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 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Hong Kong Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Hong Kong Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement 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 2024 together with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
Revenue	4	**53,380**	52,684
Cost of sales		**(59,588)**	(57,927)
Gross loss		**(6,208)**	(5,243)
Other income		**609**	379
Other gains, net		**9,994**	623
Fair value losses on investment properties		**(7,900)**	(53,850)
Selling expenses		**(4,038)**	(5,972)
Administrative expenses		**(26,035)**	(26,835)
Reversal of impairment loss/(impairment loss) under credit loss model, net		**2,032**	(625)
Loss from operations		**(31,546)**	(91,523)
Finance costs		**(19,619)**	(19,043)
Loss before income tax		**(51,165)**	(110,566)
Taxation	5	**357**	12,037
Loss for the year attributable to owners of the Company		**(50,808)**	(98,529)
Other comprehensive (expense)/income for the year, net of tax			
Item that may be reclassified to profit or loss:			
Currency translation differences		**(7,448)**	(17,952)
Items that will not be reclassified to profit or loss:			
Currency translation differences		**4,753**	18,252
Gain on revaluation of properties, net of tax		**40,185**	—
Total comprehensive expense for the year attributable to owners of the Company		**(13,318)**	(98,229)

Loss per share

		2024 **RMB cents**	2023 RMB cents
Basic and diluted loss per share	7	**(4.45)**	(8.95)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		**156,499**	185,445
Right-of-use assets		**10,696**	11,820
Investment properties		**570,200**	519,200
Financial assets at fair value through other comprehensive income		**55**	55
Deferred tax assets		**7,067**	6,985
		744,517	723,505
Current assets			
Properties held for sale		**120,595**	126,386
Inventories		**2,318**	2,645
Accounts receivable	*8*	**3,806**	4,852
Prepayments, deposits and other receivables		**14,062**	13,499
Amount due from the joint operator	*9*	**70,333**	45,632
Restricted bank balances		**1,447**	970
Bank and cash balances		**1,450**	3,575
		214,011	197,559
TOTAL ASSETS		**958,528**	921,064
Current liabilities			
Accounts payable	*10*	**54,434**	51,515
Provision, accruals and other payables		**116,863**	86,588
Settlement payable for discharge of the joint operation		**64,137**	64,137
Loan from the joint operator		**15,000**	–
Amount due to a director		**1,498**	–
Borrowings		**134,946**	206,267
Lease liabilities		**665**	684
Current tax liabilities		**64,324**	63,978
Contract liabilities		**67,279**	77,662
		519,146	550,831

	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Borrowings		**80,830**	13,300
Lease liabilities		**5,728**	6,394
Loan from a related party		**7,849**	7,078
Deferred tax liabilities		**159,428**	146,723
Deferred income		**11,050**	11,950
		264,885	185,445
TOTAL LIABILITIES		**784,031**	736,276
Capital and reserves			
Share capital	*11*	**10,131**	10,051
Reserves		**164,366**	174,737
TOTAL EQUITY		**174,497**	184,788
TOTAL LIABILITIES AND EQUITY		**958,528**	921,064

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated on 10 January 2014 in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The address of its principal place of business is Gudou Hot Spring Resort Complex, Yamen Town, Xinhui, Jiangmen, Guangdong Province, the People's Republic of China ("the PRC") (中國廣東省江門市新會區崖門鎮古兜溫泉綜合度假村). The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 December 2016.

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

These financial information are presented in Renminbi ("RMB"), unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATIONS OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referring Nature – dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Compliance with HKFRSs and HKCO

The consolidated financial information 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.

3.2 Historical cost convention

The consolidated financial information has been prepared under the historical cost basis except for investment properties and financial assets at fair value through other comprehensive income which are measured at fair value.

The preparation of consolidated financial information 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.

3.3 Going concern assumption

During the year ended 31 December 2024, the Group reported a net loss of approximately RMB50,808,000. As at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB305,135,000. Included in its current liabilities were borrowings of approximately RMB134,946,000 which were overdue, while its bank and cash balances amounted to approximately RMB1,450,000 only as at 31 December 2024.

The Group's property development business related to the joint operation (the "Joint Operation") with Guangdong Aoyuan Company Limited ("GD Aoyuan") was negatively affected by the liquidity condition of China Aoyuan Group Limited ("China Aoyuan"), the shareholder of GD Aoyuan. Pursuant to the cooperation agreements, GD Aoyuan is solely responsible for the funding of construction of projects of the Joint Operation. However, GD Aoyuan was unable to advance sufficient funding for the settlement of construction and other costs. In addition, the Group is involved in several legal disputes with GD Aoyuan being the plaintiff. Upon the civil ruling handed down by Jiangmen Xinhui's People Court (the "Court"), the Court ordered to discharge the Joint Operation on 19 May 2023. As a result, the Group needs to be solely responsible for the ongoing operation of the property development project and to settle any obligation arising from the discharge, which may further affect the liquidity of the Group.

All of the above conditions indicate the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

In view of such circumstances, the directors of the Company (the "Directors") have given careful consideration of the future liquidity and operating performance of the Group and its available source of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors of the Company have reviewed a cash flow projection of the Group prepared by management covering a period of not less than twelve months from 31 December 2024 taking into consideration the following plans and measures:

(i) For the installment loans, with original due dates during the year ending 31 December 2024, amounting to RMB111,006,000 as at 31 December 2024, the Group has been actively negotiating with the bank on revising the repayment schedules to extend the due dates. For the revolving bank loans of RMB80,830,000 as at 31 December 2024, it was renewed during the year ended 31 December 2024 and with maturity dates of 2026. The Directors would further renew these bank loans when they expire in their respective dates. Having considered the successful record of renewing the Group's borrowings, the longstanding relationships with the banks and the assets being pledged to these banks, the Directors believe that the Group will be able to renegotiate the repayment dates of the installment loans and further renew its revolving bank facilities when they expire on their respective dates.

(ii) The Group has entered into facilities of RMB230,000,000 in March 2024 with a bank and be able to draw down from these bank facilities, subject to certain conditions, including the amounts to be drawn down and the assets that can be used as pledge. There is an unutilised amount of banking facilities of RMB205,060,000 as at 31 December 2024.

(iii) The Group has entered into a new loan facility of RMB50,000,000 in December 2024 with an independent third party with an expire date of 2027.

(iv) The Group has been actively negotiating with the relevant tax authority on the deferring of the payment of the Group's current taxes (including the PRC enterprise income tax ("PRC EIT") and PRC land appreciation tax ("LAT")). The Directors are of the opinion that the current tax liabilities (including PRC EIT and LAT) will not be fully payable in 2025 and 2026 based on the Group's understanding of the practice of the tax authority to support the industry that was seriously affected under the COVID-19 pandemic.

(v) Riding on the gradual recovery of the Group's hotel and resort operations in 2024, the Group is cautiously optimistic that the leisure travel market and the Group's hotel and resort operations will continue to recover in 2025. The Group continues its efforts by generating cash from hotel and resort operations, delaying the settlement to key suppliers or contractors and implementing measures to further control capital and operating expenditures of the Group.

(vi) After the discharge of the Joint Operation, the Group is responsible for the operation of the property development project. The Group will actively adjust the sales strategy to respond to changing markets in order to achieve a better sales volumes and amounts, and enhance collection. In addition, based on the development plan of the project and the Directors' best understanding on the construction progress, the Directors considered that the additional obligation that the Group needs to take up is inconsequential. Moreover, the Group considers it has the rights to claim GD Aoyuan on any possible settlements on behalf of GD Aoyuan relating to the Joint Operation and thus do not expect any significant cash outflow going forward.

3. **BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

(vii) Upon the discharge of the Joint Operation, the Group has recognised a settlement payable for acquiring the remaining unsold properties originally jointly owned with the joint operator and a loan from joint operator upon civil ruling. The Group considers they will arrange the settlement of such payable to GD Aoyuan together with any possible settlements by the Group on behalf of GD Aoyuan relating to the Joint Operation, any GD Aoyuan's withdrawals from the designated bank account and compensation for damages granted by the Court for GD Aoyuan's breaches of the Joint Operation. Based on the assessment by management, the Directors considered that the obligation that the Group needs to settle to GD Aoyuan is inconsequential.

(viii) The Group is actively looking for additional sources of financing to enhance the financial position and support the operations of the Group.

The Directors, after due consideration of the basis of management's plans and measures as well as the reasonable possible downside changes to the cash flow projections, are confident that the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due covering a period of not less than twelve months from 31 December 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether the Group is able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions that are subject to inherent uncertainties. Whether the Group will be able to continue as a going concern depends upon:

(a) the Group's ability to negotiate with the bank on revising repayment schedules to extend the due dates of installment loans;

(b) the Group's ability to draw down from the unutilised amount of banking facilities of RMB205,060,000 and the loan facility of RMB50,000,000 as and when needed;

(c) the Group's ability to further defer the payment of the Group's PRC EIT and LAT;

(d) the Group's ability to accelerate the recovery and generate operating cash inflow from its hotel and resort operations, delay the settlement to key suppliers or contractors and implement measures to further control capital and operating expenditures of the Group;

(e) the Group's ability to successfully adjust the sales strategy to achieve a better sales volume and amounts and timely collection of sales proceeds;

(f) the Group's ability to settle the discharge of the joint operation and to resolve the dispute with the joint operator with inconsequential financial impact to the Group; and

(g) the Group's ability to successfully raise additional sources of financing as and when needed to enhance the financial position and support the operations of the Group.

3. **BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

4. **REVENUE**

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Hotel and resort operations		
Admission income	**12,815**	10,106
Catering income	**9,196**	9,969
Conference fee income	**552**	657
Massage service income	**–**	598
Rental income	**3,696**	4,684
Other service income	**3,273**	2,542
Merchandise sales income	**173**	93
Room revenue	**15,356**	19,434
	45,061	48,083
Tourism properties		
Property sales	**8,319**	4,601
	53,380	52,684
Timing of revenue recognition		
At a point in time	**30,503**	24,769
Over time	**19,181**	23,231
	49,684	48,000
Rental income	**3,696**	4,684
	53,380	52,684

5. TAXATION

For the year ended 31 December 2024, no provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong (2023: Nil). The Group's subsidiaries in the PRC are subject to the PRC enterprise income tax at a rate of 25% (2023: 25%) on estimated assessable profits.

The revenue from tourism property as described in Note 4 includes sales of apartments. Under the applicable tax regulations, LAT is charged at progressive rate from 30% to 60% (2023: 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 been determined by the local tax bureau. Management adopted the progressive rate from 30% to 60% (2023: 30% to 60%) according to their best estimation.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current tax		
– PRC enterprise income tax	**–**	1,195
– LAT	**416**	230
	416	1,425
Deferred tax	**(773)**	(13,462)
Taxation	**(357)**	(12,037)

6. DIVIDEND

No dividend was paid or declared by the Company during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

7. 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 year.

	Year ended 31 December	
	2024	2023
Loss attributable to owners of the Company *(RMB'000)*	**(50,808)**	(98,529)
Weighted average number of ordinary shares in issue *('000)*	**1,141,356**	1,100,887
Basic loss per share *(RMB cents)*	**(4.45)**	(8.95)

7. LOSS PER SHARE (CONTINUED)

Diluted

Diluted loss 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.

For the years ended 31 December 2024 and 31 December 2023, share options were not assumed to be exercised/converted as they have an anti-dilutive impact due to the loss for the years attributable to owners of the Company.

8. ACCOUNTS RECEIVABLE

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Accounts receivable, gross	**7,348**	13,818
Less: impairment allowance	**(3,542)**	(8,966)
Accounts receivable, net	**3,806**	4,852

The Group allows an average credit period ranging from 30 to 90 days (2023: 30 to 90 days) to travel agencies and corporate customers in hotel and resort operations segment. For new travel agencies and corporate customers, payment in advance is normally required. Overdue balances are reviewed regularly by the directors.

8. ACCOUNTS RECEIVABLE (CONTINUED)

The aging analysis of gross accounts receivable, based on the invoice date for travel agencies and corporate customers, is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Up to 30 days	**778**	2,227
31 to 60 days	**199**	447
61 to 90 days	**29**	259
Over 90 days	**6,342**	10,885
	7,348	13,818
Impairment allowance	**(3,542)**	(8,966)
Accounts receivable, net	**3,806**	4,852

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

	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**8,966**	8,341
(Reversal of impairment loss) impairment loss	**(5,424)**	625
At the end of the year	**3,542**	8,966

The above (reversal of impairment loss) impairment loss have been included in "Reversal of impairment loss/(impairment loss) under expected credit loss model, net" in the consolidated statement of profit or loss and other comprehensive income.

All accounts receivable are denominated in RMB and approximate to their fair values.

9. AMOUNT DUE FROM THE JOINT OPERATOR

Guangdong Gudou Travel Group Company Limited ("GD Gudou"), an indirect wholly owned subsidiary of the Group, entered into a joint operation arrangement with Guangdong Aoyuan Group Company Limited ("GD Aoyuan" or "Joint Operator"), which is an indirect wholly owned subsidiary of China Aoyuan Group Limited, through the execution of two cooperation agreements dated 16 July 2019 and 30 June 2020 (the "Joint Operation Agreements") for the development of a tourism property, facilities and other infrastructures incidental to the development of tourism property on 8 parcels of land (the "Land") in Gudou Jiangmen, the PRC (the "Joint Operation"). In return of this Joint Operation, GD Gudou and GD Aoyuan are entitled to 30% and 70%, respectively, of the net income derived from the Joint Operation.

Pursuant to the Joint Operation Agreements, while GD Gudou is responsible for contributing the Land to the Joint Operation, GD Aoyuan is responsible for (i) funding the development, construction and management of the Land; (ii) maintaining the books and records of the Joint Operation; and (iii) operating a designation bank account under the name of GD Gudou (the "Designated Bank Account"). Additionally, the purpose of the Designated Bank Account is to deposit fundings received from GD Aoyuan to settle the construction and other costs of the Joint Operation and receive proceeds from the sales of the property units developed under the Joint Operation. Fundings can also be withdrawn from the Designated Bank Account to settle any construction and other costs incurred for the Joint Operation.

Upon the inception of the Joint Operation, based on the Joint Operation Agreements and management's understanding of the operation of the Joint Operation, management has recognised the Land as properties held for sale, the bank balances in the Designated Bank Account as restricted bank balance, all the proceeds received from the pre-sales activities relating to the Joint Operation and deposited at the Designated Bank Account as contract liabilities in the consolidated statement of financial position, and recognised 30% (as entitled by GD Gudou in accordance with the Joint Operation Agreements) of the revenue recognised and expenses incurred in connection with the Joint Operation in the consolidated statement of profit or loss and other comprehensive income. Additionally, for any amounts settled by the Group or the Joint Operator on behalf of the Joint Operation which are expected to be recovered from the Joint Operator or the Group, respectively, these transactions would be recognised as amount due from/to the joint operator.

Since the commencement of the Joint Operation, construction work has begun only on 3 parcels of the Land and two developed properties on these 3 parcels of Land have commenced pre-sale activities in 2019 and 2022. There has been no further development for the remaining 5 parcels of the Land now. The development of the Land has been further delayed starting from the second half of 2022. In 2022, GD Gudou received several claims as one of the defendants from a few property buyers in respect of alleged breach of contracts by a contractor introduced by GD Aoyuan for the remodelling of their property units. Although these claims have been closed, it led to the Group's management to probe closer into the activities of the Joint Operation, including the transaction activities in the Designated Bank Account. Furthermore, the Group could not proceed with the search as GD Aoyuan moved out from the office building of GD Gudou in November 2022, and all the accounting records and related supporting documents of the Joint Operation were taken away by GD Aoyuan at the same time. GD Aoyuan had provided accounting records including ledger, balance sheets and profit and loss accounts for the Joint Operation in the previous periods but the Group did not maintain a full set of accounting vouchers and supporting documents as they had access in the past. Since then, GD Aoyuan was not cooperative and despite the Group's continuous effort, the Group was not able to obtain the accounting records of the Joint Operation taken away by GD Aoyuan.

9. AMOUNT DUE FROM THE JOINT OPERATOR (CONTINUED)

In March 2023, the Directors, of which have no prior knowledge, were made aware of two loan agreements involving GD Gudou, being the borrower, and GD Aoyuan, being the lender, totalling not more than RMB50,000,000 which are interest-bearing at 12% per annum in 2019 (the "Loan Agreements") and a commitment letter made by GD Gudou in favour of GD Aoyuan in relation to RMB15,000,000 at an interest rate of 12% per annum in 2021 (the "Commitment Letter"). These Loan Agreements and Commitment Letter were received from an anonymous source and were alleged by the informant to be related to certain withdrawals being made from the Designated Bank Account by the Group over the years from 2019 to 2021. However, it was the understanding of the management of the Group that these withdrawals were not loans in nature and in fact were fund transfers. The withdrawals made in 2019 were for the purposes to settle certain construction and other costs incurred by the Group and paid on behalf of GD Aoyuan from the Designated Bank Account as agreed with GD Aoyuan in order to complete the existing property development project of GD Gudou so as to expedite the overall pre-sales activities of the property development project under the Joint Operation. Such withdrawals had already been settled by the Group based on management's understanding. The withdrawals made in 2021 were for the purpose to release the mortgage over one of the parcels of the Land contributed by GD Gudou so as to facilitate the application of pre-sale permit of the Joint Operation.

In March and April 2023, GD Aoyuan filed two claims against the Group in relation to (i) the Commitment Letter and (ii) the operation of the Joint Operation and claimed that GD Aoyuan had intended to continue the Joint Operation but could not do so unless these disputes could be resolved. In the hearing process of the court case, GD Aoyuan further submitted to the Court certain supplemental agreements of which the Directors had no prior knowledge. In October 2023, the Group received a civil ruling from the Court to discharge the Joint Operation with effective date on 19 May 2023 and concluded that certain alleged supplemental agreements to the Joint Operation Agreements, to which the Group still has no access, were invalid and should not be enforceable. However, the Loan Agreements have been determined by the civil ruling to be authentic.

Upon the Court's ruling on discharging the Joint Operation Agreements with effective date on 19 May 2023 and based on the advice from the Company's PRC lawyer (the "PRC legal advice"), the Group becomes the sole legal owner of the remaining unsold properties ("Properties") originally jointly owned with the Joint Operator and could therefore exercise unilateral control over all of the properties held for sale as previously developed and managed by the Joint Operation. Management has therefore accounted for the discharge of the Joint Operation Agreements as an asset acquisition of a previously jointly controlled asset from the Joint Operator ("Acquired Properties"). The Group recognised the Acquired Properties at their estimated market value of approximately RMB64,137,000 as determined by an independent valuer appointed by the Company and correspondingly recognised a settlement payable of the same amount for the discharge of Joint Operation Agreements on 19 May 2023 upon the Group obtains control over the Acquired Properties. Thereafter, the Group started to recognise the entire revenue arising from any subsequent sales of properties and also all of the expenses as incurred for any subsequent property development activities in the consolidated statement of profit or loss and other comprehensive income.

In April 2024, the Court's ruling rejected GD Aoyuan appeals to the decision of discharging the Joint Operation Agreements mentioned above where and ruled that GD Aoyuan has to pay GD Gudou RMB10 million as a penalty for breach of contract. The amount has been recognised as other gains in the consolidated statement of profit or loss and other comprehensive income according to the ruling.

In May 2024, the Court's ruling concluded on the validity of the Commitment Letter and that GD Gudou has to repay the loan amounting to RMB15 million with interest at 12% per annum starting from 18 March 2021 until the loan is settled. The Group recognised the principal of the loan from the Joint Operator and the accrued interest in current liabilities in the consolidated statement of financial position.

9. AMOUNT DUE FROM THE JOINT OPERATOR (CONTINUED)

Independent investigation on the Loan Agreements and the Commitment Letter

Upon the discovery of the Loan Agreements and the Commitment Letter, the Directors established an independent investigation committee to investigate the Loan Agreements and the Commitment Letter in April 2023 (the "Investigation"). The investigation committee engaged an independent professional advisor to conduct the Investigation. Based on the independent review report from the independent professional advisor ("Independent Review Report"), they found the validity of the Loan Agreements and the Commitment Letter and the existence of the loan of RMB15 million under the Commitment Letter to be questionable. According to the Independent Review Report, the approval and signing procedures for the Loan Agreements and the Commitment Letter were different from those stipulated in the "Usage and management system for company seals and chops". There was no formal application on using of the company seals and chops in relation to the signing of both of the Loan Agreements and the Commitment Letter and such usage was not recorded on the contract register. They also found that the Commitment Letter was only stamped with the Company seal, which was not following the normal practice of stamping both the Company seal and the legal representative chop (or signed by the responsible Director) at the same time. The independent advisor cannot find any evidence which may suggest that the Loan Agreements and the Commitment Letter were executed and further based on their computer data analysis, the independent advisor concluded that there is no finding which suggest evidence to show that the relevant personnel of the Group have knowledge in or have discussed on the Loan Agreements and the Commitment Letter. However, the Investigation is subject to several limitations, including but not limited to, inability to obtain the financial records and supporting documents of the Joint Operation and conduct interview with GD Aoyuan and some of the major service providers of the Joint Operation. Nevertheless, the Board is in the opinion that the independent investigator has already exhausted all reasonable means to provide the full extent of findings and conclusion to the Group.

9. AMOUNT DUE FROM THE JOINT OPERATOR (CONTINUED)

Incomplete accounting records of the Joint Operation

After GD Aoyuan moved out from the office building of GD Gudou in November 2022 and took away all the accounting records and related supporting documents of the Joint Operation, the Group could only rely on the limited information and documents available to account for the transactions related to Joint Operation and prepare its financial information for the Group's consolidated financial statements as at and for the year ended 31 December 2022 based on its best understanding of the operation of the Joint Operation and judgement.

The Group continues to be unable to obtain the books and records of the Joint Operation for the period prior to 31 December 2022 as GD Aoyuan is not cooperative. During the years ended 31 December 2024 and 2023, the Group has maintained complete record of transactions and controlled the usage of the seals and chops in relation to the Joint Operation.

However, due to the inability to obtain the accounting records of the Joint Operation from GD Aoyuan when GD Aoyuan was responsible for maintaining the books and records, the Group could not ensure if there is any unknown outstanding construction and other costs and any possible disputes with other creditors related to the Joint Operation. The Group received several claims from the contractors of the Joint Operation for the settlements of outstanding construction and other costs amounting to RMB31 million and has accrued such amount as other payables and correspondingly an amount due from the joint operator as a settlement on behalf of GD Aoyuan in 2022. Nevertheless, based on the PRC legal advice, the Group considers it has the rights to claim GD Aoyuan on any possible settlements on behalf of GD Aoyuan relating to the Joint Operation and therefore, the Group will recognise settlements made on behalf of GD Aoyuan if they further receive any claims in relation to the Joint Operation's activity prior to 19 May 2023.

Nevertheless, based on the PRC legal advice, the Group considers it has the rights to claim GD Aoyuan on any possible settlements on behalf of GD Aoyuan relating to the Joint Operation and therefore, the Group continued to recognise the settlements made on behalf of GD Aoyuan, together with any GD Aoyuan's withdrawals from the Designated Bank Account, as amount due from the joint operator. However, in consideration of the liquidity condition of GD Aoyuan, the Group has also recognised an impairment provision up to the Group's entitlement of the Joint Operation as stated in the Joint Operation Agreements.

9. AMOUNT DUE FROM THE JOINT OPERATOR (CONTINUED)

Based on the aforementioned assessment by management, the Directors have prepared the financial information for the Joint Operation from 1 January 2023 until the effective date of discharge of the Joint Operation and recognised the following on the Company's consolidated financial statements.

	Period from 1 January 2023 to 19 May 2023
	RMB'000
Revenue	–
Cost of sales, selling and administrative expenses	(118)

Note: Amount due from the joint operator

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Amount due from the joint operator	**115,308**	87,608
Less: allowance for impairment	**(44,975)**	(41,976)
	70,333	45,632

Movements on the impairment loss on amount due from the joint operator are as follows:

	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**41,976**	41,976
Impairment losses	**2,999**	–
At the end of the year	**44,975**	41,976

10. ACCOUNTS PAYABLE

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Up to 90 days	**6,182**	4,219
91 to 180 days	**1,503**	2,511
181 to 365 days	**4,559**	4,321
Over 1 year	**42,190**	40,464
	54,434	51,515

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

11. SHARE CAPITAL

	Number of shares	**Share capital**
	(thousands)	*RMB'000*
As at 1 January 2023	994,872	8,804
Exercise of share options	15,814	139
Conversion of convertible bond	126,500	1,108
As at 31 December 2023	1,137,186	10,051
Exercise of share options	8,615	80
As at 31 December 2024	1,145,801	10,131

12. EVENTS AFTER THE REPORTING PERIOD

On 22 January 2025, the Company entered into a Subscription Agreement with an independent third party for subscription of 100,000,000 shares of the Company at the subscription price of HK$0.12 per share. The share subscription was completed on 7 March 2025. The net proceed from the share subscription amounted to approximately HK$11,700,000 (equivalents of approximately RMB10,902,000), net of transaction costs of issuing of the shares.

AUDIT OPINION

The auditor of the Group will issue a qualified opinion with material uncertainty related to going concern on the consolidated financial statements of the Group for the year under audit. An extract of the auditor's report is set out in the section headed "EXTRACT OF THE AUDITOR'S REPORT OPINION" below.

EXTRACT OF THE AUDITOR'S REPORT OPINION

Our qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for qualified opinion

Limitation of scope on the financial information of a joint operation with Guangdong Aoyuan Company Limited

As set out in Note 22 to the consolidated financial statements, Guangdong Gudou Travel Group Company Limited ("GD Gudou"), an indirect wholly owned subsidiary of the Group, entered into a joint operation arrangement with Guangdong Aoyuan Group Company Limited ("GD Aoyuan" or "Joint Operator") through the execution of two cooperation agreements ("Joint Operation Agreements") dated 16 July 2019 and 30 June 2020 for the development of 8 parcels of land in Gudou Jiangmen, the People's Republic of China (the "PRC") (the "Joint Operation"). Pursuant to the Joint Operation Agreements, GD Gudou is responsible for contributing the Land to the Joint Operation and GD Aoyuan is responsible for (i) funding the development, construction and management of the Land, (ii) maintaining the books and records of the Joint Operation and (iii) operating a designation bank account under the name of GD Gudou (the "Designated Bank Account"). The Joint Operation was subsequently discharged based on a civil ruling from the Court with an effective date of 19 May 2023. As at 31 December 2024, the Group recognised an amount due from the joint operator of RMB70,333,000 (2023: RMB45,632,000) net of impairment loss recognised of RMB44,975,000 (2023: RMB41,976,000), settlement payable for discharge of the joint operation of RMB64,137,000 (2023: RMB64,137,000), and loan from the joint operator of RMB15,000,000 (2023: nil) and related interest payable of RMB6,825,000 (2023: nil) arising from the Joint Operation.

In 2022, GD Gudou received several claims as one of the defendants from a few property buyers in respect of alleged breach of contracts by a contractor introduced by GD Aoyuan for the remodeling of their property units. This led the Group's management to probe closer into the activities of the Joint Operation, including the transaction activities in the Designated Bank Account. Management of the Group alleged that they could not access the accounting records of the Joint Operation as GD Aoyuan moved out from the office building of GD Gudou in November 2022, and all the accounting records and related supporting documents of the Joint Operation were taken away by GD Aoyuan at the same time. Therefore, the Group was unable to obtain a complete set of books and records of the Joint Operation for the purpose of preparing the consolidated financial statements of the Group for the year ended 31 December 2022.

In March 2023, the Directors of the Company, of which had no prior knowledge, were made aware of two loan agreements dated 2019 involving GD Gudou, being the borrower, and GD Aoyuan, being the lender, totalling not more than RMB50,000,000 (the "Loan Agreements") and a commitment letter made by GD Gudou in favour of GD Aoyuan of RMB15,000,000 in 2021 (the "Commitment Letter"). These Loan Agreements and Commitment Letter were received from an anonymous source and were alleged by the informant to be related to certain withdrawals made from the Designated Bank Account by the Group over the years from 2019 to 2021. However, it was the understanding of the management of the Group that these withdrawals were not loans in nature and in fact were fund transfers. Accordingly, the Directors established an independent investigation committee to investigate the Loan Agreements and the Commitment Letter in April 2023 (the "Investigation"). Based on the independent review report from the independent professional advisor (the "Independent Review Report"), they found the validity of the Loan Agreements and the Commitment Letter and the existence of the loan of RMB15 million under the Commitment Letter to be questionable. Based on the findings of the Investigation and the Group's understanding of the operations of the Joint Operation, unless the court would ultimately conclude otherwise, the Group considered that the usage by GD Gudou of the RMB15 million deposited by GD Aoyuan was within the boundaries of the Joint Operation and not for private usage, suggesting that the RMB15 million could not have been a loan and continue to be accounted for as amount due from/to the joint operator without fixed term and interest as at 31 December 2023.

The Investigation is subject to several limitations in respect of the nature and extent of the procedures conducted, including but not limited to, the inability to obtain the financial records and supporting documents of the Joint Operation and to conduct interviews with GD Aoyuan and some of the major service providers of the Joint Operation.

In March and April 2023, GD Aoyuan filed two claims against the Group in relation to Commitment Letter and the operation of the Joint Operation. In October 2023, the Group received a civil ruling from the Court to discharge the Joint Operation Agreements with an effective date of 19 May 2023 and that the Loan Agreements and Commitment Letter were determined to be authentic. Effective from 19 May 2023, the Group accounted for the discharge of the Joint Operation Agreements as an asset acquisition of the jointly controlled assets from the Joint Operator (the "Acquired Properties"). The Group recognised the Acquired Properties at their estimated market value as determined by an independent valuer appointed by the Company and a corresponding settlement payable for the discharge of the Joint Operation Agreements. Thereafter, the Group started to recognise all the revenue arising from the sale of the properties and all expenses incurred for the property development activities in the consolidated statement of profit or loss and other comprehensive income. The Group continues to be unable to obtain the books and records of the Joint Operation for the period prior to 31 December 2022 as GD Aoyuan is not cooperative. During the years ended 31 December 2024 and 2023, the Group has maintained a complete record of transactions and controlled the usage of the seals and chops in relation to the Joint Operation.

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor (the "Predecessor Auditor") who expressed a qualified opinion due to a limitation of audit scope concerning the financial information in relation to the Joint Operation. The Predecessor Auditor was not able to satisfy themselves as to (i) the nature of the balance of amount due from/to the joint operator alleged to be related to the Loan Agreements and the Commitment Letter as at 31 December 2023 and (ii) the accuracy, validity, completeness and valuation of the balance of amount due from the joint operator as of 31 December 2023, and whether any adjustment is required on the corresponding impairment provision made on the amount due from the joint operator for the year ended 31 December 2023.

In April 2024, the Court's ruling rejected GD Aoyuan appeals to the decision of discharging the Joint Operation Agreements and ruled that GD Aoyuan has to pay GD Gudou RMB10 million as a penalty for breach of contract. The amount has been recognised as other gains in the consolidated statement of profit or loss and other comprehensive income according to the ruling.

In May 2024, the Court's ruling concluded on the validity of the Commitment Letter and that GD Gudou has to repay the loan amounting to RMB15 million with interest at 12% per annum starting from 18 March 2021 until the loan is settled. The Group recognised the principal of the loan from the joint operator and the accrued interest in current liabilities in the consolidated statement of financial position.

We were unable to obtain the books and records of the Joint Operation for the period prior to 31 December 2022 and to communicate with and obtain confirmation from the Joint Operator and other relevant parties concerning the Joint Operation including the Loan Agreements. Accordingly, we were unable to obtain sufficient appropriate audit evidence or perform alternative audit procedures to satisfy ourselves as to the nature, validity, completeness and valuation of the amount due from/to the joint operator as of 31 December 2024 and 2023.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to Note 3(b)(ii) to the consolidated financial statements, which states that the Group incurred a net loss of approximately RMB50,808,000 during the year ended 31 December 2024 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB305,135,000. Included in its current liabilities were borrowings of approximately RMB134,946,000 which were overdue, while bank and cash balances were approximately RMB1,450,000 only as at 31 December 2024. In relation to the Joint Operation with GD Aoyuan, the Group was discharged from the Joint Operation in May 2023 as set forth in Note 22 and needs to be responsible for the ongoing operation of the property development project and to settle any obligation arising from the discharge. These conditions, along with other matters as set forth in Note 3(b)(ii) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

SCOPE OF WORK OF CL PARTNERS CPA LIMITED

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 2024 as set out in this announcement have been agreed by the Group's auditor, CL Partners CPA Limited, to this set out in the Group's consolidated financial statements for the year. The work performed by CL Partners CPA Limited 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 Overview

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.

During the Year, the Group recorded a turnover of approximately RMB53.4 million, representing an increase of approximately 1.3% when compared to that of the previous year. Such change was mainly attributable to:

(i) an decrease in revenue generated from the Group's hot spring resort and hotel operations business because the domestic consumption and real estate markets remain weak, and the recovery of the group's hot spring resort and hotel business has also been hampered; and

(ii) an increase in revenue generated from the Group's tourism property development business due to the stabilizing stage in general real estate market environment and increase in units sold and delivered in Gudou Yishui Mingting Apartments during the Year.

Hot Spring Resort and Hotel Operations

The revenue of the Group from the hot spring resort and hotel operations and consultancy and/or management services business decreased by approximately 6.3% to approximately RMB45.1 million for the year ended 31 December 2024 as compared with that for the year ended 31 December 2023. Such decrease was mainly attributable to the decrease in admission income, catering income, conference fee income and rental income.

The Occupancy Rate of the Group's seven themed hotel complexes decreased from approximately 28% for the year ended 31 December 2023 to approximately 26% for the Year. The average room rate of the Group's seven themed hotel complexes decreased from approximately RMB283.3 for the year ended 31 December 2023 to approximately RMB233.5 for the Year, primarily because of the keen market competition and the decline in the number of visitors.

Tourism Property Development

Revenue from the tourism property development business was approximately RMB8.3 million, representing an increase of approximately 80.8% from approximately RMB4.6 million for the year ended 31 December 2023. Such decreased was mainly attributable to stabilizing stage in general real estate market environment during the Year. Revenue from the tourism property development business consists of the sales and delivery of Gudou Yishui Mingting Apartments totalling RMB8.3 million.

During the Year, we sold and delivered 20 units (approximately 10% of the total saleable GFA) of Gudou Yishui Mingting Apartments. We expect the sales and delivery of Gudou Yishui Mingting Apartments and Guanshanyue Apartments to continue in 2025.

Prospect

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

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

Together, we stride toward a brighter, healthier future–one where Gudou remains synonymous with well-being and rejuvenation.

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 2024. 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 2024**
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.

Business Objectives	Actual Business Progress up to 31 December 2024
2. Plan to expand the tourism property development business of the Group	To prepare the Group for the expansion of the tourism property development business, the Directors have 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. During the year, the Group sold and delivered 20 units of Gudou Yishui Mingting Apartments. The Directors expect the sales of the jointly developing property projects, Gudou Yishui Mingting Apartments and Guanshanyue Apartments, to continue in 2025 and properties to be delivered to its customers from 2025 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 the Group's tourism property development business. During the Year, the Group had also organised a number of promotional events to promote the Group's "Gudou" brand, such as: • The First Yamen Gudou Kung Fu Hot Spring Festival in January in January 2024 • The Blossoming Gudou Hot Spring Season in March in March 2024 • Gudou Green Crab Festival in April 2024 • Mid-Autumn Summer Children's Dream Water Park in June 2024 • The 11th Gudou Yamen Tianshui Radish Festival in December 2024

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 Year, the Group recorded turnover of approximately RMB53.4 million (2023: approximately RMB52.7 million), representing an increase of approximately 1.3% when compared with that of the previous year. The increase in turnover was primarily attributable to the increase in revenue generated from the Group's tourism property development business. The turnover from the Group's hot spring resort and hotel operations decreased by approximately 6.3% from approximately RMB48.1 million in the previous year to approximately RMB45.1 million for the Year. Such decrease was mainly driven by a decrease in admission and catering income due to a drop in visitors. The Group's revenue from its tourism property development business recorded an increase of approximately 80.8% from approximately RMB4.6 million for the year ended 31 December 2023 to approximately RMB8.3 million for the Year. The increase was primarily attributable to the increase in GFA delivered and sold of Gudou Yishui Mingting Apartments recorded during the Year.

Cost of Sales

The Group's cost of sales for the Year was approximately RMB59.6 million, representing an increase of approximately 2.9% from approximately RMB57.9 million for the year ended 31 December 2023. Such increase was primarily due to increase in GFA delivered and sold of Gudou Yishui Mingting Apartments during the Year. The cost of sales of the Group's hot spring resort and hotel operations slightly increased by approximately 1.7% to RMB53.8 million for the Year.

Gross Loss and Gross Loss Margin

The Group's gross loss for the Year was approximately RMB6.2 million, representing an increase when compared with its gross loss of approximately RMB5.2 million for the year ended 31 December 2023. The Group's gross loss margin increased from approximately 10.0% for the year ended 31 December 2023 to gross loss margin of approximately 11.6% for the Year, which reflected the decrease in the provision for loss on properties held for sale.

For the Year, the gross loss margin for hot spring resort and hotel operations was approximately 9.3% (2023: gross loss margin approximately 10.0%). The change is primarily due to the decrease in revenue from the hot spring resort and hotel operations. The gross profit margin for tourism property development for the Year was approximately 30.4% (2023: approximately 9.1%). Such change is mainly due to the decrease in a provision for loss on properties held for sale for the Year.

Fair Value Losses 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 losses on investment properties of the Group for the Year was approximately RMB7.9 million in value, while there was a fair value loss of RMB53.9 million in previous year.

Selling Expenses

The Group's selling expenses for the Year were approximately RMB4.0 million, representing a decrease of approximately 32.4% over the selling expenses of approximately RMB6.0 million for the previous year. The decrease is primarily attributable to the decrease in sales and other tax incurred by the Group in connection with the decrease in revenue in hot spring resort and hotel operations during the year.

Administrative Expenses

The Group's administrative expenses for the Year were approximately RMB26.0 million, representing a decrease of approximately 3.0% over the administrative expenses of approximately RMB26.8 million for the year ended 31 December 2023. The increase was mainly attributable to the decrease in staff costs and audit fees during the Year.

Taxation

The Group's Taxation for the Year were approximately RMB0.4 million, representing a decrease by approximately 97.0% from approximately RMB12.0 million tax credit for the year ended 31 December 2023, which is mainly due to a decrease in deferred tax credit, which reflects the fair value losses on investment properties of the Group during the Year.

Net Loss and Net Loss Margin

The Group's net loss for the Year was approximately RMB50.8 million, representing an decrease in loss when compared to the net loss of the Group of approximately RMB98.5 million for the year ended 31 December 2023. Such decrease in net loss was primarily attributable to the decrease in fair value losses on investment properties and the recognition of penalty change to the joint operator.

The Group's net loss margin (which is calculated by dividing its net loss for the relevant period by the turnover for the same period) was approximately 95.2%, representing a decrease in loss when compared to the net loss margin of the Group of approximately 187.0% for the year ended 31 December 2023. Such decrease was mainly due to (i) a decrease in fair value losses on investment properties; and (ii) the recognition of penalty change to the joint operator.

Liquidity and Financial Resources and Capital Structure

During the Year, the operations of the Group were funded by internally generated cash flows and borrowings.

As at 31 December 2024, the Group had bank and cash balances of approximately RMB1.5 million which were denominated in RMB and Hong Kong dollars.

There is no outstanding capital commitments of the Group as at 31 December 2024 (2023: Nil).

As at 31 December 2024, the Group had an outstanding bank loan of RMB215.8 million which were denominated in RMB, among which approximately RMB80.8 million were fixed rate borrowings. The annual loan repayment amounted to approximately RMB62.0 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 2024, the Group had an outstanding loan from a related party of RMB7.8 million.

The Group's gearing ratio as at 31 December 2023 and 2024, which was calculated by dividing its total borrowings by its total equity as at those dates, was approximately 1.23 and 1.38, respectively. The Group's gearing ratio as at 31 December 2024 increased because of the decreased level in the total capital.

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 2024, an amount of approximately RMB478.1 million (2023: approximately RMB457.3 million) was pledged to certain banks to secure bank facilities granted to the Group.

Significant Investments/Material Acquisitions and Disposals

Save as disclosed above, the Group had not made any significant investments or material acquisitions and disposals of subsidiaries during the Year.

Litigation and Contingent Liabilities

As at 31 December 2024, 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 2024, the Group had a workforce of 228 full-time employees of whom approximately 96.9% were employed in the PRC and approximately 3.1% in Hong Kong. The Group's staff costs for the years ended 31 December 2023 and 2024 amounted to approximately RMB22.8 million and RMB23.6 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, the 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 Year 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 Year, 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.

SUPPLEMENTAL INFORMATION REGARDING THE QUALIFIED OPINION

The Company's and Audit Committee's view and position as to the Audit Qualification

The Audit Committee had critically reviewed the basis of the qualified opinion on the Group's audited consolidated financial statements for the year ended 31 December 2024 and also the management's position and responses of the Group to the Qualified Opinion.

The management of the Company expects the said Audit Qualification could be removed when the disputes in relation to the Joint Operation is resolved, or when sufficient and appropriate audit evidence could be obtained. The Company is about to apply to the PRC Court for a ruling on the entitlements of sharing profits between the parties. As advised by the PRC legal adviser of the Company, the Company expects the application would be made shortly in 2025. Depending on the schedule of the PRC Court, the ruling may be available in the 2025 or early 2026. Meanwhile, the Company will continue to arrange for the sale of the completed property units of the Joint Operation. Upon obtaining of the PRC Court's ruling, the Company will know how the proceeds of the Joint Operation will be distributed after the liquidation of the Joint Operation. The Company is also working hard in attempt to resolve the audit limitations. As such, the management of the Company expects that, subject to auditor's performance of alternative audit procedures in relation to the relevant scope limitation areas, the Audit Qualifications might be retained for the 1 or 2 years since the audited financial results for year ended 31 December 2024. In any event, the Company considers that since the major business segment of the Company has not been affected by the incident of the Joint Operation, the impact arising from the scope limitation of the Joint Operation is contained.

The Audit Committee had critically reviewed the basis of the qualified opinion on the Group's audited consolidated financial statements for the year ended 31 December 2024 and also the management's position and responses of the Group to the Qualified Opinion.

The Audit Committee is of the view that, given the Joint Operation has already been discharged with effect from 19 May 2023, once there is a ruling on the entitlements over the Joint Operation and settlements between the parties and upon the liquidation of the Joint Operation, there will no longer be any disputes with GD Aoyuan. Also, the Group is responsible for maintaining the books and records of the projects after the termination of the Joint Operation. As such, the Audit Committee expects that the necessary audit evidence can be provided for the audit purpose. The auditor will continue to work with the Company in resolving the Audit Qualification.

DIVIDEND

The Board does not recommend payment of any final dividend in respect of the Year. During the Year, no final 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 Year.

CORPORATE GOVERNANCE PRACTICES

During the Year, 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. During the Year until 23 December 2024, Mr. Hon was 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. Subsequently, with Mr. Han Jim Zhao Ping joining the Company as the chairman of the Board, Mr. Hon ceased to act as the chairman and remained as the chief executive officer. The Company believes this could maintain good corporate governance and fully comply with such code provision.

ANNUAL GENERAL MEETING

The AGM of the Company will be held in Hong Kong on Friday, 20 June 2025. Notice of the AGM will be issued and disseminated to Shareholders in due course.

EVENTS AFTER THE REPORTING PERIOD

There is no material event undertaken by the Company or by the Group subsequent to 31 December 2024 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. Chan Cheuk Ho and Ms. Zhang Shaomin, and is chaired by Mr. Chan Cheuk Ho. The audit committee has reviewed the annual results of the Group in respect of the Year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 13 June 2025 to Friday, 20 June 2025 (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, Union Registrars Limited at Suites 3301-04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m., Thursday, 12 June 2025.

DEFINITIONS

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

"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 Group Company Limited (奧園集團(廣東)有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of China Aoyuan Group Limited
"GEM"	the GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM, as amended, supplemented and/or otherwise modified from time to time as the context may require
"GFA"	gross floor area
"Group"	the Company and its subsidiaries

"Guangdong Gudou"	Guangdong Gudou Travel Group Company Limited* (廣東古兜旅遊集團有限公司), a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of the Company
"Guanshanyue Apartments"	Guanshanyue Apartments* (觀山悦公館), 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
"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
"Year"	the year ended 31 December 2024

"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
Han Jim Zhao Ping
Chairman

Hong Kong, 31 March 2025

As at the date of this announcement, the executive Directors are Mr. Hon Chi Ming, Mr. Han Jim Zhao Ping, Mr. Wang Jun and Mr. Wu Weibin, the non-executive Director is Ms. Huang Yi, and the independent non-executive Directors are Mr. Chan Cheuk Ho and Ms. Zhang Shaomin.

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.