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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)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that on 18 August 2017, the Board has approved the adoption of the Scheme. The purposes of the Scheme are to (i) encourage or facilitate the holding of Shares by the Selected Participants; (ii) encourage and retain certain individuals to work with the Group; and (iii) provide incentive for the Selected Participants to achieve performance goals.

Subject to the rules of the Scheme, the Board may, from time to time at its absolute discretion, select any Eligible Participant (excluding an Excluded Participant) to be a Selected Participant and: (a) grant new Restricted Shares or new Unrestricted Shares to be issued and allotted by the Company under its available general mandate on the relevant Grant Date to such Selected Participant, using funds of the Company subject to compliance with the Companies Law and the articles of association of the Company; or (b) grant existing Restricted Shares or existing Unrestricted Shares to be purchased by the Company from the market to such Selected Participant, using funds of the Company subject to compliance with the Companies Law and the articles of association of the Company. Any Grant Shares subscribed and/or purchased from the market shall be held by the Trustee upon trust for the relevant Selected Participants until such Grant Shares are vested in the relevant Selected Participants in accordance with the rules of the Scheme.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme of the Company pursuant to Chapter 17 of the Listing Rules. It is a discretionary award scheme of the Company.

THE SCHEME

The Board is pleased to announce that it has approved the adoption of the Scheme on 18 August 2017. A summary of the principal terms of the Scheme is set out in this announcement:

Purpose

The purposes of the Scheme are to (i) encourage or facilitate the holding of Shares by the Selected Participants; (ii) encourage and retain certain individuals to work with the Group; and (iii) provide incentive for the Selected Participants to achieve performance goals.

Administration

The Scheme shall be administered by the Board in accordance with the rules of the Scheme. The Company shall appoint the Trustee to assist with the administration and vesting of the Grant Shares to be granted pursuant to the Scheme.

Duration

Subject to any early termination as may be determined by the Board pursuant to the rules of the Scheme, the Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date (the “**Scheme Period**”).

Scheme Limit

In any Financial Year during the Scheme Period, the maximum number of Shares to be subscribed for and/or purchased by the Trustee pursuant to the Scheme shall not exceed ten (10) per cent of the issued share capital of the Company as at the beginning of such relevant Financial Year (the “**Scheme Limit**”).

No account shall be taken into the calculation of the Scheme Limit of any Shares where the right to acquire such shares has been released or lapsed in accordance with the relevant provisions of the Scheme.

Where any award of Grant to a Selected Participant would result in the aggregate of:

- (a) the number of Grant Shares underlying all Grants (whether vested or not); and
- (b) the number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) under any share option scheme adopted by the Company from time to time,

granted to such Selected Participant in the 12-month period up to and including the date of award of such Grant exceeding one (1) per cent of the issued share capital of the Company as at the date of award of such Grant, the Grant shall be subject to approval by the shareholders of the Company in a general meeting.

Operation of the Scheme

Subject to the provisions of the rules of the Scheme, the Board may, from time to time at its absolute discretion, select any Eligible Participant (excluding an Excluded Participant) to be a Selected Participant and:

- (a) grant new Restricted Shares or new Unrestricted Shares to be issued and allotted by the Company under its available general mandate on the relevant Grant Date to such Selected Participant, using funds of the Company subject to compliance with the Companies Law and the articles of association of the Company; or
- (b) grant existing Restricted Shares or existing Unrestricted Shares to be purchased by the Company from the market to such Selected Participant, using funds of the Company subject to compliance with the Companies Law and the articles of association of the Company.

Where any Grant is proposed to be made to a Selected Participant who is a director, chief executive or substantial shareholder of the Company or any of their respective associates or any other connected person, such Grant must first be approved by the independent non-executive directors of the Company (excluding any independent non-executive director to whom the Grant is proposed to be made). The Company will comply with the applicable requirements of the Listing Rules in respect of any share purchases from the market and any Grants.

After the Board has determined the number of Grant Shares and the Selected Participants, it shall notify the Trustee and the Selected Participants on the Grant Date by way of issuing Grant Letters. Upon receipt of the Grant Letters, the Selected Participants are required to confirm their acceptance of the Grant and their securities account details for the purposes of effecting the transfer of the vested Shares to such Selected Participants by the Trustee by returning to the Trustee and the Board a notice of acceptance (the “**Acceptance Notice**”) duly executed by them by the latest acceptance date as specified or defined in the relevant Grant Letters.

After the relevant Acceptance Notice has been duly received and, if required, the relevant approval for the listing and dealing of the relevant Grant Shares has been obtained from the Stock Exchange, the Trustee shall as soon as practicable after receipt of the Cash (as defined below) apply the same towards:

- (a) the subscription of the relevant Grant Shares. The Company shall within 7 business days upon receipt of such subscription money from the Trustee issue and allot (a) to the Trustee in respect of those Grant Shares which are Restricted Shares; and (b) to the relevant Selected Participants the relevant Grant Shares which are Unrestricted Shares, in script or scriptless form as the parties may agree; or
- (b) the purchase of the relevant Grant Shares from the market subject to market conditions and applicable rules and regulations.

The Trustee shall hold the Restricted Shares awarded until the Grant Shares to the relevant Selected Participants are vested in accordance with the rules of the Scheme.

The Board may also from time to time at its sole discretion but subject always to the rules of the Scheme, issue an instruction letter (the “**Instruction Letter**”) to the Trustee to instruct the Trustee to (i) subscribe for new Shares to be issued and allotted by the Company under its available general mandate and/or (ii) purchase existing Shares from the market for the purposes of the Scheme and the Shares so subscribed for and/or purchased shall be kept for the time being in the pool of the Scheme as reserve for future awards of Grants in accordance with the rules of the Scheme.

After the relevant Instruction Letter has been duly received and, if required, the relevant approval for the listing and dealing of the relevant Shares has been obtained from the Stock Exchange, the Trustee shall as soon as practicable after receipt of the Cash (as defined below) apply the same towards:

- (a) the subscription of the relevant Shares. The Company shall within 7 business days upon receipt of such subscription money from the Trustee issue and allot to the Trustee the relevant Shares; or
- (b) the purchase of the relevant Shares from the market subject to market conditions and applicable rules and regulations.

The Board may, at any time during the Scheme Period and at its sole discretion, determine and procure the Company to pay to the Trustee such amount of cash required to fund the subscription and/or purchase of the aggregate number of Shares as stipulated in the Acceptance Notice(s) and/or Instruction Letter(s) (“**Cash**”) as well as the related transaction costs and expenses, subject to an annual cap for the sum equal to the aggregate amount of the Company’s distributable reserves as set out

in its audited consolidated accounts for the immediately preceding Financial Year, unless the Board determines otherwise. In the event that the amount of Cash paid to the Trustee pursuant to this paragraph, together with any cash income of the Scheme, is insufficient to fund the subscription and/or purchase of such number of Shares as stipulated in the Acceptance Notice and/or Instruction Letter(s), the Trustee shall, acquire the maximum possible number of board lots of Shares and only make further acquisition to top up for any shortfall when the Company pays sufficient cash to the Trustee.

Restrictions

No Grant shall be made to any Selected Participant and no Instruction Letter shall be issued to the Trustee by the Board:

- (a) after an event involving inside information (“inside information” as defined under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)) in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
- (b) on any day on which the Company’s financial results are published and: (a) during the period of 60 days immediately preceding the publication date of the Company’s annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (b) during the period of 30 days immediately preceding the publication date of the Company’s quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless there are circumstances of the Company that fall within the exceptions under the Listing Rules; or
- (c) in any circumstances which are prohibited under the Listing Rules or where the requisite approval from any applicable regulatory authorities has not been granted.

No new instructions to acquire Shares shall be given to the Trustee under the Scheme where any director of the Company is in possession of unpublished price sensitive information in relation to the Company or where dealings by directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Vesting of Grant Shares

The Board may from time to time while the Scheme is in force determine any vesting criteria or periods for the Grant Shares to be vested or credited, and such other restrictions or conditions in respect thereof as the Board may in its discretion determine to be appropriate. A Selected Participant shall become qualified to receive the Grant Shares held by the Trustee upon the Trust and which are referable to him after all the qualifying or vesting conditions set out in the Grant Letter have been fulfilled, unless otherwise determined by the Board at its discretion. The Board may also impose lock-up conditions in relation to the vested Grant Shares received by the Qualified Selected Participants as it deems appropriate.

The vesting of the Grant Shares is subject to the Selected Participant remaining at all times after the Grant Date and on the Vesting Date (as the case may be, on each relevant Vesting Date) an Eligible Participant. A Selected Participant shall be deemed not an Eligible Participant if the Selected Participant has:

- (a) been terminated, or been given notice of termination, by the Company or any Subsidiary for cause. For the purposes of this paragraph, “cause” shall mean any circumstances under which the Company or the relevant Subsidiary may be entitled to immediately, summarily or without notice terminate the employment, engagement or appointment of the Selected Participant in accordance with the terms of the relevant agreement, arrangement or applicable laws;
- (b) been summarily dismissed, or been given notice of such summary dismissal, by the Company or any Subsidiary in so far as such Selected Participant is an employee;
- (c) tendered his resignation;
- (d) become bankrupt or failed to pay his debts within a reasonable time after they become due; or has made any arrangement or composition with his creditors generally;
- (e) been convicted or found guilty or liable for any criminal or civil offence or regulatory sanction involving his integrity or honesty; or
- (f) been charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws or regulations in force from time to time.

Lapse of Grant

If at any time, a Selected Participant ceases to be an Eligible Participant by reason of:

- (a) any of the circumstances as set out in the paragraph above;
- (b) the company by which any such Selected Participant is employed or contracted with (as the case may be) ceases to be a Subsidiary;
- (c) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company; or
- (d) such other event as may be determined by the Board from time to time (each of these, an event of **“Lapse”**),

then such person will have ceased to be a Selected Participant. A Grant shall automatically lapse forthwith and all the Grant Shares shall not be vested on the Vesting Date and shall (a) become Returned Shares for the purposes of the Scheme if the Lapse occurs prior to the 10th anniversary of the Adoption Date; or (b) be sold by the Trustee and net proceeds of sale of the Shares shall be remitted to the Company if the Lapse occurs subsequent to the 10th anniversary of the Adoption Date.

In the event a Selected Participant or a Qualified Selected Participant is found to be an Excluded Participant (an event of **“Partial Lapse”**), the relevant part of a Grant made to the relevant Selected Participant or a Qualified Selected Participant shall automatically lapse forthwith and the relevant Grant Shares shall not be vested on the Vesting Date and shall (i) become Returned Shares for the purposes of the Scheme if the Partial Lapse occurs prior to the 10th anniversary of the Adoption Date; or (ii) be sold by the Trustee and net proceeds of sale of the Shares shall be remitted to the Company if the Partial Lapse occurs subsequent to the 10th anniversary of the Adoption Date. The Selected Participant or Qualified Selected Participant shall have no claims against the Company or the Trustee.

If any Selected Participant fails to return the Acceptance Notice at the stipulated time confirming acceptance of the Grant and his securities account details for the purposes of the transfer of the vested Shares to the Board and the Trustee, the relevant Grant shall, unless otherwise agreed by the Company at its absolute discretion, lapse forthwith and all the Grant Shares shall not be vested on the Vesting Date and shall (a) become Returned Shares for the purposes of the Scheme if the Lapse occurs prior to the 10th anniversary of the Adoption Date; or (b) be sold by the Trustee and net proceeds of sale of the Shares shall be remitted to the Company if the Lapse occurs subsequent to the 10th anniversary of the Adoption Date. The Selected Participant shall have no claims against the Company or the Trustee.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust.

No Assignment of Grant

Any Grant made pursuant to the Scheme shall be personal to the Selected Participant to whom it is made or such person who is entitled to any such Grant in consequence of the death or insanity (total incapacity) of such Selected Participant and shall not be assignable and no Selected Participant shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interests in favour of any other third party over or in relation to the Grant Shares referable to him pursuant to such Grant or any of the Returned Shares under the Scheme.

Alteration of the Scheme

The Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely in any material respect any subsisting rights of any Selected Participant under the Scheme except with the prior written consent of the relevant Selected Participant. Written notice of any amendment to the Scheme shall be given to all Selected Participants with subsisting Grants.

Termination of the Scheme

The Scheme shall terminate on the earlier of:

- (a) the date when an order for the winding up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of an amalgamation, reconstruction or scheme of arrangement);
- (b) the expiry of the period of ten (10) years from the Adoption Date of the Scheme;
and
- (c) such date of early termination as determined by the Board.

DEFINITIONS

“Adoption Date”	18 August 2017, the date on which the Scheme was adopted by the Board;
“associate(s)”	has the meaning as in the Listing Rules;
“Board”	the board of directors of the Company or such committee or such sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer the Scheme;
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
“Company”	Tibet Water Resources Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1115);
“connected person”	has the meaning as in the Listing Rules;
“Eligible Participant”	(a) any full-time or part-time employee of the Company and/or any Subsidiary; (b) any director (including executive, non-executive and independent non-executive director) of the Company and/or any Subsidiary; and (c) any consultant or adviser (whether professional or otherwise being engaged whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and business partner of the Company and/or any Subsidiary who, at the sole determination of the Board, have contributed or will contribute to the Company and/or any Subsidiary;

“Excluded Participant”	any Eligible Participant who is resident in a place where (a) the award of the Grant Shares, the award of the Returned Shares or the vesting or transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or (b) in the view of the Board, the need to comply with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Participant, in each case as determined by the Board in its absolute discretion;
“Financial Year”	the 12-month period adopted by the Company as its financial year;
“Grant”	individually or collectively, a grant of Grant Shares under the Scheme;
“Grant Date”	in relation to any Grant Shares, the date on which the Grant Shares are granted as set out in the Grant Letter;
“Grant Letter”	the letter to the Selected Participants notifying them of the Grant in accordance with the rules of the Scheme;
“Grant Shares”	in respect of a Selected Participant, the Restricted Shares or Unrestricted Shares awarded by the Board, or Returned Shares awarded by the Trustee as instructed by the Board under the Scheme, as the case may be, in each case as proportionally adjusted for any subdivision, consolidation, reclassification or reconstruction of the share capital of the Company;
“Group”	the Company and the Subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Qualified Selected Participant”	Selected Participant qualified to receive Grant Shares which are referable to him pursuant to the Scheme;
“Restricted Shares”	Grant Shares subject to vesting conditions;
“Returned Shares”	such Grant Shares which are not vested in accordance with the terms of the Scheme (whether as a result of a Lapse or a Partial Lapse or otherwise), or are forfeited in accordance with the terms of the Scheme, or such Shares being deemed under the Scheme to be Returned Shares;
“Scheme”	the “Tibet Water Resources Ltd. Share Award Scheme” constituted by the rules of such scheme, in its present form or as amended from time to time in accordance with the rules of such scheme;
“Selected Participant”	any Eligible Participant selected by the Board and entitled to receive a Grant under the Scheme;
“Shares”	the ordinary shares of HK\$0.01 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	a subsidiary of the Company;
“Trust”	the trust constituted by the Trust Deed and known as the “Tibet Water Resources Ltd. Share Award Scheme Trust” or such other name as the Board may determine from time to time;
“Trust Deed”	the trust deed in relation to the Scheme to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time);
“Trustee”	the trustee to be appointed by the Board for the administration of the Scheme;

“Unrestricted Shares” Grant Shares granted directly to the Selected Participants without any vesting conditions; and

“Vesting Date” the date or each such date on which the Qualified Selected Participant is vested with the Grant Shares.

By order of the Board
Tibet Water Resources Ltd.
Jesper Bjoern MADSEN
Chairman and Independent Non-Executive Director

Hong Kong, 18 August 2017

As of the date of this announcement, the executive Directors are Mr. WANG Dong (Chief Executive Officer), Mr. YUE Zhiqiang, Mr. LIU Chen, Mr. WONG Hak Kun and Ms. HAN Linyou, the non-executive Director is Ms. JIANG Xiaohong, the independent non-executive Directors are Mr. Jesper Bjoern MADSEN (Chairman), Mr. LEE Conway Kong Wai and Mr. Kevin Cheng WEI.