

4th January 2011

Attention: Public Announcements Officer
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

**Hydrotech International Limited
(‘Hydrotech’ or ‘the Company’)**

Award of Tunnel Sprayed Waterproofing Contract for MTR West Island Line Project Contract 705

The Company is pleased to announce that its subsidiary, Hydrotech Waterproofing Solutions, has been awarded the Tunnel Sprayed Waterproofing contract for Hong Kong’s Mass Transit Railway (“MTR”) West Island Line Project 705 in Hong Kong. The 705 project is part of a 3km extension of the existing 13km long Island Line which connects Sheung Wan, Western District to Chai Wan, Eastern District, Hong Kong. The railway project was officially launched with a ground-breaking ceremony held in August 2009 and is anticipated to be completed in 2014.

Hydrotech’s Tunnel Lining System has been approved for use in several sections of the overrun tunnels where the use of conventional systems comprising preformed membranes and concrete linings are considered to be impractical and uneconomical. Hydrotech’s Tunnel Lining System was chosen due to its superior application characteristics, speed of application and its insensitivity to moisture.

Over the past 5 years there has been a trend towards the use of spray applied waterproofing membranes to replace traditional preformed PVC and other systems as tunnel waterproof lining. To-date, materials that have been considered for this application have been sensitive to moisture with the result that they have had to be applied in multiple layers at significantly greater thicknesses and subsequently at higher costs than were originally estimated. The Hydrotech Tunnel Lining System has mitigated this requirement due to its insensitivity to moisture and its speed of curing, which allows for the membrane to be applied at a uniform thickness with rapid cure.

Whilst the value of this initial contract is AUD165,000 the 705 Project is believed to be the first underground rail project to use a Pure Polyurea system as its primary waterproof lining system. As a result of the award of this project, several other clients who are undertaking tunnel construction projects in Hong Kong have approached Hydrotech directly requesting more information on the Hydrotech Tunnel Lining System, with several discussions being at an advanced stage.

Hong Kong’s MTR are perceived to be at the forefront of underground construction technology worldwide and the award of this project offers Hydrotech an opportunity to lead the way in this exciting and vibrant market segment.



Philip Gray, Chairman