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GUDOU HOLDINGS LIMITED
古兜控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8308)

DISCLOSEABLE AND CONNECTED TRANSACTION
COOPERATION AGREEMENT

The Board is pleased to announce that on 16 July 2019, Guangdong Gudou (an indirect wholly-owned subsidiary of the Company) entered into the Cooperation Agreement with GD Aoyuan, pursuant to which Guangdong Gudou and GD Aoyuan had agreed to cooperate with each other for the planning, development and operation of the Target Land.

IMPLICATIONS UNDER GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under GEM Listing Rules) in respect of the transactions as contemplated under the Cooperation Agreement exceed 5% but less than 25%, the entering into of the Cooperation Agreement constitutes a discloseable transaction of the Company under Chapter 19 of GEM Listing Rules and are subject to the reporting and announcement requirements under Chapter 19 of GEM Listing Rules.

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

INDEPENDENT BOARD COMMITTEE

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

INDEPENDENT FINANCIAL ADVISER

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

EGM

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

GENERAL

The Company will despatch a circular to its Shareholders on or before 7 August 2019 containing, amongst others, details of the transactions contemplated under the Cooperation Agreement and the notice of convening the EGM to approve the Cooperation Agreement and the transactions contemplated therein.

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THE COOPERATION AGREEMENT

Summarised below are the principal terms of the Cooperation Agreement:

Date: 16 July 2019

Parties: (a) Guangdong Gudou; and

(b) GD Aoyuan.

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

Cooperation and investment amount

Pursuant to the Cooperation Agreement, Guangdong Gudou and GD Aoyuan have agreed to cooperate with each other for the planning, development and operation of the Target Land. The Target Land, which is legally and beneficially owned by the Group, is located at the Gudou Hot Spring Resort and has a total site area of 67,860.7 sq.m. and an expected gross floor area of 54,380.0 sq.m..

As part of the cooperation and joint arrangement:

- (a) Guangdong Gudou would contribute the Target Land to the joint arrangement, which was valued at approximately RMB146,826,000 as at 31 March 2019 by an independent valuer; and
- (b) GD Aoyuan would be responsible for funding the development, construction and management of the Target Land and the buildings and structures to be erected thereon with a maximum investment amount of RMB342,594,000, which was calculated based on RMB6,300 per sq.m. on an expected gross floor area of 54,380.0 sq.m. By parties' mutual agreement, it is estimated that approximately RMB6,300 per sq.m. will be utilised as construction costs for erecting the tourism properties, facilities and other infrastructures incidental to the erection of tourism properties on the Target Land.

Condition precedent

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

Revenue sharing arrangement

Within five business days after satisfaction of the condition precedent, Guangdong Gudou and GD Aoyuan will commence the joint planning and development of the Target Land. Guangdong Gudou and GD Aoyuan are entitled to 30% and 70% of the income derived from the Target Land, respectively, which is determined with reference to their respective investments in the development project on the Target Land, including the market value of the Target Land contributed by Guangdong Gudou as valued by an independent valuer and the amount of capital injection by GD Aoyuan for the development of the Target Land.

Termination

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

PARTICULARS OF THE TARGET LAND

Guangdong Gudou owns five parcels of land with a total site area of 76,189.0 sq.m. according to the land use right certificates (國土證), of which the Target Land, being its partially developed or undeveloped part, has a total site area of 67,860.7 sq.m. with an expected gross floor area of 54,380.0 sq.m. Further particulars of the Target Land are as follows:

	Site area specified in the land use right certificates (國土證)(sq.m.)	Approved usages	Status	Status of mortgage
1	33,549.0	accommodation and food and beverage	partly developed; undeveloped part has a site area of 25,220.7 sq.m.	mortgaged
2	25,437.0	accommodation and food and beverage	to be developed	mortgaged
3	5,677.0	accommodation and food and beverage	planning stage	mortgaged
4	6,413.0	accommodation and food and beverage	to be developed	mortgaged
5	5,113.0	accommodation and food and beverage	to be developed	free title

Under the current tentative development plan, tourism properties will be erected on the Target Land as part of the integrated tourism and leisure projects of Gudou Hot Spring Resort. The intended tourism properties to be erected on the Target Land are categorised principally as residential units, retail units, parking spaces and other facilities incidental to any of them. The Group will apply for changing the approved usages from the current accommodation and food and beverage usages to commercial and financial usages to align with the intended development plan.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT

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

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

The Board considers that having GD Aoyuan to join the development project in respect of the Target Land could (i) ensure sufficient investment funds would be in place to support and further the Group's strategic planning and development and sale of tourism properties within Gudou Hot Spring Resort; and (ii) benefit the development project in respect of the Target Land by leveraging China Aoyuan's expertise in property development and cultural tourism to create synergy through their established networks and resources in the Guangdong — Hong Kong — Macao Greater Bay Area.

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

GEM LISTING RULES IMPLICATIONS

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

INDEPENDENT BOARD COMMITTEE

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

INDEPENDENT FINANCIAL ADVISER

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

EGM

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GENERAL

The Company will despatch a circular to its Shareholders on or before 7 August 2019 containing, amongst others, details of the transactions contemplated under the Cooperation Agreement and the notice of convening the EGM to approve the entering into of the Cooperation Agreement and the transactions contemplated therein.

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

DEFINITIONS

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

“associate(s)”	has the meaning as ascribed to it under GEM Listing Rules
“Board”	the board of Directors
“China Aoyuan”	China Aoyuan Group Limited (中國奧園集團股份有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 3883) and a substantial Shareholder
“Company”	Gudou Holdings Limited (古兜控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange (stock code: 8308)
“Cooperation Agreement”	a cooperation and development agreement dated 16 July 2019 and entered into between Guangdong Gudou and GD Aoyuan in relation to the development of the Target Land
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Cooperation Agreement and the transactions contemplated therein
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“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
“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

“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
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board consisting of all independent non-executive Directors, namely, Mr. Wu Sai Him, Mr. Chiu Chi Wing and Prof. Wang Dawu
“Independent Shareholders”	Shareholders other than China Aoyuan and its associates
“PRC”	People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square metres
“Target Land”	the five parcels of land of approximately 67,860.7 sq.m. in total located at the Gudou Hot Spring Resort and legally and beneficially owned by Guangdong Gudou
“%”	per cent.

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

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

Hong Kong, 16 July 2019

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

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

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