



Press release, Beijing and Stockholm

October 14th 2009

(NGM: PAY)

Chinese LeiXun and Swedish Paynova create a joint venture offering new e-commerce B2C services to the fast growing Chinese cross-border market.

LeiXun, a Chinese e-commerce and Technology Company closely related with the state owned ChinaPay, is assigned for development of international e-commerce including marketing platform and payment services. LeiXun and the Swedish Payment Service Provider Paynova create a new joint venture company operating in China. The target is to take a leading role in B2C e-commerce cross-border market to and from China.

The growth rate of cross border e-commerce was at four to five hundred percent in 2007 and 2008. China domestic ecommerce market was around 275 Billion RMB in 2008, growing 180 percent over previous year. In 2007, it was around 100 Billion RMB. According to Ireseach.cn, this market will be larger than 1000 Billion RMB in 2011. From early US and European internet experience the domestic trade is the bulk of all transactions and will likely be so in China as well with cross border trade growing from 0.07 percent to around 7 percent of total market. But there are many barriers to cross border e-commerce to overcome, for consumers as well as for e-merchants, before this commerce can flourish more freely.

The new service will be offered to direct e-merchants and Gateways in the West and are not only a payment service with the largest reach of potentially 640 million holders of China UnionPay issued 1 800 million Chinese Debit Cards. The new service solves currency problems and payments requirements, but also includes hosting and marketing services to reach the Chinese consumers. The value added services include additional commonly demanded services like, obtaining import/export permits, deliveries/returns, translation, support call centres, price and product adaptation.

The purpose of the joint venture is to maximize the value from the e-commerce market opportunity for involved parties including e-merchants and Gateways. The base is built on the already ongoing cooperation between ChinaPay, LeiXun and Paynova including ongoing number of pilot Merchant projects. The joint venture set up is created to strengthen and secure all parties involvement in order to offer the most competitive services to the market.

Stephen Lam, CEO of LeiXun, comment the acquisition, "The offer we now can present in the new company fits the market situation in China very well, there is a strong demand for overseas products, and we can effectively leverage Paynova's leading position, overseas presence, knowledge and eight years of relationship with direct Merchants, Gateway partners, Financial Institutions, Fraud tools and Sales channels".

"The intention is that the joint venture will become a leading provider of payment and marketing services for B2C e-commerce to and from China in selected target segments. We



combine the best of both worlds: the company now have extensive knowledge of Chinese e-commerce and consumer needs and a superior domestic payment service combined with overseas presence with support for Chinese Merchants going overseas”, says Karl Alberts, appointed CEO of the Joint Venture Company.

“From Paynova we are very much aware of Chinas fast e-Commerce growth, market size and volume potential. We are also most impressed by the marketing experience and technical knowledge of LeiXun. We have found a solid Partner that can provide the necessary authority and permits we need for marketing and to acquire and remit the local currency. Not only for todays market but also for developing attractive e-Commerce services in the future. This becomes a base for a very profitable growth of the new company as well as added value for the founders LeiXun and Paynova”, says Björn Wahlgren, Chairman of Paynova and Appointed Chairman of the Joint Venture.

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About Paynova

Paynova offers an international payment service via the Internet. With Paynova receive e-retailers access to 21 payment options with both credit and debit cards as Internet banks, in 12 currencies and 12 languages in a security-certified interface (PCI). Most of the customers are in the priority market areas: travel, retail and media / network games. The company is listed on NGM Equity since February 2004.

For more information: www.paynova.com

About LeiXun

LeiXun is a newly started group of companies comprised of various veterans and entrepreneurs from leading internet-, technology and e-commerce companies, who bring not only deep domain expertise but also in-depth hand-on operating experience to the venture. LeiXun is authorized by ChinaPay to develop a domestic and international e-commerce platform for trade within China as well as cross border trade between China and overseas.

For more information: www.capitalalliance.net