

Date: 5 May, 2020

**PUBLIC WARNING****regarding depositary receipts of the company EChem, d. o. o.**

Slovene Securities Market Agency (hereinafter: Agency) is publishing warning regarding depositary receipts of the company EChem, d. o. o. to protect investors in financial market.

Company EChem, d.o.o., poslovno svetovanje, at the address Štihova ulica 13, Ljubljana (hereinafter: EChem) has issued 2.000.000 depositary receipts in the form of the dematerialized securities, registered at the Central Securities Clearing Corporation (hereinafter: KDD), representing 2.000.000 shares of the company EChem Tech Limited, 5/F., Hong Kong Trade Centre, 161-167 Des Voeux Road Central, Hong Kong (hereinafter: EChem Tech Limited),. The conversion rate between before mentioned EChem depositary receipt and EChem Tech Limited is 1:1, **with an associated EChem Tech Limited share value of approximately 0,00059, which also represents the emission value of one EChem depositary receipt.** The Agency was informed about the issuance of the mentioned depositary receipts on the basis of Article 75 of the ZTFI-1. However, since in this case it is an offer of securities to the public with a total value of less than EUR 1.000.000 (calculated for a period of 12 months), pursuant to the provision of the third paragraph of Article 1 of Regulation 2017/1129, this Regulation does not apply to this offer. This means that the issuer is not required to inform or obtain the consent of the Agency nor to prepare the prospectus. For the listing of the mentioned depositary receipts for trading on SI ENTER, an MTF, operated by Ljubljana Stock Exchange, the issuer is not obliged to prepare a prospectus, since SI ENTER is not a part of regulated market.

The Agency would like to emphasize that it is aware of the issuance of the above mentioned depositary receipts, but the Agency has not issued any consent in this regard, **and the issuance of mentioned securities does not fall under its supervisory competence, as already mentioned, this does not reach the value according to which the Regulation 2017/1129, the implementation of which is supervised by the Agency, becomes applicable to securities offers.**

The Agency warns investors to be cautious when investing in these securities, since the EChem depositary receipts are very risky securities. The Agency also warns investors to be cautious when investing in any other depositary receipts or GDRs of EChem ownership or any other issuer that would issue similar securities in the future and which could be treated or offered in the Republic of Slovenia.

A depositary receipt is a security that can be traded on capital markets and represents the holding of securities of a non-resident issuer (paragraph 9 of Article 7 of the ZTFI-1). Holding of securities of a non-resident in this case does not mean that the holders of depositary receipts in the KDD are also misled as legal holders of securities (shares) of a non-resident issuer, but the issuer of the depositary receipts merely promises, obliges or assures them that upon submission of depositary receipt to their issuer they will receive an adequate number of securities (shares) of the non-resident in return. As a consequence, future holders of depositary receipts should be aware of the existence of a higher degree of risk, at least with regard to ensuring sufficient or appropriate number of securities (shares) of the non-resident issuer with the depositary receipt issuer (which is in the exclusive domain and commitment of the issuer of the depositary receipts and is not in the competence of the Agency's supervision) and their actual market value.