HiTech Group Australia Limited
ABN 41 062 067 878

Registered Office – Level 3, 131 Macquarie Street, Sydney NSW 2000
(P.O. Box R182, Royal Exchange NSW 1225)
Telephone: (02) 9241 1919 Facsimile: (02) 9241 1731

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the year 2003 Annual General Meeting of the Shareholders of HiTech Group Australia Limited will be held at Level 3, 131 Macquarie Street, Sydney on Wednesday, 5 November 2003 at 11.00am.

1. Financial Report and Reports

To receive and adopt the financial statements and the directors' report for the year ended 30 June 2003 together with the directors' declaration and independent audit report on the financial statements, and, if though fit, pass the following resolution.

That the reports of the directors and auditor, the directors' declaration and the financial statements of the company for the year ended 30 June 2003 be received and adopted.

2. Election of Directors

To consider, and if though fit, pass the following resolutions:

(a) **That** Mr G Shad who has been appointed a director by the board of directors in accordance with rule 74.2 of the constitution of the company and, being eligible, be elected as a director of the company.

(b) **That** Mr S Hazouri who has been appointed a director by the board of directors in accordance with rule 74.2 of the constitution of the company and, being eligible, be elected as a director of the company.

3. Amendment to Clause 3 of HiTech Employee Option Plan

To consider the amendment of Clause 3 and if thought fit, pass the following resolutions:

(a) **That** clause 3.1 be changed to increase the number of additional securities which may be issued under the plan from 5% to 15% of issued capital in line with ASX LR 7.1.

(b) **That** clause 3.2 relating to a restriction on the issue of options not exceeding 3% of the issued share capital on a fully diluted basis be deleted in its entirety.

See attachment setting out the proposed new Clause 3.

4. Sale of Strata Office Level 3, 131 Macquarie Street, Sydney to a Related Party

As per the attached information memorandum, valuation report and the independent expert's report on the transaction, to consider the sale of HiTech's strata office at Level 3, 131 Macquarie Street, Sydney and, if though fit, pass the following resolutions:

(a) That the sale of Strata Office Level 3, 131 Macquarie St Sydney be approved

(b) That the sale of Strata Office Level 3, 131 Macquarie Street, Sydney to an entity associated with Director Ray Hazouri, at a price of $3 million be approved.

See voting exclusion statement on this resolution in relation to resolution 4 (b) set out over leaf under Proxies

5. Other Matters

To consider any other matters which may be brought before the meeting in conformity with the company's constitution.

By order of the Board of Directors

Barry F. Neal
Company Secretary
Sydney
19 September 2003

PROXIES

A member entitled to attend and vote at the meeting is entitled to appoint not more than two other persons, neither of whom needs to be a member.

Where more than one proxy is appointed each proxy may be appointed to represent a specified proportion of the member's voting rights, failing which each proxy may exercise half the member's voting rights or the number of shares each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half the member's voting rights.

Unless the member specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit or abstain from voting.

If you wish to appoint a proxy, you should complete the enclosed Proxy form. To be effective, the form must be received not later than 11.00 am (Sydney time) on Tuesday, 4 November 2003 at the registered office of HiTech Group Australia Limited Level 3, 131 Macquarie Street, Sydney 2000 (PO Box R182, Royal Exchange NSW 1225) or be received by facsimile to (02) 9241 1731 by that time.

HiTech has determined in accordance with the Corporations Act that for purpose of voting at the meeting, shareholders will be taken to be those persons recorded on the HiTech share register of ordinary shareholders as at 7 pm (Sydney time) Monday, 3 November 2003.

Voting Exclusion

With respect to voting on agenda item 4(b) the company will disregard any votes cast on this resolution by Ray Hazouri or his proxy or proxies as he has a related party interest in this transaction.

However this voting exclusion refers to agenda item 4(b) only. With regard to other agenda items the company will not disregard votes cast by Ray Hazouri personally or as proxy for a person 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.

The voting exclusion statement is given in accord with section 224(1) of the Corporations Act 2001 and Listing Rule 10.10.1.

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PROXY FORM

I/we____

being a member/members of HiTech Group Australia Limited hereby appoint

The Chairman of the Meeting ☐ **OR** Name ____________________

(place X in box) (please print)

or failing the person so named or, if no person is named, the Chairman of the Meeting to vote in accordance with the following directions or, if no directions have been given, to vote or abstain as the proxy sees fit in respect of each resolution, at the Annual General Meeting of the company to be held on Wednesday 5 November 2003 at 11.00 am and at any adjournment of that meeting.

It is the intention of the Chairman to vote 'for' resolutions in respect of undirected proxies

I /we desire my proxy to vote as indicated below (place an 'X" in the appropriate box against each item hereunder, otherwise your proxy may vote as he/she thinks fit or abstain from voting).

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 may exercise your proxy even if he 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	☐

Directions to Proxy (Optional) Instructions for Completion Overleaf	**FOR**	**AGAINST**	**ABSTAIN**
1) To receive and adopt the financial statements and directors' report for the year ended 30 June 2003	☐	☐	☐
2) a. To elect Mr G Shad as a director	☐	☐	☐
b To elect Mr S Hazouri as a director	☐	☐	☐
3) To approve an amendment to the HiTech Employee Option Plan, clause 3 to increase the total number of additional securities which may be issued from 5% of listed capital to 15% as per ASX LR 7.1 ***See attachment for full text of clause 3***	☐	☐	☐
4) a. To approve the sale of Strata Office, Level 3, 131 Macquarie Street, Sydney	☐	☐	☐
b. To approve the sale of Strata Office, Level 3, 131 Macquarie Street, Sydney to an entity controlled by a Director Ray Hazouri at a purchase price of $3 million ***See overleaf for Voting exclusion statement with regard to this resolution.***	☐	☐	☐

Appointment of a Second Proxy (Optional)

(Refer overleaf for further instructions on the appointment of a second proxy).

☐ Mark this box with an "X" if appointing a second proxy **AND** State here the percentage/number of your voting rights applicable to this form

%		Number
	OR	

Signature(s) See instructions overleaf

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director Sole Company Secretary	Director	Director/Company Secretary

To be effective, this completed Proxy Form must be received at the office of the company Level 3, 131 Macquarie Street, Sydney 2000 (PO Box R182, Royal Exchange NSW 1225) or by facsimile (02)9241 1731 **no later than 11 am on 4 November 2003**

Common Seal (if required)

PROXY FORM

Instructions for Completion

YOUR VOTE IS IMPORTANT

- Insert the name of the person you wish to appoint as proxy Shareholders cannot appoint themselves. The Chairman of the Meeting will act as your proxy if you return your signed proxy without appointing someone else. You can vote your shares by proxy even if you plan to attend the meeting.
- If you wish to direct your proxy how to vote on any item, place a mark in the appropriate box. If a mark is placed in a box, your total shareholding will be voted in that manner. You may, if you wish, split your voting direction by inserting the number of shares you wish to vote in the appropriate box. The vote will be invalid if a mark is made in more than one box for a particular item or if the total shareholding shown in the "FOR" 'AGAINST" and 'ABSTAIN" boxes is more than your total shareholding.
- A shareholder is entitled to appoint up to two proxies (whether shareholders or not) to attend the Meeting and vote. Where more than one proxy is appointed, each proxy should be appointed to represent a specified proportion or number of the member's voting rights. If the member does not specify the number or proportion of voting rights, each proxy may exercise half the vote. If you wish to appoint two proxies you can obtain a second Proxy Form by telephoning HiTech on (02) 9241 1919. Both forms should be completed with the nominated percentage number of your voting rights on each form. Please return the Proxy Forms together
- This Proxy Form must be signed by the shareholder (member], or if the shareholding is registered in the name of a company, this Proxy Form must be signed in one of the following ways:
  - by two directors of the company
  - by a director and by a secretary of the company
  - for a proprietary company that has a sole director who is also the sole company secretary - by that director
  - by a duly authorized attorney
  - under seal (if required]

If the Proxy Form is signed under Authority or Power of Attorney, the relevant Authority or Power of Attorney must either have been exhibited previously with HiTech or be enclosed with this Proxy Form. If signed under Power of Attorney, the attorney hereby states that no notice of revocation of the power has been received.

Voting Exclusion

With respect to voting on agenda item 4(b) the company will disregard any votes cast on this resolution by Ray Hazouri, and all associates of Ray Hazouri or his proxy or proxies as he has a related party interest in this transaction.

However this voting exclusion refers to agenda item 4(b) only. With regard to other agenda items the company will not disregard votes cast by Ray Hazouri personally or as proxy for a person 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.

IMPORTANT

To be effective, this completed Proxy Form must be received at the Head Office of HiTech Group Australia Limited Services **no Later than 11.00 am (Sydney time) on Wednesday, 4 November 2003.**

Proxy Forms may be returned:

- mailed to HiTech Group Australia Limited Level 3, 131 Macquarie Street, Sydney 2000 (PO Box R182, Royal Exchange NSW 1225; or
- delivered to Level 3, 131 Macquarie Street, Sydney 2000; or
- sent by facsimile to HiTech facsimile (02)9241 1731.

HiTech Group Australia Limited

ABN 41 062 067 878

INFORMATION MEMORANDUM TO SHAREHOLDERS

Sale Of HiTech Strata Unit Office

1. GENERAL INFORMATION

This section contains general information about Agenda item 4 of the Notice of Annual General Meeting of HiTech to be held on Wednesday, 5 November 2003 at 11.00am.

1.1. Overview of Purpose of Resolutions in item 4

ASX Listing Rules, Chapter 10, paras 10.1 and 10.2 provide that the sale of a substantial asset to a related party requires the approval of holders of the entity's ordinary securities.

The resolution seeks shareholder approval for the sale of HiTech's strata office unit at Level 3, 131 Macquarie Street, Sydney, representing a major portion of the fixed assets of the company (the "Property").

Following the directors passing of a resolution to sell the building at a reserve price of $3 million as per an independent valuation at 18 June 2003, a real estate agent was engaged to sell the property by public auction. The purpose for selling the Property is to access badly needed cash locked into the Property.

The Property was conditionally sold at a public auction on 26 July 2003. The sale is conditional upon the company obtaining shareholder approval. The only bidder at the auction was an entity associated with Raymond Hazouri, a Director of your company, which then signed a contract for the purchase of the property, subject to shareholder approval, at a price of $3 million. A deposit of 10% has been taken and is held by the agent in his trust account.

1.2 Reasons for the Sale of the Property

In June 2001, the IT sector was still experiencing growth and the company was in an expansion phase with the expectation that planned expansion of HiTech's business would require additional staff and therefore additional office space.

The city office market was also booming with high rents, and as HiTech had surplus cash resources at this time and no debt it was deemed expedient to purchase office space rather than lease. The initial purchase price was $2.875 million which was settled partly with cash and with borrowings of $1.9 million. The sale price is $3 million.

Financial years 2002 and 2003 have seen a depressed IT sector with declining sales for IT services companies including IT recruitment. Financial year 2004 still shows little market improvement. As HiTech staff has not grown over the last two years, extra staff and space are not required until such time as the market improves. Additionally, HiTech's present office has resulted in additional overheads associated with the larger space available, spread over a lower turnover. It is estimated that a move to smaller leased premises would result in an annual decrease in costs by over $100,000. Given the negative cash flow recently experienced, access to this locked up cash will assist in the company's survival.

There is also the need to provide adequate working capital for the day to day requirements of the business. HiTech's main business is IT contracting with payments to contractors made fortnightly in advance and billings to clients paid six to eight weeks following billing. Whilst the present cash resources available (approximately $0.5 million) are sufficient for current requirements this will change when the market improves with increased contracting, a higher contacting cost bill and a need for increased working capital. The sale of the strata unit will increase cash available by approximately $1 million following the payment of sale costs and pay out of the bank debt which was taken out initially to purchase the Property.

1.4 Effects of the Resolution to approve the Sale of the Property

The effects of shareholders approving the sale of the Property are:

- Following the sale and a move to smaller leased premises a decrease in overheads of approximately $100,000 and a resulting increase in profitability;
- An increase in working capital of approximately $1 million to fund the present and future growth of the company;
- Elimination of all company debt ($1.9 million) with the exception of 30 day creditors;
- Following the write back of depreciation and the asset revaluation reserve, a direct effect on profitability for the 2004 financial year and net asset value (equity);
- Investors will look favourably on the transaction as a cost cutting measure and as the best solution to solve a possible liquidity crisis and provide for future growth as the market picks up. This will have a positive effect on the share price.

1.5 Reasons for and Against the Resolution to approve the Sale of HiTech Strata Office Unit

The reasons why Shareholders **may not** wish to approve the resolution are:

- That they are concerned that the conversion of a major fixed asset into cash is not preferable to keeping the property as values in the city may improve in the long term and may enable a greater realized value.

The reasons why Shareholders **may** wish to approve the resolution are:

- That the sale of asset will provide the working capital (an extra $1 million) to survive and expand when the IT market picks up hence resulting in higher profits;
- That the sale of the asset and a move to leasing premises will result in lower overheads and increased profitability and create a springboard to take advantage of prospects when the market turns upwards;
- That the sale will eliminate all borrowings ($1.9 million);
- That the sale will have a positive effect on the share price in that the market will react favourably to these positive measures (anecdotal evidence suggests this is already happening).

2. DIRECTORS' RECOMMENDATION

The Directors with the exception of Raymond Hazouri do not have any material personal interest in the outcome of the resolution save for their interests solely in their capacity as shareholders of HiTech.
All of the Directors consider that the proposed transaction is in the best interest of HiTech and recommend that shareholders vote in favour of the resolution set out as item 4 of the Notice of Meeting of the Annual General Meeting 2003 to be held on 5 November, 2003.

Note: under ASX Listing Rules 10.10.1 that the sale of a major asset to a related party requires a 'voting exclusion statement' in the Notice of Meeting. This has been included in the attached Notice of Meeting and precludes Raymond Hazouri or his nominees or associates exercising their voting rights as ordinary shareholders with respect to this resolution.

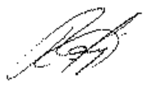
The Directors have approved the proposal to put the resolution contained in the Notice of Meeting and have separately approved the information contained in this Information Memorandum.

Fourteen days prior to the issue of the Notice of Meeting the company lodged:

(a) a draft of the notice of meeting setting out the text of the proposed resolution as set out in item 4 of the Notice of Meeting; and
(b) a draft of this Information Memorandum satisfying section 219 of the Corporations Act 2001; and
(c) a draft of the proxy form to accompany the notice convening the meeting and that relates to the proposed resolution; and

ASIC has not revoked the approval for the company to issue the documentation referred to above.
The Directors recommend the proposal set out in the Notice of Meeting as this will enable shareholders of HiTech to realise the cash value locked into this property and will effectively provide for the continuing operation of the company and improve future returns to shareholders.

A copy of the valuation report of 18 June 2003 plus an Independent Expert's Report are attached in relation to this matter.



Raymond Hazouri
Director

Sydney, 19 September 2003

S.P. ELIAS & CO. CPA

Certified Practising Accountants ABN 34 564 142 023

Principal: Email address: speco@bigpond.com Telephone (02) 9809 2786
Stephen Elias M.Tax, B.Ec, CPA, FTIA, JP Facsimile (02) 9809 2539

Postal Address:
PO Box 293
West Ryde NSW 1685

7 Orchard Street
West Ryde NSW

Our Reference:

15th September, 2003

Independent Expert's Report

Re Sale of Level 3, 131 Macquarie Street, Sydney ["the Property"] by HiTech Group Australia Limited ["the Company" or "HiTech"] to an entity associated with Raymond Hazouri, a Director of the Company.

Preliminary Background

We have been engaged to provide an independent expert's report to shareholders of the Company in relation to the conditional sale by the Company of a 'substantial asset' to a related party, that is to an entity which is associated with a person in a position to influence the Company.

Pursuant to Chapter 10 of the Australian Stock Exchange ["ASX"] Listing Rules, a 'substantial asset' is an asset whose value is "5% or more of the equity interests of the entity as set out in the latest accounts given to ASX"[ASX rule 10.2]. For the purposes of this report it is accepted that the Property is a substantial asset.

The sale of the Property to a related party is considered to be a sale to a person in a position to influence the Company because Raymond Hazouri has a controlling interest in company and is also a director of the Company.

On 26 July, 2003, the Company sold the Property to an entity associated with Raymond Hazouri, a Director of the Company, for an amount of $3,000,000 (three million dollars). As a direct consequence of this transaction the ASX Listing Rules require the Company to provide a report from an independent expert that states whether the transaction in question is "fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded" [ASX rule 10.10.2].

Opinion

We have had the opportunity to review the independent valuation report dated 18 June, 2003, prepared by Wayne Wotton of Craig Miller Pty Ltd in relation to the of the Property. That report concludes that the current market value of the property with vacant possession was $3,000,000.

Taking into account :-

(i) the current nature of the market in relation to real estate in the inner city of Sydney,
(ii) the price range of the Property, and
(iii) the location of the Property,

it would appear to us that the sale price of $3,000,000 [three million dollars] is fair and reasonable. The property went to market by way of public auction and we do not find it surprising that no other bidders were present. In fact, our research has indicated that auctions have been held in relation to other Sydney properties where there were no bids made at all, or where other bids fell way short of the reserve price and the properties were withdrawn from sale.

It is our opinion that the sale of the Property by the Company to the entity associated with Mr Hazouri is fair and reasonable to the holders of the Company's ordinary securities whose votes are not to be disregarded.

Reasons for Our Opinion

An examination of the Company's recent and prior year financial statements highlights several issues that need to be addressed in relation to an objective assessment concerning the decision to sell a 'substantial asset' of the Company. These issues can be delineated as follows:-

- adequacy of working capital
- efficient use of resources
- assessment of real estate sector

Adequacy of working capital:

The working capital requirements of the Company are a critical issue that needs to be constantly monitored. Adequacy in terms of short to medium term needs are just as important as current needs. In this regard, it is not unreasonable to expect that the existing cash resources are sufficient to meet the Company's current needs for working capital. However, if the IT contracting sector were to experience an increase in growth or a further decrease in growth, the current level of cash resources may not be sufficient to sustain the change in circumstances. It would therefore be prudent for the Company to set in place a strategy that would ensure sufficient working capital arrangements and funding were in place to enable it to trade through such a period of growth or decline, as the case may be.

The sale of the Property is expected to generate approximately $1,000,000 in additional cash funds. This is the anticipated increment to the existing level of cash reserves after taking into consideration the repayment of the mortgage and the associated legal and selling costs of the Property. Elimination of the mortgage will also decrease the working capital demands of the Company and increase the longevity of its cash reserves and the efficiency to service future working capital requirements.

Efficient use of Resources:

There is no doubt that the IT sector in general has suffered a significant downturn in recent years. This is evident on both a global and national scale and is most definitely reflected in the financial statements of the Company. Bearing this in mind, it is necessary to ensure that the Company utilise its resources in the best possible manner to ensure its long term viability. In this regard it is not uncommon for an enterprise to review the composition of its overheads. If the Company can achieve an overall reduction in its overheads whilst maintaining its flexibility to take advantage of an anticipated turnaround in the IT sector, it will place itself in an enviable position. A decrease in overhead expenditure will have a direct impact on the bottom line which should be evident, all other things being equal, in an increase in profitability of the Company. In this regard, office premises are one of many substantial overheads that need to be reviewed.

It is not unusual for a business to lease its premises. One only needs to examine the practices adopted by Australia's leading banks in recent years. The banks have sold their properties and entered into a lease-back arrangement. One of the main reasons for adopting this strategy is to release the equity in the buildings and utilise the cash funds as working capital in the business. The theory behind this strategy is that the return on the funds invested through the business is higher than the return on funds invested in the underlying real estate. The theory works best when the asset is sold at its peak price. In my opinion, there is much merit in the Company adopting this strategy in the current circumstances.

Assessment of the Real Estate Sector:

It would be fair to state that the real estate sector in Sydney has experienced significant growth in recent years. Within the real estate sector there are various categories such as freehold, strata, commercial, residential, industrial, houses, apartments etc. Within Sydney there are various localities such as inner city, metropolitan, Eastern suburbs, Western suburbs, North Shore and the like. An analysis of the Sydney real estate sector requires considerations of these peculiarities. In particular, it is not uncommon for some parts of the Sydney market to experience strong growth, whilst other parts may experience a plateau or even a decline. In fact it is quite evident that the some parts of the inner city of Sydney have seen an end to the significant trending increases in value, which is most evident in the sale of apartments. In this regard, one needs to assess whether the market value of a commercial unit in the inner city would achieve a significantly higher value in the short to medium term compared to now. With much talk of inner city prices starting to plateau and in some cases decline, the decision to sell now rather than later may seem to be an acceptable one. Considered over the long term a different conclusion may be reached, however one needs to assess the impacts of constraints on working capital and inefficient use of Company resources against this background.

We trust these comments assist you in your determinations.

Yours faithfully,

Stephen Elias.

VALUATION OF A STRATA TITLED COMMERCIAL PROPERTY
LEVEL 3, 131 MACQUARIE STREET, SYDNEY
UNDER INSTRUCTIONS FROM AND ON BEHALF OF
HITECH GROUP AUSTRALIA LIMITED

Valuation by Wayne Wotton FAPI, Certified Practising Valuer, CRAIG MILLER PTY LIMITED

Date of Inspection: 31 January 2003, Date of Valuation: 18 June 2003

INSTRUCTION

We have been instructed to assess the current market value of the subject strata titled property, known as Level 3, 131 Macquarie Street, Sydney.

The valuation has been prepared for both sale and mortgage security purposes and can be relied upon by Hitech Group Australia Limited and Westpac Banking Corporation.

Market value is defined as "the estimated amount for which an asset should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

LOCATION

The subject property is located in the northern section of the Sydney Central Business District on the western side of Macquarie Street in the block bounded by Bridge Street and Bent Street. It also has rear access from Phillip Lane. The building is opposite the Royal Botanic Gardens and quite spectacular views are available, particularly from the upper floors, over the gardens, the Conservatorium of Music and the harbour.

The Astor Apartment building adjoins on the northern side and History House on the southern side. Other nearby buildings include the historic Chief Secretary's building, the Macquarie Apartments/Arora Place Development and the Mitchell Library.

TITLE DETAILS

Title Reference

Lot 7 in Strata Plan 52728 comprised in Folio Identifier 7/SP52728.

Registered Proprietors

HiTech Group Australia Limited.

Interests and Encumbrances
1. Interests recorded on Register Folio CP/SP3045.
2. SP52728 – right of way variable width appurtenant to the land.
3. SP52728 – easement for loading purposes variable width appurtenant to the land.
4. 6670715 – mortgage to Westpac Banking Corporation.

Unit Entitlement

534 from an aggregate of 10,000.

TOWN PLANNING

We have been advised verbally by Sydney City Council that the subject property is within an area zoned City Centre under the provisions of Central Sydney Local Environmental Plan 1996 which was gazetted 27 December 1996.

We have not sighted a Certificate under Section 149 of the Environmental Planning & Assessment Act, 1979 to confirm this information.

THE BUILDING

Erected upon the land is a multi storey strata titled brick and concrete office building known as Hudson House. The building comprises ground floor lobby and restaurant, 16 upper floors of office space and basement parking for approximately 150 cars. The parking area is operated by Secure Parking and held under separate strata title, and the top 3 floors are occupied by The American Club and also held in a single strata title. Each of the other floors have separate title.

The building is of rectangular shape with its longer side across the frontage so that natural light is optimised. The building services core is at the southern end and includes four automatic passenger lifts and two fire stairs. The building manager has advised that the air conditioning system operates by way of a common cooling tower located on the roof with individual package units on each floor.

The building was completed in 1985 but refurbished and strata titled into its current format in 1996/1997.

THE SUBJECT PREMISES

The subject premises comprise the whole of Level 3 and provides good quality office accommodation with plentiful natural light by virtue of extensive window areas across both front and rear elevations. Internally the offices are carpeted and have suspended acoustic ceilings incorporating ducted air conditioning vents, recessed fluorescent lighting, smoke detectors and sprinklers. The current owners/occupants have installed a modern fitout comprising large reception/waiting area, partitioned offices around the perimeter walls and central open plan office area. One of the features of Level 3 is the tiled open terrace that extends across the whole frontage, thus providing a very useable entertaining and staff lunch area overlooking the Royal Botanic Gardens and harbour. Access is via a hinged door from the boardroom and the terrace forms part of the roof of the floor below.

Male and female toilets are provided and these are in very good order having been renovated in recent years. There is also a small kitchenette.

ASPECT

The aspect from Level 3 is direct easterly and the floor level is generally at tree height as far as the Botanic Gardens are concerned and therefore the near view is not into the main garden area. However, it is a very attractive outlook and very good views are available of the harbour and Fort Denison, the Conservatorium of Music and even extending around to the Opera House.

STRATA AREA

As indicated on Strata Plan 52728, the subject Lot 7 has an area of 645 square metres which is apportioned as follows:-

Office space	524m^2
Terrace	121m^2
TOTAL	645m^2

There is no car parking included in Lot 7.

TENURE

We are unaware of any tenancy in respect to the property. Accordingly, this valuation has been assessed on the basis of vacant possession.

VALUATION CONSIDERATIONS

The prime method of assessment adopted in this valuation is direct comparison with sales of other strata titled commercial premises. In this regard we particularly note that the subject unit was purchased for $2,875,000 by the current owners by virtue of contract dated 19 April 2001.

Other sales within the subject building are as follows:-

Lot 9	Level 5	$2,900,000	01/9/2000	524m^2	$5,534 per square metre
Lot 11	Level 7	$2,820,000	22/8/2000	524m^2	$5,382 per square metre

These sales are rather dated, but do indicate prices within the building.

Other strata sales within the Sydney CBD where prices have exceeded $1,000,000 over the past 6 to 12 months are as follows:-

- Levels 13 & 14, "The Ashington", 234-242 George Street, Sydney
  Price $3,150,000 Contract date 3 April 2001 Area 652 square metres
  Shows $4,831 per square metre
- Levels 3 & 4, "Skandia House", 6 Bridge Street, Sydney
  Price $2,746,000 Contract date 20 December 2001 Area 491 square metres
  Shows $5,593 per square metre

We considered that the subject property provided superior quality accommodation to these sales and was better positioned achieving garden and harbour views.

We took the view the subject property should achieve a price at the upper end of the two sales in the order of $5,600 to $5,700 per square metre of area. The terrace in our view adds some value to the unit and is a benefit.

The range of values we considered indicates a value range from $2,934,400 to $3,043,800. These calculations do not apply a rate to the balcony area. The rate is however reflective of this benefit.

For the purposes of this valuation we have adopted a value at $3,000,000.

VALUATION

The current market value of the subject strata titled unit, on a vacant possession basis, is assessed at **THREE MILLION DOLLARS ($3,000,000)**

GENERAL QUALIFICATION

This valuation is given pursuant to the request by Mr Ray Hazouri of HiTech Group Australia Limited dated 9 January 2003.

The above stated valuation is made upon the conditions contained in the request for valuation. The valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the contents of this valuation. The valuation assessed is exclusive of GST and assumes if GST is payable that payment would be the responsibility of the Purchaser.

This valuation is prepared on the assumption that the Lender who relies on this Valuation Report (and no other) has complied with its own prudential lending guidelines, as well as prudent finance industry lending practices.

These guidelines must include the following and the Lender must have considered all Prudent aspects of credit risk for any potential borrower, including the borrowers ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that the lender is providing mortgage financing using a conservative and prudent loan-to-valuation ratio (LVR). The valuer accepts no liability whatsoever if prudent lending practices fail to be strictly observed and/or if the lender relies solely on this valuation to advance loan funds.

CRAIG MILLER PTY LIMITED, Wayne Wotton FAPI, Certified Practising Valuer, Registered Valuer No. 2221 (NSW), Signed this 5th day of September 2003

HITECH GROUP AUSTRALIA LIMITED ANNUAL GENERAL MEETING
EXPLANATORY NOTE TO AGENDA ITEM 3.

The Employee share option plan is a key element in motivating and rewarding staff for their efforts in growing the company.

It is therefore desirable that the board who is responsible for the allocating of options to staff have the power to issue sufficient options to achieve this end.

Clause 3 of the HiTech Employee Option Plan is as follows:-

3. Number of Options to be Issued

3.1 **HiTech shall not offer or issue Options to any Eligible Person in accordance with the Plan if the total number of Shares the subject of Options, when aggregates with:**

(a) the number of Shares which would be issued were each outstanding offer or invitation or option to acquire unissued Shares, being an offer or invitation made pursuant to the Plan or an offer or invitation made or option granted pursuant to any other employee or executive share plan, to be accepted or exercised (as the case may be); and

(b) the number of Shares issued during the previous five years pursuant to the Plan or any other employee or executive share plan,

(disregarding any offer or invitation made, or option granted or Share issued following the making of an offer or invitation, to a person situated at the time of receipt of the offer or invitation outside Australia or by way of excluded offer or invitation within the meaning of the Corporations Law), **would exceed 5% of the total number of Shares quoted on the ASX at the time of the offer or issue.**

3.2 The total number of Shares the subject of Options issued to an Eligible Person and associates (as that term is defined in Part 1.2, Division 2 of the Corporations Law) of that Eligible Person in relation to the Plan (excluding, for the avoidance of any doubt, any Options which have been exercised or have lapsed) must not at any time exceed 3% of the issued share capital of HiTech from time to time on a fully diluted basis (notwithstanding that those Shares may for any reason subsequently represent more that 3% of that capital).

Proposed change

In line with ASX LR 7.1 it is proposed to increase the limit on the number of options which can be issued to 15% and to delete clause 3.2.

Clause 3 will then read:-

3. Number of Options to be Issued

3.1 **HiTech shall not offer or issue Options to any Eligible Person in accordance with the Plan if the total number of Shares the subject of Options, when aggregates with:**

(c) the number of Shares which would be issued were each outstanding offer or invitation or option to acquire unissued Shares, being an offer or invitation made pursuant to the Plan or an offer or invitation made or option granted pursuant to any other employee or executive share plan, to be accepted or exercised (as the case may be); and

(d) the number of Shares issued during the previous five years pursuant to the Plan or any other employee or executive share plan,

(disregarding any offer or invitation made, or option granted or Share issued following the making of an offer or invitation, to a person situated at the time of receipt of the offer or invitation outside Australia or by way of excluded offer or invitation within the meaning of the Corporations Law), **would exceed 15% of the total number of Shares quoted on the ASX at the time of the offer or issue.**