

Featured Investment: Ranhill Water Technologies

Long term management of the whole water cycle in Asia with a leading water operator

Aqua Resources Fund Limited announced its first transaction in November 2008 when a commitment to set up an international joint venture with the Ranhill Group was signed in order to invest in water and wastewater operations in the People's Republic of China and Thailand. On [] March 2009, Aqua announced the completion of the transaction which brings investors in Aqua an opportunity to capitalize on a strong partnership with a best-in-class water operator in a fast growing region.

Aqua has invested a cash consideration of US\$12.6 million for a 45% interest in Ranhill Water Technologies (RWT Cayman), a new company incorporated in the Cayman Islands. Aqua will be taking an exciting step forward in capturing the opportunities in the Asian water markets. This investment also brings the potential to address the problem of water scarcity in the region in a meaningful and sustainable fashion.

Water and Wastewater services in Malaysia

The Ranhill Group is one of Malaysia's leading water engineering and construction businesses, and the only company in Malaysia to have total source-to-tap and wastewater treatment capabilities and services. Locally, its wholly-owned subsidiary SAJ Holdings has a 30-year potable water supply concession, expiring in 2029 for the state of Johor.



Water quality sampler taking water samples at one of the 975 sampling points in Johor

The Ranhill Group's extensive water concession in the State of Johor (1,700 MLD & 875,000 customers) provides a valuable project reference to expand into regional water concessions for the JV created with Aqua. Capitalising on this extensive experience in Malaysia, RWT Cayman will have two key objectives:

- i. to own and manage all existing water and wastewater projects of RWT Cayman in the People's Republic of China and Thailand
- ii. to undertake all new water investments, engineering and operations in the People's Republic of China and Thailand for the Ranhill Group

In Thailand and China, the wastewater treatment investments include:

<u>Key Figures (Thailand) :</u>	Capacity (MLD)	Contract Duration
Amata City, Rayong		
WTP	10.5	15 yrs (BTO)
WWTP	9.6	15 yrs (BTO)
Amata Nakorn, Chonburi		
WTP	10.5	15 yrs (BTO)
WWTP	16	20 yrs (BOT)
Reclaim Water	10.4	20 yrs (BOT)

Key Figures (China) :

Hefei City Industrial Park, Anhui	30	25 yrs (BOT)
Nanchang Xiao Lan Industrial Park, Jiangxi	30	30 yrs (BOT)
Xinxiang Industrial Park, Henan	50	30 yrs (BOT)
Yinkou, Liaoning	30	30 yrs (BOT)

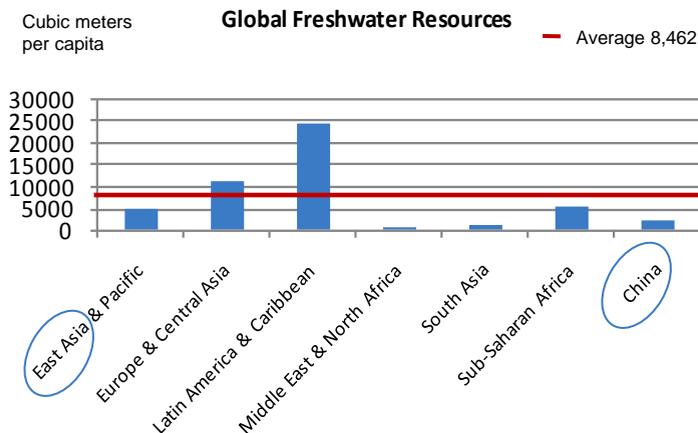


Amata City Treatment Plant, Thailand

Notes:
 BOT: Build-Operate-Transfer
 BTO: Build-Transfer-Operate
 MLD: Million Litre per Day
 WTP: Water Treatment Plant
 WWTP: Wastewater Treatment Plant

Water Crisis in China

Access to fresh water resources in Asia is below average and particularly low in China (see graph below). Hence effective wastewater treatment is a necessity in that part of the world.



With total annual average water resources of 2.8 trillion m³, China is the fourth-largest water source in the world with three of the world's 10 longest rivers (Yangtze, Huang He and Heilongjiang).

However, due to China's large population, and as demonstrated in the graph above, water resources per capita are at 2,156 m³ compared with a global average of 8,462 m³, making China the 13th most water-deficient country in the world, according to the World Bank.

This will be further exacerbated as China's population is estimated to reach 1.6 billion by the middle of the 21st century, per capita water resources will likely slide by 20% to 1,700 m³.

The Chinese government's response to growing water scarcity is to increase reliance on surface water resources, water reuse, desalination and long-distance water transfers. In the 11th Five-Year plan, the Chinese government has also outlined the objectives for the water and wastewater sector in China for period 2006-2010, which include:

- Increase water reuse to 20% in Northern cities, 5-10% in Southern cities and 70% in industry
- Increase urban water network coverage to at least 95%

- Urban sewer coverage should reach 90%, with a minimum tariff of RMB0.80/m³
- Provide drinking water security for 160 million people in rural areas

The initial investment envisaged in the plan was RMB600 billion, in which RMB200 billion has been allocated to water and RMB400 billion allocated to wastewater. As the plan has progressed, the investment required has been revised upwards. The current expectation is a capital expenditure of RMB1,000 billion (US\$ 146 billion).

Global Water Intelligence ("GWI") estimated that the Chinese water market was worth RMB215 billion (US\$ 30.5 billion) in 2007, and that this will grow to RMB521 billion (US\$73.8 billion) by 2016. The compound growth rate is expected to be 10.3%.

RWT Cayman's Wastewater Treatment Investments in China and Thailand



<p>About FourWinds Capital Management</p> <p>FourWinds is a specialist in global commodities and natural resources with products investing across energy, metals, agriculture, timber, water, waste, and alternative energy.</p> <p>FourWinds Capital Management (UK), Ltd. 105 Wigmore Street, London W1U 1QY United Kingdom Tel: +(44.20)7518.7970</p> <p>FourWinds Capital Management (HK) Ltd. Level 16, Cheung Kong Center 2 Queen's Road Central, Hong Kong Tel: +(852) 2297.2475</p> <p>Website: www.FourWindsCM.com Email: info@fourwindscm.com</p>	<p>Fundamentals</p> <p>Listing date: 24th July 2008</p> <p>Ordinary shares outstanding: 72,464,340</p> <p>Latest adjusted NAV (31 December 2008): EUR 0.9561</p> <p>Number of investments/countries/continents: 1 / 2 / 1</p> <p>Total commitment: -</p> <p>Total invested (in EUR mm): EUR 9.8 mm</p>
<p>About the Fund</p> <p>Aqua Resources Fund Limited is an LSE-listed investment fund (H20) managed by FourWinds Capital Management, investing in the full value chain of global water. The strategy combines direct investments in projects, companies, and infrastructure across water-related business areas. www.AquaResourcesFund.com</p>	

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