

Tibet Water Resources Ltd.
西藏水資源有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock code: 1115)

Terms of reference of the
Risk Management Committee

(Adopted on 31 August 2016)

TIBET WATER RESOURCES LTD.

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Date of adoption

The following terms of reference (“**these Terms**”) of the Committee (as defined herebelow) was adopted by the Company (as defined herebelow) on 31 August 2016 and have become effective upon such adoption.

Constitution

1. The risk management committee (the “**Committee**”) of Tibet Water Resources Ltd. (the “**Company**”) was established pursuant to the resolution of the board (the “**Board**”) of directors (the “**Directors**”) of the Company passed on 31 August 2016.

Membership and Quorum

2. Members of the Committee shall be appointed by the Board, in consultation with the chairman of the Committee. The Committee shall be made up of at least three members.
3. The quorum for a meeting of the Committee shall be two members.
4. The company secretary of the Company shall be the secretary of the Committee. The secretary of the Committee or in his/her absence, his/her representative or any one member of the Committee, shall be the secretary of the meetings of the Committee.

Frequency and proceedings of meetings

5. The Committee shall meet as and when necessary or as requested by any Committee member. The Committee shall meet not less than once a year.
6. The provisions of the articles of association of the Company regulating the meetings and proceedings of the meetings of the Directors, insofar as the same are applicable and not inconsistent with the provisions of these Terms, shall mutatis mutandis apply to regulate the meetings and the proceedings of the meetings of the Committee.

Authority

7. The Committee is authorised by the Board to oversee the overall design, implementation and monitoring of the risk management systems of the Company and its subsidiaries (collectively, the “**Group**”) and to advise the Board on the Group’s risk-related matters.

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8. The Company shall provide the Committee with sufficient resources to perform its duties.
9. The Committee is authorised to obtain independent advice or assistance from any person, including professional consultants, whom it regards as competent to give such advice or assistance, at the Company's expense, to perform its responsibilities and to secure the attendance of external party(ies) with relevant experience and expertise where necessary. The Committee shall have sole authority to approve related fees and retention terms.
10. The Committee may, subject to compliance with the articles of association of the Company and the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), delegate its authority to subcommittees or the chairman of the Committee when it deems appropriate and in the best interests of the Company.

Duties

11. The Committee shall:
 - (a) review and assess the effectiveness of the Company's risk management systems, and proposed changes thereto, to identify, measure, manage and/or control risks;
 - (b) discuss the risk management system with management to ensure that management has performed its duty to maintain an effective risk management system;
 - (c) consider major investigation findings on risk management matters as delegated by the Board or on its own initiative and management's response to these findings;
 - (d) formulate policies and make recommendations to improve the Company's internal control and risk management systems;
 - (e) consider the changes in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and external environment;
 - (f) consider the scope and quality of management's ongoing monitoring of risks;
and
 - (g) consider other matters, as defined and assigned by the Board from time to time.

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Reporting procedures

12. The Chairman of the Committee shall report directly to the Board on the Committee's decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).
13. The secretary to the Committee shall keep full minutes of all Committee meetings. Minutes of a Committee meeting shall record in sufficient detail the matters considered by the Committee members and decisions reached, including any concerns raised by the Committee members and dissenting views expressed during the Committee meeting. Draft and final versions of minutes of the meetings shall be sent to all Committee members for their comments and records respectively, in both cases within a reasonable time after the relevant meetings.
14. The secretary to the Committee shall also circulate the minutes of meetings, reports and all written resolutions of the Committee to all members of the Board, unless a conflict of interest exists or for reasons mentioned in paragraph 12 above.

Powers of the Board

15. The Board may, subject to compliance with the articles of association of the Company and the Listing Rules, amend, supplement and revoke these Terms and any resolution passed by the Committee provided that no amendments to and revocation of these Terms and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if these Terms or resolution had not been amended or revoked.

Publication of these terms of reference

16. A copy of these Terms shall be made available on the Stock Exchange's website and the Company's website.

Language

17. The English text of these Terms shall prevail over the Chinese text in case of any inconsistency.