



11 November 2010

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

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

RESULTS OF ANNUAL GENERAL MEETING/CHAIRMAN’S AGM ADDRESS

The Directors of Hydrotech International Limited (‘Hydrotech’ or the ‘Company’) advise the following resolutions placed before shareholders at the Annual General Meeting on 11 November 2010 were approved as follows:

Ordinary Resolution 1 as set out in the Notice of Meeting to **Re elect Mr Philip Gray** was **passed** by a show of hands. Proxy details in respect of this resolution were as follows:

- i. there were 4,773,298 proxy votes in respect of which the appointments specified that the proxy vote for the resolution;
- ii. there were 0 proxy votes in respect of which the appointments specified that the proxy vote against the resolution;
- iii. there were 0 proxy votes in respect of which the appointments specified that the proxy abstain on the resolution;

Ordinary Resolution 2 as set out in the Notice of Meeting to **Re elect Mr Francis Lung** was **passed** by a show of hands. Proxy details in respect of this resolution were as follows:

- i. there were 4,773,298 proxy votes in respect of which the appointments specified that the proxy vote for the resolution;
- ii. there were 0 proxy votes in respect of which the appointments specified that the proxy vote against the resolution;
- iii. there were 0 proxy votes in respect of which the appointments specified that the proxy abstain on the resolution;

Ordinary Resolution 3 as set out in the Notice of Meeting to **Re elect Mr Stewart Cranswick** was **passed** by a show of hands. Proxy details in respect of this resolution were as follows:

- iv. there were 4,773,298 proxy votes in respect of which the appointments specified that the proxy vote for the resolution;
- v. there were 0 proxy votes in respect of which the appointments specified that the proxy vote against the resolution;
- vi. there were 0 proxy votes in respect of which the appointments specified that the proxy abstain on the resolution;

Ordinary Resolution 4 as set out in the Notice of Meeting to **Re elect Mr Michael Hendriks** was **passed** by a show of hands. Proxy details in respect of this resolution were as follows:

- vii. there were 4,773,298 proxy votes in respect of which the appointments specified that the proxy vote for the resolution;
- viii. there were 0 proxy votes in respect of which the appointments specified that the proxy vote against the resolution;
- ix. there were 0 proxy votes in respect of which the appointments specified that the proxy abstain on the resolution;

Ordinary Resolution 5 as set out in the Notice of Meeting to **Adopt the Remuneration Report** was **passed** by a show of hands. Proxy details in respect of this resolution were as follows:

- x. there were 4,773,298 proxy votes in respect of which the appointments specified that the proxy vote for the resolution;
- xi. there were 0 proxy votes in respect of which the appointments specified that the proxy vote against the resolution;
- xii. there were 0 proxy votes in respect of which the appointments specified that the proxy abstain on the resolution;

Attached as Appendix 1 is a copy the Chairman's AGM Address.



Philip Gray
Chairman

Appendix 1 – 2010 Chairman’s AGM Address

On a somewhat sombre note, the first part of our last financial year could be summarised by paraphrasing the old bikers maxim “same stuff, different day”, or in our case “same issues, different year”, and a significant part of this report could be directly lifted from my last address i.e. :

- Long lead time in securing major contracts
- Our client’s extended bureaucratic decision making processes and the inevitable need for a pilot project and often an extended evaluation period
- Operating in a notoriously conservative industry almost genetically programmed to resist change
- The dynamics of our business development remains a slow and incremental process.

However, whilst still true, these issues are beginning to diminish in importance as infrastructure owners and their agents, together with contractors, continue to move up the learning curve and begin to appreciate the profound and proven benefits of our MPS electro-osmosis system. An increasing portfolio of successful projects and testimonials helps in this regard.

Thus on the brighter side, some of the later phrases from last year’s address more accurately typify where we are today and if anything understate our current position i.e. :

- Operating environment for Hydrotech can only improve from here
- Your company is in much better shape than it was a year ago
- We are on top of the situation
- The fundamental business outlook for Hydrotech is better today than it has ever been

In fact, following a far reaching and public endorsement of our MPS system by the prestigious and influential Hong Kong Housing Authority, the last three months have been the most hectic and productive in the company’s history. In the last six months of our financial year, the number of proposals submitted typically ran at around two per month, whilst the number for the first three months of this financial year was running at around ten per month with a sharply rising conversion (i.e. success) ratio.

Our current list of clients who are beating a path to our door, reads like the *Who’s Who* of the Hong Kong property and construction sector including several important and influential government agencies or departments. Whilst Hong Kong in some respects could be considered a small nation, it is blessed with an exceptionally sound financial and budgetary position enabling it to fund massive world class infrastructure projects inevitably creating a substantial potential demand for our product range. A very buoyant property market also helps in this regard.

Of equal importance is of course the spill-over effect into China where for historical and cultural reasons, the Chinese seem to be more prone to accept new technologies. In this respect, we are currently negotiating for what could be considered one of the world's largest MPS projects.

Notwithstanding all this, practical realities are such that the cash flow impact of this new interest/demand for MPS will take some time to materialise given the inevitable pilot – evaluation – major tender cycle.

The good news is that our “compensating” diversification into waterproofing coating systems, where the decision making process is relatively quick and implementation cycle relatively short, has been a success even though it is still early days. For example, whilst proposals submitted in the last six months of the financial year were typically running at around four per month, the first three months of this financial year saw the rate double to eight per month. Again, we are in detailed talks with major contractors and infrastructure owners and are in the late stages in negotiating one of the largest waterproofing opportunities in Hong Kong at the moment – not company making but very gratifying.

Against this backdrop, we have had no option but to increase our expenditure to include two new salesmen/negotiators – one for Hong Kong and one for China – and we are in the process of recruiting a CAD-CAM operator to handle the dramatic increase in demand for detailed MPS implementation plans. On top of this, we have had to rent a small industrial warehouse to hold a buffer store of imported coatings products and for a spraying demonstration area for potential clients.

Given this backdrop and recent turn of events, I believe the long term outlook for the company has improved dramatically although short term cash issues could possibly be problematic given the time lag between our increased burn rate and associated revenues coming in. However, we believe this potential problem can be contained and is certainly manageable given it's small magnitude.

On a final note, our Board has been considerably strengthened with the appointment of:

- **Dr. Francis Lung**, a UK Barrister and a recognised entrepreneurial scientist
- **Stewart Cranswick**, a highly successful entrepreneur
- **Mike Hendricks**, a very experienced chartered accountant

They have already made significant contributions in their own respective ways for which I thank them on behalf of HTI shareholders.

In a similar vein, I would also like to thank our little band of fiercely loyal and hardworking staff, led by another fellow Director, **Tony McKee**, who deserves all the credit for our successful diversification into our growing coatings business.

In the meantime, I genuinely look forward to writing the Chairman's Statement in a year's time because I suspect it will cover certainly the most exciting, and hopefully most profitable period, in the company's history. The biggest challenge now is to successfully manage this new operating environment/business scenario.

Philip J. S. Gray
Chairman