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 2013

FINANCIAL HIGHLIGHT

	Six months ended 30 June		
	2013	2012	**Change**
	(Unaudited)	*(Unaudited)*	**%**
Revenue (RMB'000)	**246,010**	246,921	↓ **0.4**
Profit attributable to the owners of the Company (RMB'000)	**186,798**	177,584	↑ **5**
Earnings per share			
- Basic (RMB cents)	**7.27**	6.91	↑ **5**
- Diluted (RMB cents)	**7.27**	6.91	↑ **5**
Sales volume (Tonnes)	**26,510**	27,770	↓ **5**

	As at 30 June 2013	As at 31 December 2012
	(Unaudited)	*(Audited)*
Total assets (RMB'000)	**2,436,992**	2,643,488
Equity attributable to owners of the Company (RMB'000)	**2,255,329**	2,202,282

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 2013. 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 2013 AND 31 DECEMBER 2012

		As at	
	Note	**30 June 2013**	31 December 2012
		RMB'000	*RMB'000*
		Unaudited	*Audited*
Assets			
Non-current assets			
Land use rights	7	**1,225**	1,239
Property, plant and equipment	7	**298,220**	303,801
Deferred income tax assets		**7,776**	9,248
Other non-current assets	10	**173,359**	5,592
Investment in an associate	15	**612,525**	595,000
		1,093,105	914,880
Current assets			
Inventories		**28,197**	14,575
Trade receivables	8	**263,968**	340,243
Prepayments		**17,754**	14,230
Other receivables		**14,713**	20,690
Pledged and term deposits		**405,000**	106,543
Cash and cash equivalents		**614,255**	1,232,327
		1,343,887	1,728,608
Total assets		**2,436,992**	2,643,488
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	**166,782**	177,781
Retained earnings		**860,355**	796,309
Total equity		**2,255,329**	2,202,282

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (CONTINUED) AS AT 30 JUNE 2013 AND 31 DECEMBER 2012

		As at	
	Note	**30 June 2013**	31 December 2012
		RMB'000	*RMB'000*
		Unaudited	*Audited*
Liabilities			
Non-current liabilities			
Deferred income		**12,091**	12,308
Deferred income tax liabilities		**—**	17,260
		12,091	29,568
Current liabilities			
Trade and note payables	9	**57,531**	58,530
Deferred revenue and advance received from customers		**16,170**	21,641
Enterprise income tax payable		**46,639**	22,973
Accruals and other payables		**49,232**	308,494
		169,572	411,638
Total liabilities		**181,663**	441,206
Total equity and liabilities		**2,436,992**	2,643,488
Net current assets		**1,174,315**	1,316,970
Total assets less current liabilities		**2,267,420**	2,231,850

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2013 AND 2012

		Unaudited	
		Six months ended 30 June	
	Note	**2013**	2012
		RMB'000	*RMB'000*
Revenue	6	**246,010**	246,921
Cost of sales	13	**(43,743)**	(50,188)
Gross profit		**202,267**	196,733
Selling and distribution expenses	13	**(40,687)**	(32,173)
Administrative expenses	13	**(34,936)**	(27,790)
Other gains, net	12	**68,763**	64,256
Operating profit		**195,407**	201,026
Finance income		**20,921**	14,863
Finance costs		**(11,118)**	(3,846)
Finance income, net		**9,803**	11,017
Share of post-tax profits of an associate	15	**17,525**	—
Profit before income tax		**222,735**	212,043
Income tax expense	14	**(35,937)**	(34,459)
Profit for the period		**186,798**	177,584
Profit attributable to:			
- Owners of the Company		**186,798**	177,584
Earnings per share for profit attributable to the owners of the Company		***RMB cents***	*RMB cents*
- Basic earnings per share	16	**7.27**	6.91
- Diluted earnings per share	16	**7.27**	6.91
Dividends	17	**—**	—

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013 AND 2012

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Profit for the period	**186,798**	177,584
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	**(10,999)**	6,672
Other comprehensive income for the period, net of tax	**(10,999)**	6,672
Total comprehensive income for the period	**175,799**	184,256
Attributable to:		
- Owners of the Company	**175,799**	184,256

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2013 AND 2012

	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 2013	**21,363**	**1,206,829**	**177,781**	**796,309**	**2,202,282**
Profit for the period	**—**	**—**	**—**	**186,798**	**186,798**
Other comprehensive income	**—**	**—**	**(10,999)**	**—**	**(10,999)**
Total comprehensive income for the period	**—**	**—**	**(10,999)**	**186,798**	**175,799**
Dividends relating to 2012 paid in June 2013	**—**	**—**	**—**	**(122,752)**	**(122,752)**
At 30 June 2013	**21,363**	**1,206,829**	**166,782**	**860,355**	**2,255,329**
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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2013 AND 2012

	Unaudited Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Cash flows from operating activities		
Cash generated from operations	**229,669**	349,315
Interest received	**11,265**	8,735
Income tax paid	**(28,059)**	(41,593)
Net cash generated from operating activities	**212,875**	316,457
Cash flows from investing activities		
Purchases of property, plant and equipment ("PP&E")	**(4,283)**	(27,142)
Investment in an associate	**(224,400)**	—
Prepayment made for investment in a subsidiary	**(158,939)**	—
Loan granted to third parties	**(60,000)**	—
Repayment received for amounts due from a third party	**50,000**	—
Increase in available-for-sale financial assets	**(98,000)**	(98,000)
Decrease in available-for-sale financial assets	**98,000**	—
Interest received from investing activities	**1,944**	—
Increase in term deposits	**(305,000)**	—
Net cash used in investing activities	**(700,678)**	(125,142)
Cash flows from financing activities		
Dividends paid to owners of the Company	**(122,752)**	(62,976)
Net cash used in financing activities	**(122,752)**	(62,976)
Net (decrease)/increase in cash and cash equivalents	**(610,555)**	128,339
Cash and cash equivalents at beginning of period	**1,232,327**	704,864
Translation losses on cash and cash equivalents	**(7,517)**	(199)
Cash and cash equivalents at end of period	**614,255**	833,004

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2013

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands 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 had 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 2013.

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 2013 has been prepared in accordance with 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 2012, 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 financial statements of the Group for the year ended 31 December 2012, as described in those annual financial statements.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have been applied in preparing the condensed interim consolidated financial information. None of these had a significant effect on the condensed interim consolidated financial information of the Group.

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 2012.

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 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 annual consolidated financial statements of the Group for the year ended 31 December 2012.

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 carrying amounts of the Group's financial assets and financial liabilities approximated their fair values due to their short maturities.

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 2013 and 2012, revenue from the sales of bottled mineral water product amounted to RMB246,010,000 and RMB246,921,000, respectively, of which approximately RMB68,904,000 is derived from a single external customer for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB74,078,000).

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 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
Six months ended 30 June 2013		
Opening net book amount at 1 January 2013	**303,801**	**1,239**
Additions	**5,081**	**—**
Depreciation and amortisation	**(10,662)**	**(14)**
Closing net book amount at 30 June 2013	**298,220**	**1,225**

8 TRADE RECEIVABLES

Trade receivables represent those due from third party customers with good credit history and low default rates. The Group does not have formal contractual credit terms agreed with third party customers but the trade receivables are usually settled within two months except for some special customers with long transaction history and good credit record, where extended payment terms are granted. For management review purpose, the Group regards any receivable balance within a two-month credit period as not overdue. As at 30 June 2013, the ageing analysis of trade receivables was as follows:

	As at	
	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	Unaudited	*Audited*
Trade receivables		
Within 2 months	**39,447**	233,990
Over 2 months but within 6 months	**51,730**	81,533
Over 6 months but within 1 year	**171,362**	24,031
Over 1 year but within 2 years	**748**	689
Over 2 years	**681**	—
	263,968	340,243

As at 30 June 2013 and 31 December 2012, no trade receivables were impaired and provided for.

9 TRADE AND NOTE PAYABLES

As at 30 June 2013 and 31 December 2012, the aging analysis of the trade payables based on invoice dates was as follows:

	As at	
	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	Unaudited	*Audited*
Trade payables		
Within 45 days	**33,647**	47,752
Over 45 days but within 6 months	**22,633**	1,507
Over 6 months but within 1 year	**250**	2,054
Over 1 year but within 2 years	**346**	312
Over 2 years	**655**	362
	57,531	51,987
Note payables	**—**	6,543
	57,531	58,530

10 OTHER NON-CURRENT ASSETS

	As at	
	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	Unaudited	*Audited*
Prepayments for acquisition of a subsidiary	**158,939**	—
Prepayments for equipment	**4,420**	5,217
Loan granted to a third party	**10,000**	—
Others	**—**	375
	173,359	5,592

11 SHARE CAPITAL, SHARE PREMIUM AND RESERVES

			Unaudited		
	Number of ordinary shares (thousands)	**Nominal value of ordinary shares**	**Equivalent nominal value of ordinary shares**	**Share premium**	**Reserves**
		HK$'000	***RMB'000***	***RMB'000***	***RMB'000***
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
Opening balance at 1 January 2013	**2,568,893**	**25,689**	**21,363**	**1,206,829**	**177,781**
Other comprehensive income	**—**	**—**	**—**	**—**	**(10,999)**
At 30 June 2013	**2,568,893**	**25,689**	**21,363**	**1,206,829**	**166,782**

12 OTHER GAINS, NET

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
- Government grants (a)	**68,600**	67,030
- Others	**163**	(2,774)
	68,763	64,256

(a) According to Zang Zheng Ban 藏政辦 [1997] No. 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 RMB68,500,000 and RMB67,000,000 for the six months ended 30 June 2013 and 2012, 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 RMB100,000 and RMB30,000 for the six months ended 30 June 2013 and 2012, respectively.

13 EXPENSES BY NATURE

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

	Unaudited Six months ended 30 June **2013** ***RMB'000***	 2012 *RMB'000*
Raw materials and consumables used	**29,752**	32,626
Increase in the balances of inventories of finished goods	**(5,405)**	(937)
Transportation costs	**18,466**	16,021
Depreciation of PP&E (Note 7)	**10,662**	10,247
Employee benefit expenses	**20,256**	18,837
Consulting and other service expenses	**14,789**	9,875
Advertising and marketing expenditure	**16,597**	9,950
Other taxes	**5,693**	4,726
Electricity and other utility expenses	**3,691**	3,240
Repair, maintenance and rental expenses	**1,608**	1,123
Others	**3,257**	4,443
	119,366	110,151

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. Entities in the Tibet Autonomous Region of the PRC were entitled to preferential rates of 15% for the six months ended 30 June 2012 and 2013; the remaining entities are taxed based on the statutory income tax rate of 25% for the six months ended 30 June 2012 and 2013 as determined in accordance with the relevant PRC income tax rules and regulations.

	Unaudited Six months ended 30 June **2013** ***RMB'000***	 2012 *RMB'000*
Current income tax	**34,465**	46,074
Deferred income tax	**1,472**	(11,615)
	35,937	34,459

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 2013 is 15%.

15 INVESTMENT IN AN ASSOCIATE

The Group acquired 35% equity interests in an associate - Tibet Tiandi Green Beverage Development Co., Ltd. (西藏天地綠色飲品發展有限公司；"Tiandi Green") on 25 December 2012. The investment is analysed as follows:

	Six months ended 30 June 2013
	RMB'000
Investment in an associate:	
Beginning of the period	**595,000**
Addition	**—**
Share of post-tax profit of an associate	**17,525**
End of the period	**612,525**

The Group's share of the results in Tiandi Green and attributable aggregated assets and liabilities are shown below:

	Six months ended 30 June 2013
	RMB'000
Assets	**725,192**
Liabilities	**112,667**
Revenues	**57,610**
Share of profit	**17,525**
Percentage held	**35%**

16 EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the six months ended 30 June 2013 and 2012 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	
	2013	2012
Profit attributable to owners of the Company (RMB'000)	**186,798**	177,584
Weighted average number of shares in issue (thousands)	**2,568,893**	2,568,893
Basic earnings per share (RMB cents per share)	**7.27**	6.91

(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 and 2013.

	Unaudited Six months ended 30 June	
	2013	2012
Profit attributable to owners of the Company (RMB'000)	**186,798**	177,584
Weighted average number of shares in issue (thousands)	**2,568,893**	2,568,893
Weighted average number of ordinary shares issued for diluted earnings per share (thousands)	**2,568,893**	2,568,893
Dilutive earnings per share (RMB cents per share)	**7.27**	6.91

17 DIVIDENDS

A dividend of RMB122,752,000 that relating to the year ended 31 December 2012 was paid in the six months ended 30 June 2013 (six months ended 30 June 2012: RMB 62,976,000 that relating to the year ended 31 December 2011). No dividend has been declared by the Company or any of its subsidiaries in respect of the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

18 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	
	2013	2012
	RMB'000	*RMB'000*
Revenue from license fee		
- Entities under common control	**40**	41
Lease expenses		
- An entity controlled by Mr. Yu Yiping Wallace, the Chairman of the Group	**145**	146

(i) Revenue from license fee was the royalty fee charged to an entity controlled by the Controlling Shareholder based on terms and conditions agreed by both parties.

(ii) Lease expenses were from the leasing fee of a vehicle from an entity controlled by the Chairman of the Group based on terms and conditions agreed by both parties.

(b) Balances with related parties

The Group had no material balance with related parties as at 30 June 2013 and 31 December 2012.

(c) Key management compensation

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

	Unaudited Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	**4,040**	3,763

19 COMMITMENT

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 2013	**As at 31 December 2012**
	RMB'000	*RMB'000*
	Unaudited	*Audited*
No later than 1 year	**1,417**	1,871
Later than 1 year and no later than 5 years	**270**	658
	1,687	2,529

20 SEASONALITY OF OPERATIONS

The sales of the Group are subject to seasonal fluctuations, in general, with peak demand in the fourth 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 year end holiday season, which is in the fourth quarter of the year. In the financial year ended 31 December 2012, 36% of total revenue was recorded in the first six months of the year, while 64% of the revenue was recorded in the following six months.

21 SUBSEQUENT EVENT

In July 2013, the Company, through its wholly owned subsidiary — Wealth Keeper Limited, acquired an additional 30% equity interests in Tiandi Green. Together with the original 35% equity interests in Tiandi Green (Note 15), the Group holds 65% of the registered capital of Tiandi Green after the above acquisition and Tiandi Green became a subsidiary of the Company. Total consideration for the additional 30% equity interest is RMB510,000,000, for which the Group had paid RMB158,939,000 and recorded as prepayment as at 30 June 2013. The assets, liabilities and results of Tiandi Green will be consolidated into the consolidated financial statements of the Group by applying the acquisition method subsequent to the abovementioned additional acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2013, we continued our endeavors in supplying high quality products and premium services to our clients, and as such the operating performance of the Group was further enhanced.

We emphasized on the following four aspects in expanding the mineral water and the highland barley beer business of the Group in the high-end specialty beverage industry:

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

(2) to develop our innovative business and to strengthen our e-commerce platform for selling bottled water redemption card ("Water Card") and our products online;

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

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

The share of revenue in our retail channel distribution increased from 41% in the first half of 2012 to 42% in the first half of 2013.

The scope of our retail sales channel was extended from 61 cities as at the date of the annual report 2012 of the Company ("Annual Report 2012") to 73 cities as at 30 June 2013. The number of distributors increased from 190 as at the date of the Annual Report 2012 to 204 as at 30 June 2013, and the number of sales outlets increased from 6,634 as at the date of Annual Report 2012 to 7,667 as at 30 June 2013.

Our 5100 Tibet Glacier Spring Water ("5100 Glacier Water") Water Card business had expanded and its share in total revenue increased from 13% in the first half of 2012 to 16% in the first half of 2013, and continued to be one of our major sources of profit growth in the innovative businesses. After Tibet 5100 E-commerce Alliance ("西藏5100電商聯盟") was established in June 2012 by 12 domestic online shopping websites selling Water Card online, in the first half of 2013, we have developed our self-operated e-commerce platform to sell and redeem Water Card through our own official website. We have also been developing a mobile application programme servicing clients and to enhance our e-commerce sales platform.

In the first half of 2013, we have continued to establish business relationship with new institutional clients and to maintain good business relationship with existing institutional clients, as a result of which our institutional client base has continued to develop steadily.

FINANCIAL REVIEW

In the first half of 2013, total sales of the Group amounted to RMB246 million, representing a slight decrease of 0.4% from the total sales of RMB247 million in the first half of 2012.

By continuing to optimize the structure of our client base, together with an overall decrease in raw material costs, the Group has successfully increased its gross profit margin to 82.2% in the first half of 2013 from 79.7% in the first half of 2012.

REVENUE

In the first half of 2013, total sales of the Group amounted to RMB246 million, representing a slight decrease of RMB1 million or 0.4% compared to the revenue of RMB247 million in the first half of 2012. In the first half of 2013, the sales to China Railway Express Co., Ltd. ("CRE") accounted for 28% of our total sales, representing an increase of 1% from 27% in the first half of 2012. In 2012, CRE has placed a majority of its sales order during the fourth quarter. The Group expects the same procurement pattern from CRE in 2013.

Despite having a 5% drop in total sales volume compared to the first half of 2012, due to the increase in average selling price, the total revenue of the Group in the first half of 2013 only slightly decreased by RMB1 million or 0.4% compared to the first half of 2012. The average selling price of the Group's products increased from RMB8,892 per tonne in the first half of 2012 to RMB9,280 per tonne in the first half of 2013. The increase in the average selling price was mainly due to the continuous optimisation of the structure of our client base.

SALES VOLUME

In the first half of 2013, total sales volume in respect of our mineral water business amounted to 26,510 tonnes, representing a decrease of 5% compared to 27,770 tonnes in the first half of 2012. The sales volume of bottled mineral water supplied to CRE slightly increased from 10,486 tonnes in the first half of 2012 to 10,727 tonnes in the first half of 2013. In the first half of 2013, total sales volume generated from non-CRE institutional clients and traditional retail operation channels (owned by third parties) decreased by 1,501 tonnes from 17,284 tonnes in the first half of 2012 to 15,783 tonnes in the first half of 2013, representing a decrease of 9%.

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 2013, government grants amounted to RMB69 million, representing an increase of 3% compared to RMB67 million in the first half of 2012. Government grants as a percentage of revenue slightly increased to 28% in the first half of 2013 from 27% in the first half of 2012.

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 was granted an enterprise development fund, which are 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.

SHARE OF POST-TAX PROFITS OF AN ASSOCIATE

The Group acquired 35% equity interests in Tiandi Green on 25 December 2012 and subsequently acquired an additional 30% equity interests in Tiandi Green in July 2013. As at 30 June 2013, the Group's then ownership of 35% equity interests in Tiandi Green has generated a share of the post-tax profits of the Group's associate in the amount of RMB18 million, after making adjustments amounted to RMB4 million for a share of the amortization of intangible assets and the depreciation of revaluation surplus of PP&E arising from a valuation conducted for the acquisition of 35% equity interests in Tiandi Green on 25 December 2012. The Group's share of sales volume and revenue in respect of highland barley beer business of Tiandi Green in the first half of 2013 were 9,239 tonnes and RMB58 million, respectively.

FINANCE NET INCOME

Finance net income of RMB10 million included finance income and finance costs. In the first half of 2013, finance income and finance costs amounted to RMB21 million and RMB11 million, representing an increase of RMB6 million and RMB7 million compared to RMB15 million and RMB4 million, respectively, in the first half of 2012. The increase of both finance income and finance costs was mainly attributable to the increase in the foreign exchange gain and foreign exchange loss, respectively, in the first half of 2013.

INCOME TAX CHARGE

The income tax charge of the Group increased by RMB2 million or 6% from RMB34 million in the first half of 2012 to RMB36 million in the first half of 2013. The effective tax rate in the first half of 2013 was 16%, which was at a level similar to that of 16% in the first half of 2012.

PROFIT FOR HALF YEAR PERIOD

In the first half of 2013, sales volume and revenue decreased slightly by 5% and 0.4%, respectively, compared to the first half of 2012. Compared to the first half of 2012, selling and distribution expenses for the first half of 2013 increased by RMB9 million mainly due to the increase in advertising and marketing expenses, and administrative expenses for the first half of 2013 increased by RMB7 million mainly due to the one-off fee related to acquiring an additional 30% equity interest of Tiandi Green, of which was completed in July 2013. Notwithstanding the above, net profits for the first half of 2013 amounted to RMB187 million, still representing an increase of RMB9 million or 5% from the first half of 2012. Such increase was mainly attributable to an increase in the gross profit of RMB6 million resulted from the increase in the gross profit margin in the first half of 2013, along with the share of post-tax profits in the first half 2013 of RMB18 million of Tiandi Green acquired on 25 December 2012.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company increased by RMB9 million, or 5%, from RMB178 million in the first half of 2012 to RMB187 million in the first half of 2013, which was in line with the growth in net profits, during the relevant reporting period.

FINANCIAL POSITION

The Group completed the acquisition of 35% equity interests in Tiandi Green on 25 December 2012. As at 30 June 2013, investment in an associate amounted to RMB613 million, representing an increase of RMB18 million compared to RMB595 million as at 31 December 2012. The increase was attributable to the recognition of a share of post-tax profit of Tiandi Green in the first half of 2013.

As at 30 June 2013, inventories of the Group amounted to RMB28 million compared to RMB15 million as at 31 December 2012. The increase was mainly attributable to the seasonal fluctuation in production.

As at 30 June 2013, trade receivables of the Group amounted to RMB264 million compared to RMB340 million as at 31 December 2012. The decrease in trade receivables was mainly attributable to the decrease in the amount due from one major customer of the Group who settled RMB150 million in the first half of 2013. The trade receivables of RMB264 million comprised receivables from one major customer amounted to RMB251 million, of which RMB50 million was collected before 23 August 2013. As at the date of this announcement, there is no trade receivable due for over 12 months from such major customer. Despite the increase in the trade receivables from such customer out of the total trade receivables of the Group, the Group considers that there is no objective evidence of an impairment loss to the trade receivable due from such customer taking into account of the history of business dealings and the strategic business relationship with such customer. The Group also expects to receive further sums of moneys from such major customer before the end of 2013 as settlement of its trade receivables.

The Group maintains regular contact with our major debtors through meetings and phone contact to understand the status of their operations, their continuing business needs and ways in which the Group can improve its services. During such meetings and conversations, the Group is not aware of any material circumstances indicating any problems recovering its trade receivables from its major debtors. As a result, no trade receivables were impaired and provided for as at 30 June 2013.

As at 30 June 2013, prepayments (including current and non-current) of the Group amounted to RMB181 million compared to RMB20 million as at 31 December 2012. The significant increase was mainly attributable to the prepayments of RMB159 million made for acquiring an additional 30% equity interest of Tiandi Green of which was completed in July 2013.

As at 30 June 2013, other receivables of the Group amounted to RMB15 million compared to RMB21 million as at 31 December 2012. The decrease was mainly attributable to the decrease in interest receivable of RMB3 million and the decrease in government grants receivable of RMB3 million.

As at 30 June 2013, the total of pledged and term deposits and cash and cash equivalents of the Group amounted to RMB1,019 million compared to RMB1,339 million as at 31 December 2012. The decrease was mainly attributable to payment and prepayment made for acquiring the 35% equity interests and the 30% equity interests, respectively, of Tiandi Green and paying dividends in June 2013.

As at 30 June 2013, deferred income tax liabilities of the Group amounted to nil compared to RMB17 million as at 31 December 2012. The decrease was mainly attributable to the crystallisation of such deferred income tax liabilities as at 31 December 2012 in the first half of 2013.

As at 30 June 2013, deferred revenue and advances received from customers of the Group amounted to RMB16 million compared to RMB22 million as at 31 December 2012. Deferred revenue related to unredeemed effective Water Card decreased by RMB8 million and advances received from customers increased by RMB2 million, leading to an overall decrease in the total amount of deferred revenue and advances received from customers.

As at 30 June 2013, enterprise income tax payable of the Group amounted to RMB47 million compared to RMB23 million as at 31 December 2012. The increase was mainly attributable to crystallisation of the deferred income tax liabilities of RMB17 million as at 31 December 2012 in the first half of 2013 and an increase of other enterprise income tax payable in the second quarter of 2013.

As at 30 June 2013, accruals and other payables of the Group amounted to RMB49 million compared to RMB308 million as at 31 December 2012. The decrease was mainly attributable to the decrease in government grants received in advance of RMB16 million and in accrued transportation costs of RMB17 million, and to a payable as at 31 December 2012 of RMB224 million for investing in an associate which was settled in the first half of 2013.

The Group's net current assets and net assets as at 30 June 2013 were RMB1,174 million and RMB2,255 million, respectively; and net current assets and net assets as at 31 December 2012 were RMB1,317 million and RMB2,202 million, respectively. Although having significant earnings, the net current assets still decreased, which was mainly attributable to the Group making non-current prepayment of RMB159 million for acquiring an additional 30% equity interests of Tiandi Green, and paying dividends of RMB123 million. Regarding the increase in net assets, after considering the Group paying dividends of RMB123 million, the increase in net assets was mainly attributable to the earnings of the first half of 2013.

EMPLOYEES

As at 30 June 2013, the total number of employees for the Group was approximately 341 compared to 328 as at 31 December 2012.

Relevant staff cost was RMB20 million in the first half of 2013, while our staff cost was RMB19 million for the first half of 2012. 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 2013 and as at 31 December 2012, the Group did not have any loan borrowings, thus the gearing ratio is not applicable.

MERGER AND ACQUISITION, SUBSEQUENT EVENT

The Group acquired 35% equity interests in Tiandi Green on 25 December 2012. In July 2013, the Group acquired an additional 30% equity interests in Tiandi Green. Together with the original 35% equity interests in Tiandi Green, the Group holds 65% equity interests of Tiandi Green and Tiandi Green became a subsidiary of the Company in July 2013. Please refer to the Company's announcements dated 10 April 2013 and 9 July 2013, and the Company's circular dated 20 June 2013 for details.

SIGNIFICANT INVESTMENTS

In the first half of 2013, the Group acquired property, plant and equipment of approximately RMB5 million (in the first half of 2012: approximately RMB2 million). Regarding the future development and outlook of the Group, please refer to the section headed "Outlook" of this announcement.

CAPITAL COMMITMENTS

As at 30 June 2013 and 31 December 2012, the Group did not have any capital commitments related to property, plant and equipment.

CHARGES

As at 30 June 2013 and 31 December 2012, the Group did not have any asset charges.

CONTINGENT LIABILITIES

As at 30 June 2013 and 31 December 2012, the Group did not have any significant contingent liabilities.

FOREIGN EXCHANGE RISK

The Group employs a conservative approach to cash management and risk control. 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 HK$ against RMB. The Group has not used any forward contracts or currency borrowings to hedge its foreign exchange risk. Cash was generally placed in short-term deposits and term deposits denominated in HK$ and RMB.

VALUATION OF PROPERTIES

For the purpose of listing of the Company's shares on the Main Board of the Stock Exchange on 30 June 2011, a valuation was conducted on the property interests held by the Group. However, those property interests were still carried at historical costs less accumulated depreciation and impairment, if any, on the Group's financial statements.

By reference to the property valuation set out in note 4 of Appendix II-A of the Company's prospectus dated 20 June 2011 ("Prospectus"), a revaluation surplus of approximately RMB3,947,000 was identified in respect of the property interests of the Group as at 31 March 2011. If the property of the Group were stated at that valuation, the depreciation charge per annum would increase by approximately RMB130,000.

STATUS OF MAJOR CUSTOMER CONTRACT

The current term of the contract with our single largest customer, CRE, is due to expire on 31 December 2013. The Group plans to open up negotiation with CRE for signing a new contract in the fourth quarter of 2013.

MINING LICENSE

The current term of the mining license for our water source will expire in August 2015. According to the relevant PRC regulations, the owner of the license shall submit proposals for the renewal or extension of the mining license within three months before the expiry date of the license. The Group intends to commence the procedure for renewal or extension of the mining license on or around April 2015. The Group will continue to search for potential opportunities to acquire new water sources.

PRODUCTION CAPACITY

The expected annual water production capacity is approximately 238,000 tonnes for the year ending 31 December 2013 (for the year ended 31 December 2012: 208,000 tonnes).

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

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). On 10 April 2013, the Company resolved to change the usage of the net proceeds from the global offering. Please refer to the Company's announcement dated 10 April 2013 for details. The revised usage of the net proceeds has been allocated in the following manner:

Purpose of net proceeds	**Revised usage of net proceeds** *HK$'Million*	**As at 30 June 2013 Utilized net proceeds** *HK$'Million*	**As at 30 June 2013 Unutilized net proceeds** *HK$'Million*
Expand our production capacity by constructing additional facilities and purchasing additional production equipment	133	31	102
Expand our distribution network and toward promotional activities	206	8	198
Mergers and acquisitions that complement our existing business	1,092	710	382
Working capital and other general corporate purpose	41	41	—
	1,472	790	682

As at 30 June 2013, the Group has utilized net proceeds amounted to HK$31 million, HK$8 million, HK$710 million and HK$41 million (i) for expanding our production capacity; (ii) for expanding our distribution network and towards promotional activities; (iii) for mergers and acquisitions that complement our existing business; and (iv) as working capital and for other general corporate purposes, respectively. The remaining net proceeds were deposited in reputable financial institutions.

OUTLOOK

In the second half of 2013, we shall continue to maintain close cooperation with the distributors and to put more resources to develop our retail sales network, including six major distribution channels, namely (i) department stores and supermarkets; (ii) hotels; (iii) high-end restaurants; (iv) entertainment venues such as night clubs and bars; (v) golf clubs and private clubs; and (vi) others, including cinemas, speciality shops at airport and tourist attractions etc., across the different regions in China to promote the 5100 Glacier Water. In particular, the building of the retail sales network in eastern and southern regions of China will be reinforced to further enhance our market penetration. In addition, an e-commerce platform has been established for selling the Water Card and our products via the internet, which will become one of our major sources of profit growth in the innovative businesses.

Furthermore, we also plan to launch more new products by leveraging on the famous brand of 5100 Glacier Water to expand our sources of income. The Group has targeted at higher product positioning and exporting demand. The production of glass bottled 5100 Glacier Water is being organized and will start in the second half of 2013, 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 integrate our existing resources to increase synergies and competitive advantages of the Group's operations, consolidate the market leading position and maximize the return to shareholders of the Company.

INTERIM DIVIDEND

The Board did not recommend a payment of an interim dividend for the six months ended 30 June 2013 (for the six months ended 30 June 2012: nil).

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2013, the Company has complied with the code provisions as set out in the Corporate Governance 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").

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 2013. Specific employees who are likely to be in possession of inside 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 2013.

The Company's external auditor, PricewaterhouseCoopers, has performed a review of the Group's interim financial information for the six months ended 30 June 2013 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 2013, 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 2013 interim report of the Company will set out all information disclosed in the interim results announcement for the first half of 2013 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 2013

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.