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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)**

**SUPPLEMENTAL ANNOUNCEMENT**  
**DISCLOSEABLE TRANSACTION**  
**FURTHER ACQUISITION**  
**OF 31% EQUITY INTERESTS IN**  
**TIBET SHANNAN YALAXIANGBU INDUSTRIAL LTD.\***

Reference is made to the announcement of Tibet Water Resources Ltd. (the “**Company**”) dated 30 March 2021 in relation to the discloseable transaction in respect of the further acquisition of 31% equity interests in Tibet Shannan Yalaxiangbu Industrial Ltd.\* (西藏山南雅拉香布實業有限公司) from Tibet Fudi Natural Beverage Ltd.\* (西藏福地天然飲品有限責任公司) by Tibet Glacier Mineral Water Co., Ltd.\* (西藏冰川礦泉水有限公司) (the “**Announcement**”). Unless otherwise stated, terms defined in the Announcement shall have the same meanings when used herein.

The Board would like to provide the following additional information regarding the factors taken into account in the determination of the Consideration as set out in the section headed “Consideration of the Further Acquisition” of the Announcement.

*Total Consideration for the Prior Acquisition*

The total consideration paid by the Group for the Prior Acquisition for 9% equity interests in Shannan Yalaxiangbu Company in December 2018 was RMB178,200,000, representing an agreed value of RMB1,980,000,000 for 100% equity interests in Shannan Yalaxiangbu Company at that time. The Consideration for the Further Acquisition for 31% of the equity interests in Shannan Yalaxiangbu Company represents around 24% discount to the agreed value for the Prior Acquisition, as the Company took a more prudent approach in view of the current business environment.

Shannan Yalaxiangbu Company is a fairly sizeable company with a planned annual production capacity of one million tonnes of natural drinking water and production facilities covering an area of over 150,000 square meters. It has committed a significant investment in the construction phase of the project. The unaudited net assets and non-current assets of Shannan Yalaxiangbu Company amounting to approximately RMB83 million and RMB402.3 million respectively as of 31 December 2020 are as follows :-

- (i) current assets of approximately RMB23.8 million;
- (ii) non-current assets of approximately RMB402.3 million, mainly including net fixed assets of approximately RMB69.4 million and construction in progress of approximately RMB319.4 million;
- (iii) liabilities of approximately RMB342.7 million;
- (iv) paid-in capital of approximately RMB80 million;
- (v) capital reserve of approximately RMB51.5 million; and
- (vi) accumulated losses of approximately RMB48 million.

The substantial assets of Shannan Yalaxiangbu Company as reflected by the figures above, together with the strong support by the major shareholders of Shannan Yalaxiangbu Company, namely PetroChina (a company incorporated in the PRC whose H shares and A shares are listed on the Stock Exchange and the Shanghai Stock Exchange respectively) and the Company, are also reflected in the ability of Shannan Yalaxiangbu Company to secure external borrowings (item (iii) above) for the natural drinking water construction project.

*Marketing Channels and Sales Prospect of Packaged Drinking Water Products at “uSmile 崑崙好客” Convenience Stores in over 20,000 Gas Stations of PetroChina*

Since PetroChina became the controlling shareholder of Shannan Yalaxiangbu Company holding 51% equity interests in Shannan Yalaxiangbu Company in August 2019 and notwithstanding the negative impact of the COVID-19 (Coronavirus) pandemic, Shannan Yalaxiangbu Company’s sales managed to increase by 3.5 times from approximately RMB14 million in 2019 to approximately RMB63 million in 2020, as the majority of the “Gesang Spring 格桑泉” products produced by Shannan Yalaxiangbu Company were sold through “uSmile 崑崙好客” convenience stores in over 20,000 PetroChina’s gas stations, which are one of the most cost-effective sales channels for bottled water in the PRC. Based on the Group’s prior experience in the investment in Highland Natural Water in which the Group holds 43.981% equity interests and Sinopec holds 51% equity interests, the revenue and earnings of Highland Natural Water were ramped up significantly during the first three to five years after the “Easy Joy • Zhuoma Spring 易捷 • 卓瑪泉” products produced by Highland Natural Water were sold through Sinopec’s mass network of over 30,000 convenience stores in gas stations. As Shannan Yalaxiangbu Company shared similar

business synergies with Highland Natural Water, with similar production capacity, quality of water resources, product pricing for targeted end customers, profitability as well as sales channels, it is expected that Shannan Yalaxiangbu Company's sales will also increase significantly in the coming years.

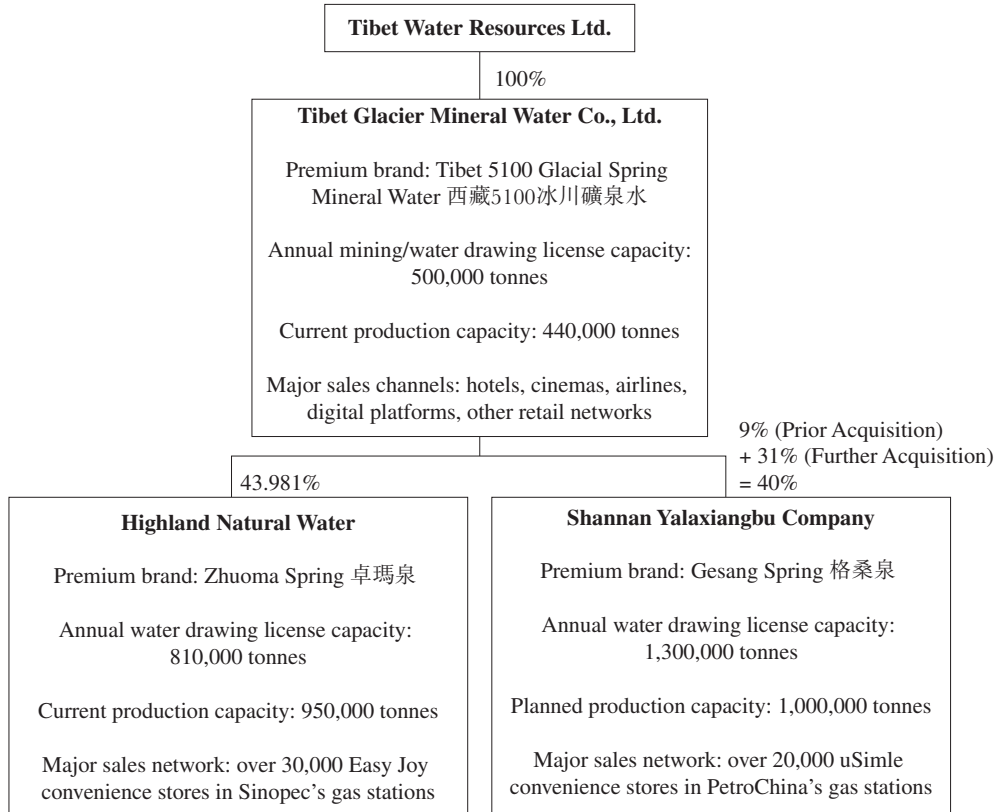
*Shannan Yalaxiangbu Company's paid up capital, business development and potentials*

Shannan Yalaxiangbu Company's paid-up capital is RMB80,000,000.

As disclosed in the Announcement, the positive outlook of Shannan Yalaxiangbu Company's business development and potentials includes without limitation the natural drinking water construction project with a planned annual production capacity of one million tonnes which is a significant strategy for the development of the natural drinking water industry in Tibet to which the Tibet local government attaches great importance and provides strong support and which will greatly benefit the long-term development of the Group. Based on such business prospects and management analysis of Shannan Yalaxiangbu Company, the Board believes that Shannan Yalaxiangbu Company has strong profitability and growth potential.

As illustrated in the following chart showing the water business structures of the Group, Highland Natural Water and Shannan Yalaxiangbu Company upon completion of the Further Acquisition, the Group will have the synergies of three water bottling plants in Tibet, producing premium and mid-range bottled mineral and natural bottled/ barrelled water products from the Tibet region with the least pollution in the PRC. With the potential of these three plants having the annual mining/ water drawing license capacity of over 2.6 million tonnes of water and three established well-known brands, the Group will have a firm leading share of the water resources in Tibet, which would allow future significant growth potentials for bottled water and other new beverage products for the PRC and overseas markets. The business synergies amongst the three water resources of the three plants in Tibet will also solidify the Group's strategic position in Tibet's water industry and further share of the Chinese market and are highly beneficial to the long-term development of the Group.

**WATER RESOURCES IN TIBET**



*Vendor's representations, warranties and undertakings in the Agreement*

The representations, warranties and undertakings given by the Vendor to the Purchaser under the Agreement include without limitation the undertakings referred to in the Announcement and those in relation to the legal capacity of the Vendor, the necessary approvals for the signing and performance of the Agreement by the Vendor, the Vendor's good title to the Sale Equity and the necessary authorizations for Shannan Yalaxiangbu Company's business operation and holding of its assets.

As with most of the Company's past investments, the Further Acquisition is based on the business potential and development and not prior year's revenue or earnings of Shannan Yalaxiangbu Company. The revenue or earnings of Shannan Yalaxiangbu Company in 2020 were lower than the expected or budgeted amount at the beginning of that year given the COVID-19 pandemic in the PRC.

In view of the factors set out above, the Directors consider that the Consideration is fair and reasonable and is in the interests of the Company and the shareholders of the Company as a whole.

Save as supplemented above, all other information in the Announcement remains unchanged.

By order of the Board of  
**Tibet Water Resources Ltd.**  
**CHOW Wai Kit**  
*Company Secretary*

Hong Kong, 4 May 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.*