

2 October 2007

e-pay Asia Limited

e-pay Asia Limited is a leading provider of electronic payment solutions and top up services for prepaid mobile users in South East Asia

Improved Loan Facility Agreed

The Board of e-pay Asia Limited ("EPY" or the "Company") is pleased to announce that it has renegotiated more favourable terms with Cornell Capital Partners Offshore LP ("Cornell") in relation to a convertible loan note of US\$2.65m issued in November 2006.

Under the terms of this initial agreement, the notes carried interest of 7.95% per annum with Cornell entitled to convert the notes into the Company's shares within certain parameters. Cornell has converted part of the loan note into shares which the Company believes has generated a downward selling pressure on its shares.

In order to address this situation new terms have been agreed with Cornell whereby EPY has agreed a monthly cash repayment schedule over a shorter term with an option for immediate repayment of the loan in full. The outstanding balance of the loan before any monthly repayments is US\$1.9m.

During the period, Cornell is allowed to convert the loan into shares in EPY only when the share price is above A\$0.13. In addition, all 5,375,000 outstanding options granted to Cornell have been cancelled. The current total number of outstanding options in the Company is 8,353,490.

The new terms will remove the finance costs associated with the options, which are now cancelled, as well as remove the associated downward pressure on the Company's share price.



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Company Secretary
2 October 2007

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