

14 March 2006

Andrew Black
Senior Adviser, Issuers (Sydney)
Australian Stock Exchange Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 2000

Dear Andrew

RE: INCREASE IN EPY SHARE PRICE AND TRADING VOLUME

We are writing in response to your letter dated 13 March 2006 querying whether the Company could provide an explanation as to why e-pay Asia's ("EPY") share price has risen from 17 cents on 24 February 2006 to a high of 32 cents yesterday.

In relation to your questions, we advise as follows:

1. On 24th February 2006, the attached article appeared in the Investors Chronicle, which circulates in the United Kingdom, and it stated that e-pay Asia seems 'eminently good value'.

In response to the increased market interest in EPY as a result of the article, the Company conducted various meetings recently in the United Kingdom with the financial press, brokers and fund managers. The only information disclosed was already in the public domain including the prospectus.

Apart from this, we are not aware of any information which could explain the recent increase in the company's share price and trading volume.

2. Not applicable.
3. No.
4. Yes

Should you have any further queries regarding the above, please contact me on (02) 8289 4888.

Yours sincerely,



Jonathan Soon
Executive Director
Corporate Affairs
jonathan@e-payasia.com

THERE'S GOLD IN THOSE MOBILES: EBT, MONSTERMOB AND E-PAY

One consumer market that has already taken off in a big way is the Chinese mobile phone market. It has undergone huge expansion in recent years, and now boasts over 340m subscribers – annual growth rates in the past four years have been in excess of 30 per cent a year. But the potential moving forward is still huge – most analysts expect 600m subscribers in China by the end of this decade.

And it's against this backdrop that EBT Mobile China listed through a reverse takeover of Trading Exchange last year. Its fans like to call it a Chinese version of Carphone Warehouse, and it's one of the few listed mobile phone retailers in the market, prompting some analysts to claim that Carphone Warehouse might even buy EBT Mobile China as a way into this fast-expanding market.

At the moment, mobile phone retailing in China is dominated by one of two types of operator: the large network operators, such as China Mobile and China Unicom, or the street-corner vendor. However, EBT believes that independent retailers can flourish in the middle as Carphone Warehouse did in the UK, although it's carefully hedging its bets by developing a string of partnerships with big retail brands. EBT's 117 outlets are mainly concessions in department stores and out-of-town supermarkets run by the likes of Carrefour.

The company has issued a string of encouraging trading announcements in recent months, with this month's most recent statement pointing to a 'significant increase' in sales during the Chinese New Year holidays. Back in 2004, the company generated sales of £17.4m, compared with £11.8m in 2003, and sales in the current year are likely to be at least £30m based on the recent upbeat trading reports and store openings. As a result, EBT is valued at a rather toppy £43m – a hefty multiple of likely sales especially when you consider that Carphone Warehouse is valued at close to 1 times annual sales. And it's also worth pointing out that EBT is, to date, loss-making in a fiercely competitive market where the major networks seem to be cornering the retail market. Still, EBT does have some big fund-management companies as shareholders – Gartmore is on board with 3.06 per cent and Artemis has 2.27 per cent – and if it does conform to the Carphone Warehouse model, it could be a potential 10 bagger.

A slightly more promising market is in supplying specialist content like

ring tones, multi-media messages or java-based games for mobile phones. Most of the big players in this rapidly growing market – the Chinese are heavy mobile-phone data users and texters – are quoted in the US (covered in part three of this report), but one fast-growing punt on this sector is the British firm MonsterMob. Capitalised at £185m it has been buying up Chinese companies in rapid fashion. Recent deals include:

- MDream China for \$30m. A mobile game developer that had Ebitda of \$500,000 based on revenues of \$1.9m. MonsterMob says that the mobile games market will grow from \$41m in 2005 to \$241m in 2008 – at the interim stage, MDream's revenues grew by 20 per cent.

- ATOP Century for \$100m. A major player in the ring-tone market, ATOP generated Ebitda of \$800,000 and is also in one of the fastest growing markets on earth.

- Unrealmind in Malaysia and Upper Mobile in Philippines.

- Mobicon, a Russian outfit for \$27m. This acquisition looks a real snip with impressive revenues of \$15m last year and Ebitda of \$2.6m.

All of these acquisitions should eventually deliver impressive top-line sales growth and big profits for MonsterMob. So, next year, most analysts predict a big increase in net profits – from just over £10m in 2005 to £19m, or 26p a share, in 2006. Indeed, the company seems a better play on the Chinese mobile-phone market (and wider emerging markets), and is not unreasonably priced at just over 15 times forecast earnings this year.

Meanwhile, the cheapest play on Asian mobile-phone markets may be a Malaysian pre-pay top-up card specialist: E-Pay Asia. As with EBT, E-Pay reversed into an established Aim company last year, although the shares have drifted downwards in recent weeks from their opening price of 10p. Valued at just £18m, E-Pay generated sales of £93m in 2005, with pre-tax profits of just under £850,000, putting it on a current PE ratio of just 21. But E-Pay has already said that sales for the current year will be a huge £220m, and it has suggested that profits should hit £2.11m, with an estimated 40 per cent paid out as dividends, implying a dividend yield of about 5 per cent. With sales expected to hit £344m next year and its shares on a forward PE ratio of just under 9, as well as a potential yield of 5 per cent and the prospect of real growth in new markets such as Indonesia and Pakistan, E-Pay seems eminently good value.



13 March 2006

Mr Sean Hooper
Company Secretary
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DX 10427 Stock Exchange Sydney

By Email: shooper@skynetglobal.com

Dear Sean

e-pay Asia Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from a closing price of 17 cents on 24 February 2006 to a high of 32 cents today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

In answering this question please address a recent investor presentation in the UK by the Company.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at andrew.black@asx.com.au or by facsimile on **facsimile number (02) 9241 7620**. It should NOT be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. E.D.S.T.) on Tuesday, 14 March 2006.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

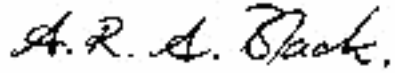
If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

A handwritten signature in black ink that reads "A. R. A. Black," with a comma at the end. The letters are cursive and somewhat stylized.

Andrew Black
Senior Adviser, Issuers (Sydney)

Direct Line: (02) 9227 0899