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# Equity Raising to provide platform for growth

**10 September 2020**

**PORT MORESBY**

Kina Securities Limited **(ASX: KSL | PNGX: KSL)** (**Kina** or **Company**) has today announced an accelerated pro-rata non-renounceable entitlement offer, an institutional placement and an offer to eligible PNG shareholders[1], to raise a total up to approximately A$91 million[2] / PGK224 million.

The proceeds of the raise (the **Equity Raising**) will be used to expand the capital base of the bank, enabling it to further pursue growth opportunities in the SME sector, and fund additional strategic projects which will enhance Kina's digital leadership in PNG.

The Equity Raising will be conducted at an offer price of A$0.80 / PGK1.97 per share which represents a 14.4% discount to Kina's last closing price and an 9.3% discount to the Theoretical Ex-Rights Price[3] (**TERP**)[4].

**Commenting on today's announcement, Kina's CEO and Managing Director, Greg Pawson said:** "As reported in our recent 1H FY2020 results, we continue to see significant additional growth opportunities across our new and existing customer base both in terms of additional services from existing clients and market share gains from competitors. This Equity Raise will put Kina in a stronger position to take advantage of such opportunities on the back of a stronger capital base, particularly the Capital Adequacy and Single Borrower Limits".

## Terms of the Equity Raising

The Equity Raising is expected to raise up to approximately A$91 million[5] / PGK224 million and will be conducted via:

- An underwritten institutional placement of approximately A$10.5 million (**Placement**);
- An underwritten accelerated non-renounceable entitlement offer of approximately A$70 million (**Entitlement Offer**) at a ratio of 1 new share for every 2 existing shares held at the record date, comprising:
    - An accelerated institutional component (**Institutional Entitlement Offer**); and
    - A retail component (**Retail Entitlement Offer**); and
- A non-underwritten PNG offer to eligible PNG shareholders (**PNG Retail Offer**) to raise approximately A$10.5 million / PGK26 million[6]. The PNG Retail Offer is on substantially the same terms as the Entitlement Offer, subject to obtaining PNG regulatory approvals.

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[1] *The offer to PNG eligible shareholders, referred to in this announcement as the "PNG Retail Offer", is subject to the Company obtaining PNG regulatory approvals. There is no guarantee that these approvals will be obtained.*

[2] *Includes proceeds which may be raised under the PNG Retail Offer.*

[3] *Theoretical ex-rights price ("TERP") includes shares issued under the Placement, Institutional Entitlement Offer and Retail Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Kina shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP. TERP has been calculated as: (existing market capitalisation of Kina plus additional equity raised) / total shares on issue following the Equity Raising.*

[4] *At Wednesday 10 September 2020, Kina's last closing price was A$0.935 per share and the TERP is A$0.882 per share.*

[5] *Includes proceeds which may be raised under the PNG Retail Offer.*

[6] *Exchange rate of 1 PGK / 0.4055 AUD*

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The offer price for the Placement and the Entitlement Offer will be A$0.80 / PGK1.97[7] per share (**Offer Price**), representing:

- An 9.3% discount to the TERP of A$0.882; and
- A 14.4% discount to the closing price of A$0.935 on Wednesday, 9 September 2020.

The Equity Raising will result in the issue of up to approximately 113.5 million[8] new ordinary shares (**New Shares**), representing approximately 65% of Kina's existing securities on issue. The New Shares issued under the Equity Raising will rank equally with existing Kina shares as at their date of issue.

The Entitlement Offer is non-renounceable and rights are not transferrable and will not be traded on the ASX / PNGX or other exchange.

Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect of those entitlements not taken up.

## Placement

All shares offered under the Placement will be issued at the same price as New Shares issued under the Entitlement Offer (A$0.80 / PGK1.97[9] per share).

The Placement and the PNG Retail Offer are within the Company's placement capacity under ASX Listing Rule 7.1. The PNGX has granted a waiver to PNGX Listing Rule 7.1 to address a technical issue regarding the Entitlement Offer. Accordingly, no shareholder approval is required in connection with the Placement and the PNG Retail Offer.

New Shares issued under the Placement do not have rights to participate in the Entitlement Offer.

## Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer.

Under the Institutional Entitlement Offer, eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered to eligible institutional investors at the Offer Price.

## Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date of 7.00pm (AEST), Monday, 14 September 2020, have the opportunity to invest in New Shares at the Offer Price, on the terms and conditions outlined in the Retail Offer Booklet to be sent to eligible retail shareholders on or around Thursday, 17 September 2020.

Please note that shareholders with a registered address outside Australia or New Zealand on the Record Date are ineligible to participate in the Retail Entitlement Offer. Further details as to eligibility will be set out in the Retail Offer Booklet.

Under the Retail Entitlement Offer, eligible retail shareholders that take up their full entitlement may also apply for additional New Shares in excess of their Entitlement.

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[7] *Exchange rate of 1 PGK / 0.4055 AUD*
[8] *Includes shares issued under the Placement, Entitlement Offer and PNG Retail Offer*
[9] *Exchange rate of 1 PGK / 0.4055 AUD*

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## PNG Retail Offer

Eligible shareholders with a registered address in Papua New Guinea on the Record Date of 7.00pm (AEST), Monday, 14 September 2020, will have the opportunity to invest in New Shares on substantially the same terms as the Entitlement Offer. Further information regarding the PNG Retail Offer, including the terms and conditions of the offer and details as to eligibility, will be outlined in the PNG Prospectus to be sent to eligible retail shareholders in PNG in mid-October 2020.

## Equity Raising indicative timetable

The timetable below is indicative only and subject to change. Kina reserves the right to alter the dates at its full discretion and without prior notice, subject to the ASX Listing Rules and the *Corporations Act 2001 (Cth)*.

The quotation of New Shares is subject to confirmation from the ASX and PNGX.

All times below are based on AEST.

| Event | Date |
|---|---|
| Equity raising announcement and Placement and Institutional Entitlement Offer opens | Thursday, 10 September 2020 |
| Placement and Institutional Entitlement Offer closes | 6:00pm Friday, 11 September 2020 |
| ASX & PNGX trading in Kina shares resumes on an ex-entitlement basis | Monday, 14 September 2020 |
| Record date for determining entitlement for the Entitlement Offer | 7.00pm (AEST) Monday, 14 September 2020 |
| Retail Entitlement Offer opens | Thursday, 17 September 2020 |
| Settlement of Placement and Institutional Entitlement Offer | Friday, 18 September 2020 |
| Allotment of New Shares issued under the Placement and Institutional Entitlement Offer | Monday, 21 September 2020 |
| Quotation of New Shares issued under the Placement and Institutional Entitlement Offer | Tuesday, 22 September 2020 |
| ASX Retail Entitlement Offer closes | 5.00pm (AEST) Thursday, 1 October 2020 |
| Settlement of Retail Entitlement Offer | Wednesday, 7 October 2020 |
| Allotment of New Shares issued under the Retail Entitlement Offer | Thursday, 8 October 2020 |
| Normal trading of New Shares issued under the Retail Entitlement Offer | Friday, 9 October 2020 |
| Despatch of holding statements for Retail Entitlement Offer | Monday, 12 October 2020 |

## Further information and Conference Call details

Kina will be holding a conference call at 11:00am (AEST) today, Thursday, 10 September 2020.

**Telephone**

| | |
|---|---|
| Dial: | 02 9338 2221 |
| Meeting Number: | 165 737 2775 |

**Webex**

| | |
|---|---|
| Join Link: | https://meetings.webex.com/collabs/#/meetings/joinbynumber |
| Meeting Number: | 165 737 2775 |
| Password: | 12345 |

**Mr Isikeli Taureka**
**Chairman**
**Kina Securities Limited**

-ENDS-

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*This ASX announcement was authorised for release by Kina's Board of Directors*

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## Forward-looking statements and forecasts

This announcement contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Equity Raising and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of Kina, statements about the oil and gas industry and the markets in which Kina operates and statements about the future performance of the Kina businesses. Indications of, and guidance or outlook on, future earnings or financial position or performance, future earnings and distributions are also forward-looking statements

**You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19.** Any such statements, opinions and estimates in this announcement speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this announcement are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Kina group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-looking statements may also assume the success of Kina's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Kina's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise. Refer to the "Key Corporate and Transaction Risks" section of the Investor Presentation released on ASX on Thursday, 10 September 2020 for a non-exhaustive summary of certain key business, offer and general risk factors that may affect the Kina group.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID19, the PNG and global economic environment and capital market conditions and other risk factors set out in the Investor Presentation. Investors should consider the forward-looking statements contained in this announcement in light of those risks and disclosures. The forward-looking statements are based on information available to Kina as at the date of this announcement.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Kina or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules and PNGX Listing Rules), Kina disclaims any obligation or undertaking to update forward-looking statements in this announcement to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

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