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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 2020**

**FINANCIAL HIGHLIGHTS**

	Year ended 31 December		Change %
	2020 (RMB '000)	2019 (RMB '000)	
<b>Revenue</b>	<b>492,879</b>	<b>721,455</b>	↓ 31.7%
<b>Operating profit</b>	<b>80,937</b>	<b>132,668</b>	↓ 39.0%
<b>Adjusted EBITDA*</b>	<b>161,620</b>	<b>228,363</b>	↓ 29.2%
Impairment losses on investment accounted for using the equity method	—	(873,151)	↓ 100%
<b>Profit/(loss) for the year attributable to owners of the Company</b>	<b>16,973</b>	<b>(745,118)</b>	N/A
<b>Earnings/(loss) per share</b>			
- Basic and diluted (RMB cents)	<b>0.68</b>	<b>(29.77)</b>	N/A
Gross profit margin	43.6%	56.0%	↓ 12.4% point
		<b>As at 31 December</b>	
		<b>2020</b>	<b>2019</b>
		<i>(RMB '000)</i>	<i>(RMB '000)</i>
<b>Total assets</b>		<b>4,151,511</b>	<b>4,262,406</b>
<b>Equity attributable to owners of the Company</b>		<b>2,722,108</b>	<b>2,701,943</b>

\* Adjusted EBITDA is not accounting measures under IFRS which should be read in conjunction with Note 4(b).

## FINAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Tibet Water Resources Ltd. (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020, together with comparative figures prepared under International Financial Reporting Standards (“**IFRSs**”).

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	<i>Note</i>	<b>2020</b> <i>RMB'000</i>	<b>2019</b> <i>RMB'000</i>
<b>Revenue</b>	5	<b>492,879</b>	<b>721,455</b>
Cost of sales		(277,743)	(317,140)
<b>Gross profit</b>		<b>215,136</b>	<b>404,315</b>
Selling and distribution costs		(104,842)	(112,829)
Administrative expenses		(67,776)	(92,465)
Reversal of allowance for/(allowance for) expected credit loss on financial assets		16,012	(83,164)
Other gains, net	6	22,407	16,811
<b>Operating profit</b>		<b>80,937</b>	<b>132,668</b>
Finance (cost)/income, net	7	(44,117)	9,561
Impairment losses on investments accounted for using the equity method		—	(873,151)
Share of result on investments accounted for using the equity method		(2,097)	14,319
<b>Profit/(loss) before income tax</b>		<b>34,723</b>	<b>(716,603)</b>
Income tax expense	8	(17,805)	(28,515)
<b>Profit/(loss) for the year</b>	9	<b>16,918</b>	<b>(745,118)</b>
<b>Profit/(loss) for the year attributable to:</b>			
– Owners of the Company		16,973	(745,118)
– Non-controlling interests		(55)	—
		<b>16,918</b>	<b>(745,118)</b>
Earnings/(loss) per share attributable to owners of the Company – basic and diluted (RMB cents)	10	0.68	(29.77)

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 2020

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit/(loss) for the year</b>	<u>16,918</u>	<u>(745,118)</u>
<b>Other comprehensive income/(loss):</b>		
<i>Item that will not be reclassified</i>		
<i>subsequently to profit or loss:</i>		
Exchange differences on translation from		
functional currency to presentation currency	14,191	(12,235)
Fair value loss on financial assets at fair value		
through other comprehensive income (“FVTOCI”)	<u>(10,999)</u>	<u>—</u>
<b>Other comprehensive income/(loss)</b>		
<b>for the year, net of tax</b>	<u>3,192</u>	<u>(12,235)</u>
<b>Total comprehensive income/(loss) for the year</b>	<u><u>20,110</u></u>	<u><u>(757,353)</u></u>
<b>Total comprehensive income/(loss) attributable to:</b>		
– Owners of the Company	20,165	(757,353)
– Non-controlling interests	<u>(55)</u>	<u>—</u>
<b>Total comprehensive income/(loss) for the year</b>	<u><u>20,110</u></u>	<u><u>(757,353)</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 2020

	<i>Note</i>	<b>2020</b>	<b>2019</b>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Right-of-use assets		27,942	28,521
Property, plant and equipment (“PP&E”)		469,984	521,083
Investment properties		4,445	4,679
Intangible assets		44,285	66,403
Goodwill		721,139	721,139
Investments accounted for using the equity method		650,697	698,283
Deferred tax assets		4,277	9,511
Prepayments		6,067	6,518
Financial assets at fair value through other comprehensive income (“FVTOCI”)		174,482	231,881
Financial assets at fair value through profit or loss (“FVTPL”)		11,517	16,517
<b>Total non-current assets</b>		<b>2,114,835</b>	<b>2,304,535</b>
<b>Current assets</b>			
Trade receivables	12	283,274	258,991
Prepayments		79,678	115,428
Tax recoverable		627	2,860
Other financial asset at amortised cost		1,367,268	831,736
Inventories		60,266	52,716
Financial assets at fair value through profit or loss (“FVTPL”)		180,811	180,630
Cash and cash equivalents		64,752	515,510
<b>Total current assets</b>		<b>2,036,676</b>	<b>1,957,871</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2020

	<i>Note</i>	<b>2020</b> <i>RMB'000</i>	<b>2019</b> <i>RMB'000</i>
<b>Current liabilities</b>			
Trade and notes payables	13	324,150	323,881
Deferred revenue		2,374	2,373
Contract liabilities		16,854	29,409
Tax payable		28,588	34,355
Accruals and other payables		407,777	410,137
Bank borrowings		500,000	576,000
Lease liabilities		147	—
<b>Total current liabilities</b>		<b>1,279,890</b>	<b>1,376,155</b>
<b>Net current assets</b>		<b>756,786</b>	<b>581,716</b>
<b>Total assets less current liabilities</b>		<b>2,871,621</b>	<b>2,886,251</b>
<b>Non-current liabilities</b>			
Bank borrowings		110,000	140,000
Other payables		16,000	16,000
Deferred revenue		16,142	18,517
Deferred tax liabilities		7,371	9,695
<b>Total non-current liabilities</b>		<b>149,513</b>	<b>184,212</b>
<b>Net assets</b>		<b>2,722,108</b>	<b>2,702,039</b>
<b>Capital and reserves</b>			
Share capital		21,363	21,363
Reserves		2,700,745	2,680,580
<b>Total equity attributable to owners of the Company</b>		<b>2,722,108</b>	<b>2,701,943</b>
Non-controlling interests		—	96
<b>Total equity</b>		<b>2,722,108</b>	<b>2,702,039</b>

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 2020

## 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") and provision of lending services to third parties in the Hong Kong Special Administrative Region of the PRC ("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 Reminbi ("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 NEW AND AMENDMENTS TO IFRSs

### New and amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standard Board (the "IASB") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to IFRS 16 Covid-19-Related Rent Concessions.

The application of the new and amendments to IFRSs and the Amendments to References to the Conceptual Framework in IFRSs 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 NEW AND AMENDMENTS TO IFRSs (CONTINUED)

### New and amendments to IFRSs in issue 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:

IFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendment to IFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>4</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021.

The Directors anticipate that the application of all the new and 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

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (“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 of Hong Kong Limited (“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 FVTPL and the financial assets at 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.

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

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.

### **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 packaged water products through wholesales in the PRC, selling raw materials and consumables to associates and third parties, leasing production lines and a plant 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 2020 is as follows:

	<b>Water business segment</b>	<b>Beer business segment</b>	<b>Corporate and others</b>	<b>Inter- segment elimination</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Total segment revenue</b>	<b>180,065</b>	<b>311,503</b>	<b>1,311</b>	—	<b>492,879</b>
Cost of sales	(94,878)	(182,865)	—	—	(277,743)
<b>Gross profit</b>	<b>85,187</b>	<b>128,638</b>	<b>1,311</b>	—	<b>215,136</b>
Share of result on investments accounted for using the equity method	(247)	—	(1,850)	—	(2,097)
Reversal of allowance for/ (allowance for) expected credit losses on financial assets	16,876	(845)	(19)	—	16,012
<b>Adjusted EBITDA*</b>	<b>40,115</b>	<b>143,542</b>	<b>(22,037)</b>	—	<b>161,620</b>
Finance income	1,261	—	—	—	1,261
Finance costs	(12,508)	(10,659)	(22,211)	—	(45,378)
Depreciation and amortisation	(28,206)	(54,300)	(274)	—	(82,780)
Profit/(loss) before tax	662	78,583	(44,522)	—	34,723
Income tax (expenses)/credit	(10,975)	(6,894)	64	—	(17,805)
<b>Profit/(loss) for the year</b>	<b>(10,313)</b>	<b>71,689</b>	<b>(44,458)</b>	—	<b>16,918</b>

#### 4. SEGMENT INFORMATION (CONTINUED)

##### (b) Segment information disclosures (continued)

	<b>Water business segment</b>	<b>Beer business segment</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Segment total assets</b>	<b>3,519,945</b>	<b>2,415,281</b>	<b>5,935,226</b>
– Investments accounted for using the equity method	<b>635,512</b>	—	<b>635,512</b>
<b>Unallocated</b>			
Financial assets at FVTPL			192,328
Financial assets at FVTOCI			174,482
Deferred tax assets			4,277
Assets of corporate and others			16,816
Inter-segment elimination			<u>(2,171,618)</u>
<b>Total assets</b>			<u><b>4,151,511</b></u>
<b>Segment total liabilities</b>	<b>1,232,434</b>	<b>495,614</b>	<b>1,728,048</b>
<b>Unallocated</b>			
Deferred tax liabilities			7,371
Liabilities of corporate and others			329,037
Inter-segment elimination			<u>(635,053)</u>
<b>Total liabilities</b>			<u><b>1,429,403</b></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 2019 is as follows:

	<b>Water business segment</b>	<b>Beer business segment</b>	<b>Corporate and others</b>	<b>Inter- segment elimination</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Total segment revenue</b>	<b>408,698</b>	<b>311,855</b>	<b>2,255</b>	<b>(1,353)</b>	<b>721,455</b>
Cost of sales	(151,064)	(167,429)	—	1,353	(317,140)
<b>Gross profit</b>	<b>257,634</b>	<b>144,426</b>	<b>2,255</b>	<b>—</b>	<b>404,315</b>
Share of result on investments accounted for using the equity method	17,284	—	(2,965)	—	14,319
Allowance for expected credit loss on financial assets	(78,718)	(4,446)	—	—	(83,164)
<b>Adjusted EBITDA*</b>	<b>86,221</b>	<b>169,099</b>	<b>(26,957)</b>	<b>—</b>	<b>228,363</b>
Impairment losses on investments accounted for using the equity method	(873,151)	—	—	—	(873,151)
Finance income	36,490	27,326	3	—	63,819
Finance costs	(17,730)	(9,096)	(27,432)	—	(54,258)
Depreciation and amortisation	(26,244)	(54,202)	(930)	—	(81,376)
(Loss)/profit before tax	(794,414)	133,127	(55,316)	—	(716,603)
Income tax expenses	(6,749)	(21,572)	(194)	—	(28,515)
<b>(Loss)/profit for the year</b>	<b>(801,163)</b>	<b>111,555</b>	<b>(55,510)</b>	<b>—</b>	<b>(745,118)</b>

\* 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 method; (ii) finance (cost)/income, net; (iii) depreciation and amortisation; and (iv) income tax expenses.

Adjusted EBITDA is not accounting measures 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)

	<b>Water business segment RMB'000</b>	<b>Beer business segment RMB'000</b>	<b>Total RMB'000</b>
<b>Segment total assets</b>	2,650,909	2,375,042	5,025,951
– Investments accounted for using the equity method	698,283	—	698,283
<b>Unallocated</b>			
Financial assets at FVTPL			197,147
Financial assets at FVTOCI			231,881
Deferred tax assets			9,511
Assets of corporate and others			26,359
Inter-segment elimination			<u>(1,228,443)</u>
<b>Total assets</b>			<u><u>4,262,406</u></u>
<b>Segment total liabilities</b>	1,525,605	526,668	2,052,273
<b>Unallocated</b>			
Deferred tax liabilities			9,695
Liabilities of corporate and others			315,241
Inter-segment elimination			<u>(816,842)</u>
<b>Total liabilities</b>			<u><u>1,560,367</u></u>

##### *Entity-Wide information*

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

Non-current assets other than financial instruments and deferred tax assets are all located in the PRC as at 31 December 2020 and 2019.

Revenue from external customers of the Group were derived in the PRC for the years ended 31 December 2020 and 2019.

#### 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	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	142,276	N/A*
Customer B	83,611	N/A*

During the year ended 31 December 2020, sales of approximately RMB17,819,000 (2019: RMB59,124,000) are derived from associates in the water business segment.

\* The corresponding revenue did not contribute over 10% of the revenue of the Group for the respective year.

#### 5. REVENUE

Revenue from external customers are mainly derived from the sales of packaged 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 a plant to associates. Breakdown of the revenue is as follows:

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers:		
<i>Recognised at a point in time</i>		
Sales of water products	172,666	353,185
Sales of beer products	310,206	310,502
Sales of raw materials and consumables	1,248	49,293
	<u>484,120</u>	<u>712,980</u>
Revenue from other source:		
Rental income	7,448	6,220
Interest income from lending services provided	1,311	2,255
	<u>8,759</u>	<u>8,475</u>
Total	<u>492,879</u>	<u>721,455</u>

## 6. OTHER GAINS, NET

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Other gains/(losses)</b>		
Government grants		
– Tax refund (Note (a))	1,800	24,320
– Amortisation of deferred income	2,374	2,425
– Other government grant	4,798	—
Gain on disposal of financial assets at FVTPL (Note (b))	12,482	10,198
Fair value changes on financial assets at FVTPL (Note (b))	811	630
Loss on maturing financial assets at FVTPL (Note (c))	—	(4,319)
Write-down of inventories (Note (d))	(94)	(17,885)
Others	236	1,442
	<u>22,407</u>	<u>16,811</u>

(a) The Group is eligible to receive subsidy income from the local government in relation to the domestic subsidiaries' fiscal contribution to the local economic development as a major tax payer and employer in Tibet. Accordingly, tax refund amounting to RMB1,800,000 was recognised for the year ended 31 December 2020 (2019: RMB24,320,000).

(b) The Group purchased financial products issued by a financial institution in the PRC. These financial products will mature within one year with variable return rates indexed to the performance of the underlying assets. During the year, the Group disposed these investments amounting to RMB180,630,000 (2019: RMB510,000,000), which resulted in a gain amounting to RMB11,866,000 (2019: RMB10,198,000).

As at 31 December 2020, the Group held structured financial products amounting to RMB180,000,000 (2019: RMB180,000,000), which was measured at FVTPL. The unrealised fair value gains of RMB811,000 (2019: RMB630,000) were recognised for the year.

(c) As at 31 December 2019, the derivative financial products related to share option recorded as FVTPL was matured and the Group has not exercised the equity option, amounting to RMB4,319,000 which was recorded as loss on maturing financial assets at FVTPL.

(d) This relates to inventory for a specific customer who is in financial difficulties, thus the cost of the inventory is assessed to be impaired during the year ended 31 December 2019.

## 7. FINANCE (COST)/INCOME, NET

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Foreign exchange (loss)/gain, net	(256)	86
Interest costs on bank borrowings	(26,454)	(30,540)
Interest costs on convertible bond	—	(17,846)
Interest costs on borrowings from third parties	(21,924)	(9,647)
Interest costs on lease liabilities	(8)	—
Other finance costs	(86)	(381)
	<u>(48,728)</u>	<u>(58,328)</u>
Amount capitalised	<u>3,350</u>	<u>4,070</u>
<b>Finance costs</b>	<b>(45,378)</b>	<b>(54,258)</b>
Finance income – interest income	<u>1,261</u>	<u>63,819</u>
<b>Finance (cost)/income, net</b>	<b><u>(44,117)</u></b>	<b><u>9,561</u></b>

## 8. INCOME TAX EXPENSE

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

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
PRC Enterprise Income Tax:		
– Current tax	10,394	40,748
– Under-provision in prior year	<u>4,501</u>	<u>—</u>
	<u>14,895</u>	<u>40,748</u>
Deferred tax	<u>2,910</u>	<u>(12,233)</u>
Income tax expense	<b><u>17,805</u></b>	<b><u>28,515</u></b>

## 9. PROFIT/(LOSS) FOR THE YEAR

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

	<b>Year ended 31 December</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	<i>RMB'000</i>
Auditor's remuneration		
– Audit services	<b>1,779</b>	7,136
– Non-audit services	—	—
Raw materials and consumables used	<b>174,482</b>	221,779
Amortisation of intangible assets	<b>22,118</b>	22,118
Depreciation of PP&E	<b>59,560</b>	58,359
Depreciation of investment properties	<b>234</b>	175
Depreciation of right of use assets	<b>868</b>	724
Short-term lease expenses	<b>2,783</b>	1,641
Employee benefit expenses	<b>62,184</b>	83,059
Advertising and marketing expenditure	<b>20,740</b>	36,017
City construction tax and education surcharge	<b>6,951</b>	11,758
Electricity and other utility expenses	<b>7,732</b>	12,193
Legal and other consulting services fee	<b>7,266</b>	7,239
Exploration rights expenses	—	500
Transportation costs	<b>61,855</b>	57,048
Gross rental income from investment properties	<b>(4,705)</b>	(5,924)
Less: direct operating expenses incurred for investment properties that generated rental income during year	<b>3,946</b>	5,173
(Reversal of allowance for)/allowance for expected credit loss on financial asset:		
– Trade receivables	<b>(18,514)</b>	77,749
– Other financial assets at amortised cost	<b>2,502</b>	5,415
Write-down of inventories	<b>94</b>	17,885



## 10. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

As at 31 December 2020 and 2019, basic earnings/(loss) per share is based on the following data:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit/(loss) attributable to owners of the Company	<u>16,973</u>	<u>(745,118)</u>

	Year ended 31 December	
	2020	2019
Weighted average number of ordinary shares in issue (thousands)	<u>2,503,267</u>	<u>2,503,267</u>

### (b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share for both 2020 and 2019 were presented as there were no potential ordinary share in issue as at 31 December 2020 and 2019.

## 11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

## 12. TRADE RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables due from third parties	342,509	312,652
Loan receivables due from a third party	—	24,088
	<u>342,509</u>	<u>336,740</u>
Less: allowance for expected credit losses	<u>(59,235)</u>	<u>(77,749)</u>
	<u>283,274</u>	<u>258,991</u>

As at 1 January 2019, trade receivables from contracts with customers amounted to RMB268,564,000.

As at 31 December 2020 and 2019, the Group's trade receivables due from third parties were all denominated in RMB and the Group's loan receivables due from a third party were all denominated in 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	
	2020	2019
	RMB'000	RMB'000
Within 6 months	55,243	161,775
Over 6 months but within 1 year	65,205	75,426
Over 1 year but within 2 years	145,205	67,027
Over 2 years	76,856	32,512
	<u>342,509</u>	<u>336,740</u>

### 13. TRADE AND NOTES PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables	82,360	64,202
Notes payables	241,790	259,679
	<u>324,150</u>	<u>323,881</u>

As at 31 December 2020 and 2019, the aging analysis of trade payables based on invoice dates is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 3 months	38,808	34,180
Over 3 months but within 6 months	1,671	13,147
Over 6 months but within 1 year	19,689	9,528
Over 1 year but within 2 years	14,885	3,136
Over 2 years	7,307	4,211
	<u>82,360</u>	<u>64,202</u>

As at 31 December 2020 and 2019, the Group's trade payables were all denominated in RMB and were not interest bearing.

Trade payables are unsecured and the credit period is usually within 90 days.

### 14. EVENTS AFTER THE REPORTING PERIOD

- (i) The issue of 5% convertible bonds in the aggregate principal amount of HKD379,620,000 due 2024 (“**Bonds**”)

Pursuant to the subscription agreements entered into between the Company and certain investors dated 2 February 2021 (as amended by the supplemental agreements dated 23 February 2021), 5% convertible bonds in the aggregate principal amount of HK\$379,620,000 due 2024 were issued by the Company to the investors in March 2021 at a total cash consideration of HK\$379,620,000. The initial conversion price of the Bonds is HK\$0.74. For details, please refer to the Company's announcements dated 2 February 2021, 23 February 2021 and 29 March 2021.

- (ii) Further acquisition of 31% equity interests in Tibet Shannan Yalaxiangbu Industrial Ltd. (“**Shannan Yalaxiangbu**”)

At the end of the reporting period, the Group held 9% equity interests in Shannan Yalaxiangbu which were classified as financial assets at FVTOCI. On 30 March 2021, Tibet Glacier Mineral Water Co., Ltd. (“**Purchaser**”), a company established in the PRC and an indirect wholly-owned subsidiary of the Company, and Tibet Fudi Natural Beverage Ltd. (“**Vendor**”), a company established in the PRC and holding 40% equity interests in Shannan Yalaxiangbu, entered into an equity transfer agreement, pursuant to which the Vendor conditionally agreed to sell to the Purchaser and the Purchaser conditionally agreed to acquire from the Vendor 31% equity interests in Shannan Yalaxiangbu, for a total consideration of RMB465,000,000. For details, please refer to the Company's announcement dated 30 March 2021.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

In 2020, we continued our endeavors in the development of the water industry in Tibet and supplying premium products and high-quality services to our customers.

In 2020, the overall economic environment in PRC has been severely adversely affected by the COVID-19 (Coronavirus) pandemic. As a result, the Group's business, especially the water business, has suffered some significant negative impact from the pandemic related lockdown in PRC. Even with such unusual challenges, in the second half of 2020, the Group quickly resumed production and sales, leveraging the Group's existing advantages in resource, channels, and logistics network to pursue a long-term expansion.

In 2020, our packaged water products have been sold in PRC and Hong Kong SAR. The Group's key sales channels, including movie theaters, hotels, airlines and large corporate customers, were adversely affected by the pandemic related lockdown; E-commerce platforms and household consumers through JD.com and Tmall remained relatively stable, and brought positive cash inflows.

Our beer products are mainly sold in Tibet through supermarkets, convenience stores, restaurants and entertainment outlets. In 2020, revenue of our beer products sold within Tibet was 97.3% (outside Tibet was 2.7%). In the past two years, we have continuously launched new premium beer products with different flavors and packages, such as 6° Highland Barley Beer, Highland Barley Puree Beer, etc., to meet the changing tastes of the consumers. Despite the pessimistic sentiment of the overall economic environment, our beer business still remained strong and maintained a stable significant market share in Tibet in 2020.

With the recent improvement of COVID-19 pandemic situation including mass vaccination programs in PRC, we remain hopeful that our overall water and beer business will recover and improve to a normalized level in 2021 and onward.

### **Financial review**

#### **Revenue Analysis**

In 2020, due to the reasons mentioned in the "Business Review" section above, the total revenue of the Group amounted to RMB493 million, representing a decrease of approximately RMB228 million or 31.7% in comparison with 2019.

The revenue generated from our water business segment was RMB180 million, representing a decrease of 55.9% in comparison with 2019. It is mainly due to the decrease in sale volume of water and the Group's response to market changes and reduced prices to major distributors in light of COVID-19 pandemic impact.

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

	<b>2020</b>	2019	% change
Volume (hectoliter)	<u><b>447,370</b></u>	<u>442,090</u>	↑ 1.2%
Revenue (RMB'000)	<u><b>311,503</b></u>	<u>310,502</u>	↑ 0.3%
Adjusted EBITDA (RMB'000)	<u><b>143,542</b></u>	<u>169,099</u>	↓ 15.1%

In 2020, the overall gross profit margin of the Group was 43.6%, which decreased by 12.4 percentage points when compared to 2019. The gross profit margin of the water business segment was 47.3%, which decreased by 15.8 percentage points when compared to 2019. The gross profit margin of the beer business segment decreased by 5.2 percentage points to 41.3% in 2020.

### **Selling and Distribution Costs and Administrative Expenses**

In 2020, the selling and distribution costs decreased by 7.1% to RMB105 million from RMB113 million in 2019, mainly due to the decrease in transportation costs and promotion fees. The administrative expenses decreased by approximately 26.7% from RMB92 million in 2019 to RMB68 million in 2020, mainly due to the decrease in staff expenses and traveling expenses when comparing with 2019.

### **Other Gains, Net**

Other gains, net increased from net gains of RMB17 million in 2019 to approximately RMB22 million in 2020, which was attributable to (a) the decrease in loss maturing FVTPL of RMB4 million; (b) the decrease in impairment loss of inventory of RMB18 million; and (c) the increase of RMB2 million in gain on disposal of FVTPL, offset by the decrease of approximately RMB18 million in government grants.

### **Share of Result on Investments Accounted for Using the Equity Method**

The share of result on investments accounted for using the equity method was mainly the share of net profit of Highland Natural Water whose ultimate controlling shareholder is China Petroleum & Chemical Co., Ltd. ("Sinopec"). The sales volume of Highland Natural Water in 2020 was 119,088 tonnes, and its revenue was RMB301 million which represent a decrease of 38.6% and 33.4% from 2019, respectively. These decreases were mainly due to COVID-19 pandemic impact in the first half of 2020. Starting from June 2020, the production and sales of Highland Natural Water have progressively returned to the normal level.

As a result, the Group's 43.981% equity interests in Highland Natural Water generated share of Highland Natural Water's net loss of RMB5 million (Share of Highland Natural Water's net profit in 2019: RMB16 million).

### **Finance Costs/Income, Net**

In 2020, the Group incurred finance costs of RMB45 million and gained finance income of RMB1 million. Finance costs decreased by RMB9 million compared with 2019 mainly due to (i) the decrease of RMB4 million in interest costs on borrowings from banks; and (ii) the decrease of approximately RMB18 million in interest costs on the convertible bonds issued by the Company, which were offset by (iii) the increase of RMB12 million in interest costs on borrowings from third parties. Finance income decreased by RMB63 million mainly due to reduced and waived interest income from interest-bearing loans to third parties as a result of the pandemic impact.

### **Income Tax Expense**

In 2020, the income tax expense was RMB18 million which decreased by RMB11 million when compared to RMB29 million in 2019. It was mainly due to the decrease in profit before income tax of certain group entities.

### **Profit/Loss for the Year**

In 2020, the profit for the year was RMB17 million, as compared to loss for the year of RMB745 million in 2019. The increase in profit for the year mainly due to (i) the recognition of one-off impairment loss on investment accounted for using the equity method of RMB873 million in 2019, whereas no such related loss was recognised in 2020; (ii) the decrease in expected credit losses on financial asset of RMB99 million; (iii) the decrease in selling and distribution costs and administrative expenses of RMB32 million in total; (iv) the decrease in income tax expenses of approximately RMB11 million; and (v) the increase in other net gains of RMB6 million; offset by (a) the decrease in the Group's gross profit of RMB189 million due to the decline in revenue; (b) the increase in net finance costs of RMB54 million; and (c) the decrease in share of result on investments accounted for using the equity method of RMB16 million.

## Other Financial Positions

As at 31 December 2020, prepayments of the Group amounted to RMB86 million compared to RMB122 million as at 31 December 2019. The decrease was due to the decrease of RMB36 million in prepayment for purchasing raw materials, services and equipment.

As at 31 December 2020, FVTOCI of the Group amounted to RMB174 million, compared to RMB232 million as at 31 December 2019. The decrease was mainly due to the disposal of RMB58 million invested in China Railway Express Co., Ltd. in 2020.

As at 31 December 2020, FVTPL (non-current) of the Group amounted to RMB12 million, compared to RMB17 million as at 31 December 2019. The decrease was mainly due to the disposal of RMB5 million invested in Shanghai Maikaite Network Technology Co., Ltd. in 2020.

As at 31 December 2020, other financial assets at amortised cost, net of allowance for expected credit losses of the Group amounted to approximately RMB1,367 million compared to RMB832 million as at 31 December 2019. As at 31 December 2020, other financial assets at amortised cost mainly included the amounts due from third parties amounting to RMB1,263 million, amounts due from associates amounting to approximately RMB35 million, and other receivables amounting to RMB74 million. As at 31 December 2020, as mentioned above, the Group continued to be committed to the development of Tibet's water industry and allocated resources to the long term strategic positioning in Tibet's water industry. As at 31 December 2020, allowance for expected credit losses on other financial assets at amortised cost amounted to RMB5 million (31 December 2019: RMB2 million). Management expects to collect a significant portion of the balances due from third parties in the second quarter of 2021.

As at 31 December 2020, inventories of the Group amounted to RMB60 million compared to RMB53 million as at 31 December 2019. The increase was mainly attributable to an increase in raw materials inventories.

As at 31 December 2020, contract liabilities of the Group amounted to RMB17 million compared to RMB29 million as at 31 December 2019. The decrease was mainly due to the decrease in advances received from customers of the sales of water and beer products of RMB13 million.

As at 31 December 2020, the bank borrowings of the Group decreased by RMB106 million, which was mainly because the repayment of principal of bank borrowings amounting to RMB531 million in 2020 was offset by the proceeds from bank borrowings amounting to RMB425 million in 2020.

As at 31 December 2020, cash and cash equivalents of the Group decreased by RMB451 million from RMB516 million as at 31 December 2019 to RMB65 million as at 31 December 2020, which was mainly attributable to the increase in amounts due from third parties and the decrease in bank loans.

## **Employees**

As at 31 December 2020, the total number of employees of the Group was 395 compared to 417 as at 31 December 2019. The decrease in the number of employees was mainly due to the fact that in 2020, the Group's production of preforms and bottle caps has been transferred from the Company's PRC subsidiary to the Group's associate, Fudi Packaging, and the corresponding production and management staff were also transferred to Fudi Packaging. Relevant staff cost of the Group was RMB62 million in 2020 (2019: RMB83 million). The decrease was also due to reduced and exempted corporate social welfare contributions for a certain period of time according to PRC government pandemic relief.

The Group adopted a share award scheme in 2017. Up to 31 December 2020, no share has been granted by the Group to any parties under the share award scheme.

## **Gearing Ratio**

The gearing ratio is calculated as borrowings (including bank borrowings and borrowings from third parties) divided by total capital. The total capital is calculated as "equity" as shown in the condensed consolidated balance sheet plus borrowings (including bank borrowings and borrowings from third parties). As at 31 December 2020 and 31 December 2019, the gearing ratios of the Group were 25.06% and 27.14%, respectively.

## **Merger and Acquisition**

There was no merger and acquisition transaction in 2020. For acquisition after the reporting period, please refer to Note 14 on page 18 of this announcement and details in the Company's announcement on 30 March 2021 regarding a further acquisition of 31% equity interests in Shannan Yalaxiangbu.

## **Significant Investments**

In 2020, the Group acquired PP&E of RMB9 million (2019: RMB5 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 2020, the Group has committed to purchasing PP&E of approximately RMB37 million (31 December 2019: RMB37 million), and equity investment of RMB16 million (31 December 2019: RMB197 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 2020, (i) a bank loan with the principal amount of RMB290 million (31 December 2019: RMB290 million) of the Group was secured by the pledge of 35% of Tiandi Green's equity interests; (ii) a bank loan with principal amount of RMB100 million (31 December 2019: RMB100 million) of the Group was secured by the Group's factory plant with net book value of RMB62 million (31 December 2019: RMB66 million) and land use rights with net book value of RMB27 million (31 December 2019: RMB27 million); (iii) a bank loan with the principal amount of RMB100 million (31 December 2019: RMB100 million) of the Group was secured by the pledge of 15% of Highland Natural Water's equity interests; (iv) a bank loan with the principal amount of RMB65 million (31 December 2019: RMB66 million) of the Group was secured by the Group's factory plant with net book value of RMB28 million (31 December 2019: RMB29 million) and land use rights with net book value of RMB1 million (31 December 2019: RMB1 million); (v) a bank loan with the principal amount of RMB60 million (31 December 2019: RMB60 million) of the Group was secured by the pledge of 15% of Highland Natural Water's equity interests; (vi) a bank loan with the principal amount of RMB50 million (31 December 2019: RMB50 million) of the Group was secured by the Group's machinery with net book value of RMB55 million (31 December 2019: nil); and (vii) a bank loan with the principal amount of RMB150 million (31 December 2019: nil) was secured by land use rights of a subsidiary of the Group (31 December 2019: nil).

The bank acceptance notes amounting to RMB242 million (31 December 2019: RMB260 million) were guaranteed by bank deposits of RMB48 million (31 December 2019: RMB60 million).

## **Contingent Liabilities**

The Group provided financial guarantee amounting to RMB170 million to associates as at 31 December 2020 (31 December 2019: RMB200 million). The guarantee was provided for bank borrowings obtained by the associates with the remaining amounts of RMB170 million as at 31 December 2020 (31 December 2019: RMB200 million). The period of the guarantee for RMB120 million is from 3 June 2020 to 2 June 2021. The period of the remaining guarantee amounting to RMB50 million is from 26 March 2020 to 25 March 2021.



## 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 2020, management of the Group did not consider it necessary to enter into any hedging transactions in order 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 2020, the annual water production capacity and annual beer production capacity are expected to be approximately 300,000 tonnes and 2,000,000 hectoliter respectively, same as in 2019. 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 the Global Offering

The shares of the Company were listed on the Main Board of the Stock Exchange on 30 June 2011 with net proceeds from the global offering of approximately HKD1,472 million (including proceeds from the exercise of over-allotment option and after deducting underwriting commissions and related expenses). On 10 April 2013, the Company resolved to change the usage of the net proceeds from the global offering. Please refer to the Company's announcement dated 10 April 2013 for details. The revised usage of the net proceeds has been allocated in the following manner:

	Revised usage of net proceeds <i>HKD'</i> <i>Million</i>	As at 31 December 2019 Utilized net proceeds <i>HKD'</i> <i>Million</i>	In 2020 Utilized net proceeds <i>HKD'</i> <i>Million</i>	As at 31 December 2020 Utilized net proceeds <i>HKD'</i> <i>Million</i>	As at 31 December 2020 Unutilized net proceeds <i>HKD'</i> <i>Million</i>
Expand our production capacity by constructing additional facilities and purchasing additional production equipment	133	133	—	133	—
Expand our distribution network and toward promotional activities	206	34	12	46	160
Mergers and acquisitions that complement our existing business	1,092	1,092	—	1,092	—
Working capital and other general corporate purpose	41	41	—	41	—
	<u>1,472</u>	<u>1,300</u>	<u>12</u>	<u>1,312</u>	<u>160</u>

As at 31 December 2020, the Group has utilized net proceeds amounting to HKD133 million, HKD46 million, HKD1,092 million and HKD41 million (i) for expanding our production capacity, (ii) for expanding our distribution network and toward promotional activities, (iii) for mergers and acquisitions that complement our existing business, and (iv) as working capital and for other general corporate purposes, respectively. The remaining net proceeds were deposited in reputable financial institutions and are intended to be applied towards expanding distribution network and towards promotional activities in the coming financial years. The net proceeds were applied and are to be applied according to the intentions disclosed in the Company's announcement dated 10 April 2013.

### **Final Dividend**

No dividend has been declared by the Company in respect of 2020 (2019: nil).

### **Outlook**

The Group will continue to make full use of its existing advantages in resources, marketing channels and logistics network to strengthen and solidify its strategic position in Tibet's water industry.

The Group will continue investing in significant resources, strengthen its strategic cooperation with Sinopec and PetroChina Company Limited, fully utilize the water resources and production bases advantages of Highland Natural Water and Shannan Yalaxiangbu. and promote additional new strategic cooperation to make the high-quality water from Tibet available to numerous households.

The Group will continue to maintain and develop the advantages of the 5100 Glacial Mineral Water as a premium brand, combine with the resources of the existing key target channels including cinemas, hotels, airlines, e-commerce, office and family users, with marketing and promotional campaigns to continuously improve the brand image and influence.

The Group will intensify its cooperation with various key platforms, including JD.com and Tmall, in respect of sales and logistics to boost the development of the Group's products in the e-commerce sales channels. Coupled with its service system in the nationwide gas stations channels, the Group will build its service networks which cover more consumers and retail ends to diversify its sales models and make its products available to more customers.

### **Events after the reporting period**

Please refer to Note 14 on page 18 of this announcement.

## **AUDIT COMMITTEE**

The audit committee of the Company currently consists of three independent non-executive Directors, namely, Mr. TANG Zeping (Chairman of the audit committee), Mr. HUNG Ka Hai Clement and Mr. DAI Yang. 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 2020.

## **EXTERNAL AUDITOR**

PricewaterhouseCoopers (“**PwC**”) has resigned as the auditor of the Company after serving for 9 years with effect from 21 December 2020. HLB Hodgson Impey Cheng Limited (“**HLB**”) has been appointed as the new auditor of the Company with effect from 21 December 2020 to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company (“**AGM**”). The consolidated financial statements for the year ended 31 December 2020 were audited by HLB, who will retire at the conclusion of the forthcoming 2021 AGM 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 the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Group's auditor, HLB, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2020. 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 CODE**

Save for the deviation from code provision A.5.5 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) as disclosed at page 20 of the interim report of the Company for the six months ended 30 June 2020, no incident of non-compliance with the code provisions of the Corporate Governance Code throughout the year ended 31 December 2020 has been noted by the Company.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the requirements set out in the Model Code for the year ended 31 December 2020.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

## **DISCLOSURE OF INFORMATION ON WEBSITES**

This announcement is being published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the Company's website at [www.twr1115.net](http://www.twr1115.net). The annual report 2020 of the Company will be despatched to the shareholders and will be published on the abovementioned websites in due course.

## **ACKNOWLEDGEMENT**

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

By order of the Board  
**Tibet Water Resources Ltd.**  
**Kevin Cheng WEI**  
*Chairman and Non-executive Director*

Hong Kong, 31 March 2021

*As of the date of this announcement, the executive Directors are Mr. YUE Zhiqiang and Mr. YAN Qingjiang, the non-executive Directors are Ms. JIANG Xiaohong and Mr. Kevin Cheng WEI (Chairman), and the independent non-executive Directors are Mr. HUNG Ka Hai Clement, Mr. TANG Zeping and Mr. DAI Yang.*