

Regulatory Story

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AQUA RESOURCES ANNOUNCES AN INVESTMENT IN SERIES C CONVERTIBLE PREFERRED SHARES OF CHINA HYDROELECTRIC CORPORATION

23 October 2009: Aqua Resources Fund Limited ("Aqua"), the Authorised Closed-ended investment scheme managed by FourWinds Capital Management ("FWCM") and established to invest in global water opportunities, announces today that its wholly owned subsidiary, Aqua Resources Asia Holdings Limited, has entered into an agreement to subscribe for Series C Convertible Preferred Shares ("Shares") in China Hydroelectric Corporation ("CHC" or the "Company") for a total cash consideration of US\$20 million (the "Initial Subscription"), and to subscribe further shares in the event of an initial public offering ("IPO") of CHC for an additional cash consideration of US\$10 million ("IPO Subscription"). Completion of the Initial Subscription is conditional upon the delivery of certain completion deliverables and is expected to take place shortly. A further announcement will be made on completion. Completion of the IPO

Subscription is conditional upon, among other things, an IPO occurring prior to 30 June 2010.

CHC is a privately held consolidator and operator of small hydropower plants in the People's Republic of China.

JK Lim, Head of Asia Environment Group for FWCM, commented on the announcement, "We are delighted to announce Aqua's first investment in the hydropower sector. Our investment in CHC will give Aqua direct exposure to one of the world's largest hydropower markets".

PRC Hydropower market

Hydropower is the largest source of renewable energy in China and in the world, according to the China Electricity Council, and the World Energy Council and International Hydropower Association, respectively. According to the International Energy Agency, China has the world's largest installed capacity and electricity production of hydropower. According to a report on a multi-year survey of 3,886 rivers in China completed in 2005 by the National Development and Reform Commission (NDRC) and the China Hydropower Engineering Consulting Group Co., (the "2005 Report") at that time China had 541,640 MW of technologically exploitable hydropower resources and 401,797 MW of economically exploitable hydropower resources, calculated as the aggregate of all sites of at least 0.5 MW in size.

China is particularly rich in small hydropower resources. According to the 2005 Report, China has approximately 128,000 MW of economically exploitable small hydropower resources, calculated as the aggregate of all sites between 0.1 MW and 50 MW in size. According to the Director General of the International Network on Small Hydropower, the total installed capacity in the small hydropower sector reached 44,934 MW in a total of 46,989 plants by the end of 2006, representing approximately 35.1% of China's economically exploitable small hydropower resources, and the Ministry of Water Resources announced in January 2009 that total installed capacity had grown to over 50,000 MW by the end of 2008. According to the Ministry of Water Resources, around one-third of the 2,000 counties and one-fourth of the 1.3 billion population of China rely on small hydropower plants for a portion of their power supply. The NDRC expects the total installed capacity of small hydropower in China to reach 75,000 MW by 2020.

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Notes to Editors

Aqua is a Guernsey-domiciled Authorised Closed-ended investment scheme pursuant to section 8 of the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and rule 6.02 of the Authorised closed-ended Investment Schemes Rules 2008.

Aqua's ordinary shares were admitted to listing on the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange plc on 24 July 2008.

Aqua's investment objective is to provide long term capital appreciation through exposure to a diversified portfolio of water-related investments. Aqua will invest principally in businesses that are involved in i) water treatment and recycling (i.e. wastewater and recycling, water treatment and purification), ii) water infrastructure (i.e. water distribution) or iii) water application and conversion (water-to-energy and desalination) with the objective of capturing the growth opportunities emerging from the attractive long-term dynamics driving the water industry.

www.aquaresourcesfund.com

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