31 December 2021</b>			
<b>ASSETS</b>			
Segment assets	<u>427,188</u>	<u>195,207</u>	622,395
Unallocated assets			<u>448,175</u>
Consolidated total assets			<u>1,070,570</u>
<b>LIABILITIES</b>			
Segment liabilities	<u>84,105</u>	<u>109,899</u>	194,004
Unallocated liabilities			<u>493,217</u>
Consolidated total liabilities			<u>687,221</u>

**(ii) Geographical information:**

All the revenue and non-current assets are based in the PRC for the six month ended 30 June 2022 (the six month ended 30 June 2021: Same).

**(iii) Revenue from major customers:**

The revenue from the Group's largest customer amounted to RMB2.2 million or 11.1% (six months ended 30 June 2021: RMB2.8 million or 8.4%) of the Group's total turnover for the six month ended 30 June 2022.

## 6 Income tax credit/(expenses)

For the six months ended 30 June 2022, no provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong (six months ended 30 June 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 30 June		Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Current tax</b>				
PRC enterprise income tax	–	–	1	1
Land appreciation tax	24	152	24	269
	<u>24</u>	<u>152</u>	<u>25</u>	<u>270</u>
Deferred tax	(321)	(56)	(493)	(94)
	<u>(297)</u>	<u>96</u>	<u>(468)</u>	<u>176</u>

## 7 Dividend

No dividend was paid or declared by the Company during the six months ended 30 June 2022, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2021: Nil).

## 8 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 30 June		Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)	2022 (Unaudited)	2021 (Unaudited)
Loss attributable to owners of the Company (RMB'000)	<b>(15,263)</b>	(17,262)	<b>(29,049)</b>	(26,918)
Weighted average number of ordinary shares in issue ('000) (Note)	<b>980,000</b>	980,000	<b>980,000</b>	980,000
Basic losses per share (RMB cents)	<b>(1.6)</b>	(1.8)	<b>(3.0)</b>	(2.7)

Note:

For the six months ended 30 June 2022 and 2021, the diluted loss per share were equal to the basic loss per share because the Company was in loss position.

## 9 Property, plant and equipment

RMB'000

### Cost

As at 31 December 2021 (audited)	513,068
Additions	875
Exchange differences	65
	<u>          </u>

As at 30 June 2022 (unaudited)	<u><u>514,008</u></u>
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### Accumulated depreciation

As at 31 December 2021 (audited)	268,591
Additions	14,750
Exchange differences	59
	<u>          </u>

As at 30 June 2022 (unaudited)	<u><u>283,400</u></u>
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### Carrying amount

As at 30 June 2022 (unaudited)	<u><u>230,608</u></u>
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As at 31 December 2021 (audited)	<u><u>244,477</u></u>
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## 10 Accounts receivable

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Accounts receivable	<b>11,307</b>	11,948
Less: allowance for impairment	<b>(9,199)</b>	(9,199)
	<u><u>2,108</u></u>	<u><u>2,749</u></u>

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

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Up to 30 days	739	1,457
31 to 60 days	183	495
61 to 90 days	49	245
Over 90 days	<b>10,336</b>	9,751
	<b>11,307</b>	11,948

## 11 Accounts payable

The aging analysis of the Group's accounts payable, based on the date of receipt of goods or services rendered, is as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Up to 90 days	1,834	4,128
91 to 180 days	2,151	1,680
181 to 365 days	4,088	8,575
Over 1 year	<b>33,455</b>	30,034
	<b>41,528</b>	44,417

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

## 12 Borrowings

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Bank loans	<u>240,086</u>	<u>251,127</u>
	<b><u>240,086</u></b>	<b><u>251,127</u></b>

The borrowings are repayable as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Within one year	94,513	85,514
Between one and two years	73,188	75,434
Between two and five years	<u>72,385</u>	<u>90,179</u>
	240,086	251,127
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(94,513)</u>	<u>(85,514)</u>
Amount due for settlement after 12 months	<b><u>145,573</u></b>	<b><u>165,613</u></b>

### 13 Lease commitments

#### **Operating lease commitments – lessor**

The Group's total future minimum lease receivables under non-cancelable operating leases are as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Within one year	<b>1,910</b>	1,786
One to two years	<b>1,267</b>	1,395
Two to three years	<b>1,242</b>	1,399
Three to four years	<b>1,246</b>	1,411
Four to five years	<b>1,227</b>	1,309
More than five years	<b>8,144</b>	8,559
	<b>15,036</b>	15,859

Operating lease receivables represent stall rental receivable. Leases are negotiated for an average term of 2 to 15 years and rental are fixed over the lease terms and do not include contingent rentals.

### 14 Financial guarantees and contingent liabilities

#### **Guarantees on mortgage facilities**

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at the end of each of the following reporting periods:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	<b>4,704</b>	5,448

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which will generally occur within an average period of six months to one year from the completion of the guarantee registration; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

## 15 Material related parties transactions

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

During the six months ended 30 June 2022 and as at 30 June 2022, the major shareholders of the Company are Harvest Talent and China Aoyuan, which owned 34.34% and 29.18% of the Company's issued shares respectively.

The ultimate holding company of the Group is Harvest Talent, incorporated in the British Virgin Islands, which is fully controlled by Mr. Hon.

Also on 30 June 2022, China Aoyuan has transferred its shares in the Company to New Ray Developments Limited and Sky Success Ventures Limited, both of which are corporations wholly-owned by Mr. Tam Ka Wai. Accordingly, Mr. Tam Ka Wai has become a major shareholder of the Company owned 29.18% of the Company's issued shares.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the year ended 30 June 2022.

### (a) Balances with related parties

The following transactions were carried out with related parties at terms mutually agreed by both parties:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	As at 31 December 2021 RMB'000 (Audited)
Loan from a related party (Note i)	<b>5,545</b>	4,893
Amount due to a director (Note ii)	<b>621</b>	500



- (i) The amount is unsecured, interest-bearing at 2.5% per annum and due in 2023.
- (ii) The amount is unsecured, interest-free and due in 2023.

**(b) Transactions with related parties**

The following transactions were carried out with related parties at terms mutually agreed by both parties:

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 <i>RMB'000</i> (Unaudited)
Salary of Mrs. Hon (Spouse of an executive director)	<b>41</b>	66

**(c) Compensation of key management personnel of the Group:**

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 <i>RMB'000</i> (Unaudited)
Salaries, bonus and allowances	<b>1,426</b>	2,014
Pension costs		
— defined contribution plans	<b>41</b>	95
Share-based payment	<b>3,629</b>	113
	<b>5,096</b>	2,222

## 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 30 June 2022. These business objectives are in place with a view to generating long-term value to the Company and the Shareholders.

<b>Business Objectives</b>	<b>Actual Business Progress up to 30 June 2022</b>
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 policy, 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.

## Business Objectives

## Actual Business Progress up to 30 June 2022

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

To prepare 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 in a timely manner while maintaining an effective control over costs.

The Directors expect the major pre-sale of the jointly developing property projects, Gudou Yishui Mingting Apartments and Guanshanyue Apartments to be continued in the second half year of 2022 and properties to be delivered to its customers from 2022 onwards.

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

- 2022 Gudou Caishen Cultural Tourism Festival from January to February 2022
- Gudou Childhood Water Park of opened in April 2022

## Principal Risk 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 its 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 developments 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 its hot spring involves the 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, the Group's property portfolio and future profitability can 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 development or 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 its qualification certificates and relevant PRC government approvals. This allows the Group to ensure that it 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 thinks that 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.

## **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 to third party resort and hotel operators; and (ii) the development and sale of tourism properties in Guangdong Province.

For the six months ended 30 June 2022, revenue of the Group was approximately RMB20.0 million, representing an decrease of 40.1% compared to the corresponding period in 2021 (six months ended 30 June 2021: RMB33.5 million). Loss for the six months ended 30 June 2022 amounted to approximately RMB29.0 million (loss for the six months ended 30 June 2021: RMB26.9 million).

### ***Hot Spring Resort and Hotel Operations***

The Group's hot spring resort and hotel operations business faced challenges in the first half of 2022 due to the prolonged and widespread impact of the COVID-19. The Group's turnover derived from hot spring resort and hotel operations decreased by approximately 33.9% to approximately RMB19.6 million when compared to the corresponding period of previous year. During the Period, the Group recorded an decrease in revenue generated from admission fees to approximately RMB4.1 million, representing an decrease of approximately 32.9% compared to that of 2021. The Room Revenue generated from the Group's themed hotel complexes decreased by approximately 33.9% to approximately RMB8.9 million for the six months ended 30 June 2022 compared to that for 2021. The Occupancy Rate of the Group's themed hotel complexes decreased from approximately 25% for the six months ended 30 June 2021 to approximately 21% for the six months ended 30 June 2022. The average room

The background of the page features a light teal overlay with a faded image of a modern multi-story building and a mountain range in the distance.

rate of the Group's hotel complexes increased from approximately RMB286 for the six months ended 30 June 2021 to approximately RMB302 for the six months ended 30 June 2022, primarily attributable to more sales contributed from Luxury Resort Hotels which has higher room rates. The Group recorded a decrease in revenue generated from catering by approximately 35.8% to approximately RMB3.6 million and an decrease in revenue generated from massage service of approximately 66.2% from approximately RMB0.5 million to approximately RMB0.2 million during the Period.

### ***Tourism Property Development***

Revenue from the tourism property development business was approximately RMB0.4 million, representing a decrease of approximately 89.0% from approximately RMB3.8 million for the six months ended 30 June 2021. Such decrease was mainly attributable to continuing low demand in general real estate market environment during the Period.

During the Period, we sold and delivered 3 units (approximately 1.5% of the total saleable GFA) of Gudou Yishui Mingting Apartments. We expect the sales and delivery of Gudou Yishui Mingting Apartments to continue in 2022. Steady progress is also made in the construction for the other tourism property, namely Guanshanyue Apartments. The property are expected to be delivered to property owners in 2022.

## **Financial review**

### **Revenue**

During the Period, the Group recorded revenue of approximately RMB20.0 million, representing a decrease of approximately 40.1% as compared with approximately RMB33.5 million of the corresponding period in 2021. The decrease was primarily attributable to a decrease in revenue from the Group's hotel and resort operations business and tourism property development business.

The Group's revenue from hotel and resort operations decreased by approximately 33.9% to approximately RMB19.6 million, primarily attributable to a decrease in the room revenue generated from the Group's themed hotel complexes decreased by approximately 33.9% to approximately RMB8.9 million for the six months ended 30 June 2022 compared to that in 2021 and an decrease in admission income by approximately 32.9% to approximately RMB4.1 million for the six months ended 30 June 2022.

As for tourism property development business, the Group recorded turnover of approximately RMB0.4 million (six months ended 30 June 2021: RMB3.8 million) which was attributable to the sales of Gudou Yishui Mingting Apartments.

### **Cost of Sales**

The Group's cost of sales for the Period was approximately RMB24.3 million, representing a decrease of approximately 30.2% from approximately RMB34.8 million for the six months ended 30 June 2021.

Such decrease was primarily due to the decrease in costs of sales from the Group's tourism property development business and the decrease in staff costs and food and beverages costs for operation of the Group's hot spring resort during the Period.

### **Gross Loss and Gross Loss Margin**

The Group's gross loss was approximately RMB4.2 million and gross loss was approximately RMB1.3 million for the six months ended 30 June 2022 and 2021, respectively. The increase in gross loss for the Period was resulted from decrease in revenue from the hot spring resort and hotel operations.

The Group's gross loss margin was approximately 21.2% and gross loss margin was approximately 4.0% for the six months ended 30 June 2022 and 2021 respectively. Gross loss margin was a combined effect of the decrease in revenue generated from the Group's tourism property development business and the extent of decrease in cost of goods sold being lower than the decrease in revenue from hot spring resort and hotel operations.

### ***Loss Before Tax***

The Group's loss before tax amounted to approximately RMB29.5 million for the Period, representing an increase of approximately 10.4% from approximately RMB26.7 million for the same period of last year, was attributable to (i) lower fair value gains on investment properties, (ii) decreased level of revenue; and (iii) an increase in gross loss margin in the Period.

### ***Income Tax Expenses***

The Group's income tax credit for the Period were approximately RMB0.5 million, representing a decrease by approximately 365.9% from approximately RMB0.2 million tax expenses for the six months ended 30 June 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 RMB2.1 million, or 7.9% to approximately RMB29.0 million for the six months ended 30 June 2022 as compared to approximately RMB26.9 million for the same period of last year. Such increase in net loss was primarily attributable to (i) a decrease in fair value gains on investment properties, (ii) decreased level of revenue; and (iii) an increase in gross loss margin, partially offset by a decrease in income tax expenses.

### **Liquidity and Financial Resources and Capital Structure**

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

As at 30 June 2022, the Group had bank and cash balances of approximately RMB2.3 million which were denominated in RMB and HK dollars.

There is no outstanding commitments of the Group as at 30 June 2022 (31 December 2021: Nil).



As at 30 June 2022, the Group had outstanding bank loans of approximately RMB240.1 million which were denominated in RMB and among which approximately RMB128.2 million were fixed rate borrowings. The Group repaid bank loans of approximately RMB41.3 million, which was in line with the Group's repayment schedule. The maturities of borrowings are disclosed in note 12 to the unaudited condensed consolidated financial statements of the Group. The proceeds from the borrowings were primarily used for capital expenditure, working capital and operating expenses. As at 30 June 2022, the Group had an outstanding loan from a related party of approximately RMB5.5 million.

The Group's gearing ratio as at 31 December 2021 and 30 June 2022, which was calculated by dividing its total borrowings by its total equity as at those dates, was approximately 0.68 and 0.69 respectively. The gearing ratio as at 30 June 2022 was stable primarily attributable to insignificant changes in total borrowings and total equity.

The Group remains committed to a high degree of financial control, a prudent risk management and the effective utilisation of financial resources. In order to achieve better cost control and minimise 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 30 June 2022, an amount of approximately RMB537.5 million (31 December 2021: approximately RMB516.5 million) was pledged to 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.

As at 30 June 2022, the Group has no concrete plans for material investments or capital assets.

### **Contingent Liabilities**

As disclosed in Note 14 to the unaudited Condensed Consolidated Statement of Financial Position as at 30 June 2022, pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The Group's guarantee period starts from the date of grant of mortgage. The directors consider that the carrying values of the financial guarantees are immaterial. Save for the above, as at 30 June 2022, 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 HK 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 30 June 2022, the Group had a workforce of 272 full-time employees (including the Directors) of whom approximately 98.2% were employed in the PRC and approximately 1.8% in Hong Kong. The Group's staff costs for the six months ended 30 June 2021 and 2022 amounted to approximately RMB20.0 million and RMB14.3 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. The Group's employees in Hong Kong are required to participate in the Mandatory Provident Fund scheme under which we are 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 subsidiary, 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 the Group's service, all the new hotel staff are required to attend a three-day hospitality pre-job training. The Group also provides hospitality training to the hotel staff on a monthly basis. The Group provides the employees with work safety training to enhance their safety awareness.

The Group generally recruit its employees from the open market. The Group formulate its recruitment policy based on market conditions, business demands and expansion plans. The Group offers different remuneration package to the staff based on their position. In general, the Group pays basic salary and incentive, based on years of service, to all of its employees. The Group's sales personnel and service personnel will also receive additional pay based on their individual skills and performance. The Group also strive to maintain diversity of gender in its workforce as part of its effort to contribute to gender equality and discharge its social responsibilities. As at 30 June 2022, the Group has approximately 107 male employees and approximately 165 female employees.

## Reserves

Movements in the reserves of the Group for the six months ended 30 June 2022 are set out in the unaudited condensed consolidated statement of changes in equity set out above.

## Dividends

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2022. During the six months ended 30 June 2022, no interim dividend was paid or declared, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2021: Nil).

## Business Prospect

The recent COVID-19 resurgence in some provinces in China has inevitably overshadowed the hospitality industry. Nevertheless, we are confident the pandemic will eventually be contained with effective pandemic control measures adopted by the government and the continuing implementation of vaccination plan. The Group also sees signs of improvement in occupancy of the hotel resort in the recent month after the Period ended, but will remain cautious to any change and latest development of the tourism market and focused on converting risk into opportunities and leveraging “Gudou” brand to explore new business opportunities. The Group will remain focused on the hospitality industry and will closely monitor the market performance to grasp any opportunities to strengthen its hotels and resort operation. While the Group may continue to engage in development and sales of tourism properties in Guangdong Province, the Group has no current plan to expand the segment and in light of the challenging real property market environment in China, the Group has no plan to extend its operation into development of properties other than for tourism purpose in the near future. We are tremendously proud of our team members’ accomplishments, and they will continue to focus on providing excellent value to guests and shareholders.

## Interests And Short Positions Of Directors And Chief Executive In The Shares, Underlying Shares And Debentures

As at 30 June 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 Stock Exchange were as follows:

## Long positions in the Shares

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 30 June 2022 (Note 2)
Mr. Hon	Interest of a controlled corporation (Note 3) Beneficial owner (Note 4)	336,500,000 (L)	14,400,000	350,900,000	35.81%
Mr. Huang Zhanxiong	Beneficial owner (Note 4)	–	12,900,000	12,900,000	1.32%
Mr. Hon Ka Fung	Beneficial owner (Note 4)	–	11,950,000	11,950,000	1.22%
Mr. Wu Sai Him	Beneficial owner (Note 4)	–	3,350,000	3,350,000	0.34%
Mr. Chiu Chi Wing	Beneficial owner (Note 4)	–	3,350,000	3,350,000	0.34%
Prof. Wang Dawu	Beneficial owner (Note 4)	–	3,350,000	3,350,000	0.34%

### Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. The percentage of the Company's issued share capital is based on the 980,000,000 Shares issued as at 30 June 2022.
3. 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 six months ended 30 June 2022 are set out in the section headed "Share Option Scheme".
5. During the Period, Ms. Zhen Yaman, a former executive Director, was interested in 2,450,000 options, which have lapsed on 16 June 2022 upon her resignation.

## Substantial Shareholders' Interests In Securities

So far as is known to any Director or chief executive of the Company, as at 30 June 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 30 June 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)	14,400,000	350,900,000	35.81%
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%
Sky Success Ventures Limited	Beneficial owner (Note 8)	143,000,000 (L)	-	143,000,000	14.59%
New Ray Developments Limited	Beneficial owner (Note 8)	143,000,000 (L)	-	143,000,000	14.59%
Mr. Tam Ka Wai	Interest of a controlled corporation (Note 8)	286,000,000 (L)	-	286,000,000	29.18%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. The percentage of the Company's issued share capital is based on the 980,000,000 Shares issued as at 30 June 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 (“Phoenix Virtue”) is wholly-owned by Add Hero Holdings Limited, which in turn is wholly-owned by China Aoyuan Group Limited (“China Aoyuan”). China Aoyuan is owned as to 51.75% by Ace Rise Profits Limited and 55.3% 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. On 30 June 2022, Phoenix Virtue, China Aoyuan and Add Hero Holdings Limited cease to have interests in all 286,000,000 Shares.
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.
8. Sky Success Ventures Limited and New Ray Developments Limited are wholly-owned by Mr. Tam Ka Wai. They are aggregate interested in 286,000,000 Shares since 30 June 2022.

Save as disclosed above, as at 30 June 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.

### **Code Of Conduct Regarding Directors’ Securities Transactions**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the Period.

## 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 six months ended 30 June 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 six months ended 30 June 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 six months ended 30 June 2022, the Company has complied with the 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.

Following the resignation of Ms. Zhen Yaman with effect from 16 June 2022, the Company does not have a Director of a different gender, and hence the Company did not meet the requirement set out in rule 17.104 of the GEM Listing Rules that the Company shall appoint at least a Director of a different gender no later than 31 December 2024. The Board will make its best endeavors to identify a suitable candidate for appointment as Director as soon as practicable no later than 31 December 2024 in order to ensure compliance by the Company with the requirement under rule 17.104 of the GEM Listing Rules.

## Share Option Scheme

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

On 5 April 2017 and 20 June 2022, the Company granted options under the Share Option Scheme. Details of the movement of the share options granted during the Period are as follows:

Grantees	Date of grant	Exercise price per share HK\$	Exercise period	Number of share options				
				balance as at 1 January 2022	granted during the Period	exercised during the Period	cancelled/lapsed during the Period	balance as at 30 June 2022
Mr. Hon	5 April 2017	0.62	Subject to the vesting schedule below	4,900,000	-	-	-	-
	20 June 2022	0.1742	20/06/2022-17/11/2026	-	9,500,000	-	-	14,400,000
Mr. Huang Zhanxiong	5 April 2017	0.62	Subject to the vesting schedule below	4,900,000	-	-	-	-
	20 June 2022	0.1742	20/06/2022-17/11/2026	-	8,000,000	-	-	12,900,000
Mr. Zhen Yaman	5 April 2017	0.62	Subject to the vesting schedule below	2,450,000	-	-	(2,450,000)	-
Mr. Liang Juquan	5 April 2017	0.62	Subject to the vesting schedule below	4,900,000	-	-	-	-
	20 June 2022	0.1742	20/06/2022-17/11/2026	-	9,500,000	-	-	14,400,000
Mr. Hon Ka Fung	5 April 2017	0.62	Subject to the vesting schedule below	2,450,000	-	-	-	-
	20 June 2022	0.1742	20/06/2022-17/11/2026	-	9,500,000	-	-	11,950,000



Grantees	Date of grant	Exercise price per share HK\$	Exercise period	Number of share options					
				balance as at 1 January 2022	granted during the Period	exercised during the Period	cancelled/lapsed during the Period	balance as at 30 June 2022	
<b>Directors</b>									
Mr. Wu Sai Him	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below	2,450,000	-	-	-		
	20 June 2022	0.1742 (Note 2)	20/06/2022-17/11/2026		900,000			3,350,000	
Mr. Chiu Chi Wing	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below	2,450,000	-	-	-		
	20 June 2022	0.1742 (Note 2)	20/06/2022-17/11/2026		900,000			3,350,000	
Prof. Wang Dawu	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below	2,450,000	-	-	-		
	20 June 2022	0.1742 (Note 2)	20/06/2022-17/11/2026		900,000			3,350,000	
				<b>26,950,000</b>	<b>39,200,000</b>	<b>-</b>	<b>(2,450,000)</b>	<b>63,700,000</b>	
<b>Consultant</b>									
Mr. Hui Chin Tong Godfrey	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below	7,840,000	-	-	-	7,840,000	
<b>Employees in aggregate</b>									
	5 April 2017	0.62 (Note 1)	Subject to the vesting schedule below	11,270,000	-	-	-		
	20 June 2022	0.1742 (Note 2)	20/06/2022-17/11/2026		15,100,000			26,370,000	
<b>Total</b>				<b>46,060,000</b>	<b>54,300,000</b>	<b>-</b>	<b>(2,450,000)</b>	<b>97,910,000</b>	

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

<b>Exercise Period</b>	<b>Number of underlying Shares subject to the share options:</b>
5 April 2018 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the share options
5 April 2019 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the share options
5 April 2020 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the share options
5 April 2021 to 4 April 2025	25% of the total number of Shares fall to be issued on exercise of the share options

Notes:

1. The closing price per Share as quoted on the Stock Exchange on the day immediately before the date of grant (i.e. as of 3 April 2017) was HK\$0.60.
2. The closing price per Share as quoted on the Stock Exchange on the date of grant (i.e. as of 20 June 2022) was HK\$0.17.
3. Save as disclosed in the above table, no options were granted, exercised, forfeited and expired during the period covered by the above table.
4. The fair value of Options estimated at the date of grant using the binomial option pricing model was approximately HK\$5.0 million (equivalent to approximately HK\$0.09 each).
5. The significant inputs into the model were closing Share price of HK\$0.17 at the grant date, exercise price shown above, volatility of 93%, dividend yield of 0%, an expected option life of 4.4 years, annual risk-free interest rate of 2.92% and exercise multiples of 2.8 or 2.2. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices of the Company. The total expenses recognised in the unaudited consolidated statement of comprehensive income for the six months ended 30 June 2022 amounted to approximately RMB4.2 million.
6. The variables and assumptions used in computing the fair value of the share options are based on Directors' best estimate. Change in variables and assumptions may result in changes in fair value of the Options.

## 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 six months ended 30 June 2022.

### Audit Committee

The audit committee has reviewed this report and the Group's unaudited condensed consolidated financial results for the six months ended 30 June 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"	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 our Company
"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

“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

“GEM”

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

“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

“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 under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

“Guanshanyue Apartments”

Guanshanyue Apartments\* (觀山悅公館), 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

“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

“Period”	the six months ended 30 June 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
“Prospectus”	the prospectus of the Company dated 30 November 2016 issued in connection with the Listing
“RMB”	Renminbi, the lawful currency of the PRC
“Room Revenue”	revenue generated from room rates (including related service charges) of the themed hotel complexes in the Gudou Hot Spring Resort
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	share option scheme conditionally approved and adopted by the Company on 18 November 2016
“Target Land A”	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 including 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

“%”

per cent.

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

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

Hong Kong, 11 August 2022

*As at the date of this report, the executive Directors are Mr. Hon Chi Ming, Mr. Huang Zhanxiong, Mr. Liang Juquan and Mr. Hon Ka Fung, the non-executive Director is Mr. Tam Man Chiu, and the independent non-executive Directors are Mr. Wu Sai Him, Mr. Chiu Chi Wing and Prof. Wang Dawu.*