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ASX Announcement

Proposed investment discussions

The Directors of Hostech Limited ('Hostech' or 'the Company') (ASX:HTC) are pleased to announce that it has entered into an in-principle terms sheet for a future investment in the Company for a minimum of \$2,500,000.

The terms sheet entered into by Hostech and the proposed investors ('the Investors') is non-binding and subject to due diligence being completed to the Investors' satisfaction, final agreements being executed by the parties as well as shareholder approval being obtained. It is envisaged that the investment will take the form of an equity investment and convertible note. Hostech can confirm that the proposed Investors are private investors and are not current competitors, customers or suppliers of Hostech or any of its subsidiaries.

Funds provided by the Investors will be used to support working capital requirements and to finance future acquisitions. Details of the investment will be made public when the terms are agreed and prior to calling an extraordinary general meeting.

Subject to successful completion of due diligence and execution of contracts the Company will then call an extraordinary general meeting within 30 days following the announcement that binding agreements have been executed.

Further details will be provided in due course.

Justyn Stedwell

Company Secretary

On behalf of the Board of Directors

Hostech Limited