Tibet 5100 Water Resources Holdings Ltd.
西藏5100水資源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1115)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHT

	Six months ended 30 June		
	2011	**2010**	**Change**
	(Unaudited)	*(Unaudited)*	%
Revenue (RMB'000)	**209,265**	138,397	51↑
Profit attributable to the equity holders of the Company (RMB'000)	**148,176**	44,644	232↑
Earnings per share			
- Basic (RMB cents)	**7.2520**	2.1877	231↑
- Diluted (RMB cents)	**7.2517**	2.1877	231↑
Sales volume (Tonnes)	**28,215**	31,405	10↓
Gross profit margin	**79%**	61%	30↑

	At 30 June 2011	**At 31 December 2010**
	(Unaudited)	**(Audited)**
Total assets (RMB'000)	**1,684,327**	459,886
Equity attributable to equity holders of the Company (RMB'000)	**1,490,528**	283,091

INTERIM RESULTS

The board of directors (the "Directors") (the "Board") of Tibet 5100 Water Resources Holdings Ltd. (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2011. These interim results have been reviewed by the Company's Audit Committee, comprising solely the independent non-executive directors, one of whom chairs the committee, and the Company's external auditors, PricewaterhouseCoopers.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2011 AND 31 DECEMBER 2010

	Note	**As at 30 June 2011**	**As at 31 December 2010**
		RMB'000	*RMB'000*
		Unaudited	*Audited*
Assets			
Non-current assets			
Land use rights	7	**1,282**	1,297
Property, plant and equipment	7	**294,758**	292,169
Deferred income tax assets		**3,746**	3,566
Prepayments		**4,344**	4,629
		304,130	301,661
Current assets			
Inventories		**58,461**	32,201
Trade receivables	8	**111,067**	71,991
Prepayments		**16,406**	16,680
Other receivables		**17,348**	2,570
Restricted cash		**76,679**	—
Cash and cash equivalents		**1,100,236**	34,783
		1,380,197	158,225
Total assets		**1,684,327**	459,886

	Note	As at 30 June 2011 RMB'000 Unaudited	As at 31 December 2010 RMB'000 Audited
Equity			
Equity attributable to equity holders of the Company			
Share Capital	10	**20,791**	—
Share Premium	10	**1,038,085**	—
Reserves	10	**166,597**	166,212
Retained earnings		**265,055**	116,879
Total equity		**1,490,528**	283,091
Liabilities			
Non-current liabilities			
Deferred income		**11,550**	11,550
		11,550	11,550
Current liabilities			
Trade payables	9	**24,260**	14,516
Deferred revenue and advance received from customers		**34,797**	26,050
Enterprise income tax payable		**14,860**	—
Accruals and other payables		**108,332**	124,679
		182,249	165,245
Total liabilities		**193,799**	176,795
Total equity and liabilities		**1,684,327**	459,886
Net current assets/(liabilities)		**1,197,948**	(7,020)
Total assets less current liabilities		**1,502,078**	294,641

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011 AND 2010

	Note	Unaudited Six months ended 30 June 2011 *RMB'000*	Unaudited Six months ended 30 June 2010 *RMB'000*
Revenue	6	**209,265**	138,397
Cost of sales	12	**(44,876)**	(53,653)
Gross profit		**164,389**	84,744
Distribution costs	12	**(32,390)**	(29,509)
Administrative expenses	12	**(18,888)**	(6,520)
Other gains, net	11	**65,984**	2,203
Operating profit		**179,095**	50,918
Finance income		**570**	856
Finance costs		**(2,647)**	(1,188)
Finance costs, net		**(2,077)**	(332)
Profit before income tax		**177,018**	50,586
Income tax expense	13	**(28,842)**	(5,942)
Profit for the period		**148,176**	44,644
Profit attributable to:			
- Equity holders of the Company		**148,176**	44,644
		RMB Cents	**RMB Cents**
Earnings per share for profit attributable to the equity holders of the Company			
- Basic earnings per share	14	**7.2520**	2.1877
- Diluted earnings per share	14	**7.2517**	2.1877
Dividends	15	**—**	—

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2011 AND 2010

	Unaudited Six months ended 30 June **2011** ***RMB'000***	 **2010** *RMB'000*
Profit for the period	**148,176**	44,644
Other comprehensive income:		
Foreign currency translation differences	**385**	6
Other comprehensive income for the period, net of tax	**385**	6
Total comprehensive income for the period	**148,561**	44,650
Total comprehensive income attributable to:		
- Equity holders of the Company	**148,561**	44,650
Total comprehensive income for the period	**148,561**	44,650

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2011 AND 2010

		Unaudited				
		Attributable to equity holders of the Company				
	Note	**Share capital RMB'000**	**Share premium RMB'000**	**Reserves RMB'000**	**Retained earnings RMB'000**	**Total RMB'000**
At 1 January 2011		**—**	**—**	**166,212**	**116,879**	**283,091**
Profit for the period		**—**	**—**	**—**	**148,176**	**148,176**
Other comprehensive income		**—**	**—**	**385**	**—**	**385**
Total comprehensive income for the period		**—**	**—**	**385**	**148,176**	**148,561**
Reorganisation	10(a)	**—**	**—**	**—**	**—**	**—**
Capitalisation issue	10(b)	**16,971**	**(16,971)**	**—**	**—**	**—**
Issuance of ordinary shares in connection with the listing	10(c)	**3,820**	**1,142,045**	**—**	**—**	**1,145,865**
Share issuance costs		**—**	**(86,989)**	**—**	**—**	**(86,989)**
At 30 June 2011		**20,791**	**1,038,085**	**166,597**	**265,055**	**1,490,528**
At 1 January 2010		—	—	150,458	14,431	164,889
Profit for the period		—	—	—	44,644	44,644
Other comprehensive income		—	—	6	—	6
Total comprehensive income for the period		—	—	6	44,644	44,650
Contribution from ultimate controlling shareholder		—	—	1,500	—	1,500
At 30 June 2010		—	—	151,964	59,075	211,039

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2011 AND 2010

	Unaudited Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Cash flows from operating activities		
Net cash generated from/(used in) operating activities	**108,976**	(59,303)
Cash flows from investing activities		
Net cash used in investing activities	**(20,840)**	(18,060)
Cash flows from financing activities		
Net cash generated from financing activities	**979,151**	20,660
Net increase/(decrease) in cash and cash equivalents	**1,067,287**	(56,703)
Cash and cash equivalents at beginning of period	**34,783**	64,034
Exchange translation (losses)/gains on cash and cash equivalents	**(1,834)**	752
Cash and cash equivalents at end of period	**1,100,236**	8,083

Notes to the Unaudited Condensed Interim Financial Information For the six months ended 30 June 2011

1 GENERAL INFORMATION

Tibet 5100 Water Resources Holdings Ltd. (西藏5100水資源控股有限公司; the "Company") was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 8 November 2010. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the production and sales of premium bottled mineral water (the "Group's Business") in the People's Republic of China (the "PRC").

The Company has its primary listing on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") on 30 June 2011.

This condensed interim consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed interim consolidated financial information was approved for issue on 29 August 2011.

2 BASIS OF PREPARATION

This condensed interim consolidated financial information for the six months ended 30 June 2011 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim consolidated financial information should be read in conjunction with the financial information of the Group for the year ended 31 December 2010 as set out in the Accountant's Report included in the listing document issued by the Company dated 20 June 2011 ("Accountant's Report"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those used in the financial information of the Group for the year ended 31 December 2010 as set out in the Accountant's Report.

Exceptional items are disclosed and described separately in the financial information where it is necessary to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) **New and amended standards adopted by the Group**

The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2011.

— Amendment to IAS 34 'Interim financial reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in IAS and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

— IAS 24 (Revised), 'Related Party Disclosures' is effective for annual period beginning on or after 1 January 2011. It introduces an exemption from all of the disclosure requirements of IAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose the name of the government and the nature of their relationship, the nature and amount of any individually significant transactions, and the extent of any collectively-significant transactions qualitatively or quantitatively. It also clarifies and simplifies the definition of a related party. The revised standard is not relevant to the Group.

(b) **Amendments and interpretations to existing standards effective in 2011 but not relevant to the Group**

— Amendment to IAS 32 'Classification of rights issues' is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issues.

— Amendment to IFRIC - Int-14 'Prepayments of a minimum funding requirement' is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

— IFRIC - Int 19 'Extinguishing financial liabilities with equity instruments' is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

— Third improvements to International Financial Reporting Standards (2010) were issued in May 2010 by IASB. Except for amendment to IAS 34 'Interim financial reporting' as disclosed in note 3(a) and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

(c) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

— IFRS 9 'Financial instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. It is not expected to have a material impact on the Group's consolidated financial statements.

— IFRS 1 (amendment), 'First-time adoption of International Financing Reporting Standards', (effective from 1 July 2011). The amendments provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs, as well as provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time. The Group will apply these amendments for the financial reporting period commencing on 1 January 2012. It is not expected to have a material impact on the Group's consolidated financial statements.

— IAS 12 (Amendment) 'Deferred tax: Recovery of underlying assets' introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. It is not expected to have a material impact on the Group's consolidated financial statements.

— IFRS 7 (Amendment) 'Disclosures — Transfers of financial assets' introduces new disclosure requirement on transfers of financial assets. It is not expected to have a material impact on the Group's consolidated financial statements.

4 ESTIMATES

The preparation of condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial information of the Group for the year ended 31 December 2010 as set out in the Accountant's Report.

5 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed interim consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the financial information of the Group for the year ended 31 December 2010 as set out in the Accountant's Report.

There have been no changes in the risk management department since year end or in any risk management policies.

6 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by board of directors that are used to make strategic decisions.

The principle activities of the Group are manufacturing and sales of bottled mineral water product. Due to the simplicity of this business, the Group's daily operations are managed as one single segment, as management does not review the operating results by products, distribution channels or geographical areas to make decisions with respect to assets allocation and performance evaluation, nor does the Group prepare separate financial information by products, distribution channels or geographical areas. Therefore, the board of directors of the Group regards that there is only one segment which is used to make strategic decisions.

During the six months ended 30 June 2011 and 2010, revenue from the sales of bottled mineral water products amounted to approximately RMB209,265,000 and RMB138,397,000, respectively, of which approximately RMB69,133,000 is derived from a single external customer for the six months ended 30 June 2011 (six months ended 30 June 2010: RMB105,026,000).

7 PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

	Unaudited	
	Property, plant and equipment	**Land use rights**
	RMB'000	*RMB'000*
Six months ended 30 June 2010		
Opening net book amount as at 1 January 2010	245,897	1,326
Additions	1,883	—
Depreciation and amortisation	(6,583)	(15)
Closing net book amount as at 30 June 2010	241,197	1,311
Six months ended 30 June 2011		
Opening net book amount as at 1 January 2011	**292,169**	**1,297**
Additions	**10,719**	**—**
Depreciation and amortisation	**(8,130)**	**(15)**
Closing net book amount as at 30 June 2011	**294,758**	**1,282**

8 TRADE RECEIVABLES

Trade receivables represent those due from third party customers with low default rates historically. The Group does not have formal contractual credit terms agreed with the third party customers but the trade receivables are usually settled within two months. As a result, the Group regards any receivable balance within a two-month credit period as not overdue. As at 30 June 2011 and 31 December 2010, the ageing analysis of the trade receivables was as follows:

	As at	
	30 June 2011	**31 December 2010**
	RMB'000	*RMB'000*
	Unaudited	*Audited*
Trade receivables		
Within 2 months	**85,294**	5,126
Over 2 months but within 6 months	**4,836**	66,353
Over 6 months but within 1 year	**20,554**	512
Over 1 year but within 2 years	**383**	—
	111,067	71,991

As at 30 June 2011 and 31 December 2010, no trade receivables were impaired and provided for.

9 TRADE PAYABLES

As at 30 June 2011 and 31 December 2010, the ageing analysis of the trade payables based on invoice date was as follows:

	As at	
	30 June 2011	**31 December 2010**
	RMB'000	*RMB'000*
	Unaudited	*Audited*
Trade payables		
Within 45 days	**15,039**	5,552
Over 45 days but within 6 months	**8,243**	8,217
Over 6 months but within 1 year	**672**	—
Over 1 year but within 2 years	**66**	68
Over 2 years	**240**	679
	24,260	14,516

10 SHARE CAPITAL, SHARE PREMIUM AND RESERVES

		Unaudited				
		Number of ordinary shares *(thousand)*	**Nominal value of ordinary shares** *HK$'000*	**Equivalent nominal value of ordinary shares** *RMB'000*	**Share premium** *RMB'000*	**Reserves** *RMB'000*
Opening balance 1 January 2010		—	—	—	—	150,458
Other comprehensive income		—	—	—	—	6
Contribution from Controlling Shareholder		—	—	—	—	1,500
At 30 June 2010		—	—	—	—	151,964
Opening balance 1 January 2011		**—**	**—**	**—**	**—**	**166,212**
Reorganisation	(a)	**10**	**—**	**—**	**—**	**—**
Other comprehensive income		**—**	**—**	**—**	**—**	**385**
Capitalisation issue	(b)	**2,040,700**	**20,407**	**16,971**	**(16,971)**	**—**
Issuance of ordinary shares in connection with the listing	(c)	**459,290**	**4,593**	**3,820**	**1,142,045**	**—**
Share issuance costs		**—**	**—**	**—**	**(86,989)**	**—**
At 30 June 2011		**2,500,000**	**25,000**	**20,791**	**1,038,085**	**166,597**

(a) The Company was incorporated on 8 November 2010 with one fully paid ordinary share at par value of HK$0.01 allotted and issued to the subscriber, which was subsequently transferred to Tibet Water Resources Limited owned by the ultimate controlling shareholder of the Group on the same date. On 13 June 2011, by way of a share swap, the Company acquired the entire issued share capital of Tibet 5100 Water Resources Ltd. (西藏5100水資源有限公司) from its then shareholders by allotting and issuing a total of 9,999 ordinary shares of HK$0.01 each to the existing shareholders of Tibet 5100 Water Resources Ltd. After the share swap, the Company became the holding company of the Group.

(b) On 14 June 2011, 2,040,700,000 ordinary shares of the Company were allotted and issued, credited as fully paid at par value of HK$0.01 each to the entities whose name appear on the register of members of the Company in proportion to their then existing shareholdings in the Company, by capitalisation of HK$20,407,000 (equivalent to approximately RMB16,971,000) from the share premium account. Such allotment and capitalisation were conditional on the share premium account being credited as a result of the new shares issued in connection with the listing of the Company's shares on the Stock Exchange.

(c) On 30 June 2011, 459,290,000 ordinary shares (at par value of HK$0.01 each) of the Company were allotted and issued at the price of HK$3.0 per share in connection with the listing of the Company's shares on the Stock Exchange.

11 OTHER GAINS, NET

	Unaudited Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
- Government grants (a)	**65,041**	2,432
- Others	**943**	(229)
	65,984	2,203

(a) According to Zang Zheng Ban 藏政辦 [1997] No 24, Zang Cai Qi Zi 藏財企字 [2010] No. 93 and La Kai Cai Zhu Zi 拉開財駐字 [2010] No. 29, the Group is eligible to subsidy income from the local government in relation to the domestic subsidiaries' fiscal contribution to the local economic development. The Group recognised such income of approximately RMB64,991,000 and nil for the six months ended 30 June 2011 and 2010 respectively. These government grants related to costs and are recognised in the condensed interim consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Other than the government grants mentioned above, the Group received certain subsidy from the local government and recognised subsidy income of RMB50,000 for rewarding the Group's performance in the industry where the Group operates for the six months ended 30 June 2011. During the six months ended 30 June 2010, the Group received and recognised RMB1,832,000 for compensating the interests paid for bank borrowings that were used as working capital, and RMB600,000 for rewarding the Group's performance in setting up the premium brand in the sales of the bottled water products.

12 EXPENSE BY NATURE

Expenses included in cost of sales, distribution costs and administrative expenses are analysed as follows:

	Unaudited Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Raw materials and consumables used	**30,660**	38,468
Decrease in the balances of inventories of finished goods	**4,515**	3,001
Transportation costs	**24,140**	28,925
Depreciation of PP&E (Note 7)	**8,130**	6,583
Employee benefit expenses	**13,993**	6,369
Advertising expenditure	**2,912**	309
Taxations	**3,070**	3,084
Electricity and other utility expenses	**1,496**	1,958
Repair and maintenance	**637**	44
Share issuance costs	**6,556**	—
Others	**45**	941
	96,154	89,682

13 INCOME TAX EXPENSE

The group entities incorporated in the PRC are subject to PRC enterprise income tax. One entity in the Tibet Autonomous Region of the PRC was entitled to preferential rates of 7.5% and 15% for the six months ended 30 June 2010 and 2011, respectively; other entities located in the Tibet Autonomous Region of the PRC were taxed at preferential rate of 15%; the remaining entities are taxed based on the statutory income tax rate of 25% for the six months ended 30 June 2010 and 2011 as determined in accordance with the relevant PRC income tax rules and regulations.

	Unaudited Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Current income tax	**29,022**	7,691
Deferred income tax	**(180)**	(1,749)
	28,842	5,942

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ending 31 December 2011 is 15%.

14 EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the period ended 30 June 2011 and 2010 is calculated by dividing the profit attributable to the equity holders of the Company by the deemed weighted average number of ordinary shares outstanding during the period.

The number of ordinary shares used for the calculation of earnings per share for the period ended 30 June 2010 is the aggregate number of shares which are outstanding as at 13 June 2011 which included the ordinary shares issued as part of the reorganisation and capitalisation (Note 10).

	Unaudited Six months ended 30 June	
	2011	**2010**
Profit attributable to equity holders of the Company (RMB'000)	**148,176**	44,644
Weighted average number of shares in issue (thousands)	**2,043,248**	2,040,710
Basic earnings per share (RMB cents per share)	**7.2520**	2.1877

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2011, the Company's contingently issuable ordinary shares under the over-allotment option relating to the public offering of the Company's shares was the sole category of dilutive potential ordinary shares.

	Unaudited Six months ended 30 June	
	2011	**2010**
Profit attributable to equity holders of the Company (RMB'000)	**148,176**	44,644
Weighted average number of shares in issue (thousands)	**2,043,248**	2,040,710
Adjustment for over-allotment option (thousands)	**71**	—
Weighted average number of ordinary shares issued for diluted earnings per share (thousands)	**2,043,319**	2,040,710
Diluted earnings per share (RMB cents per share)	**7.2517**	2.1877

15 DIVIDENDS

No dividend has been declared by the Company or any of its subsidiaries in respect of the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

16 RELATED PARTY TRANSACTIONS

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

The Group is ultimately controlled by Mr. Wang Peter Jian (王堅先生).

(a) **Transactions with related parties:**

	Unaudited	
	Six months ended 30June	
	2011	**2010**
	RMB'000	*RMB'000*
Amounts repaid to related parties who purchased equipment on behalf of the Group		
- Entities under common control	**60,532**	—
Issuance costs repaid to		
- Ultimate controlling shareholder	**2,904**	—
Advances from related parties to pay issuance cost - Entities under common control	**19,569**	—

(b) **Balances with related parties:**

The Group had the following material balances with related parties:

	As at	
	30 June	**31 December**
	2011	**2010**
	RMB'000	*RMB'000*
	Unaudited	*Audited*
Accruals and other payables		
- Entities under common control of controlling shareholder	**19,569**	60,532
- Ultimate controlling shareholder	**—**	2,904
	19,569	63,436

The payable balances are unsecured, interest free and have no fixed terms of repayment. All of the outstanding balances as at 30 June 2011 have been subsequently settled in August 2011.

(c) **Key management compensation**

The compensation paid/payable to key management is shown below:

	Unaudited Six months ended 30June	
	2011	**2010**
	RMB'000	*RMB'000*
Basic salaries	**2,927**	1,500
Mandatory pension	**37**	—
	2,964	1,500

17 COMMITMENT

(a) **Capital commitments**

As at 30 June 2011 and 31 December 2010, capital expenditures contracted for at the end of the reporting period but not yet incurred were as follows:

	As at	
	30 June 2011	**31 December 2010**
	RMB'000	*RMB'000*
	Unaudited	*Audited*
Property, plant and equipment	**2,996**	2,549

(b) **Operating lease commitments**

The Group leases offices and plants under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	As at	
	30 June 2011	**31 December 2010**
	RMB'000	*RMB'000*
	Unaudited	*Audited*
No later than 1 year	**1,951**	594
Later than 1 year and no later than 5 years	**3,469**	1,701
	5,420	2,295

18 SEASONALITY OF OPERATIONS

The sales of the Group are subject to seasonal fluctuations, with peak demand in the third quarter of the year. This is due to the increasing consumption of bottled water by the end customers in the hot weather in the third quarter of the year. In the financial year ended 31 December 2010, 38% of revenue accumulated in the first six months of the year, with 62% accumulating in the following six months.

19 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

(a) On 5 July 2011, by exercise of over-allotment option, 68,893,000 additional ordinary shares ("Over-allotment Shares") (at par value of HK$0.01 each) of the Company were allotted and issued at the price of HK$3.0 per share, and listing of and dealing in such Over-allotment Shares commenced on the Main Board of the Stock Exchange on 8 July 2011. Immediately after the issue and allotment of the Over-allotment Shares by the Company, the number of the ordinary shares of the Company has been increased to 2,568,893,000 shares, and the share capital of the Company has been increased to HK$25,688,930 (equivalent to approximately RMB21,357,776) accordingly.

(b) On 15 July 2011, the Group entered into a replacement procurement agreement with China Railway Express Co., Ltd ("CRE") to replace the original CRE procurement agreement. Pursuant to the CRE replacement procurement agreement, the purchase of bottled mineral water from the Group each year from 1 January 2011 to 31 December 2013 by CRE would decrease from 75,000 tonnes to 50,000 tonnes annually. In addition, the obligation of the Group to provide 'buy-one-get-one-free' arrangement attached to the original CRE procurement agreement, of which the Group was required to provide an annual 75,000 tonnes of bottled mineral water for free, has been waived by CRE. As such, under this revised arrangement, the revenue recognition policy relating to the delivery of free goods is not applicable to the Group. The replacement procurement agreement has retroactive effect with the term starting from 1 January 2011, and has been applied throughout the six months ended 30 June 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

During the first half year of 2011, we continued our endeavors in supplying high quality products and premium services to our clients, and the operating performance of the Group was further enhanced.

We emphasized on the following four aspects in expanding the high-end mineral water business of the Group: (1) the strengthen of our traditional advantages, continuous development of new institutional clients and endeavors to increase the sales volume from institutional clients; (2) the accelerated expansion of retail channels, endeavors to increase the number of distributors, cities and outlets and increasing the sales capacity of each outlet; (3) the increase of advertising and promotional activities and branding publicity; (4) the improvement of productivity and quality control management.

We shall continue to develop new institutional clients, improve the sales volume of existing institutional clients, such that institutional clients will be more diversified and diverse, reducing the Group's dependence on single individual clients.

Financial Overview

In the first half of 2011, total sales of the Group amounted to RMB209 million, representing 51% increase from the total sales of RMB138 million recorded in the first half of 2010.

By continuing to optimize the structure of our client base, and with our obligations under the "buy-one-get-one-free" arrangement waived by CRE (Please refer to note 19(b) of the note to the unaudited condensed interim financial information above and our announcement dated 15 July 2011 for further details), the Group successfully increased its gross profit margin to 79% in the first half of 2011 from 61% in the same period last year.

Revenue

In the first half of 2011, total sales of the Group amounted to RMB209 million, representing an increase of RMB71 million compared to the revenue of RMB138 million in the same period last year, while in the first half of 2011, the sales to CRE amounted to 33% of our total sales, representing a decrease of 43% from 76% recorded in the first half of 2010.

In the first half of 2011, the average selling price of the Group's products increased significantly from RMB4,407 per tonne to RMB7,417 per tonne from the same period last year. Despite the 10% drop in total sales volume compared to the same period last year, the total revenue of the Group in the first half of 2011 increased by 51% compared to the same period last year because of the increase of the average selling price. The increase in the average selling price was mainly attributed to the waiving of the Group's obligations under the "buy-one-get-one-free" arrangement by CRE and also due to the sales growth originated from institutional clients and traditional retail operation channels (owned by third parties).

Sales Volume

In the first half of 2011, total sales volume amounted to 28,215 tonnes, representing a decrease of 10% compared with 31,405 tonnes in the same period last year. The decrease in the total sales volume was primarily attributed to the decrease in the total volume of bottled mineral water supplied by the Group to CRE in the first half of 2011, which was due to the waiving of the obligation of the Group under the "buy-one-get-one-free" arrangement by CRE. As a result, the bottled mineral water supplied to CRE decreased by 16,428 tonnes from 27,191 tonnes in the first half of 2010 to 10,763 tonnes in the first half of 2011.

During the first half of 2011, the Group entered into sales agreements with institutional clients such as local governments, Air China, BP-PetroChina Fuels JV ("BP"), etc., which contributed to a significant sales growth from non-CRE channels. In the first half of 2011, total sales volume generated from other institutional clients channels and traditional retail operation channels (owned by third parties) increased by 13,238 tonnes to 17,452 tonnes from 4,214 tonnes in the first half of 2010, representing a growth of 314%.

Year 2011 marked the 60th anniversary of the peaceful liberation of Tibet. We have taken this opportunity to launch series of promotional activities, resulting an increase in the sales volume and gaining a number of institutional clients from government departments.

We also further expanded our co-operation with Air China. In addition to being exclusively provided to first class and business class passengers and those in the VIP rooms, the Group's products are now also provided to economy class passengers. Our products are now supplied to the passengers of, and the Air China networks operating by Air China's subsidiaries, including Air China Beijing, Air China Shanghai, Air China Zhejiang, Air China Hubei, Air China Tianjian, Air China Inner Mongolia, Air China Chengdu and Air China Chongqing.

The Group, through distributors, has entered into co-operation agreements with BP pursuant to which our products would be sold and promoted in almost all convenient stores at BP petrol stations in the entire Guangdong area totalling approximately 466 stores. BP has introduced “Petrol Refill with Gifts” events at its petrol stations. Customers who refill a certain amount of petrol at BP petrol stations can redeem a certain amount of our Group’s products.

Other Net Gains

Other net gains as a percentage of revenue increased to 31.5% from 1.6% in the same period last year. Other net gains increased by RMB64 million from RMB2 million in the first half of 2010 to RMB66 million, representing an increase of 29 times compared to the same period last year. This increase was primarily attributed to the government grants amounting to RMB65 million for the first half of 2011.

As our main production processes are carried in the Tibet Autonomous Region, we enjoy the relevant government grants from time to time. The amount of grants we received from the government of the Tibet Autonomous Region was made largely with reference to our fiscal contribution to local economic development.

Tilet Glacier Mineral Water Marketing Co., Ltd. (“Glacier Marketing”), our indirect wholly-owned subsidiary established in the Tibet Lhasa Economic and Technology Development Zone entered into the Governmental Grant Agreement in May 2010, under which Glacier Marketing is granted with the enterprise development funds, which are calculated with reference to Glacier Marketing’s fiscal contribution to the local government in Tibet. Based on the relevant rules in Tibet, enterprises that operate in Tibet and make fiscal contributions to the local government are eligible for applying for such governmental grants. Subject to the approval by the local government, Glacier Marketing may renew the Governmental Grant Agreement and continue to enjoy such governmental grants after the current Governmental Grant Agreement expires in 2020.

Income Tax Charge

The income tax charge of the Group increased by RMB23 million or 385% to RMB29 million. The effective tax rate was 16.3%, which was higher than that of 11.7% in the first half of 2010. The increase in effective tax rate was primarily due to the increase in the preferential tax rate applicable to a domestic subsidiary of the Group.

Profit for the Half-Year Period

Sales volume decreased by 10% compared to the first half of 2010 and administrative expenses increased by RMB12 million period on period due to one-off fees related to the share listing and the incurrence of operation expenses of a newly established holding company. However, since the gross profit increased along with the increase of the average selling price of water per tonne as mentioned above and government grants increased as well, our net profit during the reporting period amounted to RMB148 million, representing an increase of RMB104 million or 232% from the same period last year.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company increased by RMB104 million, or 232%, from RMB44 million to RMB148 million, which was in line with the growth in net profit during the reporting period.

Financial Position

As at 30 June 2011, inventories, trade receivables, trade payables, deferred income tax assets, prepayments and advances from customers, and enterprise income tax payable of the Group amounted to RMB58 million, RMB111 million, RMB24 million, RMB35 million and RMB15 million, respectively (as at 31 December 2010: RMB32 million, RMB72 million, RMB15 million, RMB26 million and Nil, respectively). These increases were mainly attributable to seasonal fluctuation in sales. In addition, as at 30 June 2011, trade receivables totally RMB111 million mainly comprised receivables from one major client of RMB93 million, of which RMB80 million was collected in August 2011.

As at 30 June 2011, other trade receivables of the Group amounted to RMB17 million (as at 31 December 2010: RMB3 million). The increase was mainly attributable to the government grants receivable of RMB14 million.

As at 30 June 2011, restricted cash, cash and cash equivalents of the Group amounted to RMB77 million and RMB1,100 million, respectively (as at 31 December 2010: Nil and RMB35 million, respectively). The increase was mainly attributable to the proceeds from issuing new shares upon listing.

As at 30 June 2011, accruals and other payables of the Group amounted to RMB108 million (as at 31 December 2010: RMB125 million). Compared to 31 December 2010, share listing costs and expenses payable increased by RMB73 million but the total of accruals and other payables still decreased, which was mainly attributable to the decrease in the amounts due to related parties and amounts due to third parties arising from financing activities. In addition, the amounts due to related parties as at 30 June 2011 was fully settled in August 2011.

The Group's net current assets and net assets as at 30 June 2011 were RMB1,198 million and RMB1,491 million, respectively; and net current assets and net assets as at 31 December 2011 were RMB7 million and RMB283 million, respectively. The increase was mainly due to the increase in earnings and the proceeds from issuing new shares upon listing.

Employees

As at 30 June 2011, the total number of employees for the Group was approximately 307. The Group's remuneration policies are formulated according to the duty, experience, ability and performance of individual employees and are reviewed annually.

Contingent Liabilities

As at 30 June 2011, the Group did not have any significant contingent liabilities.

USE OF PROCEEDS

The shares of the Company were listed on the main board of the Stock Exchange on 30 June 2011 with net proceeds from the global offering of approximately HK$1,272 million (after deducting underwriting commissions and related expenses). The net proceeds will be used in the following manner:

Purpose of net proceeds	**Percentage**	**Amount of net proceeds** *HK$'Million*
Expand our production capacity by constructing additional facilities and purchasing additional production equipment	30%	382
Expand our distribution network and toward promotional activies	25%	318
Mergers and acquisitions that complement our existing business	35%	445
Working capital and other general corporate purpose	10%	127
	100%	1,272

Up to 30 June 2011, the Group has not utilized any of the net proceeds and the net proceeds were deposited in reputable financial institutions. The Directors intend to apply the net proceeds in the manner as set out in the prospectus of the Company dated 20 June 2011.

Outlook

With increasing urban population and urban disposable income in China, growing health awareness among consumers, as well as rising demand for high-end branded products and luxurious goods, the premium bottled mineral water market in China will continue to grow rapidly. In addition, being one of the major enterprises in Tibet and an employer of ethnic Tibetans, we expect to gain support in various aspects from the government in the Tibet Autonomous Region.

For the above reasons, the Group will cherish our natural gift of water resources and strive to expand our distribution network, including channels for group purchases and water card sales, in order to enhance our brand awareness and become a global leading brand of premium bottled water.

Our directors are extremely confident in the Group's business development. By leveraging on our prudent financial policy and expansion strategies, together with our well-experienced and excellent management team, the Group is committed to utilize existing resources efficiently and will endeavor to increase investment return for shareholders.

CORPORATE GOVERNANCE

The Board is accountable to the Company's shareholders for good corporate governance. Accordingly, the Board has considered carefully the requirements in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and has taken actions to further enhance corporate transparency and accountability.

We believe good corporate governance is also one of the critical factors for achieving sustainable long-term success. The corporate governance principles of the Company emphasise on the importance of a quality Board and accountability to shareholders. We will periodically review our corporate governance practices to ensure and maintain the long-term health of the Company.

On 30 June 2011, the Company has complied with the code provisions of the Code.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code on 30 June 2011. Specific employees who are likely to be in possession of unpublished price sensitive information have been requested to comply with the provisions of the Model Code. No incident of non-compliance was noted by the Company.

The Audit Committee of the Company, consisting of three independent non-executive Directors, has reviewed the accounting principles and practices adopted by the Group, and has also reviewed auditing, internal control and financial reporting matters, including the review of the interim results for the six months ended 30 June 2011.

The Company's external auditor, PricewaterhouseCoopers, has performed a review of the Group's interim financial information for the six months ended 30 June 2011 in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Based on their review, PricewaterhouseCoopers confirmed that nothing has come to their attention that causes them to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

On 30 June 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

PUBLICATION OF INTERIM REPORT

Pursuant to the requirements of the Listing Rules regarding the reporting period, the 2011 interim report of the Company will set out all information disclosed in the interim results announcement for the first half of 2011 and will be despatched to the shareholders and uploaded on the websites of the Company (http://www.5100.net) and The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) in due course.

By order of the Board
Yu Yiping Wallace
Chairman

Hong Kong, 29 August 2011

As of the date of this announcement, the executive Directors are Mr. Yu Yiping Wallace, Mr. Fu Lin, Mr. Yue Zhiqiang, Ms. Mou Chunhua and Mr. Liu Chen, the non-executive Director is Ms. Jiang Xiaohong, the independent non-executive Directors are Mr. Jesper Bjoern Madsen, Mr. Lee Kong Wai, Conway and Mr. Wei Cheng, Kevin.