



4 May, 2009

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

Panel of Experts approves MPS installation and efficacy in Tengmieshang Tunnel, Yunnan Province

On 30th April 2009, delegates from Hydrotech International and the Yunnan Provincial Highway Authority, supported by the Yunnan Provincial Government, jointly chaired the 'review meeting' on the MPS technology pilot installation in the Tengmieshang Tunnel along the Kunming-Bangkok International Expressway Corridor. The MPS system had been installed to treat areas suffering from severe water ingress in the tunnel and had been commissioned in February after being installed during January this year.

The objective of the planned review meeting, attended by a jointly invited Panel of Chinese national top tunneling and water proofing experts, was to evaluate the efficacy and efficiency of the current MPS pilot project, the largest MPS installation ever globally undertaken in an infrastructure project.

We are very pleased to announce that the Panel of Experts has deemed the MPS Pilot in Tengmieshang Tunnel to be "a technically accepted and advanced solution", "a comprehensive economical option", and "an environmentally-friendly technology". It is recommended by the Panel that MPS systems "be extended to larger scale installations in the tunnels under operation, 70% of them suffering from water ingress problems", and "progressively adopted in the designs of new tunnels" to be constructed in the province.

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We are also very pleased to announce that the Panel of Experts has agreed to extend the scientific research by undertaking a larger scale installation. The Panel has confirmed to the Company that a request for funds for this project has been forwarded to the Provincial Government.

The acceptance and endorsement from the Panel is recognised by Hydrotech as a milestone for our further business growth in the marketplace.

The total length of expressways in China by 2008 was about 60,000km, among which 2,600 km is operating in Yunnan Province. Another 6,000 km of expressways will be constructed and put into service in Yunnan Province during 2009-2019. Approximately 29 % of the expressway tunnels in China are located in Yunnan Province.

The strategic cooperation between Yunnan Province and Hydrotech International in the highway sector is aimed at firstly achieving larger-scale MPS installations in 3-5 new or currently operating major tunnels in Yunnan Province during 2009-2010. Once proven successful, the MPS operation in these projects is expected to substantially accelerate our further expansion of this technology into other provinces of China.

A handwritten signature in black ink, appearing to read 'Philip Gray', with a stylized flourish extending downwards and to the right.

Philip Gray
Chairman