Regulatory Story

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AQUA RESOURCES ANNOUNCES THE SUCCESSFUL INITIAL PUBLIC OFFERING AND LISTING ON NYSE OF ITS PORTFOLIO COMPANY, CHINA HYDROELECTRIC CORPORATION

28 January 2010 - Aqua Resources Fund Limited ("Aqua"), the closed-ended investment company managed by FourWinds Capital Management and established to invest in global water opportunities, is pleased to announce the initial public offering ("IPO"), on 25 January 2010, by one of its portfolio companies, China Hydroelectric Corporation ("CHC" or the "Company"), on the New York Stock Exchange ("NYSE").

On 29 October 2009, Aqua announced that its wholly owned subsidiary, Aqua Resources Asia Holdings Limited, had completed a US$20 million pre-IPO investment in Series C Convertible Preferred Shares of CHC. Aqua chose not subscribe for the further US$10 million proposed IPO Subscription referred to in Aqua's announcement of 23 October 2009 (as certain

conditions relating thereto were not met) or for any additional shares of the Company in the IPO. Post-IPO, Aqua owns approximately 4% of the Company's ordinary shares.

Together with the executive officers of the Company, its directors and certain other pre-IPO shareholders, Aqua has agreed for a period of 180 days from 25 January 2010 not to sell, transfer or otherwise dispose of, and not to announce an intention to sell, transfer or otherwise dispose of, without the prior written consent of the underwriters, any of its shares.

CHC is a consolidator, operator and developer of small hydropower projects in China with a total installed capacity of 376.6 MW. The Company currently owns 100% of eleven operating hydropower projects, and has a controlling interest in another operating hydropower project. These projects are located in four provinces - Zhejiang, Fujian, Yunnan and Sichuan. Full details of Aqua's investment are contained in its announcements dated 23 October 2009 and 29 October 2009.

CHC priced its IPO of 6,000,000 units at US$16.00 per unit, which yields aggregate gross proceeds of US$96,000,000. Each unit consists of one American Depository Share ("ADS") priced at US$14.80 and one redeemable warrant priced at US$1.20. Each ADS represents three ordinary shares and each warrant entitles the holder to purchase three ordinary shares for an exercise price of US$15.00. The net proceeds from the IPO will be used to acquire hydroelectric operating companies and assets and for the development of new hydropower plants in China, for working capital and for general corporate purposes.

The ADSs and warrants began trading on the NYSE on 25 January 2010.

JK Lim, Head of the Asia Environment Group said, "We are very pleased with the results of the CHC IPO. This investment has clearly added value to Aqua's portfolio and we expect the capital deployment from the Company's US$96m IPO to drive further

growth."

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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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