

12 April 2010

E-PAY ASIA LIMITED (EPY) ENTERS INTO HEADS OF AGREEMENT FOR THE SALE OF ITS BUSINESS

E-Pay Asia Limited (ASX: EPY) (**Company**) is pleased to announce that it has entered into Heads of Agreement with Centurion Portfolio Sdn. Bhd (**Purchaser**) for the sale of its operating subsidiaries that hold the Companies telecom businesses. The consideration offered by the Purchaser is net \$7,000,000 (after repayment of net inter-company loans of \$700,000), to be paid in cash at completion of the transaction. The terms of the offer also provide for the Company returning 15 cents per share in capital to its shareholders upon completion of the sale.

Heads of Agreement non-binding – assessment by Independent Directors

The Heads of Agreement is non-binding for a period of 2 weeks following execution, during which time the independent directors of the Company have an opportunity to consider the merits of the proposed sale.

If the independent directors agree to the proposed sale the Company will enter into a binding agreement for sale of the Company's subsidiaries to the Purchaser, subject to the parties can agree on the detailed terms of share purchase agreement.

If the directors elect not to proceed with the sale or they cannot agree the detailed terms of the sale agreement by the end of the 2 week evaluation period, the Company may withdraw from the transaction.

Identity of Purchaser and formalities

Centurion Portfolio Sdn. Bhd is a company controlled by and related to Mr Simon Loh, Chief Executive Officer and Managing Director of the Company.

As a result any transaction will require shareholder approval pursuant to the related party provisions of Chapter 2E of the Corporations Act. Also as the transaction would represent a sale of a major asset, shareholder approval will also be required pursuant to Chapter 11 of the ASX Listing Rules

A report of an independent expert commenting on whether the transaction is fair and reasonable to the Company's shareholders will be provided to shareholders.

Commercial Terms of the Proposed Sale

The Directors and the Purchaser must agree the detailed terms with the Purchaser within 2 weeks of execution of the no-binding Heads of Agreement.

The Heads of Agreement provides that the detailed terms must contain the following provisions:

1. A purchase price of \$7,700,000;
2. Completion is to occur by no later than 30 September 2010, although the Directors are targeting, if the transaction proceeds, a mid to late June completion date;
3. Completion will be subject to a number of conditions precedent, including:
 - a. An independent expert's report to the effect that the transaction is to the benefit of all shareholders of the Company unrelated to the Purchaser;
 - b. Shareholder approval of the transaction;
 - c. Compliance with Chapter 2E of the Corporation Act and Chapter 11 of the ASX Listing Rules; and

- d. Shareholders of the Company approving a return of capital to shareholders following successful completion of the transaction.
4. The agreement will contain warranties consistent with the nature of the transaction and the existing knowledge of the Purchaser about the Company's business.
5. The agreement will require the repayment of certain inter-company loans, the net effect of which will be a payment of approximate \$700,000 by the Company.

Proposed Return of Capital

Completion of the binding agreement will be conditional upon the Company's shareholders approving a return of capital by resolution at a meeting of the Company's shareholders.

The Directors anticipate that the return of capital will be at approximately 15 cents per share, to be funded by the proceeds of the sale and to occur subject to the time limits imposed by the ASX Listing Rules.

Exclusivity period and competing proposals

The Heads of Agreement provides that should the parties enter into a binding sale agreement, until the earlier of 30 September 2010 or completion of the sale agreement, should the directors receive a competing proposal from any person and receive an independent expert's opinion that the competing proposal is superior to the terms of the binding agreement, the Purchaser must either match or exceed the terms of the competing proposal, failing which the Directors may terminate the binding agreement without liability to the Purchaser.

Indicative Transaction Timetable

Event	Date
End of evaluation period	26 April 2010
Entry into binding agreement	26 April 2010
Shareholders meeting to consider sale and return of capital	Mid June 2010
Record date for return of capital	5 business days after shareholders meeting – late June 2010
Completion of sale agreement	14 days after shareholders meeting - First week of July 2010
Return of capital	As soon as practicable after completion of sale agreement

The Directors' plans for the Company should the sale be completed

The transaction is currently being evaluated by the Directors and is non-binding.

Should the sale proceed, the Company's main operating asset will be sold to the Purchaser. The proceeds of the sale will be partially returned to shareholders by way of return of capital in the amount of approximately 15 cents per share.

The Company will retain the balance of the sale proceeds with a view to applying them to the Company's future business operations.

The Directors will announce their intentions to the market concerning the Company's future activities if the Company elects to enter into a binding sale agreement.

By order of the Board.



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ABOUT e-pay Asia Limited

e-pay Asia Limited is one of the leading provider of electronic top up services for prepaid mobile users in South East Asia. The e-pay Asia's electronic top up services operates in 3 countries namely Malaysia, Thailand and Pakistan with approximately 15,000 point of sales. e-pay Asia processes more than 100 million prepaid mobile top up transactions per year.

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