

Presentation of the company

Delicate Care Ltd.



Ljubljana, March 2020

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Essential Information:

- The Issuer: DecaCare, poslovno svetovanje, d.o.o., Štihova ulica 13, 1000 Ljubljana, Slovenia, reg. no.: 8452245000
- LEI code of the Issuer: 4851003FASYU4WEXSO48
- Type of securities issued: GDR – Global Depositary Receipt, CFI code: EDSNDR
- Number of GDRs issued: up to 200,000,000
- ISIN code of securities: SI0031800012
- FISN code: DCED/GDR
- Ticker: DCED1
- GDRs: registered, dematerialized, no par value
- Underlying securities: Regular, no par value, registered shares
- Number of underlying securities: 200,000,000
- Issuer of underlying securities (hereinafter: the “Underlying Issuer” or “DECA HK”): Delicate Care Limited, 5/F Hong Kong Trade Ctr, 161-167 Des Voeux RD Central, Hong Kong 999077, reg. no.: 2881312
- LEI code of the Underlying Issuer: 485100X154WW2XFWEB49
- TOI: Terms of Issue, as kept by KDD d.d.

Introduction of DECA

DECA HK is a limited liability private company duly incorporated and existing in the Hong Kong Special Administrative Region of the People's Republic of China (hereinafter: "Hong Kong"). DECA is specialized in providing care for elderly people in a modern environment. DECA HK operates and provides a platform, a business model and offers support for a chain of bases in different parts of the People's Republic of China (hereinafter: China). DECA HK believes that it is, thanks to its unique business model and premium offerings for elderly people's care, well positioned to capture a large portion of an already big but still exceptionally fast expanding market.

DECA HK does not own DECA bases (hereinafter: "Bases"), each of which is a complex of a hotel-like facilities, which mostly include provision of services as accommodation, catering, nursing, tourism, education, arts, medical services and rehabilitation. Bases are owned separately and there is no corporate connection to DECA HK. All Bases have a franchise agreement with DECA HK, under which DECA HK provides know-how, trademarks and other intellectual property, platform and other relevant software. Under franchise agreements all Bases pay DECA HK royalties and other fees, which consist of a flat fee as stipulated in the business model of each project and a percentage of gross profits of each Base.

As of 10 March 2020, DECA HK has 4 franchise agreements with Bases in Beijing (hereinafter: "DECA Beijing"), Dalian (hereinafter: "DECA Dalian"), Yangzhou (hereinafter: "DECA Yangzhou") and Hainan (hereinafter: DECA Hainan). DECA Dalian, DECA Beijing and DECA Hainan are currently in "trial" mode and have not yet commenced full scale commercial operations. DECA Yangzhou is still in construction and development and is expected to enter trial mode in May 2020. Additional Bases are planned in multiple regions, see more on the next page.

Please be specifically aware that because of the recent outbreak of the COVID-19 virus, severe restriction on the movement of people and commercial activities are in place in China. Consequently, all trials and construction of Bases were temporarily interrupted and put on hold, with there being no guarantee they will recommence in line with the expectations of the Issuer.

DECA HK enables its Bases to attract customers, elderly people from China, who pay a starting deposit between 13,000.00 EUR and 64,000.00 EUR, and a minimum basic fee of 4,600.00 EUR per year for accommodation and food, with the fee rising depending on the needs and additional wishes of each customer. Several customers have already paid in the deposits and have joined the DECA community, with more joining continuously.

DECA Dalian is a project being developed in an area of 3km², with a total designed construction area of 260,000m². DECA Dalian is projected to serve 6,000 members, with a starting investment of 162.5 million EUR. DECA Yangzhou is a project being developed in Yangzhou city by Yangtse River in Jiangsu Province, in an area covering a total of 66,700m² and 8,000m² area for construction. It is estimated that the project will serve a total of 172 members. DECA Beijing is a project around 100km away from Beijing Central in an area of 33,000m² and construction area of 22,000m², projected to serve up to 356 members.

Current financial data, plans and projections

DECA HK was only established on 10th October 2019 as a platform to connect existing bases and organize the whole DECA project with franchise agreements. Financial data for DECA HK is therefore not yet available. However, the Issuer can confirm that DECA HK has signed 4 franchise agreements with 4 Bases which are being developed, have already attracted deposit-paying customers and will commence operations in 2020.

At the end of February 2020, DECA has attracted 122 members who have paid in the deposits in a total amount of 3.475m EUR, with the sales fee of DECA HK currently standing at 0.695m EUR. More members are joining continuously as the bases prepare to commence full operations.

DECA HK's business year does not differ from calendar year, meaning it starts on 1st January and finishes on 31st December. The Issuer will provide annual reports as requested by LJSE SI ENTER Rules until the end of August for the previous year.

All Bases have high potential and are projected, if DECA can attract sufficient number of customers to achieve commercial viability of each Base, to generate millions of gross operating profits (from around 0.5 million Eur for DECA Yangzhou to 12 million of DECA Dalian) annually. From these profits a significant portion would be paid to DECA HK. The Issuer anticipates that current working capital is sufficient for DECA HK operations and there are no plans to raise additional capital at the moment. However, there is no limit or restriction on DECA HK to issue additional securities or raise capital in any other way in the future.

As the chain of Bases is expected to grow significantly the Issuer expects that income and profits will rise at DECA HK exponentially. DECA will become much more attractive the more Bases it has. As the chain grows and short term transfers or "tourism" between different Bases is possible, DECA will be able to offer its customers a significantly larger pool of services.

DECA plans significant expansion of the network, primarily inside China but also with some Bases overseas. Currently the Issuer can confirm that there are 12 reserved areas for Bases in Shanghai, Haiyang, Rizhao, Lushan, Hohhot, Chengdu, Lijiang, Wuxi, Dingan, Danzhou, Qionghai and Huizhou, with a total planned capacity of 24,000 members.

China is currently entering a phase of rapidly ageing society. It is estimated that the ageing of the population is happening at one of the fastest rates in history. Currently it is estimated that around 17% of total population is older than 60 years old. By 2050 this is expected to rise to around 40% or even above that. As economic growth and prosperity increases the Issuer expects that a significant share of elderly people in China will be able to accumulate enough savings and will be receiving sufficient income to enjoy services at DECA Bases.

Information on specific risks

Hereby the Issuer advises on some general and specific risks related to DECA and GDRs. This list shall not be understood as exclusive or complete. The list may not fully and/or correctly reflect the significance of risks presented and there may be additional risks which are not mentioned in this document.

- Customer risk

Bases of DECA must attract a sufficient number of customers to finance their investments and continuing operations. Most of the financing for development and construction of Bases comes from customer deposits and all Bases must have enough fee-paying customers to be profitable. If the Bases are not profitable or should they fail to complete their investments, become insolvent or be forced to wind down their operations this would have a negative effect on DECA HK's revenues, profits and reputation.

- General economy risks

DECA offers services which are considered to be of premium quality and above the usual standard of elderly people's care provided in the areas it operates in. Accordingly, DECA is dependent on existence of a large pool of people who have sufficient wealth and income to purchase DECA's services. All current Bases operate in the People's Republic of China which has in the past decades enjoyed relatively fast growth of incomes and wealth, contributing to rising living standards. There is no guarantee that this will continue in the future and any economic downturn and a fall of living standards might negatively impact DECA.

- Bases

DECA HK relies on DECA Bases for provision of services and continued expansion. As a platform DECA HK is dependent on having high standard Bases with significant market reach and economy of scale to generate customer awareness about DECA and bring further expansion. Any failure to conclude contracts with its Bases, commercial disputes or a failure of any Bases to provide services as designed by DECA HK may result in missing financial targets and failing to bring about the planned expansion of DECA chain.

- Legal and Business standards and practices

DECA operates in a rapidly developing and at times unpredictable environment. Business practices, legal standards, their understanding and application might differ from those experienced in other countries or jurisdictions. Any failure of DECA HK or its Bases to correctly understand and fully apply legal and regulatory provisions might have a severe negative impact on its operations.

- Social stability

All DECA Bases currently operate in a stable society. However, DECA HK is incorporated in Hong Kong, which in 2019 experienced continued unrest and disruption. So far this has left no negative consequences for DECA HK but continued severe unrest in Hong Kong or other areas important for DECA could result in a disruption of business operations.

- Competition

The market for provision of care for elderly people in People's Republic of China is fast developing and growing. As the number of elderly people is expected to significantly increase

in the following decades and the current infrastructure is insufficient to meet the expected additional demand for services, a large and competitive market is expected to develop. Any failure of DECA to remain competitive and capture a sufficient share of the market may make its operations non-viable.

- Listing of GDRs

While the Issuer is confident that the developed mechanism is safe and appropriate for delivering all rights and benefits arising from DECA HK shares to holders of GDRs, there may be some risks which are outside of the Issuer's control. Issuance of GDRs relies on many parties, and while carefully chosen, any failure on part of any party involved for any potential reason might disrupt the timely delivery of rights for the benefit of the holders of GDRs or the operation of issuance mechanism as intended. Additionally, while the Issuer will apply for listing on SI ENTER, a MTF trading venue operated by LJSE, there is no guarantee of listing at this time and, if and once the GDRs are listed on SI ENTER, there is no guarantee of listing continuing for any period of time.

- Trading risks

Shall GDRs be listed there is no guarantee that a liquid market in these GDRs will develop. As with all listed securities there may be significant risks related to price swings, execution of trades, volume, order book depth and other market-related risks. The Issuer makes no representation that it will shield investors from any of those risks. The Issuer has not concluded any agreements for market making or stabilization for GDRs.

Mechanism of Issuance

The Issuer issued Global Depositary receipts with ISIN code SI0031800012 (hereinafter: GDRs), duly issued and kept in central depository managed by KDD – Centralna klirinško depotna družba, delniška družba (hereinafter: the "KDD"). Each GDR represents 1 share of DECA HK, owned by the Issuer in the share registry in Hong Kong.

The Issuer will confer any and all rights, receivables and/or other benefits arising from the shares of DECA HK held by the Issuer to holders of GDRs, with DECA HK standing as guarantor for obligations of the Issuer against the holders of GDRs. The Issuer holds the shares for the sole benefit of the Holders and shall not sell, transfer, dispose of or encumber the shares of DECA HK unless permitted to do so by TOI and the law firm Pun & Associates Solicitors from Hong Kong.

Any holder may request from the Issuer to, in accordance with applicable TOI provisions, redeem any number of unencumbered GDRs held by the holder and confer upon the holder the corresponding amount of DECA HK shares. Likewise, a holder of unencumbered shares of DECA HK may request from the Issuer to accept and take any number of shares and confer upon him a corresponding number of GDRs in the KDD's registry. The Issuer reserves a right to charge appropriate fees for providing any services or measures described here in accordance with TOI. Any holder of GDRs or shares of DECA HK shall only be able to exercise rights provided to him by this document or TOI if he/she is technically and legally able to exercise those rights. All holders shall themselves ensure they have an existing securities account at the corresponding registry and there is no law preventing them to dispose, accept or hold those securities.

Any transfers, issuances, custody or other similar issues are governed by TOI and applicable law, with shares of DECA being governed by Hong Kong law and GDRs by Slovenian law. This also includes any rules or instructions of relevant institutions involved (such as KDD or LJSE). Should information contained in this document differ from or contravene any provisions of TOI or the applicable law, provisions of TOI or the law shall always prevail and apply. All persons shall read TOI in full before becoming a holder of GDRs.

It shall be noted that a competent authority (which may include institutions as KDD and LJSE for issues within their competence and powers granted by law) may at any time demand from the Issuer or any other involved party to take a specific action, refrain from taking an action or install upon the Issuer or other party any other obligation. The Issuer or any other party addressed will always comply in full with any such request or demand, regardless of whether the Issuer, holders and/or any other party involved may consider this demand or request to be illegitimate or illegal.