
HYDROTECH INTERNATIONAL LIMITED

ABN 42 122 726 283

**NOTICE OF ANNUAL GENERAL MEETING, EXPLANATORY
STATEMENT AND PROXY FORM**



TIME: 4.00 pm (WST)
DATE: Wednesday, 29 October 2008
PLACE: Tottle Partners
Level 40, 108 Saint Georges Terrace
PERTH WA 6000

Notice of 2008 Annual General Meeting

Hydrotech International Limited ABN 42 122 726 283

Notice is given that the 2008 Annual General Meeting (AGM) of Shareholders of Hydrotech International Limited (the Company or Hydrotech) will be held at Tottle Partners, Level 40, Saint Georges Terrace, Perth, WA, 6000, on Wednesday, 29 October, 2008, commencing at 4.00pm WST.

1. CONSIDERATION OF REPORTS

To receive and consider the Financial Report, the Directors' Report and the Independent Audit Report of the Company for the financial year ended 30 June, 2008.

Unless the Company's Share Registry has been notified otherwise, Shareholders will not be sent a hard copy of the Annual Report. All Shareholders can view the Annual Report, which contains the Financial Report for the year ended 30 June 2008, on the website of the Company (www.hydro-usl.com), under "Investor Centre", "Reports".

2. QUESTIONS AND COMMENTS

Following the consideration of Reports, the Chairman will give Shareholders a reasonable opportunity to ask questions about or comment on the management of the Company.

The Chairman will also give Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Independent Audit Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

3. OTHER BUSINESS

Resolution 1 - Election of Philip Gray

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

"That Philip Gray, having been appointed as a Director on 28 April 2008 to fill a casual vacancy on the Board of Directors, retires pursuant to clause 6.3(j) of the Constitution and being eligible, is re-elected as a Director of the Company in accordance with clause 6.3(j) of the Constitution."

Resolution 2 - Election of Andries Fourie

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

"That Andries Fourie, having been appointed as a Director on 6 November 2007 to fill a casual vacancy on the Board of Directors, who retires pursuant to clause 6.3(j) of the Constitution and being eligible, is re-elected as a Director of the Company in accordance with clause 6.3(j) of the Constitution ."

Resolution 3 - Election of Karl Grebstad

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

"That Karl Grebstad, having been appointed as a Director on 1 April 2008 to fill a casual vacancy on the Board of Directors, who retires pursuant to clause 6.3(i) of the Constitution and being eligible, is re-elected as a Director of the Company in accordance with clause 6.3(j) of the Constitution ."

Resolution 4 - Election of Julie Jones

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

"That Julie Jones, having been appointed as a Director on 1 July 2008 to fill a casual vacancy on the Board of Directors, who retires pursuant to clause 6.3(i) of the Constitution and being eligible, is re-elected as a Director of the Company in accordance with clause 6.3(i) of the Constitution ."

Resolution 5 - Election of Fiona Boucher

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

"That Fiona Boucher, having been appointed as a Director on 13 August 2008 to fill a casual vacancy on the Board of Directors, retires pursuant to clause 6.3(j) of the Constitution and being eligible, is re-elected as a Director of the Company in accordance with clause 6.3(j) of the Constitution."

Resolution 6 - Adoption of Remuneration Report

To consider and, if thought fit, to pass the following as an advisory resolution of the Company:

"That, the Company's Remuneration Report for the financial year ended 30 June 2008 (set out in the Directors' Report) be adopted."

Resolution 7 - Appointment of Auditor

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

"That, for the purposes of section 327B(1)(b) of the Corporations Act, WKH Horwath be appointed as the auditor of the Company."

Resolution 8 – Ratification of Prior Issue of Shares

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the allotment and issue of 23,390,000 Shares on the terms and conditions set out in the Explanatory Statement are ratified."


Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 8 by Lippo Securities Ltd and any associates of Lippo Securities Ltd.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board



Fiona Boucher
Company Secretary

18th September, 2008

EXPLANATORY NOTES

This Explanatory Statement has been prepared for the information of shareholders of the Company (Shareholders) in relation to the business to be conducted at the Company's 2008 Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions. The Directors recommend that Shareholders read this Explanatory Statement before determining whether or not to support the resolutions.

All of the resolutions other than Resolution 6 to be voted on are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by shareholders entitled to vote on the resolution. Resolution 6 (regarding the Remuneration Report) is an advisory resolution and does not bind the Directors.

ORDINARY BUSINESS

Resolution 1: Election of Philip Gray

Mr Philip Gray, who was appointed as a Director on 28 April 2008 to fill a casual vacancy on the Board of Directors, retires pursuant to clause 6.3(j) of the Constitution, and being eligible, offers himself for re-election as a Director.

Mr Gray, a founding shareholder of Hydrotech, and a permanent resident of Hong Kong, is an Investment Banker with over 35 years of international finance experience, with an emphasis on Emerging Markets - especially in Asia.

In the course of his extensive career, he has been Chairman/Director of several listed operating entities on a number of Exchanges, Chairman of several professional bodies, and has been involved with Australian Capital Markets for over 20 years - first as Chairman of GT Management (Australia) and later on as Chairman of HSBC James Capel (Australia) Limited.

He is currently Chairman of a Pan African Investment Bank, a number of Hedge Funds and a South African jewellery company.

He holds an MA in Marketing and amongst his other qualifications, Philip is a Fellow of the Institute of Directors and a member of the Society of Trust and Estate Practitioners.

Mr Gray is also a director of the following subsidiary companies:

Universal Solutions Limited (USL) – Hong Kong;
Underground Solutions International Limited (USIL) – Hong Kong;
Hydrotech R&D Limited – Hong Kong; and
Hydrotech Europe PLC - UK

The Directors, with Mr Gray abstaining, unanimously recommend that Shareholders vote in favour of this resolution.

Resolution 2: Election of Andries Fourie

Dr Andries Fourie, who was appointed as a Director on 6 November 2007 to fill a casual vacancy on the Board of Directors, retires pursuant to clause 6.3(j) of the Constitution, and being eligible, offers himself for re-election as a Director.

Dr Fourie is a civil engineer, with Bachelors and Masters degrees in Engineering from the University of the Witwatersrand in South Africa, and a PhD in Geotechnical Engineering from Imperial College, London in the United Kingdom.

His current position is Professor School of Civil and Resource Engineering at the University of Western Australia (UWA) in Perth. Prior to his current role, Dr Fourie was a Professorial Fellow with the Australian Centre for Geomechanics (ACG), also based at UWA, where he was the Principal: Environmental Geomechanics. Prior to joining the ACG he was the Professor of Construction Materials at the University of the Witwatersrand and leader of the Waste Impact Minimisation Programme research group. He has also previously worked as a Lecturer in Engineering at the University of Queensland and as a geotechnical engineer for the international consulting company SRK Consulting.

In Dr Fourie's research into management of mining, industrial and municipal solid wastes, he has supervised over 25 PhD and Masters research students and produced over 100 refereed technical publications. He is on the Editorial Board of two international journals and is the Associate Editor of another. His recent research activities have focussed on the application of electrokinetics to the dewatering of mining wastes in order to minimise potential environmental impacts of these wastes. He is the Editor or co-Editor of eight books dealing with mining and industrial waste management, and has recently produced a training DVD for the mining industry on mine tailings storage facility management and operation.

The Directors, with Dr Fourie abstaining, unanimously recommend that Shareholders vote in favour of this resolution.

Resolution 3: Election of Karl Grebstad

Mr Karl Grebstad, who was appointed as a Director on 1 April 2008 to fill a casual vacancy on the Board of Directors, retires pursuant to clause 6.3(j) of the Constitution, and being eligible, offers himself for re-election as a Director.

Mr Grebstad is a Chartered Architect with in excess of 30 years professional experience and has practiced as a principal of his own firm in Hong Kong for the last 24 years. He is a Charter member of the Hong Kong Institute of Architects.

Mr Grebstad has been actively involved for some ten years in the development of testing of electro-osmotic technology as a practical and commercially viable method of water-proofing subterranean masonry structures and has successfully designed and commissioned a number of electro-osmosis installations in substantial buildings in Hong Kong.

Mr Grebstad has provided MPS installation design services for the HK and UK operations as well as specialist building and construction related advice to the Company as a member of the Electro-Osmosis Advisory Committee.

The Directors, with Mr Grebstad abstaining, unanimously recommend that Shareholders vote in favour of this resolution.

Resolution 4: Election of Julie Jones

Ms Julie Jones, who was appointed as a Director on 1 July 2008 to fill a casual vacancy on the Board of Directors, retires pursuant to clause 6.3(j) of the Constitution, and being eligible, offers herself for re-election as a Director.

Ms Jones has extensive senior managerial experience with UK companies both in the listed and private sector, holding Directorships as Finance and Managing Director positions as well as company secretarial duties.

Ms Jones has 25 years professional experience, including 5 years working for chartered accountants in UK. Her positions have included senior management positions for both private companies and corporate organisations within the UK in manufacturing companies including Mondi Packaging Limited, which was a wholly owned subsidiary of Anglo American Plc.

Ms Jones commenced as Company Accountant with Hydrotech Europe Plc in July 2007, before being admitted to the board of Hydrotech Europe Plc in January 2008. Since her appointment she has been responsible for the consolidation of the Group's management accounts, effective financial, internal & external controls, and budgeting and compliance.

Ms Jones holds a FMAAT qualification (Fellow Member Association of Accounting Technicians) and is a member of The Institute of Directors.

The Directors, with Mrs Jones abstaining, unanimously recommend that Shareholders vote in favour of this resolution.

Resolution 5: Election of Fiona Boucher

Ms Fiona Boucher, who was appointed as a Director on 13 August 2008 to fill a casual vacancy on the Board of Directors, retires pursuant to clause 6.3(j) of the Constitution, and being eligible, offers herself for re-election as a Director.

Ms Boucher who also holds the position of Company Secretary has been with Hydrotech since July 2007 and has over 25 years experience in share registry, accounting and company secretarial roles. Ms Boucher has previously worked for Coopers & Lybrand, AMP (Superannuation Division as Business Administration Manager and State Superannuation Accountant), Sunninghill Group Pty Ltd (Group Accountant), Convé Ltd (Finance & Administration Manager and Company Secretary) and more recently TFS Corporation Ltd (Joint Company Secretary).

Fiona holds a Bachelor of Business (Accounting), a Graduate Diploma in Applied Corporate Governance, a Certificate in Superannuation Management and is a Certified Practising Accountant and a Fellow of the Institute of Chartered Secretaries and Administrators.

The Directors, with Ms Boucher abstaining, unanimously recommend that Shareholders vote in favour of this resolution.

Resolution 6: Adoption of Remuneration Report

Section 250R(2) of the Corporations Act 2001 requires the Shareholders to vote on an advisory resolution that the Remuneration Report (the Report) be adopted.

The Report details the remuneration policy for the Company and reports the remuneration arrangements for Key Management Personnel (identified for the purposes of the Accounting Standards) and other HTI employees. The Report is contained within the Company's Annual Report. The Report can also be viewed in the "Investor Centre" section of the Company's website (www.hydro-usl.com).

The Chairman will give Shareholders a reasonable opportunity to ask questions about or make comments on the Report.

The Directors unanimously recommend that Shareholders vote in favour of this advisory resolution.

Resolution 7: Appointment of Auditor

At the Company's last Annual General Meeting, shareholders appointed Grant Thornton (WA) Partnership (formerly known as Bentleys MRI Perth Financial Services Pty Ltd) as External Auditors in accordance with section 327B(1) of the Corporations Act. At that time the Company foreshadowed its intention to seek to 'globally harmonise' the Group's External Auditors to ensure optimal efficiencies for the Group's audits in the future, and on 7 January, 2008 the Australian Investments & Securities Commission (ASIC) consented to the resignation Grant Thornton (WA) Partnership on the basis that the Baker Tilley Group (of which Pitcher Partners is a member) would be appointed as Group External Auditors of the Hydrotech Group, globally.

On 12 June 2008, the Company was advised that the sole Audit Partner of Pitcher Partners (WA) had resigned, and for this reason the firm was no longer capable of conducting the external audit. The Board agreed that as Mr Hollens was taking up employment with WHK Horwath and as there were timing constraints, that this firm be appointed as Auditor of the Company going forward. On 15 August, 2008, ASIC consented to the resignation of Pitcher Partners on this basis.

In accordance with section 327B(1)(b) of the Corporations Act, the Company now seeks Shareholder approval to appoint WHK Horwath as the Auditor of the Company. WHK Horwath has not withdrawn its consent to act as Auditor.

The Directors unanimously recommend that Shareholders vote in favour of the appointment of WHK Horwath.

Resolution 8: Ratification of Prior Share Issue

On 20 June, 2008, the Company issued 23,390,000 shares to Lippo Securities Ltd as a Professional Investor under section 708(11) of Corporations Act. Resolution 7 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those shares.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and also provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior shareholder approval.

Information Required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the shares to be ratified.

- (a) 23,390,000 shares were allotted;
- (b) The issue price was \$0.10 per share;
- (c) The shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares;
- (d) The shares were allotted to Lippo Securities Ltd;
- (e) The funds were raised to ensure the Company has sufficient working capital to continue its business development in Asia and Europe, and to finalise the contracts currently awaiting customer acceptance; and
- (f) A voting exclusion statement is contained in the notice of meeting.

PROXY FORM

**APPOINTMENT OF PROXY
HYDROTECH INTERNATIONAL LIMITED
ABN 42 122 726 283**

ANNUAL GENERAL MEETING

I/We

being a shareholder of Hydrotech International Limited entitled to attend and vote at the Annual General Meeting on 29 October 2008, commencing at 4.00pm (WST), hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Annual General Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at Tottle Partners, Level 40, 108 Saint Georges Terrace, Perth, WA, on Wednesday 29th October, 2008, at 4.00pm (WST) and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of the resolution.

Voting on Business of the Annual General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Election of Mr Philip Gray	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Dr Andries Fourie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Mr Karl Grebstad	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Ms Julie Jones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Election of Ms Fiona Boucher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Ratification of Prior Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In relation to the Resolutions, if the Chairman is to be your proxy and you do **not** wish to direct your proxy how to vote, please place a mark in this box

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the Resolutions and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. The Chairman will vote in favour of the resolution if no directions are given.

IF THE CHAIRMAN IS TO BE YOUR PROXY IN RELATION TO THE RESOLUTIONS YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM WILL BE DISREGARDED.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

Signed this day of 2008

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

HYDROTECH INTERNATIONAL LIMITED
ABN 42 122 726 283

Instructions for Completing 'Appointment of Proxy' Form

- A shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
- A duly appointed proxy need not be a shareholder of the Company. In the case of joint holders, all must sign.
- Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

- Completion of a Proxy Form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid Proxy Form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
- Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.