

12 April 2011

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 Tobikiri Capital Ltd (**Purchaser**) for the sale of its operating subsidiaries that hold the Companies telecom businesses. The consideration offered by the Purchaser is \$8,550,000, to be paid in cash at completion of the transaction, subject to repayment of inter-company loans. The terms of the offer also provide for the Company returning 17 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 attempt to negotiate a share sale agreement for sale of the Company's subsidiaries to the Purchaser.

If the directors elect not to proceed with the sale or they cannot agree the detailed terms of the Share Sale Agreement by the end of the 2 week evaluation period (ends 26 April 2011), the Company may withdraw from the transaction.

Identity of Purchaser and formalities

Tobikiri Capital Ltd is a company controlled by and related to Mr Simon Loh, Executive Chairman and Chief Executive Officer 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. In addition, as the transaction would represent a sale of major assets, 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 of the Share Sale Agreement with the Purchaser by 26 April 2011.

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

1. A purchase price of \$8,550,000 (less the net balance of any inter-company loans);
2. Completion is to occur by no later than 30 June 2011;
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 in accordance with Chapter 2E of the Corporations Act and Chapter 11 of the ASX Listing Rules; and
 - c. Shareholders of the Company approving a return of capital to shareholders following successful completion of the transaction in the amount of 17 cents per share.

4. The Share Sale Agreement will contain warranties consistent with the nature of the transaction and the existing knowledge of the Purchaser about the Company's business.

Proposed Return of Capital

Completion of the binding Share Sale 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 17 cents per share, to be funded mainly 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 until the earlier of 30 June 2011 or the Company and the Purchaser entering into a Share Sale Agreement giving effect to the transaction, 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 Heads of Agreement, the Purchaser must either match or exceed the terms of the competing proposal, failing which the Directors may terminate the transaction without liability to the Purchaser.

Indicative Transaction Timetable

Event	Date*
End of evaluation period	12 April 2011
Entry into binding agreement	26 April 2011
Shareholders meeting to consider sale and return of capital	21 June 2011
Record date for return of capital	5 business days after shareholders meeting
Completion of sale agreement	14 days after shareholders meeting
Return of capital	As soon as practicable after completion of sale agreement

- These dates are indicative and are subject to change by the Directors

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

The transaction is currently being evaluated by the Company's independent Directors and is non-binding.

Should the sale proceed, the Company's main operating assets 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 17 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.



Robert Lees
Company Secretary
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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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