
HYDROTECH INTERNATIONAL LIMITED

ABN 42 122 726 283

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



TIME: 12.45 pm (WST)
DATE: 23 October 2009
PLACE: Tottle Partners
Level 40
Board Room
108 St Georges Terrace
PERTH WA 6000

Notice of 2009 Annual General Meeting

Hydrotech International Limited ABN 42 122 726 283

Notice is given that the third Annual General Meeting (AGM) of Shareholders of Hydrotech International Limited (the Company) will be held at the Tottle Partners, Board Room, Level 40, 108 St Georges Terrace, Perth, 6000, on 23 October 2009, commencing at 12.45 pm.

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, 2009.

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 2009, 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 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 Tony McKee

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

"That Tony McKee, having been appointed as a Director on 9 June, 2009 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."

1B. Noting: Retirement of Ian Dallas

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 2009 Annual General Meeting, Ian Dallas retires in accordance in clause 6.3(c). Ian Dallas 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 2009 (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.

3. Approval of Issue of Options

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

“That the Company be authorised to issue 7,000,000 options under the Hydrotech Incentive Option Scheme to Mr Tony McKee, being an Executive Director, under the terms and conditions as set out in the Explanatory Statement.”

In accordance with ASX Listing Rule 10.15, the Company will disregard any votes cast on the above Resolution by Tony McKee and any associate of Tony McKee. However, the Company need not disregard a vote if 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 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.

4 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 2001 and for all other purposes, BDO Kendalls Audit & Assurance (WA) Pty Ltd ABN 79 112 284 787, having been nominated by a shareholder and consented in writing to act in the capacity of auditor, be appointed as the auditor of the Company.”

By order of the Board



Fiona Boucher
Company Secretary

16 September, 2009

ENTITLEMENT TO ATTEND AND VOTE

In accordance with Reg 7.11.37 of the Corporations Regulations 2001, the Board has determined that persons who are registered holders of shares of the Company as at 7.00 pm (EST) on 21st October 2009 will be entitled to attend and vote at the Meeting as a Shareholder.

If more than one joint holder of shares is present at the Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

VOTING BY PROXY

If you are a Shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meeting.

A proxy need not be a Shareholder of the Company.

A Shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the Shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the Shareholder's votes.

To be effective, the proxy must be received at the registered office of the Company no later than 12.45 pm (WST) on 21 October, 2009. Proxies must be received before that time by one of the following methods:

By post or delivery: Hydrotech International Limited
C/o – Fiona Boucher (Company Secretary)
Level 40, 108 St Georges Terrace
Perth West Australia 6000

By facsimile: In Australia (08) 9375 9630
From outside Australia +61 8 9375 9630

Your proxy form is contained in this Memorandum.

Voting by Attorney

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 12.45 pm (WST) on 21 October, 2009 being 48 hours before AGM.

Corporate Representatives

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the Meeting a properly executed letter or other document confirming its authority to act as the company's representative.

EXPLANATORY STATEMENT

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 2009 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 Tony McKee

Mr McKee 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.

Mr McKee, Executive Sales Director for the Group, has over 20 years experience in sales and marketing of solutions for concrete problems.

A permanent resident of Hong Kong, Mr McKee studied Civil and Structural Engineering at Birmingham Polytechnic before going on to work in the UK, the UAE, China and Hong Kong.

For 17 years he headed a leading supplier of repair systems for concrete structures, running offices in various locations worldwide. He was responsible for introducing a range of innovative methods for repairing and protecting concrete structures and these included the first developments of fluid micro concrete for repairs to concrete with high density/congested steel reinforcement and the introduction of high build sprayed mortars for jetties and other confined spaces. Mr McKee introduced a range of protective coatings for concrete structures including anti-carbonation systems used on highway and petro-chemical facilities. Mr McKee was also involved in the introduction of galvanic protective systems for refurbishment of concrete structures and assisted in the development and marketing of high build semi flexible mortars for external rendering.

Over the past 5 years, Mr McKee has been involved in the introduction of Polyurea systems for waterproofing in Hong Kong and he has also undertaken consultative work on concrete repair systems for new construction. In addition, Mr McKee has given many presentations on concrete repair systems, most recently on the introduction of adhesive systems in compliance with European standards.

Mr McKee currently manages the Hong Kong office and heads worldwide Sales and Marketing, and is also a director of the following subsidiary companies:

- Hydrotech Asia Limited (HAL) – Hong Kong
- 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 McKee 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. 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: Approval of Issue of Options

As detailed in the Company's prospectus dated 17 May, 2009, HTI has implemented the Hydrotech Employee Option Scheme (Scheme). The Company intends to issue options under the Scheme to select staff, which include Mr Tony McKee who is an Executive Director, and responsible for world-wide sales.

The Board has determined the issue of the options to be reasonable remuneration to Mr McKee as a part of his total remuneration package. The options will act as a long term incentive and, with an exercise price currently equal to approximately twice the current share price, further align Mr McKee's remuneration with the interests of shareholders in the sustainable improvement in shareholder value.

Purpose

Approval is sought under Listing Rule 10.14 for the Company to issue 7,000,000 options to Mr McKee ("Options") on the terms and conditions as stated in this Explanatory Statement.

If approved, the issue of ordinary fully paid securities on exercise of the Options will not require any further shareholder approval, and any ordinary fully paid shares issued on exercise of the Options will not reduce the Company's capacity to issue shares under Listing Rule 7.1.

Shareholder approval is required for the issue of the Options under Listing Rule 10.14 as Mr McKee is a Director of the Company.

Information Requirements

In addition to the above, the following information in relation to the Options is provided to shareholders for the purposes of Listing Rules 10.14 and 10.15:

- The Options will be issued at nil cash consideration and will be exercisable at 2 cents per shares once vesting conditions have been met.
- The Options are to be issued on the Terms and Conditions set out in Schedule 1.
- Approval under Listing Rule 10.14 has not previously been sought for any prior issues under the Scheme.
- Mr McKee is currently the only Executive Director on the board of the Company, and is the only person referred to in Listing Rule 10.14 currently entitled to participate in the Scheme.
- The Company will issue the Options within 5 business days from the date of the approval by shareholders.
- No persons referred to in Listing Rule 10.14 have received Options under the Scheme.
- It is not anticipated that any loan will be provided to Mr McKee to assist in the exercise of these Options.

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

Resolution 4: Appointment of BDO Kendalls as Auditors

WHK Horwath have given their notice of intention to resign as auditor of the Company (under section 329 (5) of the Corporations Act); this is subject to receipt of the consent of the Australian Securities & Investments Commission (ASIC) and shareholder approval of this resolution for the appointment of BDO Kendalls as auditor.

Subject to ASIC consenting to the resignation of WHK Horwath and WHK Horwath submitting a resignation to the Company, it is proposed that the Company appoint BDO Kendalls Audit & Assurance (WA) Pty Ltd ABN 79 112 284 787 (BDO Kendalls) as auditor of the Company.

In accordance with Section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a shareholder for BDO Kendalls to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement under Schedule 2.

BDO Kendalls has given its written consent to act as the Company's auditor subject to shareholder approval of this resolution.

If this resolution is passed, the appointment of BDO Kendalls as the Company auditor will take effect at the close of this AGM.

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

SCHEDULE 1

TERMS AND CONDITIONS OF OPTIONS

The proposed Options will be issued pursuant to the Hydrotech Employee Option Scheme and are governed by the rules of that plan. The following additional terms and conditions also apply:

- (a) Each Option gives the Mr McKee the right to subscribe for one share. To obtain the right given by each Option, Mr McKee must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The proposed Options to be issued to Mr McKee will expire at 5pm (WST) on 23 October, 2012 (Expiry Date).
- (c) The proposed Options are only exercisable in accordance with the table below:

Restriction on Exercise	% of Mr McKee's Options that may be Exercised
After 23/10/10	33.33%
After 23/10/11	66.66%
After 23/10/12	100.00%

- (d) Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (e) The amount payable upon exercise of each Option will be 2 cents (Exercise Price).
- (f) Once the Options have vested as detailed in point (c), the Mr McKee may exercise the Options by lodging with the Company, before the Expiry Date:
 - (i) A written notice of exercise of Options specifying the number of Options being exercised;
 - (ii) A cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised.
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) Within 10 business days of the receipt of the Exercise Notice accompanied by payment of the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (i) The options are not transferable.
- (j) All shares allotted upon the exercise of Options will be upon allotment ranked pari passu in all respects with other Shares.
- (k) The Company will not apply for quotation of the Options on the ASX. However, the Company will apply for quotation of all shares allotted pursuant to the exercise of Options on the ASX within 10 Business Days after the date of allotment of those shares.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of Mr McKee are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of reconstruction.
- (m) There are no participating rights or entitlements inherent in the Options and Mr McKee will not be entitled to participate in the new issues of capital offered to shareholders during the currency of the Options.
- (n) Save for an adjustment in the event of a pro rata issue or bonus issue, an Option does not confer the right to a change in exercise price or in a change in the number of underlying securities over which the Option can be exercised.
- (o) The Options will lapse on termination of Mr McKee's employment unless termination occurs as a result of a takeover, in which case Options will remain on foot.

SCHEDULE 2

Nomination from a shareholder for the appointment of BDO Kendalls Audit & Assurance Pty Ltd ABN 79 112 284 787 as auditor the subject of Resolution 4

16 September, 2009
The Company Secretary
Hydrotech International Ltd
Level 40
108 St Georges Tce
PERTH WA 6000

Dear Madam,

RE : NOMINATION OF BDO KENDALLS AUDIT & ASSURANCE (WA) PTY LTD AS AUDITOR OF
HYDROTECH INTERNATIONAL LTD

I Andy Fourie, being a shareholder of Hydrotech International Ltd, hereby nominate BDO Kendalls Audit & Assurance (WA) Pty Ltd of 128 Hay Street, Subiaco, Western Australia 6008 for the appointment as auditor of Hydrotech International Ltd at its forthcoming Annual General Meeting.

I consent to the distribution of a copy of this notice of nomination as a schedule to the Notice of Meeting and Explanatory Statement for the 2009 Annual General Meeting of Hydrotech International Ltd as required by section 328B(3) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'Fourie', with a horizontal line extending to the right from the end of the signature.

Andy Fourie

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 Tottle Partners, Level 40, 108 St Georges Tce, Perth, Western Australia, on 23 October, 2009, at 12.45 pm (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 1A Election of Tony McKee	<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 Approval for Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 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 2009

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.