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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change
	2025	2024	%
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	
Revenue	168,511	138,815	↑ 21.4%
Adjusted EBITDA*	52,064	43,009	↑ 21.1%
Profit for the period attributable to owners of the Company	36,191	9,037	↑ 300.5%
Earnings per share			
- Basic and diluted (RMB cents)	0.79	0.21	↑ 276.2%
	As at	As at	
	30 June	31 December	
	2025	2024	
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	
Total assets	3,466,785	3,507,498	
Equity attributable to owners of the Company	2,465,901	2,379,960	
* Adjusted EBITDA is not an accounting measure under International Financial Reporting Standards (“IFRSs”) which should be read in conjunction with Note 4(b).			

INTERIM RESULTS

The board of directors (the “**Directors**”) (the “**Board**”) of Tibet Water Resources Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025. These interim results have been reviewed by the Company’s audit committee (the “**Audit Committee**”), comprising all of the independent non-executive Directors, one of whom chairs the committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Unaudited	
		Six months ended 30 June	
	Note	2025	2024
		RMB'000	RMB'000
Revenue	5	168,511	138,815
Cost of sales		(93,654)	(109,587)
Gross profit		74,857	29,228
Selling and distribution costs		(14,767)	(19,578)
Administrative expenses		(29,691)	(32,555)
(Allowance)/Reversal of allowance for expected credit loss (“ ECL ”) on financial assets		(3,887)	2,887
Other gains, net	6	11,833	37,039
Operating profit		38,345	17,021
Finance income/(cost), net		759	(5,077)
Share of result on investments accounted for using the equity method	10	(2,731)	(2,062)
Profit before income tax		36,373	9,882
Income tax expense	8	(182)	(845)
Profit for the period	7	36,191	9,037
Profit for the period attributable to:			
Owners of the Company		36,191	9,037
Non-controlling interests		—	—
		36,191	9,037
Earning per share attributable to owners of the Company			
– basic and diluted (RMB cents per share)	9	0.79	0.21

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	36,191	9,037
Other comprehensive income/(loss):		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Exchange differences on translation from functional currency to presentation currency	1,281	(1,748)
Other comprehensive income/(loss) for the period, net of tax	1,281	(1,748)
Total comprehensive income for the period	37,472	7,289
Total comprehensive income attributable to owners of the Company for the period	37,472	7,289

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
	Note		
Non-current assets			
Right-of-use assets		24,999	25,838
Property, plant and equipment (“PP&E”)		302,781	313,496
Intangible assets		19,884	21,483
Goodwill		721,139	721,139
Investments accounted for using the equity method	10	738,796	741,527
Deferred tax assets		2,080	2,080
Total non-current assets		1,809,679	1,825,563
Current assets			
Inventories		45,532	72,142
Trade receivables	11	240,881	134,344
Loan receivables		3,462	1,838
Prepayments		178,978	187,646
Other financial assets at amortised cost		1,165,591	1,164,198
Financial assets at fair value through profit or loss (“FVTPL”)		217	—
Cash and cash equivalents		22,445	121,767
Total current assets		1,657,106	1,681,935
Current liabilities			
Trade and notes payables	12	143,232	130,676
Deferred revenue		731	1,267
Contract liabilities		20,991	123,002
Tax payable		29,865	31,218
Accruals and other payables		121,667	217,440
Bank and other borrowings		394,320	578,057
Convertible bonds - liability component	13	239,774	—
Lease liabilities		465	890
Total current liabilities		951,045	1,082,550
Net current assets		706,061	599,385
Total assets less current liabilities		2,515,740	2,424,948

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
	<i>Note</i>		
Non-current liabilities			
Bank borrowings		37,000	32,000
Deferred revenue		7,400	7,752
Deferred tax liabilities		4,992	5,176
Lease liabilities		—	60
Total non-current liabilities		<u>49,392</u>	<u>44,988</u>
Net assets		<u>2,466,348</u>	<u>2,379,960</u>
Capital and reserves			
Share capital	14	40,043	38,929
Reserves		<u>2,425,858</u>	<u>2,341,031</u>
Equity attributable to owners of the Company		2,465,901	2,379,960
Non-controlling interests		<u>447</u>	<u>—</u>
Total equity		<u>2,466,348</u>	<u>2,379,960</u>

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

Notes to the condensed consolidated financial statements

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 (the “**PRC**”). The Group also provides lending services to third parties in Hong Kong Special Administrative Region 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 condensed 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 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”) “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”) as well as the applicable disclosure requirements of Appendix D2 to the Listing Rules. The condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2024 and any public announcements made by the Company during the interim reporting period.

3 ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

3.1 Application of amendments to IFRS Accounting Standards

Other than additional accounting policies resulting from application of amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2024.

In the current interim period, 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 periods beginning on or after 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

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

4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors of the Company, 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, 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 condensed 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 condensed consolidated financial statements.

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2025 and as at 30 June 2025 is as follows:

	Unaudited Six months ended 30 June 2025			
	Water business segment RMB'000	Beer business segment RMB'000	Corporate and others RMB'000	Total RMB'000
Total segment revenue	118,147	50,258	106	168,511
Cost of sales	(52,826)	(40,828)	—	(93,654)
Gross profit	65,321	9,430	106	74,857
Share of result on investments accounted for using the equity method	(2,731)	—	—	(2,731)
(Allowance)/Reversal of allowance for ECL on financial assets	(3,893)	—	6	(3,887)
Adjusted EBITDA*	52,636	11,943	(12,515)	52,064
Finance income	10,360	5,251	7,066	22,677
Finance costs	(4,104)	(1,684)	(16,130)	(21,918)
Depreciation and amortisation	(8,101)	(7,798)	(551)	(16,450)
Profit/(loss) before tax	50,791	7,712	(22,130)	36,373
Income tax (expenses)/credit	1	(147)	(36)	(182)
Profit/(loss) for the period	<u>50,792</u>	<u>7,565</u>	<u>(22,166)</u>	<u>36,191</u>

4 SEGMENT INFORMATION (CONTINUED)

(b) Segment information disclosures (continued)

	Unaudited As at 30 June 2025		
	Water business segment <i>RMB'000</i>	Beer business segment <i>RMB'000</i>	Total <i>RMB'000</i>
Segment total assets	3,633,192	2,447,752	6,080,944
– Investments accounted for using the equity method	738,796	—	738,796
Unallocated			
Deferred tax assets			2,080
Assets of corporate and others			79,582
Inter-segment elimination			(2,695,821)
Total assets			3,466,785
Segment total liabilities	1,519,286	302,511	1,821,797
Unallocated			
Deferred tax liabilities			4,992
Liabilities of corporate and others			340,132
Inter-segment elimination			(1,166,484)
Total liabilities			1,000,437

4 SEGMENT INFORMATION (CONTINUED)

(b) Segment information disclosures (continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2024 and as at 31 December 2024 is as follows:

	Unaudited Six months ended 30 June 2024			
	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	54,307	83,581	927	138,815
Cost of sales	(43,759)	(65,828)	—	(109,587)
Gross profit	10,548	17,753	927	29,228
Share of result on investments accounted for using the equity method	(2,062)	—	—	(2,062)
Reversal of allowance for ECL on financial assets	740	810	1,337	2,887
Adjusted EBITDA*	6,395	43,721	(7,107)	43,009
Finance income	9,661	5,392	386	15,439
Finance costs	(4,421)	(2,517)	(13,578)	(20,516)
Depreciation and amortisation	(10,175)	(17,662)	(213)	(28,050)
Profit/(loss) before tax	1,460	28,934	(20,512)	9,882
Income tax (expenses)/credit	2	(1,185)	338	(845)
Profit/(loss) for the period	1,462	27,749	(20,174)	9,037

* 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 period: (i) finance income/(cost), net; (ii) depreciation and amortisation; and (iii) income tax (expenses)/credit.

Adjusted EBITDA is not an accounting measure under IFRS Accounting Standards and should not be considered as an alternative to the profit/(loss) for the period 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)

	Audited As at 31 December 2024		
	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			(2,725,289)
Total assets			3,507,498
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			(1,197,810)
Total liabilities			1,127,538

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 and leases production lines and equipment to associates. Breakdown of the revenue is as follows:

	Unaudited Six months ended 30 June	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers:		
<i>Recognised at a point in time</i>		
Sales of water products	115,572	50,935
Sales of beer products	50,258	83,581
	165,830	134,516
Revenue from other sources:		
Rental income	2,575	3,372
Interest income from lending service	106	927
	2,681	4,299
	168,511	138,815

6 OTHER GAINS, NET

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Government grants (note)	8,002	15,567
(Loss)/gain on disposal of subsidiaries	(65)	16,524
Others	3,896	4,948
	11,833	37,039

note:

During the current interim period, the Group recognised government grants of RMB8,002,000 (six months ended 30 June 2024: RMB15,567,000) in respect of government subsidies granted to the Group by the local government authorities in the PRC. These grants are generally made for business support and awarded to enterprises on a discretionary basis.

7 PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging/(crediting):

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Raw materials and consumables used	65,466	64,448
Transportation costs	10,542	10,659
Depreciation of PP&E	14,012	25,744
Depreciation of right-of-use assets	839	709
Amortisation of intangible assets	1,599	1,597
Employee benefit expenses (note)	33,825	32,606
Legal and other consulting service fee	1,113	2,343
Advertising and marketing expenditure	1,316	2,532
City construction tax and education surcharge	1,281	871
Electricity and other utility expenses	3,823	4,366
Short-term lease expenses	332	912
Allowance/(reversal of allowance) for ECL on financial assets		
– Trade receivables	3,887	(45)
– Loan receivables	—	(1,357)
– Other financial assets at amortised cost	—	(1,485)

note:

Inclusive of the employee benefits expenses, there is equity-settled share-based payment expense of approximately RMB4,241,000 recognised during the period (six months ended 30 June 2024: Nil).

8 INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Enterprise Income Tax:		
– Current income tax	147	1,403
Deferred tax	35	(558)
	<hr/>	<hr/>
Income tax expense	182	845
	<hr/>	<hr/>

9 EARNING PER SHARE

(a) Basic earning per share

Basic earning per share for the six months ended 30 June 2025 and 2024 is based on the following data:

	Unaudited	
	Six months ended 30 June	
	2025	2024
Profit attributable to owners of the Company (RMB'000)	36,191	9,037
Weighted average number of ordinary shares in issue ('000)	4,566,684	4,373,452
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Basic earning per share (RMB cents)	0.79	0.21
	<hr/>	<hr/>

(b) Diluted earnings per share

Diluted earning per share for six months ended 30 June 2025 and 2024 were the same as basic earning per share as the outstanding convertible bonds and outstanding shares options had anti-dilutive effect on the basic earnings per share.

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at	
	30 June 2025	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Unaudited</i>	<i>Audited</i>
At the beginning of the period	741,527	1,215,508
Additions	—	—
Share of results	(2,731)	(8,312)
Declaration of dividend	—	(2,940)
Impairment loss recognised	—	(462,729)
	<hr/>	<hr/>
At the end of the period	<u>738,796</u>	<u>741,527</u>

11 TRADE RECEIVABLES

The credit period is generally 90 to 180 days. The aging analysis of trade receivables based on invoice dates is as follows:

	As at	
	30 June 2025	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Unaudited</i>	<i>Audited</i>
Within 6 months	167,658	76,642
Over 6 months but within 1 year	24,071	14,928
Over 1 year but within 2 years	50,118	53,352
Over 2 years	90,396	76,897
	<hr/>	<hr/>
	332,243	221,819
Less: allowance for ECL	(91,362)	(87,475)
	<hr/>	<hr/>
	<u>240,881</u>	<u>134,344</u>

12 TRADE AND NOTES PAYABLES

	As at	
	30 June 2025 <i>RMB'000</i> <i>Unaudited</i>	31 December 2024 <i>RMB'000</i> <i>Audited</i>
Trade payables	33,232	27,906
Notes payables	110,000	102,770
	<u>143,232</u>	<u>130,676</u>

As at 30 June 2025 and 31 December 2024, the aging analysis of trade payables based on invoice dates is as follows:

	As at	
	30 June 2025 <i>RMB'000</i> <i>Unaudited</i>	31 December 2024 <i>RMB'000</i> <i>Audited</i>
Within 3 months	12,686	7,467
Over 3 months but within 6 months	4,312	2,154
Over 6 months but within 1 year	6,193	4,133
Over 1 year but within 2 years	8,120	7,791
Over 2 years	1,921	6,361
	<u>33,232</u>	<u>27,906</u>

As at 30 June 2025 and 31 December 2024, the Group's trade payables were all denominated in RMB and non-interest bearing. The credit period on trade payables are generally within 90 days.

As at 30 June 2025, the bank acceptance notes amounting to approximately RMB110,000,000 (31 December 2024: RMB102,770,000) were guaranteed by bank deposits of approximately RMB12,000,000 (31 December 2024: RMB10,277,000).

13 CONVERTIBLE BONDS – LIABILITY COMPONENT

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). 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 on 9 December 2025 at par value plus accrued interest. Further details were set out in the announcements of the Company dated 12 December 2024, 20 December 2024 and 21 January 2025 respectively.

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 9.11%.

During the period ended 30 June 2025, the 2025 Convertible Bonds I with the principal amount of HKD39,850,000 (equivalent to RMB36,762,000) was converted into 120,757,575 new shares of the Company at a conversion price of HKD0.33 per share. The conversion shares rank pari passu in all respects with shares of the Company.

The fair value of the liability component of 2025 Convertible Bonds I at 30 June 2025 was RMB116,888,000 (31 December 2024: Nil), which is calculated using cash flows discounted at the rate of 9.11% (31 December 2024: Nil) and was within level 3 of the fair value hierarchy.

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). 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 on 1 December 2025 at par value plus accrued interest. Further details were set out in the announcements of the Company dated 13 February 2025 and 18 March 2025 respectively.

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 10.12%.

No 2025 Convertible Bonds II were converted during the period ended 30 June 2025.

The fair value of the liability component of 2025 Convertible Bonds II at 30 June 2025 was RMB122,886,000, which is calculated using cash flows discounted at the rate of 10.12% and was within level 3 of the fair value hierarchy.

13 CONVERTIBLE BONDS – LIABILITY COMPONENT (CONTINUED)

The 10% HKD90,000,000 convertible bonds due 2024 (the “**2024 Convertible Bonds**”), 2025 Convertible Bonds I and 2025 Convertible Bonds II have been split into the liability and equity components as follows:

	RMB’000
Liability component at 31 December 2023 and 1 January 2024	321,354
Interest expenses	6,607
Interest paid/payables	(4,466)
Repayment of the principal of the 5% HKD379,620,000 convertible bonds due 2024 (the “ 2021 Convertible Bonds ”)	(105,714)
Transfer to other borrowings	(218,278)
Exchange alignment	497
	<hr/>
Liability component as at 5 March 2024 (maturity date of 2021 Convertible Bonds)	—
	<hr/>
As at 19 June 2024 (Issuance date of the 2024 Convertible Bonds)	
Liability component at 19 June 2024	81,523
Interest expenses	2,877
Transfer to other borrowings	(84,400)
	<hr/>
Liability component at 31 December 2024	<hr/> <hr/>
Liability components of 2025 Convertible Bonds I and 2025 Convertible Bonds II	
Liability component at issue date	267,804
Conversion	(36,433)
Interest paid in advance	(2,565)
Interest paid/payables	10,641
Exchange alignment	327
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Liability component at 30 June 2025	<hr/> <hr/> 239,774

14 SHARE CAPITAL

	Number of ordinary shares (thousands)	Unaudited Nominal value of ordinary shares HKD'000	Equivalent nominal value of ordinary shares RMB'000
Ordinary shares of HK\$ 0.01 each, Issued and fully paid			
Balance as at 1 January 2024 (Audited)	4,079,188	40,792	34,388
Share issued upon placing of new shares (note)	500,000	5,000	4,541
Balance as at 31 December 2024 (Audited) and 1 January 2025 (Audited)	4,579,188	45,792	38,929
Conversion of convertible bond (Note 13)	120,757	1,207	1,114
Balance as at 30 June 2025 (Unaudited)	4,699,945	46,999	40,043

note:

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.

15 DIVIDENDS

No dividends were paid, declared, or proposed during the period ended 30 June 2025 (six months ended 30 June 2024: Nil). The directors of the Company have determined that no dividend will be paid in respect of the period ended 30 June 2025 (six months ended 30 June 2024: Nil).

16 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 20 August 2025, a holder of 2025 Convertible Bonds I elected to convert his bonds into ordinary shares of the Company. As a result, 454,545 new ordinary shares will be issued, and the related debt of HKD150,000 will be transferred to equity. The conversion shares rank pari passu in all respects with shares of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2025, 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 the first half of 2025, China's economy continued to move steadily forward under the guidance of a series of proactive and effective macroeconomic policies. The domestic packaged drinking water and beer industries entered a phase of stock-based competition. With growing consumer awareness of health, there has been a sustained rise in demand for premium products. Our group is leveraging the brand advantage of "Tibet's good water" to actively expand new business channels and has continued to deepen its presence in communities and enhance home delivery services, making our premium products more accessible to consumers. As a result, total water business sales volume increased by 54.1% year-on-year, with revenue rising by 117.6% year-on-year. Among these, sales of packaged drinking water through specialized channels such as aviation, e-commerce, automotive services, and the Hong Kong market remained stable. Hotel channel sales saw growth, and thanks to the emergence of a blockbuster film that boosted the movie market, cinema channel sales volume experienced a significant increase of over 40%. The beer industry is undergoing a fragmented premiumization process, intensified regional competition, and restructuring of channel formats. Our group's beer business was impacted by multiple factors, including the continued decline of Tibet's traditional ready-to-drink channels and a transitional period of channel integration and adjustment. Consequently, beer sales volume dropped by 29.5% year-on-year, and revenue fell by 39.9% year-on-year.

In the first half of 2025, 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 the listed company 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 Group 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 the first half of 2025, due to the reasons mentioned in the “Business Review” section above, the total revenue of the Group amounted to RMB169 million, representing an increase of 21.4% in comparison with the first half of 2024. The revenue generated from our water business segment was RMB118 million, representing an increase of 117.6% in comparison with the first half of 2024. The revenue generated from our beer business segment was RMB50 million, representing a decrease of 39.9% in comparison with the first half of 2024.

In the first half of 2025, the overall gross profit margin of the Group was 44.4%, which increased by 23.3 percentage points when compared to the first half of 2024. The gross profit margin of the water business segment was 55.3%, which increased by 35.9 percentage points when compared to the first half of 2024, primarily due to higher selling prices and increased sales volume, which led to a reduction in allocated fixed costs. The gross profit margin of the beer business segment was 18.8% in the first half of 2025, which decreased by 2.4 percentage points when compared to the first half of 2024. The decline in gross profit was mainly due to a decrease in the selling price of the beer business.

SELLING AND DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

In the first half of 2025, the selling and distribution costs decreased by 24.6% to RMB15 million from RMB20 million in the first half of 2024, mainly due to the decrease in advertising and marketing expenses. The administrative expenses decreased by 8.8% to RMB30 million from RMB33 million in the first half of 2024, mainly due to the decrease in professional service fees and consultancy fees.

ALLOWANCE FOR ECL/REVERSAL OF ALLOWANCE ON FINANCIAL ASSETS

Allowance for ECL on financial assets mainly included the allowance for ECL on trade receivables and the allowance for ECL on other financial assets at amortised cost. The allowance for ECL on financial assets was RMB4 million in the first half of 2025 (the first half of 2024: reversal of allowance RMB3 million).

OTHER GAINS, NET

In the first half of 2025, other gains, net was RMB12 million (the first half of 2024: RMB37 million), which mainly included the government grants of RMB8 million (the first half of 2024: RMB16 million).

FINANCE INCOME/COST, NET

In the first half of 2025, the Group incurred finance costs of RMB22 million and gained finance income of RMB23 million. Compared with the first half of 2024, finance income increased by RMB7 million, mainly due to increase in net exchange gains in the first half of 2025.

SHARE OF LOSS ON INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

In the first half of 2025, the share of loss on investments accounted for using the equity method was RMB3 million (the first half of 2024: RMB2 million). The increase in share of loss was mainly due to the fact that the consolidated share of losses of associated companies increased.

INCOME TAX EXPENSE

In the first half of 2025, the income tax expense was RMB180,000, compared to RMB1 million in the first half of 2024. The decrease in income tax expenses was primarily due to a decrease in the pre-tax profit of the beer business segment, the impact of deferred tax movements, and profit before tax from the water business segment being utilized to offset accumulated losses from prior years.

PROFIT FOR THE HALF YEAR

For the reasons mentioned above, in the first half of 2025, the profit for the half year was RMB36 million compared to the profit of RMB9 million in the first half of 2024.

OTHER FINANCIAL POSITIONS

As at 30 June 2025, inventories of the Group amounted to RMB46 million compared to RMB72 million as at 31 December 2024. The decrease was mainly due to a reduction in finished goods and raw material inventories.

As at 30 June 2025, net trade receivables of the Group amounted to RMB241 million, representing an increase compared to RMB134 million as at 31 December 2024. The increase was mainly due to supporting strategic partner distributors in expanding their business by providing certain credit limits and payment terms, with subsequent collections remaining healthy. 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 30 June 2025, the loan receivables of the Group were RMB3 million compared to RMB2 million as at 31 December 2024. The balance as at 30 June 2025 included loan to third parties with relevant license in Hong Kong.

As at 30 June 2025, prepayments (current portion) of the Group amounted to RMB179 million, representing a decrease compared to RMB188 million as at 31 December 2024. The decrease was mainly due to the decrease in prepayment for purchasing raw materials.

As at 30 June 2025, other financial assets at amortised cost, net of allowance for ECL of the Group amounted to RMB1,166 million compared to RMB1,164 million as at 31 December 2024. As at 30 June 2025, other financial assets at amortised cost mainly included the amounts due from third parties amounting to RMB1,005 million. As at 30 June 2025, allowance for ECL on other financial assets at amortised cost amounted to RMB47 million.

As at 30 June 2025, trade and notes payables of the Group amounted to RMB143 million compared to RMB131 million as at 31 December 2024. The increase was mainly due to a rise in notes payable of RMB 7 million and an increase in trade payables of RMB 5 million.

As at 30 June 2025, contract liabilities of the Group amounted to RMB21 million compared to RMB123 million as at 31 December 2024. The decrease was mainly due to the decrease in advances received from customers of the sales of water and beer products.

As at 30 June 2025, accruals and other payables of the Group amounted to RMB122 million compared to RMB217 million as at 31 December 2024. As at 30 June 2025, accruals and other payables mainly included salary payables and welfare payables amounting to RMB24 million, amounts received from a third party and borrowings from third parties amounting to RMB69 million and other payables amounting to RMB29 million.

As at 30 June 2025, the Group's bank and other borrowings included bank borrowings of RMB359 million and other borrowings of RMB72 million. Compared with 31 December 2024, bank borrowings decreased by RMB35 million, which was mainly because of the net repayment of principal of bank borrowings in the first half of 2025. Other borrowings represent the principal amount of a short-term borrowing arrangement rolled over from the balances of the convertible bonds due in 2024.

As at 30 June 2025, the liability component of the convertible bonds issued by the Company was RMB240 million, compared to nil as at 31 December 2024. 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**”). 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**”). Further details of the convertible bonds are set out in Note 13 to the consolidated financial statements of this announcement.

EMPLOYEES

As at 30 June 2025, the total number of employees of the Group was 342 compared to 360 as at 30 June 2024. Relevant staff cost of the Group was RMB34 million in the first half of 2025 (the first half of 2024: RMB33 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 30 June 2025, 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. On 14 April 2025, the Company granted share options to directors, employees and distributors of the Group to subscribe for up to a total of 407,918,800 ordinary shares at an exercise price of HKD0.31 per share of the Company under the share option scheme. Among the options granted, 203,959,400 were awarded to directors and employees of the Group. Except for those granted to independent non-executive Directors, these options are subject to performance-based vesting conditions, with two performance periods ending 30 June 2025 and 31 December 2025 respectively. Vesting is linked to both Group-level business performance and individual KPIs. Options granted to independent non-executive directors carry a 12-month vesting period without performance targets. In addition, 203,959,400 share options were granted to strategic distributors who play a critical role in expanding the Group's national sales coverage and brand visibility. The options are performance-conditioned, tied to minimum revenue thresholds to be achieved during the 12-month performance period commencing from the grant date. For further details in relation to grant of share options, please refer to the announcements of the Company dated 14 April 2025 and 15 April 2025 and the circular of the Company dated 6 June 2025. Up to 30 June 2025, the Group recognised HKD5 million (equivalent to RMB4 million) in share-based payment expenses, primarily attributable to the amortisation of the fair value of options granted. Management believes that the share option scheme remains a vital component in aligning stakeholders' long-term interests with that of the Group, and supports the retention of key personnel and partners amid increasingly competitive market conditions.

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 30 June 2025 and 31 December 2024, the gearing ratios of the Group were 21.75% and 21.59%, respectively.

MERGER AND ACQUISITION

There was no major merger and acquisition transaction in the first half of 2025.

SIGNIFICANT INVESTMENTS

In the first half of 2025, the Group acquired PP&E of RMB3 million (the first half of 2024: RMB6 million). Regarding the future development and outlook of the Group, please refer to the section headed "Outlook" in this "Management Discussion and Analysis" section.

CHARGES (OR PLEDGES)

As at 30 June 2025, (i) a bank loan of the Group with a remaining balance of RMB150 million was secured by the pledge of 35% of equity interest in Tibet Tiandi Green Beverage Development Co., Ltd., 7% of equity interest in Tibet Highland Natural Water Limited (“**Highland Natural Water**”), and mineral water mining rights of the Group in Dangxiong; (ii) a bank loan of the Group with a remaining balance of RMB95 million was secured by the pledge of 25% of equity interest in Tibet Shannan Yalaxiangbu Industrial Ltd.; (iii) a bank loan of the Group with a remaining balance of RMB40 million was secured by the Group’s factory plant with net book value of RMB33 million, land use rights with net book value of RMB1 million and a pledge of 19% of equity interest in Highland Natural Water; and (iv) a bank loan of the Group with a remaining balance of RMB34 million was secured by three production lines of the Group’s factory plant with net book value of RMB34 million.

As at 30 June 2025, the bank acceptance notes amounting to RMB110 million were guaranteed by bank deposits of RMB12 million.

CONTINGENT LIABILITIES

The Group provided financial guarantee net amounting to RMB268 million (31 December 2024: RMB230 million) to an associate as at 30 June 2025. As at 30 June 2025, the guarantee was provided for bank borrowings obtained by the associate in the net amount of RMB268 million, in which a loan of RMB49 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. In the first half of 2025, 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 the first half of 2025, the expected annual water production capacity and annual beer production capacity are approximately 300,000 tonnes and 2,000,000 hectoliters respectively, same as in the first half of 2024. The Group will assess its production capacity periodically and consider increasing production capacity to meet the demands of future development.

INTERIM DIVIDEND

The board did not recommend a payment of an interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: nil).

OUTLOOK

Looking ahead to the second half of 2025, the Group's water products are expected to continue to consolidate their positive momentum under the guidance of "sustained efforts, quality improvement and efficiency enhancement". With the consumers' growing health awareness and the sustained and encouraging rise in demand for premium products made from water sources in Tibet, the Group will continue to deepen its presence in communities and enhance home delivery services, making our premium products more accessible to consumers and improving the overall consumption experience. The Group will adhere to the marketing principle of "seeking progress amidst stability", focus on building core capabilities and improving operating efficiency, implement precise policies and go all out to create sustainable long-term value for shareholders.

EVENTS AFTER THE REPORTING PERIOD

Please refer to Note 16 to the condensed consolidated financial statements of this announcement for the events after the reporting period.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Corporate Governance Code as stated in Appendix C1 of the Listing Rules for the first half of 2025.

After the reporting period, following the appointment of Mr. CHEN Di as a non-executive Director on 15 July 2025, the Company has a total of 10 Directors, 3 of whom are independent non-executive Directors. Accordingly, the number of independent non-executive Directors has fallen below one-third of the Board as required under the Rule 3.10A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company will use reasonable endeavours to identify suitable candidate for appointment as independent non-executive Director as soon as practicable.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of 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 first half of 2025. 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.

The Audit Committee, consisting of three independent non-executive Directors, has reviewed the accounting principles and practices adopted by the Group, and has reviewed the interim results for the first half of 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

For the first half of 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

PUBLICATION OF INTERIM REPORT

The 2025 interim report of the Company will set out, including but not limited to, all information disclosed in the interim results announcement for the first half of 2025 and will be uploaded on the websites of the Company (<http://www.twr1115.net>) and the Stock Exchange (<http://www.hkexnews.hk>) in due course.

By order of the Board
Tibet Water Resources Ltd.
CHEN Di
Chairman and Non-executive Director

Hong Kong, 28 August 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, Mr. WEI Zheming and Mr. CHEN Di (Chairman) and the independent non-executive Directors are Dr. ZHANG Chunlong, Mr. LO Wai Hung and Ms. LIN Ting.