

## Featured Investment: Ranhill Water Technologies' Investments in China

## Natural shortages — worsened by disparity

China averages 2.8tn m<sup>3</sup> of water resources annually, making China the 4<sup>th</sup> largest water source globally with 3 of the world's 10 longest rivers (Yangtze, HuangHe and Heilongjiang). However, water resources per capita only came in at 2,156m<sup>3</sup>, compared with the global average of 8,462m<sup>3</sup>, making China one of the 13 most water-deficient countries in the world, according to the World Bank. China's Ministry of Water Resources indicated that 100m people in over 400 cities (out of 660 in total) in China have limited access to drinking water, while 320m people in the countryside have unsafe water sources. The Ministry estimates the annual water shortage at 40bn m<sup>3</sup>, affecting economic production to the tune of about RMB500bn. Further, water resources are unevenly distributed between the north and south, which worsens the shortage problems in some metropolitan areas.

Source: China Water Report, Nomura International, February 2009

**Yichun Potable Water Treatment Plant**

**Location** : Yichun City, Jiangxi Province, China  
**Contract period** : 29-year BOT Concession  
**Capacity** : 50,000 m<sup>3</sup>/day  
**Population served** : 400,000

Ranhill Water Technologies (Cayman) Limited ("RWT"), one of Aqua Resources Fund Limited's portfolio companies, owns and operates 5 water and wastewater concessions in China. Amongst them are the Yichun potable water treatment plant ("PWTP") and the Xiao Lan wastewater treatment plant ("WWTP"), both located in the fast growing Jiangxi Province (featured below). Furthermore, RWT currently owns and operates 2 plants on a long-term contract basis in Thailand.

## Meeting the growing clean water demand at Yichun

RWT is involved in the 29-year Build-Operate-Transfer ("BOT") of a PWTP with a design capacity of 50,000 m<sup>3</sup>/day in Yichun. Located in China's Jiangxi Province, the City of Yichun is a rapidly developing and dynamic city with an urban population of 1.1m<sup>(1)</sup>. The plant is the first in the province to use a twin 55-foot Dissolved Air Floatation ("DAF") module unit as the main filtering process. It is also the first in Jiangxi to have a "scrubber" system which allows the operations team to respond swiftly in the event of a chlorine leakage incident. The scrubber system is a processing unit that collects chlorine vapor and mixes it with alkaline solution (caustic) to remove chlorine and is used for controlling routine releases of chlorine gas.

Currently, this plant services the western side of Yichun City and Industrial Park. Demand is expected to increase when the new Government building, Yichun City Airport, and Communist Party College are expected to be completed between October 2010 and October 2011.



## Treating industrial wastewater for a better environment at Xiao Lan

Also located in the Jiangxi Province, RWT has another 29-year BOT concession of a 30,000 m<sup>3</sup>/day industrial WWTP in Xiao Lan. The plant received a feather in its cap when it was awarded the status of "Advanced Plant" by the Jiangxi Provincial Government in February 2010. Currently, negotiations are underway to expand the treatment capacity as volumes have reached the design capacity.

**Xiao Lan Industrial Wastewater Treatment Plant**

**Location** : Xiao Lan Economic Development Zone, Nanchang, Jiangxi Province, China  
**Contract period** : 29-year BOT Concession  
**Capacity** : 30,000 m<sup>3</sup>/day  
**Awarded the status of "Advanced Plant" by the Jiangxi Provincial Government in February 2010**

Source:

<sup>(1)</sup> <http://www.yichun.gov.cn/English/index.html>

Xiao Lan - the largest industrial area in Jiangxi province

In a step to mitigate water pollution, the Chinese government is investing in wastewater treatment facilities such as Xiao Lan. This plant treats the industrial wastewater discharged from factories in the Xiao Lan Economic Development Zone. This economic zone is the largest industrial area in Jiangxi province with anchor factories for Pepsi, Coca Cola, Huang Shang Huang and 490 other well-known Chinese enterprises.



The treatment process at this plant is by way of Sequential Batch Reactor (SBR) and uses RWT's in-house proprietary equipments.



Xiao Lan Industrial Wastewater Treatment Plant during construction phase (1) SBR Tank (2) Sub-Station Installation Work (3) RVP-55 Installation Work

**About FourWinds Capital Management (Aqua's Investment Manager)**

FourWinds is a specialist in global commodities and natural resources with products investing across energy, metals, agriculture, timber, water, waste, and alternative energy.

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**About the Fund**

Aqua Resources Fund Limited is an LSE-listed investment fund (H2O) 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](http://www.AquaResourcesFund.com)

**Fundamentals of Aqua Resources Fund**

Listing date:	24 <sup>th</sup> July 2008
Ordinary shares outstanding:	72,464,340
Latest adjusted NAV (30 June 2010):	EUR 0.9791
Number of investments/continents:	5 / 3
Total invested:	EUR 51.9 million (80% of portfolio)
Total committed:	EUR 53.2 million (82% of portfolio)

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