
HYDROTECH INTERNATIONAL LIMITED

ABN 42 122 726 283

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



TIME: 10.30 am (EST)
DATE: 6 November 2007
PLACE: Grace Hotel
Kirralaa Room
2ND Floor
77 York Street
SYDNEY NSW 2000

Notice of 2007 Annual General Meeting

Hydrotech International Limited ABN 42 122 726 283

Notice is given that the first Annual General Meeting (AGM) of Shareholders of Hydrotech International Limited (the Company) will be held at the "Kiralaa", 2nd Floor, at The Grace Hotel, 77 York Street, Sydney NSW 2000, on 6 November 2007, commencing at 10:30 am.

A. 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, 2007.

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 2007, on the website of the Company (www.hydro-usl.com), under "Investor Centre", "Reports".

B. 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 (who will be present at the AGM via tele-conference) 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.

C. OTHER BUSINESS

1A. Approval: Election of Sir James Hodge

To consider and, if thought fit, to pass, with or without amendment, the following as an ordinary resolution of the Company:

"That Sir James William Hodge, having been appointed as a Director before the first Annual General Meeting of the Company, 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 ."

Short Explanation: A Director appointed under clause 6.2(b) must retire at the next AGM under clause 6.3(i), and under clause 6.3(j) is eligible for re-election at that meeting. Furthermore, under ASX Listing Rule 14.4, directors appointed as an addition to the Board during the year must not hold office (without re-election) past the next annual general meeting.

1B. Noting: Retirement of Edwin Boyd

Under clause 6.3(c) of the Company's Constitution, one third of the Directors must retire each year at the Annual General Meeting. In respect of the 2007 Annual General Meeting, Lee Boyd retires in accordance in clause 6.3(c). Lee Boyd has informed the Board that following his retirement in accordance with clause 6.3(c), he does not intend to offer himself for re-election.

2. Adoption: 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 2007 (set out in the Directors' Report) be adopted."

Short Explanation: Section 250R(2) of the Corporations Act requires a resolution that the Remuneration Report be adopted be put to the vote by the Company. The vote on this resolution is advisory only and does not bind the Directors or the Company.

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 2007 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 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.

ORDINARY BUSINESS

Resolution 1A: Election of Sir James Hodge

Sir James retires by having been appointed as a Director before the first Annual General Meeting and being eligible, offers himself for re-election as a Director.

Sir James is the Chairman of the Company and also Non-Executive Director of both United Solutions Limited & Hydrotech Europe Limited (formerly USIL (UK) PLC), subsidiaries of the Company. Until recently, Sir James was British Consul-General in Hong Kong. He retired from the British Diplomatic Service at the end of December 2003. Prior to the Hong Kong appointment he was British Ambassador to Thailand from 1996 to 2000 and before that, Minister, Deputy Head of Mission and Consul-General at Beijing. His earlier service included some ten years in Tokyo, most of which were served on the commercial desk and two years in London as Head of the Economic Section of the United Nations Department, Foreign and Commonwealth Office.

Sir James holds a Master of Arts (Honours) from the University of Edinburgh, Scotland, is an Honorary Doctor of Letters conferred from the University of Ulster, Northern Ireland, is an Honorary Doctor of Laws conferred from the University of Liverpool, England and is a Member of the Chartered Institute of Linguists, London.

Honours conferred upon Sir James include:

- Knight Commander of the Royal Victorian Order (KCVO);
- Companion of the Order of Saint Michael and Saint George (CMG); and
- Knight Grand Cross (First Class) of the Most Exalted Order of the White Elephant of Thailand.

Sir James also holds directorships in the following UK based companies:

- Society of Pension Consultants (London);
- Asia House (London); and
- China Oxford Scholarship Fund (London).

The Directors, with Sir James Hodge abstaining, unanimously recommend that Shareholders vote in favour of this resolution.

Resolution 2: 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 3: Appointment of Auditor

Bentleys MRI Perth Financial Services Pty Ltd was appointed as Auditor of the Company in accordance with section 327A(1) of the Corporations Act and they hold office until the Company's first Annual General Meeting.

In accordance with section 327B(1) of the Corporations Act, the Company now seeks Shareholder approval to appoint Bentleys MRI Perth Financial Services Pty Ltd as the Auditor of the Company. Bentleys MRI Perth Financial Services Pty Ltd has not withdrawn its consent to act as Auditor.

The Directors unanimously recommend that Shareholders vote in favour of the appointment of Bentleys MRI Perth Financial Services Pty Ltd as Auditor.

PROXY FORM

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



ANNUAL GENERAL MEETING

I/We

being a shareholder of Hydrotech International Ltd entitled to attend and vote at the Annual General Meeting, 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 Grace Hotel, Kirralaa Room, 2nd Floor, 77 York Street, Sydney, New South Wales, on 6 November, 2007, at 10.30 am (EST) 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 1A Election of Sir James Hodge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 2007

Individuals and joint holders

Name:

Name:

Companies

SIGNED* for and on behalf of

_____ (company name)) _____
(ACN/ABN)) Director/Sole Director Secretary/Director

in accordance with section 127(1) of the) _____
Corporations Act:) Print name Print name

*Or affix common seal

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.