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 2012

FINANCIAL HIGHLIGHT

	Six months ended 30 June		
	2012	**2011**	**Change**
	(Unaudited)	*(Unaudited)*	%
Revenue (RMB'000)	**246,921**	209,265	↑18
Profit attributable to the owners of the Company (RMB'000)	**177,584**	148,176	↑20
Earnings per share			
- Basic (RMB cents)	**6.9129**	7.2520	↓5
- Diluted (RMB cents)	**6.9129**	7.2517	↓5
Sales volume (Tonnes)	**27,770**	28,215	↓2
Gross profit margin	**79.7%**	78.6%	↑1

	As at 30 June 2012	**As at 31 December 2011**
	(Unaudited)	*(Audited)*
Total assets (RMB'000)	**2,106,439**	2,036,213
Equity attributable to owners of the Company (RMB'000)	**1,975,272**	1,853,992

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 2012. These interim results have been reviewed by the Company's Audit Committee, comprising all of the independent non-executive Directors, one of whom chairs the committee, and the Company's external auditor, PricewaterhouseCoopers.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2012 AND 31 DECEMBER 2011

	Note	**As at**	
		30 June 2012	**31 December 2011**
		RMB'000	*RMB'000*
		Unaudited	*Audited*
Assets			
Non-current assets			
Land use rights	7	**1,253**	1,268
Property, plant and equipment	7	**274,888**	283,054
Deferred income tax assets		**4,308**	3,106
Prepayments		**29,807**	13,111
		310,256	300,539
Current assets			
Inventories		**14,108**	22,053
Trade receivables	8	**204,699**	356,300
Prepayments		**20,933**	24,345
Other receivables		**51,003**	39,802
Available-for-sale financial assets	10	**98,000**	—
Pledged and term deposits		**574,436**	588,310
Cash and cash equivalents		**833,004**	704,864
		1,796,183	1,735,674
Total assets		**2,106,439**	2,036,213

	Note	As at	
		30 June	**31 December**
		2012	**2011**
		RMB'000	*RMB'000*
		Unaudited	*Audited*
Equity			
Equity attributable to owners of the Company			
Share capital	11	**21,363**	21,363
Share premium	11	**1,206,829**	1,206,829
Reserves	11	**149,261**	142,589
Retained earnings		**597,819**	483,211
Total equity		**1,975,272**	1,853,992
Liabilities			
Non-current liabilities			
Deferred income		**11,053**	11,267
Deferred income tax liabilities		**—**	10,413
		11,053	21,680
Current liabilities			
Trade payables	9	**20,346**	49,369
Deferred revenue and advance received from customers		**39,661**	41,340
Enterprise income tax payable		**14,512**	9,973
Accruals and other payables		**45,595**	59,859
		120,114	160,541
Total liabilities		**131,167**	182,221
Total equity and liabilities		**2,106,439**	2,036,213
Net current assets		**1,676,069**	1,575,133
Total assets less current liabilities		**1,986,325**	1,875,672

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012 AND 2011

		Unaudited	
		Six months ended 30 June	
	Note	**2012**	**2011**
		RMB'000	*RMB'000*
Revenue		**246,921**	209,265
Cost of sales	13	**(50,188)**	(44,876)
Gross profit		**196,733**	164,389
Distribution costs	13	**(32,173)**	(32,390)
Administrative expenses	13	**(27,790)**	(18,888)
Other gains, net	12	**64,256**	65,984
Operating profit		**201,026**	179,095
Finance income		**14,863**	570
Finance costs		**(3,846)**	(2,647)
Finance income/(costs), net		**11,017**	(2,077)
Profit before income tax		**212,043**	177,018
Income tax expense	14	**(34,459)**	(28,842)
Profit for the period		**177,584**	148,176
Profit attributable to:			
- owners of the Company		**177,584**	148,176
Earnings per share for profit attributable to owners of the Company		***RMB cents***	*RMB cents*
- Basic earnings per share	15	**6.9129**	7.2520
- Diluted earnings per share	15	**6.9129**	7.2517
Dividends	16	**—**	—

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012 AND 2011

	Unaudited	
	Six months ended 30 June	
	2012	**2011**
	RMB'000	*RMB'000*
Profit for the period	**177,584**	148,176
Other comprehensive income:		
Foreign currency translation differences	**6,672**	385
Other comprehensive income for the period, net of tax	**6,672**	385
Total comprehensive income for the period	**184,256**	148,561
Attributable to:		
- owners of the Company	**184,256**	148,561
Total comprehensive income for the period	**184,256**	148,561

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2012 AND 2011

	Unaudited				
	Attributable to owners of the Company				
	Share capital	Share premium	Reserves	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	**21,363**	**1,206,829**	**142,589**	**483,211**	**1,853,992**
Profit for the period	**—**	**—**	**—**	**177,584**	**177,584**
Other comprehensive income	**—**	**—**	**6,672**	**—**	**6,672**
Total comprehensive income for the period	**—**	**—**	**6,672**	**177,584**	**184,256**
Dividends relating to 2011 paid in June 2012	**—**	**—**	**—**	**(62,976)**	**(62,976)**
At 30 June 2012	**21,363**	**1,206,829**	**149,261**	**597,819**	**1,975,272**
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	*	—	—	—	*
Capitalisation issue	16,971	(16,971)	—	—	—
Issuance of ordinary shares in connection with the listing	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

*: Amount less than RMB500.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2012 AND 2011

	Unaudited Six months ended 30 June 2012 *RMB'000*	2011 *RMB'000*
Cash flows from operating activities		
Cash generated from operations	**349,315**	124,230
Interest received	**8,735**	182
Income tax paid	**(41,593)**	(15,436)
Net cash generated from operating activities	**316,457**	108,976
Cash flows from investing activities		
Purchases of property, plant and equipment ("PP&E")	**(27,142)**	(20,840)
Increase in available-for-sale financial assets	**(98,000)**	—
Net cash used in investing activities	**(125,142)**	(20,840)
Cash flows from financing activities		
Cash used in financing activities with third parties	**—**	(30,677)
Repayment of amounts paid by the related parties on behalf of the Group to purchase equipment	**—**	(60,532)
Repayment to the related parties for issuance cost paid on behalf of the Group	**—**	(2,904)
Payment of share issuance cost	**—**	(15,490)
Amounts received from related parties	**—**	19,569
Net proceeds from issuance of ordinary shares in connection with the listing	**—**	1,069,185
Dividends paid to owners of the Company	**(62,976)**	—
Net cash (used in)/generated from financing activities	**(62,976)**	979,151
Net increase in cash and cash equivalents	**128,339**	1,067,287
Cash and cash equivalents at beginning of period	**704,864**	34,783
Translation losses on cash and cash equivalents	**(199)**	(1,834)
Cash and cash equivalents at end of period	**833,004**	1,100,236

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

1 GENERAL INFORMATION

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, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company. The Group is 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 (the "listing").

The condensed interim consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated. The condensed interim consolidated financial information was approved for issue on 23 August 2012.

The condensed interim consolidated financial information has not been audited.

2 BASIS OF PREPARATION

The condensed interim consolidated financial information for the six months ended 30 June 2012 has been prepared in accordance with International Acounting Standard ("IAS") 34, 'Interim financial reporting'. The condensed interim consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those used in the annual financial statements of the Group for the year ended 31 December 2011 as described in those annual financial statements.

The following amendments to the existing standards have been issued and are effective for financial periods beginning on or after 1 January 2012 but are not relevant to the Group:

— IFRS 1 (amendment), 'First-time adoption of International Financing Reporting Standards', (effective for annual periods beginning on or after 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 amendment is not relevant to the Group.

— 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. This is not currently applicable to the Group as it has no investments properties.

— IFRS 7 (Amendment) 'Disclosures — Transfers of financial assets' introduces new disclosure requirement on transfers of financial assets. This is not currently relevant to the Group as it has no transfers of financial assets.

The following new standards and amendments and interpretations to existing standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted. They are not expected to have a material impact on the Group's condensed interim consolidated financial statements:

— IFRS 9 'Financial instruments'

— IFRS 10 'Consolidated financial statements'

— IFRS 12 'Disclosure of interests in other entities'

— IFRS 13 'Fair value measurement'

— IAS 19 (Amendment) 'Employee benefits'

— IAS 1 (Amendment) 'Presentation of financial statements'

— IAS 27 (revised 2011) 'Separate financial statements'

— IFRS 11 'Joint arrangements'

— IFRS 28 (revised 2011) 'Associates and joint ventures'

— IFRS 7 (Amendment) 'Financial instruments: Disclosures — Offsetting financial assets and financial liabilities'

— IFRIC — Int 20 'Stripping costs in the production phase of a surface mine'

— IAS 16 (Amendment) 'Property, plant and equipment'

— IAS 32 (Amendment) 'Financial instruments: Presentation'

— IAS 34 (Amendment) 'Interim financial reporting'

— IAS 32 (Amendment) 'Financial instruments: Presentation — Offsetting financial assets and financial liabilities'

— IFRS 7 and IFRS 9 (Amendment) 'Mandatory effective date and transition disclosures'

4 ESTIMATES

The preparation of condensed interim consolidated financial information 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 expenses. Actual results may differ from these estimates.

In preparing the condensed interim consolidated financial information, 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 annual consolidated financial statements of the Group for the year ended 31 December 2011.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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 interim condensed 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 annual consolidated financial statements of the Group for the year ended 31 December 2011.

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

5.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

— Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

— Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

— Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 30 June 2012.

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Assets				
Available-for-sale financial assets				
- wealth management products (Note 10)	—	—	98,000	98,000

There were no assets or liabilities that were measured at fair value as at 31 December 2011.

6 SEGMENT INFORMATION

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

The principal 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 regards that there is only one segment which is used to make strategic decisions.

During the six months ended 30 June 2012 and 2011, unaudited revenue from the sales of bottled mineral water product amounted to approximately RMB246,921,000 and RMB209,265,000, respectively, of which approximately RMB74,078,000 is derived from a single external customer for the six months ended 30 June 2012 (six months ended 30 June 2011: RMB69,133,000).

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 2011		
Opening net book amount at 1 January 2011	292,169	1,297
Additions	10,719	—
Depreciation and amortisation	(8,130)	(15)
Closing net book amount at 30 June 2011	294,758	1,282
Six months ended 30 June 2012		
Opening net book amount at 1 January 2012	**283,054**	**1,268**
Additions	**2,081**	**—**
Depreciation and amortisation	**(10,247)**	**(15)**
Closing net book amount at 30 June 2012	**274,888**	**1,253**

8 TRADE RECEIVABLES

Trade receivables represent the amounts due from third party customers with low historical default rates. The credit periods granted by the Group to its customers are either set out in the sales contract (normally between one to three months), or by mutual understanding between both parties without formal agreement. For the sales without formal contractual credit terms, the collections are normally within two months. As such, the credit period for the Group is considered to be two months for sales without contractual terms and between one to three months for those with contractual terms. As at 30 June 2012 and 31 December 2011, the aging analysis of the trade receivables was as follows:

	As at	
	30 June 2012	**31 December 2011**
	RMB'000	*RMB'000*
	Unaudited	*Audited*
Trade receivables		
Within 2 months	**115,066**	338,480
Over 2 months but within 6 months	**20,145**	16,301
Over 6 months but within 1 year	**68,999**	537
Over 1 year but within 2 years	**489**	982
	204,699	356,300

As at 30 June 2012 and 31 December 2011, no trade receivables were impaired and provided for.

9 TRADE PAYABLES

As at 30 June 2012 and 31 December 2011, the aging analysis of the trade payables based on invoice dates was as follows:

	As at	
	30 June 2012	**31 December 2011**
	RMB'000	*RMB'000*
	Unaudited	*Audited*
Trade payables		
Within 45 days	**6,745**	40,930
Over 45 days but within 6 months	**8,031**	7,374
Over 6 months but within 1 year	**5,266**	37
Over 1 year but within 2 years	**4**	672
Over 2 years	**300**	356
	20,346	49,369

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at	
	30 June 2012	**31 December 2011**
	RMB'000	*RMB'000*
	Unaudited	*Audited*
Available-for-sale financial assets - wealth management products	**98,000**	—

The available-for-sale financial assets represent the wealth management products purchased by the Group in June 2012. The wealth management products are with a maturity of six months and are all denominated in RMB. The fair value of the wealth management products is based on the cash flows discounted using a rate based on the market interest rate and the risk premium specific to the wealth management products (six months ended 30 June 2012: 7% per annum; six month ended 30 June 2011: nil).

The Group's maximum exposure to credit risks from the available-for-sale financial assets at the reporting date is the carrying value of the wealth management products at the balance sheet date.

As at 30 June 2012, the available-for-sale financial assets are neither past due nor impaired.

11 SHARE CAPITAL, SHARE PREMIUM AND RESERVES

	Number of ordinary shares (thousands)	Nominal value of ordinary shares *HK$'000*	Unaudited Equivalent nominal value of ordinary shares *RMB'000*	Share premium *RMB'000*	Reserves *RMB'000*
Opening balance at 1 January 2011	—	—	—	—	166,212
Reorganisation	10	*	*	—	—
Other comprehensive income	—	—	—	—	385
Capitalisation issue	2,040,700	20,407	16,971	(16,971)	—
Issuance of ordinary shares in connection with the listing	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
Opening balance at 1 January 2012	**2,568,893**	**25,689**	**21,363**	**1,206,829**	**142,589**
Other comprehensive income	**—**	**—**	**—**	**—**	**6,672**
At 30 June 2012	**2,568,893**	**25,689**	**21,363**	**1,206,829**	**149,261**

**: Amounts less than RMB500 and HK$500.*

12 OTHER GAINS, NET

	Unaudited Six months ended 30 June 2012 *RMB'000*	2011 *RMB'000*
- Government grants (a)	**67,030**	65,041
- Others	**(2,774)**	943
	64,256	65,984

(a) According to Zang Zheng Ban 藏政辦 1997No. 24 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 RMB67,000,000 and RMB64,991,000 for the six months ended 30 June 2012 and 2011, respectively. These government grants are income related and are recognised in the condensed interim consolidated income statement over the period matching with the costs to which they are intended to compensate.

Other than the government grants mentioned above, the Group received certain subsidies from the Tibet government for rewarding the Group's performance in the industry where the Group operates in. The Group recognised subsidy income of RMB30,000 and RMB50,000 for the six months ended 30 June 2012 and 2011 respectively.

13 EXPENSE BY NATURE

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

	Unaudited	
	Six months ended 30 June	
	2012	**2011**
	RMB'000	*RMB'000*
Raw materials and consumables used	**32,626**	30,660
(Increase)/Decrease in the balances of inventories of finished goods	**(937)**	4,515
Transportation costs	**16,021**	24,140
Depreciation of PP&E (Note 7)	**10,247**	8,130
Employee benefit expenses	**18,837**	13,993
Consulting and other service expenses	**9,875**	—
Advertising and marketing expenditure	**9,950**	2,912
Taxations	**4,726**	3,070
Electricity and other utility expenses	**3,240**	1,496
Repair, maintenance and rental expenses	**1,123**	637
Share issuance costs	**—**	6,556
Others	**4,443**	45
	110,151	96,154

14 INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, there is no income, estate, corporation, capital gains or other taxes payable by the Company. The group entities established under the International Business Companies Acts of the British Virgin Islands are exempted from British Virgin Islands income taxes.

The group entities incorporated in the PRC are subject to PRC enterprise income tax. The group entities in the Tibet Autonomous Region of the PRC were entitled to preferential rates of 15% for the six months ended 30 June 2011 and 2012; the remaining entities are taxed based on the statutory income tax rate of 25% for the six months ended 30 June 2011 and 2012 as determined in accordance with the relevant PRC income tax rules and regulations.

	Unaudited	
	Six months ended 30 June	
	2012	**2011**
	RMB'000	*RMB'000*
Current income tax	**46,074**	29,022
Deferred income tax	**(11,615)**	(180)
	34,459	28,842

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 2012 is 15%.

15 EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the period ended 30 June 2012 and 2011 is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the period.

	Unaudited	
	Six months ended 30 June	
	2012	**2011**
Profit attributable to owners of the Company (RMB'000)	**177,584**	148,176
Weighted average number of shares in issue (thousands)	**2,568,893**	2,043,248
Basic earnings per share (RMB cents per share)	**6.9129**	7.2520

(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. There are no dilutive potential ordinary shares as at 30 June 2012.

	Unaudited	
	Six months ended 30 June	
	2012	**2011**
Profit attributable to owners of the Company (RMB'000)	**177,584**	148,176
Weighted average number of shares in issue (thousands)	**2,568,893**	2,043,248
Adjustment for over-allotment option (thousands)	**—**	71
Weighted average number of ordinary shares issued for diluted earnings per share (thousands)	**2,568,893**	2,043,319
Dilutive earnings per share (RMB cents per share)	**6.9129**	7.2517

16 DIVIDENDS

A dividend of approximately RMB62,976,000 relating to the year ended 31 December 2011 was paid in the six months ended 30 June 2012 (six months ended 30 June 2011: nil). No dividend has been declared by the Company or any of its subsidiaries in respect of the six months ended 30 June 2012 (six months ended 30 June 2011: nil).

17 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) (the "Controlling Shareholder").

(a) **Transactions with related parties**

	Unaudited Six months ended 30 June	
	2012	**2011**
	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
Revenue from license fee		
- Entities under common control	**41**	—
Lease expenses		
- An entity controlled by Mr. Yu Yiping Wallace, the chairman of the Group	**146**	—

(b) **Key management compensation**

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

	Unaudited Six months ended 30 June	
	2012	**2011**
	RMB'000	*RMB'000*
Basic salaries	**3,722**	2,927
Mandatory pension	**41**	37
	3,763	2,964

18 COMMITMENT

(a) Capital commitments

As at 30 June 2012 and 31 December 2011, capital expenditures contracted for but not yet incurred were as follows:

	As at	
	30 June 2012	**31 December 2011**
	RMB'000	*RMB'000*
	Unaudited	*Audited*
Property, plant and equipment	**3,672**	27,997

(b) Operating lease commitments

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

	As at	
	30 June 2012	**31 December 2011**
	RMB'000	*RMB'000*
	Unaudited	*Audited*
No later than 1 year	**2,168**	1,886
Later than 1 year and no later than 5 years	**1,612**	2,514
	3,780	4,400

19 SEASONALITY OF OPERATIONS

The sales of the Group are subject to seasonal fluctuations, in general, with peak demand in the third quarter of the year. One of the main reasons for this phenomenon is due to the increasing consumption of bottled water by the end customers during the hot weather season, which is in the third quarter of the year. In the financial year ended 31 December 2011, 33% of total revenue was recorded in the first six months of the year, while 67% of total revenue was recorded in the following six months.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the first half of 2012, we continued our endeavors in supplying high quality products and premium services to our clients, and as such the operating performance of the Group continued to enhance.

We emphasized on the following four aspects in expanding the high-end mineral water business of the Group:

(1) to strengthen our traditional advantages, continuous development of new institutional clients and endeavor to increase the sales volume from institutional clients;

(2) to accelerate our expansion of retail channels and endeavor to increase the number of distributors, distributing cities and outlets and increasing the sales capacity of each outlet;

(3) to increase our advertising and promotional activities and branding publicity; and

(4) to improve our productivity and quality control management.

In the first half of 2012, our retail channel developed rapidly. The share of revenue in retail channel distribution increased from 12% in the first half of 2011 to 41% in the first half of 2012.

The scope of our retail sales channel was extended from 35 cities at the end of 2011 to 48 cities at the end of June 2012. The number of distributors increased from 132 at the end of 2011 to 168 at the end of June 2012, and the number of retail sales outlets increased from 4,102 at the end of 2011 to 6,187 at the end of June 2012.

Our 5100 Tibet Glacier Spring Water ("5100 Glacier Water") bottled water redemption card ("Water Card") business also had a rapid growth and its share in total revenue increased from 5% in the first half of 2011 to 13% in the first half of 2012, and continued to be our profit growth engine in the innovative business.

During the first half of 2012, we have continued to establish business relationship with new institutional clients and have improved the sales volume from existing institutional clients, as a result of which our institutional client base has become more diverse and the Group's dependence on individual clients has been further reduced.

FINANCIAL OVERVIEW

In the first half of 2012, total sales of the Group amounted to RMB247 million, representing a 18% increase from the total sales of RMB209 million in the first half of 2011. By continuing to optimize the structure of our client base and of our product mix, the Group has successfully increased its gross profit margin to 79.7% in the first half of 2012 compared to 78.6% in the first half of 2011 despite the increase in production depreciation costs, package enhancing costs and other production costs.

REVENUE

In the first half of 2012, total sales of the Group amounted to RMB247 million, representing an increase of RMB38 million compared to the revenue of RMB209 million in the first half of 2011. In the first half of 2012, the sales to China Railway Express Co., Ltd. ("CRE") amounted to 27% of our total sales, representing a decrease of 18% from 33% in the first half of 2011.

In the first half of 2012, the average selling price of the Group's products increased by 20% from RMB7,417 per tonne in the first half of 2011 to RMB8,892 per tonne in the first half of 2012. Despite having a 2% drop in total sales volume compared to the same period last year, due to the increase in average selling price, the total revenue of the Group in the first half of 2012 increased by 18% compared to the same period last year. The increase in the average selling price was mainly due to the sales growth from institutional clients and traditional retail operation channels (owned by third parties), as well as from optimizing our product mix.

SALES VOLUME

In the first half of 2012, total sales volume amounted to 27,770 tonnes, representing a slight decrease of 2% compared to 28,215 tonnes in the first half of 2011, and the sales volume of bottled mineral water supplied to CRE also slightly decreased from 10,763 tonnes in the first half of 2011 to 10,486 tonnes in the first half of 2012.

OTHER NET GAINS

Other net gains mainly included government grants, which were recognised at their fair value based on reasonable assurance that such grants would be received and the Group would comply with all attached conditions. In the first half of 2012, government grants amounted to RMB67 million, respresenting an increase of 3% compared to RMB65 million in the first half of 2011. Government grants as a percentage of revenue decreased to 27% from 31% in the first half of 2011. Compared to the same period last year, such a percentage decrease was mainly attributable to the time differences in receiving the relevant government grants.

As our main production processes are carried out in Tibet, we enjoy the relevant government grants from time to time. The amount of grants we received from the government of Tibet was made largely with reference to our fiscal contribution to the local economic development as a major tax payer and employer in Tibet. Tibet 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 has been granted an enterprise development fund, which has been calculated with reference to Glacier Marketing's fiscal contribution to the local government in Tibet. Based on the relevant rules applied 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 RMB5 million or 19% from RMB29 million in the first half of 2011 to RMB34 million in the first half of 2012. The effective tax rate for the first half of 2012 was 16%, which was the same rate as that in the same period last year.

PROFIT FOR HALF YEAR PERIOD

In the first half of 2012, sales volume, distribution costs and other net gains maintained at a level similar to that of the first half of 2011. Administrative expenses increased by RMB9 million compared to the same period last year due to the incurrence of operating expenses of a newly established holding company, and finance income which mainly included bank interest income increased by RMB14 million compared to the same period past year. Overall, mainly attributable to the increase in the average selling price of bottled water per tonne in the first half of 2012, the net profits for the first half of 2012 amounted to RMB178 million, representing an increase of RMB30 million or 20% from the first half of 2011.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company increased by RMB30 million, or 20%, from RMB148 million in the first half of 2011 to RMB178 million in the first half of 2012, which was in line with the growth in net profits during the relevant reporting period.

FINANCIAL POSITION

As at 30 June 2012, inventories of the Group amounted to RMB14 million compared to RMB22 million as at 31 December 2011. The decrease was mainly attributable to the effective management of the storage quantity of raw materials.

Trade receivables of the Group amounted to RMB205 million as at 30 June 2012 and amounted to RMB356 million as at 31 December 2011. The decrease in trade receivables was mainly attributable to the decrease in the amount due from one major client of the Group who settled RMB248 million in the first half of 2012. As at 30 June 2012, the trade receivables of RMB205 million comprised receivables from the major client amounted to RMB145 million.

As at 30 June 2012, prepayments (including current and non-current) of the Group amounted to RMB51 million compared to RMB37 million as at 31 December 2011. The increase was mainly attributable to the prepayment for machinery amounted to RMB24 million, after settting off against the decrease in the prepayment for raw materials of RMB13 million.

As at 30 June 2012, other receivables of the Group amounted to RMB51 million compared to RMB40 million as at 31 December 2011. The increase was mainly attributable to the increase in interests receivable of RMB6 million and other miscellaneous receivables of RMB5 million.

As at 30 June 2012, the available-for-sale financial assets of RMB98 million represented the wealth management products purchased by the Group in June 2012. The wealth management products were with a maturity of six months and were all denominated in RMB. As at 30 June 2012, the available-for-sale financial assets were neither past due nor impaired.

As at 30 June 2012, pledged and term deposits and cash and cash equivalents of the Group amounted to RMB574 million and RMB833 million, respectively (as at 31 December 2011: RMB588 million and RMB705 million, respectively). The increase was mainly attributable to the cash generated from operations in the first half of 2012, after using portions of which in purchasing machinery and equipment and available-for-sale financial assets and, after deducting the amount for paying dividends in June 2012.

As at 30 June 2012, deferred income tax liabilities of the Group amounted to nil compared to RMB10 million as at 31 December 2011. The decrease was attributable to the crystallization of such deferred income tax liabilities as at 31 December 2011 in the first half of 2012.

As at 30 June 2012, trade payables of the Group amounted to RMB20 million compared to RMB49 million as at 31 December 2011. The decrease mainly corresponds to the decrease in the procurement of raw materials as a result of the effective management of the storage quantity of raw materials.

As at 30 June 2012, enterprise income tax payable by the Group amounted to RMB15 million compared to RMB10 million as at 31 December 2011. The increase was mainly attributable to crystalization of the deferred income tax liabilities as at 31 December 2011 in the first half of 2012, although there was decrease of other enterprise income tax payable in the second quarter of 2012.

As at 30 June 2012, accruals and other payables of the Group amounted to RMB46 million compared to RMB60 million as at 31 December 2011. Compared to 31 December 2011, although value-added tax and other taxes payable increased by RMB4 million and accruals of transportation costs increased by RMB8 million, the total amount of other payables have decreased, which was mainly attributable to the decrease of government grant received in advance by RMB25 million.

The Group's net current assets and net assets as at 30 June 2012 were RMB1,676 million and RMB1,975 million, respectively; and net current assets and net assets as at 31 December 2011 were RMB1,575 million and RMB1,854 million, respectively. The increase was mainly due to the increase in earnings.

EMPLOYEES

As at 30 June 2012, the total number of employees for the Group was approximately 342 (as at 30 June 2011: approximately 307). Relevant staff cost was RMB19 million in the first half of 2012, while our staff cost was RMB14 million for the first half of 2011. The Group's remuneration policies are formulated according to the duty, experience, ability and performance of individual employees and are reviewed annually. In addition to basic salary, employees are entitled to other benefits including social insurance contribution, employee provident fund schemes and discretionary incentive.

GEARING RATIO

As at 30 June 2012 and as at 31 December 2011, the Group did not have any loan borrowings and the related gearing ratio is not applicable.

MERGER AND ACQUISITION

Except for the reorganization of the Group as set out in the prospectus of the Company dated 20 June 2011 (the "Prospectus") which was completed in the first half of 2011, there has not been any acquisition or disposal of subsidiaries or associates of the Group.

SIGNIFICANT INVESTMENTS

In the first half of 2012, the Group acquired property, plant and equipment of approximately RMB2 million (in the first half of 2011: approximately RMB11 million). Regarding the future plan for significant investments, please refer to the section headed "Use of Proceeds" of this announcement.

CAPITAL COMMITMENTS

The capital commitments related to property, plant and equipment of the Group as at 30 June 2012 were RMB4 million (as at 31 December 2011: RMB28 million).

CHARGES

As at 30 June 2012 and 31 December 2011, the Group did not have any asset charges.

CONTINGENT LIABILITIES

As at 30 June 2012 and 31 December 2011, the Group did not have any significant contingent liabilities.

FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC with most of its business transactions denominated in RMB. The Group is exposed to foreign exchange risk arising from exposure of Hong Kong dollars against RMB. The Group has not used any forward contracts or currency borrowings to hedge its foreign exchange risk.

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$1,472 million (including proceeds from the exercise of over-allotment option and after deducting underwriting commissions and related expenses). The net proceeds has been and will continue to 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%	442
Expand our distribution network and toward promotional activities	25%	368
Mergers and acquisitions that complement our existing business	35%	515
Working capital and other general corporate purposes	10%	147
	100%	1,472

Up to 30 June 2012, the Group has utilized net proceeds amounted to HK$26 million, HK$7 million and HK$54 million (i) for expanding our production capacity; (ii) for expanding our distribution network and towards promotional activities; and (iii) as working capital and for other general corporate purposes, respectively. The remaining net proceeds were deposited in reputable financial institutions. The Directors intend to apply the net proceeds in the future in the manner as set out in the Prospectus.

OUTLOOK

In the second half of 2012, we shall continue to maintain close cooperation with the distributors and continue to put more resources to develop the retail sales network, including premium hotels and restaurants, chain cinema operators and airports, across the different regions in China to promote the 5100 Glacier Water. In particular, an e-business platform established for selling the Water Card via the internet and the building of the retail sales network in eastern and southern regions of China will be reinforced to further enhance our market penetration.

Furthermore, we also plan to launch more new products by leveraging on the famous brand of 5100 Glacier Water to enhance the sources of income. The Group has targeted on the consumer groups in high class restaurants and entertainment areas. Research is in progress on the production of glass bottled 5100 Glacier Water and elegantly designed special edition polyethylene terephthalate ("PET") bottled 5100 Glacier Water, aiming to enhance the product grading and to stimulate sales. While the Group continues to implement the aforesaid four major business development strategies, the Group will also actively seek investment opportunities, other water sources in Tibet and acquisition targets with synergies, to increase the competitive advantages of the Group's operations, consolidate the market leading position and maximize the return to shareholders of the Company.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2012, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (formerly 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 the Corporate Governance Code (the new edition of the Code on Corporate Governance Practices, which is applicable to financial reports covering a period after 1 April 2012).

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 for the six months ended 30 June 2012. 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 has been 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 reviewed the interim results for the six months ended 30 June 2012.

The Company's external auditor, PricewaterhouseCoopers, has performed a review of the Group's interim financial information for the six months ended 30 June 2012 in accordance with the 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 was not prepared, in all material respects, in accordance with IAS Standard 34 "Interim financial reporting".

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 June 2012, 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 2012 interim report of the Company will set out all information disclosed in the interim results announcement for the first half of 2012 and will be despatched to the shareholders and uploaded on the websites of the Company (http://www.5100.net) and the Stock Exchange (http://www.hkexnews.hk) in due course.

By order of the Board
Tibet 5100 Water Resources Holdings Ltd.
Yu Yiping Wallace
Chairman

Hong Kong, 23 August 2012

As of the date of this announcement, the executive Directors are Mr. Yu Yiping Wallace (Chairman), Mr. Fu Lin (Chief Executive Officer), 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.