

Disclosure of information on supervisory measure imposed on qualifying holder of 17 March 2021

Information on person responsible for breach	
Business name and registered office of legal person	Kylin Prime Group AG , Alpenstrasse 13, 6300 Zug, Switzerland; FIN-NEP, d. o. o. , Barjanska cesta 50, 1000 Ljubljana; Capstone Global Solutions Limited , Room D, 10/F, Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong
Information on breach	
Description of circumstances and conduct entailing breach of the ZBan-2 or Regulation (EU) No 575/2013	During the supervisory procedure Banka Slovenije determined that Kylin Prime Group AG sold its ordinary (regular) shares in Hranilnica Lon, d. d., Kranj, Žanova ulica 3, Kranj, bearing the ISIN SI0021110323 and the ticker symbol LONR, to Capstone Global Solutions Limited, with the latter holding shares in its own name and for the account of Kylin Prime Group AG, which corresponds to the legal state under point 8 of the second paragraph of Article 62 of the ZBan-2. Furthermore, Banka Slovenije also established that FIN-NEP d. o. o. still holds shares in its own name and for the account of Kylin Prime Group AG.
Nature of identified breaches	Ownership of a qualifying holding in a savings bank without obtaining an authorisation for the holding.
Operational part of the decision by which the relevant proceedings are completed	
<ol style="list-style-type: none"> 1. The companies Kylin Prime Group AG, Alpenstrasse 13, 6300 Zug, Switzerland, UID no.: CHE-305.651.502 (hereinafter: Kylin), FIN-NEP, d. o. o., Barjanska cesta 50, 1000 Ljubljana (hereinafter: FIN-NEP) and Capstone Global Solutions Limited, Room D, 10/F, Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong (hereinafter: Capstone) as at 16 March 2021 are joint holders of 78,820 ordinary registered shares with the ticker symbol LONR and ISIN code SI0021110323 (hereinafter: LONR shares) or a 52.02% stake in the capital and voting rights of Hranilnica Lon, d. d., Kranj, Žanova ulica 3, Kranj, registration no. 5624908000 (hereinafter: savings bank), as follows: <ol style="list-style-type: none"> i. Kylin is the holder of 56,320 LONR shares, equivalent to 37.17% of the savings bank's capital and voting rights; ii. FIN-NEP is the holder of 11,500 LONR shares, equivalent to 7.59% of the savings bank's capital and voting rights; iii. Capstone is the holder of 11,000 LONR shares, equivalent to 7.26% of the savings bank's capital and voting rights. 2. With its final order on the disposal of shares with the designation 0.05.0.7-12/2019-42 and reference no. PBH-24.50-004/19-01 of 29 May 2019, Banka Slovenije established that FIN-NEP (alongside six other entities) holds LONR shares in its own name and for the account of Kylin, and that on the basis of the first paragraph of Article 73 of the ZBan-2 they are collectively ineligible holders of LONR shares. 3. Banka Slovenije finds that Capstone holds LONR shares in its own name and for the account of Kylin, and therefore, in accordance with point 8 of the second paragraph of Article 62 of the 	

ZBan-2 in connection with the fourth paragraph of Article 62 of the ZBan-2, the voting rights and capital it holds need to be taken into account in the determination of Kylin's qualifying holding. Banka Slovenije established this on the basis of the following circumstances, which it assessed collectively:

- i. when the "Share sale and purchase agreement" concluded between Kylin Prime Group AG as the seller and Capstone Global Solutions Limited as the buyer of 29 May 2020 (hereinafter: sales agreement) had no simultaneity provision for the transfer of 11,000 LONR shares and payment of Capstone's liabilities, which on the basis of the underlying agreement fell due on 30 June 2020, with Kylin not even demanding any collateral when concluding the agreement or when transferring the shares to KDD;
- ii. up to the date on which this order was issued Kylin received only three partial payments in the total amount of [REDACTED], accounting for 33.09% of the total consideration, with the remainder of the consideration of [REDACTED] still remaining unpaid, and Kylin's claim still remaining unsecured;
- iii. Kylin and Capstone concluded seven annexes to the sales agreement up to the date on which this order was issued, each time extending Capstone's deadline for the payment of consideration (most recently until 31 March 2021), without determining any other benefit for Kylin, which in accordance with the underlying agreement is entitled to the payment of default interest of 8% per annum in the event of a delay;
- iv. the companies had been linked in business terms even prior to concluding the sales agreement, which is evident from multiple financial transactions that were conducted in the period 3 January 2019 to 17 January 2020 in the total amount of [REDACTED], which accounts for more than 80% of the total turnover on Capstone's current account, opened at Hranilnica Lon, d. d.;
- v. the company [REDACTED], comprising a part of the Kylin Group, transferred to Capstone on 2 September 2020 [REDACTED], which is a large part of the partial consideration that Capstone paid to Kylin on that same day, and on 8 September 2020 [REDACTED], which is the partial consideration that Capstone paid to Kylin on the same date;
- vi. [REDACTED], the managing director of companies [REDACTED], whose exclusive or partial beneficial owner is [REDACTED], the president of the management board and beneficial owner of Kylin, represented Capstone in business communication with Hranilnica Lon, d. d.

4. Kylin failed to obtain an authorisation for a qualifying holding for its holding of 52.02% of the capital and voting rights pursuant to point 8 of the second paragraph of Article 62 of the ZBan-2, as it should have done in accordance with the first paragraph of Article 60 of the ZBan-2. Accordingly, Capstone also acquired and holds LONR shares contrary to the ZBan-2, and Kylin, FIN-NEP and Capstone are therefore ineligible holders pursuant to the first paragraph of Article 73 of the ZBan-2, and do not hold voting rights from the shares that they hold in contravention of the ZBan-2.

The final order on the disposal of shares with the designation 0.05.0.7-12/2019-42 and reference no. PBH-24.50-004/19-01 of 29 May 2019 instructed Kylin and FIN-NEP to dispose of all the

shares that they held in contravention of the ZBan-2. Since Capstone, before the acquisition of the qualifying holding in the savings bank or within one month of the acquisition of the qualifying holding, also failed to submit a request for the granting of an authorisation to acquire a qualifying holding, in accordance with the first paragraph of Article 267 of the ZBan-2 it is required to dispose of all the shares that it holds in contravention of the ZBan-2.

It must dispose of the shares in the total amount in excess of a 10% holding of the savings bank's capital and voting rights within four months of the delivery of this order. In accordance with Article 268 of the ZBan-2, by the same deadline Capstone must submit to Banka Slovenije a report on the disposal of shares, which must include evidence of the disposal, and information on the acquirer or acquirers of the shares.

5. In accordance with Article 277 of the ZBan-2, the following information in connection with this supervisory measure shall be published on the website of Banka Slovenije after these proceedings have been completed:
- i. information on the person responsible for the breach:
 - the name and registered office of the legal person, or
 - the name of the natural person;
 - ii. information on the breach:
 - a description of the circumstances and conduct constituting the breach;
 - the nature of the identified breaches;
 - iii. the operational part of the decision by which the relevant proceedings are completed; and
 - iv. information as to whether judicial protection proceedings have been initiated against the decision in accordance with the ZBan-2.

Information as to whether judicial protection proceedings have been initiated against the decision in accordance with the ZBan-2

The order on the disposal of shares referenced PBH-24.50-001/21-001, against which an objection was lodged by the stipulated deadline, was issued by Banka Slovenije on 17 March 2021. Banka Slovenije issued a decision on an objection referenced PBH-24.50-001/21-002 on 14 July 2021, by virtue of which the objections of Capstone Global Solutions Limited and Kylin Prime Group AG against the order on the disposal of shares was rejected. Two separate judicial protection proceedings were initiated against the decision on the objection.