7 November 2016

Jeremy Newman
Senior Adviser, Listings Compliance (Perth)
ASX Compliance Pty Limited
Level 40 Central Park
152 – 158 St Georges Terrace
PERTH WA 6000

By email: jeremy.newman@asx.com.au

Dear Jeremy

Response to ASX Aware Query

We refer to your letter dated 3 November 2016 and respond as follows (adopting the numbering in your letter):

1. No.

2. It is the Company's view that:

    a. All material information in relation to the likely revenue decrease was provided to the market on or before 1 November 2016. The quarterly report released on 1 November 2016 confirmed the Company's earlier revenue expectations and the Company considers that confirmation of results in line with those expectations is not new information that is likely to have a material effect on the price of the Company's securities. In that regard, the Company references:

        i. The Appendix 4E released on 30 August 2016, where it was noted that:

        "The revenue for the quarter ended 30 June 2016 has levelled off because, having built up a substantial database of recurring customers by concentrating upon volume rather than margin and having gained credibility in the market place, the company now intends to leverage this position by marketing products with higher gross margin to these and other new customers. Whilst this is anticipated to reduce gross revenues it is also expected to increase the overall return to the company in the short to medium term.

        ii. The Company's 2016 Annual Report released on 30 September 2016, where it was noted:

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Level 1
10 Queens Road
MELBOURNE
VIC 3004
Ph: (03) 9866 7333

Sydney
Suite 37
401 Pacific Highway
ARTARMON
NSW 2064
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Beijing
101, Building 22,
Courtyard 4 Gongti Bei Lu
Chaoyang District
BEIJING CBD, 100027
Ph: +86 (10) 6500 0910

At page 1 - Chairman's Report – "During the year, having built up a substantial database of recurring customers, the company made the strategic decision to move its focus towards marketing products with lower volume but higher gross margins."

At page 3 – Directors' Report – "The company's strategy in financial year 2017 is to secure lower volume but higher margin third-party billing agreements focused on products with cross-product and cross-platform marketing synergies."

At page 4– Directors' Report – "Revenue in the latter part of financial year 2016 levelled off, as having built up a substantial database of recurring customers by concentrating upon volume rather than margin and having gained credibility in the market place, the company moved its focus towards marketing products with higher gross margins and those products which are expected to provide higher lifetime customer value to the company. Whilst this is anticipated to reduce gross revenue in the immediate term, it is also expected to increase the overall return to the company."

iii. The investor presentation released on 25 October 2016, where it was noted that:

At page 10 - Direct Carrier Billing: "Forward strategy to secure higher margin, third party billing agreements – underway"

At page 12– "The reduction in revenue and the increase in gross profit for Q1 2017 arises directly from the decision to focus upon lower volume but higher margin products."

At page 16 – "Focus now is to reduce emphasis on lower margin in-App billing to pursue higher-margin products and e-Commerce revenue – will result in a change in revenue profile."

As noted above, the Company considered that all material information in relation to the likely revenue decrease had previously been disclosed to the market and that, accordingly, there was no further information to disclose pursuant to Listing Rule 3.1.

b. The decrease in receipts of funds is a timing issue only, with the net receivables balance due to the Company (after deduction of payables) as at 30 September 2016 being $1.3 million. As noted on page 4 of the Company's 2016 Annual Report released on 30 September 2016, "In the Carrier Billing business in China, there is up to 6-month or greater delay in collection of receivables and this delay has placed pressure on the company's working capital."

The Company collected about $900,000 in October and expects to receive payment of the balance of the historical outstanding amounts in full.

3. Not applicable.

4. Not applicable.

5. We confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours faithfully

B. E. Carr.

Bryan Carr
Managing Director
SmartTrans Holdings Ltd

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3 November 2016

Ms Leanne Ralph
Company Secretary
SmartTrans Holdings Limited

By email:

Dear Ms Ralph

SMARTTRANS HOLDINGS LIMITED ("ENTITY"): ASX AWARE QUERY

ASX Limited ("ASX") refers to the following:

1. The Entity's announcement titled *"Appendix 4C - quarterly"* lodged with the ASX Market Announcements Platform and released at 8:49 am (AEST) on 28 July 2016 disclosing, in relation to the quarter ending 30 June 2016, receipts from customers of $4,205,000.

2. A change in the price of the Entity's securities from a closing price of $0.028 on Friday, 28 October 2016 to a closing price of $0.02 on Monday, 31 October 2016 and an increase in the volume of trading in Entity's securities over this period.

3. The Entity's announcement titled *"Quarterly Report and Appendix 4C - Sep-16"* lodged with the ASX Market Announcements Platform and released at 8:16 am (AEDT) on 1 November disclosing in relation to the quarter ending 30 September 2016:

   a) *"Revenue of $1.1 million (down from previous Quarter) as strategy of transitioning from high volume, low margin to lower volume but higher margin revenue streams successfully implemented"*; and

   b) Receipts from customers of $1,328,000,

   (together the "Information").

4. The decrease in receipts from customers in the amount of ~$2,877,000 between the quarter ending 30 June 2016 and the quarter ending 30 September 2016.

5. Listing Rule 3.1, which requires a listed 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.

6. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

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

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

7. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 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; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

Having regard to the above, 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 Entity consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

2. If the answer to question 1 is "no", please advise the basis for that view.

3. If the answer to question 1 is "yes", when did the Entity first become aware of the Information?

4. If the answer to question 1 is "yes" and the Entity first became aware of the Information before responding to the Price Query, did the Entity make any announcement prior to responding to the Price Query which disclosed the Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A

and what steps the Entity took to ensure that the information was released promptly and without delay.

5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **9 am (WST), Monday, 7 November 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at jeremy.newman@asx.com.au and tradinghaltsperth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed 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. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;

- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[sent electronically without signature]

Jeremy Newman
Senior Adviser, ASX Listings Compliance