27 September 2012

Mr Wade Baggott
Senior Adviser, Listings (Perth)
ASX Compliance Pty Limited
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

By email: wade.baggott@asx.com.au

Dear Wade

Response to Aware Letter

We refer to your letter dated 25 September 2012 in relation to the Company's announcement of the same date (**Announcement**) concerning the agreement between Double Eagle and the Company (**Agreement**) and respond as follows (adopting the numbering in your letter):

1. No. After careful consideration it was agreed by the Board of Directors that the execution of the Agreement did not require immediate disclosure pursuant to Listing Rule 3.1 as it did not constitute information that a reasonable person would expect to have a material impact on the Company's share price. Refer response to question 4 below as regards factors considered by the Board.

2. The Company has been finalising this supplier arrangement with Double Eagle for some months and the Company has referred to that matter in previous announcements - refer announcement to ASX of 28 May 2012 where the Company advised the market that the Company is finalising an arrangement with a strategic investor which will provide SmartTrans with access to members of associated loyalty schemes in China and provide for SmartTrans to receive a royalty on all financial transactions made by those members. Steps toward finalisation of the Agreement continued and the Company's Beijing based management became aware on or about 19 September 2012 that the Agreement was scheduled for execution on Friday 21 September 2012. The Agreement was executed by the parties at approximately 6pm in Dongguan, China on Friday 21 September. Following execution, the Victorian Technology Minister issued a media release congratulating SmartTrans and commenting on the 'partnership' (copy of media release dated 21 September 2012 attached to Company's announcement made on 25 September 2012).

3. Not applicable.

4. When considering materiality of the Agreement and its relationship to share price, the Board of Directors gave, and continue to give, careful consideration to various factors including:

(a) the fact that information in relation to the Agreement had previously been disclosed by the Company to ASX (refer announcement of 28 May 2012);

(b) the fact that the Agreement is consistent with, and does not constitute a material change from, the Company's previously announced intentions to market and supply its software, mobile payment platform and on-line capabilities in China and in relation to which the Company provides updates to the market from time to time and as required;

(c) the Agreement at this stage only provides for the Company to receive consulting fees in connection with the supply of consulting and advisory services to the development of project. Other monetary benefits under the Agreement are dependent on the generation of transaction revenue by Double Eagle from the project which is conditional upon successful technology and software development for the project;

(d) the Company's present view is that the revenue potential from the provision of consulting services to Double Eagle and from potential royalties from the project, is subject to some level of uncertainty and that it is premature to accurately forecast the quantum of potential revenue until the project planning phase is completed and agreed. Therefore the Company is presently unable to conclude that the Agreement is material given the status of the project, even taking into account (to the extent they have been disclosed to the Company and to the extent they can be relied upon by the Company), Double Eagle's internal projections on expected total transaction revenue from its project with China Merchants Bank; and

(e) the fact that previous announcements made by the Company, which the Board of Directors consider contain information that a reasonable person would expect to have a material impact on the Company's share price have not had any such impact.

Based on these factors, the Board of Directors agreed that the execution of the Agreement did not require immediate disclosure pursuant to Listing Rule 3.1 as it does not constitute information that a reasonable person would expect to have a material impact on the Company's share price.

Consistent with the Company's view that the execution of the Agreement was not material for Listing Rule 3.1 purposes, it is noted that upon the Company's Announcement being released to the ASX platform, it was not designated as a 'price sensitive' announcement.

The Company does, however, consider that the Agreement provides the Company with a significant opportunity as a supplier to Double Eagle in connection with its project with China Merchants Bank to build and market an on-line key e-shopping payment card for use by China Merchants Bank's member customer base. Accordingly, during Sunday 23 September 2012 and Monday 24 September 2012 (and including and following consideration of the media release by the Victorian Technology Minister) the Company prepared the Announcement so as to provide an update and information in relation to SmartTrans' role under the Agreement (as opposed to the release of price sensitive information for Listing Rule 3.1 purposes) which was then released on Tuesday, 25 September 2012.

5. It is confirmed that the Company is in compliance with Listing Rule 3.1.

Yours faithfully

James Laurie.

James Laurie
Company Secretary
SmartTrans Holdings Limited

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27 September 2012

James Laurie
Company Secretary
SmartTrans Holdings Limited
Suite 3, Level 1, 614 Newcastle Street
Leederville, WA 6007

By email:

Dear James

SmartTrans Holdings Limited (the "Company")

We refer to the Company's announcement, released to ASX on 25 September 2012 at 9:37 am (EST), titled *"Minister congratulates SmartTrans on latest export achievement in China"* (the "Announcement").

The Announcement states (among other things) that:

> *"Victorian Minister for Technology, Gordon Rich-Philips, witnessed the signing of a significant new agreement between SmartTrans and Double Eagle China in Dongguan, China last Friday under which SmartTrans has been appointed as a supplier for Double Eagle's project for delivery of its key e-shopping payment card in association with China Merchants Bank (www.cmbchina.com).*
>
> *Under the agreement, SmartTrans proposes to supply a number of services including its on-line and mobile billing systems and its mobile and internet software and will receive consulting fees together with a royalty based upon total transaction revenue received by Double Eagle from the project."*
>
> (the "Agreement")

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

> *"an entity becomes aware of information if a director or executive officer (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity"*

Further, we wish to draw your attention to listing rule 3.1 which 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.

Paragraph 18 of Guidance Note 8 states:

> *"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."*

Please note that for disclosure not to be required under listing rule 3.1, all of the exceptions under listing rule 3.1A must apply:

> *"3.1A.1 A reasonable person would not expect the information to be disclosed.*
>
> *3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
>
> *3.1A.3 One or more of the following applies.*
>
> - *It would be a breach of a law to disclose the information.*
> - *The information concerns an incomplete proposal or negotiation.*
> - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
> - *The information is generated for the internal management purposes of the entity.*
> - *The information is a trade secret."*

Finally, we would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 34 to 40 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

> *"'Confidential' in this context has the sense of 'secret'.*
>
> *Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts' reports".*

Having regard to the Announcement, the Valuation Report, the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A:

1. Does the Company consider the Agreement to be material to the Company pursuant to listing rule 3.1?

2. When did the Company become aware of the Agreement? Please include details of the relevant time and circumstances of the Company becoming aware of the Agreement.

3. If the answer to any part of question 1 is "yes" and the Company became aware of the Agreement prior to the release of the Announcement, please advise the following:

3.1. Why the Company did not make an announcement at an earlier time or request a trading halt at an earlier time?

3.2. Why was the Announcement not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1.

4. If the answer to any part of question 1 is "no", please advise the basis on which the Company does not consider the information in the Agreement to be material.

5. Please confirm that the Company is in compliance with listing rule 3.1.

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

Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

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. 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 5:00 pm (WST) Thursday, 27 September 2012.

Your response should be sent to me by email to wade.baggott@asx.com.au or on facsimile number (08) 9221 2020. It should <u>not</u> be sent to the Market Announcements Office.

If you have any queries regarding any of the above, please contact me on +61 8 9224 0023.

Yours sincerely

[sent electronically without signature]

Wade Baggott
<u>Senior Adviser, Listings (Perth)</u>