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**HYDROTECH INTERNATIONAL LIMITED**

**ABN 42 122 726 283**

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

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**TIME:** 11.00 am (WST)  
**DATE:** 11 November 2010  
**PLACE:** The Celtic Club  
President's Room  
1<sup>st</sup> Floor  
48 Ord Street  
WEST PERTH WA 6005

## **Notice of 2010 Annual General Meeting**

### **Hydrotech International Limited ABN 42 122 726 283**

Notice is given that the fourth Annual General Meeting ('AGM') of Shareholders of Hydrotech International Limited (the 'Company') will be held at The Celtic Club, President's Room, 1<sup>st</sup> Floor, 48 Ord Street, West Perth, 6005, on 11 November 2010, commencing at 11.00 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, 2010.

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 2010, on the website of the Company ([www.hydro-usl.com](http://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**

##### **Resolution 1 - Election of Mr Philip Gray**

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

*"That Mr Philip Gray, who retires by rotation pursuant to clause 6.3(c) of the Company's constitution and being eligible, offers himself for re-election, be re-elected as a Director."*

##### **Resolution 2 - Election of Mr Francis Lung**

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

*"That Mr Francis Lung, having been appointed as a Director on 1 February 2010 who retires pursuant to clause 6.3(j) of the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a Director."*

##### **Resolution 3 - Election of Mr Stewart Cranswick**

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

*"That Mr Stewart Cranswick, having been appointed as a Director on 31 May 2010 who retires pursuant to clause 6.3(j) of the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a Director."*

**Resolution 4 - Election of Mr Michael Hendriks**

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

*“That Mr Michael Hendriks, having been appointed as a Director on 1 August 2010 who retires pursuant to clause 6.3(j) of the Company’s Constitution and being eligible, offers himself for re-election, be re-elected as a Director.”*

**Resolution 5 - 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 2010 (set out in the Directors’ Report) be adopted.”*

The vote on this resolution is advisory only and does not bind the directors or the Company.

By order of the Board



Mr Michael Langoulant  
**Joint Company Secretary**

6 October 2010

## **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 11.00 am (WST) on 9 November 2010 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 11.00 am (WST) on 9 November 2010. Proxies must be received before that time by one of the following methods:

By post or delivery:                   The Company Secretary  
Hydrotech International Limited  
Suite 2, 5 Ord Street  
West Perth West Australia 6005

By facsimile:                            In Australia (08) 9324 2977  
From outside Australia +61 8 9324 2977

## **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 11.00 am (WST) on 9 November 2010, being 48 hours before the 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 2010 AGM.

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.

## **ANNUAL FINANCIAL STATEMENTS AND REPORTS**

The Corporations Act requires that the Annual Report (which includes the Financial Report, Directors' Report and Auditors' Report) be laid before the AGM.

Shareholders will be given an opportunity to ask questions and make comments about the Annual Report or the Company generally but there will be no formal resolution submitted to the Meeting in respect of it.

## **ORDINARY BUSINESS**

### **Resolution 1, 2, 3 and 4:**

It is a requirement under the Company's constitution 6.3(c) that Mr Philip Gray, retire by rotation at the AGM. Mr Gray, being eligible for re-election pursuant to the Company's constitution, offers himself for re-election.

The remaining Directors unanimously recommend to shareholders that Mr Gray be re-elected.

It is a requirement under the Company's constitution 6.3(j) that Mr Francis Lung (appointed a director on 1 February 2010), Mr Stewart Cranswick (appointed as a director on 31 May 2010) and Mr Michael Hendriks (appointed a director on 1 August 2010), retire at the AGM. Mr Lung, Mr Cranswick and Mr Hendriks, all being eligible for re-election pursuant to the Company's constitution, offer themselves for re-election.

The remaining Directors unanimously recommend to shareholders that Mr Lung, Mr Cranswick and Mr Hendriks be re-elected.

### **Resolution 5: 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.

Pursuant to the Corporations Act, a resolution that the remuneration report be adopted must be put to vote at the Company's AGM. The vote on this resolution is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

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](http://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.*



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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.