



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2009 Annual General Meeting (the Meeting) of Hostech Limited ACN 009 805 298 (Hostech or the Company) will be held in the Webb Room at the Hotel Charsfield, 478 St Kilda Road, Melbourne, Victoria 3004 on Monday November 30, 2009 at 10:30 a.m. AEST.

This document outlines the resolutions to be put to the Meeting and contains explanatory information for each of the resolutions.

1. Agenda for the Meeting

Financial statements and reports

The Meeting will consider the financial statements and reports of the Company including the income statement, balance sheet, statement of changes in equity, cash flow statement, the notes to the financial statements, the Directors' declaration and the reports of the Directors and Auditors for the financial year ended 30 June 2009.

While no resolution is required in relation to this item, shareholders will be given the opportunity to ask questions and make comments on the financial statements and reports.

The company's auditor, Ernst & Young, will be present at the Meeting and shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

The Hostech Limited 2009 Annual Report can be viewed online at the Company's website www.hostech.com.au on the "investors" page.

Resolution 1 - Adoption of Remuneration Report

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

"That the Remuneration Report for the year ended 30 June 2009 included in the Directors' Report, which is attached to the Financial Statements as required under section 300A of the Corporations Act, be adopted by the Company."

Note: In accordance with section 250R(3) of the Corporations Act, the votes cast in respect of this resolution are advisory only and do not bind the Company.

Resolution 2 - Election of Campbell Corfe as a Director

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

“That Campbell Corfe, having been appointed as a Director of the Company by a resolution of the Board of Directors on 2 June 2009, offers himself for election pursuant to article 13.4 of the Company’s Constitution and being eligible, is elected as a Director of the Company.”

Resolution 3 - Election of Matthew Costello as a Director

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

“That Matthew Costello, having been appointed as a Director of the Company by a resolution of the Board of Directors on 2 June 2009, offers himself for election pursuant to article 13.4 of the Company’s Constitution and being eligible, is elected as a Director of the Company.”

Resolution 4 - Election of Alan Chalmers as a Director

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

“That Alan Chalmers, having been appointed as a Director of the Company by a resolution of the Board of Directors on 29 June 2009, offers himself for election pursuant to article 13.4 of the Company’s Constitution and being eligible, is elected as a Director of the Company.”

Resolution 5 - Issue of Options to Terry Wills Cooke or his nominee

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

“That for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and all other purposes, the issue of 1,000,000 options to Terry Wills Cooke or his nominee (and the subsequent issue of 1,000,000 Shares upon conversion of such Options) as referred to in the Explanatory Statement, is approved.”

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Terry Wills Cooke or by a person who might obtain a benefit. However, the Company need not disregard a vote, if it is cast in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and is cast in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6 – Issue of up to 120,000,000 ordinary fully paid Hostech Shares (Shares) for the acquisition of Plant Communications Pty Ltd

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

“That for the purposes of ASX Listing Rule 7.1 and all other purposes, the issue of up to 120,000,000 Shares to Stephen Richard Plant or his nominee (as consideration for the acquisition of Plant Communications Pty Ltd) as referred to in the Explanatory Statement, is approved.”

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Stephen Richard Plant or by a person who might obtain a benefit. However, the Company need not disregard a vote, if it is cast in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and is cast in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 7 — To approve the acquisition by Corfe Associates Pty Ltd and others of interests in more than 20% of the voting shares in the Company

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

“That the acquisition by:

- (a) Corfe Associates Pty Ltd (**Corfe Associates**) as trustee for the C E & S E Corfe Family Trust (the **Corfe Family Trust**);
- (b) Campbell Evison Corfe, a director and a shareholder of Corfe Associates, and an appointor and a beneficiary of the Corfe Family Trust;
- (c) Sally Elizabeth Corfe, a director and a shareholder of Corfe Associates, and an appointor and a beneficiary of the Corfe Family Trust; and
- (d) the Corfe Family Trust,

of a relevant interest in up to:

- (e) 250,000,000 fully paid ordinary shares in the Company through the transfer of up to 31 fully paid ordinary shares in Flaxton Hunter Pty Ltd (**Flaxton Hunter**) from Algebraic Pty Ltd to Corfe Associates Pty Ltd as trustee for the C E & S E Corfe Family Trust; and
- (f) a further 250,000,000 fully paid ordinary shares in the Company which would be issued to Flaxton Hunter upon the exercise by Flaxton Hunter of all the 250,000,000 options that issued to Flaxton Hunter by the Company on or about 22 June 2009,

and otherwise on the terms summarised in the explanatory statement accompanying the 2009 notice of annual general meeting, is approved for all purposes including item 7 in the table in section 611 of the *Corporations Act 2001* (Cth).”

Voting Exclusion Statement: The Company will disregard any votes cast on resolution 7 by Corfe Associates and any of its associates. However, the Company need not disregard a vote, if it is cast in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and is cast in accordance with a direction on the proxy form to vote as the proxy decides.

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Resolution 8 — To approve the acquisition by Flaxton Enterprises Pty Ltd and others of interests more than 20% of the voting shares in the Company

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

“That the acquisition by:

- (a) Flaxton Enterprises Pty Ltd (**Flaxton Enterprises**) as trustee for the Robertson Family Trust;
- (b) Helen Joy Robertson, sole director and sole shareholder of Flaxton Enterprises and principal beneficiary of the Robertson Family Trust;
- (c) the Robertson Family Trust;
- (d) Helen Joy Robertson, Andrew James Robertson and Campbell Evison Corfe, the joint appointors of the Robertson Family Trust; and
- (e) Andrew James Robertson, a beneficiary of the Robertson Family Trust,

of a relevant interest in up to:

- (f) 279,515,080 fully paid ordinary shares in the Company through the transfer of up to 50 fully paid ordinary shares in Flaxton Hunter from Algebraic Pty Ltd to Flaxton Enterprises as trustee for the Robertson Family Trust; and
- (g) a further 250,000,000 fully paid ordinary shares in the Company which would be issued to Flaxton Hunter upon the exercise by Flaxton Hunter of all the options issued to Flaxton Hunter by the Company in June 2009,

and otherwise on the terms summarised in the explanatory statement accompanying the 2009 notice of annual general meeting, is approved for all purposes including item 7 in the table in section 611 of the *Corporations Act 2001* (Cth).”

Voting Exclusion Statement: The Company will disregard any votes cast on resolution 8 by Flaxton Enterprises and any of its associates. However, the Company need not disregard a vote, if it is cast in accordance with the directions on the proxy form or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and is cast in accordance with a direction on the proxy form to vote as the proxy decides.

2. Determination of voting entitlement

For the purpose of determining a person's entitlement to vote at the Meeting, a person will be recognized as a shareholder and the holder of Shares if that person is registered as a holder of those Shares at 7:00 p.m. AEST on Thursday November 26, 2009.

3. Votes

On a show of hands, each shareholder present in person or by proxy or, in the case of a body corporate present by a representative, shall have one vote.

On a poll, every shareholder present in person or by attorney or by proxy or, in the case of a body corporate present by a representative, shall have one vote for each Share held by him, her or it.

4. Proxies

A shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the shareholder.

Where the shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If the shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes.

A proxy need not be a shareholder.

To be effective, the instrument of appointment of a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority) must be received by the Company at 71 Thistlethwaite Street, South Melbourne VIC 3205 or by facsimile on 03 9698 7878 by 10:30 a.m. AEST on Saturday November 28, 2009.

A form of proxy accompanies this Notice of Meeting.

5. Questions and Comments by Shareholders at the Meeting

A reasonable opportunity will be given to shareholders to ask questions and/or make comments on the management of the Company at the meeting.

A reasonable opportunity will be given for shareholders to ask questions of the Company's external auditor, Ernst & Young. These questions should be relevant to:

- a) the conduct of the audit;
- b) the preparation and contents of the audit report;
- c) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- d) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to Ernst & Young if the question is relevant to the content of the audit report or the conduct of its audit of the Company's financial report for the year ended 30 June 2008. Relevant written questions for Ernst & Young must be received by no later than 10:30 a.m. AEST on November 28, 2009. A representative of Ernst & Young will provide answers to the questions at the Meeting.

6. Explanatory Memorandum

Resolution 1: Adoption of remuneration report

In accordance with Section 300A(1) of the Corporations Act 2001 the Remuneration Report is included in the Directors Report for the financial year ended 30 June, 2009.

Section 250R(2) of the Corporations Act 2001 requires that the Company put a resolution to shareholders that the Remuneration Report be adopted. In accordance with section 250R(3) of the Corporations Act, the votes cast in respect of this resolution are advisory only and do not bind the Company.

The Remuneration Report is set out on pages 14 to 20 of the Company's 2009 Annual Report. The Hostech 2009 Annual Report can be viewed online at the Company's website www.hostech.com.au on the "investors" page.

Resolution 2: Election of Campbell Corfe as a Director

In accordance with article 13.4 of the Company's Constitution, Campbell Corfe, a Director appointed subsequent to the last Annual General Meeting of the Company and retiring at the close of this Annual General Meeting, offers himself for election as a Director.

Campbell qualified as a Chartered Accountant in Australia and practiced as a Certified Public Accountant in America. He was a partner for 18 years with the global accounting firm of KMG Main Hurdman (now KPMG) in various postings in Australia, USA, Europe and Asia. Leading up to the merger with Peat Marwick, in which he was heavily engaged, he was the partner in charge of global operations for the US firm based in New York, responsible for all accounting and consulting services provided to the firm's multi-national clients.

After leaving KMPG, he became Chief Operating Officer for the Ohio, USA based Hercules Engines for 2 years. Hercules was a successful "management buy out" of an old-line manufacturing business dealing with the US Army. Campbell then returned to Australia and worked with a number of companies in the finance and insurance sector, including Amlink, Suncorp and Colonial State Bank.

Most recently, as CEO, he set up the US operations of the venture capital backed Australian mobile marketing company, 5th International, in San Francisco, USA. In this position, he has identified a number of emerging opportunities in the global mobile sector.

Campbell is a member of several boards, including 5th Finger and Youi Insurance. He brings to the board of Hostech a wealth of experience and strategic direction, both local and international.

Resolution 3: Election of Matthew Costello as a Director

In accordance with article 13.4 of the Company's Constitution, Matthew Costello, a Director appointed subsequent to the last Annual General Meeting of the Company and retiring at the close of this Annual General Meeting, offers himself for election as a Director.

Matthew holds a Masters of Finance Management degree and is current completing his MBA at MGSM. He is also a member of the Australian Institute of Company Directors holding several board positions with small private companies including 5th Finger (5th International Group Pty Ltd).

As a founding member of 5th Finger, Matthew has worked over the last 9 years to help shape the mobile industry in Australia. After selling the Australian interests of 5th Finger to ninemsn (a joint venture involving PBL and Microsoft) in 2005, he worked with ninemsn as Mobile Sales Director to integrate mobile marketing and mobile advertising capabilities across the PBL media group.

Most recently, Matthew worked with the 5th Finger International team in the US as Director Strategy, putting in place a roll out and expansion plan to build on the success of the startup launch in early 2008.

Resolution 4: Election of Alan Chalmers as a Director

In accordance with article 13.4 of the Company's Constitution, Alan Chalmers, a Director appointed subsequent to the last Annual General Meeting of the Company and retiring at the close of this Annual General Meeting, offers himself for election as a Director.

Alan Chalmers is a lawyer with over 23 years experience providing legal services to a broad range of clients in the media, entertainment and telecommunications industries in Australia and overseas, in both the private and public sectors.

Mr. Chalmers has held senior legal positions at Freehills, Gadens Lawyers and, more recently, as principal of his own legal practice, MET Law. He played a key role in the major regulatory reforms of the converging media and telecommunications sectors in Australia over the decade of the 1990s, including membership of each of the government teams that drafted the Broadcasting Services Act 1992, the Radiocommunications Act 1992, and the Telecommunications Act 1997, plus the related Trade Practices Act 1974 amendments relating to competition and access for telecommunications services (together, the Communications Law). He was awarded the Public Service Medal for his role in these reforms.

Resolution 5 – Issue of Options to Terry Wills Cooke or his nominee

Shareholders are being asked to approve the issue of 1,000,000 options to Terry Wills Cooke or his nominee. Shareholder approval is sought for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and all other purposes. Mr. Wills Cooke is a related party of the Company by virtue of his position as a director of the Company. Resolution 5 is therefore required to be passed before the options can be issued.

ASX Listing Rule 10.11 & 10.13

ASX Listing Rule 10.11 states that an entity must not issue or agree to issue equity securities (including options) to a related party without the approval of holders of ordinary securities.

In accordance with ASX listing rule 7.2 (Exception 14) if approval is given under listing rule 10.11, approval is not required under listing rule 7.1

The following information is provided in accordance with ASX Listing Rule 10.13.

A total of 1,000,000 options will be issued to Mr. Wills Cooke or his nominee if resolution 5 is approved by shareholders. Each option will entitle the holder to subscribe for one Share in the Company. If shareholder approval is gained the 1,000,000 options will be issued no later than one month after the date of the meeting. The exercise price of each Option is \$0.013 (1.3 cents) and the final exercise date or expiry date of each option will be 30 June 2012.

The options will be issued for nil consideration. No funds will be raised from the issue. The Company will raise a total of \$13,000 if all the options are exercised and Shares are allotted before the expiry date of 30 June 2012. Any funds raised from the exercise of options will be used for working capital purposes. There is no guarantee that the options will be exercised at all.

General terms and conditions of the options not outlined above are:

- Each option entitles the holder, on exercise, to one Share.
- All Shares issued on the exercise of the options will rank pari passu in all respects with the Company's existing issued Shares.
- The Company will not apply to ASX for official quotation of the options.
- The Company will apply for quotation by ASX of all Shares issued upon the exercise of the options.
- An option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the option can be exercised.
- In the event of any reconstruction of the issued capital of the Company prior to the expiry date, all rights of the option holder will be varied in accordance with the ASX Listing Rules.
- The options will vest immediately upon issue and no restrictions will be placed on the exercise of the options.

Section 208 Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company.

The issue of the options proposed in resolution 5 constitutes the provision of a financial benefit to a related party.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- The giving of the financial benefit falls within one of the exceptions to the provision; or
- Prior shareholder approval is obtained to the giving of the financial benefit.

Information Requirements

For the purposes of Chapter 2E of the Corporations Act Terry Wills Cooke is a related party of the Company.

For the purposes of section 219 of the Corporations Act the following information is provided to Shareholders to enable them to assess the merits of the resolutions.

The related party to whom the proposed resolution would permit financial benefits to be given

If resolution 5 is passed financial benefit will be provided to Terry Wills Cooke (Related Party).

Mr. Wills Cooke was appointed Non-Executive Chairman of Hostech on 18 June 2008. On 29 June 2009 Mr. Wills Cooke resigned as Chairman and has continued to act as a Non-Executive Director of the Company. Mr. Wills Cooke will retire as a Director of Hostech on 30 November 2009.

The Nature of the Financial Benefit

The proposed financial benefit to be given is the issue of 1,000,000 options to Terry Wills Cooke or his nominee. Options will be issued on the terms previously set out in this Explanatory Statement.

Current Relevant Interest in Shares of Related Party

Related Party	Relevant interest in Shares	% of Shares
Terry Wills Cooke	2,000,000	0.39

Relevant Interest in Fully Diluted Capital if Resolutions 5 and 6 are passed

If shareholders approve the proposed grant of the options Mr Wills Cooke will have a relevant interest in 2,000,000 Shares and 1,000,000 options.

Please note that 1,000,000 options currently held by Terry Wills Cooke (exercisable at \$0.013, expiry 30 June 2012) will immediately be cancelled if resolution 5 is passed.

The relevant interest in Shares of Mr. Wills Cooke assuming resolutions 5 and 6 are passed and all options and convertible notes on issue are exercised (or converted to Shares) is shown below:

Related Party	Relevant interest in Shares (Fully Diluted)	% of Shares (Fully Diluted)
Terry Wills Cooke	3,000,000	0.33

Remuneration

Details of remuneration paid to Mr Wills Cooke for the year ended 30 June 2009 is set out below:

Salary & Fees	Superannuation	Equity Based Payments	Total
\$53,115	\$2,751	\$1,700	\$57,566

Directors Recommendations

Mr. Wills Cooke's fellow directors Michael Abela, Campbell Corfe, Matthew Costello and Alan Chalmers do not have a personal interest in resolution 5 and recommend that non-associated shareholders vote in favour of resolution 5. The issue of 1,000,000 options to Mr. Wills Cooke or his nominee will provide an incentive based form of remuneration to Mr. Wills Cooke which will further encourage and reward any efforts by Mr. Wills Cooke, following his resignation as a Director, to promote the Company and improve the financial performance and share price of the Company to the commercial benefit of all shareholders

Mr. Wills Cooke declines to make a recommendation to shareholders in relation to resolution 5 due to a conflict of interest.

Other information

It is a requirement of ASIC that a dollar value be placed on the options to be issued to the Related Parties. The Black-Scholes option price calculation method is regarded as acceptable by ASIC as a valuation model where the options cannot be readily valued by some other means. In determining the dollar value for the options, the Company is required to disclose the following assumptions.

- The options are to be exercisable at \$0.013 (1.3 cents) each.
- The options are to be exercised on or before 30 June, 2012.
- The Company's share price as quoted on ASX as at 22 October 2009 is \$0.024 (2.4 cents)
- Price volatility of the Shares is approximately 20%.
- No discount has been allowed notwithstanding their unlisted status.
- The average current risk free interest rate is approximately 4%.

On this basis and as at 22 October 2009, the implied "value" being received by Mr. Wills Cooke is \$0.015 per option. The implied "value" being received by Mr. Wills Cooke for the options is approximately \$15,000.

Trading History

Over the last 12 months Hostech Shares have traded between \$0.005 per Share (lowest – December 2008) and \$0.05 per Share (highest – May & June 2009). The latest trading price available at the time of preparing this Notice of Meeting (October 22, 2009) was \$0.024 per Share.

Resolution 6 – Issue of up to 120,000,000 Shares to Steven Richard Plant or his nominee as consideration for the acquisition of Plant Communications Pty Ltd (“Plant Communications”)

Resolution 6 seeks shareholder approval for the issue of 120,000,000 Shares to Steven Richard Plant or his nominee as part consideration for acquisition of Plant Communications.

Acquisition of Plant Communications

In October 2009 Hostech announced its intention to purchase Plant Communications which trades as Samsung Communications Australia. Plant Communications is the exclusive distributor for Samsung Communications business telephony solutions in Australia.

Plant Communications has a nationwide distribution channel of over 60 specialist and accredited third party dealers selling its leading range of IP PBX solutions. The business was formed over 10 years ago and was formerly one of the more profitable business units of the Commander group of companies. Plant Communications is on target to achieve EBITDA exceeding \$2,000,000 for the 2010 financial year. Plant Communications anticipates strong growth beyond its current budget through expanding its distribution base. It is well progressed on a number of material contracts.

Mr. Steven Plant and General Manager, Mr. Brett McInnes will be retained as senior managers by Hostech to drive sales and profitability after the acquisition. Both individuals have impressive backgrounds and management records in the communications industry and will strengthen Hostech’s management team. Mr. Plant will have a significant shareholding in Hostech after completion.

The acquisition expands Hostech’s existing assets. Sholl Communications is a leading business telephone solutions dealership and OneNetwork is a hosted business telephony solutions provider. OneNetwork will benefit from access to Samsung equipment and the potential to broaden its product offering and distribution capability. Sholl Communications will use its project management and technical expertise to expand its offering in areas such as Cabling and Service and Maintenance as well as Enterprise IP Telephony.

Hostech is well progressed in developing additional complementary offerings to assist the Samsung Partner Channel, including the establishment of a customer finance program. Such new developments will help to further drive Samsung Communications sales via its Partner Channel whilst enabling Hostech to create new profitable lines of business.

As previously announced, due diligence was completed by an independent third party so as to satisfy the board as to the performance of Plant Communications. The Board of Hostech is

satisfied with the outcome of the due diligence and in particular the ability of Plant Communications to deliver both profitability and strong strategic growth to the business.

The terms of the deal have been adjusted to reflect changes in the Plant Communications balance sheet. The consideration is made up of:

- \$3,000,000 of Hostech shares at \$0.025 (2.5 cents) per share (120,000,000 million Shares)
- \$500,000 cash consideration - \$250,000 paid at completion and \$250,000 to be paid within 3 months of completion based on cash targets set for Plant Communications
- Hostech to refinance or pay down the debt of Plant Communications. Plant Communications currently has \$3,700,000 of debt plus undrawn letters of credit (letter of credit facility of USD\$1,200,000).

There are three conditions precedent which must be satisfied for the acquisition to proceed. These condition precedents are:

1. Hostech to receive shareholder approval at the Meeting.
2. Hostech to refinance or pay down the debt of Plant Communications.
3. To the satisfaction of Hostech, Plant Communications to receive formal written approval from Samsung.

Hostech has engaged the services of experienced stock broking and corporate advisory firm, Lodge Partners to assist with the refinancing of debt and provide ongoing support to the Company. The Company will have approximately 3 months to refinance the facility (after approval at the AGM). The 120,000,000 Shares referred to in this resolution will only be issued if the acquisition of Plant Communications proceeds.

The Board of Hostech is excited by the prospect of the Plant Communications acquisition and over the last several months it has invested heavily in strengthening its sales infrastructure and other capabilities to prepare for the acquisition of this and other complementary offerings to build on its strategic plans for the business. The goal of the Company is to achieve sales over the next 2 years exceeding \$60,000,000 through organic growth and acquisition and to cement its position as a leading player in business telephony solutions market.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a listed Company must not, subject to certain exceptions, issue or agree to issue more than 15% of its capital within a 12 month period without the approval of shareholders.

In accordance with ASX Listing Rule 7.1, resolution 6 seeks shareholder approval for the issue of 120,000,000 Shares to Steven Richard Plant or his nominee.

In accordance with ASX Listing Rule 7.3 the Company provides the following information to shareholders in relation to resolution 6.

Maximum number of securities to be issued

The maximum number of securities to be issued is 120,000,000 Shares.

The date of issue and allotment of securities

The Shares will be allotted progressively and issued within 3 months from the date of the meeting (or as modified by ASX waiver).

The issue price of the securities

The Shares will be issued at \$0.025 per Share.

The name of the allottee

The Shares will be issued to Steven Richard Plant or his nominee. The Company confirms that the securities referred to in resolution 6 will not be issued to related parties of the Company.

Terms of the securities

Shares will rank equally with the Company's existing quoted Shares upon issue and quotation.

The intended use of funds raised

There are no funds being raised from the issue of Shares as the Shares will be issued as consideration for the acquisition of Plant Communications.

Resolution 7 — To approve the acquisition by Corfe Associates Pty Ltd and others of interests in more than 20% of the voting shares in the Company

This resolution relates simply to a proposed upstream restructure of the holdings in Flaxton Hunter Pty Ltd ("Flaxton Hunter"). The restructure technically requires shareholder approval but will have no practical effect on any Hostech shareholder's shareholding in the Company, nor the control or operations of Hostech. Immediately before and after the restructure, Flaxton Hunter will hold the same number of shares in Hostech.

Section 606 of the *Corporations Act 2001* (Cth) ("the **Act**") generally prohibits a person from acquiring a relevant interest in issued voting shares in a listed company which results in that person's or someone else's voting power in the company increasing from 20% or below to more than 20% unless the acquisition is made under one of the exceptions set out in section 611. An acquisition of relevant interests in a company's voting shares previously approved by a resolution passed at a general meeting of the company in accordance with item 7 in the table in section 611 is an exception to the general prohibition.

A person's voting power in a company is calculated as a percentage of the total number of votes attached to all the voting shares in the company in which the person or their associate has a relevant interest, compared to the total number of votes attached to all voting shares in the

company. The Company currently has 496,716,942 fully paid ordinary shares on issue, and one vote attaches to each of these shares.

Flaxton Hunter currently holds 250,000,000 fully paid ordinary shares in the Company. Its associate, Algebraic Pty Ltd (“Algebraic”), directly holds an additional 29,515,080 shares in the Company. Accordingly, Flaxton Hunter’s voting power in the Company (including Algebraic’s shareholding in the Company) is approximately 56%.

In June 2009, the Company issued to Flaxton Hunter 250 million options, each over 1 fully paid ordinary share in the Company and exercisable at 1 cent.

Accordingly if all these options were exercised, Flaxton Hunter’s total holding of fully paid ordinary shares in the Company would be 500,000,000 representing voting power in the Company of approximately 67%.

Corfe Associates Pty Ltd (**Corfe Associates**) as trustee for the C E & S E Corfe Family Trust (the **Corfe Family Trust**) does not currently hold any shares in the Company and its voting power is 0%. However, it currently owns 19% of the issued share capital of Flaxton Hunter. The remaining 81% of the issued share capital of Flaxton Hunter is held by Algebraic. Corfe Associates and Algebraic are not associates of each other in relation to Hostech.

Subject to the approval of the Company’s shareholders and pursuant to the terms of a call option and termination deed dated on or about 29 May 2009 between Algebraic, Corfe Associates and Flaxton Hunter (the **Option Deed**), Corfe Associates proposes to acquire up to 31% of the shares on issue in Flaxton Hunter from Algebraic, which would increase Corfe Associates’ shareholding in Flaxton Hunter to up to 50% (and which would reduce Algebraic’s shareholding in Flaxton Hunter to as low as 50%).

Section 608(3) of the Act states that a person has a relevant interest in any securities held by a body corporate, if the person’s voting power in that body corporate is above 20%.

Assuming shareholder approval is granted and depending on the number of Flaxton Hunter shares the subject of the Option Deed which are transferred to Corfe Associates, Corfe Associates’ voting power in the Company will increase from 0% to up to 71%. This is because Corfe Associates will be deemed to have a relevant interest in the shares in the Company held by Flaxton Hunter and its associates (including from that point in time the shares in Hostech held by Algebraic).

Further, section 608(1) of the Act relevantly states that a person has a relevant interest in securities if they have power:

- (a) to exercise, or control the exercise of, a right to vote attached to the securities; or
- (b) to dispose of, or control the exercise of a power to dispose of, the securities.

Further, if 2 or more people can jointly exercise one of these powers, each of them is taken to have that power.

The directors of Corfe Associates are Campbell Evison Corfe and Sally Elizabeth Corfe. They are also the only shareholders of Corfe Associates, each holding 50% of the shares on issue. They

each currently do not hold any shares in the Company and each have voting power in the Company of 0%.

As appointors under the trust deed for the Corfe Family Trust, Campbell Corfe and Sally Corfe also have the power to replace the trustee of the trust. Therefore they can indirectly control who holds 50% of the shares in Flaxton Hunter.

In their capacity as directors and shareholders of Corfe Associates and beneficiaries of the Corfe Family Trust, Campbell Corfe and Sally Corfe may each have power to control the voting of shares in the Company, or the disposal of them, even though that power may be remote or require them to act jointly. Each of Campbell Corfe and Sally Corfe may also have a deemed relevant interest in Flaxton Hunter's shares in the Company under section 608(3) of the Act. Accordingly, if an acquisition occurs under the Option Deed, Campbell Corfe, Sally Corfe and the Corfe Family Trust will be taken to have a relevant interest in the shares in the Company held by Flaxton Hunter and its associates, and each will be taken to have voting power in the Company of up to 71%.

The Company will disregard any votes cast on resolution 7 by Corfe Associates and any of its associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote; and
- (b) 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 directors (other than Campbell Corfe) have considered the proposed acquisition by Corfe Associates in the context of the interests of the Company's shareholders (other than those shareholders involved in the proposed acquisition namely, Flaxton Hunter). As the proposed upstream restructure of the shareholdings in Flaxton Hunter will have no practical effect on the shareholdings in, or control or operations of, the Company, the directors (other than Campbell Corfe) believe there will be no adverse effect on the Company or its shareholders and, in those circumstances, consider the proposed acquisition by Corfe Associates to be fair and reasonable to the Company's shareholders (other than Flaxton Hunter).

All the directors of the Company other than Campbell Corfe (who, due to his interest in the outcome of the resolution makes no recommendation), recommend that shareholders vote in favour of this resolution.

Resolution 8 — To approve the acquisition of more than 20% of the shares in the Company by Flaxton Enterprises Pty Ltd as trustee for the Robertson Family Trust and its associates

This resolution relates simply to a proposed upstream restructure of the Robertson Family's interests in Flaxton Hunter. The restructure technically requires shareholder approval but will have no practical effect on any Hostech shareholder's shareholding in the Company, nor the control or operations of Hostech. Immediately before and after the restructure, Flaxton Hunter will hold the same number of shares in Hostech.

Section 606 of the Act generally prohibits a person from acquiring a relevant interest in issued voting shares in a listed company which results in that person's or someone else's voting power

in the company increasing from 20% or below to more than 20% unless the acquisition is made under one of the exceptions set out in section 611. An acquisition of relevant interests in a company's voting shares approved previously by a resolution passed at a general meeting of the company in accordance with item 7 in the table in section 611 is an exception to the general prohibition;

A person's voting power in a company is calculated as a percentage of the total number of votes attached to all the voting shares in the company in which the person or their associate has a relevant interest, compared to the total number of votes attached to all voting shares in the company.

Flaxton Hunter currently holds 250,000,000 fully paid ordinary shares in the Company. Its associate, Algebraic, directly holds 29,515,080 shares in the Company. Accordingly, Flaxton Hunter's voting power in the Company (including Algebraic's shareholding in the Company) is approximately 56%.

In June 2009, the Company issued to Flaxton Hunter 250 million options, each over 1 fully paid ordinary share in the Company and exercisable at 1 cent. Accordingly if all these options were exercised, Flaxton Hunter's total holding of fully paid ordinary shares in the Company would be 500,000,000 representing voting power in the Company of approximately 67%.

Flaxton Enterprises Pty Ltd (**Flaxton Enterprises**) as trustee for the Robertson Family Trust does not currently hold any shares in the Company and its voting power is 0%.

Flaxton Enterprises proposes to acquire 50% of the shares on issue in Flaxton Hunter currently held by Algebraic, which would increase Flaxton Enterprises' shareholding in Flaxton Hunter to 50%. If the resolution to permit Corfe Associates to acquire up to an additional 31% of Flaxton Hunter is not passed, those shares in Flaxton Hunter would remain with Algebraic. Corfe Associates and Algebraic are not associates of each other in relation to Hostech. Algebraic is an associate of Flaxton Enterprises.

Assuming shareholder approval is granted and 50% of the shares in Flaxton Hunter are transferred from Algebraic to Flaxton Enterprises, Flaxton Enterprises' voting power in the Company will increase from 0% to approximately 71%, and Algebraic's voting power will decrease to approximately 4% (assuming the remaining 31% of Flaxton Hunter held by it is transferred to Corfe Associates). This is because Flaxton Enterprises will be deemed to have a relevant interest in the shares in the Company held by Flaxton Hunter and its associates. If the resolution to approve the transfer of 31% of Flaxton Hunter to Corfe Associates is not approved and Algebraic retains those shares, its voting power in the Company would remain at 71%.

Further, because section 608(1) of the Act provides that persons who have power to vote shares in the Company, or dispose of them (or control voting or disposal of shares), regardless of whether that is remote or requires joint exercise, also have relevant interests in those shares. Therefore, additional persons will acquire relevant interests in the shares in the Company held by Flaxton Hunter, as well as the direct holding in the Company that would be held by Flaxton Enterprises. Those persons are:

- (a) Helen Joy Robertson, sole director and sole shareholder of Flaxton Enterprises Pty Ltd and principal beneficiary of the Robertson Family Trust;
- (b) the Robertson Family Trust;
- (c) Helen Joy Robertson, Andrew James Robertson and Campbell Evison Corfe, the joint appointors of the Robertson Family Trust; and
- (d) Andrew James Robertson, a beneficiary of the Robertson Family Trust.

Each of these persons does not currently hold any shares in the Company (and each has voting power of 0%). If the acquisition occurs, each of them will be taken to have a relevant interest in the shares in the Company held by Flaxton Enterprises and its associates, and each will be taken to have voting power in the Company of up to approximately 71%.

The Company will disregard any votes cast on resolution 8 by Flaxton Enterprises and any of its associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote; and
- (b) 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 directors (other than Campbell Corfe) have considered the proposed acquisition by Flaxton Enterprises in the context of the interests of the Company's shareholders (other than those shareholders involved in the proposed acquisition, namely Flaxton Hunter and Algebraic). As the proposed upstream restructure of the shareholdings in Flaxton Hunter will have no practical effect on the shareholdings in, or control or operations of, the Company, the directors (other than Campbell Corfe) believe there will be no adverse effect on the Company or its shareholders and, in those circumstances, consider the proposed acquisition by Flaxton Enterprises to be fair and reasonable to the Company's shareholders (other than Flaxton Hunter and Algebraic).

All the directors of the Company other than Campbell Corfe (who, due to his interest in the outcome of the resolution makes no recommendation), recommend that shareholders vote in favour of this resolution.



Justyn Stedwell

Company Secretary

On behalf of the Board of Directors
Hostech Limited

HOSTECH LIMITED

PROXY FORM FOR 2009 ANNUAL GENERAL MEETING

I/We _____

of _____

am/are a member of Hostech Limited and I/We appoint as my/our proxy:

of _____

Or failing him or her, the Chairman of the Annual General Meeting of the Company, to be held on **Monday November 30, 2009 at 10:30 a.m.** in the Webb Room at the **Hotel Charsfield at 478 St Kilda Road, Melbourne VIC 3004** to vote for me/us at the meeting and at any adjournment of it.

If 2 proxies are being appointed the proportion of voting rights this proxy is authorised to exercise is%. (The Company will supply an additional form on request).

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Campbell Corfe as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Matthew Costello as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Alan Chalmers as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of 1,000,000 options to Terry Wills Cooke or his nominee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of up to 120,000,000 Shares for the acquisition of Plant Communications	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	To approve the acquisition by Corfe Associates Pty Ltd and others of interests in more than 20% of the voting shares in the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	To approve the acquisition by Flaxton Enterprises Pty Ltd and others of interests more than 20% of the voting shares in the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman intends to vote all undirected proxies in favour of all resolutions.

If you do not wish to direct your proxy on how to vote, please tick the box:

By ticking this box, I/We acknowledge that the Chairman may exercise my/our proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as a proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

If the member is a Company:

The COMMON SEAL of

was hereunto affixed by the authority of its director(s) in the presence of:

If the member is an individual or joint shareholder:

Signature

Signature

PROXY INSTRUCTIONS

A member entitled to attend and vote at a meeting is entitled to appoint not more than 2 proxies.

Where more than 1 proxy is appointed, each proxy may be appointed to represent a specific portion of the member's voting rights.

A proxy need not be a member of the Company.

A proxy form must be signed by the member or his or her attorney. Proxies given by corporations must either be signed under seal or under the hand of a duly authorised officer of attorney.

To be valid, the form appointing the proxy and the Power of Attorney or other authority (if any) under which it is signed (or a certified copy) must be lodged with:

The Company Secretary
Hostech Limited
71 Thistlethwaite Street
SOUTH MELBOURNE VIC 3205

Fax: +61 (0)3 9 698 7878

Not later than 10:30 a.m. on November 28, 2009.