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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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change
	2013	2012	%
Revenue (RMB'000)	**786,856**	682,050	↑ 15%
Profit attributable to owners of the Company (RMB'000)	**441,280**	410,722	↑ 7%
Earnings per share – Basic and diluted (RMB cents)	**17.18**	15.99	↑ 7%
Sales volume (tonnes)	**103,120**	83,846	↑ 23%
Gross profit margin	**73%**	81%	↓ 10%
Dividend per share (HKD cents)	**8**	6	↑ 33%

	As at 31 December	
	2013	2012
Total assets (RMB'000)	**3,256,855**	2,643,488
Equity attributable to owners of the Company (RMB'000)	**2,497,470**	2,202,282

FINAL RESULTS

The board (the "Board") of directors (the "Directors") of Tibet 5100 Water Resources Holdings Ltd. (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013, together with comparative figures prepared under International Financial Reporting Standards ("IFRS").

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2013

	Note	**2013**	2012
		RMB'000	*RMB'000*
Assets			
Non-current assets			
Land use rights	7	**32,865**	1,239
Property, plant and equipment	8	**695,523**	303,801
Intangible assets	9	**198,810**	—
Goodwill	10	**721,139**	—
Deferred income tax assets		**8,398**	9,248
Prepayments		**4,177**	5,592
Investment in an associate	12	**—**	595,000
		1,660,912	914,880
Current assets			
Trade receivables	13	**453,432**	340,243
Prepayments		**36,482**	14,230
Other receivables and other assets		**66,526**	20,690
Inventories		**54,087**	14,575
Pledged and term deposits		**—**	106,543
Cash and cash equivalents		**985,416**	1,232,327
		1,595,943	1,728,608
Total assets		**3,256,855**	2,643,488
Equity			
Equity attributable to owners of the Company			
Share capital		**21,363**	21,363
Share premium		**1,206,829**	1,206,829
Reserves		**195,525**	177,781
Retained earnings			
– Proposed final dividends	20	**161,799**	124,972
– Others		**911,954**	671,337
		2,497,470	2,202,282
Non-controlling interests		**231,983**	—
Total equity		**2,729,453**	2,202,282

CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2013

	Note	2013	2012
		RMB'000	*RMB'000*
Liabilities			
Non-current liabilities			
Deferred revenue		**21,749**	12,308
Deferred income tax liabilities		**50,218**	17,260
		71,967	29,568
Current liabilities			
Trade payables	14	**72,766**	58,530
Deferred revenue and advances received from customers		**22,929**	21,641
Enterprise income tax payable		**19,855**	22,973
Accruals and other payables		**144,191**	308,494
Borrowings	15	**195,694**	—
		455,435	411,638
Total liabilities		**527,402**	441,206
Total equity and liabilities		**3,256,855**	2,643,488
Net current assets		**1,140,508**	1,316,970
Total assets less current liabilities		**2,801,420**	2,231,850

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	**2013**	2012
		RMB'000	*RMB'000*
Revenue	6	**786,856**	682,050
Cost of sales	17	**(210,954)**	(127,035)
Gross profit		**575,902**	555,015
Selling and distribution expenses	17	**(131,941)**	(106,300)
Administrative expenses	17	**(74,217)**	(64,727)
Other gains, net	16	**159,713**	94,976
Operating profit		**529,457**	478,964
Finance income		**24,427**	31,234
Finance costs		**(4,210)**	(749)
Finance income, net		**20,217**	30,485
Share of profit of an associate		**17,525**	—
Profit before income tax		**567,199**	509,449
Income tax expense	18	**(106,284)**	(98,727)
Profit for the year		**460,915**	410,722
Profit attributable to:			
– Owners of the Company		**441,280**	410,722
– Non-controlling interests		**19,635**	—
		460,915	410,722
Earnings per share for profit attributable to owners of the Company			
– Earnings per share (basic and diluted) (RMB cents per share)	19	**17.18**	15.99
Dividends	20	**161,799**	124,972

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	RMB'000	*RMB'000*
Profit for the year	**460,915**	410,722
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Foreign currency translation differences	**(23,340)**	544
Other comprehensive income for the year, net of tax	**(23,340)**	544
Total comprehensive income for the year	**437,575**	411,266
Attributable to:		
– Owners of the Company	**417,940**	411,266
– Non-controlling interests	**19,635**	—
Total comprehensive income for the year	**437,575**	411,266

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

		Attributable to owners of the Company						
	Note	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*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	—	1,853,992
Profit for the year		—	—	—	410,722	410,722	—	410,722
Foreign currency translation differences		—	—	544	—	544	—	544
Total comprehensive income for the year		—	—	544	410,722	411,266	—	411,266
Appropriations to statutory surplus reserve		—	—	34,648	(34,648)	—	—	—
Dividends		—	—	—	(62,976)	(62,976)	—	(62,976)
At 31 December 2012		21,363	1,206,829	177,781	796,309	2,202,282	—	2,202,282
Profit for the year		**—**	**—**	**—**	**441,280**	**441,280**	**19,635**	**460,915**
Foreign currency translation differences		**—**	**—**	**(23,340)**	**—**	**(23,340)**	**—**	**(23,340)**
Total comprehensive income for the year		**—**	**—**	**(23,340)**	**441,280**	**417,940**	**19,635**	**437,575**
Appropriations to statutory surplus reserve		**—**	**—**	**41,084**	**(41,084)**	**—**	**—**	**—**
Dividends		**—**	**—**	**—**	**(122,752)**	**(122,752)**	**—**	**(122,752)**
Acquisition of a subsidiary	22	**—**	**—**	**—**	**—**	**—**	**212,348**	**212,348**
At 31 December 2013		**21,363**	**1,206,829**	**195,525**	**1,073,753**	**2,497,470**	**231,983**	**2,729,453**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	**2013**	2012
		RMB'000	*RMB'000*
Cash flows from operating activities			
Cash generated from operations		**467,719**	571,318
Interest received		**19,070**	33,330
Income tax paid		**(121,947)**	(85,022)
Net cash generated from operating activities		**364,842**	519,626
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	22	**(253,614)**	—
Purchases of property, plant and equipment ("PP&E")		**(8,688)**	(44,568)
Purchases of available-for-sale financial assets		**(415,455)**	—
Proceeds from sale of available-for-sale financial assets		**424,077**	—
Loan granted to third parties		**(110,000)**	—
Loan repayments received from a third party		**50,000**	—
Proceeds from disposal of PP&E		**—**	17,113
Government grant received		**—**	1,470
Investment in an associate		**(224,400)**	(370,600)
Advance to third parties		**(285,427)**	—
Payments received from third parties		**285,427**	—
Decrease in term deposits		**505,000**	467,490
Increase in term deposits		**(405,000)**	—
Net cash (used in)/generated from investing activities		**(438,080)**	70,905
Cash flows from financing activities			
Repayments of borrowing from government		**(50,000)**	—
Dividends paid to shareholders		**(122,752)**	(62,976)
Net cash used in financing activities		**(172,752)**	(62,976)
Net (decrease)/increase in cash and cash equivalents		**(245,990)**	527,555
Cash and cash equivalents at beginning of year		**1,232,327**	704,864
Exchange translation losses on cash and cash equivalents		**(921)**	(92)
Cash and cash equivalents at end of year		**985,416**	1,232,327

NOTES

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. As detailed in Note 22, in July 2013, the Company, through a wholly-owned subsidiary, acquired Tibet Tiandi Green Beverage Development Co., Ltd. (西藏天地綠色飲品發展有限公司; "Tiandi Green") which is principally engaged in production and sales of highland barley beer products. Since then, the Group is engaged in production and sales of premium bottled mineral water product and highland barley beer product in the People's Republic of China (the "PRC").

The Company's shares have been listed on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") since 30 June 2011.

The financial results are presented in Renminbi ("RMB"), unless otherwise stated. The financial results have been approved for issue by the Board on 25 March 2014.

2 BASIS OF PREPARATION

The consolidated financial results of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial results have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, which are carried at fair value.

The preparation of financial results in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial results, are disclosed in Note 4.

3 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The following Standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2013 and have a material impact on the Group:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for each subsidiary that has non-controlling interests that are material to the reporting entity. It is required to disclose dividends paid to non-controlling interests and summarised financial information about the assets, liabilities, profit or loss and cash flows of the subsidiary that enables users to understand the interest that non-controlling interests have in the Group's activities and cash flows.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Depreciation and amortisation

The Group's management determines the residual value, useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual value and useful lives of plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where residual value or useful lives are less than previous estimates, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimates are changed.

Dividends derived from the Company's subsidiaries in the PRC earned after 1 January 2008 are subject to withholding tax at the rate of 10%. The Group reassessed its needs to make distributions out of its subsidiaries in the PRC. As a result, withholding income tax has been provided for the undistributed profits to the extent they are expected to be distributed in future.

Deferred tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(c) Impairment of goodwill

The recoverable amounts of cash-generating unit ("CGU") have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 10).

No impairment of goodwill is noted for the year ended 31 December 2013, based on the CGU's recoverable amount computed using the discounted cash flow method. If the budgeted gross margin used in the value-in-use calculation for the CGU had been 5% lower than management's estimates at 31 December 2013, the Group would have recognised an impairment of goodwill of RMB73 million.

If the estimated cost of capital used in determining the pre-tax discount rate for the CGU had been 1% higher than management's estimates, the Group would have recognised an impairment of goodwill of RMB42 million.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Provision for impairment of trade and other receivables.

Management assesses the impairment of trade and other receivables according to the trade and other receivable's aging, management's prior experience and customers' conditions and applying management's judgments and estimates when determining the impairment to be recognised. Based on management's best estimates, there was no impairment noted for the trade and other receivables as at 31 December 2013. Where the basis of judgements and estimates is different from the initial assessment, such differences will impact the provision for impairment and the carrying values of the trade and other receivables in the year.

5 SEGMENT INFORMATION

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

Prior to the acquisition of a controlling stake of Tiandi Green in July 2013, the Group had one business segment of manufacturing and sales of premium bottled mineral water product. After the acquisition of a controlling stake of Tiandi Green in July 2013, the Group has two business segments, being the production and sales of (1) premium bottled mineral water product, and (2) highland barley beer product.

The Board assesses the performance of the operating segments based on review of their revenue, cost of sales and gross profit.

The segment information provided to the Board for the reportable segments for the year ended 31 December 2013 is as follows:

	Water products *RMB'000*	**Beer products** *RMB'000*	**Inter-segment elimination** *RMB'000*	**Group** *RMB'000*
Segment revenue	647,445	142,893	(3,482)	786,856
Cost of sales	(121,772)	(92,156)	2,974	(210,954)
Gross profit for the year	525,673	50,737	(508)	575,902
Income tax expense	94,946	11,338	—	106,284
Depreciation and amortisation	20,429	25,497	—	45,926
Segment assets	1,178,761	1,664,337	(104,701)	2,738,397
Deferred income tax assets				8,398
Corporate assets				510,060
Total assets				3,256,855

6 REVENUE

Revenue from external customers is derived from the sales of bottled mineral water product and beer product. Breakdown of the revenue is as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Sales of mineral water product	**647,445**	682,050
Sales of beer product	**139,411**	—
	786,856	682,050

Revenue from external customers of the Group was derived in the PRC for the years ended 31 December 2013 and 2012.

Approximately RMB321,465,000 or 41% of the revenue was derived from sales to a single external customer for the year ended 31 December 2013 (2012: RMB321,160,000 or 47%).

7 LAND USE RIGHTS

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
At beginning of year	**1,239**	1,268
Acquisition of a subsidiary (Note 22)	**31,990**	—
Amortisation charge (Note 17)	**(364)**	(29)
At end of year	**32,865**	1,239

The Group's interests in land use rights represent operating lease assets. All of the Group's land use rights are located in the PRC and each has a lease period of 50 years.

8 PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machinery *RMB'000*	Vehicles *RMB'000*	Others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 1 January 2012						
Cost	38,645	256,751	583	45,696	3,536	345,211
Accumulated depreciation	(5,616)	(45,050)	(315)	(8,865)	—	(59,846)
Impairment (a)	—	(2,311)	—	—	—	(2,311)
Net book amount	33,029	209,390	268	36,831	3,536	283,054
Year ended 31 December 2012						
Opening net book amount	33,029	209,390	268	36,831	3,536	283,054
Additions	720	1,610	650	1,397	37,041	41,418
Depreciation charges (Note 17)	(2,327)	(16,484)	(95)	(1,765)	—	(20,671)
Closing net book amount	31,422	194,516	823	36,463	40,577	303,801
At 31 December 2012						
Cost	39,365	258,361	1,233	47,093	40,577	386,629
Accumulated depreciation	(7,943)	(61,534)	(410)	(10,630)	—	(80,517)
Impairment (a)	—	(2,311)	—	—	—	(2,311)
Net book amount	31,422	194,516	823	36,463	40,577	303,801
Year ended 31 December 2013						
Opening net book amount	**31,422**	**194,516**	**823**	**36,463**	**40,577**	**303,801**
Acquisition of a subsidiary (Note 22)	**82,370**	**333,909**	**790**	**547**	**310**	**417,926**
Additions	**2,259**	**2,523**	**—**	**188**	**4,880**	**9,850**
Transfer upon completion	**7,413**	**2,511**	**—**	**—**	**(9,924)**	**—**
Depreciation charges (Note 17)	**(3,190)**	**(30,543)**	**(174)**	**(2,147)**	**—**	**(36,054)**
Closing net book amount	**120,274**	**502,916**	**1,439**	**35,051**	**35,843**	**695,523**
At 31 December 2013						
Cost	**137,936**	**668,913**	**2,731**	**48,622**	**35,843**	**894,045**
Accumulated depreciation	**(17,662)**	**(163,686)**	**(1,292)**	**(13,571)**	**—**	**(196,211)**
Impairment (a)	**—**	**(2,311)**	**—**	**—**	**—**	**(2,311)**
Net book amount	**120,274**	**502,916**	**1,439**	**35,051**	**35,843**	**695,523**

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Certain idle machineries with the cost amounting to RMB2,978,000 were considered obsolete before 2012, and an impairment provision of RMB2,311,000 had been made accordingly based on the assets' fair value less costs to sell.

Depreciation of property, plant and equipment has been charged to the consolidated income statement as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Cost of sales	**33,367**	18,457
Selling and distribution expenses	**58**	5
Administrative expenses	**2,629**	2,209
	36,054	20,671

As at 31 December 2013, no significant property, plant and equipment had been fully depreciated (2012: nil).

As at 31 December 2013, the Group was in the process of applying for registration of the ownership certificates for certain of its buildings with an aggregate net book value of approximately RMB86,413,000 (2012: RMB20,493,000). The Board is of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

There was no interest capitalised in assets under construction for the year ended 31 December 2013 (2012: nil).

9 INTANGIBLE ASSETS

	Trade Name	**Distribution Network**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2013			
Opening net book amount	—	—	—
Acquisition of a subsidiary (Note 22)	58,200	151,100	209,300
Amortisation charge (Note 17)	(1,541)	(8,949)	(10,490)
Closing net book amount	56,659	142,151	198,810

Amortisation of approximately RMB1,541,000 (2012: Nil) is included in the "Administrative expenses" and RMB8,949,000 (2012: Nil) is included in "Selling and distribution expenses" in the income statement.

10 GOODWILL

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Goodwill	**721,139**	—

The goodwill of RMB721,139,000 was generated from acquisition of a controlling stake in Tiandi Green in PRC in 2013 (see Note 22). Tiandi Green was viewed as one CGU. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering an eight-year period. Cash flows beyond the eight-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the beer business in which the CGU operates.

The key assumptions used for value-in-use calculations in 2013 are as follows:

Compound annual revenue growth rate	6.00%~10.10%
Long term growth rate	4.00%
Gross margin	43.90%~46.50%
Pre-tax discount rate	15.76%

Management determined the budgeted cash flow based on past performance and its expectations of market development.

The directors are of the view that there was no impairment of goodwill as at 31 December 2013.

11 SUMMARISED FINANCIAL INFORMATION ON A SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Set out below are the summarised financial information for Tiandi Green that has non-controlling interests which is material to the Group.

Summarised balance sheet

	As at 31 December 2013
	RMB'000
Current	
Assets	305,705
Liabilities	(231,873)
Total current net assets	73,832
Non-current	
Assets	637,493
Liabilities	(48,516)
Total non-current net assets	588,977
Net assets	662,809

11 SUMMARISED FINANCIAL INFORMATION ON A SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Summarised income statement

	From 9 July 2013 (date of acquisition) to 31 December 2013 *RMB'000*
Revenue	142,893
Profit before income tax	67,438
Income tax expense	(11,338)
Profit after tax	56,100
Other comprehensive income	—
Total comprehensive income	56,100
Total comprehensive income allocated to non-controlling interests	19,635

There is no dividend paid by Tiandi Green in 2013.

Summarised cash flows

	From 9 July 2013 (date of acquisition) to 31 December 2013 *RMB'000*
Cash flows from operating activities	
Cash generated from operations	103,413
Interest received	3,420
Income tax paid	(25,452)
Net cash generated from operating activities	81,381
Net cash used in investing activities	(3,652)
Net cash used in financing activities	(150,000)
Net decrease in cash and cash equivalents	(72,271)
Cash and cash equivalents at 9 July 2013 (date of acquisition)	205,386
Cash and cash equivalents at 31 December 2013	133,115

The information above is the amount before inter-company eliminations.

12 INVESTMENTS IN AN ASSOCIATE

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Share of net assets	**—**	595,000
Opening net book amount	**595,000**	—
Additions (a)	**—**	595,000
Share of profit	**17,525**	—
Gain on remeasurement of previously held interests (Note 16)	**3,909**	—
Foreign currency translation difference	**(10,934)**	—
Change from associate to subsidiary (b)	**(605,500)**	—
Closing net book amount	**—**	595,000

(a) The Group acquired 35% equity interests in Tiandi Green on 25 December 2012 and recorded Tiandi Green as investment in an associate.

(b) The Group acquired a further 30% equity interest in Tiandi Green on 9 July 2013, and after the acquisition, the Group held 65% of the equity interests in Tiandi Green and obtained the control of it. The carrying value of the previously held 35% interest was remeasured based on the fair value as at 9 July 2013 and it has been transferred as part of the purchase consideration for the acquisition of a subsidiary (Note 22).

12 INVESTMENTS IN AN ASSOCIATE (CONTINUED)

The Group's share of the results of its associate during the year, and the aggregated assets (including goodwill) and liabilities are as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Assets	**—**	704,832
Liabilities	**—**	109,832

	From 1 January to 9 July 2013	For the period from 26 December 2012 to 31 December 2012
	RMB'000	*RMB'000*
Revenue	**57,610**	—
Profit for the period	**21,106**	—
Other comprehensive income	**—**	—
Total comprehensive income	**21,106**	—

13 TRADE RECEIVABLES

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Trade receivables due from third parties	**453,432**	340,243
Less: Provision for impairment of receivables	**—**	—
	453,432	340,243

Trade receivables represent amounts due from third party customers with good credit history and low default rates.

As at 31 December 2013 and 2012, the Group's trade receivables were all denominated in RMB. The aging analysis of trade receivables is as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Within 6 months	**318,529**	315,523
Over 6 months but within 1 year	**82,910**	24,031
Over 1 year but within 2 years	**51,595**	689
Over 2 years	**398**	—
	453,432	340,243

As at 31 December 2013 and 2012, no trade receivables were impaired and provided for, the carrying amounts of the above trade receivables approximated their fair values.

The maximum exposure to credit risk at the reporting date is the carrying amounts of trade receivables mentioned above. The Group does not hold any collateral as security.

14 TRADE PAYABLES

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Trade payables	**72,766**	51,987
Notes payables	**—**	6,543
	72,766	58,530

As at 31 December 2013, the aging analysis of trade payables is as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Within 45 days	**42,307**	47,752
Over 45 days but within 6 months	**23,477**	8,050
Over 6 months but within 1 year	**5,326**	2,054
Over 1 year but within 2 years	**456**	312
Over 2 years	**1,200**	362
	72,766	58,530

As at 31 December 2013 and 2012, the Group's trade payables and notes payables were all denominated in RMB and not interest bearing.

15 BORROWINGS

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Current		
Borrowing from government – unsecured	**195,694**	—

The borrowing was denominated in RMB as at 31 December 2013.

The borrowing was granted to Tiandi Green by the Tibet Autonomous government through Tibet Autonomous Region Investment Company. Based on the agreement between Tiandi Green and Tibet Autonomous Region Investment Company, the borrowing with principal amount of RMB200,000,000 was unsecured and the term of the borrowing is from 1 July 2009 to 30 June 2014. The interest rate from 1 July 2009 to 31 December 2011 was 3% per annum and nil interest for the remaining periods. The borrowing was recorded initially at fair value and subsequently based on the amortised cost using the effective interest rate at 4.76% per annum. The difference between the fair value of the borrowing and the cost was recorded as government grant and amortised over the term of the loan.

The Group had no undrawn borrowing facilities as at 31 December 2012 and 2013.

The carrying amount of current borrowing approximates its fair value.

16 OTHER GAINS, NET

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Government grants (a)	**155,862**	100,959
Donation	**(60)**	(6,150)
Gain on remeasurement of previously held interests of Tiandi Green (Note 12)	**3,909**	—
Others	**2**	167
	159,713	94,976

(a) The amount mainly related to the government grant received by the Group as follows:

i) According to "藏政辦 [1997] No. 24", "藏財企字 [2010] No. 93" and "拉開財駐字 [2010] No. 29", the Group is eligible to receive subsidy income from the local government in relation to the domestic subsidiaries' fiscal contribution to the local economic development as a major tax payer and employer in Tibet. The Group recognised such income of approximately RMB117,534,000 for the year ended 31 December 2013 (2012: RMB100,959,000).

ii) According to"拉開財駐字 [2012] No. 101", the Group is also eligible to receive such similar subsidy income after acquisition of Tiandi Green. The Group recognised such income of approximately RMB32,100,000 for the year ended 31 December 2013 (2012: Nil), which represents the government grant income received subsequent to 9 July 2013.

17 EXPENSES BY NATURE

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

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Raw materials and consumables used	**163,405**	86,721
Increase in the balances of inventories of finished goods and work in progress	**(15,038)**	(2,858)
Transportation costs	**67,118**	66,841
Depreciation of PP&E (Note 8)	**36,054**	20,671
Employee benefit expenses	**53,295**	42,649
Advertising and marketing expenditure	**38,128**	24,328
City construction tax and education surcharge	**14,375**	11,434
Electricity and other utility expenses	**6,084**	3,425
Rental expenses	**2,352**	2,731
Consulting and other service expenses	**17,506**	16,830
Repair and maintenance	**2,639**	1,145
Amortisation of land use rights (Note 7)	**364**	29
Amortisation of intangible assets (Note 9)	**10,490**	—
Auditors' remuneration	**4,830**	4,800
Exploration rights expenses	**500**	500
Office and consumption expenses	**12,034**	11,410
Others	**2,976**	7,406
	417,112	298,062

18 INCOME TAX EXPENSE

The amount of income tax expense charged to the consolidated income statement represents:

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Current income tax	**89,049**	87,609
Deferred income tax charge	**17,235**	11,118
Income tax expense	**106,284**	98,727

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Profit before income tax	**567,199**	509,449
Tax calculated at statutory tax rate of 25%	**141,800**	127,362
Preferential tax rates on income of certain group entities	**(54,614)**	(58,438)
Tax of share of profit of an associate	**(4,381)**	—
Tax on deemed sales	**2,204**	—
Tax losses of certain group entities for which no deferred income tax assets were recognised	**2,699**	3,615
Utilisation of previously unrecognised tax losses	**(4,918)**	—
Expenses not deductible for tax purposes	**5,021**	4,833
Effect of difference between preferential tax rate and statutory tax rate on recognition of deferred tax	**495**	4,095
Withholding tax from distribution of profits by the PRC subsidiaries	**17,978**	17,260
Income tax expense	**106,284**	98,727

The weighted average tax rate was 15.0% for the year ended 31 December 2013 (2012: 15.0%).

The Company was incorporated in the Cayman Islands. Under 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.

18 INCOME TAX EXPENSE (CONTINUED)

The Group entities incorporated in the PRC are subject to PRC enterprise income tax. Four entities are located in the Tibet Autonomous Region of the PRC and were entitled to preferential rate of 15% for the year ended 31 December 2013 (2012: 15%); the remaining entities were taxed based on the statutory income tax rate of 25% for the year ended 31 December 2013 (2012: 25%) as determined in accordance with the relevant PRC income tax rules and regulations.

19 EARNINGS PER SHARE

Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is equal to the basic earnings per share since the Company has no potential dilutive ordinary shares during the years ended 31 December 2013 and 2012.

	Year ended 31 December	
	2013	2012
Profit attributable to owners of the Company (RMB'000)	**441,280**	410,722
Weighted average number of ordinary shares in issue (thousands)	**2,568,893**	2,568,893
Earnings per share (basic and diluted) (RMB cents per share)	**17.18**	15.99

20 DIVIDENDS

Dividend of HKD0.06 per share (amounting to HKD154,134,000, equivalent to RMB122,752,000 based on the exchange rate at the payment date of such dividend) was declared and paid in 2013 in respect of the year ended 31 December 2012 (2012: dividend of RMB62,976,000 was declared and paid in 2012 in respect of the year ended 31 December 2011). A dividend in respect of the year ended 31 December 2013 of HKD0.08 per share, which is equivalent to a total dividend of approximately RMB161,799,000, is proposed for approval at the forthcoming annual general meeting of the company to be held in 2014. These financial statements do not reflect this dividend payable.

The Company's subsidiaries will declare sufficient dividends to the Company to enable the Company to pay dividends to its shareholders to be proposed at the forthcoming annual general meeting of the company.

21 COMMITMENTS

(a) Capital commitments

As at 31 December 2013 and 2012, the Group and the Company did not have any material capital commitments.

(b) Operating lease commitments

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

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
No later than 1 year	**2,456**	1,871
Later than 1 year and no later than 5 years	**5,912**	658
	8,368	2,529

22 BUSINESS COMBINATIONS

On 25 December 2012, the Group acquired 35% of the equity interests of Tiandi Green for RMB595,000,000 (Note 12). On 9 July 2013, the Group acquired a further 30% of the equity interests in Tiandi Green and obtained control over Tiandi Green since that date.

The goodwill of RMB721,139,000 arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining the operations of the Group and Tiandi Green. None of the goodwill recognised is expected to be deductible for income tax purpose.

The following table summarises the consideration paid for the acquisition of a controlling stake in Tiandi Green, the fair value of assets acquired, liabilities assumed and the non-controlling interest as at the acquisition date on 9 July 2013.

Consideration:	***RMB'000***
– Cash	**510,000**
Including: cash paid	**459,000**
cash payable	**51,000**
– Fair value of previously held interest in Tiandi Green	**605,500**
Total consideration	**1,115,500**

22 BUSINESS COMBINATIONS (CONTINUED)

There is no contingent consideration or other form of future payments under this arrangement.

Amounts of identifiable assets acquired and liabilities assumed	***RMB'000***
Cash and cash equivalents	**205,386**
Land use rights (Note 7)	**31,990**
Property, plant and equipment (Note 8)	**417,926**
Intangibles (Note 9)	**209,300**
Inventories	**27,245**
Trade and other receivables	**70,601**
Trade and other payables	**(40,872)**
Advances received from customers	**(2,676)**
Deferred income	**(20,523)**
Borrowings	**(241,287)**
Enterprise income tax payable	**(13,827)**
Salary and wage payables	**(2,411)**
Other current liabilities	**(310)**
Deferred tax liabilities, net	**(33,833)**
Total identifiable net assets	**606,709**
Non-controlling interest	**(212,348)**
Goodwill (Note 10)	**721,139**
	1,115,500

The fair value of the non-controlling interest in Tiandi Green, an unlisted company, was estimated using proportionate share of the fair value of the identifiable net assets of Tiandi Green.

The Group recognised a gain of RMB3,909,000 as a result of remeasurement of its previously held 35% equity interests in Tiandi Green upon the acquisition of additional 30% equity interests in July 2013. The gain is included in "other gains, net" in the Group's consolidated income statement for the year ended 31 December 2013.

Acquisition-related costs of RMB7,555,000 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2013.

The revenue included in the consolidated income statement since 9 July 2013 contributed by Tiandi Green was RMB142,893,000. Tiandi Green also contributed profit of RMB56,100,000 over the same period.

Had Tiandi Green been consolidated from 1 January 2013, the consolidated income statement would show pro-forma revenue of RMB951,455,000 and profit of RMB510,987,000.

23 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 (the "Controlling Shareholder").

(a) Transactions with related parties:

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Revenue from license fee (i)		
– Entities under common control	**40**	81
Purchase of goods (ii)		
– Entities under common control	**446**	635
Lease expenses (iii)		
– An entity controlled by Mr. Yu Yiping Wallace, the Chairman of the Group	**351**	292

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

(ii) Goods were bought from an entity controlled by the Controlling Shareholder based on agreed terms between both parties.

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

(b) Balances with related parties:

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

(c) Key management compensation:

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

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	8,061	7,959

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 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 the following four aspects in developing the mineral water and 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 maintain the sales volume from existing institutional clients, as well as to accelerate our expansion of retail sales channels (owned by third parties) and endeavor to increase the relevant 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.

Although under keen competitive environment, the share of revenue in our retail channel distribution of our mineral water business segment successfully maintained at 28% in 2013 which is the same as the share of revenue in 2012.

The scope of our retail sales channel (owned by third parties) of our mineral water business segment was extended from 61 cities as at the date of the annual report 2012 of the Company ("Annual Report 2012") to 86 cities as at 31 December 2013. The number of distributors increased from 190 as at the date of the Annual Report 2012 to 228 as at 31 December 2013, and the number of sales outlets increased from 6,634 as at the date of Annual Report 2012 to 8,053 as at 31 December 2013.

In 2013, we acquired an additional 30% of the equity interests of Tiandi Green after we acquired 35% of which in December 2012, and obtained control over it. Highland barley beer of Tiandi Green was sold within and outside of Tibet Autonomous Region. In 2013, the share of relevant revenue from sales of our highland barley beer within and outside of Tibet Autonomous Region was 86% and 14%, respectively.

The share of our 5100 Tibet Glacier Spring Water ("5100 Glacier Water") Water Card business in total revenue of our mineral water business segment decreased from 17% in 2012 to 13% in 2013, but has still been one of our major sources of profit growth in the innovative businesses. For enhancing our e-commerce sales platform and boosting up future sales, we have developed our self-operated e-commerce platform to sell and redeem the Water Cards through our own official website and have developed a mobile application programme to serve clients in 2013.

In 2013, we continued to establish business relationships with new institutional clients and to maintain business relationships with existing institutional clients, as a result of which our institutional client base continued to develop steadily.

FINANCIAL REVIEW

In 2013, total sales of the Group amounted to RMB787 million, representing an increase of 15% from the total sales of the Group of RMB682 million in 2012.

Our mineral water business segment has successfully maintained its gross profit margin at 81% in 2013 which is the same as the margin in 2012. After consolidating the gross profit margin of 36% of our highland barley beer business of Tiandi Green, the total gross profit margin of the Group decreased to 73% in 2013 from 81% in 2012.

REVENUE

In 2013, total sales of the Group amounted to RMB787 million, consisting the revenue generated from the sales of RMB648 million of our mineral water business segment and sales of approximately RMB139 million of our highland barley beer business segment, representing an increase of RMB105 million or 15% compared to the revenue of RMB682 million in 2012.

In 2013, the sales to China Railway Express Co., Ltd. ("CRE") accounted for 41% of total sales of the Group of RMB787 million, representing a decrease of 6% from 47% in 2012.

Under keen competition environment, despite a slight drop of 5% in both sales volume and sales revenue of our mineral water business segment in 2013, compared to 2012 due to consolidating and including the sales revenue of RMB139 million of our new business segment of selling highland barley beer products, the total revenue of the Group in 2013 increased by RMB105 million or 15% compared to 2012.

The average selling price of our mineral water products increased slightly from RMB8,135 per tonnes in 2012 to RMB8,145 per tonnes in 2013, which was mainly attributable to the continuous optimization of the structure of our client base. However, due to the consolidation of the average selling price of RMB5,900 per tonnes of our highland barley beer business, the total average selling price decreased from RMB8,135 per tonnes in 2012 to RMB7,631 per tonnes in 2013.

SALES VOLUME

In 2013, total sales volume of the Group amounted to 103,120 tonnes, consisting the sales volume of 79,492 tonnes in respect of our mineral water business segment and sales volume of 23,628 tonnes in respect of our highland barley business segment, representing an increase of 23% compared to total sales volume of 83,846 tonnes in 2012.

In 2013, total sales volume generated from non-CRE institutional clients and traditional retail operation channels (owned by third parties) increased by 19,274 tonnes from 33,846 tonnes in 2012 to 53,120 tonnes in 2013, representing an increase of 57%. In respect of our mineral water business segment, sales volume of bottled mineral water supplied to CRE maintained at a level of 50,000 tonnes in both 2012 and 2013.

OTHER NET GAINS

Other net gains mainly included government grants, which were recognized at their fair value based on reasonable assurance that such grants would be received and the Group would comply with all attached conditions. The increase in other net gains of RMB65 million was mainly attributable to the increase in government grants. In 2013, government grants amounted to RMB156 million, including RMB118 million in respect of our mineral water business segment and RMB38 million in respect of our highland barley beer business segment.

As our main production processes are carried out in Tibet, we enjoy relevant government grants from time to time. The amount of grants we received from the government of Tibet was made largely with reference to a recognition of our fiscal contribution to the local economic development as a major tax payer and employer in Tibet.

Tibet Glacier Mineral Water Marketing Co. Ltd., Tibet Zhongji Jiahua Industry Co., Ltd. and Tiandi Green, our indirect owned subsidiaries established in the Tibet Lhasa Economic and Technology Development Zone, entered into the governmental grant agreements, under which the three companies were granted enterprise development funds, calculated with reference to the individual fiscal contribution of the three companies to the local government in Tibet. Based on the relevant rules in Tibet, enterprises that operate in Tibet and make fiscal contributions to the local government are eligible for applying for such governmental grants. Subject to the approval by the local government, the three companies may renew the governmental grant agreements and continue to enjoy such governmental grants after the current governmental grant agreements 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 on 9 July 2013. Up to 9 July 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 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 RMB20 million included finance income and finance costs. In 2013, finance income in respect of our mineral water business segment amounted to RMB21 million, and finance income and finance costs in respect of our highland barley business segment amounted to RMB3 million and RMB4 million, respectively. This represents a decrease of RMB7 million in total finance income and an increase of RMB3 million in total finance costs, compared to RMB31 million and RMB1 million, respectively, in 2012. The decrease of total finance income was mainly attributable to the decrease in the amount of pledged and term deposits and cash and cash equivalents of the Group available for earning finance income in 2013. The increase of total finance costs was attributable to the consolidation of the finance costs of Tiandi Green in 2013.

INCOME TAX CHARGE

The income tax charge of the Group increased by approximately RMB7 million or 8% from RMB99 million in 2012 to RMB106 million in 2013. The effective tax rate in both 2013 and 2012 was 19%.

PROFIT FOR THE YEAR

In 2013, in respect of our mineral water business segment, both sales volume and revenue decreased slightly by 5%, selling and distribution expenses increased by RMB13 million mainly due to the increase in advertising and marketing expenses, administrative expenses increased by RMB2 million, and finance income decreased by RMB10 million mainly due to the decrease of pledged and term deposits and cash and cash equivalents available for earning finance income, compared to 2012. Notwithstanding the above, net profits of the Group for 2013 amounted to RMB461 million, representing an increase of RMB50 million or 12% from 2012. Such increase was mainly attributable to an increase in other net gains of RMB26 million in our mineral water business segment, the share of post-tax profits in the first half 2013 of RMB18 million of Tiandi Green acquired on 25 December 2012, and consolidating profit of RMB56 million of Tiandi Green in 2013.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company increased by approximately RMB30 million, or 7%, from RMB411 million in 2012 to RMB441 million in 2013, which was in line with the growth in net profits, after deducting the non-controlling interest of RMB20 million in Tiandi Green during the relevant reporting period.

FINANCIAL POSITION

As at 31 December 2013, land use right of the Group amounted to RMB33 million compared to RMB1 million as at 31 December 2012. The increase was mainly attributable to the consolidation of the land use right of RMB32 million of Tiandi Green as at 31 December 2013.

As at 31 December 2013, property, plant and equipment of the Group amounted to RMB696 million compared to RMB304 million as at 31 December 2012. The increase was mainly attributable to the consolidation of the property, plant and equipment of RMB407 million of Tiandi Green as at 31 December 2013.

As at 31 December 2013, intangible assets of the Group amounted to RMB199 million compared to nil as at 31 December 2012. The increase was attributable to the consolidation of the intangible assets of RMB199 million of Tiandi Green as at 31 December 2013.

As at 31 December 2013, goodwill of the Group amounted to RMB721 million compared to nil as at 31 December 2012. The increase was attributable to the consolidated goodwill following the acquisition of an aggregate 65% equity interests in Tiandi Green in 2013.

The Group acquired 35% equity interests in Tiandi Green on 25 December 2012 and subsequently acquired an additional 30% equity interests in Tiandi Green on 9 July 2013. Tiandi Green became a subsidiary of the Company since 9 July 2013. The decrease in investment in an associate of RMB595 million was attributable to the status change of Tiandi Green from an associate of the Company to a subsidiary of the Company since 9 July 2013.

As at 31 December 2013, trade receivables of the Group amounted to RMB453 million compared to RMB340 million as at 31 December 2012. The increase in trade receivables was mainly attributable to the increase in the amount due from one major customer of the Group from RMB320 million as at 31 December 2012 to RMB426 million as at 31 December 2013, of which RMB90 million was collected before 25 March 2014. As at 31 December 2013, trade receivable of RMB50 million was due for over 12 months, but within 18 months, and of which RMB376 million was due for within 12 months from such major customer. There is no trade receivable due for over 12 months from such major customer, as at the date of this announcement. 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 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 June 2014 as settlement of its trade receivables.

There was no trade receivable due from such customer subject to write-off in the past. Moreover, the Group maintains regular contact with our major debtors through meetings and telephone conversation 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 in recovering its trade receivables from its major debtors. As a result, no trade receivable was impaired and provided for as at 31 December 2013.

As at 31 December 2013, inventories of the Group amounted to RMB54 million compared to RMB15 million as at 31 December 2012. The increase was mainly attributable to consolidating the inventories of RMB34 million of Tiandi Green as at 31 December 2013.

As at 31 December 2013, prepayments (including current and non-current) of the Group amounted to RMB41 million compared to RMB20 million as at 31 December 2012. The increase was mainly attributable to the increase of RMB4 million of prepayments made for purchase of raw materials and attributable to consolidating the prepayments of RMB18 million of Tiandi Green as at 31 December 2013.

As at 31 December 2013, other receivables and other assets of the Group amounted to RMB67 million compared to RMB21 million as at 31 December 2012. The increase was mainly attributable to the increase in the amount of RMB60 million due to third parties, after deducting the effect of decrease in government grants receivable of RMB12 million.

As at 31 December 2013, the aggregate pledged and term deposits and cash and cash equivalents of the Group amounted to RMB985 million compared to RMB1,339 million as at 31 December 2012. After deducting the effect brought from the cash and cash equivalents generated from operations of our mineral water business segment in 2013 and from consolidating the cash and cash equivalents of RMB133 million of Tiandi Green as at 31 December 2013, the decrease was mainly attributable to payments made for acquiring the 35% and an additional 30% equity interests of Tiandi Green and for paying dividends in 2013.

As at 31 December 2013, deferred revenue (non-current) of the Group amounted to RMB22 million compared to RMB12 million as at 31 December 2012. After deducting the relevant current portion of RMB6 million reclassified to deferred revenue (current) in 2013, the increase was mainly attributable to the consolidation of the deferred income of RMB16 million of Tiandi Green as at 31 December 2013.

As at 31 December 2013, deferred income tax liabilities of the Group amounted to RMB50 million compared to RMB17 million as at 31 December 2012. The increase was mainly attributable to the consolidated deferred income tax liabilities of RMB34 million following the acquisition of an aggregate 65% equity interests in Tiandi Green on 9 July 2013.

As at 31 December 2013, trade payables of the Group amounted to RMB73 million compared to RMB59 million as at 31 December 2012. After deducting the effect related to the fluctuations in production in the fourth quarter of 2013, which resulted in a significant decrease in the payables for transportation costs incurred, the increase was mainly attributable to consolidating the trade payables of RMB28 million of Tiandi Green as at 31 December 2013.

As at 31 December 2013, enterprise income tax payable of the Group amounted to RMB20 million compared to RMB23 million as at 31 December 2012. The decrease was mainly attributable to a decrease of enterprise income tax payable in the fourth quarter of 2013.

As at 31 December 2013, accruals and other payables of the Group amounted to RMB144 million compared to RMB308 million as at 31 December 2012. Compared to 31 December 2012, although payable for investing in a subsidiary increased by RMB51 million and accruals and other payables of RMB7 million of Tiandi Green was consolidated as at 31 December 2013, the total amount of accruals and other payables nonetheless decreased, which was mainly attributable to the decrease of a payable of RMB224 million for investing in an associate.

As at 31 December 2013, borrowings of the Group amounted to RMB196 million compared to nil as at 31 December 2012. The increase was attributable to consolidating the borrowings of RMB196 million of Tiandi Green as at 31 December 2013.

The Group's net current assets and net assets as at 31 December 2013 were RMB1,141 million and RMB2,729 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 and the non-current investment in an associate of RMB595 million as at 31 December 2012 becoming nil as at 31 December 2013, the net current assets nonetheless decreased, which was mainly attributable to the payment of dividends of RMB123 million, and the payments for acquiring significant non-current assets and liabilities and goodwill of Tiandi Green on 9 July 2013. Regarding the increase in net assets, after considering the Group's payment of dividends of RMB123 million in 2013, the increase in net assets was mainly attributable to the earnings of 2013 and the net assets of RMB212 million attributable to non-controlling interest of Tiandi Green as at 9 July 2013.

EMPLOYEES

As at 31 December 2013, the total number of employees for the Group was approximately 461 compared to 328 as at 31 December 2012.

Relevant staff cost was RMB53 million in 2013, while our staff cost was RMB43 million for 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 31 December 2013 and 31 December 2012, the gearing ratio of the Group was 6.7% and 0, respectively. The increase was mainly attributable to the consolidation of the gearing ratio of Tiandi Green as at 31 December 2013.

MERGER AND ACQUISITION

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 on 9 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 further details.

SIGNIFICANT INVESTMENTS

In 2013, the Group acquired property, plant and equipment of approximately RMB10 million (in 2012: approximately RMB41 million). Regarding the future development and outlook of the Group, please refer to the section headed "Outlook" in this announcement.

CAPITAL COMMITMENTS

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

CHARGES

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

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE RISK

The Group adopts 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 HKD 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 HKD and RMB.

VALUATION OF PROPERTIES

For the purpose of listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (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.

With 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 terms of the contract with our single largest customer, CRE, expired on 31 December 2013. The Group has been negotiating with CRE to sign a new contract.

MINING LICENSE

The terms 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 and annual beer production capacity are approximately 238,000 tonnes and 200,000 tonnes for the year ended 31 December 2013 (for the year ended 31 December 2012: water production capacity was 208,000 tonnes), respectively.

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 HKD1,472 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 *HKD'Million*	**As at 31 December 2013 Utilized net proceeds** *HKD'Million*	**As at 31 December 2013 Unutilized net proceeds** *HKD'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	13	193
Mergers and acquisitions that complement our existing business	1,092	1,092	—
Working capital and other general corporate purpose	41	41	—
	1,472	1,177	295

As at 31 December 2013, the Group has utilized net proceeds amounting to HKD31 million, HKD13 million, HKD1,092 million and HKD41 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 2014, we shall continue to maintain close cooperation with the distributors and to devote more resources to develop our retail sales network (owned by third parties), 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, specialty shops at airport and tourist attractions etc., across the different regions in China to promote the 5100 Glacier Water. In particular, we expect that the retail sales network in eastern and southern regions of China will be further 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 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 expected to launch in 2014, as we aim to enhance our product grading and to stimulate sales. Moreover, we will provide overall management consulting services relating to the production, administration and marketing to an enterprise producing barreled natural water in Tibet, and to establish a long-term strategic cooperating relationship with this entity. On one hand, we can leverage our experience in managing drinking water business. On the other hand, our revenue mix will be enhanced. It also helps us to explore and accumulate experience in the same business with different products. While the Group continues to implement the aforesaid four major business development strategies, the Group will also actively integrate our existing resources in both of our mineral water business segment and highland barley beer business segment, for exerting synergy effect of the mineral water business and the highland barley beer business in areas of transportation network as well as in sales and marketing, advancing the sales of our highland beer business outside Tibet Autonomous Region, to increase competitive advantages of the Group's operations, consolidate the market leading position and maximize the return to shareholders of the Company.

The Group will continue to seek for new projects with the business presence in the Chinese specialty beverage, leading to diversify our business and products, and resulting to have continuous development and strengthening.

AUDIT COMMITTEE

The audit committee of the Company currently consists of three independent non-executive directors, namely, Mr. Kevin Cheng Wei (Chairman of the audit committee), Mr. Lee Kong Wai, Conway and Mr. Jesper Bjoern Madsen. The audit committee is mainly responsible for monitoring the integrity of the Company's financial statements and to review significant financial reporting judgments contained in them. The audit committee has reviewed the audited annual results of the Group for the year ended 31 December 2013.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2013. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

FINAL DIVIDEND

The Directors have resolved to recommend a payment of a final dividend for 2013 of HKD8 cents (2012: HKD6 cents) which is equivalent to approximately RMB6.30 cents (2012: approximately RMB4.85 cents) per share payable to shareholders whose names appear on the Register of Members of the Company at the close of business on 20 June 2014. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 10 June 2014 ("2014 AGM"), the final dividend will be paid on or about 26 June 2014. Dividend payable to shareholders will be paid in HKD. The exchange rate adopted by the Company for its dividend payable is the average middle rate of HKD to RMB, as announced by the People's Bank of China, for the five business days preceding the date of declaration of dividend.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2014 AGM and entitlement to the final dividend, the register of members will be closed. Details of such closures are set out below:

(i) *For determining shareholders' eligibility to attend and vote at the 2014 AGM*

Latest time to lodge transfer documents for registration............4:30 p.m. on 4 June 2014

Closure of register of members.......................... 5 to 10 June 2014 (both dates inclusive)

Record date .... 10 June 2014

(ii) *For determining shareholders' entitlement to the final dividend*

Latest time to lodge transfer documents for registration..........4:30 p.m. on 16 June 2014

Closure of register of members........................ 17 to 20 June 2014 (both dates inclusive)

Record date .... 20 June 2014

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and to vote at the 2014 AGM, and to qualify for entitlements to the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than the aforementioned latest times.

CORPORATE GOVERNANCE CODE

The Company will continue its effort in maintaining high corporate governance standards so as to ensure better transparency and protection of interests of the shareholders and the Company. Throughout the year ended 31 December 2013, the Company had complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules").

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions.

Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the requirements set out in the Model Code for the year ended 31 December 2013. Specific employees who are likely to be in possession of unpublished 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

For the year ended 31 December 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

DISCLOSURE OF INFORMATION ON WEBSITES

This announcement is being published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.5100.net. The 2013 annual report of the Company will be despatched to the shareholders and will be published on the abovementioned websites in due course.

ACKNOWLEDGEMENT

The Chairman of the Board would like to express his sincere appreciation for the devotion and hard work of the Board, the management team and all the staff members, as well as the support from the shareholders, business partners and loyal customers.

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

Hong Kong, 25 March 2014

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. Kevin Cheng Wei.