

MANAGEPAY SYSTEMS BERHAD (“MANAGEPAY” OR “COMPANY”)

- Memorandum of Understanding entered into between Multimedia Prospect Sdn Bhd, a wholly-owned subsidiary of ManagePay, and China B-TO-B Holdings Limited

1. Introduction

The Board of Directors of ManagePay is pleased to announce that Multimedia Prospect Sdn Bhd (“**MPSB**”), a wholly-owned subsidiary of the Company, had on 8 March 2012 entered into a Memorandum of Understanding (“**MoU**”) with China B-TO-B Holdings Limited (“**China B-TO-B**”) for the setting up of a two-way China-Malaysia e-commerce platform (“**Platform**”).

2. Details of the MoU

2.1 Information on China B-TO-B

China B-TO-B was incorporated on 22 December 2008 in Beijing, mainland China. China B-TO-B is an affiliated company of China International Electronic Commerce Center (Co., Ltd.), an executive organisation and technical support entity for the informationalisation construction of Ministry of Commerce of the People’s Republic of China. China B-TO-B is principally involved in computer hardware and software development, technical consulting, training and services, website design, construction, organising e-commerce exhibitions and other related events. The current registered capital of China B-TO-B is Renminbi 50 million of which Renminbi 50 million have been fully contributed.

2.2 Objectives of the MoU

MPSB and China B-TO-B (“**Parties**”) intend to co-operate and collaborate in the setting up the Platform that consists of two (2) sections of which the objectives of each section are set out below:

(a) Outbound section

Aims at promoting high-quality Chinese products and brands to the Malaysian market and consumers.

(b) Inbound section

Aims at promoting high-quality Malaysian products and brands to mainland China.

The Parties intend to co-operate, to the extent permitted by applicable laws, around the Platform’s construction, operation, maintenance and other relevant matters as agreed by the Parties.

2.3 Salient terms of the MoU

2.3.1 MPSB is responsible for:

- (a) the promotion of the Platform in Malaysia and China B-TO-B’s global network;
- (b) the provision of Malaysian company (buyer and supplier) and product information in accordance with the standard format provided by China B-TO-B;
- (c) the development of Malaysian members of the Platform; and
- (d) the provision of maintenance support for the Platform in Malaysia.

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2.3.2 China B-TO-B is responsible for:

- (a) the provision of the technical support for the Platform's construction, operation and maintenance;
- (b) the provision of Chinese product information in accordance with the standard format provided by MPSB;
- (c) the promotion of the Platform within mainland China; and
- (d) the development of Chinese members of the Platform.

2.3.3 Parties rights and obligations

- (a) The Parties shall promote each other as global strategic partners on their respective website after mutual consent is obtained; and
- (b) The Parties shall observe the copyright and ownership of each other's website and shall not use each other's information for any commercial purpose as well as publish on any other websites or media without the other Party's written consent.

2.3.4 Law and dispute resolution

- (a) The MoU (and any disputes or proceedings of whatever nature arising out of or in any way relating to the MoU) shall be governed by and construed in accordance with the substantive rules of the People's Republic of China; and
- (b) Any dispute arising from the MoU shall be settled through friendly consultations. If consultation fails, both parties should have the right to submit the dispute to Beijing Arbitration Commission in accordance with its arbitration rules. The arbitration is final and binding on both parties.

2.3.5 Miscellaneous

- (a) The MoU and all things envisaged in it are always subject to applicable laws and subject to the unconditional obtention by the Parties, and continuing validity, of all required and appropriate licenses, authorisations and other governmental or other consents;
- (b) The MoU enters into force on the date of signature by the authorised representative of each Party for a period of three (3) years;
- (c) The MoU can be terminated by either Party at any time with six (6) months prior notice;
- (d) The MoU is made in both Chinese and English languages. The Parties agree that, while both texts are equally authentic, the English version shall always take precedence in case of inconsistency; and
- (e) Any and all copyright or other intellectual property of either Party shall continue to belong exclusively to that Party, and nothing in the MoU shall confer, or be deemed to confer, any copyright, intellectual property or other right over such intellectual property on the other Party.

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3. Rationale

MPSB, a wholly-owned subsidiary of ManagePay, is engaged by Multimedia Development Corporation Sdn Bhd to operate Malaysia Digital Enterprise Exchange, a government Information and Communications Technology ("ICT") initiative project to promote the ICT adoption especially e-commerce solutions among small and medium enterprises in Malaysia.

The Platform will facilitate and further encourage cross-border bilateral e-commerce trades between mainland China and Malaysia for high-quality products and brands.

4. Effects of the MoU

The MoU is not expected to have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholding of the Company for the financial year ending 31 December 2012.

5. Directors' and major shareholders' interest

None of the Directors and/or major shareholders of ManagePay and/ or any persons connected to them have any interest, direct or indirect, in the MoU.

6. Statement from Directors

The Board of Directors of ManagePay, having taken into consideration all aspects of the MoU, is of the opinion that the MoU is in the best interest of the Company and its subsidiaries.

7. Approvals required

The MoU is not subject to approval of the shareholders of ManagePay and any relevant government authorities.

8. Document available for inspection

The MoU is available for inspection at the Registered Office of ManagePay at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan during normal office hours from Mondays to Fridays (except for Public Holidays) for a period of one (1) month from the date of this announcement.

This announcement is dated 8 March 2012.