

1 September 2006

Andrew Black
Australian Stock Exchange
Sydney NSW 2000
Australia

Dear Mr. Black

Renewal of MSC Pioneer Status "Pioneer Status" by the Malaysian Government and continuity of 100% tax exempt benefit for EPY's operating subsidiary e-pay (M) Sdn. Bhd. ("EPM")

In e-pay Asia Limited's ("EPY") prospectus dated 5 December 2005, the Directors' Forecast relies on a specific key assumption that EPM renew its Pioneer Status when it expires on 14 August 2006, which if not obtained, could have a material adverse impact on the Company 2006 earnings if the Malaysian company tax rate of 28% is applied.

EPY wish to inform the market that EPM has received a letter of confirmation that its application for renewal of Pioneer Status has been approved for another five years from 14 August 2006 and in accordance to the MSC Bill of Guarantee will provide EPM with 100% tax exemption for another five years until 14 August 2011.

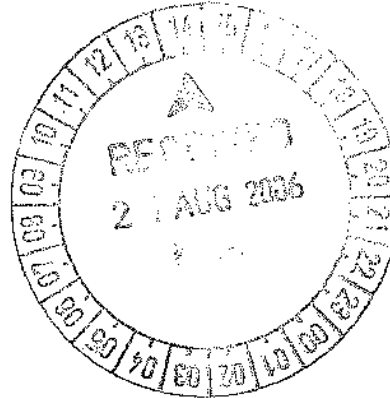
We further attached a copy of the letter of confirmation dated 14 August 2006 from MSC Malaysia and the corresponding Bill of Guarantee

Yours sincerely,



Jonathan Soon
Director and Company Secretary
e-pay Asia Limited

E: jonathan@e-payasia.com
T: +612 8289 4888



Ref No: CS/3/716 (28)

14 August 2006

e-Pay (M) Sdn. Bhd.
16-18, Jalan PJS 11/28 A,
Bandar Sunway,
46 150, Petaling Jaya,
Selangor Darul Ehsan.

Tel. No: (603)-5632 2488
Fax No: (603)-5637 5755

Attn : Dato' Hassan Said
Executive Director

Dear Sir,

Re: Extension of Pioneer Status
MSC Status Company: e-Pay (M) Sdn. Bhd. (494207-U)

With reference to the above, I am pleased to inform you that, after due consideration of the company's satisfactory performance and compliance with the conditions of the award of MSC Status, the extension of Pioneer Status for your company described above, has been approved by authorities concerned for another five year period from the date of expiry of the first five year period (14 August 2006). This extension is provided in accordance with the Bill of Guarantees provided to all MSC status companies.

The formal notification of this approval will be forwarded to you shortly by the Ministry of International Trade and Industry.

Thank you,

Yours sincerely,

Ramesh Verma
Senior Manager - Operations



MSC

STATUS CERTIFICATE

*The Government of Malaysia
hereby awards Multimedia Super Corridor Status
to*

E-PAY (M) SDN BHD

*for having fulfilled the necessary set of criteria
in meeting the objectives of the
Multimedia Super Corridor.*

*MSC Status entitles your company to the incentives, rights
and privileges provided for under the Bill of Guarantees subject
to your company's continued adherence to
the aforementioned criteria.*

15th August, 2001

Minister of Finance
Malaysia

Minister of International Trade and Industry
Malaysia



MSC

BILL OF GUARANTEES

1. To provide a world-class physical and information infrastructure.
2. To allow unrestricted employment of local and foreign knowledge workers.
3. To ensure freedom of ownership by exempting companies with MSC Status from local ownership requirements.
4. To give the freedom to source capital globally for MSC infrastructure, and the right to borrow funds globally.
5. To provide competitive financial incentives, including Pioneer status (100 percent tax exemption) for up to ten years or an investment tax allowance for up to five years and no duties on the importation of multimedia equipment.
6. To become a regional leader in Intellectual Property Protection and Cyberlaws.
7. To ensure no censorship of the Internet.
8. To provide globally competitive telecommunications tariffs.
9. To tender key MSC infrastructure contracts to leading companies willing to use the MSC as their regional hub.
10. To provide a high-powered implementation agency to act as an effective one-stop super shop.

Multimedia Super Corridor
Multimedia Development Corporation