



ACN 064 755 237

**To: Company Announcement Office
Australian Stock Exchange Ltd**

Date: 14 April 2003

GENERAL MEETING OF SHAREHOLDERS

Cardia Technologies Limited will hold a general meeting of shareholders on 15 May 2003, to consider the following proposal.

The issue of 5,500,000 fully paid ordinary shares and 5,500,000 options to Tony Technology (Holding) Company Limited.

The meeting will be held at the offices of the Company, Level 1, 89 High Street, Kew, Victoria on 15 May, 2003, at 10:00am.

Shareholders will be sent the Notice of Meeting and Explanatory Notes by 10 April, 2003. A copy of the Notice is attached to this announcement.

ADMINISTRATIVE CHANGE

The Directors advise that Cardia has closed its postal box (GPO Box 1572P Melbourne, Vic., 3001) and confirm that the Company can be contacted at

Level 1, 89 High Street,
Kew, Victoria 3101
Tel: (03) 9854 6138
Fax: (03) 9854 6399
Email: cardia@bigpond.com


John Wilson
COMPANY SECRETARY

CARDIA TECHNOLOGIES LTD

MELBOURNE OFFICE

Level 1, 89 High Street, Kew, VIC 3101, Australia

Telephone (03) 9854 6138 Facsimile (03) 9854 6399 Email cardia@bigpond.com

THIS IS AN IMPORTANT DOCUMENT

AND REQUIRES YOUR ATTENTION

If you are in doubt as to how to deal with it,
please consult your financial or other professional adviser.

CARDIA TECHNOLOGIES LIMITED

ACN 064 755 237

NOTICE OF EXTRAORDINARY GENERAL MEETING

AND EXPLANATORY NOTES

Date: 15 th of May 2003

Time: 10.00 am

Place:
Level 1
89 High
Kew Vic 3101

CARDIA TECHNOLOGIES LIMITED
EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting of shareholders of Cardia Technologies Limited (Cardia) will be held at Level 1, 89 High Street, Kew, Victoria 3101 on the 15th of May 2003, at 10.00 am.

BUSINESS:

Issue of securities to Tony Technology (Holding) Company Limited

To consider, and if thought fit, to pass the following ordinary resolution:

That for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.11 and Listing Rule 7.1 of the Listing Rules of the Australian Stock Exchange, approval is given for the issue to Tony Technology (Holding) Company Limited of 5,500,000 ordinary shares ('placement shares') in Cardia at an issue price of 10 cents per share together with 5,500,000 free attaching options at an exercise price of 20 cents per option and expiring on 30 June 2004 and otherwise on the terms set out in the Explanatory Notes, including a term of issue that Tony Technology (Holding) Company Limited is entitled, in respect of the placement shares, to participate in any pro rata share entitlements offer to shareholders of the Company by a subsidiary of the Company in relation to the resolution of shareholders made on 29 November 2002 regarding the restructure of the Gallery Gold mining tenements, even if the date of issue of the placement shares is after the record date for those entitlements and provided that the placement shares are issued before the close of subscriptions under that offer.

Dated 9th of April 2003

BY ORDER OF THE BOARD

Pat Volpe
Chairman

NOTES

Voting exclusions:

Cardia will disregard any votes cast on the resolution by Tony Technology (Holding) Company Limited and any of its associates. However, Cardia will not disregard a vote if:

- it is cast by Tony Technology (Holding) Company Limited or any of its associates 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.

Voting:

Cardia has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the shares of Cardia that are quoted on the Australian Stock Exchange as at 7.00 pm on 13th of May 2003, will be taken, for the purposes of the Extraordinary General Meeting, to be held by the persons who held them at that time. Accordingly, those persons will be entitled to attend and vote at the meeting.

Voting by proxy:

- Cardia's constitution permits members to vote at the meeting by proxy. A proxy need not be a member of the Company.
- A member who is entitled to attend and vote at the meeting may appoint up to two proxies to attend and vote on behalf of that member and may specify the proportion of the votes each proxy may exercise. If no proportion is specified, each proxy will be taken to be entitled to exercise one half of the votes. Fractions of votes will be disregarded.
- When a member appoints more than one proxy, neither proxy is entitled to vote on a show of hands.
- To be effective, Cardia must receive the completed proxy form and, if the form is signed by the member's attorney, the authority under which the proxy form is signed (or a certified copy of the authority) by no later than 10.00 am Melbourne time on 13th of May 2003 by:
 - mail, to **Company Secretary, Cardia Technologies Limited** using the enclosed reply envelope to:
Level 1, 89 High Street
Kew, Victoria 3101
 - by facsimile:
+61 3 9854 6399
 - by delivery, to Cardia's registered office **Level 1, 89 High Street, Kew, Victoria, 3101**
- Proxies given by corporate members must be executed in accordance with their constitutions, or under the hand of a duly authorised officer of attorney.
- A proxy may decide whether to vote on any motion, except where the proxy is required by law or Cardia's constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.
- If a member appoints the chairperson of the meeting as the member's proxy and does not specify how the chairperson is to vote on an item of business, the chairperson will vote, as proxy for that member, in favour of that item on a poll.

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14/04/03

18:09

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CARDIA TECHNOLOGIES LIMITED PROXY FORM

The Secretary
Cardia Technologies Limited
Level 1, 89 High Street Kew Victoria 3101

I/We
(please print)

of
(please print)

being a member(s) of Cardia Technologies Limited appoint:

Name of Proxy

Address of Proxy

or, in his/her absence:

Name of Proxy

Address of Proxy

or in his/her absence, or if no person is named above, the chairperson of the meeting as my/our proxy to vote on my/our behalf at the extraordinary general meeting to be held on 15th of May 2003 and at any adjournment of that meeting. My/our proxy is directed to vote (or abstain) in accordance with the following instruction and, in the absence of any such instructions, may vote as he/she thinks fit.

If two proxies are being appointed, complete the following sentence: This proxy is authorised to exercise _____ votes/ _____ % of my/our total voting rights.

Directing your Proxy

To instruct your proxy how to vote, insert 'X' in the appropriate column against each item of business set out below. If you do not instruct your proxy how to vote on the resolution, your proxy may vote as he/she thinks fit or abstain from voting.

I/We instruct my/our proxy to vote as follows in relation to the resolution:

| Resolution | for | against | abstain |
|--|--------------------------|--------------------------|--------------------------|
| Issue of securities to Tony Technology (Holding) Company Limited | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

This proxy must be signed by each appointing member or the member's attorney. Proxies given by companies must be executed in accordance with section 127 of the Corporations Act 2001 or signed by an authorised officer or attorney.

Chairman's voting intentions:

The Chairman intends to vote in favour of the resolution in relation to undirected proxies

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If you do not wish to direct your proxy how to vote, please place a mark in the box.



By marking this box, you acknowledge that the Chairman (if he or she is your proxy) may exercise your proxy even if he or she has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

For individuals

For companies

Signature of member

Name of company

Name (Please Print)

Date

the common seal was affixed to this document in the presence of

Signature of member (joint holder)

Director Director/Secretary

Name (Please Print)

or executed by

Date

The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the company, at least 48 hours before the time for holding the meeting, by:

- mail, to **Company Secretary, Cardia Technologies Limited** using the enclosed reply envelope to:
Level 1, 89 High Street
Kew, Victoria 3101
- by facsimile:
+61 3 9854 6399
- by delivery, to Cardia's registered office **Level 1, 89 High Street, Kew, Victoria, 3101**

Proxy Form Instructions:

1. A member entitled to attend the meeting is entitled to appoint not more than two other persons as proxy or proxies to attend in the member's place at the meeting and a proxy has the same right as the member to speak and vote at the meeting.
2. A proxy need not be a member.
3. If you appoint more than one proxy and do not specify the proportion of votes the proxy may exercise, then each proxy will be taken to be entitled to exercise one half of the votes (fractional votes will be disregarded).
4. An instrument appointing a proxy must be signed personally by the appointor or of the appointor's attorney duly authorised in writing, or if such appointor is a corporation in a way in which the corporation is authorised to execute such documents.
5. A member executing a proxy form has the power to revoke the appointment at any time before votes are exercised by the proxy. A proxy form may be revoked by instrument in writing:
 - i) executed by the member giving the same or by his or her attorney authorised in writing or, where the member is a corporation, by a duly authorised officer or attorney of the corporation; and
 - ii) delivered either to the registered office or the Company's Share Registry at any time up to and including the last business day preceding the day of the meeting (or any adjournment thereof) at which the proxy is to be used, or to the chairperson of the meeting on the day of the meeting (or any adjournment thereof) before any vote in respect of which the proxy is to be used shall be taken.

EXPLANATORY NOTES

1. Background

- 1.1 The general meeting referred to in the accompanying notice of meeting is being held so Cardia's shareholders can consider the resolution set out in the accompanying notice of meeting in respect of the issue of securities to Tony Technology (Holding) Company Limited in accordance with listing rules 7.1 and 10.11 of Australian Stock Exchange Limited (ASX) and Chapter 2E of the *Corporations Act (Act)*.
- 1.2 At an Extraordinary General Meeting of Cardia's shareholders held on 26 July 2002, shareholders notified the issue of 13.34 million shares to Tony Technology (Holding) Company Limited together with the placement of a further 3.33 million shares and 8.4 million options exercisable at 20 cents per share to Tony Technology (Holding) Company Limited. The shares and options were issued to Tony Technology (Holding) Company Limited under a share subscription agreement made on 14 May 2002.
- 1.3 Under the terms of the share subscription agreement, Mr Fue Yue Sheng was appointed to the Board of Directors of Cardia on 7 June 2002. Tony Technology (Holding) Company Limited is controlled by Mr Fue Yue Sheng. On completion of the placement under the share subscription agreement, Tony Technology (Holding) Company Limited held 13.2% of the issued capital in Cardia and 7.3% of the issued options.
- 1.4 On 18 January 2003, Cardia and Tony Technology (Holding) Company Limited signed a memorandum of understanding under which Tony Technology (Holding) Company Limited agreed to subscribe for 5.5 million shares in Cardia at an issue price of 10 cents per share together with 5.5 million free attaching options with an exercise price of 20 cents per share and an expiry date of 30 June 2004 to raise \$ 550,000. The issue of the 5.5 million shares and attaching options is subject to shareholder approval. Tony Technology (Holding) Company Limited has lent to Cardia a principal amount of \$270,000 to fund the establishment of Cardia's WaterPower business in Hong Kong and China with a view to exploiting overseas opportunities to sell the WaterPower products in that region.
- 1.5 The agreement by Tony Technology (Holding) Company Limited to invest further in Cardia reflects Tony Technology (Holding) Company Limited's continued commitment and interest in realising the potential of Cardia's WaterPower business in Hong Kong and China.

2. Intended use of funds raised

- 2.1 The funds raised from the issue of securities to Tony Technology (Holding) Company Limited will be used to set up a wholly owned subsidiaries of Cardia in Hong Kong and China to market, develop and distribute Cardia's WaterPower technology in the region.
- 2.2 The budget costs over the 12 months from March 2003 are as follows:

| <i>Hong-Kong WaterPower Company</i> | <i>SAUD</i> |
|-------------------------------------|---------------|
| <i>Set up cost of company</i> | <i>3,300</i> |
| <i>Patent cost</i> | <i>45,000</i> |

| | |
|---|--------|
| <i>Management fees and directors fees</i> | 25,000 |
| <i>Company Secretary costs</i> | 13,000 |
| <i>Administration Staff</i> | 45,000 |
| <i>Other Office Expenses</i> | 36,700 |

China WaterPower Company

| | |
|---|--------|
| <i>Set up cost of Company</i> | 2,200 |
| <i>Managing Director</i> | 42,000 |
| <i>Marketing and Engineering Staff</i> | 68,000 |
| <i>Marketing Literature and Travell/ promotion</i> | 70,000 |
| <i>Insurance</i> | 15,000 |
| <i>Rent</i> | 27,000 |
| <i>Equipment and Lab Facilities</i> | 20,000 |
| <i>Office furniture and equipmem</i> | 42,000 |
| <i>Other miscellaneous and administration costs</i> | 95,800 |

Total **\$550,000**

2.3 From the funds raised, any loans made up to a principal amount of \$270,000 by Tony Technology (Holding) Company Limited will be repaid together with interest calculated at the rate of 7% per annum. The loan already advanced by Tony Technology (Holding) Company Limited has been used to fund this budget.

3. Terms of issue of the securities

3.1 The 5.5 million fully paid ordinary shares will be issued at 10 cents per share and will rank equally in all respects with existing fully paid ordinary shares in Cardia. Quotation of the shares will be sought in accordance with the ASX Listing Rules.

3.2 The 5.5 million options will be on the same terms as the other options issued by Cardia expiring on 30 June 2004. Each option will entitle Tony Technology (Holding) Company Limited to subscribe for one ordinary share exercisable at \$0.20 per share on or before 30 June 2004.

3.3 The weighted average market price for shares in Cardia during the month ending on 12 March 2003 was \$0.085 per share, and the weighted average market price for its options during the month ending on 12 March 2003 was \$0.019 per option. Following the issue of the 5.5 million shares and options to Tony Technology (Holding) Company Limited, it will hold 16.8% of the issued shares in Cardia and 11.5% of the issued options.

3.4 Given that the weighted average market price for shares in Cardia during the month ending on 12 March 2003 was \$0.085 per share, Cardia takes the view that the 5.5 million options are substantially 'out of the money' and have no value.

3.5 If shareholder approval is obtained, the 5.5 million shares and options will be issued to Tony Technology (Holding) Company Limited no later than 1 month after the date of this meeting.

4. Participation in Pro Rata Issue

4.1 On 29 November 2002, shareholders gave certain approvals relating to a proposal for a restructure of the Company's Gallery Gold mining tenements, including the sale of those tenements to a subsidiary of the Company ('Newco') and a pro rata offer of shares in Newco to Cardia shareholders. As part of the terms of issue of the shares, Tony Technology (Holding) Company Limited will be entitled to participate in that pro rata offer by Newco even if the placement is not completed until after the record date for determining entitlements to the Newco offer. However, for Tony Technology (Holding) Company Limited to participate, the placement must be completed before the closing date for subscriptions under that offer. This is to ensure that Tony Technology (Holding) Company Limited is not disadvantaged by any timing differences in obtaining the approval for the placement and the timing of the Newco offer.

4.2 The offer documentation is currently in draft form and Cardia expects the pro rata offer will proceed in the 2003 June quarter.

5. Exercise of Options

5.1 Tony Technology (Holding) Company Limited cannot exercise any of its 30 June 2004 options if the exercise would result in Tony Technology (Holding) Company Limited acquiring more than 20% of the voting power in Cardia except in accordance with the provisions of the Corporations Act. No shareholder approval in respect of such an exercise of the options is sought at this meeting. However, Tony Technology (Holding) Company Limited may seek shareholder approval to exceed the 20% limit through the exercise of its options at a future time.

6. Listing Rule and Corporations Act approvals

6.1 Under listing rule 7.1 Cardia may not issue securities exceeding 15% of its ordinary shares in any 12 month period unless the issue is approved by shareholders in general meeting under rule 7.3. Under this resolution, Cardia seeks shareholder approval for the issue of the 5.5 million shares and attaching 5.5 million options to Tony Technology (Holding) Company Limited to proceed with the issue and to allow Cardia to issue securities over the next 12 months without diminishing its issue capacity under listing rule 7.1.

6.2 Tony Technology (Holding) Company Limited is a related party of Cardia within the meaning of the Listing Rules of the Australian Stock Exchange Limited and the Act because it is controlled by Mr Fuc Yue Sheng, a director of Cardia. The issue of shares and options to Tony Technology (Holding) Company Limited may constitute the giving of a financial benefit to a related party under the Act and requires Cardia to obtain the approval of shareholders. Cardia is therefore seeking approval of shareholders under Chapter 2E of the Act and Listing Rule 10.11.

7. Voting exclusion

In accordance with listing rule 14.11.1 and section 224 of the Act, Cardia will disregard any votes cast by Tony Technology (Holding) Company Limited Mr Fuc Yue Sheng.

and any of their associates in respect of the proposed resolution in accordance with the conditions set out in the notice of meeting.

8. Recommendation

The directors of Cardin (other than Mr Yue Yue Sheng, who has an interest) recommend that you vote in favour of the resolution so that funding for the development of the WaterPower business in China and Hong Kong can be secured.