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Tibet Water Resources Ltd.
西藏水資源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1115)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change %
	2024 (RMB'000)	2023 (RMB'000)	
Revenue	225,811	314,428	↓ 28.2%
Operating loss	(89,020)	(83,387)	↑ 6.8%
Loss for the year attributable to owners of the Company	(573,947)	(352,867)	↑ 62.7%
Loss per share – Basic and diluted (RMB cents)	(12.92)	(8.97)	↑ 44.0%
Gross profit margin	27.1%	24.7%	↑ 2.4% point
		As at 31 December	
		2024	2023
		(RMB'000)	(RMB'000)
Total assets		3,507,498	3,985,556
Equity attributable to owners of the Company		2,379,960	2,855,761

FINAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Tibet Water Resources Ltd. (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024, together with comparative figures prepared under IFRS Accounting Standards.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	225,811	314,428
Cost of sales		<u>(164,630)</u>	<u>(236,814)</u>
Gross profit		61,181	77,614
Selling and distribution costs		(63,000)	(50,254)
Administrative expenses		(76,806)	(88,972)
Allowance for expected credit loss on financial assets		(47,726)	(36,942)
Other gains, net	6	<u>37,331</u>	<u>15,167</u>
Operating loss		(89,020)	(83,387)
Finance cost, net	7	(12,401)	(2,118)
Share of result on investments accounted for using the equity method	12	(8,312)	(263)
Impairment loss on investments accounted for using the equity method	12	<u>(462,729)</u>	<u>(261,145)</u>
Loss before income tax		(572,462)	(346,913)
Income tax expense	8	<u>(1,485)</u>	<u>(5,954)</u>
Loss for the year	9	<u>(573,947)</u>	<u>(352,867)</u>
Loss for the year attributable to owners of the Company		<u>(573,947)</u>	<u>(352,867)</u>
Loss per share attributable to owners of the Company			
– basic and diluted (<i>RMB cents</i>)	10	<u>(12.92)</u>	<u>(8.97)</u>

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Loss for the year	9	<u>(573,947)</u>	<u>(352,867)</u>
Other comprehensive income: <i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		<u>1,678</u>	<u>13,802</u>
Other comprehensive income for the year, net of tax		<u>1,678</u>	<u>13,802</u>
Total comprehensive loss for the year		<u><u>(572,269)</u></u>	<u><u>(339,065)</u></u>
Total comprehensive loss attributable to owners of the Company		<u><u>(572,269)</u></u>	<u><u>(339,065)</u></u>

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Non-current assets			
Right-of-use assets		25,838	27,779
Property, plant and equipment		313,496	332,894
Intangible assets		21,483	24,679
Goodwill		721,139	721,139
Investments accounted for using the equity method	12	741,527	1,215,508
Deferred tax assets		2,080	2,143
Prepayments		–	4,756
Total non-current assets		1,825,563	2,328,898
Current assets			
Inventories		72,142	118,730
Trade receivables	13	134,344	181,898
Loan receivables	14	1,838	75,369
Prepayments		187,646	251,938
Other financial assets at amortised cost		1,164,198	1,006,965
Cash and cash equivalents		121,767	21,758
Total current assets		1,681,935	1,656,658
Current liabilities			
Trade and notes payables	15	130,676	153,940
Deferred revenue		1,267	2,374
Contract liabilities		123,002	17,061
Tax payable		31,218	31,526
Accruals and other payables		217,440	160,862
Bank and other borrowings		578,057	372,500
Convertible bonds – liability component	16	–	321,354
Lease liabilities		890	1,110
Total current liabilities		1,082,550	1,060,727

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Net current assets		<u>599,385</u>	<u>595,931</u>
Total assets less current liabilities		<u>2,424,948</u>	<u>2,924,829</u>
Non-current liabilities			
Bank borrowings		32,000	54,000
Deferred revenue		7,752	9,019
Deferred tax liabilities		5,176	4,977
Lease liabilities		<u>60</u>	<u>1,072</u>
Total non-current liabilities		<u>44,988</u>	<u>69,068</u>
Net assets		<u><u>2,379,960</u></u>	<u><u>2,855,761</u></u>
Capital and reserves			
Share capital	17	38,929	34,388
Reserves		<u>2,341,031</u>	<u>2,821,373</u>
Total equity attributable to owners of the Company		<u><u>2,379,960</u></u>	<u><u>2,855,761</u></u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 8 November 2010. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Group is engaged in production and sales of water products and beer products in the People's Republic of China (“**PRC**”) and provision of lending services to third parties in Hong Kong with relevant license.

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

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is different from the Company's functional currency Hong Kong Dollar (“**HKD**”). The Directors adopted RMB as presentation currency as the operational entities are located in the PRC.

2. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

Amendments to IFRSs in issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ³
Amendments to IAS 21	Lack of Exchangeability ²
IFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The Directors anticipate that the application of the all other amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for the financial assets at fair value through profit and loss (“FVTPL”) and the financial assets at fair value through other comprehensive income (“FVTOCI”), as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Basis of preparation of consolidated financial statements (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports regularly reviewed by the executive Directors, being the chief operating decision maker (“CODM”), that are used to make strategic decisions.

(a) Description of segments and principal activities

(i) *Water business segment*

The principal activities of the Group are manufacturing and selling a range of water products through wholesales in the PRC, selling raw materials and consumables to associates and third parties, and leasing production lines to associates.

(ii) *Beer business segment*

The Group manufactures and sells a range of beer products mainly in the PRC through wholesales.

(b) Segment information disclosures

Sales between segments are based on the agreed terms between both segments. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss.

The amounts provided to the CODM with respect of total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements.

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment information disclosures (continued)

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2024 is as follows:

	Water business segment <i>RMB'000</i>	Beer business segment <i>RMB'000</i>	Corporate and others <i>RMB'000</i>	Total <i>RMB'000</i>
Total segment revenue	87,522	137,331	958	225,811
Cost of sales	<u>(72,295)</u>	<u>(92,335)</u>	<u>–</u>	<u>(164,630)</u>
Gross profit	<u>15,227</u>	<u>44,996</u>	<u>958</u>	<u>61,181</u>
Share of result on investments accounted for using the equity method	(8,312)	–	–	(8,312)
(Allowance for)/reversal of expected credit loss (“ECL”) on financial assets	(45,313)	(3,213)	800	(47,726)
Adjusted EBITDA*	(78,231)	44,950	(27,924)	(61,205)
Impairment loss on investments accounted for using the equity method	(462,729)	–	–	(462,729)
Finance income	19,767	10,746	757	31,270
Finance costs	(7,659)	(3,770)	(32,242)	(43,671)
Depreciation and amortisation	<u>(19,047)</u>	<u>(15,830)</u>	<u>(1,250)</u>	<u>(36,127)</u>
(Loss)/profit before tax	(547,899)	36,096	(60,659)	(572,462)
Income tax (expenses)/credit	<u>(546)</u>	<u>(1,312)</u>	<u>373</u>	<u>(1,485)</u>
(Loss)/profit for the year	<u><u>(548,445)</u></u>	<u><u>34,784</u></u>	<u><u>(60,286)</u></u>	<u><u>(573,947)</u></u>
		Water business segment <i>RMB'000</i>	Beer business segment <i>RMB'000</i>	Total <i>RMB'000</i>
Segment total assets		3,611,975	2,517,300	6,129,275
– Investments accounted for using the equity method		741,527	–	741,527
Unallocated				
Deferred tax assets				2,080
Assets of corporate and others				101,432
Inter-segment elimination				<u>(2,725,289)</u>
Total assets				<u><u>3,507,498</u></u>
Segment total liabilities		1,575,823	381,333	1,957,156
Unallocated				
Deferred tax liabilities				5,176
Liabilities of corporate and others				363,016
Inter-segment elimination				<u>(1,197,810)</u>
Total liabilities				<u><u>1,127,538</u></u>

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment information disclosures (continued)

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2023 is as follows:

	Water business segment <i>RMB'000</i>	Beer business segment <i>RMB'000</i>	Corporate and others <i>RMB'000</i>	Total <i>RMB'000</i>
Total segment revenue	87,066	223,169	4,193	314,428
Cost of sales	(78,109)	(158,705)	–	(236,814)
Gross profit	8,957	64,464	4,193	77,614
Share of result on investments accounted for using the equity method	(263)	–	–	(263)
Allowance for ECL on financial assets	(30,902)	(4,285)	(1,755)	(36,942)
Adjusted EBITDA*	(56,278)	58,523	(26,857)	(24,612)
Impairment loss on investments accounted for using the equity method	(261,145)	–	–	(261,145)
Finance income	24,335	12,083	1,068	37,486
Finance costs	(6,045)	(2,751)	(30,808)	(39,604)
Depreciation and amortisation	(22,741)	(35,286)	(1,011)	(59,038)
(Loss)/profit before tax	(321,874)	32,569	(57,608)	(346,913)
Income tax (expense)/credit	(2,427)	(4,868)	1,341	(5,954)
(Loss)/profit for the year	(324,301)	27,701	(56,267)	(352,867)

* Adjusted EBITDA is a key financial measure regularly monitored by CODM in managing the Group's performance. Adjusted EBITDA is calculated by excluding the following effects from the profit/(loss) for the year: (i) impairment losses on investments accounted for using the equity; (ii) finance (cost)/income, net; (iii) depreciation and amortization and (iv) income tax (expense)/credit.

Adjusted EBITDA is not an accounting measure under IFRS and should not be considered as an alternative to the profit/(loss) for the year as a measure of operational performance. Adjusted EBITDA does not have a standard calculation method and the Group's definition of adjusted EBITDA may not be comparable to that of other companies.

4. SEGMENT INFORMATION (CONTINUED)

(b) Segment information disclosures (continued)

	Water business segment <i>RMB'000</i>	Beer business segment <i>RMB'000</i>	Total <i>RMB'000</i>
Segment total assets	3,988,940	2,545,158	6,534,098
– Investments accounted for using the equity method	1,215,508	–	1,215,508
Unallocated			
Deferred tax assets			2,143
Assets of corporate and others			93,049
Inter-segment elimination			<u>(2,643,734)</u>
Total assets			<u><u>3,985,556</u></u>
Segment total liabilities	1,406,148	437,311	1,843,459
Unallocated			
Deferred tax liabilities			4,977
Liabilities of corporate and others			396,029
Inter-segment elimination			<u>(1,114,670)</u>
Total liabilities			<u><u>1,129,795</u></u>

Entity-Wide information

Breakdown of total revenue by category is shown in Note 5.

Revenue from external customers of the Group were all derived in the PRC and Hong Kong for the years ended 31 December 2024 and 2023.

Non-current assets are all located in the PRC and Hong Kong as at 31 December 2024 and 2023.

4. SEGMENT INFORMATION (CONTINUED)

(c) Information about major customers

Revenue from customers over 10% of the Group's total revenue is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Customer A*	34,137	125,736
Customer B*	-#	46,461
Customer C*	31,182	-^
Customer D*	25,981	-^

* Revenue from beer business segment

Revenue from this customer amounts to less than 10% of the Group's total revenue in 2024

^ Revenue from this customer amounts to less than 10% of the Group's total revenue in 2023

During the year ended 31 December 2024, sales of approximately RMB22,766,000 (2023: RMB18,086,000) and RMB223,000 (2023: RMB292,000) are derived from associates in the water business segment and beer business segment respectively.

5. REVENUE

Revenue from external customers is mainly derived from the sales of water products and beer products and interest income from lending services provided. The Group also sells raw materials and consumables to associates and third parties, leases production lines and equipment to associates. Breakdown of the revenue is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers:		
<i>Recognised at a point in time</i>		
Sales of water products	81,561	79,935
Sales of beer products	136,999	222,682
Sales of raw materials and consumables	346	874
	<u>218,906</u>	<u>303,491</u>
Revenue from other source:		
Rental income	5,947	6,744
Interest income from lending services provided	958	4,193
	<u>6,905</u>	<u>10,937</u>
Total	<u>225,811</u>	<u>314,428</u>

6. OTHER GAINS, NET

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Other (losses)/gains		
Government grants		
– Amortisation of deferred income	2,374	2,374
– Other government grant (<i>note (a)</i>)	16,056	10,187
Write-down of inventories	(1,011)	(436)
Gain on disposal of property, plant and equipment (“PP&E”)	236	127
Additional deduction of input VAT (<i>note (b)</i>)	687	1,132
Gain on disposal of a subsidiary (<i>note (c)</i>)	16,524	–
Loss on derecognition of convertible bonds & other borrowing	(2,803)	–
Others	5,268	1,783
	37,331	15,167
	37,331	15,167

Notes:

- (a) Other government grant represents various forms of subsidies granted to the Group by the local government authorities in the PRC for compensation of expenses incurred by the Group. These grants are generally made for business support and awarded to enterprises on a discretionary basis. There are no unfulfilled conditions or contingencies relating to these grants.
- (b) According to Announcement 2023 No. 43 of the Ministry of Finance and the State Taxation Administration of PRC, with effect from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises are allowed to deduct additional 5% of the current deductible input VAT from the VAT payable. One subsidiary of the Group is qualified for such additional input VAT deduction.
- (c) The Group disposed of its 100% equity interests in a subsidiary on 1 April 2024. The disposal was made due to a strategic consideration for the development of the Group. The above-mentioned subsidiary is engaged in the sales of water and beer products. Gain on disposal of a subsidiary was approximately RMB16,524,000.

7. FINANCE COST, NET

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Foreign exchange loss, net	(8,589)	(6,001)
Interest costs on bank borrowings	(10,214)	(8,415)
Interest costs on convertible bonds	(9,484)	(24,165)
Interest costs on other borrowings	(15,304)	(920)
Interest costs on lease liabilities	(80)	(103)
	<hr/>	<hr/>
Finance cost	(43,671)	(39,604)
Finance income – interest income	31,270	37,486
	<hr/>	<hr/>
Finance cost, net	(12,401)	(2,118)
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8. INCOME TAX EXPENSE

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

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
PRC Enterprise Income Tax:		
Current tax	1,223	5,491
Deferred tax expenses	262	463
	<hr/>	<hr/>
Income tax expense	1,485	5,954
	<hr/> <hr/>	<hr/> <hr/>

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Auditor's remuneration		
– Audit services	2,099	2,066
– Non-audit services	183	180
Raw materials and consumables used	121,987	177,915
Amortisation of intangible assets	3,196	3,211
Depreciation of PP&E	31,039	53,739
Depreciation of right-of-use assets	1,892	2,088
Employee benefit expenses	72,643	77,484
Allowance for ECL on financial assets:		
– Trade receivables	43,248	23,685
– Loan receivables	(1,316)	1,357
– Other financial assets at amortised cost	5,794	11,900
	<u>5,794</u>	<u>11,900</u>

10. LOSS PER SHARE

(a) Basic loss per share

As at 31 December 2024 and 2023, basic loss per share is based on the following data:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss attributable to owners of the Company	<u>(573,947)</u>	<u>(352,867)</u>

	Year ended 31 December	
	2024	2023
Weighted average number of ordinary shares in issue (thousands)	<u>4,443,890</u>	<u>3,935,510</u>

(b) Diluted loss per share

Diluted loss per share for years ended 31 December 2024 and 2023 were the same as basic loss per share as the outstanding convertible bonds had anti-dilutive effect on the basic loss per share.

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Balance at 1 January	1,215,508	1,443,916
Additions	–	33,000
Share of results	(8,312)	(263)
Declaration of dividend	(2,940)	–
Impairment loss recognised (<i>note</i>)	(462,729)	(261,145)
	<u>741,527</u>	<u>1,215,508</u>
Balance at 31 December	<u><u>741,527</u></u>	<u><u>1,215,508</u></u>

Note:

Management performed impairment analysis for the investment in Tibet Shannan Yalaxiangbu Industrial Ltd. (“**Shannan Yalaxiangbu**”) and Tibet Highland Natural Water Limited (“**Highland Natural Water**”). The recoverable amount of the investment is determined based on value-in-use calculations. Management assessed the recoverable amount and recognised an impairment loss of approximately RMB294,597,000 and RMB168,132,000, respectively (2023: RMB261,145,000 and nil).

13. TRADE RECEIVABLES

	As at 31 December	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables due from third parties	221,819	265,320
Less: allowance for ECL	(87,475)	(83,422)
	<u>134,344</u>	<u>181,898</u>
	<u><u>134,344</u></u>	<u><u>181,898</u></u>

13. TRADE RECEIVABLES (CONTINUED)

As at 31 December 2024 and 2023, the Group's trade receivables due from third parties were all denominated in RMB and HKD. The credit period is generally 90 to 180 days. The aging analysis of trade receivables based on invoice dates is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 6 months	76,642	95,281
Over 6 months but within 1 year	14,928	22,400
Over 1 year but within 2 years	53,352	41,765
Over 2 years	76,897	105,874
	<u>221,819</u>	<u>265,320</u>
Less: allowance for ECL	<u>(87,475)</u>	<u>(83,422)</u>
	<u><u>134,344</u></u>	<u><u>181,898</u></u>

14. LOAN RECEIVABLES

The carrying amount of loan receivables from money lending business of the Group was as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Loan receivable arising from money lending business	1,879	76,726
Less: allowance for ECL	<u>(41)</u>	<u>(1,357)</u>
	<u><u>1,838</u></u>	<u><u>75,369</u></u>

As at 31 December 2024, loan receivables are unsecured, interest-bearing at fixed rate 8% per annum (2023:7%–8% per annum).

The maturity profile of the loan receivables, net of allowance for ECL, if any, at the end of the reporting period, analysed by the remaining period to its contracted maturity, is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 1 year	<u><u>1,838</u></u>	<u><u>75,369</u></u>

15. TRADE AND NOTES PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables	27,906	42,840
Notes payables	102,770	111,100
	<u>130,676</u>	<u>153,940</u>

As at 31 December 2024 and 2023, the aging analysis of trade payables based on invoice dates is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 3 months	7,467	18,834
Over 3 months but within 6 months	2,154	6,588
Over 6 months but within 1 year	4,133	3,400
Over 1 year but within 2 years	7,791	5,071
Over 2 years	6,361	8,947
	<u>27,906</u>	<u>42,840</u>

As at 31 December 2024 and 2023, the Group's trade payables were all denominated in RMB and were not interest bearing.

The credit period on trade payables is generally within 90 days.

As at 31 December 2024, the bank acceptance notes amounting to approximately RMB102,770,000 (2023: RMB111,100,000) were guaranteed by bank deposits of approximately RMB10,277,000 (2023: RMB11,110,000).

According to the agreement of bank acceptance notes, maturity date of notes payables is based on the following schedule: RMB102,770,000 on 20 January 2025 (2023: RMB111,110,000 on 8 February 2024). The amount of RMB102,770,000 (2023: RMB111,110,000) was repaid subsequently to the end of the reporting period.

16. CONVERTIBLE BOND – LIABILITY COMPONENT

The Company issued 5% convertible bonds with principal amount of HKD379,620,000 (equivalent to RMB317,702,000) (“**2021 Convertible Bonds**”) at a total consideration of HKD379,620,000 (equivalent to RMB317,702,000) in March 2021. The Convertible Bonds are denominated in Hong Kong dollars, unsecured and with interest calculated semi-annually. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and the maturity date in March 2024 at a conversion price of HKD0.74 per share (subject to anti-dilutive adjustments). The bonds can be early redeemed upon certain events at the option of the bondholders or the issuer. If the bonds have not been converted or redeemed, they will be redeemed in March 2024 at par value plus accrued interest.

At initial recognition, the fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is presented in equity heading “other reserve”. The early redemption option is considered as closely related to the host debt. The effective interest rate of the liability component is 7.69%.

During the year ended 31 December 2021, the Convertible Bonds with the principal amount of HKD22,644,000 (equivalent to RMB19,026,000) was converted into 30,600,000 new shares of the Company at a conversion price of HKD0.74 per share.

In March 2024, a total aggregate of the principal and interest of approximately HKD167,928,000 (equivalent to RMB152,411,000) have been repaid and the remaining principal has been transferred into short-term loan arrangements.

The Company issued new 10% convertible bonds with principal amount of HKD90,000,000 (equivalent to RMB82,060,000) (the “**New Convertible Bonds**”) in June 2024. The New Convertible Bonds are denominated in Hong Kong dollars, unsecured and with interest payable in one lump sum upon maturity. The bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the bonds and the maturity date in September 2024 at a conversion price of HKD0.30 per share (subject to anti-dilutive adjustments). The bonds can be early redeemed upon certain events at the option of the bondholder or the issuer. If the bonds have not been converted or redeemed, they will be redeemed in September 2024 at par value plus accrued interest.

Upon maturity, the New Convertible Bonds have been converted into one single loan at 10% per annum, repayable on or before 1 December 2025.

No New Convertible Bonds were converted during the year ended 31 December 2024.

The fair value of the liability component of 2021 Convertible Bonds at 31 December 2024 was nil, as at 31 December 2023, the amount was RMB326,137,000, which is calculated using cash flows discounted at the rate of 9.74% and was within level 3 of the fair value hierarchy.

16. CONVERTIBLE BOND – LIABILITY COMPONENT (CONTINUED)

The Convertible Bonds issued in 2021 and 2024 have been split into the liability and equity components as follows:

	<i>RMB'000</i>
Liability component at 1 January 2023	308,696
Interest expenses	24,165
Interest paid/payable	(16,035)
Exchange alignment	4,528
	<hr/>
Liability component at 31 December 2023 and 1 January 2024	321,354
Interest expenses	6,607
Interest paid/payable	(4,466)
Repayment of 2021 Convertible Bond's principal	(105,714)
Transfer to other borrowings	(218,278)
Exchange alignment	497
	<hr/>
Liability component as at 5 March 2024 (2021 Convertible Bonds Maturity date)	–
	<hr/> <hr/>
As at 19 June 2024 (Issuance date of New Convertible Bonds)	
Liability component at 19 June 2024	81,523
Interest expenses	2,877
Transfer to other borrowings	(84,400)
	<hr/>
Liability component as at 31 Dec 2024	–
	<hr/> <hr/>

17. SHARE CAPITAL

	Number of ordinary shares (thousands)	Nominal value of ordinary shares HKD'000	Equivalent nominal value of ordinary shares RMB'000
Ordinary shares of HKD0.01 each, issued and fully paid			
Balance as at 1 January 2023	3,059,391	30,594	25,580
Share issued upon completion of rights issue (<i>Note (a)</i>)	1,019,797	10,198	8,808
Balance as at 31 December 2023	4,079,188	40,792	34,388
Share issued upon placing of new shares (<i>Note (b)</i>)	500,000	5,000	4,541
Balance as at 31 December 2024	4,579,188	45,792	38,929

Notes:

- (a) On 30 January 2023, a total of 1,019,797,000 new shares were successfully allotted and issued at the subscription price of HKD0.385 per rights share. Further details were set out in the Company's announcement dated 27 January 2023.
- (b) On 21 February 2024, the Company completed the placing of new shares under general mandate. A total of 500,000,000 placing shares have been successfully placed to not less than six places at the placing price of HKD0.218 per placing share. The use of net proceeds for this placing is for partial redemption of the 2021 Convertible Bonds and for general working capital of the Group. Further details were set out in the announcement of the Company dated 21 February 2024.

18. EVENTS AFTER THE REPORTING PERIOD

On 21 January 2025, the Company completed the issue of 8% convertible bonds in the aggregate principal amount of HKD165,000,000 (the "2025 Convertible Bonds I"). The Bonds bear interest on their outstanding principal amount from and including the issue date and payable in one lump sum on the maturity date or upon conversion in accordance with the terms and conditions of the bonds. The bonds will be convertible into shares at the initial conversion price of HKD0.33 (subject to adjustments in the manner provided in the bonds documents), and will mature on 9 December 2025. Further details were set out in the announcements of the Company dated 12 December 2024, 20 December 2024 and 21 January 2025 respectively.

On 18 March 2025, the Company completed another issue of 8% convertible bonds in the aggregate principal amount of HKD138,000,000 (the "2025 Convertible Bonds II"). Interest for the first 3 months from the issue date is payable in advance on the issue date. The remaining interest is payable in one lump sum on the maturity date. The bonds will be convertible into shares at the initial conversion price of HKD0.345 (subject to adjustments in the manner provided in the bonds documents), and will mature on 1 December 2025. Further details were set out in the announcements of the Company dated 13 February 2025 and 18 March 2025 respectively.

Save as mentioned elsewhere in this announcement, there were no other significant events subsequent to 31 December 2024 as of date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, the Group continued to be committed to the development of the water resources industry and the beer industry in Tibet, striving to enhance the user experience and optimize channel expansion, so as to enable Tibet's distinctive and premium products to reach more consumers and potential consumers.

In 2024, China's economy continued to operate in a stable mode, and the overall performance of consumption was relatively weak. The foundation for the recovery of the consumer market still needs to be consolidated and consumer confidence needs to be further boosted, with consumers' attitude towards consumption becoming more prudent and rational. The domestic packaged drinking water market was in keen competition, but the Group's packaged drinking water products are still focusing on the expansion of special channels, including sales growth in auto services, airlines and railway channels while sales in the cinema chain and Hong Kong market decreased. The overall sales volume of the water business increased by 6.8% year-on-year, while its revenue increased by 1% year-on-year. Against the backdrop of the overall decline in sales volume in the beer industry and shrinking market demand, the Group's beer business was affected by the interplay of the increasing market competition in Tibet and slow market expansion outside Tibet, resulting in a year-on-year decrease in sales volume of 35.4% and revenue of 38.5%.

In 2024, the scale of the Group's bank financing in Tibet slightly decreased. The Group also actively utilized and leveraged on the advantages of the offshore financing platform of a listed company and successfully completed an equity financing in early 2024, and successfully completed two convertible bond issues in January and March 2025, which provided strong support for stabilizing the Group's business operations. The investors of the Company have fully demonstrated their recognition of and confidence in the future development of the Group through their active participation in financing activities and actual investment. The management of the Group has always firmly believed in focusing on the return to the products as the cornerstone, the enhancement of customer experience as the goal, the deep ploughing of brand value as the guide, and the maximization of shareholders' returns as the core, so as to focus on the strengths of the Group and strive for the future.

FINANCIAL REVIEW

REVENUE ANALYSIS

In 2024, due to the reasons mentioned in the "Business Review" section above, the total revenue of the Group amounted to RMB226 million, representing a decrease of 28.2% in comparison with 2023.

The revenue generated from our water business segment was RMB88 million, representing an increase of 1% in comparison with 2023.

For the beer business segment, the year over year change is as follow:

	2024	2023	% change
Volume (<i>hectoliter</i>)	192,546	298,196	↓ 35.4%
Revenue (<i>RMB'000</i>)	137,331	223,169	↓ 38.5%
Adjusted EBITDA* (<i>RMB'000</i>)	44,950	58,523	↓ 23.19%

* Adjusted EBITDA is not an accounting measure under IFRSs which should be read in conjunction with Note 4(b).

In 2024, the overall gross profit margin of the Group was 27.1%, which increased by 2.4 percentage points when compared to 2023. The gross profit margin of the water business segment was 17.4%, which increased by 7.1 percentage points when compared to 2023, mainly due to the decrease in raw material costs. The gross profit margin of the beer business segment was 32.8% in 2024, which increased by 3.9 percentage points when compared to 2023. The increase in gross profit was mainly due to the decrease in depreciation expenses of production equipment.

SELLING AND DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

In 2024, the selling and distribution costs increased by 25.4% to RMB63 million from RMB50 million in 2023, mainly due to the increase in marketing and promotion expenses due to market competition and the market expansion of the water business. The administrative expenses decreased by 13.7% to RMB77 million from RMB89 million in 2023. This is mainly due to the reduction in staff cost and special service fees.

ALLOWANCE FOR ECL ON FINANCIAL ASSETS

Allowance for ECL on financial assets mainly included the allowance for ECL on trade receivables, the allowance for ECL on other financial assets at amortised cost and the reversal of allowance for ECL of loan receivables. The allowance for ECL on financial assets was RMB48 million in 2024 (2023: RMB37 million). The allowance for ECL on trade receivables was RMB43 million in 2024 (2023: RMB24 million). The allowance for ECL on other financial assets at amortised cost was approximately RMB6 million in 2024 (2023: RMB12 million). The reversal of allowance for ECL on loan receivables was RMB1 million in 2024 (2023: allowance of RMB1 million). The increase in allowance is due to a higher proportion of allowances being made for trade receivables with a longer aging period and no subsequent business.

OTHER GAINS, NET

In 2024, other gains, net was RMB37 million (2023: RMB15 million), which mainly included the government grants of RMB18 million (2023: RMB13 million) and the gain on disposal of a subsidiary was RMB17 million (2023: nil). The disposal was made due to a strategic consideration of the Group's development. Please refer to Note 6 to the consolidated financial statements of this announcement for details.

FINANCE COSTS, NET

In 2024 the Group incurred finance costs of RMB44 million and gained finance income of RMB31 million. The increase in finance costs of RMB3 million was mainly due to the increase in foreign exchange losses. Compared with 2023, finance income decreased by RMB6 million, mainly due to decrease in interest received from loan to third parties in 2024.

SHARE OF LOSS ON INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

In 2024, the share of loss on investments accounted for using the equity method was RMB8 million (2023: the share of loss on investments accounted for using the equity method was RMB260,000). The increase in share of loss was mainly due to the fact that the consolidated share of losses of associated companies increased.

IMPAIRMENT LOSS ON INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

The impairment loss on investment accounted for using the equity method related to the Group's investment in Shannan Yalaxiangbu and Highland Natural Water. The impairment loss is made based on the results of the impairment test in accordance with IAS 36. The management of the Group has reviewed the key parameters relevant to the impairment test of the investment and made amendments to those parameters, if necessary, so as to reflect the market best estimate for the development of Shannan Yalaxiangbu and Highland Natural Water in the future. Recently, the management has noticed that the general economic growth of the PRC slowed down and the competition in the overall fast consumer goods industry was intensifying, which had significant adverse impact on the production and sales of Shannan Yalaxiangbu and Highland Natural Water in 2024. As a result, compared with the operation forecast made as at the time of acquisition by the Group, the expected growth trend of Shannan Yalaxiangbu and Highland Natural Water showed fluctuations in varying degrees. Given the unclear development trend in the future and the existence of various uncertainties, the management made amendments to the key parameters in the impairment analysis of the investment in a prudent manner in accordance with IAS 36, hence an impairment loss on the investment of RMB295 million and RMB168 million were recognised accordingly. It is a one-off non-cash item and has no impact on the Group's daily operation and cash flow.

INCOME TAX EXPENSE

In 2024, the income tax expense was RMB1.5 million which decreased by RMB4.5 million when compared to RMB6 million in 2023. The decrease was primarily due to the decrease in profit before tax in the beer business segment and effect of changes in deferred tax.

LOSS FOR THE YEAR

For the reasons mentioned above, in 2024, the loss for the year was RMB574 million compared to the loss of RMB353 million in 2023.

OTHER FINANCIAL POSITIONS

As at 31 December 2024, investments accounted for using the equity method of the Group amounted to RMB742 million compared to RMB1,216 million as at 31 December 2023. The decrease was mainly because in 2024, the Group recognised the impairment loss on investment in Shannan Yalaxiangbu and Highland Natural Water of RMB295 million and RMB168 million, respectively.

As at 31 December 2024, inventories of the Group amounted to RMB72 million compared to RMB119 million as at 31 December 2023. The decrease was mainly attributable to a decrease in raw material inventories.

As at 31 December 2024, net trade receivables of the Group amounted to RMB134 million, representing a decrease compared to RMB182 million as at 31 December 2023. The decrease was mainly due to the increase in allowance of ECL on trade receivables. The Group maintained regular contact with our major debtors through meetings and telephone conversations and paid regular attention to public information about our major debtors to understand the status of their operations, their continuing business needs, and the ways in which the Group can improve its services.

As at 31 December 2024, the loan receivables of the Group were RMB2 million compared to RMB75 million as at 31 December 2023. The balance as at 31 December 2023 included loan to third parties with relevant license in Hong Kong. The balance of loan receivables of 2023 was fully settled in March 2024.

As at 31 December 2024, prepayments (current portion) of the Group amounted to RMB188 million, representing a decrease compared to RMB252 million as at 31 December 2023. The decrease was mainly due to the decrease in prepayment for purchasing raw materials.

As at 31 December 2024, other financial assets at amortised cost, net of allowance for ECL of the Group amounted to RMB1,164 million compared to RMB1,007 million as at 31 December 2023. As at 31 December 2024, other financial assets at amortised cost mainly included the amounts due from third parties amounting to RMB1,006 million. As at 31 December 2024, allowance for ECL on other financial assets at amortised cost amounted to RMB47 million.

As at 31 December 2024, contract liabilities of the Group amounted to RMB123 million compared to RMB17 million as at 31 December 2023. The increase was mainly due to the increase in advances received from customers of the sales of water and beer products.

As at 31 December 2024, accruals and other payables of the Group amounted to RMB217 million compared to RMB161 million as at 31 December 2023. As at 31 December 2024, accruals and other payables mainly included salary payables and welfare payables amounting to RMB26 million, amounts received from a third party and borrowings from third parties amounting to RMB69 million, advance payments received for 2025 Convertible Bonds I of RMB86 million and other payables amounting to RMB36 million.

As at 31 December 2024, the Group's bank and other borrowings included bank borrowings of RMB394 million and other borrowings of RMB216 million. Compared with 31 December 2023, bank borrowings decreased by RMB33 million, which was mainly because of the net repayment of principal of bank borrowings in 2024. Other borrowings represent the principal amount of borrowings of balances of two issues of convertible bonds due in 2024 rolled over as a short-term borrowing arrangement.

As at 31 December 2024, the liability component of the convertible bonds issued by the Company was nil, compared to RMB321 million as at 31 December 2023. In June 2024, the Company issued the New Convertible Bonds with principal amount of approximately HKD90 million (equivalent to RMB82 million) bearing interest at the rate of 10% per annum. After the maturity date, the balance of the New Convertible Bonds was rolled over into a short-term borrowing arrangement. Further details of the convertible bonds are set out in Note 16 to the consolidated financial statements of this announcement.

EMPLOYEES

As at 31 December 2024, the total number of employees of the Group was 342 compared to 368 as at 31 December 2023. Relevant staff cost of the Group was RMB73 million in 2024 (2023: RMB77 million).

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. Other fringe benefits, training, and share options, if applicable, are also considered by the Group to solicit/retain loyal employees with the aim of forming a professional and united staff and management team that can bring the Group to higher levels of achievements.

The Company adopted a share award scheme in 2017. Up to 31 December 2024, no share has been granted by the Group to any parties under the share award scheme.

The Company adopted a new share option scheme in 2023. Up to 31 December 2024, no share option has been granted by the Company under the share option scheme.

GEARING RATIO

The gearing ratio is calculated as borrowings (including bank borrowings, liability component of convertible bonds and borrowings from third parties) divided by total capital. The total capital is calculated as “equity” as shown in the consolidated statement of financial position plus borrowings (including bank borrowings, liability component of convertible bonds and borrowings from third parties). As at 31 December 2024 and 31 December 2023, the gearing ratios of the Group were 21.59% and 20.94%, respectively.

MERGER AND ACQUISITION

There was no merger and acquisition transaction in 2024.

SIGNIFICANT INVESTMENTS

In 2024, the Group acquired PP&E of RMB12 million (2023: RMB14 million). Regarding the future development and outlook of the Group, please refer to the section headed “Outlook” in this “Management Discussion and Analysis” section.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had committed to purchasing PP&E and related projects of approximately RMB10 million (31 December 2023: RMB14 million). The funding sources related to these commitments are expected to be disbursed from the Group’s own capital.

CHARGES (OR PLEDGES)

As at 31 December 2024, (i) a bank loan with a remaining balance of RMB150 million of the Group was secured by the pledge of 35% of equity interest in Tibet Tiandi Green Beverage Development Co., Ltd., 7% of equity interest in Highland Natural Water, and mineral water mining rights of the Group in Dangxiong; (ii) a bank loan with a remaining balance of RMB95 million of the Group was secured by the pledge of 25% of equity interest in Shannan Yalaxiangbu; (iii) a bank loan with a remaining balance of RMB73 million of the Group was secured by the Group’s factory plant with net book value of RMB44 million and land use rights with net book value of RMB24 million; and (iv) a bank loan with a remaining balance of RMB36 million of the Group was secured by three production lines of the Group’s factory plant with net book value of RMB35 million.

As at 31 December 2024, the bank acceptance notes amounting to RMB103 million were guaranteed by bank deposits of RMB10 million.

CONTINGENT LIABILITIES

The Group provided financial guarantee net amounting to RMB230 million (31 December 2023: RMB245 million) to an associate as at 31 December 2024. As at 31 December 2024, the guarantee was provided for bank borrowings obtained by the associate in the net amount of RMB230 million, in which a loan of RMB10 million was secured by a pledge of 10% equity interest in Highland Natural Water held by Tibet Glacier Mineral Water Co., Ltd.

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. However, the Group is exposed to foreign exchange risk arising from its cash exchange transactions, which are primarily denominated in HKD. To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors its exposure to foreign exchange risk. During 2024, the management of the Group did not consider it necessary to enter into any hedging transactions to reduce the exposure to foreign exchange risk because the exposure, after netting off the assets and liabilities subject to foreign exchange risk, was not significant.

PRODUCTION CAPACITY

In 2024, the annual water production capacity and annual beer production capacity are approximately 300,000 tonnes and 2,000,000 hectoliters respectively, same as in 2023. The Group will assess its production capacity periodically and consider increasing production capacity to meet the demands of future development.

USE OF NET PROCEEDS FROM PLACING OF NEW SHARES

On 21 February 2024, the Company completed the placing of new shares under general mandate. A total of 500,000,000 placing shares have been successfully placed to not less than six places at the placing price of HK\$0.218 per placing share. The use of net proceeds for this placing is for partial redemption of the 2021 Convertible Bonds and for general working capital of the Group. Further details were set out in the announcement of the Company dated 21 February 2024. As at 31 December 2024, the net proceeds of approximately HKD106 million had been fully utilized according to the intended use.

FINAL DIVIDEND

No dividend has been declared by the Company in respect of 2024 (2023: nil).

OUTLOOK

Deeply ploughing in Tibet and laying out in national market

The Group's quality natural mineral water and natural water resources in Tibet that are available for exploitation and use on a large scale are a solid cornerstone for our future development. The Group will develop the Tibet-based market, while developing distributor network in 33 provinces, autonomous regions and municipalities throughout the country and continuously enhancing product exposure and brand awareness, with the aim to attract more consumers to pay attention to and purchase our products.

Product innovation and cost control

The Group will continue to adhere to the strategic position which takes the "5100" brand as the core, through enriching the product range, optimizing the production process, improving the quality of service and controlling production costs, in order to provide a wider range of consumers with choices of high-quality mineral water and other products which are better value for money.

Optimizing channel layout

The Group will strive to increase its market share by deepening the coverage of omni-channel network, facilitating the integrated synergies among online and offline businesses, seeking breakthroughs in high-end and niche markets, and strengthening the empowerment and synergic coordination of strategic resources.

Corporate social responsibility

The Group will continue to improve its social responsibility management system, promote the deep integration between ESG philosophy and business, strive to gain shareholders' trust, employee recognition and achieve development goals that are recognized by society. The Group will make greater contribution to economic prosperity, ecological harmony and livelihood improvement.

EVENTS AFTER THE REPORTING PERIOD

Please refer to Note 18 to the consolidated financial statements of this announcement for the events after the reporting period.

EXTERNAL AUDITOR

HLB Hodgson Impey Cheng Limited (“**HLB**”) has been re-appointed as the auditor of the Company with effect from the conclusion of the annual general meeting of the Company (“**AGM**”) held on 27 June 2024 and holds office until the conclusion of the next AGM. The consolidated financial statements for the year ended 31 December 2024 were audited by HLB, who will retire at the conclusion of the forthcoming AGM 2025 and, being eligible, will offer itself for re-appointment as external auditor of the Company.

SCOPE OF WORK OF EXTERNAL AUDITOR

The financial figures in respect of this announcement of the Group’s results for the year ended 31 December 2024 have been agreed by the Group’s auditor, HLB, to the figures set out in the Group’s audited consolidated financial statements for the year ended 31 December 2024. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing and consequently no assurance has been expressed by HLB on the preliminary results announcement.

CORPORATE GOVERNANCE PRACTICES

For the year 2024, the Company has complied with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that each of them has complied with the Model Code for the year ended 31 December 2024. Specific employees who are likely to be in possession of inside information of the Group have been requested to comply with the provisions of the Model Code. No incident of non-compliance has been noted by the Company.

AUDIT COMMITTEE

The audit committee is mainly responsible for monitoring the integrity of the Company's financial statements, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. The audit committee has reviewed the annual results of the Group for the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

ACKNOWLEDGEMENT

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

By order of the Board
Tibet Water Resources Ltd.
Dr. ZHANG Chunlong

Chairman and Independent Non-Executive Director

Hong Kong, 28 March 2025

As of the date of this announcement, the executive Directors are Mr. CHOW Wai Kit, Mr. CHENG Gwan Sing and Mr. YUE Zhiqiang, the non-executive Directors are Ms. JIANG Xiaohong, Mr. XIE Kun and Mr. WEI Zheming and the independent non-executive Directors are Dr. ZHANG Chunlong (Chairman), Mr. LO Wai Hung and Ms. LIN Ting.